

HIGH PEAK BOROUGH COUNCIL

Report to the Audit & Regulatory Committee

12th February 2020

TITLE:	Treasury Management Update
EXECUTIVE COUNCILLOR:	Councillor Barrow - Executive Councillor for Corporate Services and Finance
CONTACT OFFICER:	Emily Bennetts, Claire Hazeldene – Finance Business Partner, Deputy Director and Head of Finance
WARDS INVOLVED:	All Wards

Appendices Attached

Appendix A: Treasury Management Mid-Year Update Report, 31st December 2020

1. Reason for the Report

- 1.1. 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 2020.

3. Executive Summary

- 3.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management was adopted by the Council in March 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 borrowing portfolio with projected borrowing costs for 2019/20 and debt rescheduling options; 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 £35,000 is expected against the investment income budget of £225,260 due to the delayed increase in interest rates and continuing internal borrowing. This will be partially offset by interest income of £14,360 from the loan to the Buxton Crescent Heritage Trust which was not included in the original budget.
- A saving of £124,020 overall is forecast on the borrowing costs budget, split £76,280 to the general fund and £47,740 to the HRA, due to internal borrowing.
- The average return on investments achieved by the Council during the period from 1st October to 31st December was 0.81%. This compares favorably to short-term industry benchmarks.
- The Council's investment portfolio totalled £29million spread across nine separate institutions as at 31st December 2019.
- The Council's total level of debt as at 31st December was £66.8million at an average annual borrowing rate of 3.92%.

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 High Peak Borough 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 & Regulatory Committee September 2009)

'Treasury Management Strategy Statement 2019/20' (Audit & Regulatory Committee, February 2019)

Location

Finance & Procurement
Town Hall, Buxton

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