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Angela Hutchings
Chief Executive

AGENDA

| | |
|----------------------------|---|
| Committee: | AUDIT |
| Date and Time: | Thursday 11th January 2024 at 7.00p.m (NB Time) |
| Venue: | Council Chamber |
| Membership: | Councillors Harvey (Chairman), Benson, Edwards, May, and A Thornton Substitutes: Councillors Acott, Barton-Brown, Hart, Thomas. |
| Officers attending: | Andrew Barnes, Head of Internal Audit Lance Wosko, Assistant Director- Finance & Procurement Ben Brook, Assistant Director – Policy Performance & Customer. Michael Dineen, Assistant Director for Counter Fraud & Investigation Enforcement and Community Safety Ann Horgan, Head of Governance |
| Also attending | |
| Enquiries: | Loretta Hill (01268 882427) |

PART I **(Business to be taken in public)**

- 1. Apologies:**
- 2. Members' Interests:**
- 3. Minutes:**
A copy of the Minutes of the meeting held on 27th September 2023 are attached.
- 4. Counter Fraud & Investigation Quarterly Performance Report 2023/24 Q2**
Report of the Senior Manager, Counter Fraud & Investigation Directorate.
- 5. Internal Audit Service, Quarterly Performance Report**
Report of the Head of Internal Audit.

- 6. Treasury Management and Investment Strategies 2024/25**
Report of the Assistant Director Finance & Procurement
- 7. Treasury Management 2023-24 Second Quarter Stage**
Report of the Assistant Director Finance & Procurement
- 8. Monitoring Report of the Council's Governance Arrangements**
This report is due to be presented to the next scheduled meeting of the Committee
- 9. External Auditor Matters**
There are no matters to be reported to this meeting.

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AUDIT COMMITTEE MINUTES

27TH SEPTEMBER 2023

PRESENT: Councillors Harvey (Chairman), Benson, May and A Thornton.

SUBSTITUTES MEMBERS PRESENT: Councillors Acott and Hart.
Apologies for absence were received from Councillor Edwards

ALSO PRESENT:

Andrew Barnes, Head of Internal Audit; Michael Dineen, Assistant Director for Counter Fraud & Investigation Enforcement and Community Safety, Ann Horgan, Head of Governance.

12. MEMBERS' INTERESTS

No disclosures were made.

13. MINUTES

The Minutes of the meetings held on 12 July and 24th July 2023 were taken as read and signed as a correct record.

14. COUNTER FRAUD & INVESTIGATION QUARTERLY REPORT Q1 2023/24

The Audit Committee received a report on the progress of the Counter Fraud & Investigation work plan for the Council in 2023/24 together with a report on the statistical information in relation to the work performed by the CFI for the Council.

The figures for the cases dealt with in Q1 were set out below:

- 4 Fraud Alerts had been sent out to internal and external partners.
- 25 Intelligence Reports had been sent to other Law Enforcement agencies assisting in their investigations.
- 4 new reports of suspected fraud had been received in Q1.
- The CFI had 9 active investigations. The value of those CFI investigations was £211,500.

Members were advised that the Money laundering, bribery & corruption policy was under review and noted the close working taking place with housing teams . Members asked questions on the report. The Committee welcomed the action to address fraud.

Resolved:

1. To note the performance of the Counter Fraud & Investigation team to date.
2. To note the progress of the proactive work plan for 2023/24

15. INTERNAL AUDIT SERVICE, QUARTERLY PERFORMANCE REPORT Q1

Committee on progress made in delivering the Internal Audit Strategy for 2023/24.

Appendix A set out the current status of the audit work planned for the year as at 11th September. There had been no changes to the audit plan since the plan was approved by the Audit Committee in July 2023 other than the amendment made at Extraordinary meeting of the Committee on 24th July 2023 to incorporate implementation of the Senior Management Pay and Conditions Action Plan into the Transforming Together Audit and to report on progress to the next meeting of the Committee. The Committee noted there were no outstanding action at the time of report.

As outlined in the Strategy presented to the Audit Committee in July 2023, the team will be reporting on a more limited set of indicators this year given the amount of work that was still being contracted out.

As at 11th July 2023 for the period since 1.4.2023 the team had no sickness days. Of the 23 jobs in the plan, including those brought forward from the previous year: one was complete; six were at draft report stage; five were work in progress; one was at planning stage and ten are yet to start.

Stakeholder surveys had now re-commenced and would be completed throughout the year as audits were finalised.

The feedback provided by services had highlighted some difficulties experienced with the use of contractors when delivering audits on our behalf. The feedback had been discussed with the contractor and additional support would be provided by the in-house team leads moving forward to ensure the service provided maximises value to the Council.

The Committee noted the resourcing matter since the last report to the Audit Committee in July 2023. There had been one further change to the staffing of the team, with an Internal Audit Apprentice joining the team from 18th September.

The team currently has five vacancies. The salaries of the vacant posts were being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.

Members were advised that Internal Audit were monitoring the Transformation Programme the RAG document showed good progress with no outstanding red actions.

Resolved:

That Audit Committee notes the progress made in delivering the 2023/24 Internal Audit Strategy.

16. ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2022/23

The Committee considered the annual treasury report a requirement of the Council's reporting procedures. It covered both the treasury activity and the actual Prudential Indicators for 2022/23.

The report met the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council was required to comply with both Codes through Regulations issued under the Local Government Act 2003.

The report summarised the Council's treasury management activity for 2022/23 and compared actual interest transactions with the revised estimates set for 2022/23.

The report confirmed that all Treasury Management activity was undertaken in accordance with Treasury Management Strategy for the 2022/23 financial year approved by Council on 24 February 2022 in consultation, where appropriate, with our external advisers, Link Group.

A summary of external borrowing at 31st March 2023 was in Annex A. The principal amounts were shown in this annex but in the statement of accounts the amounts for borrowing also included interest outstanding. Annex A showed that interest paid on borrowings was exactly as budgeted, following realignment of the budget in February 2023 to take into account the early repayments made.

The Council's investment policy was governed by DLUHC Guidance, which was implemented in the annual Investment Strategy approved by Council on 15 February 2023. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity issues.

Annexe B summarised the Council's activities for the year relating to the temporary investment of surplus funds.

The Council had complied with all of the relevant statutory and regulatory requirements which require the Council to identify and, where possible, quantify the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management meant both that its capital expenditure was

prudent, affordable and sustainable, and its treasury practices demonstrated a low-risk approach.

The prudential indicators in Annex C demonstrated that in all cases the Council remained within its approved limits.

Following questions from Members to clarify the report it was

Resolved:

Following scrutiny, the Treasury Management Activity Report for 2022/23, including the prudential indicators reported in Annex C, is approved for onward submission to Cabinet.

17. TREASURY MANAGEMENT UPDATE: FIRST QUARTER STAGE

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that Members be updated on treasury management activities at least quarterly. The Committee considered a report thereby ensuring this Council was implementing best practice in accordance with the Code.

This report confirms that Treasury Management activity during the year to date has been undertaken in accordance with that strategy and in consultation, where appropriate, with the Council's external adviser, Link Asset Services.

A summary of external borrowing at 30th June 2023 is shown at Annex A.

Annexe A shows that interest paid on General Fund borrowings and on HRA borrowings for the year to date is as budgeted.

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th June 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24.

All Treasury Management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

The investment activity during the year to date conforms to the approved strategy, and the Council has had no liquidity issues. Investments are managed internally using only those institutions which meet the Council's strict investment criteria, within a permissible range of periods, depending on the Council's cash flow and the interest rates on offer. Annex B summarised the Council's temporary investment activities for the year to date.

The current position on three benchmark indicators for 2023/24, as explained in the annual Investment Strategy, were reported as follows:

- Security - Weighted Credit Rating Score for the year to date of 5.4 exceeds the target of 4 (the scale goes from 0 to 7)

- Liquidity – Weighted Average Life is at a reasonably liquid level, currently averaging 145 days
- Yield – interest received on investments is on target as reported above, with higher balances offsetting lower returns

The report concluded that the results for the three months to 30th June 2023 continue to demonstrate prudent and efficient treasury management.

Following questions from Members to clarify the report it was

Resolved:

Following scrutiny, the Treasury Management Quarter 1 activity report for 2023/24 is approved and submitted to Cabinet.

Chairman

AGENDA ITEM NO. 4

AUDIT COMMITTEE
11th January 2024

Subject: Counter Fraud & Investigation: Quarterly Performance Report Q2

1. Purpose of Report

To inform the Audit Committee on the progress of the Counter Fraud & Investigation work plan for the Council in 2023/24

This report will also report the statistical information in relation to the work performed by the CFI for the council.

2. Counter Fraud Proactive Work Plan

Appendix A outlines the Counter Fraud Proactive Work Plan for this year (2023/24).

The plan is designed to increase counter fraud knowledge and work across the council as well as support the day-to-day role of the CFI.

3. Investigations

CFI work on referrals that are sent to the intelligence function highlighting criminal behaviour. It is then for CFI to identify, assess, enforce legislation that is in place to protect the council from various types of criminal behaviour (economic). The figure for the cases CFI has dealt with in Q2 can be found below.

- 1 Fraud Alerts have been sent out to internal and external partners
- 11 Intelligence Reports have been sent to other Law Enforcement agencies assisting in their investigations.
- 11 new reports of suspected fraud have been received in Q2
- The CFI have 8 active investigations
- The value of those CFI investigations is £242,500

4. Contribution to Council's Aims and Priorities

The CFI are working collaboratively with many departments within the Council, with close working partnerships being the cornerstone of the CFI strategy.

The CFI recognised the financial pressures facing Local Authorities and are keen to raise the profile of their work to assist in saving various departments money by the action it takes or by recovering lost monies through civil and criminal recoveries. The CFI increases this awareness by attending the Operational Management Team meetings, as well as attending various 'team' meetings within the Authority.

The CFI is available for all departments to utilise if the staff feel there are any issues that can be resolved by CFI intervention, however its primary role is to ensure those that commit economic crime against the Council are appropriately investigated. The CFI holds professional expertise in all types of economic crime, including theft, fraud, corruption/bribery and have historically worked within service areas such as waste, procurement, revenues & benefits and planning as well as corporate areas such as finance across several Local Authorities.

The CFI are also available for members of the public that feel they have a criminal act to report that involves the council, its property, or its processes and recognise that it is vital for local people to feel there is a way to report these things and their concerns will be investigated and we want to work to raise awareness for the residents of the Borough.

Financial Implications

An effective counter fraud and investigation service should save the Council money by reducing the opportunities to perpetrate fraud, detecting it promptly and applying relevant sanctions where it is proven.

The CFI continue to work on criminal investigations and pursing those that commit crime against the authority.

The CFI service costs the Council £68,000 per annum. This is the cost equivalent of 1 FTE; however, this then allows access to the vast resources and skill sets held at CFI Thurrock, including Digital Forensic Investigators, Financial Investigators as well as Senior and Strategic management roles.

Any financial implications arising from identifying and managing the fraud risk will be considered through the normal financial management processes. Proactively managing fraud risk can result in reduced costs to the Council by reducing exposure to potential loss and claims.

Legal Implications

The Accounts and Audit Regulations 2015 Section 3 requires that:

The relevant authority must ensure that it has a sound system of internal control which:

- *facilitates the effective exercise of its functions and the achievement of its aims and objectives*
- *ensures that the financial and operational management of the authority is effective*
- *includes effective arrangements for the management of risk.*

The work of the Directorate contributes to the delivery of this.

People Implications:

Where fraud or corruption is proven the Council will:

- take the appropriate action which could include disciplinary proceedings and prosecution
- seek to recover losses using criminal and civil law
- seek compensation and costs as appropriate.

Property Implications

Properties can be recovered through the investigation of housing tenancy fraud or assets recovered as a result of criminal activity. This action will benefit the authority by means of returning housing stock to those in need or gaining the assets of those who seek to profit from their criminal behaviour against the Council.

Consultation

No consultations were required for this report.

Risk Assessment

Failure to operate a strong anti-fraud and corruption culture puts the Council at risk of increased financial loss from fraudulent or other criminal activity.

Although risk cannot be eliminated from its activities, implementing these strategies will enable the Council to manage this more effectively.

Equality and Environmental Impact:

The effects of the CFI and its work do not pose a significant impact on the wider community. The work carried out by the CFI is predominantly reactive and is always due to a criminal offence taking place. If a prosecution is to take place, an equality impact assessment will be completed to determine if the actions of the CFI are justified if there is a detriment to an individual. This will be completed by appropriately trained staff.

All interactions with individuals are to adhere to the principles of the Council as well as legislation that oversees the work completed by the CFI. All persons are treated fairly and equally, with any adjustment to working practices being made to suit the situation faced by officers of the CFI.

Crime & Disorder Implications (under Section 17 of the Crime and Disorder Act 1998)

Although the investigations that are completed by the CFI are criminal, none involve violence or safety implications to the local community or public in the wider sense. If a situation arose where the safety of any member of staff or member of public became apparent, police assistance would be sought.

The actions of the CFI contribute to the overall detection and prevention of crime within the Local Authority setting, thus adhering to the C&D Act 1998.

Recommendations

The Audit Committee:

- The Audit Committee notes the performance of the Counter Fraud & Investigation team to date.**
- The Audit Committee notes the progress of the proactive work plan for 2023/24**

Background Papers

- Fighting & Corruption Fraud locally, the Local Government Fraud Strategy
- Crowe Whitehall & Clarke Annual Fraud Indicator 2017

Appendices

- Appendix A: Counter Fraud Proactive Work Plan 2023/24

Report Author: Robert Kleinberg, Investigations Manager – Counter Fraud & Investigation

Counter Fraud & Investigation



See it. Report it. Stop it.

Counter Fraud & Investigation Proactive Work Plan 2023-24



Proactive Work Plan 2023/24

| Risk Area | Activity | When | Current Status | Responsible Officer | Date Completed |
|--------------|---|-----------------------------|--|---------------------|----------------|
| Council-wide | <p>Training of Staff and Elected Members</p> <p>Ensure understanding of the threats posed to the Authority in modern times, including cyber enabled fraud. This is to be tailored to the specific areas and ongoing support offered via a Single Point of Contact within CFI.</p> | June 2023 To Mar 2024 | Planning and preparation has taken place and allows for training to start in Q2. Progress of this will be highlighted to the Committee through this process. A new 'online' training package is also being created so that all staff, when logging in, will be able to conduct the training. | Rob Kleinberg | |
| Council-wide | <p>Review all relevant policies concerning Fraud</p> <p>Ensuring that all hold the most up to date legislative information as well as ensuring best practice is always adhered to.</p> | Mar 2024 | The relevant policies have been reviewed and a new Strategy and CF policy is due to be presented in due course as per the timeframes agreed. | Rob Kleinberg | |
| Council-wide | <p>Targeting POCA and Civil Legislation to maximise effect on criminal behaviour</p> <p>Ensure that CFI utilise the appropriate legislation to maximise the effects on criminals and ensure that our vision of protecting the public purse is adhered to by promoting this work.</p> | Mar 2024 | This is ongoing and where appropriate this legislation will be used within the CFI investigations. | Rob Kleinberg | |
| Housing | <p>Proactive High Risk Housing Project</p> <p>To work with the Housing department and local police hubs to complete at least 4 proactive operations in areas of high-risk housing. This should be taking place once a quarter.</p> | Mar 2024 | The CFI team have been attending visits with the Housing team almost weekly, with larger operations being conducted when resources are available. | Rob Kleinberg | |
| Council-wide | <p>Develop NFI systems and upload process</p> <p>To establish a process and work-flow for all NFI updates with leads from all areas involved. Develop relevant responses and establish flow of cases to the Counter Fraud & Investigation Team.</p> | Sep 2023 | NFI has been assessed and relevant teams will have been spoken to so that a plan of action can be formulated through their own resource levels. This will now continue throughout the year and developments in this space will be reported on via the main body report. | Rob Kleinberg | September 2023 |

| Risk Area | Activity | When | Current Status | Responsible Officer | Date Completed |
|-----------|---|----------|--|---------------------|----------------|
| Revenue | <p>Undertake an SPD review</p> <p>The Counter Fraud & Investigation team will work with the Revenues team and establish where a review of those claiming SPD could be targeted to ensure minimal abuse to the benefit.</p> | Jan 2024 | This will be completed in Q3 due to ongoing commitments. | Rob Kleinberg | |

AUDIT COMMITTEE

11th January 2024

Subject: Internal Audit Service, Quarterly Performance Report Q3

1. Purpose of Report

To update the Audit Committee on progress made in delivering the Internal Audit Strategy for 2023/24.

2. Internal Audit Plan Status

Appendix A sets out the current status of the audit work planned for the year as at 21st December.

There have been no further changes to the audit plan since the plan was last reported to the Committee on 27th September.

3. Performance Targets

As outlined in the Strategy presented to the July 2023 Audit Committee, the team will be reporting on a more limited set of indicators this year given the amount of work that is still being contracted out.

As at 21st December 2023:

- For the period since 1 April 2023 the team have had an average of 12 days of sickness absence, as a result of one member of the team being absent for an extended period. That officer is no longer part of the team.
- of the 23 jobs in the plan, including those brought forward from the previous year:
 - two are fully complete
 - nine have the audit work complete and are at draft report stage
 - four are work in progress
 - five are at planning stage
 - three are yet to start.

Stakeholder surveys have now re-commenced and will be completed throughout the year as audits are finalised.

The feedback provided by services has highlighted some difficulties experienced with the use of contractors when delivering audits on our behalf. The feedback has been discussed with the contractor and additional support will be provided by the in-house team leads moving forward to ensure the service provided maximises value to the Council.

4. Resourcing

Since the last report to the Audit Committee in September there has been one further change to the staffing of the team, with the Audit Apprentice who began working for the team in September unfortunately leaving the employment of the team.

The team currently has five vacancies. The salaries of the vacant posts are being used to fund audit resource brought in from suitable accountancy firms to assist with delivery of the audit plan.

5. Corporate Implications

Financial Implications

The Audit Plan will be delivered within the approved budget.

Any financial implications arising from identifying and managing fraud risk will be considered through the normal financial management processes.

Legal Implications

The Accounts and Audit Regulations 2015 require that the Council undertakes an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The UK Public Sector Internal Audit Standards require the Audit Committee to approve (but not direct) the annual Internal Audit Plan and then receive regular updates on its delivery. This report contributes to discharging this duty.

Human Resources

People issues that are relevant to an audit within the Audit Plan will be considered as part of the review.

Regular updates will be provided to the Audit Committee on how the service is being resourced (as required by the Standards).

Equality Implications

The relevance of equality and diversity will be considered during the initial planning stage of each audit before the Terms of Reference are agreed.

IT and Asset Management Implications

People or asset management issues that are relevant to an audit will be considered as part of the review.

6. Links to Council's Aims, Targets and Objectives

Audit work contributes to the delivery of all the Council's Aims, Targets and Objectives.

7. Timescale for Implementation

The Audit Plan relates to the 2023/24 financial year.

This is a key piece of evidence available to the Audit Committee when reviewing the Annual Governance Statement, which is presented to the Audit Committee as part of the annual reporting arrangements after the end of the financial year.

8. Risk Factors

Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that there are inadequacies in the internal control framework that may impact on the Council's ability to deliver its Corporate Aims, Targets and Objectives. A key mitigating factor is the work of the Good Governance Group (the Group). Assurance provided by this Group is summarised in the regular Monitoring Report on the Council's Governance Arrangements.

The main risks the team continues to manage are the:

- loss of in-house staff and the ability of the service to replace this resource at all or in a timely manner
- lack of management capacity to support and process work in a timely manner and provide strategic leadership to the team
- possibility that the external suppliers won't deliver contracted out work within the required deadlines or to the expected quality standards
- need to maintain relationships with clients / partners.

Recommendations:

The Audit Committee notes the progress made in delivering the 2023/24 Internal Audit Strategy.

Background Papers

- The Accounts and Audit Regulations 2015
- UK Public Service Internal Audit Standards
- CIPFA: Local Government Application Note for the UK Public Sector Internal Audit Standards

Appendices

Appendix A Internal Audit Plan 2023/24

Report Author: Andrew Barnes, Head of Internal Audit

Appendix A: Internal Audit Plan 2023/24

| Dept. | Service Activity | Fraud risk | Status as at 21 st December |
|------------------------------|---|------------|---|
| Managing the Business | | | |
| All Aims | | | |
| All | Transforming Together To assess the robustness of arrangements in place to deliver the Transforming Together programme of workstreams, and deliver the expectations and benefits for the Council that are anticipated (including implementation of recommendations from the Workforce Management report). | Yes | Work complete, draft report being prepared by contractor |
| All | Contract management To assess the robustness of arrangements in place to support compliance with legislation and good practice, while ensuring the contracts deliver the appropriate quality of services and achieve value for money. | Yes | Audit scoping being undertaken with service |
| All | Health and Safety To assess the adequacy of arrangements in place to maintain the necessary framework of policies and procedures to ensure ongoing compliance with Health and Safety legislation. | No | Audit scoping being undertaken with service |
| All | Performance Management To assess the adequacy of arrangements in place to monitor and manage the effective delivery of services, objectives, targets and outcomes in line with Corporate Plan. | Yes | Audit scoping being undertaken with service |

Appendix A: Internal Audit Plan 2023/24

| Dept. | Service Activity | Fraud risk | Status as at 21 st December |
|-------|---|------------|--|
| C&D | <p>ICT audit work: utilisation, usage and skills</p> <p>To assess the adequacy of arrangements to implement new digital tools and solutions and integrate these effectively into the Council's ways of working.</p> | Yes | Audit scoping being undertaken with service |
| C&D | <p>ICT audit work: projects and contracts</p> <p>To assess the adequacy of arrangements to develop and implement projects to maximise the impact of digitalisation opportunities to drive improvements in service delivery and increased efficiency.</p> | Yes | Audit scoping being undertaken with service |
| R | <p>Procurement (brought forward)</p> <p>To assess the robustness of arrangements in place to support compliance with legislation and good practice, while ensuring procurement enables the delivery of quality services and achieves value for money.</p> | Yes | Draft report with the Head of Internal Audit |
| All | <p>Senior Management Pay and Conditions (brought forward)</p> <p>To assess the adequacy of arrangements to ensure that senior management are effectively recruited, pay and conditions are properly governed, applied consistently and administered appropriately.</p> | Yes | Completed July 2023 |
| C&D | <p>Cyber Security: Incident Management</p> <p>To assess the effectiveness of arrangements in place to quickly identify a Cyber Security incident and the suitability of planned strategic and technical responses following an attack.</p> | Yes | Draft report with the Head of Internal Audit |

Appendix A: Internal Audit Plan 2023/24

| Dept. | Service Activity | Fraud risk | Status as at 21 st December |
|--|---|------------|---|
| Implementing Action Plans | | | |
| All | Partnerships (brought forward) To check that actions agreed have been effectively implemented and have been embedded into the day-to-day operation of the service. | Yes | Draft memo being produced |
| Managing Service Delivery Risks | | | |
| Aim: People | | | |
| All | Sickness Absence Management To assess the robustness of management arrangements to address sickness absence, to appropriately support both the individual and the organisation. | Yes | Work in progress |
| H | Tenancy Management (brought forward) To assess the robustness of tenancy management arrangements to ensure ongoing compliance with tenancy agreements, good practice and applicable legislation, whilst proactively managing the risk of fraud. | Yes | Audit deferred due to service resourcing issues, to be undertaken during 2023/24 Dates to be confirmed |
| Aim: Place | | | |
| P&P | Castle Point Plan To assess the adequacy of arrangements in place to ensure the successful delivery of the Castle Point Plan in accordance with the anticipated timetable. | No | Work complete, draft report being prepared by contractor |

Appendix A: Internal Audit Plan 2023/24

| Dept. | Service Activity | Fraud risk | Status as at 21 st December |
|--|---|------------|--|
| H | Housing Health and Safety Compliance (brought forward) To assess the adequacy of arrangements in place to ensure ongoing compliance with Health and Safety legislation within the Council's housing stock. | Yes | Draft report with the Head of Internal Audit |
| CS | Corporate Estate and Asset Management (Property) (brought forward) To assess the arrangements in place to ensure assets within the Council estate are effectively managed in order to support delivery of the Council's duties, vision, priorities, objectives and plans for the borough. | Yes | Draft report with the Head of Internal Audit |
| Aim: Environment | | | |
| E | Waste Service Delivery To assess the arrangements in place to run the service as efficiently as possible, with an agile approach allowing effective adaption to change, in order to deliver corporate priorities and work to evolving national waste strategies. | Yes | Draft report issued to the service |
| Key Financial Systems: All Aims | | | |
| R | Housing Rent Collection and Arrears Management To assess the effectiveness of arrangements to ensure billing is accurate and income to the Council is maximised, while ensuring financial errors are prevented and / or detected in a timely manner so information can be relied upon when producing the Council's statement of accounts. | Yes | Work in progress |

Appendix A: Internal Audit Plan 2023/24

| Dept. | Service Activity | Fraud risk | Status as at 21 st December |
|---------------------------|--|------------|---|
| | <p>Treasury Management</p> <p>To assess the effectiveness of key controls to ensure compliance with the Treasury Management Strategy and prevent or detect material errors, so that this information can be relied upon when producing the Council's statement of accounts.</p> | Yes | Planned for Q4 |
| Grant Claims | | | |
| | | | |
| H | <p>Disabled Facilities Grant</p> <p>To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with.</p> | Yes | Work complete – memo with the Head of Internal Audit |
| E | <p>Homes Upgrade Grant</p> <p>To certify that, in all significant respects, the terms and conditions attached to the grant have been complied with.</p> | Yes | Work complete October 2023 |
| Advice and Support | | | |
| | | | |
| R | <p>Financial sustainability</p> <p>Provide ongoing support and challenge of the arrangements to deliver a balanced budget for 2024/25 and medium-term financial strategy.</p> | Yes | Work in progress |
| All | <p>Risk Management</p> <p>Provide ongoing support and challenge to embed robust assessment of risk and opportunity into decision making that encourages creativity, learning and improved outcomes.</p> | No | Work in progress |

Appendix A: Internal Audit Plan 2023/24

| Dept. | Service Activity | Fraud risk | Status as at 21 st December |
|--|---|------------|--|
| | Disabled Facilities Grant Policy Provide support and challenge to ensure the DFG policy provides the greatest opportunity to maximise utilisation of the DFG funding. | Yes | Planned for Q4 |
| Managing Delivery of the Audit Plan | | | |
| | | | |
| | Audit Planning and Resourcing | | |
| | Managing Audit Plan Delivery | | |
| | External Quality Assessment | | |
| | Reporting to Executive Management Team and Audit Committee | | |

Appendix A: Internal Audit Plan 2023/24

| Audit Activities | Resource allocation |
|--------------------------------------|----------------------------|
| Managing the Business | 35% |
| Managing Service Delivery Risks | 11% |
| Key Financial Systems | 11% |
| Grant Claims | 11% |
| Advice and Support | 20% |
| Managing Delivery of the Audit Plan | 12% |
| Total | 100% |
| | |
| Total Council Audit Plan Days | 242 |
| | |

The days required to revisit and retest action plans from previous reports are included under each heading.

| Analysis Over Departments | | |
|----------------------------------|-------------------------------------|------------|
| E | Environment | 17 |
| H | Housing | 33 |
| P&P | Place and Policy | 17 |
| C&D | Customer and Digital | 33 |
| R | Resources | 48 |
| CS | Corporate Services | 0 |
| All | Cross cutting | 97 |
| All | Managing Delivery of the Audit Plan | 29 |
| | Total | 242 |

Appendix A: Internal Audit Plan 2023/24

| Risk Watch List | |
|-----------------|--|
| All | Council Commercialisation |
| All | Corporate Data Strategy |
| All | Data Quality |
| All | Information Governance |
| C&D | ICT Data Security and Management |
| C&D | ICT Steering Group |
| C&D | ICT Strategy / Disaster Recovery |
| C&D | ICT Data |
| C&D | ICT Contract |
| C&D | Housing Benefits |
| CS | Community Safety Partnership |
| CS | Licensing |
| Env | The Paddocks |
| Env | Food Premises Inspections |
| Env | Private Sector Housing |
| Env | Grounds Maintenance and Street Scene |
| H | Housing Strategy |
| H | Damp, Mould and Condensation |
| H | Sheltered Housing |
| H | Housing Allocations |
| H | Sustainability of the Housing Revenue Account |
| H | Management of Void Properties |
| H | Responsive Repairs |
| H | Disabled Facilities Grant: Policies and Procedures to maximise utilisation |
| P&P | Regeneration |

Appendix A: Internal Audit Plan 2023/24

| | |
|-----|---|
| P&P | Community Infrastructure Levy & S106 Payments |
| P&P | Building a Safer Future |
| P&P | Building Control |
| Res | Workforce Management |
| Res | Financial Management and Budgetary Control |
| Res | Business Planning, Service Planning and linkage to delivery of Corporate Plan |
| Res | Payroll |

These are other potential audits that may be considered for inclusion in the Audit Plan during the year should resources permit or the risk profile change.

Subject: **Treasury Management and Investment Strategies 2024/25**

1. Purpose of Report

The Council must comply with the Code of Practice - Treasury Management in the Public Services, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). As part of this Code the Council is required to approve an annual Treasury Management and Investment Strategy for the forthcoming financial year.

2. Links to Council's priorities and objectives

Sound financial management is an Enabler to the Council's priorities contained with the Corporate Plan.

3. Recommendation

That following scrutiny, the Treasury Management and Investment Strategies for 2024/25 are approved for onward submission to Council on 21 February 2024 as part of the overall Policy Framework and Budget Setting Report.

Resolution required.

4. Treasury Management and Investment Strategies 2024/25

The strategies for 2023/24 are attached as an appendix to this report. Please note figures within the Strategy are subject to change as the budget is finalised. Any material changes, if any, will be highlighted as part of the budget report.

5. Corporate Implications

(a) Legal implications

The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance, including:

- The Local Government Act 2003, and associated Statutory Instruments;
- The CIPFA Prudential Code for Capital Finance in Local Authorities;
- The CIPFA Code of Practice for Treasury Management in the Public Services.

The Council continues to comply with all the relevant statutory and regulatory requirements.

(b) Financial implications

Setting Treasury Management and Investment Strategies are cornerstones for effective treasury management and essential for sound management of the Council's finances. They are an integral part of the Budget Framework. All implications arising from this strategy have been incorporated into the budget due to be approved by Council in February 2024.

(c) Human resource and equality implications

There are no implications arising from this report.

(d) Timescale for implementation and risk factors

The Code of Practice for Treasury Management states that the Council must receive a report on annual strategy and plan in advance of the year. The Council complies with this by submitting the strategies to the annual Council budget-setting meeting in February. Failure to do this effectively or in a timely manner, could adversely affect the security of investments and increase reputational risk for the Council.

Report Author: Nancy Kariwo, Accountant

STRATEGY / POLICY FRONT COVER

Name of Strategy / Policy: Treasury Management Strategy

Date last updated: January 2024

Date last revised and reasons for revision:

Previously revised February 2023. Current revision is because the Strategy has to be reviewed and approved by Council annually.

Links to Council Priorities:

| Priority | Linked Yes / No? |
|---|------------------|
| Public Health & Well-Being | No |
| Environment | No |
| Transforming Our Community | Yes |
| Efficient & Effective Customer-Focused Services | No |

Links to Other Strategies and Policies

Financial Planning and Capital Strategy (incorporated in the Policy Framework and Budget Setting for 2024/25).

Action Plan in this document?

Not applicable.

Name of lead officer responsible for implementing the action plan:

Lance Wosko is responsible for the Strategy and for ensuring adequate monitoring and reporting.

Name of lead Member and Member body responsible for monitoring implementation of the action plan:

Councillor S Mountford – Cabinet Member for Resources.
Audit Committee receive quarterly and annual reports.

Equality impact assessment undertaken? No

Sustainability appraisal undertaken? No

Policy register on S Drive updated? Yes



Castle Point Borough Council

Treasury Management Strategy for 2024/25

Produced by: Assistant Director, Finance & Procurement (s151 officer)

Subject to Annual Review

Approved by:

- Audit Committee: January 2024
- Cabinet & Council: February 2024

12 Treasury Management Strategy

Definition of Treasury Management

1 Treasury management is:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2 The Council includes the following Treasury Management clauses within its Constitution, as recommended by the Code of Practice:

The Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable treasury management practices (TMP's) setting out how the organisation will seek to achieve those policies and objectives, prescribing how it will manage and control those activities.
- Will receive reports on its treasury management policies, practices and activities, including as a minimum an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMP's.
- Delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Cabinet, and for the execution and administration of treasury management decisions to the s151 officer, who will act in accordance with the Council's policy statement and TMP's and CIPFA's Standard of Professional Practice on Treasury Management.
- Nominates Cabinet to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and policies.

Treasury Management Strategy for 2024/25

3 The Strategy has been formulated after considering the advice of the Council's consultants, Link Treasury Services (Link). All activity envisaged by the Strategy will be in accordance with the Treasury Management Policy Statement.

Balanced budget requirement

4 It is a statutory requirement under the Local Government Finance Act 1992, for the Council to produce a balanced budget. This means that the Council is required to ensure the affordability of existing and new projects, both revenue and capital, within the projected income of the Council for the foreseeable future.

Economic uncertainty, and interest rates

5 Economic uncertainty currently exists caused by a number of factors, including but not limited to the ongoing cost of living crisis, interest rate movements and the expectation of a general election in 2024 which may lead to a change of Government and therefore policy. All of these have the potential to have a material impact on the long term financial position of the Council.

6 The Council's treasury management advisers Link Asset services forecast that the base rate will remain at 5.25% till March 2024 and reduce to a low of 4.00% by end of March 2025. This is shown in table below:

| Link Group Interest Rate View | 07.11.23 | | | | | | | | | | | | |
|-------------------------------|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 |
| BANK RATE | 5.25 | 5.25 | 5.25 | 5.00 | 4.50 | 4.00 | 3.50 | 3.25 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 3 month ave earnings | 5.30 | 5.30 | 5.30 | 5.00 | 4.50 | 4.00 | 3.50 | 3.30 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 6 month ave earnings | 5.60 | 5.50 | 5.40 | 5.10 | 4.60 | 4.10 | 3.60 | 3.40 | 3.10 | 3.10 | 3.10 | 3.10 | 3.10 |
| 12 month ave earnings | 5.80 | 5.70 | 5.50 | 5.20 | 4.70 | 4.20 | 3.70 | 3.50 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 |
| 5 yr PWLB | 5.00 | 4.90 | 4.80 | 4.70 | 4.40 | 4.20 | 4.00 | 3.80 | 3.70 | 3.60 | 3.50 | 3.50 | 3.50 |
| 10 yr PWLB | 5.10 | 5.00 | 4.80 | 4.70 | 4.40 | 4.20 | 4.00 | 3.80 | 3.70 | 3.70 | 3.60 | 3.60 | 3.50 |
| 25 yr PWLB | 5.50 | 5.30 | 5.10 | 4.90 | 4.70 | 4.50 | 4.30 | 4.20 | 4.10 | 4.10 | 4.00 | 4.00 | 4.00 |
| 50 yr PWLB | 5.30 | 5.10 | 4.90 | 4.70 | 4.50 | 4.30 | 4.10 | 4.00 | 3.90 | 3.90 | 3.80 | 3.80 | 3.80 |

- 7 The Council adheres to strict investment criteria. As it remains difficult to predict longer-term rates accurately, the interest rates used to forecast investment income for the Council's budget process remain prudent. The Council may also be restricted in where it can invest funds. Officers will continue to seek the best return possible whilst always complying with the Council's policies and procedures and without compromising security and liquidity.

Current debt position and requirements for 2024/25

- 8 A summary of external debt that is expected to be outstanding as at 31 March 2024 is as follows:

| <i>Table 12.1 External debt outstanding</i> | | Total at 31/03/24 £000's |
|---|--|--------------------------------|
| <i>Source</i> | | |
| Public Works Loan Board – General Fund | | 5,400 |
| Public Works Loan Board – Housing Revenue Account | | 27,000 |
| Total | | 32,400 |

- 9 The Council made early repayments of some of General Fund and HRA Loans in September 2022 to take advantage of discounts which were available, giving us a net saving of just over £3.4m. The Council's General Fund borrowing now consists of a single fixed rate loan at interest rate of **1.08%** per annum (in relation to the Knightswick). The Council's HRA borrowing consists of fixed rate loans at interest rates ranging from **2.76%** to **3.43%** per annum. If remaining loans are to be repaid prematurely, they attract either a premium or discount depending on the relationship between the interest rate of the loan and market rates and the unexpired period at the time of repayment. Currently as interest rates are high, premature repayment of all loans would incur a total discount of approximately **£653K** but this is not advised when taking into consideration the Council's liquidity requirements.
- 10 The proposed programme of capital expenditure due to be approved by Council in February 2024 is not currently anticipated to trigger a requirement for new borrowing in 2024/25. The Policy Framework and Budget Setting Report will provide confirmation of the prudential position for future years, based on current estimates.
- 11 Internal borrowing is the use of the Council's own temporary investments for capital expenditure and is when the Capital Financing Requirement (CFR) exceeds the level of external borrowing. This position is known as "under-borrowed". At the end of 2024/25 for the General Fund this is expected to be **£12.6m** due partly to capital expenditure on the Knightswick Shopping Centre and associated public realm works. As cash balances are relatively high and interest earned on investments is lower than the rate at which the Council can take out loans, borrowing internally is an efficient use of resources that also lowers the overall cost of funding for the projects. By the end of 2024/25 the HRA will be under-borrowed by approximately **£5.866m**. The position fluctuates from year to year depending on various factors such as the level of capital expenditure, and a prudential indicator in the Capital Strategy ("Gross Debt and the Capital Financing Requirement") monitors and reports on this position.

Borrowing Strategy

- 12 The uncertainty over future interest rates increases the risk associated with treasury activity. As a result, the Council will take a fairly cautious approach to its Treasury Management Strategy.
- 13 If a need to borrow should arise, The Section 151 Officer, under delegated powers, will take the most appropriate form of borrowing depending on identified risks and the prevailing interest rates at the time. It is possible that shorter-term fixed rates may provide lower cost opportunities in the short to medium term.
- 14 Borrowing can only be undertaken for the purposes of capital expenditure, and not for day-to-day revenue expenditure. Any new borrowing would result in additional annual interest charges to either the General Fund or Housing Revenue Account, as well as the need to set aside sums from those funds for future repayment of the principal amount borrowed. In effect, borrowing does not finance capital expenditure, instead it merely provides the cash to enable the expenditure to take place. Therefore, the financial impact on the longer-term budget positions for both the General Fund on the Medium-Term Financial Forecast (MTFF) and the Housing Revenue Account on the HRA Business Plan, must be taken into careful consideration in all borrowing decisions. As shown within the MTFF and HRA Business Plan the General Fund has annual funding gaps to be closed, and the HRA also faces challenges, such as the lasting impact of changes in central government policies including imposed 4-year rent reductions, as detailed within previous HRA budget setting reports.
- 15 On 9 October 2019 the PWLB increased their margin over gilt yields by 100 basis points to 180 basis points on loans to local authorities, making borrowing from the Government more expensive. However, on 25 November 2020 the Government reversed this. The PWLB allows local authorities to register for a preferential “certainty rate” for borrowing, which is currently **0.20%** below the standard rate or **0.80%** above gilt rates. Registering for this preferential rate does not commit an authority to undertake any borrowing, it just allows it to access the preferential rate should the need arise. Although there are no current plans to borrow in 2024/25, the Council routinely registers for the preferential rate.
- 16 The weighted average maturity of the Council's General Fund **£5.4m** debt is six years. This has changed significantly due to the early repayments of three loans totalling **£5.25m** in September 2022 leaving one loan with **£0.90m** which matures every year for the next six years, currently with no requirement to refinance.
- 17 The Housing Revenue Account debt of **£36.5m** taken out in March 2012 as part of the HRA self-financing changes is set to mature at different times between 2021/22 and 2035/36 with **£7m** repaid in 2021-22, **£2.5m** repaid early in September 2022. A borrowing cap of **£37.5m** was placed on the Council at the same time, which effectively left the ability to borrow a further **£1m** above the **£36.5m**. The autumn 2018 budget announced that the borrowing cap would be removed so that local authorities would be allowed to undertake additional borrowing to enable investment in building new homes. However, as stated above, any additional borrowing would still have to be affordable within the 30-year HRA Business Plan and be subject to a full assessment of the financial viability of any scheme.

Borrowing in advance of need

- 18 The Council has some flexibility to borrow funds in advance for use in future years. The Section 151 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints and where there is a clear business case for doing so. Furthermore, councils must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed. They must also consider carefully whether they can demonstrate value for money in borrowing in advance of need and can ensure the security of such funds.

19 DLUHC guidance has determined that the setting of constraints for any borrowing in advance of need is considered good practice. The Section 151 Officer does not currently anticipate any need to borrow in advance of need, but if circumstances change then borrowing in advance will be made within the constraints that:

- It will be limited to no more than £3m of the expected increase in borrowing need (CFR) over the three-year planning period; and
- The Council would not look to borrow more than 18 months in advance of need.

20 Risks associated with any advance borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or annual reporting mechanism. Any surplus funds arising from borrowing in advance of need will be invested in accordance with the Council's Investment Strategy.

Treasury management indicators

21 The Council is required to calculate several Treasury Management Indicators as part of the Treasury Management Code of Practice. The indicators are reported in the following paragraphs.

Borrowing maturity structure

22 The Prudential Code for Capital Finance in Local Authorities requires the Council to set upper and lower limits for the maturity structure of fixed rate borrowing. These limits are designed to help the Council minimise its exposure to large fixed rate sums falling due for refinancing. The proposed limits, expressed as percentages of total projected fixed rate borrowing, are as follows:

Table 12.2 Maturity structure of fixed rate borrowing

| Maturity | General Fund | | Housing Revenue Account | |
|-----------------|--------------|-------------|-------------------------|-------------|
| | Upper limit | Lower limit | Upper limit | Lower limit |
| | % | % | % | % |
| Within 1 year | 50 | 0 | 50 | 0 |
| Within 2 years | 50 | 0 | 50 | 0 |
| Within 5 years | 60 | 0 | 60 | 0 |
| Within 10 years | 80 | 0 | 80 | 0 |
| After 10 years | 100 | 0 | 100 | 0 |

Borrowing – limits of fixed and variable rate exposure

23 The Prudential Code also requires the Council to set upper limits for fixed and variable interest rate exposure. These indicators identify the maximum limits for both fixed and variable interest rates based upon the Council's debt position net of investments. The proposed limits are as follows: -

Table 12.3 Upper limits of Fixed and Variable exposures

| | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 |
|------------------------------|---------|---------|---------|---------|---------|---------|
| | £m | £m | £m | £m | £m | £m |
| Upper Limit - Fixed Rates | 39 | 38 | 36 | 35 | 34 | 28 |
| Upper Limit - Variable Rates | (24) | (22) | (20) | (18) | (16) | (14) |

Borrowing - interest rate sensitivity

24 Any borrowing decisions will need to take account of any changes in interest rates. There are two possible scenarios: -

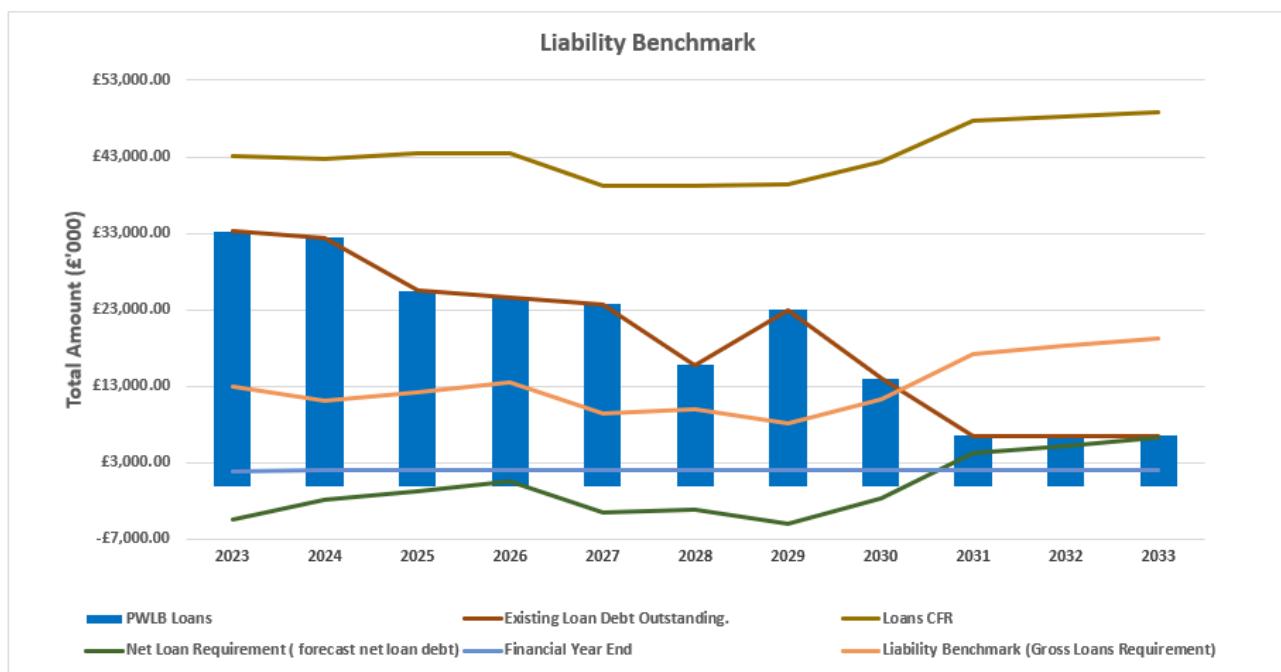
- a sharp rise in rates – if this is considered possible, any fixed interest borrowing will be taken while interest rates are relatively low.

- a sharp fall in rates – if this is expected, any borrowing will be postponed (waiting for borrowings to become cheaper) and rescheduling from fixed to variable rate funding will be considered.

Liability Benchmark

25 The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

The Liability Benchmark establishes whether the Council is likely to be a long-term borrower or long-term investor in the future, to help shape its strategic focus and decision making. The benchmark is shown in the chart below which also shows that the Council does not need to externally borrow in the near future. The benchmark will be updated quarterly taking into account the actual in the year to date and the forecast for the remainder of the financial year as well as any updates made to future years.



Debt management objectives

26 A summary of the Council's debt management objectives for 2024/25 is therefore as follows: -

- to borrow, if necessary, in order to finance cash flows arising from capital expenditure in accordance with the Prudential Code;
- to reduce, if possible, the amount of long-term borrowing without incurring net losses for early redemption.
- to manage the debt maturity profile in order to avoid a high level of repayments in any one year.
- to borrow at the best interest rates achievable in relation to estimated future rates.
- to monitor and review the level of any variable interest rate loans, in order to take advantage of interest rate movements;
- if possible, to reschedule debt in order to take advantage of potential savings as interest rates change;
- to avoid as far as possible, excessive overdrawn bank balances by achieving a balanced daily cash position, unless market borrowing proves favourable by comparison;
- to ensure that overall borrowing is within the authorised limit for external debt and that this is monitored on a regular basis.

13 Investment Strategy

Investment guidance

- 1 This Council's investment policy has regard to the following:
 - DLUHC's Guidance on Local Government Investments ("Guidance")
 - CIPFA's Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes ("CIPFA TM Code")
 - CIPFA Treasury Management Guidance Notes 2021

Investment principles

- 2 The primary policy objective of the Council's treasury management and investment activities is the security of funds, and to avoid exposing public funds to inappropriate and unquantified risk. The Council's investment priorities are:
 - Firstly – the **security** of capital (protecting the capital sum invested from loss) and
 - Secondly – the **liquidity** of its investments (keeping sufficient money readily available for expenditure when needed).

Provided that proper levels of security and liquidity are achieved, it may then (but only then) be reasonable to seek the highest **yield** consistent with those priorities. All investments will be in sterling.

- 3 Under the guidance investments made by local authorities are classified into two main categories:
 - Investments held for treasury management purposes
 - Other investments

All of the Council's temporary investments are held for treasury management purposes and the interest received contributes to the General Fund budget, as shown in the table below. Investments are not split between General Fund and Housing Revenue Account (HRA) but held as one portfolio with a proportion of the overall interest received applied to the HRA, calculated on the levels of HRA reserves and balances. For 2024/25 this amount is forecast to be **£41k**.

Table 13.1 General Fund Investment Income

| | 2023/24 £000's | 2024/25 £000's | 2025/26 £000's | 2026/27 £000's | 2027/28 £000's | 2028/29 £000's |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Forecast Investment Income | 1995 | 1,770 | 1156 | 1050 | 922 | 859 |

- 4 The guidance maintains that the borrowing of monies purely to invest or lend on and make a return is unlawful and this Council will not engage in such activity.

Financial investments

- 5 Under the guidance financial investments fall in to three categories:
 - **Specified investments** - high security, high liquidity investments in sterling with high credit quality, and with a maturity of no more than a year or have less than a year left to run to maturity if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Loans** – for example to local enterprises, charities etc. The Council has none.
 - **Non-specified investments** – all others, may be less secure.

Specified investment instruments identified for use in the financial year are listed in table 13.2. Non-specified Investments are any other type of investment, i.e. not defined as specified above, are listed in tables 13.3 and 13.4.

Non-financial investments

- 6 Non-financial investments are assets an organisation holds primarily or partially to generate a profit, essentially for commercial activities. The Council does not currently hold non-financial investments, but may consider doing so, if they support the priorities of the Council as detailed in the Corporate Plan, after taking expert external advice and a thorough appraisal by officers, scrutiny by the appropriate committee and approval by Council. The Council would have to carefully assess whether such assets retain sufficient value to provide security of investment, and if they do not, the Strategy must provide details of the mitigating actions taken to protect the capital.

Liquidity

- 7 Based on its cash flow forecasts, the Council anticipates its fund balances in the financial year 2024/25 to range between **£27m** and **£42m**.

Risk assessment and risk appetite

- 8 As the Council's primary policy objective of treasury management is to avoid exposing public funds to inappropriate and unquantified risk, the Council has a very cautious approach to investing, reflected in the internal guidance which ensures the following:
- 1 a very high average credit weighting for the portfolio, typically AA
 - 2 a diversified portfolio
 - 3 a weighted average maturity of approximately 250 days
 - 4 strict stepped limits on lower-rated, but still high grade (A-rated) investments of up to **£3m**.
 - 5 Officers monitor market information including financial updates from the Council's treasury adviser on a daily and weekly basis, to keep as well-informed as possible to make the best decisions. The internal guidance can be amended by the S151 Officer, with advice from treasury officers, at very short notice. This is for flexibility and to adapt to changing circumstances in the current time of economic uncertainty, firstly to protect the security of the Council's temporary investments and secondly to achieve liquidity and yield.

Credit ratings

- 9 Credit quality of counterparties (issuers and issues) and investment schemes will be determined mainly by reference to credit ratings published by Fitch, Moody's and Standard & Poors. In compliance with CIPFA recommendations and the CIPFA Treasury Management Code, the rating criteria use the lowest common denominator method of selecting counterparties and applying limits. Tables 13.2 and 13.3 also set out the Council's minimum credit ratings that it considers appropriate for each category of investment.
- 10 The sovereign rating for the UK is AA. All three agencies have the UK on negative outlook. Investments are placed with institutions with high long-term credit ratings (minimum A-) or in money market funds with the highest possible rating (AAA or equivalent). The Council has a policy of diversification to prevent over-reliance on a small number of counterparties and Money Market Funds are used to provide a broad spread of underlying holdings.

Monitoring of credit ratings

- 11 All credit ratings will be monitored on a regular basis, including when investments are made. The Council's treasury adviser, Link Treasury Services, also alert the Council to changes in ratings as they occur.
- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - If a counterparty/investment scheme is upgraded so that it fulfils the Council's criteria, the s151 Officer will have the discretion to include it on the lending list.

Amendments to the 2024/25 Investment Strategy

12 There are no amendments proposed to the strategy for 2024/25.

Counterparty list

| Table 13.2 Specified Investments for the Financial Year 2024/25 | | | |
|--|---|---|--|
| Investment | Counterparty limit | Security / Minimum Credit Rating | Maximum period of investment |
| Debt Management Agency Deposit Facility (DMADF) (this facility is at present available for investments up to 6 months) | No limit | The Debt Management Office is an agency of the UK Government | 6 months (DMO imposed time limit) |
| Treasury Bills issued by the UK Government (currently maximum 6-month duration) | No limit | The Debt Management Office is an agency of the UK Government | 364 days |
| Term Deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act) | The lesser of £5m or 33% of total investments | High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated) | 364 days |
| Term Deposits with institutions | The lesser of £5m or 33% of total investments | long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P) | 364 days |
| Money Market Funds (i.e. a collective investment scheme as defined in SI 2004 No 534) CNAV, LVNAV and VNAV These funds do not have a maturity date | The lesser of £5m or 33% of total investments | Fitch, Moody's or Standard and Poors AAA (Minimum of two ratings) | n/a (repayable on demand) |
| Current accounts, notice accounts or term deposits with credit-rated deposit takers (banks and building societies) | The lesser of £4m or 25% of total investments | long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P) | 364 days (Call deposits repayable on demand) |
| Forward deals with credit rated banks and building societies < 1 year (i.e. negotiated deal period plus period of deposit) | The lesser of £4m or 25% of total investments | long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P) | 364 days |
| Certificates of Deposit issued by institutions | The lesser of £4m or 25% of total investments | long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P) | 364 days |
| Covered bonds (maximum 364-day period includes borrower extension option) | The lesser of £4m or 25% of total investments | long-term AA-, short-term F1 (lowest common denominator Fitch, Moody's & S&P) | 364 days |
| Reverse repurchase agreements "repos" (a form of secured lending with enhanced security) | The lesser of £4m or 25% of total investments | long-term AA-, short-term F1 (lowest common denominator Fitch, Moody's & S&P) | 364 days |

Table 13.3 - Non-specified Investments for the financial year 2024/25

| Investment | Counterparty limit | Security / Minimum Credit Rating | Maximum period of investment |
|---|---|---|------------------------------|
| Term deposits with the UK Government or with UK local authorities (i.e. local authorities as defined under section 23 of the 2003 Act) | The lesser of £5m or 25% of total investments | High quality as either directly invested or via agencies of UK Government. (Although local authorities are not specifically credit rated) | 2 years |
| Current accounts, notice accounts or term deposits with credit-rated deposit takers (banks and building societies) | The lesser of £4m or 25% of total investments | long-term A-, short-term F1 (lowest common denominator Fitch, Moody's & S&P) | 2 years |
| Property Funds | The lesser of £4m or 25% of total investments | Unrated | n/a |
| Bond funds | The lesser of £4m or 25% of total investments | Unrated | n/a |
| Multi-Asset funds | The lesser of £4m or 25% of total investments | Unrated | n/a |
| Equity Funds | The lesser of £4m or 25% of total investments | Unrated | n/a |

- All Specified Investments listed above must be sterling denominated.
- All investments are managed in-house.
- No shares or loan capital is held by the Council
- None of the investments are classified as capital expenditure

Country, group and sector limits

13 The Council selects counterparties according to credit quality as well as the additional information in paragraph 16 below. Group and sector limits do not form part of the formal Investment Strategy, but are used within the temporary, stricter investment guidance described in paragraph 18.

Whilst there are no specific or formal limitations on which countries the Council can or will invest in, consideration will be given to Environmental, Social and Governance (ESG) issues. For example, the Council will avoid investing in institutions based in or strongly linked to countries with questionable human rights practices. As always, any investments made will be with institutions meeting the required credit ratings.

Money Market Funds

14 As has been the practice for several years, the Council continues to place a high proportion of its investments in Money Market Funds. By March 2019 the valuation method for the Council's Money Market Funds changed from constant net asset value to low volatility net asset value. Constant net asset value funds aim to preserve a stable value (such as £1) per share at which investors either subscribe or redeem, but under money market fund regulations they are being replaced with low volatility net assets funds where the underlying investments may have to be priced at market value, so potentially investors could get back slightly more or less than the £1 invested, although this is very unlikely with AAA-rated funds. The Council has assessed the implications, but it is not expected that there will be any significant impact on the value of investments.

Markets in Financial Instruments Directive (MiFID)

15 From 3rd January 2018 changes in legislation required the Council to opt up to professional status (rather than the default status of a retail client) with several of its counterparties to continue using a range of secure and diversified investments and not be limited solely to simple bank deposits. Organisations classified as professional have a good understanding of financial products but do not have the same protection as retail clients or ordinary consumers.

Use of additional information other than credit ratings

16 Additional requirements under the Code of Practice now require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example equity prices, Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

Bail-in legislation

17 To avoid a Government bailout (i.e. where Governments inject monetary support into institutions to keep them solvent) that occurred during the financial crisis, bail-in legislation is now fully implemented in the UK. In future large investors or creditors may contribute to the rescue of failing banks rather than taxpayers, as some or all their deposits are converted into equity which could be worth less than the original investment. Consequently, the potential risk of depositing with banks may have increased, however this is reflected in the credit ratings.

Internal stricter guidance

18 The Council continues to use internal investment guidance which may impose stricter limits than that laid out in the Investment Strategy, such as lower counterparty limits. These will remain in place for as long as they are required and are reviewed regularly, considering information and advice supplied by Link. Changes to the internal guidance are approved by the s151 Officer.

Use of derivative instruments

19 Local authorities can use any hedging tools such as derivatives, but only for the management of risk and the prudent management of financial affairs. When an authority intends to use derivative instruments the policy for their use must be clearly detailed in the annual Treasury Management Strategy. The Council does not currently use derivatives, but should this change then the Treasury

Management Strategy will be amended prior to their use. The Council will seek proper advice when entering into arrangements to use such products to ensure that it fully understands those products.

Investments defined as capital expenditure

20 The acquisition of share capital or loan capital in any corporate body is defined as capital expenditure under Regulation 25(1) (d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003. Such investments will have to be funded out of capital or revenue resources and will be classified as Non-specified Investments. As already stated, the Council does not currently intend to invest in Non-specified Investments.

21 Investments in Money Market Funds are not treated as capital expenditure.

22 A loan, grant or financial assistance by this Council to another body for capital expenditure by that body will be treated as capital expenditure, should it occur.

Provisions for credit-related losses

23 If any of the Council's investments appeared at risk of permanent loss due to default (i.e. a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the Council will make revenue provision of an appropriate amount.

Investment strategy to be followed in-house

24 The Council's in-house managed funds are mainly cash-flow derived. It is expected that the majority of the Council's funds will be invested for periods of less than 365 days although this will be reduced should it be deemed appropriate. There are core funds of approximately **£10m** that it is very unlikely will be required for cash flow purposes for another 2 to 5 years. The inclusion of Multi Asset Fund investment to the treasury strategy will allow some or all of these funds to be invested longer-term, at higher rates, to provide additional investment income for the Council.

Investment treasury indicator and limit

25 These limits, relating to funds invested for greater than 365 days and shown in the table below, are set with regard to the Council's liquidity requirements. They are designed to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

| Upper limit for principal sums invested for longer than 365 days | | | |
|---|----------------|----------------|----------------|
| £m | 2024/25 | 2025/26 | 2026/27 |
| Principal sums invested for longer than 365 days | £15m | £15m | £15m |
| Current investments as at 31.03.2024 in excess of 1 year maturing in each year | £0m | £0m | £0m |

The Council's banking arrangements

26 The Council's banking operations are with Lloyds Bank PLC with the current contract expiring on 31st March 2025.

Risk benchmarking

27 The most recent version of the CIPFA Treasury Management Code recommended the use of security and liquidity benchmarks alongside existing yield benchmarks used to assess investment performance.

28 These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported with supporting reasons

in the quarterly or Annual Report. Use of these benchmarks will be reviewed and they may be amended or added to if necessary.

- 29 **Security** – The Council's maximum-security risk benchmark for the current portfolio is:
- A credit-rating score of **6.4** for the overall investment portfolio. Each investment is given a score according to long-term credit rating (e.g. 7 for AAA, 4 for AA-, 1 for A-) and then weighted according to amount.
- 30 **Liquidity** – In respect of this area the Council seeks to maintain:
- The bank overdraft facility was reviewed for the new banking contract that started in April 2020 and it was decided it was not cost effective for the Council to have one permanently in place
 - Liquid short-term deposits of at least **£1m** available with a day's notice
 - Weighted Average Life benchmark is expected anything up to 270 days, with a maximum of 1 year
- 31 **Yield** – Local measures of yield benchmarks are:
- Investments – returns above SONIA (Sterling Overnight Index Average), rate. The Council previously used LIBID but this measure has been discontinued by the Bank of England in favour of SONIA.
- Treasury management adviser**
- 32 Link Treasury Services, the largest provider of capital financing and treasury advisory services to public sector organisations, is the Council's current treasury adviser. The company provides a range of services through a formal contract, which includes technical support on treasury matters and capital finance issues; economic and interest rate analysis; debt rescheduling advice surrounding the existing portfolio; investment advice on interest rates, timing and investment instruments; credit ratings/market information service provided by the three main credit rating agencies; and data from international money markets. The current contract expires in 2024. A procurement exercise will be undertaken to ensure a treasury management adviser is in place at the end of the current contract.
- 33 Whilst Link provide support to the internal treasury function, under current market rules and the CIPFA Treasury Management Code, the final decision on all treasury matters remains with the Council.
- Member and officer training and experience**
- 34 Members receive training on Treasury Management matters on a periodic basis. Treasury staff attend appropriate courses and seminars held by CIPFA and Link both to maintain and improve their knowledge and expertise. All treasury staff have accountancy or treasury qualifications and many years' experience in local authority treasury across the team.
- Investment activity reporting and publication**
- 35 Officers prepare a quarterly monitoring report on investment activity and an end of year report as part of its Annual Treasury Report after the close of each financial year. This does not preclude more frequent reporting should changes or circumstances dictate, including changes to the Treasury Management and Investment Strategy if required. The Investment Strategy is published annually on the Council's website.

AGENDA ITEM 7

AUDIT COMMITTEE

11th January 2024

Subject: Treasury Management Update: Second Quarter Stage

1. Purpose of report

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

2. Links to Council's priorities and objectives

The scrutiny and approval of the Council's Treasury Management activity is linked to the Council's objective of a Commercial and Democratically Accountable Council through sound financial management.

3. Recommendation

That following scrutiny, the Treasury Management quarter 2 activity report for 2023/24 is approved and submitted to Cabinet for noting.

Resolution required.

4. Treasury Management activity Quarter 2 report 2023/24

4.1 Introduction

- 4.1.1 Treasury management is: *“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 4.1.2 The Code of Practice requires the Council to set annually a Treasury Management Strategy and Investment Strategy. The strategies for the 2023/24 financial year were approved by Council on 15th February 2023.
- 4.1.3 This report confirms that Treasury Management activity during the year to date has been undertaken in accordance with that strategy and in consultation, where appropriate, with the Council’s external adviser, Link Asset Services.

4.2 Borrowing

- 4.2.1 A summary of external borrowing at 30th September 2023 is shown at Annex A.
- 4.2.2 Annex A shows that interest paid on General Fund borrowings and on HRA borrowings for the year to date is as budgeted. This comes as no surprise given the rates of interest are fixed and the Council has not taken out any new loans or repaid any existing loans ahead of schedule.
- 4.2.3 The Council’s policy on capital expenditure and borrowing is set out in the Capital Strategy section of the annual Policy Framework and Budget Setting Report, and as part of this, the affordability of new capital proposals has to be demonstrated. Borrowing can only be undertaken for the purposes of capital expenditure, and not for day-to-day revenue expenditure. The financial impact on the longer-term budget positions for both the General Fund on the Medium-Term Financial Forecast and the Housing Revenue Account on the HRA Business Plan, would need to be taken into account. Any new borrowing would result in additional interest charges to either the General Fund or HRA, as well as the need to set aside sums from those funds for future repayment of the principal.
- 4.2.4 PWLB certainty Borrowing rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%. As can be seen with rates being so high any potential new borrowing would have to be fully justifiable in terms of the need to borrow. Additional borrowing would be considered for individual projects where for example the business case determines repayment of debt is affordable and can prudently be funded by new revenue generated. No borrowing was undertaken during the quarter ended 30th September 2023. It is anticipated that borrowing will not be undertaken during this financial year.
- 4.2.5 Debt rescheduling opportunities have increased in the current quarter where gilt yields, which underpin PWLB rates and market loans, have risen materially. Members will be advised if there is value to be held by rescheduling or repaying a part of the debt portfolio.

- 4.2.6 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30th September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24.
- 4.2.7 All Treasury Management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

4.3 Investments

- 4.3.1 The investment activity during the year to date conforms to the approved strategy, and the Council has had no liquidity issues. Investments are managed internally using only those institutions which meet the Council's strict investment criteria, within a permissible range of periods, depending on the Council's cash flow and the interest rates on offer.
- 4.3.2 The majority of investments to date in 2023/24 continue to be in AAA-rated DMO and Money Market Funds and A+ UK Fixed term deposit banks. A Money Market Fund is a pooled source of funds invested in a wide range of short-term investments managed by an independent fund management company. Frequently these are well known banks or investment houses. AAA is the highest investment rating available and means that there is very low credit risk in an entity which is awarded that rating.
- 4.3.3 Funds may be deposited with the Debt Management Office (DMO), an executive agency of HM Treasury, and we have continued to use this facility when it has offered competitive rates.
- 4.3.4 With the exception of the DMO, total investments with any one institution do not exceed **£5.0m**. Internal guidance ensures that at least **50%** of investments at any time are placed with institutions rated AAA (or 40% for up to 5 working days a month).
- 4.3.5 The Council has not made any new investments in Government treasury bills due to very low rates of interest.
- 4.3.6 Annexe B summarises the Council's temporary investment activities for the year to date. The amount available for investment varies daily according to the Council's aggregate financial position on all activities. At the end of September 2023, the amount invested was **£39.42m** and the average amount invested for the year to date was **£47.848m**.
- 4.3.7 Annexe B also shows that the amount of interest received on investments to date is **£961k** with current interest rate of **4.01%**. This was driven by high interest rates as a result of increase in bank base rates. The revised forecast for the full year is **£2.086m**, **£1.017m** more than original budget with forecast interest at **4.67%** compared to the budgeted **2.66%**
- 4.3.8 The average rate earned is **4.01%, 0.73%** lower (taking into account rounding) than the benchmark SONIA Overnight average of **4.73%**. SONIA is the average of interest rates paid by banks to borrow overnight from other financial institutions.

4.3.9 As some of the Council's previous investments made at lower interest rates mature, the Council will be able to make new investments at the higher rates now available rate. Therefore, it is expected that the average rate earned may slightly increase by year end.

4.4 Benchmarking

The current position on three benchmark indicators for 2023/24, as explained in the annual Investment Strategy, is reported as follows:

- Security - Weighted Credit Rating Score for the year to date of **5.6** exceeds the target of 4 (the scale goes from 0 to 7)
- Liquidity – Weighted Average Life is at a reasonably liquid level, currently averaging **130 days**
- Yield – interest received on investments is on target as reported above, with higher balances offsetting lower returns

4.5 Economic uncertainty

4.5.1 The Bank of England base rate at end of 2022/23 was **4.25%** and has increased to **5.25% by 30th September**. The rate is expected to remain stable at 5.25% till March 2024, with markets at time of writing forecasting a decrease to 5.00% in Q2 2024.

4.5.2 The Council will continue to adhere to strict investment criteria. Security and liquidity remain the priority and once assured the Council will then invest for yield. Officers will continue to monitor interest rates offered and seek to ensure the best return possible, without compromising security and liquidity, and within limits specified in the Investment Strategy and internal guidance.

4.5.3 In March 2022 the Council appointed Link Agency Treasury Services (ATS) as Trustee, to receive and facilitate the placement of Term Cash with Deposit Banks on terms agreed with the Council. ATS have a list of approved financial institutions on their panel which are fixed term deposits and notice accounts and have ESG variants for both deposit types which the Council would have access to. As at 30th September 2023 we have invested in three UK deposit banks.

4.5.4 This Facility offers a broad range of fixed term products and notice accounts from the UK and overseas' entities. The Council has diversified its portfolio to included international institutions in our current Strategy. We have not invested in any International institutions so far.

4.6 Conclusion

4.6.1 The results for the six months to 30th September 2023 continue to demonstrate prudent and efficient treasury management.

5. Corporate Implications

a Legal implications

The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance, including:

- The Local Government Act 2003, and associated Statutory Instruments;
- The CIPFA Prudential Code for Capital Finance in Local Authorities;
- The CIPFA Code of Practice for Treasury Management in the Public Services.

The Council continues to comply with all of the relevant statutory and regulatory requirements.

b Financial implications

The financial implications are highlighted throughout the report.

c Human resource and equality implications

There are no new implications.

d Timescale for implementation and risk factors

This report shall be presented to the next available Cabinet for information, and an update report as at the third quarter stage will be presented to the next audit committee.

Report Author: Nancy Kariwo, Accountant

Background Papers:

- Chartered Institute of Public Finance and Accountancy: *Code of Practice for Treasury Management in the Public Services*.
- CPBC: *Treasury Management and Investment Strategy Statement for 2023/24*

**Summary of Loan Transactions and Interest Payable (accrued daily)
for the year to 30th September 2023**

Loan transactions activity for the year

| | Amount o/s 01/04/2023 £000's | Loans Repaid £000's | Amount o/s 30/09/2023 £000's |
|--------------------------------|------------------------------------|---------------------------|------------------------------------|
| | | | |
| Public Works Loan Board | | | |
| General Fund | 6,300 | 450 | 5,850 |
| HRA | 27,000 | 0 | 27,000 |
| Totals for the Council | 33,300 | 450 | 32,850 |

**Interest payable
Comparison of estimate with actual**

| | Budget Profile to 30/09/2023 £000's | Actual Interest to 30/09/2023 £000's | Variance 30/09/2023 £000's |
|--|--|---|----------------------------------|
| | 32 | 32 | 0 0.0% |
| | 420 | 420 | 0 0.0% |
| | 452 | 452 | 0 0.0% |

Interest rates for the year

| | Range of loans | | Average |
|-------------------------------|----------------|--------------|--------------|
| | From | To | |
| General Fund | 1.08% | 1.08% | 1.08% |
| HRA | 2.76% | 3.43% | 3.11% |
| Totals for the Council | 1.08% | 3.43% | 2.78% |

Base rate history

| | |
|------------|-------|
| 04/08/2022 | 1.75% |
| 22/09/2022 | 2.25% |
| 03/11/2022 | 3.00% |
| 15/12/2022 | 3.50% |
| 02/02/2023 | 4.00% |
| 23/03/2023 | 4.25% |
| 11/05/2023 | 4.50% |
| 22/06/2023 | 5.00% |
| 03/08/2023 | 5.25% |

Summary of Temporary Investments and Interest Received (accrued daily)
For The Period to 30th September 2023

| Type of Borrower | Amount Invested 01/04/2023 £000's | Made £000's | Repaid £000's | Amount Invested 30/09/2023 £000's |
|---|---|----------------|------------------|---|
| Investments by Value: | | | | |
| Local Authorities | 3,000 | 0 | 3,000 | 0 |
| Money Market Funds | 13,620 | 95,470 | 94,570 | 14,520 |
| Debt Management Office | 5,800 | 51,100 | 45,000 | 11,900 |
| Notice accounts | 1,000 | 0 | 0 | 1,000 |
| Uk Banks-Fixed Deposit A/c | 14,000 | 8,000 | 10,000 | 12,000 |
| Investments | 37,420 | 154,570 | 0 | 39,420 |
| Lloyds current account | 265 | 0 | 29 | 236 |
| Cash equivalents | 265 | 0 | 29 | 236 |
| Total | 37,685 | 154,570 | 152,599 | 39,656 |
| Number of Investment Transactions: | | | | |
| Local Authorities | 1 | 0 | 1 | 0 |
| Money Market Funds | 4 | 31 | 34 | 1 |
| Debt Management Office | 1 | 11 | 9 | 3 |
| Notice accounts | 1 | 0 | 0 | 1 |
| Uk Banks-Fixed Deposit A/c | 4 | 2 | 3 | 3 |
| Investments | 11 | 44 | 47 | 8 |
| Lloyds current account | 1 | 0 | 0 | 1 |
| Cash equivalents | 1 | 0 | 0 | 1 |
| Total | 12 | 44 | 47 | 9 |

Interest Received on Temporary Investments
1. for the period to 30th September 2023

| | £000's |
|--------------------------|--------|
| Actual Interest Received | 961 |
| Revised estimate | 536 |
| Variance | 425 |

Temporary Investments

| | £000's |
|--------------------------------------|--------|
| Average Balance for the Period | 47,848 |
| Average Interest Rate for the Period | 4.01% |
| Benchmark: Average Sonia Overnight | 4.73% |
| | -0.73% |

Interest Received on Temporary Investments
for the full year to 31st March 2024

| | £000's |
|--------------------------|--------|
| Actual Interest Received | 2,086 |
| Revised estimate | 1,069 |
| Variance | 1,017 |