

<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>22<sup>nd</sup> JULY 2021</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR (CORPORATE RESOURCES)</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>VICKI SUMMERFIELD</b> <a href="mailto:Victoria.summerfield@southderbyshire.gov.uk">Victoria.summerfield@southderbyshire.gov.uk</a>	<b>DOC:</b> s/finance/committee/2020-21/July/TM reports
<b>SUBJECT:</b>	<b>TREASURY MANAGEMENT ANNUAL REPORT 2020/21</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

## **1.0 Recommendations**

- 1.1 The Treasury Management Annual Report for 2020/21 is approved.
- 1.2 The Prudential Indicators and Limits for 2021/22 to 2025/26 as approved in February 2021 are noted.
- 1.3 The updated counterparty (lending) list as at 31<sup>st</sup> March 2021 is approved.

## **2.0 Purpose of the Report**

- 2.1 To detail the Council's Treasury Management activities for 2020/21 as set out in the Annual Report.
- 2.2 In addition, the report also confirms the Prudential Indicators for treasury operations for 20/21 and the medium-term financial planning period, 2021/22 to 2025/26. This is in accordance with the requirements of the Local Government Act 2003, updated for provisions contained in the Localism Act 2011.

## **3.0 Summary**

### **The Prudential System for Capital Finance**

- 3.1 The Council is required to manage its treasury and capital expenditure activities under a National Code. The main aims of the National Prudential System are to ensure that:
  - Capital investment plans of local authorities are affordable and sustainable.
  - Treasury management decisions are taken in accordance with best professional practice.

- Financial planning and asset management are integrated into the Council's overall corporate planning arrangements.

- 3.2 Treasury operations are measured within a set of prudential indicators. The main purpose of these indicators is to provide the limits and benchmarks to control the level of capital expenditure, borrowing and investment. The Council is expected to operate comfortably within these limits.
- 3.3 The Prudential System allows councils the freedom to borrow on a prudential basis. Any new borrowing has to be accommodated within any maximum debt limits or caps set by Central Government and the Council has to demonstrate that it can afford to service and repay the debt within its financial plans.
- 3.4 The Chartered Institute of Public Finance (CIPFA) published new versions of its Treasury Management in the Public Services: Code of Practice and Cross-sectoral Guidance Notes (TM Code) and The Prudential Code for Capital Finance in Local Authorities (Prudential Code) in late December 2017. This applied from April 2018 and will inform the strategy for 2019/20 onwards.

### **The Treasury Management Strategy**

- 3.5 The Strategy aims to provide transparency for treasury decisions including the use of counterparties, together with assessing how risk is managed on a day-to-day basis.

### **Prudential Indicators**

- 3.6 The relevant indicators required under the regulations are detailed in the statement.

## **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 Public Services and the Code of Practice (CIPFA Publication – November 2011)
- 7.2 Local Government Act 2003 (Part 1)
- 7.3 Localism Act 2011 – Part 7 Chapter 3