
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 12
DATE OF MEETING:	25th NOVEMBER 2021	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
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SUBJECT:	TREASURY MANAGEMENT UPDATE 2021-22	REF
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM08

1.0 Recommendation

- 1.1 That the latest Treasury Management Update for quarter 2 2021/22 as detailed in **Appendix 1** is considered and approved.
- 1.2 That the updated Counterparty List for investments and bank deposits as detailed in **Appendix 2** is approved.

2.0 Purpose of the Report

- 2.1 To provide an update on the Council's treasury management activities for the second quarter of 2021/22.
- 2.2 To provide an update on external economic factors and how these may affect treasury management in the future.

3.0 Detail

- 3.1 The Council is required to manage its treasury activities under the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code).
- 3.2 Alongside this, the Council follows the 2017 Prudential Code which requires a Capital Strategy to be updated and approved.
- 3.3 The aims of the Codes are to ensure that the Council's capital investment plans are affordable and sustainable, that treasury management decisions are taken in accordance with best practice and that financial planning and asset management are integrated into the corporate planning arrangements.

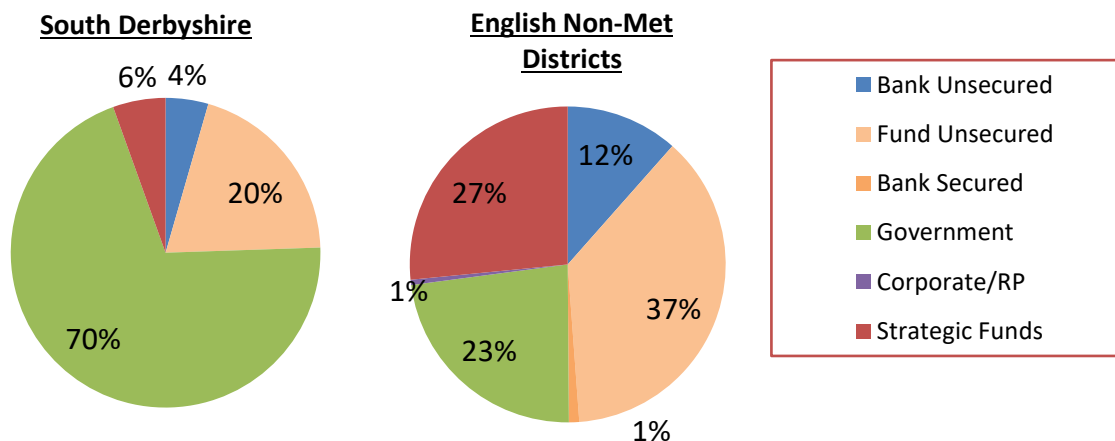
- 3.4 The Council reports the treasury activities quarterly and the Treasury Strategy annually to this Committee. The Capital Strategy was last reported to Council in January 2019.
- 3.5 Details of the treasury activities for quarter 2 are attached in Appendix 1 but a summary of key local information is also contained in the following paragraphs.

Treasury Management Summary

- 3.6 The following table shows the level of cash balances held and the borrowing liability in June 2021 and September 2021.

	30.06.21 Balance £m	Movement £m	30.09.21 Balance £m	Average Rate %
Long-term borrowing:				
Fixed	47,423	0	47,423	3.19%
Variable	10,000	0	10,000	0.35%
Short-term borrowing	89	0	89	0.00%
Total borrowing	57,512	0	57,512	
Long-term investments	4,000	0	4,000	
Short-term investments	53,500	-9,500	63,000	0.10%
Cash and cash equivalents	3,213	95	3,118	0.00%
Total investments	60,544	-9,405	70,118	
Net borrowing	-3,032	-9,405	-12,606	

- 3.7 The table above shows that the cash balances have increased in the year, mainly due to additional Government grants received and less capital expenditure due to the pandemic.
- 3.8 The Council holds varying types of deposits, and the charts below show how the investment portfolio compares to other local district authorities.



- 3.9 As can be seen from the above, the unsecured funds held by other local authorities is a much higher percentage of their overall investment portfolio which will produce

higher yields. However, the bail in exposure of these authorities is significantly higher than the Council who invests funds in a much more secure manner.

3.10 Average rates of return on investments is still low but the CCLA fund is a longer-term investment that is currently returning an average of over 4%. The budget does not include a return at this level and therefore it is a benefit in year to the General Fund and HRA.

3.11 HRA debt is profiled for repayment over a twenty-year period and money is being set-aside each year in the Debt Repayment Reserve. The profiled repayment is listed in the following table.

Loan Profile	Type	Value £'000	Rate %	Maturity
Public Works Loan Board	Variable	10,000	0.23	2021/22
Public Works Loan Board	Fixed	10,000	2.70	2023/24
Public Works Loan Board	Fixed	10,000	3.01	2026/27
Public Works Loan Board	Fixed	10,000	3.30	2031/32
Public Works Loan Board	Fixed	10,000	3.44	2036/37
Public Works Loan Board	Fixed	7,423	3.50	2041/42
Total Long-term borrowing		57,423		
Short-term Parish Council Loans		89	0.00	
Total borrowing		57,512		

Counterparty Limits

3.12 The Council utilises a Treasury Adviser to provide updates on the financial markets and guide on the most secure financial institutions to invest surplus cash with.

3.13 A counterparty investment limit is approved by this Committee quarterly and the Council must report any breaches. A summary table is included within **Appendix 1** to show the maximum balances on deposit during the quarter.

3.14 There have been no breaches of the counterparty limits to report during the year.

4.0 Financial Implications

4.1 As detailed in the report

5.0 Corporate Implications

5.1 None directly

6.0 Community Implications

6.1 None directly

7.0 Background Papers

7.1 Treasury Management in the Public Services Code of Practice
(CIPFA Publication - December 2017)