

**HIGH PEAK BOROUGH COUNCIL**

**Audit & Regulatory Committee**

**23 June 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>(All Wards);</b>

**Appendices Attached – Appendix A: Treasury Management Mid-Year Update Report, 31<sup>st</sup> May 2021**

**1. Reason for the Report**

- 1.1. To allow the robust scrutiny of the Council's Treasury Management performance in 2021/22 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> May 2021.

**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 the year;
- The current investment portfolio;

- The projected borrowing requirements with associated borrowing costs for the year; and
- Compliance against Prudential and Treasury indicators set in the Treasury Management Strategy 2021/22.

### 3.3. The main headlines are:

- There is no expectation for any increase to the Bank of England base rate within the medium term.
- Investment interest income and borrowing costs are forecast to be on target against the budgets at this early point in the year. The low interest environment was anticipated at budget setting.
- The average return on investments achieved by the Council to the end of May was 0.15%, this was boosted by the notice account investments, whereas instant access accounts earn interest at 0.01%.
- The Council's investment portfolio totalled £25million spread across seven separate institutions as at 31<sup>st</sup> May 2021 (including detail of Environmental Social & Governance investments).
- The Council's total level of debt as at 31<sup>st</sup> May 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 2021/22 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 Strategy Statement 2021/22' (Audit & Regulatory Committee, February 2021)

#### **Contact details**

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