

Annual Treasury Management Strategy

5th February 2024

1. Introduction

- 1.1 The purpose of this report is to propose a Treasury Management Strategy for 2024/25.

2. Annual Treasury Management Strategy

- 2.1 The Board currently maintains its funds as part of the City of Edinburgh Council's group of bank accounts. Any cash balance is effectively lent to the Council, but is offset by expenditure undertaken by the City of Edinburgh Council on behalf of the Board. Interest is given on month end net indebtedness balances between the Council and the Board in accordance with the former Local Authority (Scotland) Accounts Advisory Committee's (LASAAC) Guidance Note 2 on Interest on Revenue Balances (IoRB). These arrangements were put in place given administration arrangements with the City of Edinburgh Council and the relatively small investment balances which the Board has. Although the investment return will be small, the Board will gain security from its counterparty exposure being to the City of Edinburgh Council. Although interest rates have increased, if interest rates are negative the Board won't be charged for positive or negative balances, interest will be floored at zero.

3. Recommendations

- 3.1 It is recommended that the Board approves the Annual Treasury Management Strategy in Appendix 1.

Richard Lloyd-Bithell
Treasurer

Appendix

Appendix 1 – Annual Treasury Management Strategy

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APPENDIX 1

Annual Treasury Management Strategy

(a) Treasury Management Policy Statement

1. The Board defines its Treasury Management activities as:

The management of the Board's investments, 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 Board regards the successful identification monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

3. The Board acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive measurement techniques, within the context of effective risk management.

Treasury Management is carried out on behalf of the Board by the City of Edinburgh Council. The Board therefore adopts the Treasury Management Practices of the City of Edinburgh Council. The Board's approach to investment is a low risk one, and its investment arrangements reflect this.

(b) Permitted Investments

The Board will maintain its banking arrangement with the City of Edinburgh Council's group of bank accounts. The Board has no Investment Properties and makes no loans to third parties. As such the Board's only investment / counterparty exposure is to the City of Edinburgh Council.

(c) Prudential Indicators

The Board has no Capital Programme and therefore also has no long term borrowing. The indicators relating to debt are therefore not relevant for the Board. By virtue of the investment arrangements permitted in (b) above, all of the Board's investments are variable rate, and subject to movement in interest rates during the period of the investment.