

North East Derbyshire District Council

Council

29 November 2021

Treasury Management Update

Report of Councillor P Parkin, Portfolio Holder for Finance

Classification: This report is public

Report By: Jayne Dethick, Assistant Director - Finance and Resources
(S151 Officer)

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PURPOSE/SUMMARY

To update Council on the treasury management activities for the period April to September 2021.

RECOMMENDATIONS

1. That Council note the treasury management activities undertaken during the period April to September 2021 as outlined in Appendix 1.

Approved by the Portfolio Holder for Finance - Yes

IMPLICATIONS

Finance and Risk

Yes ✓

No

Financial Implications are considered throughout the report. Consideration of financial risk is part of the decision making process when borrowing and investing the Council's funds.

On Behalf of the Section 151 Officer

Legal including Data Protection

Yes

No ✓

There are no legal issues arising directly from the report. Having a Treasury Management Strategy in place complies with the requirements of the Local Government Act 2003 and updated advice and guidance from the Government and CIPFA

On Behalf of the Solicitor to the Council

Staffing

Yes

No ✓

There are no staffing issues arising directly from this report.

On Behalf of the Head of Paid Service

DECISION INFORMATION

Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds: <i>BDC: Revenue - £75,000</i> <input type="checkbox"/> <i>Capital - £150,000</i> <input type="checkbox"/> <i>NEDDC: Revenue - £100,000</i> <input checked="" type="checkbox"/> <i>Capital - £250,000</i> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i>	No
Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)	No
Has the relevant Portfolio Holder been informed	Yes
District Wards Affected	All
Links to Corporate Plan priorities or Policy Framework	All

REPORT DETAILS

- 1.1 The Council approved the 2021/22 Treasury Management Strategy at its meeting in February 2021. This monitoring report details the treasury management activity during the first half year. This is in line with best practice as outlined in the CIPFA Treasury Management Code of Practice.

- 1.2 The treasury management function covers the borrowing and investment of Council money. This includes both the management of the Council's day to day cash position and the management of its long term debt. All transactions are conducted in accordance with the Council's approved strategy and the CIPFA Code of Practice. Good treasury management plays an important role in the sound financial management of the Council's resources.
- 1.3 **Appendix 1** of this report, details the treasury management activities that have taken place between April and September 2021.
- 1.4 Treasury Management is a specialist area and the Council uses external treasury advisors, Arlingclose Ltd, to assist. They provide a range of services which include:
- Technical support on treasury matters, capital finance issues and the drafting of Member reports;
 - Economic and interest rate analysis;
 - Debt services which includes advice on the timing of borrowing;
 - Debt rescheduling advice surrounding the existing portfolio;
 - Generic investment advice on interest rates, timing and investment instruments;
 - A number of places at training events offered on a regular basis.
 - Credit ratings/market information service comprising the three main credit rating agencies.

2 Reasons for Recommendation

- 2.1 The report details the treasury management activities for the period April to September 2021 in line with the CIPFA Treasury Management Code of Practice

3 Alternative Options and Reasons for Rejection

- 3.1 There are no alternative options being considered at this time.

DOCUMENT INFORMATION

Appendix No	Title
1	Treasury Management Activity April – September 2021
Background Papers	
Report Author	Contact Number
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Treasury Management Activity April – September 2021/22**PWLB Borrowing**

The Council's total outstanding PWLB debt amounted to £149.238m at 1st April 2021. During the first two quarters of 2021/22 £2.150m has been repaid to the PWLB so the balance at 30th September 2021 is £147.088m. During the current financial year no new loans have been taken out with the PWLB. The profile of the outstanding debt is analysed as follows: -

PWLB Borrowing	Maturity Profile 31 March 2021	Maturity Profile 30 September 2021
Term	£'000	£'000
12 Months	2,205	55
1 - 2 years	111	111
2 - 5 years	19,222	19,222
5 - 10 years	18,470	18,470
10 - 15 years	36,140	36,140
Over 15 years	73,090	73,090
Total PWLB Debt	149,238	147,088

PWLB Interest

The interest cost to the Council of the PWLB debt for 2021/22 is shown in the table below. The cost is split between the HRA and General Fund based on the level of debt outstanding within the CFR.

Date	Amount Paid to PWLB
	£'000
Accrued Interest re 2020/21	(46)
22 nd September 2021	108
23 rd September 2021	27
28 th September 2021	2,136

29 th September 2021	362
Accrued Interest re 2021/22	26
Total Paid	2,613

Temporary Borrowing

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year. During the current year to date short term borrowing from the Council's own bank hasn't incurred any interest charges. At the 30th September 2021 the Council had no temporary borrowing in place.

Temporary Investments

The tables below detail the short term investments made during the first two quarters of 2021/22: -

Bank Name	Duration of Loan	B/Fwd 01/04/21 £000's	Amount Invested 2021/22 £000's	Amount Returned 2021/22 £000's	Balance Invested 30/09/21 £000's	Interest Received 30/09/21 £000's
Federated Fund 3	Call	3,000	0	(0)	3,000	(0)
Federated GBP 3	Call	2,000	1	(1)	2,000	(1)
Aberdeen Standard	Call	5,000	0	(0)	5,000	(0)
CCLA Public Sector Deposit Fund	1 Day Call	5,000	1	(1)	5,000	(1)
Aviva	Call	5,000	0	(0)	5,000	(0)
Invesco	Call	5,000	0	(0)	5,000	(0)
JP Morgan	Call	3,000	3,000	(6,000)	0	(0)
Goldman Sachs	Call	5,000	0	(0)	5,000	(0)
Debt Management Account	Various	0	31,000	(28,000)	3,000	(0)

Deposit Facility						
London Borough of Croydon Council	12 Months	3,000	3	(3)	3,000	(3)
Total		36,000	34,005	(34,005)	36,000	(5)

Overnight Investments

The balance of the daily surplus funds can be placed as overnight investments with the Council's bank which is Lloyds. The maximum amount invested with Lloyds in the first quarter of the financial year was £4.986m. There has been no breach of the £5m limit set in the Treasury Management Strategy. For clarity, this limit relates to the amount invested and doesn't include interest accruing as a result.

Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	Actual 2021/22 £'000	Set Limits 2021/22 £'000
Authorised Limit (total Council external borrowing limit)	196,849	202,762
Operational Boundary	191,849	197,761