

LONDON BOROUGH OF WALTHAM FOREST

Meeting / Date	FULL COUNCIL 3rd March 2022
Report Title	2021-22 Treasury Management Mid-Year Review
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Wards affected	None
Public Access	Open
Appendix	2021-22 Treasury Management Mid-Year Report

1. SUMMARY

This report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management requires the Council to report on treasury management activities to Full Council at least twice a year (Mid-year and Year end). The Council's Treasury Management Strategy Statement (TMSS) for 2021/22 was approved at the Full Council on the 25th March 2021.

The Council's Committee to approve the 2021-22 Treasury Management Mid-Year Report. This report covers the following: -

- An economic update for the first six months of the current financial year
- A review of the Treasury Management Strategy and Annual Investment Strategy
- The Authority's capital expenditure
- A review of the Council's investments portfolio as at 30th September 2021
- A review of the Council's borrowing strategy for 2021/22
- A review of any debt rescheduling undertaken during 2021/22
- A review of compliance with Treasury and Prudential Limits for 2021/22.

2. The Key highlights of the Mid-Year report are as follow:

- 2.1 The Council held £72.4m of investments as at 30th September 2021. The Council maintained an average investments balance of £89.6m and the average interest earned for the first six months of the year was 0.08% against a benchmark of 6 months average SONIA (Sterling Overnight interbank average rate) at 0.05%.
- 2.2 The debts portfolio as at 30th September 2021 was £347m with an average interest payable of 3.20% and an average maturity of 25 years. On the 30th September 2021 the PWLB rates was 1.96% for 50years fixed long-term new loan on maturity after the certainty rate discount compared to the Council's loan portfolio profile. This reflecting the fact that most borrowing was undertaken historically when rates were higher.
- 2.3 All treasury management activities within the first half of the year have been in accordance with the approved limits and prudential indicators as set out in the Treasury Management Strategy Statement 2021/22. There was no breach of the Council's prudential indicators and treasury indicators.
- 2.4 Members to aware the operational boundaries set on the 2021/22 Treasury Management Strategy Statement at £295.871m do not include internal debts, therefore is under the actual debts of the council. This figure will be revised in 2022/23 TMSS.

The actual debts as at 30th September 2021 is £347.574m a difference of £51.704m.

3. RECOMMENDATIONS

- 3.1 That the Audit and Governance Committee recommend the Full Council:
 - 3.1.1 To agree and note the treasury management activities from 1st April 2021 to 30th September 2021 as detailed in 2021-22 Treasury Management Mid -Year Report.

4. PROPOSALS

- 4.1 Treasury Management in the context of the report is defined as:

“The Management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.” (CIPFA Treasury Management Code of Practice 2017).
- 4.2. The Council has powers under Part 1 of the Local Government Act 2003 to borrow (i.e. prudential borrowing) and invest money in accordance with statute. In carrying out these functions, the Council is required to have regard to statutory guidance, which is currently found in the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. As this is statutory guidance, the Council should follow the guidance unless there is good reason not to. The Guidance requires the

Council to agree a treasury strategy for borrowing and to prepare an annual investment strategy, an interim report and an annual treasury management review.

- 4.3 The attached appendix is presented to the Council to approve the mid-year Treasury Management Strategy. The report includes details of the forecasted outturn for capital expenditure, as well as borrowing and investment forecasts based on cash flow and the capital expenditure.

5. CONSULTATION

- 5.1 The Treasury Management Team and Treasury Strategy Group are consulted on the content of this report. Membership of these groups includes the following officers: Head of Pensions and Treasury, Strategic Director Finance and Governance, Director of Finance, Chief Accountant, Strategic Finance Advisers.

6. IMPLICATIONS

6.1 Finance, Value for Money and Risk

6.1.1 This report details financial activity and possible future proposals in respect of treasury strategy. Any proposed changes will be made to maximise the value and effective utilisation of the Council's finances and in accordance with CIPFA's Code of Practice.

6.2 Legal

6.2.1 The Council's constitution provides that all money held by the Council shall be aggregated for the purposes of Treasury Management and shall be under the control of the officer responsible for the proper administration of the Council's financial affairs (Section 151 officer).

6.2.2 This report sets out the Council's position regarding its legal requirements under the CIPFA Prudential Code, Code of Practice on Treasury Management in Local Government, and other regulations.

6.3 Equalities and Diversity

6.3.1 There are no specific implications

6.4 Sustainability (including climate change, health, crime and disorder)

6.4.1 There are no specific implications.

6.5 Council Infrastructure

6.5.1 There are no specific implications.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

There are no background papers for this report which require listing.



Waltham Forest