

# Recommendation of the Performance and Audit Scrutiny Committee: 26 January 2023: Treasury management report (December 2022)

<b>Report number:</b>	<b>CAB/WS/23/006</b>	
<b>Report to and date(s):</b>	<b>Cabinet</b>	7 February 2023
	<b>Council</b>	21 February 2023
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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 (December 2022), as contained in Report number: FRS/WS/23/001, be approved.

## 1. Context to this report

### 1.1 Investment Activity 1 April 2021 to 31 December 2022

Following the Financial Resilience Sub-Committee's consideration of Report number: [FRS/WS/23/001](#) on 16 January 2023, the Service Manager (Finance and Procurement) verbally reported on the Sub-Committee's consideration of the report.

- 1.2 The Council held investments of £71,500,000 as at 31 December 2022. Interest earned during the first nine months of the financial year amounted to £639,193.67 against a budget for the period of £33,750.
- 1.3 External borrowing as at 31 December 2022 was £13,750,000 a reduction of £250,000 from 1 April 2022, which relates to the repayment plan for the recent Public Works Loan Board (PWLB) £10 million 40-year loan, with the Council's level of internal borrowing increasing slightly to £42,309,057 as at 31 December 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 Minimum Revenue Provision (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 percent 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 31 December 2022, and asked questions to which responses were provided. In particular discussions were held on the current volatility of the markets; future borrowing requirements and options for paying off the Barclays £4 million.
- 1.8 Since the Sub-Committee met the Council has received further information on repaying the Barclays loan off early. Due to the rise in interest rates the early repayment premium for this loan has come down from previous quotes received. The current Treasury Management and Investment Strategy allows the Portfolio Holder for Resources and Property and the Director (Resources and Property) to consult and exercise powers for paying off the loan early. The Council has the cash available at the

present time to repay the loan and sought the Committee's support in doing this.

1.9 The Performance and Audit Scrutiny Committee on 26 January 2023 also scrutinised the report. In particular discussions were held on the Barclays' loan, which the Committee supported repaying early.

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/23/001](#)

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

6.1 None

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

7.1 Report number: [FRS/WS/23/001](#)