Audit Committee – 29 November 2024

Subject:	Treasury Management 2024/25 Half Yearly Update
Corporate Director(s)/Director(s):	Stuart Fair, Corporate Director of Finance and Resources and Section 151 Officer
Portfolio Holder(s):	Councillor Linda Woodings, Portfolio Holder for Finance
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Other colleagues who have provided input:	Members of Treasury Management Panel: Stuart Fair, Corporate Director of Finance and Resources Shabana Kausar, Director of Finance and Deputy 151 Officer Glenn Hammons, Interim Assistant Director - Technical Finance

Summary of issues:

This report sets out details of treasury management actions and performance from 1 April 2024 to 30 September 2024. In summary:

- No new long-term borrowing has been undertaken in the period to 30 September 2024, the balance of external loans debt has decreased by £33.7m and is within the forecast Voluntary Debt Reduction Policy (section 4.3);
- The average interest rate payable on the debt portfolio didn't change (2.79%) between 1 April 2024 to 30 September 2024 (section 4.3);
- No debt rescheduling had been undertaken to 30 September 2024 (section 4.4);
- The average return on investments to 30 September 2024 was 5.12% against a benchmark rate of 5.13% (SONIA) (section 4.7);
- There has been compliance with Prudential Indicators for 1 April to 30 September 2024 (section 4.8);

Does this report contain any information that is exempt from publication? No

Recommendation(s):

1. To take assurance from this report that the Treasury management controls and risk management practices in place that have operated are working effectively.

2. To note the treasury management actions taken in 2024/25 in the period to 30 September 2024.

1. Reasons for recommendations

1.1 To ensure that Councillors are kept informed of the actions taken by the Chief Finance Officer (CFO) under delegated authority. The currently adopted Treasury Management Code of Practice requires the CFO to submit at least three reports on treasury management each year; a policy and strategy statement for the ensuing financial year, a 6-monthly progress report and an outturn report after the end of the financial year. The Code also requires that the reports be considered by relevant scrutiny or executive committees, and that the City Council approves any changes to the treasury management strategy.

2. Background

2.1 **Capital Strategy**

In 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Capital Strategy guidance. From 2019/20, all local authorities have been required to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

2.2 **Treasury Management**

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:
"The management of the local authority's borrowing, 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."

2.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).
The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead. Receipt by Executive Board of a Mid-year Review Report and an Annual Report, covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee. The Council is continually assessing its practices, procedures and processes against the revised Code as requirements become clearer in order to ensure best practice is followed

2.4 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2024/25 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;

- The Council's capital expenditure, as set out in the Capital and prudential indicators;
- A review of the Council's investment portfolio for 2024/25;
- A review of the Council's borrowing strategy for 2024/25;
- A review of any debt rescheduling undertaken during 2024/25;
- A review of compliance with Treasury and Prudential Limits for 2024/25

3. **Other options considered in making recommendations**

3.1 No other options were considered as the report is required by the Treasury Management Code of Practice.

4. **Treasury Management Activity to 30 September 2024**

4.1 **The Economy and Interest Rates During the first half of 2024/25**

- Interest rates fell by 25bps, taking Bank Rate from 5.25% to 5.00% and, possibly, the initiation of an easing cycle.

- Overall, the short, medium and long-dated gilts endured a little volatility but finished September 2024 very much as it started in April 2024.

- CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%.

- Core CPI inflation increasing from 3.3% in July to 3.6% in August and in line with market expectations, leaving the headline annual rate unchanged at 2.2%, matching market forecasts.

- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses). A further easing in wage growth signifies that the labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.

- The GDP growth stagnating in July following downwardly revised Q2 figures (0.5% quarter on quarter)

- The composite Purchasing Managers Index (PMI) fell to 53.6 in August from 55.3 in July (it is released on a one-month lag to other sector reports), below forecasts of 54.9. This was still consistent with GDP growth of 0.3%-0.4% for the summer months.

- The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary

Forecast Interest rates:
The Council's treasury advisor, Link Group, has provided the following forecast. (Public Works Loan Board (PWLB) rates include the certainty rate discount):

Link Group Interest Rate View	28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

Appendix B shows the money market interest rates, the PWLB borrowing rates for the half-year to 30 September 2024 and a forward view for PWLB loan rates.

4.2 **Local Context**

4.2.1 The Treasury Management Strategy Statement (TMSS), for 2024/25 was approved by Full Council on 4 March 2024. There are no policy changes to the TMSS; the details in this report update the position in the light of the current economic position as at 30 September 2024.

4.2.3 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions, etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources based on robust financial modelling, the capital expenditure will give rise to a borrowing need.

4.2.4 At 31/03/2024 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £1,276.1m.

The CFR is forecast to decrease by £49.7m to £1,226.5 by 31/03/2025 against the original CFR estimate for 31/03/2025 of £1,240.8m. The reason for the reductions due are set out in paragraph 4.2.5.

Table 1 below shows the original and expected financing arrangements of the capital programme. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This borrowing need may also be supplemented for maturing debt and other treasury requirements.

Table 1: Capital Expenditure	2024/25 Original Estimate £m	2024/25 Revised Estimate* £m
Total Capital Expenditure	358.224	316.738
Financed by:		
Capital Receipts	49.101	54.509
Capital Grants & Contributions	232.333	200.752
Internal Funds/Revenue (inc. Major Repairs Reserve)	52.509	45.318
Total Financing	333.943	300.579
Borrowing Requirement	24.281	16.159

*The latest forecast Capital Expenditure reported to Executive Board

4.2.5 The decrease in estimated capital expenditure is due to a due to a mixture of slippage and technical adjustments in relation to Midlands Net Zero Hub.
The decrease in borrowing requirement is due to changes in Right to Buy Receipts meaning increased allocation of right to buy receipts and decreased borrowing.

4.3 **Borrowing**

4.3.1 To finance the CFR the Council may borrow from the PWLB or the market (external borrowing) as well as from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

4.3.2 At 30/9/2024 the Council has reduced the balance of external loans by £33.7m since the balance at 31/3/2024 due to monthly repayments of principal on outstanding loans. The Council does not expect to increase borrowing in the 2nd half of 2024/25 based on the revised capital programme and forecast cash flow requirements. As described in the Voluntary Debt Reduction Policy the level of external loans is expected to continue to reduce as existing loans mature without replacement. The CFR reduces due to the reductions in the capital programme and as the council makes its approved minimum revenue provision (MRP) against prior years capital expenditure financed by borrowing.

4.3.3 **Table 2** summarises the Council's outstanding external debt at 30 September 2024 showing the value of debt and the average interest rate payable on the debt.

Table 2: DEBT PORTFOLIO					
Debt	**31-Mar-24**		**30-Sep-24**		**Change**
	£m	**Average Interest %**	**£m**	**Average Interest %**	**£m**
PWLB Borrowing	759.3	3.3	725.6	3.3	(33.7)
Market Loans	41.0	4.3	41.0	4.3	-
Temporary Borrowing	2.2	0.8	2.2	0.8	-
Total Loans debt	**802.5**	**2.8**	**768.8**	**2.8**	**(33.7)**
Other inc. PFI	146.2		126.6		(19.6)
Total Debt	948.7		895.4		(53.3)

The graph below shows the debt portfolio's maturity profile by loan type and the weighted average interest rates that are associated with the maturities in each period. This maturity profile is summarised in the Prudential Indicator for the Maturity Structure for Borrowing table shown in **section 4.8.3**.

4.3.4 At 30/09/2024, the Council had £895.4m of external borrowing including £126.6m of Private Finance Initiative (PFI) and lease liabilities. The Council continues to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to holding a minimum investment balance of around £30m.

The Council's internal borrowing position at 31 March 2024 was £345.7m. This meant that c.31% of the overall capital borrowing need including prior year capital expenditure but excluding PFI liabilities (known as the Underlying Borrowing Requirement or Loans Capital Financing Requirement), was not funded with external loan debt as cash supporting the Council's reserves, balances and cash flow was used as a temporary measure.

4.3.5 **Table 2.1** summarises the Council's split between external debt and internal debt at 31 March 2024 and the forecast position for 2024/25.

Table 2.1: External and Internal borrowing			
	31-Mar-24	**Forecast 31-Mar-25**	**Change**
Debt	**£m**	**£m**	**£m**
CFR Total	1,276.1	1,226.5	(49.7)
PFI leases	(146.2)	(133.4)	12.8
Underlying borrowing requirement	**1,129.9**	**1,093.1**	**(36.8)**
Funded by:			
External borrowing	784.2	756.8	(27.4)
Internal borrowing	345.7	336.2	(9.4)

The strategy of using internal borrowing avoids interest payable on external borrowing in the short term until actual new borrowing is taken or the borrowing requirement reduces. For example, £100m borrowing would cost around £5m per year using an interest rate of 5% and a 25 year maturity loan profile. There is an opportunity cost of internal borrowing as the Council forgoes interest on cash balances.

The council expects to retain some internal borrowing position as a prudent and cost-effective long-term approach in view of the reducing CFR and the current economic climate but will continue to monitor this against opportunities or risks driven by external interest rates.

The continuation of this existing strategy will further support managing the council's cost of financing in the coming years and supports the aims of the VDRP in reducing the Council's debt levels.

4.3.6 **Compliance with the Voluntary Debt Reduction Policy**

Table 3 below reflects the reductions in capital expenditure financed by borrowing and the capital receipt strategy in the forecast Capital Financing Requirement and external loans debt in the medium term. The

	Table 3: VDRP Forecast Refresh			
Debt Measurement	**VDRP Original Forecast £m**	**Qtr2 Actual & Forecast £m**	**Movement (Under) / Over £m**	**Movement from original forecast %**
CFR				
2022/23	1,390.60	1,314.90	-75.70	-5.44%
2023/24	1,337.30	1,276.13	-61.17	-4.57%
2024/25	1,272.50	1,226.47	-46.03	-3.62%
2025/26	1,152.77	1,134.07	-18.70	-1.62%
2026/27	1,086.17	1,081.48	-4.69	-0.43%
2027/28	1,044.15	1,028.63	-15.52	-1.49%
External Debt				
2022/23	986.2	878.00	-108.20	-10.97%
2023/24	954.8	784.25	-170.55	-17.86%
2024/25	927.4	756.82	-170.58	-18.39%
2025/26	737.89	737.89	0.00	0.00%
2026/27	711.52	711.52	0.00	0.00%
2027/28	685.64	685.64	0.00	0.00%

4.4 **Debt rescheduling**

Debt rescheduling opportunities increased over the course of the past six months. Officers have worked with Link Group and our market loan providers to assess debt rescheduling. The outcome of this was no opportunities and as such no debt rescheduling has been undertaken to date in the current financial year.
Officers continue to look for opportunities in the second half of the year and subject to market conditions there maybe opportunities to repay the market loans held with Barclays if giving rise to long-term savings.

4.5 **Lender's Option Borrower's Options (LOBO) Loans**

The Council holds £26m of LOBO loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. These LOBO loans have options during the year, none have been exercised by the lender. The Council acknowledges there is an element of refinancing risk as in the current interest rate environment lenders may be more likely to exercise their options.

4.6 **Housing Revenue Account (HRA) Treasury Management Strategy**

4.6.1 From 1 April 2002, the Council's HRA was allocated a separate debt portfolio based on the appropriate proportion of the Councils existing debt at that time.

4.6.2 No further HRA loans have been taken in the first half of 2024/25. The HRA element of the CFR was £301.5m as at 31 March 2024 and was fully financed at an average rate of 4.04%. This includes £53.2m of long term fixed rate loans from the General Fund (known as internal loans). The HRA CFR is forecast to be £301.4m by 31 March 2025 and the HRA interest charge for 2024/25 is expected to be c.£14.6m.

4.6.3 In October 2018 the Government announced the HRA debt cap was abolished. Any capital expenditure financed by borrowing would need to comply with the requirements of the CIPFA prudential code including ensuring the scheme was affordable, sustainable and in proportion to the resources available.

4.7 **Investments**

4.7.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also where cash flow forecasts permit to seek out value available in longer periods with high credit rated financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

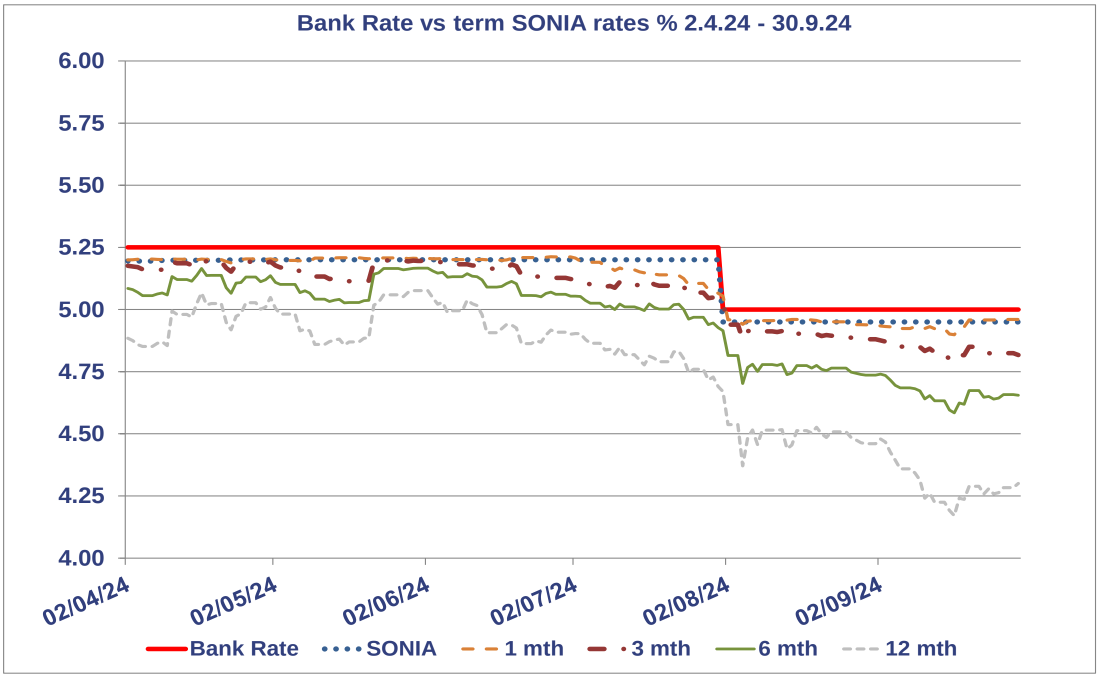
4.7.2 As shown by the interest rate forecasts in section 4.1, with reduced levels of interest rates investment returns are expected to fall for the next 12 months.

4.7.3 **Creditworthiness**: The UK's sovereign rating has proven robust through the first half of 2024/25. The new Labour Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 30 October 2024.

The current investment counterparty criteria selection (including minimum long-term counterparty credit rating of A- across rating agencies Fitch, S&P and Moody's) approved in the TMSS is meeting the requirement of the treasury management function.

4.7.4 **Investment balances:** The average level of funds available for investment purposes during the first half of 2024/25 was £348m. This is expected to fall slightly in the next 6 months in line with the typical council tax income profile.

4.7.5 **Investment rates during half year ended 30th September 2024:** As shown below the rates use the traditional market method for calculating Sterling Overnight Index Average (SONIA) period % rates and shows the upward trend in levels this year. SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.



	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.20	5.21	5.20	5.17	5.08
High Date	02/04/2024	03/05/2024	27/06/2024	17/04/2024	31/05/2024	30/05/2024
Low	5.00	4.95	4.90	4.79	4.58	4.17
Low Date	01/08/2024	01/08/2024	17/09/2024	17/09/2024	17/09/2024	17/09/2024
Average	5.17	5.12	5.11	5.06	4.96	4.75
Spread	0.25	0.25	0.31	0.41	0.58	0.91

4.7.6 **Investment performance year to date as at 30th September:** The Council held £346.7m of investments as at 30 September 2024 (£308.1m at 31 March 2024) and the investment portfolio yield for the half year was 5.12% against a benchmark (Ave. SONIA) of 5.125%.

The Council investment was in line with the benchmark returns.

The budgeted GF investment return for 2024/25 is £10.8m, and forecast performance for the full year is expected to be £0.15m above budget due to an upward tick in interest rates. The HRA has budgeted £6.3m and is expected to overperform by £0.37m. This position is currently reflected in the period 6 2024/25 budget monitoring report.

4.7.7 **Appendix A** provides details of the Council's external investments at 30 September 2024, analysed between investment type and individual counterparties showing the current Fitch long-term credit rating.

Table 4 below summarises investment activity by type in 2024/25.

Table 4: Investment Portfolio	**Balance on 31.03.24 £m**	**Balance on 30.9.24 £m**	**Average Rate/Yield (%) as at 30.9.24**
Short term investments (call accounts, deposits):			
Banks with ratings of A- or higher	284.9	294.69	5.2%
Local Authority	-	-	-

Government Bonds	9.9	9.89	4.3%
Overseas government	-	-	-
Long Term Investments	9.7	9.68	5.0%
Money Market Funds	80.0	32.50	5.3%
Total Investments	**384.5**	**346.76**	
Increase/(Decrease) in Investments £m		-37.71	

4.7.8 **Approved limits**: Sums invested in one of the Council's Money Market Funds (MMF) have an individual limit of £30m for each MMF set in the Annual Investment Strategy.

Investments in MMFs was in accordance to the limits set in the Annual Investment strategy.

4.8 Compliance with Prudential Indicators

4.8.1 This report confirms compliance with the Prudential Indicators for 2024/25 set on 04 March 2024 as part of the Council's Treasury Management Strategy Statement.

4.8.2 The Council measures and manages its exposures to treasury management risks using the following additional indicators.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The limits on variable rate interest rate exposures are:

	2022/23 £m	**2023/24 £m**	**2024/25 £m**
Upper limit on variable interest rate exposure	300	300	300
Actual	14.0	24.0	

4.8.3 **Maturity Structure of Borrowing**: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing* will be:

	Lower	**Upper**	**Actual**
Under 12 months	0%	25%	1%
12 months and within 24 months	0%	25%	3%
24 months and within 5 years	0%	25%	9%
5 years and within 10 years	0%	25%	17%
10 years and within 25 years	0%	50%	7%
25 years and within 40 years	0%	50%	32%
40 years and above	0%	50%	31%

*This table does not include internal borrowing which is a further 24% of the councils underlying borrowing requirement

4.8.4 **Principal Sums Invested for Periods Longer than 365 days**: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2022/23 £m	2023/24 £m	2024/25 £m
Limit on principal invested beyond year end	100	100	100
Actual	10	10	

4.8.5 **Operational Boundary and Authorised Limit for External Debt**: The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

The table below shows the expected debt position during 2024/25.

	2024/25 Original Estimate £m	Current position	2024/25 Revised Estimate £m
Borrowing	864.0	768.8	753.8
Other long-term liabilities*	146.2	126.6	126.6
Total debt (year end position)	**1010.2**	**895.4**	**880.4**
Operational Boundary for external debt	**1365.1**	**1365.1**	**1365.1**
Authorised limit for external debt	**1395.1**	**1395.1**	**1395.1**

'* Includes PFI and Leases liabilities

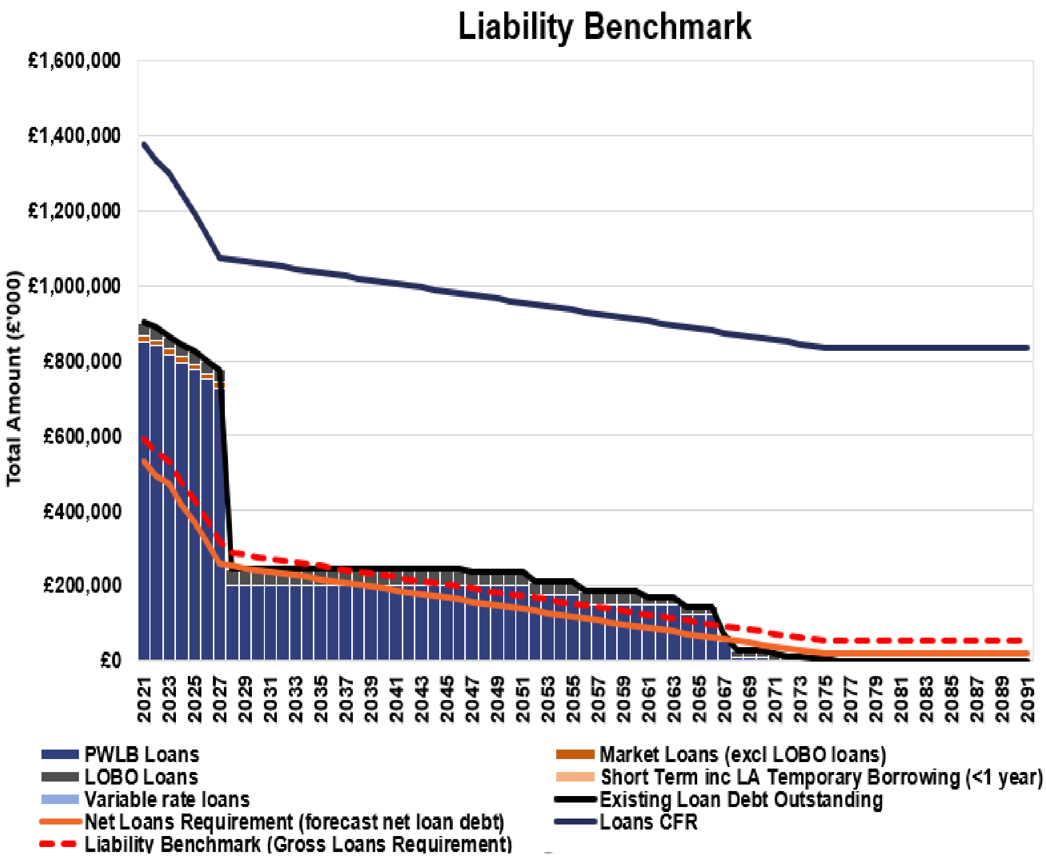
4.8.6 **Liability Benchmark:** The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -
1. Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.

2. Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.

3. Net loans requirement: this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



The gross loans of the council (lower black line) are above the liability benchmark (red dotted line) over the next 4 years which is indicating that the council has substantial cash investments that it could consider using to reduce external borrowing and increase internal borrowing if the terms were favourable.

4.9 **Treasury Management Reserve**

4.9.1 The Treasury Management Reserve is maintained to smooth the impact of any volatility in treasury management revenue charges in any one year including new technical accounting entries relating to IFRS 9 (which stipulates the treatment of expected loss model based impairments on Treasury related investments and capital investments such as loans to third parties and financial guarantees). The balance on this reserve as at 30 September 2024 is £15.938m.

Based on the 6 months to 30 September 2024 there are no expected loss impairments expected in 2024/25 in relation to treasury investments.

4.10 **Risk Management**

4.10.1 Risk management plays a fundamental role in treasury activities, due to the value and nature of transactions involved. The management of specific treasury management risks is set out in the Manual of Treasury Management Practices and Procedures and a risk register is maintained for the treasury function.

4.10.2 The treasury management risk register's overall risk rating at 30 September 2024 was 4.23, (Likelihood = unlikely, Impact = minor) and is a lower rating than as at 31 March 2024 but it remains over the targeted risk rating of 2.94 (Likelihood = remote, Impact = minor). The risk rating reflects previous concerns about the payment process, and the changes to PWLB lending arrangements and CIPFA guidance. During the second half of the year the Treasury Management Working Group (TMWG) will continue to meet regularly and consider if reducing the risk score is appropriate. The TMWG of senior Finance Managers with responsibility for Treasury Management (including Section 151 Officer and deputy 151 Officer) meet once a month to manage this risk register. A review is being undertaken of the approach to Treasury Risk Management and will be reported in the next Treasury Management Report.

4.11 **Other Issues**

4.11.1 None

5. **List of background papers relied upon in writing this report (not including published documents or confidential or exempt information)**

5.1 None

6. **Published documents referred to in this report**

9.1 Treasury Management Strategy 2024/25 and Capital Investment Strategy 2024/25 (including the Voluntary Debt Reduction Policy)

9.2 Nottingham City Council Recovery & Improvement Plan

9.3 Money Market and PWLB loan rates

9.4 Treasury Management in the Public Services Code of Practice 2017–CIPFA

9.5 Prudential Code 2017-CIPFA

9.6 Treasury Management in the Public Services Guidance Notes 2018 – CIPFA

9.7 Statutory guidance on local government investments 3rd Edition 2018

9.8 Statutory guidance on Minimum Revenue Provision (MRP) 2018