

REQUEST FOR DMPC DECISION – PCD 1506

Title: Treasury Management 2022/23 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 increased from £1.51m as at 31 March 2022 to £202.19m at 31 March 2023.

The MOPAC Group's long-term outstanding borrowing has increased from £287.75m at 31 March 2022 to £486.15m 31 March 2023.

Interest receivable and investment income achieved during 2022/23 was £10.84m against a revised budget of £10.07m.

Interest payable on external borrowing for 2022/23 was £14.33m in line with the revised budget.

All 2022/23 Treasury activity has been within the boundaries and levels set by the MOPAC Group in its Treasury Management Strategy Statement on 31 March 2022, DMPC Decision PCD 1169.

Recommendation:

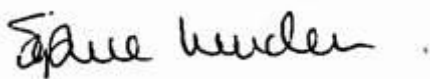
The Deputy Mayor for Policing and Crime is asked to note the performance of the Treasury Management function for 2022/23.

Deputy Mayor for Policing and Crime

I confirm that I have considered whether 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:



Date

22/09/2023

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 2022/23 financial year and ensures that MOPAC is implementing best practice and the requirements of The Code.
- 1.3. The day to day management of the treasury management function is delivered by the GLA Group Treasury Team under a shared service agreement. During 2022/23 GLA Group Treasury also managed the Group Investment Strategy (GIS) of which the MOPAC Chief Finance Officer was a syndicate director, ensuring MOPAC's cash balances were pooled with other funds allowing greater investment options, improving diversification, liquidity and returns.
- 1.4. For 2023/24 onwards the GLA will deliver investment management through a wholly owned subsidiary, London Treasury Limited (LTL), authorised and regulated by the Financial Conduct Authority (FCA). Authority officers will provide the GLA with details of the MOPAC Group's daily cash flow requirements and monies will only be transferred between the Authorities as and when required to match Authority need. This way, surplus funds over and above daily need are continuously held with the Group Investment Syndicate (GIS).
- 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) 2022/23, approved by the DMPC on 31 March 2022 (PCD1169). The report provides a review of investment performance for 2022/23, 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

The Authority's weighted average investment return on investment was 0.45% against a performance benchmark rate of 2.67% against a performance benchmark rate of 2.47%, an out performance of 0.20%. The benchmark is a combination of average return on Fixed Term Investments, a RMBS return target and the Strategic Investments return target.

2.2. Debt Management

New long-term PWLB loan borrowing of £200m was undertaken during the year, increasing the total borrowing to £486.15m at 31st March 2023. The new long term borrowing was taken in order to fund the MOPAC Group's capital financing requirement. The cost of borrowing was £9.51m. The weighted average cost of borrowing of all long term loans as at 31 March 2022 was 3.29% (3.30% as at March 2021).

2.3. 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 2022/23, alongside best practice suggested by the CIPFA TM Code and Central Government.

2.4. Prudential Indicators

Appendix 1 includes the maturity profile for the borrowing portfolio, and performance against the prudential indicators set as part of the 2022/23 TM Strategy. All indicators were met.

3. Financial Comments

- 3.1. The cost of external borrowing for 2022/23 was £14.33m. Interest receivable and investment income achieved during 2022/23 was £10.84m. Both external borrowing costs and interest receivable were broadly in line with revised budgets.

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 GLA Treasury Management Outturn 2022/23 (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:

	<i>Tick to confirm statement (☐)</i>
Financial Advice: The Chief Finance Officer has been consulted on this report.	<input type="checkbox"/>
Legal Advice: Legal advice is not required.	<input type="checkbox"/>
Equalities Advice: Equality and diversity issues are covered in the body of the report.	<input type="checkbox"/>
GDPR and Data Privacy <ul style="list-style-type: none">GDPR compliance issues are covered in the body of the report.A DPIA is not required.	<input type="checkbox"/>
Head of Unit: The Head of Strategic Finance and Resource Management has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	<input type="checkbox"/>

OFFICER APPROVAL

Chief Executive

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

Hanahuchford.

Date 19/09/2023

