

<b>Title of meeting:</b>	Governance and Audit and Standards Committee
<b>Date of meeting:</b>	21 <sup>st</sup> January 2021
<b>Subject:</b>	Treasury Management Monitoring Report for the Third Quarter of 2021/22
<b>Report by:</b>	Chris Ward, Director of Finance and Resources (Section 151 Officer)
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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### **1. Executive Summary**

This report outlines the Council's performance against the treasury management indicators approved by the City Council on 16<sup>th</sup> March 2021.

### **2. Purpose of report**

The purpose of the report is to inform members and the wider community of the Council's Treasury Management position, ie. its borrowing and cash investments at 31<sup>st</sup> December 2021 and of the risks attached to that position.

Whilst the Council has a portfolio of investment properties and some equity shares which were acquired through the capital programme; these do not in themselves form part of the treasury management function.

### **3. Recommendations**

It is recommended that the following be noted:

- 3.1 That the Council's Treasury Management activities have remained within the Treasury Management Policy 2021/22 in the period up to 31<sup>st</sup> December 2021.
- 3.2 That the actual Treasury Management indicators as at 31<sup>st</sup> December 2021 set out in Appendix A be noted.

#### 4. Background

The Council's treasury management operations encompass the following:

- Cash flow forecasting (both daily balances and longer-term forecasting)
- Investing surplus funds in approved cash investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)

The key risks associated with the Council's treasury management operations are:

- Credit risk - ie. that the Council is not repaid, with due interest in full, on the day repayment is due
- Liquidity risk - ie. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs
- Interest rate risk - that the Council fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are more than those for which the Council has budgeted
- Maturity (or refinancing risk) - this relates to the Council's borrowing or capital financing activities, and is the risk that the Council is unable to repay or replace its maturing funding arrangements on appropriate terms
- Procedures (or systems) risk - ie. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud or error

The treasury management budget accounts for a significant proportion of the Council's overall budget.

The Council's Treasury Management Policy aims to manage risk whilst optimising costs and returns. The Council monitors and measures its treasury management position against the indicators described in this report. Treasury management monitoring reports are brought to the Governance and Audit and Standards Committee for scrutiny.

The Governance and Audit and Standards Committee noted the recommendations to Council contained within the Treasury Management Policy 2020/21 on 5<sup>th</sup> March 2021. The City Council approved the Treasury Management Policy 2021/22 on 16<sup>th</sup> March 2021.

**5. Reasons for Recommendations**

To highlight any variance from the approved Treasury Management Policy and to note any subsequent actions.

To provide assurance that the Council's treasury management activities are effectively managed.

**6. Integrated impact assessment**

An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right

**7. Legal Implications**

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2015 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

**8. Director of Finance and Resources (Section 151 Officer) comments**

All financial considerations are contained within the body of the report and the attached appendices.

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Signed by Director of Finance and Resources (Section 151 Officer)

**Appendices:**

**Appendix A: Treasury Management Monitoring Report**

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

<b><u>Title of document</u></b>	<b>Location</b>
1 Treasury Management Records	Financial Services