

**STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

**Report to Audit & Accounts Committee**

**8th February 2019**

<b>TITLE:</b>	<b>Treasury Management Update</b>
<b>PORTFOLIO HOLDER:</b>	<b>Councillor Ralphs - Leader</b>
<b>CONTACT OFFICERS:</b>	<b>Claire Hazeldene – Finance &amp; Procurement Manager Emily Bennetts – Finance Business Partner</b>
<b>WARDS INVOLVED:</b>	<b>Non-specific</b>

**Appendices Attached:**

**Appendix A – Treasury Management Mid-Year Update Report to 31<sup>st</sup> December 2018**

**1. Reason for the Report**

- 1.1. The purpose of the report is to allow the robust scrutiny of the Council's treasury management performance in 2018/19 in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and generally accepted good practice.

**2. Recommendation**

- 2.1. That the Committee note the current treasury management position as at 31st December 2018

**3. Executive Summary**

- 3.1. The CIPFA Code of Practice on Treasury Management was adopted by the Council in February 2010. This Council fully complies with its requirements, one of which is to produce at least one mid-year operational report.

- 3.2. This report comprises the following:

- The latest interest rate forecast;
- Investment income earned to date and projected for 2018/19;
- The current investment portfolio;
- The current and projected borrowing requirements with projected borrowing costs for 2018/19; and

- Compliance against prudential and treasury indicators set in the Treasury Management Strategy 2018/19.

### 3.3. The main headlines include:

- The Bank of England base rate remains unchanged at 0.75%.
- A shortfall of £10,000 is forecast against the investment income budget due to increased internal borrowing which reduces funds available to invest.
- The Ascent debenture income budget is on target and a small shortfall of £6,500 is currently forecast against the loan income budget pending the outcome of the Ascent Business Plan review.
- The borrowing costs budget to support the existing Ascent loan balance and a potential general fund borrowing requirement is currently forecast to be £67,000 under budget owing to the use of internal borrowing and some re-profiling of the capital programme.
- The average return on investments was 0.63% during the period 1<sup>st</sup> October to 31<sup>st</sup> December. This compares favourably to short-term industry benchmarks.
- The Council's investment portfolio totalled £6.8 million spread across four separate institutions as at 31<sup>st</sup> December 2018.
- The Council's current level of debt is £7 million at an average annual borrowing rate of 1.88%.

## 4. How this report links to Corporate Priorities

- 4.1. An effective treasury management function is critical in safeguarding and effectively managing the financial resources at the Council's disposal. Sufficient financial resources are required to deliver and underpin all of the Council's main priorities.

## 5. Alternative Options

- 5.1. This report sets out the treasury management position for Staffordshire Moorlands District Council for 2018/19 to date and the projected outturn. As such it is a statement of fact and there are no options.

**ANDREW P STOKES**

**Executive Director (Transformation) and Chief Finance Officer**

### Web Links and

#### Background Papers

'Treasury Management – Governance & Scrutiny Arrangements' (Audit & Accounts Committee September 2009)

'Treasury Management Strategy Statement 2018/19' (Audit & Accounts Committee February 2018, Revised at Council May 2018)

### Location

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