

DMPC Decision – PCD 1738

Title: Treasury Management 2023/24 Outturn

Executive Summary:

This report is submitted in accordance with a requirement under the Treasury Management in the Public Services Code of Practice (The Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which requires the submission of an outturn report on the activities of the MOPAC Group's treasury management operation.

The MOPAC Group's invested balances have reduced from £202.19m as at 31 March 2023 to £7.39m as at 31 March 2024.

The MOPAC Group's long-term outstanding borrowing has reduced from £486.15m as at 31 March 2023 to £479.55m as at 31 March 2024.

Interest receivable and investment income achieved during 2023/24 was £25.63m against a revised budget of £8.50m, an overperformance of £17.12m or 201%.

Interest payable on external borrowing for 2023/24 was £15.89m against a revised budget of £21.80m.

All 2023/24 Treasury activity has been within the boundaries and levels set by the MOPAC Group in its Treasury Management Strategy Statement on 31 March 2023, DMPC Decision PCD 1389.

Recommendation:

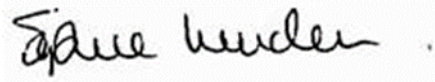
The Deputy Mayor for Policing and Crime is asked to note the performance of the Treasury Management function for 2023/24.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Handwritten signature of E. J. Hender.

Date 17/10/2024

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and background

- 1.1. The CIPFA Treasury Management in Public Services Code (The Code) requires that organisations be updated on treasury management activities regularly (as a minimum a Treasury Management Strategy, mid-year and annual performance reports).
- 1.2. This report represents the annual performance report for the 2023/24 financial year and ensures that MOPAC is implementing best practice and the requirements of The Code.
- 1.3. In June 2023, the GLA Group Investment Syndicate (GIS) was restructured into the London Treasury Liquidity Fund (LTLF), a more conventional fund structure. Prior to this, the GLA was the sole investor in LTLF, with the GIS participants, including MOPAC, owning a pro-rata share of the GLA's interest in LTLF through the GIS. On 30 June 2023, the GIS contractual arrangement was terminated and each GIS participant, including MOPAC, joined LTLF as a limited partner, replacing its GIS interest with an equivalent interest directly in LTLF.
- 1.4. The investment strategy and underlying investments remained unchanged by the transition from the GIS to LTLF, in accordance with MOPAC's investment strategy. The new fund, structured as an Alternative Investment Fund (AIF), provides additional regulated oversight and assurance via its management by an independent Alternative Investment Fund Manager (AIFM), is more scalable and reduces individual participants' accounting burdens.
- 1.5. The annual outturn report at Appendix 1 has been prepared by GLA Group Treasury, and provides details of performance against the TM Strategy Statement (TMSS) 2023/24, approved by the DMPC on 31 March 2023 (PCD 1389). The report provides a review of investment performance for 2023/24, and reviews specific Treasury Management prudential indicators defined by the Code and approved by MOPAC in the TMSS.

2. Issues for consideration

2.1. Investment

MOPAC's investment balances in the London Treasury Liquidity Fund (LTLF) were £7.39m at 31 March 2024 (and averaged £346m April through to the end of August 2024). Returns on MOPAC's investments during the Reporting Period were £25.63m against an interest receivable budget for the Reporting Period of £8.50m, an overperformance of £17.12m or 201%. To avoid large variances in 2024/25 budgets have been reviewed and set at levels that are considered to be more realistic and in line with cash flow expectations.

- 2.2. In addition MOPAC was paid a dividend of £1.4m. Due to when MOPAC received notification of the dividend due, the dividend has been accounted for in the current financial year. Discussions are on going as to how best to utilise the dividend.

2.3. Debt Management

MOPAC's external borrowing reduced from £486.15m at 31 March 2023 to £479.55m at 31 March 2024. Short-term borrowing of £110m was outstanding at the end of the reporting period. The borrowing was taken to manage a cashflow short-term requirement at year-end. No new long term borrowing was undertaken in 2023/24.

2.4. Compliance

All treasury activities were within the Treasury indicators set in the TMSS, and borrowing was within the borrowing limits set by the Mayor for MOPAC. MOPAC CFO confirms that, based on reporting and assurances from the GLA shared service function, throughout the period all treasury activities have been conducted within the parameters of the TMSS 2023/24, alongside best practice suggested by the CIPFA TM Code and Central Government.

2.5. Prudential Indicators

Appendix 1 includes the maturity profile for the borrowing portfolio, and performance against the prudential indicators set as part of the 2023/24 TM Strategy. All indicators were met.

3. Financial Comments

- 3.1. The cost of external borrowing for 2023/24 was £15.89m. Interest receivable and investment income achieved during 2023/24 was £25.63m. Both external borrowing costs and interest receivable over achieved against revised budgets. To avoid large variances in 2024/25 budgets have been reviewed and set at levels that are considered to be more realistic and in line with cash flow expectations.

4. Legal Comments

- 4.1. Under Section 1 of the Local Government Act 2003, MOPAC as a local authority defined under s23 of that Act, may borrow money for any purpose relevant to its functions under any enactment, or for the purpose of the prudent management of its financial affairs.
- 4.2. The Mayor is required under s3 of the Local Government Act 2003 to determine how much money the GLA and each functional body (which includes MOPAC) can afford to borrow. In complying with this duty, Regulation 2 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 required the Mayor to have regard to the Prudential Code for Capital Finance in Local Authorities when determining how much MOPAC can afford.
- 4.3. MOPAC's scheme of delegation provides that the Chief Finance Officer, as the s127 officer, is responsible for the proper administration of the MOPAC's financial affairs.

5. GDPR and Data Privacy

- 5.1. MOPAC will adhere to the Data Protection Act (DPA) 2018 and ensure that any organisations who are commissioned to do work on behalf of MOPAC are fully compliant with the policy and understand the GDPR responsibilities.
- 5.2. This report does not use personally identifiable data of members of the public therefore there are no GDPR issues to be considered.

6. Equality Comments

- 6.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
- 6.2. There are no equality and diversity implications arising from this report.

7. Background/supporting papers

- Appendix 1- Appendix 1 GLA Treasury Management Outturn 2023/24 (MOPAC)

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – NO

ORIGINATING OFFICER DECLARATION

Tick to confirm statement (✓)

Financial Advice:

The Chief Finance Officer has been consulted on this report.

✓

Legal Advice:

Legal advice is not required.

✓

Equalities Advice:

Equality and diversity issues are covered in the body of the report.

✓

GDPR/Data Privacy

- GDPR compliance issues are covered in the body of the report.
- A DPIA is not required.

✓

Director/Head of Service:

The Head of Financial Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

Chief Executive Officer

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature



Date 15/10/2024