

## **HIGH PEAK BOROUGH COUNCIL**

### **Report to the Audit & Regulatory Committee**

**24th July 2019**

<b>TITLE:</b>	<b>Annual Treasury Management Report 2018/19</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Cllr Alan Barrow – Executive Councillor for Corporate Services and Finance</b>
<b>CONTACT OFFICERS:</b>	<b>Claire Hazeldene – Deputy Director &amp; Head of Finance Emily Bennetts – Finance Business Partner</b>
<b>WARD:</b>	<b>Non-specific</b>

#### **Appendices attached:**

#### **Appendix A – Annual Treasury Management Report 2018/19**

#### **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 Annual Treasury Management Report 2018/19 is recommended to Council for approval.

#### **3. Executive Summary**

- 3.1. The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities for the year.
- 3.2. The Annual Treasury Management Report for 2018/19 considers the following areas:
- The Treasury Management Strategy adopted for 2018/19 and the economic environment during the year;
  - The current treasury position, highlighting the Council's borrowing and lending position at the year end;
  - The Council's capital expenditure, overall borrowing need and borrowing outturn during 2018/19;

- Performance measurements, which look at the returns achieved during the year by the Council on its overall investments;
- The Council's investment portfolio, which sets out for Members how and where the Council has invested its money during the year;
- The interest yield for 2018/19; and
- Compliance with prudential indicators, showing the outturn against those indicators formally adopted in the 2018/19 Treasury Management Strategy.

3.3. The Executive Director & Chief Finance Officer confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

3.4. The main headlines include:

- Capital expenditure in 2018/19 totalled £7.4 million. This created a borrowing requirement of £2.6 million wholly applicable to General Fund capital expenditure.
- Total debt at 31st March 2019 amounted to £66.8 million including loans from Public Works Loan Board (PWLB) and market loans. All existing finance lease arrangements were repaid during the year.
- There was £5 million of loan maturities during the year. No new external borrowing or refinancing took place; nor was there any debt rescheduling.
- Overall borrowing costs were £86,500 underspent against the budget as internal borrowing continued. This was split between the General Fund £51,800 and HRA £34,700.
- The average daily investment during 2018/19 was £20 million invested with a total of 10 institutions, yielding £145,400 in investment income. There was a small surplus achieved against the investment income budget of £5,470.
- The average return achieved by the Council on its investment portfolio for the year was 0.73%, which compares favourably to short-term industry benchmarks.
- Year-end investments totalled £14.4 million all internally managed by the Council's treasury management team.
- The outturn against the treasury and prudential indicators set within the Treasury Strategy 2018/19 is shown in Annex B.

#### **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 the Council's main priorities.

#### **5. Options**

- 5.1. This report sets out the treasury management position for High Peak Borough Council for 2018/19. As such it is a statement of fact and there are no options to consider.

#### **6. Implications**

- 6.1. Community Safety – (Crime and Disorder Act 1998)  
None
- 6.2. Workforce  
None
- 6.3. Equality and Diversity/ Equality Impact Assessment  
This report has been prepared in accordance with the Council's Diversity and Equality Policies.
- 6.4. Financial Considerations  
Included throughout the report.
- 6.5. Legal  
None
- 6.6. Sustainability  
None
- 6.7. Internal and External Consultation  
None
- 6.8. Risk Assessment  
There are a number of inherent financial risks associated with treasury management activity, not least the potential for loss of interest and/ or deposits. For this reason, the Council engages the services of external treasury management advisors, Link Asset Services ('Link').

Investment and borrowing decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The strategy includes a number of risk management features such as the overriding priority that security of deposit takes precedence over return on investment.

**ANDREW P STOKES**  
**Executive Director (Transformation) & Chief Finance Officer**

**Background Papers**

'Treasury Management Strategy  
Statement 2018/19'  
Audit & Regulatory Committee Feb 18

'Treasury Management – Governance  
and Scrutiny Arrangements'  
Audit & Regulatory Committee Sept 09

**Location**

Finance and Procurement, Town  
Hall, Buxton

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