

TITLE: 2022/23 TREASURY OPERATIONS ANNUAL PERFORMANCE REVIEW

Committee: Finance and Assets Committee

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1.0 ISSUE

- 1.1 To report on the Council's treasury operations during the 2022/23 financial year.
- 1.2 This report reviews the Treasury Management activity during the financial year 2022/23 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

2.0 RECOMMENDATION(S)

- 2.1. Members are asked to recommend to Full Council that they approve this report detailing the Council's treasury operations during 2022/23, including the prudential and treasury indicators, as set out in the Annual Treasury Management Review (Appendix 1).

3.0 BACKGROUND/OPTIONS

- 3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators each year, this is the report for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 3.2 During 2022/23 the minimum reporting requirements were that Full Council should receive the following reports:
- an annual treasury strategy in advance of the year (approved by Full Council on the 22nd February 2022);
 - a mid-year treasury update report, (this was reviewed by Finance and Assets Committee on 24th November 2022 and approved by Full Council on the 21st February 2023);
 - an annual review following the end of the year, describing the activity compared to the strategy (this report).

4.0 RESULTS

- 4.1 Cash investments totalled £29.941 million as at 31st March 2023, a decrease of £3.589 million on the previous year. The Council's cash investments were all for periods of less than one year.
- 4.2 The reduction in cash is mainly down to the unwinding of Government funding in relation to Business Rate support to businesses during the Covid-19 pandemic and the Council Tax rebates that were given to most households early in the 2022/23 financial year.
- 4.3 The Council's loan to ECTC increased to £6.0 million in March 2023, having been £4.9 million throughout the year until that point.
- 4.4 Interest received during the financial year was £809,247, which was £616,253 above the budget of £192,994. This figure was made up of £605,794 from investment in money markets and other short, fixed term investments and £203,453 from the loan to ECTC.
- 4.5 The average rate of return on cash investments held during the year (this excludes the loan to ECTC) was 1.729%.

5.0 CONCLUSIONS

- 5.1 The size of the Council's investment portfolio has historically been relatively small, meaning that investment decisions have had to be made primarily to accommodate cashflow requirements as opposed to optimising investment returns. While the value of the portfolio is now higher than in previous years, these disciplines have been retained, although opportunities for some pro-active investment decisions were taken during the year, with funds being moved to longer-term investments (three and six month) and away from overnight accounts.
- 5.2 During the financial year the Council operated within its approved treasury limits and prudential indicators.

6.0 FINANCIAL IMPLICATIONS / EQUALITY IMPACT STATEMENT / CARBON IMPACT ASSESSMENT

- 6.1 There are no additional financial implications, other than those detailed in the report.
- 6.2 An Equality Impact Assessment (EIA) is not required.
- 6.3 A Carbon Impact Assessment (CIA) is not required.

7.0 APPENDICES

Appendix 1 - Annual Treasury Management Review 2022/23

Background Documents:

Treasury Management Strategy as approved by Full Council on the 22nd February 2022.