

**South Lakeland District Council**  
**Overview and Scrutiny Committee**  
**Friday 8<sup>th</sup> July 2022**  
**2021/22 Annual Treasury Management Report**

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**Portfolio:** Finance and Assets Portfolio Holder  
**Report from:** Section 151 Officer  
**Report Author:** Claire Read – Finance Specialist (Deputy Section 151 Officer)  
**Wards:** (All Wards);  
**Forward Plan:** Not applicable

**Links to Council Plan Priorities:** This reports shows performance against the 2021/22 Treasury Management Strategy, which forms part of the corporate governance arrangements that support all Council plan priorities.

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**1.0 Expected Outcome and Measures of Success**

1.1 The attached report reviews treasury performance during 2021/22 against the Council's Treasury Management Strategy. This is a historic review for noting by members.

**2.0 Recommendation**

**2.1 It is recommended that Overview and Scrutiny Committee:-**

- (1) Consider the 2021/22 Annual Treasury Management Report; and**
- (2) Recommend it to Council for Approval**

**3.0 Background and Proposals**

3.1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury management report. This is to include a review of activities and the actual prudential and treasury indicators for 2021/22.

3.2 The report at **Appendix 1** meets the requirements of both the Chartered Institute of Public Finance and Accounting (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

3.3 In line with requirements of the code, the Treasury Management Framework (including Prudential Indicators) was approved prior to the start of the financial year by Council on 23<sup>rd</sup> February 2021.

3.4 The level of actual external debt has remained at £12.8m, below the Capital Financing Requirement of £24m This shows the Council has not funded revenue activity through borrowing, a key prudential indicator. This has been a prudent strategy which is constantly under review so as to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing.

3.5 Interest receipts from the Council's Investments came in on budget at £36k, with the majority of investments out performing relevant benchmarks.

- 3.6 Interest payable on borrowing was in line with budget as no new borrowing was expected or taken in 2021/22 as a result of using internal cash balances to fund capital rather than borrowing.
- 3.7 Looking forward, Inflation is expected to continue to rise amongst a perfect storm of issues and therefore the Bank Rate is expected to rise further during 2022/23 from its current level of 1% as at the time of writing (14 June 2022)

#### 4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	2021-2022 Annual Treasury Management Report

#### 5.0 Consultation

- 5.1 The Treasury Management Framework satisfies statute and guidance issued by Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA. It is mainly a technical document that reflects the decisions made as part of the wider budget process. It was prepared in consultation with the Council's Treasury Advisor (Link Asset Services). Senior management and the Portfolio holder have been consulted. The report presents historic data on treasury performance during 2021/22.
- 5.2 This report will have been to Cabinet on 4<sup>th</sup> July 2022, and the committee will be updated on the day with any comments made.

#### 6.0 Alternative Options

- 6.1 There are no alternative options, the report presents historic data on treasury performance during 2021/22

#### 7.0 Implications

##### Financial, Resources and Procurement

- 7.1 The report is historic with the financial and resource implications forming part of the out-turn report for 2021/22

##### Human Resources

- 7.2 This report has no direct impact on the staffing of the Council.

##### Legal

- 7.3 This report has no direct legal implications

##### Health and Sustainability Impact Assessment

- 7.4 Have you completed a Health and Sustainability Impact Assessment? No
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: Treasury management out-turn relates to a historic review of activities already approved as part of the 2021/22 Treasury Management Framework

##### Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Analysis, please explain your reasons: Treasury management out-turn relates to a historic review of activities already approved as part of the 2021/22 Treasury Management Framework.

<b>Risk Management</b>	<b>Consequence</b>	<b>Controls required</b>
Reporting is not compliant with the statutory guidance.	Members do not have the opportunity to scrutinise the Treasury function	Full year treasury management report to be presented to Overview and Scrutiny, Cabinet and Council
Investment and borrowing activity is outside of the approved Treasury Management Framework	The Council is exposed to an unauthorised level of Treasury related risk	Robust governance arrangement to control day to day operations, based on the approved strategy, with regular reporting of compliance

### Contact Officers

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### Background Documents Available

<b>Name of Background document</b>	<b>Where it is available</b>
2021/2 Treasury Management and Capital Strategies (Minute C/101)	<a href="#">Agenda for Council on Tuesday, 23 February 2021, 6.30 p.m. (southlakeland.gov.uk)A</a>

### Tracking Information

<b>Signed off by</b>	<b>Date sent</b>	<b>Date Signed off</b>
Section 151 Officer	14/06/2022	16/06/2022
Monitoring Officer	14/06/2022	20/06/2022
CMT	16/06/2022	16/06/2022

<b>Circulated to</b>	<b>Date sent</b>
Lead Specialist	14/06/2022
Human Resources Lead Specialist	14/06/2022
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	14/06/2022
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	29/06/2022
Council	N/A