

Item 5 - Treasury Management Annual Report 2021/22

The attached report was considered by the Finance & Investment Advisory Committee on 6 September 2022. The relevant Minute extract is below.

Treasury Management Annual Report (6 September 2022, Minute 17)

The Principal Accountant (Capital and Treasury) presented the report, which provided a review of investment and borrowing activity from 2021/22. The Council had taken a cautious investment approach resulting in lower interest receipts, which were substantially below budget. However, the overall percentage rate of return exceeded recognised benchmarks. Investment income was supplemented by the property investment strategy and the Council's trading company. He advised the Committee that interest receipts had improved in the current financial year due to the two Base Rate increases, but that this would be partially offset by the capital programme and housing acquisitions.

He updated the Committee on the Council's investments for this financial year. £2.5 million was invested into two multi-asset income funds each, from which the investment income was between £14,000 and £16,000 each. This would bring interest receipts over the course of the financial year above budget, but did have a risk of capital loss and would require careful monitoring.

He then updated the Committee on the Council's debt in 2021/22. The Council borrowed £8 million from the Public Works Loan Board (PWLB) for capital schemes, bringing total borrowing to £13 million. Members were advised that this was low compared to other local authorities. The Municipal Bonds Agency was developing but had presented little investment opportunity during 2021/22.

In response to questions from Members, he clarified that the Council's balances available for investing was lower than the local authorities it was compared with, and so daily cash flow needs and the property investment strategy limited the ability to place longer term investments at better rates of interest. He further clarified that matching the current rate of inflation through investment income was impossible without significant extra risk, but that the difference was currently narrowing slightly through the growth in the Base Rates.

Members thanked the Principal Accountant for his report and for all the work he had done for the Council in the past 38 years.

Resolved: That it be recommended to Cabinet that the report be approved.