Hackney

Title of Report	Treasury Management Update
For Consideration By	Audit Committee
Meeting Date	31st January 2024
Classification	Open
Ward(s) Affected	All Wards
Group Director	Jackie Moylan - Group Director, Finance

1. Introduction

1.1 This report covers both the half year treasury activity for 2023/24 - the detailed update on the treasury activity for the first six months of the financial year (Appendix 1) and the Q4 treasury activity update for the period October 2023 to December 2023 (Appendix 2).

2. Recommendations

2.1 There are no specific recommendations arising from this report. Audit Committee is therefore recommended to note the treasury management activity reports at Appendices 1 and 2

3. Reason(s) for decision

3.1 The Treasury Management Half Year Report is required in order to comply with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services: Code of Practice (the CIPFA Code) which the Council has adopted. The quarterly update at Appendix 2 is presented in accordance with the Council's Treasury Management Strategy.

4. Background

Policy Context

4.1 The CIPFA code of practice requires that those charged with oversight receive regular updates on the progress of Council's treasury strategy during the year. Members are being provided with the detailed report on the first six months activity (to September 2023) with an update of the primary treasury indicators along with the Treasury Management Report which provides details of activity during the months of October 23 to December 2023.

Equality impact assessment

4.2 There are no equality impact issues arising from this report

Sustainability and climate change

4.3 There are no sustainability and climate changes issues arising from this report.

Consultations

4.4 No consultations are required in respect of this report.

Risk assessment

4.5 There are no risks arising from this report as it reports on past events. Clearly though the treasury management function is a significant area of potential risk for the Council if the function was not properly carried out and monitored by those charged with responsibility for oversight. Regular reporting on treasury management ensures that the Committee is kept informed.

5. Comments of the Interim Group Director, Finance.

5.1 The half yearly Treasury Activity Report provides an update to this Committee on the treasury activities undertaken on behalf of the Council for the first six months of the current financial year 2023/24. There are no direct financial consequences arising from the report as it reflects the first half year's performance. The information contained in this report will assist Members of this Committee in monitoring the treasury management activities and enable better understanding of such operations.

5.2 The treasury update report covers the period from October 2023 to December 2023 and reflects the most recent treasury activity.

6. Comments of the Director of Legal, Democratic and Electoral Services

6.1 The Accounts and Audit Regulations place obligations on the Council to ensure that its financial management is adequate and effective and that it has a sound system of internal control which includes arrangements for management of risk. In addition the Council's Constitution and Financial Procedure Rules require reporting on Treasury Management activity to be carried out during the year in line with the CIPFA Code of Practice on Treasury Management. This report demonstrates that Treasury Management is meeting these requirements and adapting to changes as they arise.

6.2 There are no immediate legal implications arising from the report.

7. BACKGROUND

7.1 The half yearly Treasury Activity Report (Appendix 1) provides a summary for the Committee on the economic background for the first six months of the current financial year 2023/24, whilst the quarterly update report provides details of treasury management activity covering the period October 2023 to December 2024 (Appendix 2).

7.2 The Council has an increasing Capital Financing Requirement due to the delivery of its capital programme and therefore may need to borrow in future years, depending on the actual level of capital expenditure, other capital resources, reserves and cash balances.

7.3 With regard to the investment portfolio, security of capital remains the prime consideration. The average rate of interest received on investments at the end of December 2023 was 5.31% compared to average rate of interest received in December 2022 of 1.75%. The Council has taken a longer term view of its cash balances and interest rates and invested an element of its core cash for a short duration in highly secure counterparties.

APPENDICES

The appendices to this report details the treasury management activities undertaken by the Council. It sets out in detail the economic background in which the treasury management function has had to operate since the beginning of the financial year and the treasury activities which have taken place in the first six months of the financial year to end of September 2023 and for the period October 2023 to December 2023.

Appendix 1 – Treasury Management Half Year Activity Report 2023/24

Appendix 2 – Treasury Management Activity Q3 Update Report 2023/24

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Appendix 1

TREASURY MANAGEMENT HALF YEAR ACTIVITY REPORT 2023/24 (6 MONTHS TO 30TH SEPTEMBER 2023)

1. **Background**

1.1 The Annual Treasury Management Report is a requirement of the Council's reporting procedures and this report covers the treasury activity for the first six months of the financial year 2023/24, 1st April 2023 to 30th September 2023.

1.2 The Council's Treasury Management Strategy has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services: Code of Practice (the CIPFA Code), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.

1.3 The Code also recommends that members are informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing Best Practice in accordance with CIPFA's recommendations.

1.4 Treasury management is defined as: "The management of the local authority's investments, borrowings 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."

1.5 The Authority's Treasury Management Strategy for 2023/24 was approved by the full Council on 1st March 2023.

1.6 The Authority has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk.

2. **Economic Background**

2.1 Economic growth in the UK remained relatively weak over the period. In the calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

2.2 The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase. Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period. Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected. The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

2.3 Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.

2.4 The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target. Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

3. Debt Management

3.1 In the beginning of the year the Council had one external debt of £1.2m LEEF (London Energy Efficient Fund) loan from the European Investment Bank to fund housing regeneration. This loan is below market rate and was taken out in July 2014.

3.2 The Authority also had £66.4m of long term borrowing from PWLB and short term borrowing of £10m at the beginning of the year. The PWLB long term borrowing was done during 2019-20 to finance part of the borrowing requirement within the Housing Revenue Account associated with the delivery of the housing capital programme, particularly in respect of regeneration. It will be repaid in equal instalments over a 25 year period. This new borrowing was entered into in order to take advantage of the low rates that were then available from PWLB, thereby locking these in and providing some certainty over financing costs for the future, whilst also taking account of the Council’s current liquidity position.

Table 1: Debt Portfolio positions as at 01/04/2023 and 30/09/2023

	Balance on 01/04/2023 £'000	Balance on 30/09/2023 £'000	Avg Rate %
Long Term Borrowing	77,600	65,350	1.93%
TOTAL BORROWING	**77,600**	**65,350**	
Other Long Term Liabilities	8,603	8,013	
TOTAL EXTERNAL DEBT	**86,203**	**73,363**	
Decrease in borrowing		**12,840**	

3.4 For the Council, the use of internal resources in lieu of borrowing has continued to be the most cost effective means of funding capital expenditure. However, this position was not sustainable over the medium term and therefore, the Council borrowed externally from PWLB to finance part of its housing capital regeneration programmes.

3.5 PWLB Borrowing: The Authority qualifies for borrowing at the 'Certainty Rate' (0.20% below the PWLB standard rate) for a 12 month period.

3.6 The Authority evaluates and pursues lower cost alternative borrowing solutions and opportunities with its treasury advisor.

4. Investment Activity

4.1 The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. Cash flow forecasts indicated that during 2023/24 the Authority's investment balances would range between £50m and £150 million.

4.2 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Authority's aim is to achieve a yield commensurate with these principles.

Table 2: Investment Portfolio positions as at 01/04/2023 and 30/09/2023

	Balance as at 01/04/2023 £'000	Average Rate of Interest %	Balance as at 30/09/2023 £'000	Average Rate of Interest %
Short term Investments*	5,059	-	10,145	-
Long term Investments	200	-	200	-
AAA-rated Stable Net Asset Value Money Market Funds	24,900	-	90,100	-

	Balance as at 01/04/2023 £'000	Average Rate of Interest %	Balance as at 30/09/2023 £'000	Average Rate of Interest %
Housing Associations	15,000	-	10,000	-
	45,159	**2.75**	**110,445**	**4.75**

* *Less than one year*

4.2 Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement. Investments are currently held with the following below institutions:

- AAA-rated Stable Net Asset Value Money Market Funds;
- Deposits with UK Banks (Call Account)
- UK Housing Associations

4.3 Counterparty credit quality is assessed and monitored with reference to Credit Ratings (the Council's minimum long-term counterparty rating of A- (or equivalent) across rating agencies Fitch, S&P and Moody's); credit default swaps; GDP of the country in which the institution operates; the country's net debt as a percentage of GDP; sovereign support mechanisms /potential support from a well-resourced parent institution and share price.

4.4. The Authority will look to diversify into more secure and/or higher yielding asset classes during 2023/24, providing security of capital can be maintained. A proportion of the Authority's cash remains invested in short-term unsecured bank deposits, and money market funds.

5. Credit Risk

5.1 Counterparty credit quality remains an important factor in the Council's assessment of approved counterparties. The Council continuously monitors the overall credit quality of its investment portfolio and this is clearly demonstrated by the Credit Score Analysis summarised below. The credit scores are based on the Council's quarter-end in-house investment position.

Table 3: Credit Score Analysis

Date	Value Weighted Average – Credit Risk Rating	Value Weighted Average – Credit Score	Time Weighted Average – Credit Risk Rating	Time Weighted Average – Credit Score
30/06/2023	A+	5.3	A-	6.9
31/07/2023	A+	5.2	A	6.2

31/08/2023	A+	5.2	A	6.2
30/09/2023	A+	5.0	A+	5.1

Scoring:
-Value weighted average reflects the credit quality of investments according to the size of the deposit
-Time weighted average reflects the credit quality of investments according to the maturity of the deposit
-AAA = highest credit quality = 1
- D = lowest credit quality = 27
-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

6. Counterparty Update

6.1 Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March our treasury advisors reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period. Following the issue of a Section 114 notice, in September our treasury advisors advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days. Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

7. Compliance with Prudential Indicators

7.1 The Council can confirm that it has to date complied with its Prudential Indicators for 2023/24, which were set in March 2023 as part of the Council's Treasury Management Strategy Statement.

Compliance with these Indicators is detailed below -

- **Capital Financing Requirement**

Estimates of the Council's cumulative maximum external borrowing requirement for 2023/24 to 2026/27 are shown in the table below. The numbers for 2023/24 to 2026/27 are provisional, ahead of February's annual budget report, and may be subject to change.

	31/03/23 Actuals £m	**31/03/24 Estimated £m**	**31/03/25 Estimated £m**	**31/03/26 Estimated £m**
Gross CFR	464	539	728	933
Less: Other Long Term Liabilities	10	9	7	6
Borrowing CFR	**454**	**530**	**721**	**927**
Less: Existing Profile of Borrowing	67	63	59	55

	31/03/23 Actuals £m	31/03/24 Estimated £m	31/03/25 Estimated £m	31/03/26 Estimated £m
Gross Borrowing Requirement/Internal Borrowing	**387**	**415**	**624**	**872**
Balance Sheet Resources	418	388	358	328
Net Borrowing Requirement/(Investment Capacity)	**-31**	**27**	**266**	**544**

- **Gross Debt and the Capital Financing Requirement**

In the Prudential Code, it states that the chief finance officer should make arrangements for monitoring with respect to gross debt and the capital financing requirement such that any deviation is reported to him/her, since any such deviation may be significant and should lead to further investigation and action as appropriate.

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative increase in the capital financing requirement which is used for comparison with gross external debt.

	31/03/23 Actuals £m	31/03/24 Estimated £m	31/03/25 Estimated £m	31/03/26 Estimated £m
CFR	464	539	728	933
Gross Debt	67	63	59	55
Borrowed in excess of CFR? (Yes/No)	**No**	**No**	**No**	**No**

The Interim Group Director of Finance reports that the Authority had no difficulty meeting this requirement to date, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

- **Estimates of Capital Expenditure**

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels. The numbers for 2022/23 to 2025/26 are provisional, ahead of February's annual budget report, and may be subject to change.

Capital Expenditure	31/03/23 Actuals £m	31/03/24 Estimated £m	31/03/25 Estimated £m	31/03/26 Estimated £m
Non-HRA	79.9	109.6	188.2	121.4
HRA	53.1	103.1	169.2	299.4
Total	**133.0**	**212.7**	**357.4**	**420.8**

Capital expenditure will be financed or funded as follows:

Capital Financing	31/03/23 Actuals £m	31/03/24 Estimated £m	31/03/25 Estimated £m	31/03/26 Estimated £m
Capital Receipts	30.6	1.8	18.3	40.0
Government Grants	19.3	30.8	56.7	48.3
Reserves	0.6	7.5	10.9	1.6
RCCO	41.7	49.7	55.7	57.1
S106/CIL	17.5	5.1	14.4	0.9
Borrowing	23.3	117.8	201.4	272.9
Total Financing	**133.0**	**212.7**	**357.4**	**420.8**

The table above shows that the capital expenditure plans of the Authority cannot be funded entirely from sources other than external borrowing.

- **Capital Financing Requirement**

The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and financing.

Capital Financing Requirement	31/03/23 Actuals £m	31/03/24 Estimated £m	31/03/25 Estimated £m	31/03/26 Estimated £m
Total CFR	464	539	728	933

- **Authorised Limit and Operational Boundary for External Debt**

The Local Government Act 2003 requires the Council to set an **Authorised Borrowing Limit**, irrespective of their indebted status. This is a statutory limit which should not be breached.

The Council's **Authorised Borrowing Limit** was set at **£777m for 2023/24**.

The **Operational Boundary** is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.

The **Operational Boundary for 2023/24 was set at £747m.**

The Interim Group Director Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during the year.

	Authorised Limit (Approved) 2023/24 £m	**Operational Boundary (Approved) 2023/24 £m**	**Actual External Debt as at 30/09/2023 £m**
Borrowing	762	732	65
Other Long-term Liabilities	16	16	8
Total	**777**	**747**	**73**

- **Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure**

These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates.

The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2023/24 £'000
Upper limit on one-year revenue impact of a 1% rise in interest rates	500
Compliance with Limits:	**Yes**
Upper limit on one-year revenue impact of a 1% fall in interest rates	500
Compliance with Limits:	**Yes**

- **Maturity Structure of Fixed Rate Borrowing**

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. Limits were set to have maximum flexibility in managing existing borrowing while the current portfolio remains relatively small.

Maturity Structure of Fixed Rate Borrowing	**Lower Limit %**	**Upper Limit %**	**Actual Fixed Rate Borrowing as at 30/09/23**	**% Fixed Rate Borrowing as at 30/09/23**	**Compliance with Set Limits?**
under 12 months	0	100	4,300	1.92%	Yes
12 months and within 24 months	0	100	4,500	1.92%	Yes
24 months and within 5 years	0	100	10,650	1.92%	Yes

Maturity Structure of Fixed Rate Borrowing	Lower Limit %	Upper Limit %	Actual Fixed Rate Borrowing as at 30/09/23	% Fixed Rate Borrowing as at 30/09/23	Compliance with Set Limits?
5 years and within 10 years	0	100	16,000	1.93%	Yes
10 years and within 20 years	0	100	26,000	2.02%	Yes
20 years and within 30 years	0	100	3,900	2.02%	Yes

- **Total principal sums invested for periods longer than 364 days**

This indicator allows the Council to manage the risk inherent in investments longer than 364 days.

The limit for 2023/24 was set at £20m.

There were no investments longer than 364 days during the period.

- **Credit Risk**

This indicator has been incorporated to review the Council's approach to credit risk. The Council confirms it considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not the sole feature in the Authority's assessment of counterparty credit risk. The authority considers the following tools to assess credit risk:

- Published credit ratings of the financial institution and its sovereign;
- Sovereign support mechanisms;
- Credit default swaps (where quoted);
- Share prices (where available);
- Economic fundamentals, such as a country's net debt as a percentage of its GDP);
- Corporate developments, news, articles, market sentiment and momentum.

The Council can confirm that all investments were made in line with minimum credit rating criteria set in the 2023/24 TMSS.

10. Summary

10.1 In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during the first two quarters of 2023/24. As indicated in this report none of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

TREASURY MANAGEMENT UPDATE 2023/24
(October 2023 to December 2023)

1. **Economic Highlights in 2023/24**

- **Growth**: Downward revisions to the UK economy have meant GDP fell slightly, rather than being flat, in Q3 and previous quarters also weren't as strong as first estimated. The underlying resilience in the UK economy appears to be continuing to wane.

- **Inflation:** Lower than expected CPI data was recorded in November with year-on-year CPI rising by 3.9% compared to expectations of 4.3%. Month-on-month CPI fell by 0.2% where forecasts suggested there would be an increase of 0.1%.

- **Monetary Policy:** The Bank of England's Monetary Policy Committee on the 13th of December 2023 voted by a majority of 6-3 to maintain the official Bank Rate at 5.25%. Three members preferred to increase the Bank Rate by 0.25 percentage points, to 5.5%.

2. **Borrowing & Debt Activity**

2.1 The Authority currently has £0.8m in long-term external borrowing. This is made up of a single London Energy Efficiency Fund (LEEF) loan from the European Investment Bank to fund housing regeneration.

2.2 In addition, the Authority had £63.05m long term borrowing from PWLB. The PWLB long term borrowing is being used to finance part of the borrowing requirement within the Housing Revenue Account associated with the delivery of the housing capital programme, particularly in respect of regeneration. It will be repaid in equal instalments over a 25 year period. This new borrowing was entered into in order to take advantage of the low rates currently available from PWLB, thereby locking these in and providing some certainty over financing costs for the future, whilst also taking account of the Council's current liquidity position.

3. Investment Policy and Activity

3.1 The Council held average cash balances of £105 million during the period, compared to £97 million for the same period last financial year.

Table 1: Movement in Investment Balances 01/10/23 to 31/12/23

	Balance as at 01/10/2023 £'000	**Average Rate of Interest %**	**Balance as at 31/12/2023 £'000**	**Average Rate of Interest %**
Short term Investments	10,145	-	10,000	-
Long term Investments	200	-	200	-
AAA-rated Stable Net Asset Value Money Market Funds	90,100	-	82,300	-
Housing Associations	10,000	-	0	-
	110,445	**4.75**	**92,500**	**5.31**

3.2 The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

3.3 The Council's specific policy objective is to invest its surplus funds prudently. The Council's investment priorities are:

- security of the invested capital; liquidity of the invested capital; and,
- an optimum yield which is commensurate with security and liquidity.

3.4 The ongoing investment strategy remained cautious but counterparty credit quality remains strong, as can be demonstrated by the Credit Score Analysis summarised below:

Table 3: Credit Score Analysis

Date	Value Weighted Average – Credit Risk Rating	Value Weighted Average – Credit Score	Time Weighted Average – Credit Risk Rating	Time Weighted Average – Credit Score
31/10/2023	A+	4.8	AA-	4.4
30/11/2022	A+	4.9	A+	4.9
31/12/2022	A+	5.0	A+	5.0

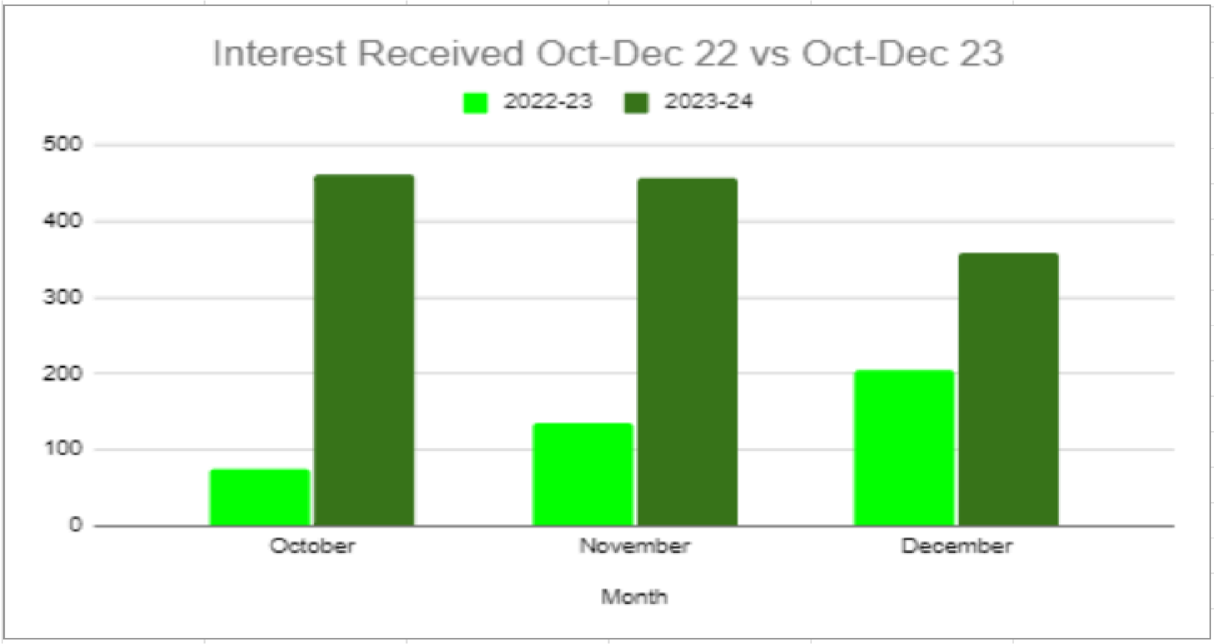
-Value we-weighted average reflects the credit quality of investments according to the size of the deposit
-Time weighted average reflects the credit quality of investments according to the maturity of the deposit
-AAA = highest credit quality = 1
- D = lowest credit quality = 27
-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

3.5 The Council continues to utilise AAAmmf/Aaa/AAAm rated Money Market Funds for its very short, liquidity-related surplus balances, together with high credit rated call accounts. This type of investment vehicle has continued to provide very good security and liquidity, although yield has suffered in recent months.

4. Comparison of Interest Earnings

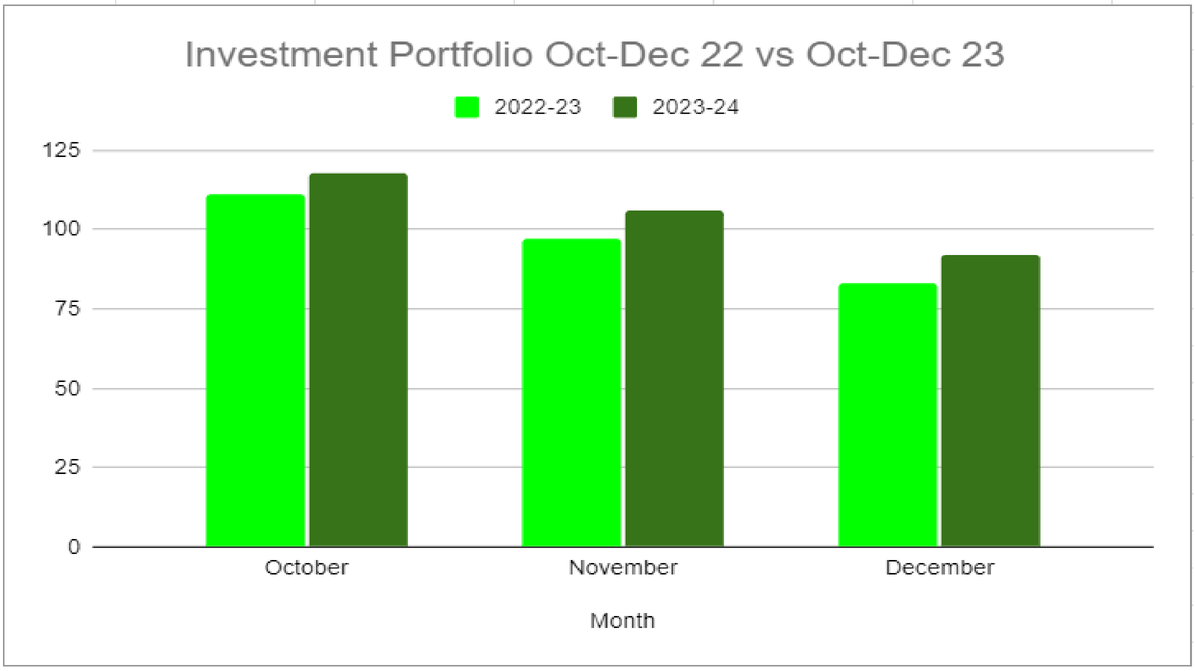
4.1 The Council continues to adopt a fairly cautious strategy in terms of investment counterparties and periods. Due to the volatility of available creditworthy counterparties, investments are placed in highly rated UK institutions, thus ensuring creditworthiness whilst increasing yields through the duration of the deposits.

4.2 The graph below provides a comparison of interest earnings for 2023/24 against the same period for 2022/23. Average interest received for the period October to December 2023 was £425k compared to £138k for the same period last financial year.



5. Movement in Investment Portfolio

5.1 Average investment levels for the period October to December 23 were £105m in comparison to the same period last year of £97m.



7. Summary

7.1 In compliance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during the above period of the financial year 2023/24. As indicated in this report, a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.