

North East Derbyshire District Council

Council

11 November 2019

Treasury Management Update

Report of Councillor Paul Parkin, Portfolio Holder for Finance

This report is public

Purpose of the Report

- To update Council on the treasury management activities for the period April to September 2019.

1 Report Details

- 1.1 The Council approved the 2019/20 Treasury Management Strategy at its meeting in February 2019. 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 2019.
- 1.4 The Council uses external treasury advisors, Arlingclose Ltd, who 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.

- 1.5 Arlingclose attended a meeting of the Cabinet on 11 July 2019 to provide and advice and guidance on the Council's future investment options and these are currently being explored within the confines of the Council's existing approved Treasury Management Strategy.

2 Conclusions and Reasons for Recommendation

- 2.1 The report details the treasury management activities for the period April to September 2019 in line with the CIPFA Treasury Management Code of Practice.

3 Consultation and Equality Impact

- 3.1 There are no consultation and equality impact implications from this report.

4 Alternative Options and Reasons for Rejection

- 4.1 It is considered good practice by the CIPFA Treasury Management Code of Practice that Council receive a half year monitoring report therefore there are no alternative options to consider.

5 Implications

5.1 Finance and Risk Implications

- 5.1.1 These are considered throughout the report.

5.2 Legal Implications including Data Protection

- 5.2.1 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.

5.3 Human Resources Implications

- 5.3.1 These are covered throughout the report.

6 Recommendations

- 6.1 That Council note the treasury management activities undertaken during the period April to September 2019 as outlined in **Appendix 1**.

7 Decision Information

<p>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: BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies</p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>Has the relevant Portfolio Holder been informed</p>	Yes
<p>District Wards Affected</p>	None directly
<p>Links to Corporate Plan priorities or Policy Framework</p>	Providing Excellent customer focussed services

8 Document Information

Appendix No	Title
None	Treasury Management Activity April – September 2019
<p>Background Papers (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	
<p>Report Author</p>	
<p>Contact Number</p>	
Jayne Dethick – Chief Accountant and S151 Officer	(01246) 217078

Treasury Management Activity April – September 2019**PWLB Borrowing**

The Council's total outstanding PWLB debt amounted to £150.846m at 1st April 2019. During the first two quarters of 2019/20 £1.152m has been repaid to the PWLB so the balance at 30th September 2019 is £149.694m. 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 2019 £'000	Maturity Profile 30 September 2019 £'000
Term		
12 Months	1,304	152
1 - 2 years	304	304
2 - 5 years	6,420	6,420
5 - 10 years	25,402	25,402
10 - 15 years	28,326	28,326
Over 15 years	89,090	89,090
Total PWLB Debt	150,846	149,694

PWLB Interest

The interest cost to the Council of the PWLB debt for 2019/20 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 2018/19	(46)
23 rd September 2019	146
30 th September 2019	2,525
Accrued Interest re 2019/20	32
Total Paid	2,657

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 period up to 30th September 2019 the Council had no need for temporary borrowing.

Temporary Investments

The tables below detail the short term investments made during the first two quarters of 2019/20: -

Bank Name	Duration of Loan	B/Fwd 01/04/19 £000's	Amount Invested 2019/20 £000's	Amount Returned 2019/20 £000's	Balance Invested 30/9/19 £000's	Interest Received 30/9/19 £000's
Santander	Call	35	11,007	(6,000)	5,042	(7)
Handelsbanken	Call	5	12,303	(12,300)	8	(3)
Barclays	Call	0	4,000	0	4,000	0
Federated Fund 3	Call	3,000	11	(11)	3,000	(11)
Federated GBP 3	Call	2,000	9	(9)	2,000	(9)
Aberdeen Standard	Call	5,000	1,017	(1,017)	5,000	(17)
CCLA Public Sector Deposit Fund	1 Day Call	5,000	19	(19)	5,000	(19)
King & Shaxson	1 Year	1,000	1,004	(1,002)	1,000	(4)
Eastleigh Borough Council	3 Months	1,000	1	(1,001)	0	(1)
Lancashire County Council	1 Year	2,000	2	(2,002)	0	(2)
Cheshire East Borough Council	14 months	1,000	0	(1,000)	0	(0)
Total		20,040	29,371	(24,361)	25,050	(73)

Overnight Investments

The balance of the daily surplus funds can be placed as overnight investments with the Councils bank which is Lloyds. The maximum amount invested with Lloyds in the first quarter of the financial year was £4.991m. 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. The interest earned from daily balances to 30th September 2019 is £9,635.67.

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 2019/20 £'000	Set Limits 2019/20 £'000
Authorised Limit (total Council external borrowing limit)	183,818	205,823
Operational Boundary	150,194	200,823