

HIGH PEAK BOROUGH COUNCIL

Audit & Regulatory Committee

30 September 2021

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

Appendices Attached – Appendix A: Treasury Management Mid-Year Update Report, 31st August 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 31st August 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;
- An update to the approved capital programme; and 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 are forecast to be on target against the budgets as the low interest environment was anticipated at budget setting.
- A small saving on borrowing costs is forecast due to a smaller MRP charge resulting from a reduction in the capital borrowing requirement in the previous year and the split to the HRA under the one pool approach.
- The average return on investments achieved by the Council to the end of August was 0.17%, 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 31st August 2021.
- The Council's total level of debt as at 31st August 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 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.

John Betts

Interim Executive Director (Chief Finance Officer)

**Web Links and
Background Papers**

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

Contact details

Keith Pointon
Head of Finance
Keith.Pointon@staffsmoorlands.gov.uk

'Treasury Management Strategy Statement 2021/22' (Audit & Regulatory Committee, February 2021)

Emily Bennetts
Finance Business Partner
emily.bennetts@staffs Moorlands.gov.uk