

**HIGH PEAK BOROUGH COUNCIL**

**Audit & Regulatory Committee**

**23 June 2021**

<b>TITLE:</b>	<b>Annual Treasury Management Report 2020/21</b>
<b>EXECUTIVE COUNCILLOR:</b>	<b>Councillor Alan 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>(All Wards);</b>

**Appendix A (attached) – Annual Treasury Management Report 2020/21**

**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 the Annual Treasury Management Report 2020/21 is recommended to Council for approval.

**3. Executive Summary**

- 3.1. The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities for the year.

- 3.2. The Annual Treasury Management Report for 2020/21 considers the following areas:

- The Treasury Management Strategy adopted for 2020/21 and the economic environment during the year;
- The Council's capital expenditure, overall borrowing need and borrowing outturn during 2020/21;
- Performance measurements, which look at the returns achieved during the year by the Council on its overall investments;

- The Council's investment portfolio, which sets out for Members how and where the Council has invested its money during the year, including a summary on investments with Environmental, Social, Governance (ESG) positive links;
- Compliance with Prudential Indicators, showing the outturn against those Indicators formally adopted in the 2020/21 Treasury Management Strategy.

3.3. The Acting Executive Director & Chief Finance Officer confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

3.4. The main headlines include:

- Capital expenditure in 2020/21 totalled £6.6million. This created a borrowing requirement of £1.4million wholly applicable to General Fund capital expenditure.
- Total debt at 31st March 2021 amounted to £66.8million including loans from Public Works Loan Board and Market Loans. No new external borrowing or refinancing took place; nor was there any debt rescheduling.
- Overall borrowing costs were £83,230 underspent against the budget as internal borrowing continued. This was split between the General Fund £91,225 and HRA (£7,995).
- The average daily investment during 2020/21 was £32million invested with a total of 10 institutions, yielding £83,384 in investment income. £15,000 interest income was also due from the loan to Buxton Crescent Heritage Trust; an unexpected dividend from the Icelandic Hertiabank of £10,519 was received as well as £169 from a local loan. Overall there was a shortfall against the investment income budget of £50,928.
- The average return achieved by the Council on its investment portfolio for the year was 0.26%, which compares favourably to short-term industry benchmarks.
- Year-end investments totalled £28.4million all internally managed by the Council's Treasury Management Team.
- The outturn against the treasury and prudential indicators set within the Treasury Strategy 2020/21 is shown in Annex B.

#### **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 the Council's main priorities.

#### **5. Options**

- 5.1. This report sets out the Treasury Management position for High Peak Borough Council for 2020/21. As such it is a statement of fact and there are no options to consider.

#### **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

Information on investments with Environmental, Social and Governance (ESG) links within the Investment portfolio is included in the report.

6.7. 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**  
**Acting Executive Director & Chief Finance Officer**

**Web Links and  
Background Papers**

'Treasury Management Strategy Statement 2019/20'  
Audit & Regulatory Committee Feb 20

'Treasury Management – Governance and Scrutiny  
Arrangements'  
Audit & Regulatory Committee Sept 09

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