

North East Derbyshire District Council

Council

28 November 2022

Treasury Management Update

Report of Councillor A Dale, Leader of the Council

Classification: This report is public

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

Contact Officer: as above

PURPOSE/SUMMARY

To update Council on the treasury management activities for the period April to September 2022.

RECOMMENDATIONS

1. That Council note the treasury management activities undertaken during the period April to September 2022 as outlined in Appendix 1.

Approved by the Leader of the Council – 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:</i> Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input type="checkbox"/> <i>NEDDC:</i> Revenue - £100,000 <input checked="" type="checkbox"/> Capital - £250,000 <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> Please indicate which threshold applies	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 2022/23 Treasury Management Strategy at its meeting in January 2022. 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 2022.
- 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 2022 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.
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DOCUMENT INFORMATION

Appendix No	Title
1	Treasury Management Activity April – September 2022
Background Papers	
Report Author	Contact Number
Jayne Dethick – Director - Finance and Resources (S151 Officer)	(01246) 217078

Treasury Management Activity April – September 2022/23**PWLB Borrowing**

The Council's total outstanding PWLB debt amounted to £147.032m at 1st April 2022. During the first two quarters of 2022/23 £0.055m has been repaid to the PWLB so the balance at 30th September 2022 is £146.977m. 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 2022	Maturity Profile 30 September 2022
Term	£'000	£'000
12 Months	111	56
1 - 2 years	4,112	4,112
2 - 5 years	17,206	17,206
5 - 10 years	20,466	20,466
10 - 15 years	40,047	40,047
Over 15 years	65,090	65,090
Total PWLB Debt	147,032	146,977

PWLB Interest

The interest cost to the Council of the PWLB debt for 2022/23 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 2021/22	(44)
22 nd September 2022	75
23 rd September 2022	23
28 th September 2022	2,136
29 th September 2022	361

Accrued Interest re 2022/23	43
Total Paid	2,594

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 2022 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 2022/23: -

Bank Name	Duration of Loan	B/Fwd 01/04/22 £000's	Amount Invested 2022/23 £000's	Amount Returned 2022/23 £000's	Balance Invested 30/09/22 £000's	Interest Received 30/09/22 £000's
Federated Fund 3	Call	3,000	3,014	(3,014)	3,000	(14)
Federated GBP 3	Call	2,000	5	(5)	2,000	(5)
Aberdeen Standard	Call	5,000	14	(5,014)	0	(14)
CCLA Public Sector Deposit Fund	1 Day Call	5,000	2,008	(5,008)	2,000	(8)
Aviva	Call	5,000	9,021	(9,021)	5,000	(21)
Invesco	Call	2,000	7,023	(4,023)	5,000	(23)
JP Morgan	Call	0	0	(0)	0	(0)
Goldman Sachs	Call	0	0	(0)	0	(0)
SSGA	Call	5,000	30	(30)	5,000	(30)
Debt Management	Various	0	3,000	(3,000)	0	(0)

Account Deposit Facility						
Ashford Borough Council	12 Months	5,000	4	(4)	5,000	(4)
Lancashire County Council	12 Months	5,000	4	(4)	5,000	(4)
Total		37,000	24,123	(29,123)	32,000	(123)

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 three quarters of the financial year was £4.993m. 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 up to 30 September 2022 is £12,906.13.

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 2022/23 £'000	Set Limits 2022/23 £'000
Authorised Limit (total Council external borrowing limit)	202,114	203,786
Operational Boundary	197,114	198,786