

## **HIGH PEAK BOROUGH COUNCIL**

### **Audit & Regulatory Committee**

**24<sup>th</sup> November 2020**

<b>TITLE:</b>	<b>Treasury Management Update</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Councillor Barrow - Executive Councillor for Corporate Services &amp; Finance</b>
<b>CONTACT OFFICER:</b>	<b>Claire Hazeldene – Interim Executive Director &amp; Chief Finance Officer Emily Bennetts - Finance Business Partner</b>
<b>WARDS INVOLVED:</b>	<b>Non-specific</b>

### **Appendices Attached – Appendix A: Treasury Management Mid-Year Update Report, 30<sup>th</sup> September 2020**

#### **1. Reason for the Report**

- 1.1. To allow the robust scrutiny of the Council's Treasury Management performance in 2020/21 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 30<sup>th</sup> September 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 and comment on the impacts of Covid-19;
- Investment income earned to date and projected for 2020/21;
- The current investment portfolio;

- A capital programme update and projected borrowing requirements with associated borrowing costs for 202/21; and
- Compliance against Prudential and Treasury indicators set in the Treasury Management Strategy 2020/21.

### 3.3. The main headlines include:

- There is no expectation for any increase to the Bank of England base rate within the medium term.
- The Covid-19 pandemic and resulting economic crisis is considered in terms of the impact on treasury management, in particular the cash flows.
- A shortfall of £72,780 is expected against the investment income budget of £160,000 due to reducing interest rates; offset in part by a windfall of £10,520 from an unexpected distribution of the former Icelandic investments.
- The average return on investments achieved by the Council during the quarter 2 was 0.27%. This was reduced from 0.50% in quarter 1.
- The Council's investment portfolio totalled £30.8million spread across eight separate institutions as at 30<sup>th</sup> September 2020.
- There is small underspend of £13,140 (£11,530 general fund; £1,610 HRA) forecast against the borrowing costs budget.
- The Council's total level of debt as at 30<sup>th</sup> September 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 2020/21 to date and the projected outturn. As such it is a statement of fact and there are no options.

## 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. Climate Change

Ethical Investing under Environmental, Social and Governance (ESG) is considered within the report

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.

**Claire Hazeldene**  
**Interim Executive Director & Chief Finance Officer**

**Web Links and**

**Background Papers**

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

'Treasury Management Strategy Statement 2020/21' (Audit & Regulatory Committee, February 2020)

**Location**

Finance & Procurement  
Town Hall, Buxton

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