

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

11th February 2022

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 31st December 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 31st December 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:

- The Bank of England base rate increased from 0.10% to 0.25% in December 2021.
- A small surplus of £6,450 is forecast against investment income interest.
- Upon cessation of the Ascent Housing LLP Joint Venture company at the end of January 2022, the associated loan and impaired debenture is expected to be returned to the council. Due to the early repayment there is an interest shortfall of £93,870.
- The borrowing costs budget forecasts a total saving of £89,550, including an anticipated net income from the new loan arrangement with Your Housing Limited.
- The average return on investments during the period October to December was 0.14%, this was boosted by the notice account investments, whereas instant access accounts earn interest at 0.02%.
- The Council's investment portfolio totalled £18.7million spread across eight separate institutions as at 31st December 2021.
- The Council's average external debt is forecast to be £11.9million at an average annual borrowing rate of 0.89%.

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 Executive Director Finance and Revenues & Benefits

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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