

**HIGH PEAK BOROUGH COUNCIL**

**Audit & Regulatory Committee**

**10 February 2021**

<b>TITLE:</b>	<b>Treasury Management Update</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Councillor Barrow - Executive Councillor for Corporate Services and Finance</b>
<b>CONTACT OFFICER:</b>	<b>Keith Pointon – Interim Head of Finance Emily Bennetts – Finance Business Partner</b>
<b>WARDS INVOLVED:</b>	<b>Non-specific</b>

**Appendices Attached – Appendix A: Treasury Management Mid-Year Update Report, 31<sup>st</sup> December 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 31<sup>st</sup> 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 and comment on the impacts of Covid-19;
- Investment income earned to date and projected for 2020/21;
- The current investment portfolio;

- The 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 £54,220 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 3 was 0.16%. This is reducing quarter on quarter.
- The Council's investment portfolio totalled £38.5million spread across eight separate institutions as at 31<sup>st</sup> December 2020.
- There is an underspend of £88,960 (£89,260 general fund; offset by £300 HRA overspend) forecast against the borrowing costs budget.
- The Council's total level of debt as at 31<sup>st</sup> 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 2020/21 to date and the projected outturn. As such it is a statement of fact and there are no options.

Claire Hazeldene  
**Acting Executive Director (Finance and Customer Services)**

## **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)

## **Contact details**

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