

# Westmorland and Furness Council

<b>Report Title:</b>	2023/24 Treasury Management Update Report
<b>Meeting:</b>	Council
<b>Meeting Date:</b>	22 February 2024
<b>Report Author:</b>	Pam Duke, Director of Resources & S151 Officer
<b>Lead Cabinet Member(s):</b>	Cllr Andrew Jarvis, Cabinet Member for Finance
<b>Wards Affected?</b>	All
<b>PUBLIC, PART EXEMPT OR FULLY EXEMPT</b>	N/A
<b>List of Appendices (if any)</b>	1. Treasury Management 2023/24 Mid-Year Report

## 1. Executive Summary

- 1.1 This report contains the mid-year Treasury Management position, reported to Council to provide an update on the delivery of the Treasury Management Strategy approved by Council on the 7 March 2023.
- 1.2 The recommendation in this report was approved for consideration by Council, at the Cabinet meeting held on the 12 December 2023.

## 2. Recommendations

For the reasons set out in this report, it is recommended that Council:

- 2.1 Note the mid-year Treasury Management report.

## 3. Information: the Rationale & Evidence for the Recommendations

- 3.1 **Appendix 1** details the treasury management activities during the first half of the 2023/24 financial year. It highlights performance and activities which confirm all Treasury Management activities undertaken during the period, including adherence to limits with the approved Prudential Indicators, were in compliance with the Annual Treasury Management Strategy Statement agreed by Members of the Shadow Authority in March 2023.
- 3.2 An internal review of the 2023/24 Treasury Management Strategy Statement (TMSS) which includes the Annual Investment Strategy has been undertaken by the Service. This review has concluded that no amendments are required to the strategy.
- 3.3 The approved 2023/24 Treasury Management budget is £12.891m. This budget included a one off saving of £2.100m in 2023/24 only, arising from the

increased interest received on the Council's short-term cash balances achievable as interest rates have increased.

3.4 As at 30 September 2023, Treasury Management is forecasting to underspend by £6.553m as set out below:

- No new external borrowing has been undertaken in the first six months of 2023/24 with the Council implementing its strategy to offset previously approved borrowing with short term cash reserves rather than incurring borrowing costs on new loans. It is also expected that no further borrowing will be undertaken during the remainder of 2023/24. This strategy has generated £2.886m savings in the year.
- The Council is currently retaining cash balances and has taken the opportunity for the Council to obtain increased rates on its investment of these cash balances. As such, at 30 September 2023, the Council forecast to receive £3.621m more interest than budgeted in 2023/24.
- Other expenditure within the Treasury Management budget is forecast to underspend by £0.046m.

3.5 It should be noted that this net underspend is a one-off saving relating to 2023/24 only. The forecast underspend of £6.553m as forecast at Quarter 2, is in addition to the savings included within the 2023/24 core budget.

#### **4. Link to Council Plan Priorities: (People, Climate, Communities, Economy and Culture, Customers, Workforce)**

4.1 This report supports the priorities of the Council Plan, as effective management of financial resources is a pre-requisite for making informed decisions when planning and delivering Council services.

#### **5. Consultation Outcomes**

5.1 Not applicable.

#### **6. Alternative Options Considered**

6.1 There are no alternative options proposed.

#### **7. Financial Implications and risk**

7.1 The financial implications and risk have been set out within the body of this report.

#### **8. Legal and Governance Implications**

8.1 The Council agreed its Budget and Policy Framework in February 2023, this report provides an update on the Councils revenue expenditure and capital programme. In the event that the Council seeks to make additions to the Budget and/or amendments by virement or reprofiling then Rules 2.19 and 2.20 of the Finance Procedure Rules sets out the rules on virements.

- 8.2 Sums up to and including £250,000 (revenue or capital) may be vired upon the approval of the relevant Chief Officer in consultation with the Chief Finance Officer. Sums over £250,000 and up to and including £500,000 (revenue or capital) may be vired upon the approval of Cabinet on the recommendation of the relevant Chief Officer and advice of the Chief Finance Officer.
- 8.3 For sums over (more than) £500,000 (revenue or capital) the approval of the Council is required upon recommendation of the Cabinet.
- 8.4 Rules 2.30 and 2.31 of the Finance Procedure Rules provide further rules on Capital Schemes. Rule 2.30 provides for Capital Schemes that the Chief Finance Officer must be consulted where significant variances to the Capital Programme are in prospect. Should the Chief Officer be unable to accommodate variations in expenditure within the approved Capital Programme, sums up to and including £250,000 may be vired between schemes upon approval of the relevant Chief Officer in consultation with the Chief Finance Officer.
- 8.5 Virements between schemes over £250,000 and up to and including £500,000 will require approval of Cabinet and virements over £0.500m require the approval of Council, all are subject to appropriate resources being available.
- 8.6 Rule 2.31 provides that where there is a requirement for reprofiling between financial years (including accelerated spend or slippage) this will be reported to Cabinet as part of the quarterly monitoring reporting and approved by Cabinet where it is up to and including £0.500m and will require the approval of Council if it is over £0.500m
- 8.7 For new schemes a decision is required by Full Council unless the scheme is funded by external sources such as grants and contributions.
- 8.8 Expenditure other than within those rules, as is the case with all proposals relating to the discharge of an executive function concerning the Authority's budget, borrowing or capital expenditure that is contrary to, or not wholly in accordance with the Authority's Budget not otherwise authorised by the Council's Constitution, will require the approval of full Council before it may take place.
- 8.9 Within the Constitution, Contract Procedure Rule (CPR) 6.37 provides that decisions over £5m require approval by Cabinet except for a number of specific exceptions as set out in CPR 6.37 as follows:

*"Authorisation to Award a Contract*

*6.37 The Persons and bodies authorised to award Contracts are set out in the table below.*

<b>Total Contract Value</b>	<b>Decision Maker</b>
£0 - £500,000	Corporate Director
£500,001 - £5,000,000	Corporate Director in consultation with the relevant Cabinet Member (written record to be kept)

<i>£5,000,001 and above</i>	<i>Cabinet except as provided below</i>
<i>Call offs of any value from an approved Framework Agreement</i>	<i>Corporate Director</i>
<i>Contracts the budget for which has been wholly included in the Capital Programme</i>	<i>Corporate Director</i>
<i>Utilities Contracts</i>	<i>Corporate Director</i>
<i>Award of contracts procured from an Approved List</i>	<i>Corporate Director</i>

- 8.10 The contracts for those Capital Programme projects should be awarded in accordance with CPR 6.37. Provided that the budget for the contract has been wholly included in the Capital Programme, the decision-maker in respect of contract award is the relevant Corporate Director (or those authorised by the Corporate Director in accordance with the Local Scheme of Authorisation). The Corporate Director in those circumstances will prepare the relevant Officer Delegated Decision Report/Officer Key Decision Report and ensure that the relevant entry is placed on the Forward Plan for the specific project where the matter is a Key Decision. This is as per CPR 6.37.

## **9. Human Resources Implications**

- 9.1 There are no implications arising from this report.

## **10. Equality and Diversity Implications (including the public sector equality duty, Armed Forces Families, Care Leavers and Health inequalities implications)**

- 10.1 There are no implications arising from this report.

## **11. Background Documents**

- 11.1 None.