

Report to: Governance and Audit Committee

Date: 24 July 2023

Subject: Treasury Management

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Is this a key decision?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information or appendices?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, state paragraph number of Schedule 12A, Local Government Act 1972, Part 1:	
Are there implications for equality and diversity?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

1. Purpose of this Report

- 1.1 To provide members with an update on Treasury Management activities since the last Committee meeting held in March 2023.

2. Information

- 2.1 The regular governance meetings continue to be held with both Treasury partners (separate arrangements are in place for the Police Fund) to consider and review the transactions relating to investments and treasury management. No areas of concern were raised at the last meeting held on 17 April 2023, with Leeds City Council, nor at the meeting with Wakefield Council on 4 July 2023 in relation to the Police Fund. The high level of cash balances and the challenges with regard to placing funds with approved counterparties, is unchanged as previously reported. The next meeting with Leeds City Council takes place after publication of these papers and a verbal update on any items of note will be provided at the Committee meeting.
- 2.2. It remains the intention to bring together all the treasury management arrangements such that they will be administered by a single partner authority and this is a key outcome in the Finance Plan on a Page for 2023/24.
- 2.3. The Combined Authority capital programme wholly relates to investment in Transport infrastructure and Economic regeneration projects. The Police Fund

capital programme covers police related schemes such as vehicles, police stations and investment in new information and communications technology. The capital programme for the Police Fund is recorded separately in accordance with legislation and is therefore excluded from the above figures.

- 2.4. The Treasury Management Statement and Strategy was approved by the Combined Authority at their meeting held on 2 February 2023 following approval by Governance and Audit Committee in January 2023 and a half year update will be provided later in the year.

Implementation of the CIPFA Codes of Practice 2021 – key update

- 2.5. Work remains ongoing in the implementation of CIPFA's revised Codes of Practice for Capital and Treasury Management from 1 April 2023. The Treasury Strategy Statement 2023/24 has incorporated those requirements and a new reporting pack for GAC is under development and will be considered at the quarterly meeting with Leeds City Council on 17 July prior to sharing with the Committee.

Economic Outlook

- 2.6. The Bank of England has continued to raise interest rates incrementally with the last increase of a full half percent, the thirteenth consecutive increase, taking base rate to 5%. Advisors now forecast that this may peak at 6% or 6.25%, but this is dependent on whether inflation falls having unexpectedly held steady at 8.7% in the year to May.. The expectation is that base rate would then start to fall during 2024.
- 2.7. As with any forecast the above is subject to change and revision as market and economic conditions evolve.

Training

- 2.8. The Committee has previously welcomed the opportunity for training in treasury management, with this having been provided by Treasury colleagues at Leeds City Council. Members are asked to confirm if they would find refresher training useful, and officers will then arrange a suitable time.

3. Tackling the Climate Emergency Implications

- 3.1. There are no climate emergency implications directly arising from this report.

4. Inclusive Growth Implications

- 4.1. There are no inclusive growth implications directly arising from this report.

5. Equality and Diversity Implications

- 5.1. There are no equality and diversity implications directly arising from this report.

6. Financial Implications

6.1. None arising directly from this report. The treasury management strategy will inform and shape future financial decision making.

7. Legal Implications

7.1. There are no legal implications directly arising from this report.

8. Staffing Implications

8.1. There are no staffing implications directly arising from this report.

9. External Consultees

9.1. No external consultations have been undertaken.

10. Recommendations

10.1. That the Committee notes the report.

11. Background Documents

There are no background documents referenced in this report.

12. Appendices

None.