

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Report to Audit & Accounts Committee

25th June 2021

TITLE:	Annual Treasury Management Report 2020/21
PORTFOLIO HOLDER:	Councillor Sybil Ralphs - Council Leader SMDC
CONTACT OFFICER:	Keith Pointon – Interim Head of Finance Emily Bennetts - Finance Business Partner
WARDS INVOLVED:	Non-Specific

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 2020/21.
- 3.2. The Annual Treasury Management Report for 2020/21 considers the following areas:
- The Treasury Management Strategy adopted in 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 return 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 Statement.

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 £3.1million. Capital expenditure was partly funded via capital contributions, reserves and receipts, the remainder has created a borrowing requirement of £1.3million.
- Total external debt at 31st March 2021 amounted to £15million, which all relates to loans from other Local Authorities. There was an underspend of £135,796 against borrowing costs owing to low intra-authority borrowing interest rates and some internal borrowing.
- The average daily investment portfolio during 2020/21 was £19.7million invested with a total of 7 institutions, yielding £43,800 in investment income. There was a shortfall against the investment income budget of £40,922 due to the low interest rate environment during the covid-19 crisis.
- The average return achieved by the Council on its investment portfolio for the year was 0.22% which compares favourably to short-term industry benchmarks.
- £603,973 interest income was earned from the debenture and loan balances held with Ascent. The debenture interest was on target against the budget. There was a shortfall of £41,417 against the loan budget as the rate on the day of the refinanced tranches was lower than estimated at budget setting.
- Year-end investments totalled £37.4million (including £19million held with Ascent), all internally managed by the Council's Treasury Management Team.
- The outturn against treasury and prudential indicators as 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 Staffordshire Moorlands District 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

An update on the Council's investments with Environmental, Social and Governance links 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
Interim Executive Director & Chief Finance Officer

Web Links and

Background Papers

'Treasury Management – Governance and Scrutiny Arrangements'

Audit & Accounts Committee Sept 09

'Treasury Management Strategy 2020/21'

Audit & Accounts Committee Feb 20

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