

**REPORT OF: CHIEF EXECUTIVE**

**TO: POLICY AND RESOURCES COMMITTEE**

**DATES: 15<sup>th</sup> JULY 2021**

**Contact Details:** Dean Langton  
**Tel. No:** 01282 661602  
**E-mail:** dean.langton@pendle.gov.uk

## **TREASURY MANAGEMENT OUTTURN 2020/21**

### **PURPOSE OF REPORT**

1. This report informs the Policy and Resources Committee of the performance of the Council's Treasury Management function for the 2020/21 financial year.

### **RECOMMENDATIONS**

2. The Policy and Resources Committee is recommended to note the outturn position on the Council's treasury management activities for 2020/21.

### **REASONS FOR RECOMMENDATION**

3. For the Policy and Resources Committee to receive details of the Council's treasury management activities for the financial year 2020/21 in compliance with the Council's Treasury Management Policy.

### **ISSUE**

4. The Council's Treasury Management function is concerned with the management of the Council's debts, investments, cashflow and banking arrangements. These activities are regulated by a variety of professional codes, statute and guidance.
5. This report has been produced to comply with the requirements of the Code of Practice on Treasury Management, as issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code states that a report must be submitted to the appropriate Committee before the end of September following the end of the financial year detailing the Council's treasury activities for the previous financial year.
6. Due to the impact of the Covid-19 Pandemic in March 2020 and subsequent cancellation of the Council meetings, the Council's Treasury Management Strategy for 2020/21 was approved by the Chief Executive, in consultation with Group Leaders, on 15<sup>th</sup> April 2020 under the Exercise of Urgent Powers Protocol. A revised Strategy was subsequently approved at the Council meeting held on 10<sup>th</sup> December 2020.

7. Attached at [Appendix A](#) is the Treasury Management Annual Report for 2020/21. The report sets out details of the Council's borrowing and investment activity for the year. Some of the key issues are summarised below:-
- **Borrowing** – The Council's long term borrowing was £23.359m at the beginning of the financial year. This reduced to £22.359m by the end of the financial year reflecting a net debt repayment of £1.000m. The overall cost of debt at 31<sup>st</sup> March 2021 was 2.93%;
  - **Borrowing Limits** – The Council's Authorised Borrowing Limit of £30.0m was not breached during year although, nor was there any breach of the Operational Boundary of £28.0m;
  - **Investments** – The balance of investments at 31<sup>st</sup> March 2021 was £17.5m (compared to £20.0m at the beginning of the financial year). The investment return achieved for the year was 0.23% reflecting in the main the historically low Bank Rate.
8. In relation to the Council's investment balances, during the year there were two technical breaches of the approved Counterparty limit for Lloyds Bank (the Council's own Bank) - in the period 27<sup>th</sup> March 2020 to 1<sup>st</sup> July 2020 and subsequently on 15<sup>th</sup> September 2020. This was due to funding provided by the Government primarily so that the Council could deliver Covid-19 business grant support to local businesses. The effective management of cash including the subsequent payment of the grant support to businesses combined with investments to other Counterparties, led to the amounts held with Lloyds Bank being brought back within the Counterparty limits. Details of this breach were reported to the Accounts and Audit Committee on 28<sup>th</sup> July 2020 and 10<sup>th</sup> November 2020.

## IMPLICATIONS

### Policy

9. This report has been produced in compliance with the requirements of the Council's Treasury Management Policy.

### Financial

10. The two key budgets related to the Council's Treasury Management Function are interest payable on external debt (or debt charges) and interest receivable on investments made.
11. The General Fund Revised Budget for debt charges for 2020/21 was £1.173m comprising £679k for interest on debt, £479k for the Minimum Revenue Provision and £15k for premia payable as a result of debt restructuring exercises in previous years. Actual debt charges for the year were (including MRP and premia) £1.177m, broadly in line with the budget for the year.
12. The Approved Budget for interest and investment income for 2020/21 on the General Fund was £40k whilst the actual level achieved was £59k, some £19k more than budgeted.

### Legal

13. There are no direct legal implications arising from the contents of this report.

## **Risk Management**

14. Treasury Risk Management is a key element of the Council's Treasury Management Strategy. In the light of this, and in accordance with best practice, the Council's has a specific Treasury Management Practice Note specifically covering Treasury Risk Management. In particular, this covers areas such as liquidity risk, Interest Rate risk management and credit/counterparty risk management.
15. Given the arrangements the Council currently has in place in relation to Treasury Risk Management, treasury issues do not currently feature on the Council's Risk Register.

## **Health and Safety**

16. There are no health and safety implications arising directly from the contents of this report.

## **Sustainability Implications**

17. There are no sustainability implications arising directly from this report.

## **Community Safety:**

18. There are no community safety issues arising directly from the contents of this report.

## **Equality and Diversity:**

19. There are no equality and diversity implications arising from the contents of this report.

## **APPENDICES**

[Appendix A](#) – Treasury Management Outturn Report 2020/21

## **LIST OF BACKGROUND PAPERS**

None