

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

**REPORT COVER SHEET**

<b>Title of Report:</b>	Annual Treasury Management Report 2021-22	To be marked with an 'X' by Democratic Services after report has been presented
<b>Meeting of:</b>	Audit Committee – 16 June 2022	

<b>Is this an Executive Decision:</b>	NO	<b>Is this a Key Decision:</b>	NO
<b>Is this in the Forward Plan:</b>	YES	<b>Is the Report Confidential:</b>	NO
<b>If so, please state relevant paragraph from Schedule 12A LGA 1972:</b>			

**Essential Signatories:**

**ALL REPORTS MUST BE IN THE NAME OF A HEAD OF SERVICE**

Monitoring Officer: **John Teasdale**

Date ..... Signature .....

Chief Finance Officer: **Sal Khan**

Date ..... Signature .....

**EAST STAFFORDSHIRE BOROUGH COUNCIL**

Report to Audit Committee

16 June 2022

<b>TITLE:</b>	Annual Treasury Management Report 2021/22	
<b>PORTFOLIO:</b>	Finance	
<b>HEAD OF SERVICE:</b>	Sal Khan	
<b>CONTACT OFFICER:</b>	Lisa Turner Chief Accountant	ext. x1131
<b>WARD(S) AFFECTED:</b>	All	

**1. Purpose of the Report**

- 1.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report. This report fulfils this requirement, providing a review of treasury activities during the year against the approved Treasury Management Strategy Statement (TMSS).

**2. Contribution to Corporate Priorities**

- 2.1 To support all corporate priorities by minimising the cost to the Council of borrowing to finance its Capital Programme, whilst at the same time maximising the Council's income from the investment of surplus funds whilst maintaining the security and liquidity of investments.

**3. Annual Treasury Management Report**

- 3.1 This is one of three Statutory Treasury Management Reports which are required to be presented to Council each year. The attached report covers:

- The strategy for 2021/22 - a summary (Section 3)
- The Council's treasury position as at 31<sup>st</sup> March 2022 (Section 4)

- Borrowing and Investments outturn (Sections 5 & 6)
- An update on the economy and interest rates (Section 7)
- Compliance with treasury limits and prudential indicators (Section 8)
- An update on other treasury matters (Section 9)

3.2 Overall, the Council's treasury management activities during 2021/22 have been in line with the approved strategy. The highlights from the attached report are as follows:

3.2.1 The Council's external borrowing is £11.115m as at 31<sup>st</sup> March 2022. No additional external borrowing was undertaken during the financial year. External loan debt was repaid as individual annuity loan repayments (from PWLB) were due.

3.2.2 The Capital Financing Requirement (the under-lying need to borrow) increased by £2.7m during the year as a result of capital expenditure funded from prudential borrowing in relation to the replacement of our fleet, which was partially offset by statutory and voluntary repayments in line with our approved policy and Medium Term Financial Strategy. This will reduce the cost of borrowing to the revenue budget in future years. Overall the CFR is higher than had originally been anticipated due to the timing of capital receipts that have been committed towards a reduction in the underlying need to borrow. The CFR level (£15.791m) remains above the external borrowing level; this reflects an under-borrowed position which is cost effective in the current market conditions.

3.2.3 Core Investments stood at £59.4m as at 31<sup>st</sup> March 2022. Average returns during the year were 0.10%, which was consistent with most benchmarks, despite the challenging investment environment.

3.2.4 The average rate of returns on investments assumed within the 2021/22 budget was 0.1%. Due to a combination of factors including the continuation of Covid Reliefs and Grants during the course of the year, cash balances have been higher than anticipated, which has resulted in investment income returns exceeding budget by £40k.

#### **4. Risk Assessment and Management**

4.1 The main risks associated with this report and the Council achieving its objectives are the same as those contained within the Treasury Management Strategy Statement. These cover interest rate risk, inflation risk, market/credit risks and liquidity risk.

4.2 These risks are recorded within the risk register and monitored in accordance with the risk strategy.

#### **5. Financial Considerations**

*This section has been approved by the following member of the Finance Team: Lisa Turner.*

5.1 The report is solely related to financial matters.

5.2 Borrowing and investments throughout the year have been managed in accordance with the approved Treasury Management Strategy for 2021-22.

## **6. Legal Considerations**

*This section has been approved by the following member of the Legal Team: **John Teasdale***

6.1 There are no direct significant legal issues arising from this Report. This report meets the requirements under the Local Government Act 2003.

## **7. Equality and Health**

7.1 The Report does not involve the public, including staff, or have consequences for them.

## **8. Data Protection Implications – Data Protection Impact Assessment (DPIA)**

8.1. A DPIA must be completed where there are plans to:

- use systematic and extensive profiling with significant effects;
- process special category or criminal offence data on a large scale; or
- systematically monitor publicly accessible places on a large scale
- use new technologies;
- use profiling or special category data to decide on access to services;
- profile individuals on a large scale;
- process biometric data;
- process genetic data;
- match data or combine datasets from different sources;
- collect personal data from a source other than the individual without providing them with a privacy notice ('invisible processing');
- track individuals' location or behaviour;
- profile children or target marketing or online services at them; or
- process data that might endanger the individual's physical health or safety in the event of a security breach

8.2 Following consideration of the above, there are no Data Protection implications arising from this report which would require a DPIA.

## **9. Human Rights**

9.1 There are no Human Rights issues arising from this Report.

## **10. Recommendation(s)**

10.1 To review the Annual Treasury Management Report for 2021-22 (and associated Prudential Code Indicators), and to make any comments or observations to full Council as the Committee may see fit.

**11. Background papers**

11.1 Treasury Management Strategy Statement 2021/22 – approved by full Council on 22<sup>nd</sup> February 2021.

**12. Appendices**

12.1 Annual Treasury Management Report – Appendix A.