

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

12 February 2021

TITLE:	Treasury Management Update
PORTFOLIO HOLDER:	Councillor Ralphs - Council Leader SMDC
CONTACT OFFICER:	Keith Pointon – Interim Head of Finance Emily Bennetts - Finance Business Partner
WARDS INVOLVED:	Non-specific

Appendices Attached – Appendix A – Treasury Management Mid-Year Update Report to 31st December 2020

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 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 31st December 2020.

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 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 2020/21; and

- Compliance against prudential and treasury indicators set in the Treasury Management Strategy 2020/21.

3.3 The main headlines are:

- There is no expectation for any increase to the Bank of England base rate within the medium term.
- The PWLB rates have reduced by 1% following the outcome of the consultation.
- 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 £45,990 is forecast against the investment income budget due to reducing interest rates.
- An income shortfall of £41,420 is forecast on the Ascent loan interest due to lower interest rates than forecast; and the Debenture income is forecast on target. This is subject to change pending the Ascent Delivery model review and any new loan arrangement.
- The borrowing costs budget to support the existing Ascent loan balance and general fund borrowing requirement is currently forecast to be £135,790 under budget owing to low Intra-Local Authority borrowing interest rates available.
- The average return on investments was 0.16% during the quarter 3. This is reducing quarter on quarter.
- The Council's investment portfolio totalled £23.97million spread across seven separate institutions as at 31st December 2020.
- The Council's external debt is forecast to be £15million by the end of the year at an average annual borrowing rate of 0.88%.

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 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 & Accounts Committee September 2009)

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

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