

# Recommendation of the Performance and Audit Scrutiny Committee: 17 November 2022: Treasury Management Report (September 2022)

<b>Report number:</b>	<b>CAB/WS/22/067</b>	
<b>Report to and date(s):</b>	<b>Cabinet</b>	6 December 2022
	<b>Council</b>	13 December 2022
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**Decisions Plan:** The decision made as a result of this report will usually be published within 48 hours. This item will be referred to Council for a final decision and is, therefore, not subject to call-in. This item is included in the Decisions Plan.

**Wards impacted:** All wards.

**Recommendation:**        **That subject to the approval of Council, the Treasury Management Report (September 2022), as contained in Report number: FRS/WS/22/005, be approved.**

## **1. Context to this report**

### **1.1 Investment Activity 1 April 2021 to 30 September 2022**

Following the Financial Resilience Sub-Committee's consideration of Report number: [FRS/WS/22/005](#) on 7 November 2022, the Service Manager (Finance and Procurement) verbally reported on the Sub-Committee's consideration of the report.

1.2 The council held investments of £78,000,000 as at 30 September 2022. Interest earned during the first half of the financial year amounted to £317,734, against a profiled budget for the period of £22,500.

1.3 External borrowing as at 30 September 2022 was £13,875,000, a reduction of £125,000 from 1 April 2022, which relates to the repayment plan for the recent PWLB £10m 40-year loan, with the council's level of internal borrowing increasing slightly to £41,699,661 as at 30 September 2022. Overall borrowing, weighted towards internal borrowing is expected to increase over the full financial year.

1.4 Borrowing costs, which included interest payable and MRP for the year are forecast to be £1,069,488 against an approved budget of £2,268,350. However, this could change if more external borrowing is undertaken than is currently forecast.

1.5 The 2022-2023 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income for 2022 to 2023 was £45,000, which was based on a 0.25% target interest rate of return on investments.

1.6 The report also included a summary of the borrowing activity during the period; borrowing strategy and sources of borrowing; borrowing and capital costs – affordability; borrowing and income – proportionality; borrowing and asset yields and market information.

1.7 The Sub-Committee scrutinised the investment activity for 1 April 2022 to 30 September 2022, and asked questions to which responses were provided. In particular discussions were held on the current interest rate rises; what happened to the additional interest received on cash balances; the solar farm yield for 2021 to 2022 and the Barclays £4m loan.

1.8 The Performance and Audit Scrutiny Committee on 17 November 2022 scrutinised the report. In particular discussions were held on what the council's policy was for lending to other local authorities; gilt yields; capital projects and investment levels.

1.9 Discussions were also held on the £4m Barclays loan and whether the council has considered paying off the loan early. Officers advised that the council was looking at options and was in discussions with its advisors regarding this matter.

1.10 The Performance and Audit Scrutiny Committee has put forward recommendations as set out on page one of this report.

## **2. Alternative options that have been considered**

2.1 Not applicable.

## **3. Consultation and engagement undertaken**

3.1 Not applicable.

## **4. Risks associated with the proposals**

4.1 Not applicable.

## **5. Implications arising from the proposals**

5.1 Financial: See Report number: [FRS/WS/22/005](#)

## **6. Appendices referenced in this report**

6.1 None

## **7. Background documents associated with this report**

7.1 Report number: [FRS/WS/22/005](#)