

STAFFORDSHIRE MOORLANDS DISTRICT COUNCIL

Audit & Accounts Committee

23 June 2023

TITLE:	Treasury Management Annual Report 2022/23
PORTFOLIO HOLDER:	Councillor Wood - Portfolio Holder for Finance
CONTACT OFFICER:	Keith Pointon – Head of Finance Emily Bennetts - Principal Finance Officer
WARDS INVOLVED:	Non-Specific

Appendices Attached – Annual Treasury Management Report 2022/23

1. Reason for the Report

- 1.1 The purpose of the report is to allow the robust scrutiny of the Council's Treasury Management performance in 2022/23 in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management and generally accepted good practice.

2. Recommendation

- 2.1 That the Annual Treasury Management Report 2022/23 is recommended to **Council** for approval.

3. Executive Summary

- 3.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities for the year.
- 3.2 The Annual Treasury Management Report for 2022/23 considers the following areas:
- The Council's treasury position at the end of the year
 - Interest rate movements during the year
 - Borrowing activity
 - Investment performance & portfolio
- 3.3 There will be a supplementary report which will cover capital activity and the impact on the overall borrowing need, and related prudential indicators. This will be presented to a subsequent Audit & Regulatory Committee when the information is available through the Closure of Accounts for 2022/23.

3.4 The Executive Director & Chief Finance Officer confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

3.5 The main headlines include:

- Total external debt at 31st March 2023 amounted to £7.6million. There was an underspend of £48,946 against borrowing costs.
- £307,000 interest income was earned from the capital loan (service investment - housing) to Your Housing Limited. There was a small shortfall of £1,000 against the budget.
- The average daily investment portfolio during 2022/23 was £23.3million invested with a total of nine institutions, yielding £454,457 in investment income. There was a £375,067 surplus against the investment income budget due to the frequent increases in the Bank of England base rate.
- The average return achieved by the Council on its investment portfolio for the year was 1.95%. Year-end investments totalled £16.4million, all internally managed by the Council's Treasury Management Team.

4. **How this report links to Corporate Priorities**

4.1 An effective Treasury Management function is critical in safeguarding and effectively managing the financial resources at the Council's disposal. Sufficient financial resources are required to deliver and underpin the Council's main priorities.

5. **Alternative Options**

5.1 This report sets out the Treasury Management position for Staffordshire Moorlands District Council for 2022/23. As such it is a statement of fact and there are no options to consider.

6. **Implications**

6.1 Community Safety - (Crime and Disorder Act 1998)
None

6.2 Workforce
None

6.3 Equality and Diversity/Equality Impact Assessment
This report has been prepared in accordance with the Council's Diversity and Equality Policies.

6.4 Financial Considerations
Included throughout the report

6.5 Legal
None

- 6.6 Climate Change
Information on investments with Environmental, Social and Governance (ESG) links within the Investment portfolio is included in the report.
- 6.7 Consultation
None
- 6.8 Risk Assessment
There are a number of inherent financial risks associated with Treasury Management activity, not least the potential for loss of interest and/ or deposits. For this reason, the Council engages the services of external Treasury Management advisors, Link Asset Services ('Link').

Investment and borrowing decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. That Strategy includes a number of risk management features such as the overriding priority that security of deposit takes precedence over return on investment.

Martin Owen
Executive Director (Finance and Customer Services)

**Web Links and
Background Papers**

'Treasury Management Strategy 2022/23'
Audit & Accounts Committee February 2022

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