

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 6TH DECEMBER, 2021

REFERENCE FROM CABINET: 22ND NOVEMBER, 2021

**"C735 TREASURY MANAGEMENT MID-YEAR REPORT 2021/22 (EL/PR)
(SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –**

The Leader outlined the report, the purpose of which was to provide a mid-year report on the Authority's Treasury Management operations for the period 1st April 2021 to 30th September 2021. All activities were in accordance with the Authority's approved strategy on Treasury Management.

The report referred to the external influences on Treasury Management, such as COVID-19, pressure on prices on energy and fuel, issues with supply chains, inflation and others both at the UK and global levels.

In line with the Authority's existing borrowing strategy the revised estimate for new loans required to support the capital programme for 2021/22 was £11.805M (£3.429M supported).

It was likely that the sum required will now be internally borrowed during 2021/22, although with such a significant PWLB repayment profile and some large sums projected for HRA borrowing this position will need to be kept under review to help manage the Council's interest risk.

The Council invested with the Debt Management Deposit Facility, Local Authorities, Treasury Bills, Money Market Funds and Lloyds Instant Access Accounts in order to secure the best return.

The Authority was currently looking into the possibility of opening a notice account with Santander Bank PLC. This account benefited from a higher return provided the required period of notice was given prior to withdrawal.

The Authority proposed to extend the maturity period of loans to other Local Authorities from 365 days to 2 years. The maximum deposits per institution would be £5m and taking into account reserve projections it was proposed the maximum sum invested over 364 days will be restricted to £10m in total. In order to do this Cabinet and Full Council approval was requested in this report.

As the world emerged from the pandemic the report contained a review of the UK's and other leading nation's economies together with forecasts for interest rates.

The Authority must ensure that the Prudential Code was complied with, which had been developed and written by CIPFA as a professional code of practice. To demonstrate the Authority had fulfilled these objectives, the Code set out prudential

indicators that should be implemented and the factors that must be taken into account. The Council fully complied with these prudential indicators during the first 6 months of 2021/22.

This was a matter for Executive and Council decision.

Cabinet, having considered the report and all the issues and implications contained therein

RESOLVED –

- (1) T H A T the Treasury Management mid-year report for the period 1st April 2021 to 30th September 2021 be accepted.
- (2) T H A T the latest Treasury Management indicators be agreed.
- (3) T H A T the report be referred to the next Corporate Performance and Resources Scrutiny Committee for consideration.
- (4) T H A T the changes to the investment limits be noted.
- (5) T H A T the increase in the maximum maturity period for investments placed with other Local Authorities to 2 years with a maximum investment of £5M per institution and no more than £10M invested beyond 364 days be approved by Cabinet and Full Council.
- (6) T H A T the report be referred to Full Council for approval.

Reasons for decisions

- (1) To present the Treasury Management mid-year report as required by the CIPFA Treasury Management in the Public Services: Code of Practice.
- (2) To present an update of the Treasury Management indicators which are included in the Treasury Management Strategy.
- (3) To present this report to the Corporate Performance & Resources Scrutiny Committee.
- (4) To ensure members are aware of current Treasury Management practices.
- (5) To ensure members are aware of changes to the Treasury Management strategy.
- (6) To comply with the Treasury Management Strategy."