

West Dunbartonshire Council
Report by the Chief Officer - Resources
Audit Committee: 13 December 2023

Subject: Treasury Management Mid Year Report 2023/2024

1. Purpose

- 1.1** The purpose of this report is:
- a. To advise the Committee of the operation of the treasury function and its activities to 30 September 2023.
 - b. To request the Committee remits the report to the Full Council for their approval.

2. Recommendations

- 2.1** It is recommended that the Committee notes the treasury management stewardship information within the appended report.
- 2.2** It is recommended that the Committee note the 2023/24 revised estimates of treasury and prudential indicators as advised within the appended report (Tables A, B, C, D, E, F, H, L and N); and
- 2.3** It is requested that the Committee remits the report to the Full Council for approval.

3. Background

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2023/24, the Chief Officer - Resources is required to provide a mid year Report to Members regarding the Treasury function.
- 3.2** The mid year report covers the period 1 April 2023 to 30 September 2023 and details the current position (where appropriate) and revises the 2023/24 estimates where required.
- 3.3** The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies and the report will be reported to a future meeting of that Committee for further scrutiny.

4. Main Issues

Treasury Management Stewardship Report

- 4.1** A copy of the report is attached as Appendix 1.

4.2 The report provides details of key changes to the Council's capital activity (the prudential indicators), the economic outlook, the actual and proposed treasury management activity (borrowing and investment) and the risk approach to treasury management (the treasury management indicators).

4.3 The external debt figures included within Table C includes both short term and long term debt due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates.

5. Option Appraisal

5.1 No option appraisal was required for this report.

6. People Implications

6.1 There are no personnel issues.

7. Financial and Procurement Implications

7.1 There are no direct financial or procurement implications arising from this report.

8. Risk Analysis

8.1 Although the appended report provides a mid year position in relation to treasury management there are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1. These risks are noted below; however the Council has robust monitoring processes in place and provides regular reports to Council and ensures further scrutiny by elected Members at the Audit Committee:

- (a) Capital receipts which affect the capital financing and borrowing requirement may not materialise and if this occurs then additional borrowing will be required in order to fund the financing requirement;
- (b) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the Council has robust controls included within its treasury management and investment strategies that will assist in mitigating this risk; and
- (c) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available.

9. Equalities Impact Assessment

- 9.1** No equalities impact assessment was required in relation to this report.

10. Environmental Sustainability

- 10.1** No assessment of environmental sustainability was required in relation to this report.

11. Consultation

- 11.1** The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

12. Strategic Assessment

- 12.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.
- 12.2** Treasury management contributes to the Financial Strategy via the interdependency that exists between pro-active treasury management and the formulation of long term financial plans.

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Date: 13 December 2023

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Appendix: Appendix 1: Treasury Management Stewardship Mid
Year Monitoring Report 2023/24
Treasury Management and Prudential Indicators
1 April 2023 to 30 September 2023

Background Papers:

1. Loans register and portfolio;
2. Debt rescheduling schedules; and
3. Prudential Indicators 2022/23 to 2032/33 and Treasury Management Strategy 2023/24 to 2032/33 (Council 29 March 2023)

Wards Affected: No wards directly affected.