

**STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL**

**Report to the Audit & Accounts Committee**

**26th July 2019**

<b>TITLE:</b>	<b>Annual Treasury Management Report 2018/19</b>
<b>PORTFOLIO HOLDER:</b>	<b>Councillor Sybil Ralphs – Leader</b>
<b>CONTACT OFFICER:</b>	<b>Claire Hazeldene – Deputy Director &amp; Head of Finance</b> <b>Emily Bennetts – Finance Business Partner</b>
<b>WARDS INVOLVED:</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 2018/19.
- 3.2. The Annual Treasury Management Report for 2018/19 considers the following areas:
- The Treasury Management Strategy adopted in 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 return 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 Statement.

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 £2.2 million. Capital expenditure was funded in a large part via capital grants and reserves, the remainder has created a borrowing requirement of £645,000.
- Total debt at 31st March 2019 amounted to £11 million, which all relates to loans from other Local Authorities as the finance lease arrangements have all been repaid during the year. There was an underspend of £83,000 against borrowing costs as the budget included an expectation that borrowing would be required to fund general fund capital activities and the Ascent Loan balance would be fully funded through external borrowing. Instead the new general fund borrowing requirement of £636,000 along with £3 million of the Ascent Loan balance is funded through internal borrowing.
- The average daily investment during 2018/19 was £8.9 million invested with a total of 6 institutions, yielding £56,700 in investment income. There was a shortfall against the investment income budget of £16,880 owing to the continuing and increased internal borrowing.
- £540,130 interest income was earned from the debenture and loan balances held with Ascent. The debenture interest was on target against the budget. There was a small shortfall of £6,500 against the loan budget as the rate on the day of the refinanced tranche 1 was slightly lower than estimated at budget setting.
- The average return achieved by the Council on its investment portfolio for the year was 0.64% which compares favourably to short-term industry benchmarks.
- Year-end investments totalled £26.6 million (including £19 million held with Ascent), all internally managed by the Council's treasury management team.
- The outturn against treasury and prudential indicators as 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 Staffordshire Moorlands District 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. That 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 –  
Governance and Scrutiny  
Arrangements'  
Audit & Accounts Committee Sept 09

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

**Location**

Finance and Procurement,  
Moorlands House, Leek

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