
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE	AGENDA ITEM: 13
DATE OF MEETING:	17 MARCH 2022	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	VICKI SUMMERFIELD victoria.summerfield@southderbyshire.gov.uk	DOC: s/finance/committee/21-22/March 22/TM cover Q3
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 3 for 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 third 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 regularly updated and approved by Full Council.
- 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 Full Council. The latest Capital Strategy was approved by Council in February 2022.
- 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 sections.

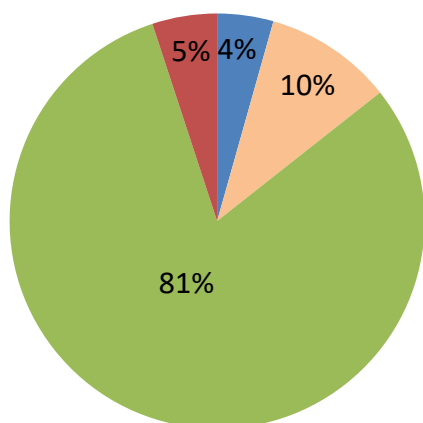
Treasury Management Summary

- 3.6 The following table shows the level of cash balances held and the borrowing liability as at 31 December 2022, compared to six months ago in June 2021.

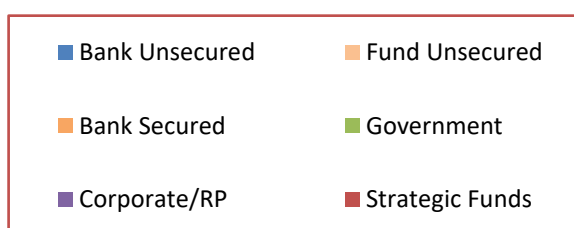
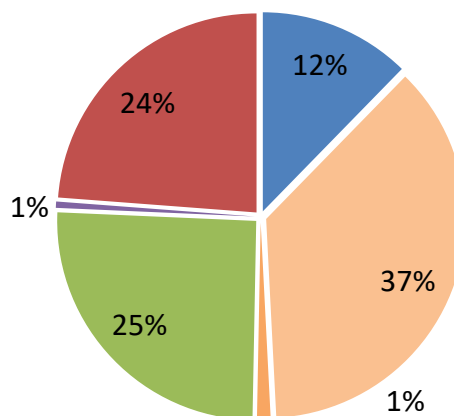
	30.06.21 Balance £m	Movement £m	31.12.21 Balance £m	Average Rate %
Long-term borrowing:				
Fixed	47,423	0	47,423	3.19%
Variable	10,000	0	10,000	0.17%
Short-term borrowing	89	0	89	0.00%
Total borrowing	57,512	0	57,512	
Long-term investments	4,000	0	4,000	4.17
Short-term investments	53,500	19,000	72,500	0.09%
Cash and cash equivalents	3,213	289	3,502	0.00%
Total investments	60,713	19,289	80,002	
Net borrowing	-3,201	-19,289	-22,490	

- 3.7 The table above shows that the cash balances have increased in the year, mainly due to additional Government Grants and Section 106 receipts.
- 3.8 The Council holds varying types of deposits, and the charts below show how the investment portfolio compares to other local district authorities.

South Derbyshire



English Non-Met Districts



- 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 invest funds in a much more secure manner, by comparison.
- 3.10 Average rates of return on investments is still low but the CCLA Property Fund is a longer-term investment that is currently returning an average return 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	0.17	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		
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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 2** 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)