

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

14 February 2020

TITLE:	Treasury Management Update
PORTFOLIO HOLDER:	Councillor Ralphs - Council Leader SMDC
CONTACT OFFICER:	Claire Hazeldene - Deputy Director and Head of Finance, Emily Bennetts – Finance Business Partner
WARDS INVOLVED:	All

Appendices Attached – Appendix A – Treasury Management Mid-Year Update Report to 31st December 2019

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 2019/20 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 Members note the current Treasury Management position as at 31st December 2019.

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 2019/20;
 - The current investment portfolio;
 - The current and projected borrowing requirements with projected borrowing costs for 2019/20; and
 - Compliance against prudential and treasury indicators set in the Treasury Management Strategy 2019/20.

3.3. The main headlines include:

- The Bank of England base rate remains unchanged at 0.75% with the next forecast increase at March 2021.
- A shortfall of £28,000 is forecast against the investment income budget due to the delayed increase in interest rates and continuing internal borrowing.
- A surplus of £9,310 is anticipated from the Ascent debenture and loan income subject to the timing of the implementation of the proposal for the Ascent Delivery model and new loan arrangement.
- The borrowing costs budget to support the existing Ascent loan balance and a potential general fund borrowing requirement is currently forecast to be £83,000 under budget owing to the use of internal borrowing and re-profiling of the capital programme.
- The average return on investments was 0.75% during the period 1st October to 31st December. This compares favourably to short-term industry benchmarks.
- The Council's investment portfolio totalled £13.8million spread across six separate institutions as at 31st December 2019.
- The Council's current level of debt is £10million at an average annual borrowing rate of 1.50%.

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 2019/20 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 2019/20' (Audit & Accounts Committee February 2019)

Location

Finance & Procurement
Moorlands House,
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