

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

22nd October 2021

TITLE:	Treasury Management Update
PORTFOLIO HOLDER:	Councillor Ralphs - Council Leader SMDC
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 to 30th September 2021

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 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 30th September 2021.

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 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 current financial year.
- A small surplus of £4,000 is forecast against investment income interest. Interest on the Ascent loan and Debenture is forecast on target, but 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 forecasts a saving of £30,000, but could also be affected by the outcome of the same decisions on the Ascent loan.
- The average return on investments during the period July to September was 0.14%, this was boosted by the notice account investments, whereas instant access accounts earn interest at 0.01%.
- The Council's investment portfolio totalled £21.7million spread across seven separate institutions as at 30th September 2021.
- The Council's external debt is forecast to be £13million by the end of the year at an average annual borrowing rate of 0.75%.

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 2021/22 to date and the projected outturn. As such it is a statement of fact and there are no options.

John Betts
Interim Chief Finance Officer

Web Links and Background Papers

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

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

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