

**South Lakeland District Council**  
**Overview and Scrutiny Committee**  
**Friday, 9 July 2021**  
**2020/21 Annual Treasury Management Report**

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**Portfolio:** Finance and Resources Portfolio Holder  
**Report from:** Section 151 Officer  
**Report Author:** Claire Read – Specialist 3 (Finance)  
**Wards:** All Wards  
**Forward Plan:** n/a

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**1.0 Expected Outcome**

1.1 The attached report reviews treasury performance during 2020/21 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 2020/21 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 2020/21.

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 25<sup>th</sup> February 2020. Investment limits were updated in an Emergency Non Executive Decision on 31<sup>st</sup> March 2020. Detailed reports have been presented to Overview and Scrutiny Committee, Cabinet and Council throughout the year.

3.4 The level of actual external debt has remained at £12.8m, below the Capital Financing Requirement of £21.1m. 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 brought in £96k in income, £135k below budget following the advent of the Covid-19 Pandemic which caused the bank

rate to be cut to 0.10%. However, the Council's investment returns consistently outperformed relevant benchmarks.

3.6 Interest payable on borrowing was £250k lower than budget as no new borrowing was taken in 2020/21 as a result of using internal cash balances to fund capital rather than borrowing, reflecting delays in capital spending linked to lockdowns and the necessity to review schemes.

3.7 Looking forward, the COVID-19 outbreak will continue to affect the economic performance of the country and the world in the year ahead with bank rates unlikely to rise any time soon.

#### **4.0 Consultation**

4.1 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 2020/21.

#### **5.0 Alternative Options**

5.1 There are no alternative options, the report presents historic data on treasury performance during 2020/21

#### **6.0 Links to Council Priorities**

6.1 The Treasury Management Framework including Prudential Indicators forms part of the corporate governance arrangements that support all Council priorities.

#### **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 2020/21

#### **Human Resources**

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

#### **Legal**

7.3 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 2020/21

#### **Health, Social, Economic and Environmental**

7.4 Have you completed an Health, Social, Economic and Environmental 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 2020/21 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 Assessment, please explain your reasons: Treasury management out-turn relates to a historic review of activities already approved as part of the 2020/21 Treasury Management Framework

## Risk

Risk	Consequence	Controls required
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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## Appendices Attached to this Report

(delete if no appendices attached)

Appendix No.	Name of Appendix
1	2020-2021 Annual Treasury Management Report

## Background Documents Available

Name of Background document	Where it is available
2020/21 Treasury Management and Capital Strategies (Minute C/73)	<a href="#">Agenda for Council on Tuesday, 25 February 2020, 6.30 p.m. (southlakeland.gov.uk)</a>
Emergency Non Executive Decision 003 Treasury Management	<a href="#">Agenda for Emergency Non-Executive Decisions on Tuesday, 31 March 2020, 4.30 p.m. (southlakeland.gov.uk)</a>

## Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	06/06/2021	09/06/2021
Monitoring Officer	06/06/2021	08/06/2021
CMT	06/06/2021	08/06/2021

Circulated to	Date sent
Lead Specialist	06/06/2021
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	N/A
Committee Chairman	N/A
Portfolio Holder	09/06/2021
Ward Councillor(s)	N/A
Committee	09/07/2021
Executive (Cabinet)	23/06/2021
Council	N/A