Yorkshire Dales National Park Authority **Item 7**

Finance and Resources Committee

28 May 2024

Treasury Management Performance 2023/24

Purpose of report

1. To present the annual report on Treasury Management Performance for 2023/24, including compliance with Prudential Indicators.

Recommendation

2. That Members note the report.

Strategic Planning Framework

3. The information and recommendation(s) contained in this report are consistent with the Authority's statutory purposes and support the strategic planning framework:

    - Corporate Plan Objective 30

      Plan and manage the Authority's work so as to make the most effective use of our resources, including generating sufficient income to maintain expenditure at the same level as 2014/15 in real terms across the extended National park area.

Background

4. The CIPFA Code of Practice on Treasury Management requires that Treasury Management performance should be subject to ongoing scrutiny: for this Authority, that scrutiny role is delegated to the Finance & Resources Committee.

5. The Treasury Management function is concerned with:

    (a) the lending and borrowing of money (and the earning of interest on working capital), and
    (b) the long term funding of the Authority's capital programme.

6. Treasury Management in this context is defined as *"the management of the Authority's 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"*.

7. This report has been prepared in the context of the Annual Treasury Management Strategy for 2023/24.

Treasury Management Strategy 2023/24

8. Under the contractual arrangements with North Yorkshire Council (NYC) for the investment of cash balances the Authority adopts the investment strategy approved by NYC; this strategy is risk averse, seeking to ensure as far as possible that funds are protected and that cash remains available as working capital, ahead of achieving investment returns. The net return achieved by this arrangement is monitored by the Treasurer.

9. The projection for interest rates within the Annual Treasury Management Strategy for 2023/24 was for them to hover around 3.5% to 4.5%. In the event, the Bank of England base rate increased steadily throughout the year detailed in the following table; these figures are equivalent to an average interest rate of 5% across the whole year. Against this background, we achieved an average rate of 4.98%.

Date Changed	Rate
03 Aug 23	5.25
22 Jun 23	5.00
11 May 23	4.50

Borrowing Outturn for 2023/24

10. The Authority did not have any external loans in place and had no requirement to borrow in order to fund capital expenditure.

Investment Outturn for 2023/24

11. The Cash Investment contract with NYC covers the day to day investment requirements of the Authority. Any surplus cash is merged with that of other members of this investment pool to secure better overall returns in the money market. In addition, if the Authority were to have an overnight deficit on its account then the ‘overdraft’ rate this arrangement could offer is cheaper than that available through the Authority’s own banking facility; there was no overdraft requirement in 2023/24.

12. This investment arrangement is advantageous to the Authority as day to day balances on the bank account can be volatile and unpredictable and are relatively small in terms of the levels of money market dealings. Interest is paid out at the same overall average rate as earned by NYC on the total pooled investment. Any loss incurred by NYC as a result of default by a bank or building society counterparty would be apportioned across the investing authorities (including the Authority) in proportion to the total cash invested at the time of default.

13. NYC manages its cash investments in-house (including those of the Authority) and only invests with the organisations specified in its Approved Lending List. The only financial investments made by NYC on behalf of the Authority were the placing of surplus funds on the money market for periods up to one year. For the Authority, the

results of these investments were as set out in the following table. No institutions in which investments were made had any difficulty in repaying investments and interest in full during the year.

	2022/23	2023/24
	£'000	£'000
Average daily balance during the year	£4,847	£5,154
Interest Earned	£107	£259
Average Rate achieved	**2.13%**	**4.98%**

14. The Authority had previously made a series of loans to Broadband for the Rural North (B4RN), in order to facilitate broadband investments across the National Park. These loans were fully repaid in 2023/24. The Authority had also invested in B4RN shares for four sites, and a further £20k was invested in March 2024 for a fifth site. As at 31 March 2024, the value of these investments stood at £102k, including accrued interest of £10.2k. These investments are held for service delivery purposes.

Compliance with Treasury Limits and Prudential Indicators

15. The Local Government Act 2003 requires the Authority to "have regard" to CIPFA's Prudential Code and to set Prudential Indicators for the next three years to ensure that capital investment plans are affordable, prudent and sustainable. These indicators set out the amount of expected capital investment for the year ahead, and how much borrowing would need to be undertaken should that investment need to be funded in that manner, although for 2023/24, no such borrowing was planned or required. The Prudential Indicators covering the period under review were agreed on 28 March 2023, and throughout 2023/24 the Authority operated within these Treasury Limits and Prudential Indicators.

Financial Implications

16. The Treasury Management function helps to support the Authority by safeguarding cash balances, maximising income from investments, ensuring cash flow is monitored so funds are available when required, and to manage the capital expenditure and financing.

Legal Implications

17. None.

Equality, Diversity and Inclusion Implications

18. None

Conclusion

19. Throughout 2023/24, the Authority's Treasury Management systems have been operating in accordance with its stated Treasury Management Strategy.

Michelle Clyde
Treasurer