

**WEST DUNBARTONSHIRE COUNCIL****Report by Chief Officer - Resources****Audit Committee: 4 December 2024**

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**Subject: 2023/24 Treasury Management Annual Report****1. Purpose**

- 1.1** The purpose of this report is to advise the Committee of the operation of the treasury function and its activities in 2023/24 and request that the Audit Committee remits the report to the full Council for their approval.

**2. Recommendations**

- 2.1** Committee to note the contents of the 2023/24 Annual Treasury Management Report.
- 2.2** Committee to remit the 2023/24 Annual Treasury Management Report to full Council for approval.

**3. Background**

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities 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****2023/24 Treasury Management Annual Report**

- 4.1** A copy of the 2023/24 Treasury Management Annual Report is attached (Appendix 1) with it based upon the Council's unaudited 2023/24 Financial Statements.
- 4.2** The report details the loans borrowed and repaid during the course of the year, associated interest rates and debt rescheduling undertaken.
- 4.3** External borrowing (excluding Public Private Partnership (PPP) borrowing) has increased during the year from £670.883m at the beginning of the year to £760.698m at the end of the year. This was mainly due to capital expenditure and the repayment of temporary loans. Over the year as new debt has been borrowed and maturing debt replaced the average interest rate on loans held has increased from 3.19% at 31 March 2023 to 4.48% at 31 March 2024.

- 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 increased as at the 31 March 2024 from £6.5m at the beginning of the year to £29.1m at the year-end. The average interest rate on these investments held as at 31 March 2024 increased from 4.00% to 4.62%.
- 4.6** As at 31 March 2024 fixed rate borrowing under 12 months was 36.73%. This is below the maximum allowable limit for short term debt and is as a result of action taken to reprofile the debt from short term to long loans. We will continue to take action with a longer term target to bring short term borrowing toward a figure less than 30% of the overall debt portfolio however this needs to be done prudently whilst monitoring projected future interest rates. 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** There are three main risks associated with the formulation of prudential indicators. These 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) however, the Council has robust controls included within its treasury management and investment strategies that will assist in mitigating this risk.
  - (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 which would require additional borrowing 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: 19 November 2024**

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**Person to Contact:**

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**Appendix:**

Annual Report 2023/24 - 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 27 March 2024);  
Mid-Year Monitoring Report 2023/24 - Treasury Management and Prudential Indicators (Council 20 December 2023); and  
Treasury Management Annual Report 2022/23 (Council 20 December 2023)

Local Government Finance Circular 5/2022 - statutory  
repayment of debt – short term financial flexibility:  
guidance

**Wards Affected:** No wards directly affected.