

West Dunbartonshire Council
Report by the Chief Officer - Resources
Council: 20 December 2023

Subject: Treasury Management Annual Report 2022/23

1. Purpose

- 1.1 The purpose of this report is to provide Members with an update on treasury management during 2022/23.
- 1.2 The Audit Committee at its meeting on 13 December 2023 considered a report by the Chief Officer Resources (1) advising of the operation of the treasury function and its activities for 2022/23, and (2) requesting that the report be remitted to the West Dunbartonshire Council for approval. A copy of the report to the Audit Committee is attached as appendix 1.

2. Recommendations

- 2.1 Members are requested to note;
- (a) the Treasury Management Annual Report as appended to this report; and
 - (b) that the Treasury Management Annual Report was presented to the Audit Committee on 13 December 2023.

3. Background

- 3.1 In accordance with the Treasury Policy governing the Council's treasury management activities during 2022/23, the Chief Officer - Resources is required to provide an Annual Report to Members regarding the Treasury function.
- 3.2 One of the key clauses is that a responsible body is required to ensure effective scrutiny of the treasury management strategy and policies. Within West Dunbartonshire Council the body identified to fulfil this role is the Audit Committee.

4. Main Issues

Treasury Management Stewardship Report

- 4.1 A copy of the report is attached (Appendix 1) and this has been based upon the draft Financial Statements as at 31 March 2023.
- 4.2 The report gives details of loans borrowed and loans repaid during the course of the year, interest rates and debt rescheduling which was undertaken.
- 4.3 External borrowing (excluding PPP) has increased during the year at £578.408 m at the beginning of the year to £620.833m at the end of the year.

Over the year as new debt has been borrowed and maturing debt replaced the average interest rate on loans held has increased from 1.91% at 31 March 2022 to 3.19% at 31 March 2023.

- 4.4 Consideration was given to available interest rates, and mainly short-term borrowing has been utilised to finance the current capital programme to take advantage of slightly lower interest rates.
- 4.5 Investments have decreased as at the 31 March 2023 from £11.442m at the beginning of the year to £6.496m at the year-end. The average interest rate on these investments held as at 31 March 2023 increased from 0.42% to 4.00%.
- 4.6 As at the 31 March 2023 fixed rate borrowing under 12 months was 52.18% which was above the maximum allowable limit for short term debt. Action was taken by the Chief Officer – Resources to reprofile the debt to a long term loans and bring the level of short term debt back within the 50% maximum allowable. All other year end indicators advised within Appendix 1 of this report are within the limits previously agreed by Council.

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 financial or procurement implications.

8. Risk Analysis

- 8.1 Although this report provides a historic 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) 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
- (b) 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 or other funding are available.

- (c) 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.

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.

Laurence Slavin
Chief Officer - Resources
Date: 7 November 2023

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Appendix:	Annual Report 2022/23 -Treasury Management and Actual Prudential Indicators
Background Papers:	Loans register and portfolio; Debt rescheduling schedules;

Prudential Indicators 2023/24 to 2032/33 and Treasury Management Strategy 2023/24 to 2032/33 (Council 29 March 2023);
Mid-Year Monitoring Report 2022/23 - Treasury Management and Prudential Indicators (Council 26 October 2022); and
Treasury Management Annual Report 2021/22 (Council 26 October 2022)
Local Government Finance Circular 5/2022 - statutory repayment of debt – short term financial flexibility: guidance

Wards Affected: No wards directly affected.