

THE VALE OF GLAMORGAN COUNCIL

COUNCIL: 5TH DECEMBER, 2022

REFERENCE FROM CABINET: 17TH NOVEMBER, 2022

**“C132 TREASURY MANAGEMENT MID-TERM REPORT (EL/PR)
(SCRUTINY – CORPORATE PERFORMANCE AND RESOURCES) –**

The Leader presented 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, 2022 to 30th September, 2022

The interim report provided an update on the Authority's Treasury Management operations for the period 1st April to 30th September, 2022. All activities were in accordance with the Authority's approved strategy on Treasury Management.

Total external borrowing as of 30th September, 2022 was £154.238m at an average rate of 4.48%. New external borrowing undertaken during the first 6 months of 2022/23 totalled £3m at an average rate of 3.07%.

The Council invested with the Debt Management Deposit Facility, Local Authorities, Treasury Bills, Money Market Funds together with Lloyds and Santander Bank Call Accounts. Total investments as of 30th September, 2022 stood at £96.345m at an average rate of 0.97%.

As the world emerged from the pandemic, the effects of Russia's invasion of Ukraine and the cost of living crisis, the report contained a review of the UK economy together with forecasts for interest rates.

The Authority had to ensure compliance with the Prudential Code, which had been developed and written by CIPFA as a professional code of practice. To demonstrate the Authority had met the necessary requirements, the Code set out prudential indicators that should be implemented and the factors that must be considered. The Council fully complied with those prudential indicators during the first six months of 2022/23.

External borrowing of £3.451m had been included in the estimates to cover loan maturities during 2022/23 and supported borrowing. However, the decision on whether to proceed would consider reserve levels and capital spend projections, PWLB rate forward projections and cost of carry. Advice would be sought from the Council's Treasury Management advisers.

The 2021 revised CIPFA Code of Practice required Local Authorities to adopt a new prudential indicator called the Liability Benchmark from 2023/24, a consideration of this over 20 years had been included in the report.

The Leader noted a comment made at a recent Scrutiny Committee meeting about financial management being difficult, she concurred but added that it is absolutely essential. She hoped to be able to make a statement next week concerning the medium-term fiscal event that took place that morning once the information had been analysed to see what bearing that had on the Vale of Glamorgan Council. In the current environment, the Council had to be completely on the top of financial management and thanked the Officers for the depth of detail available in the report.

Councillor Wilson said he felt the Council's strategy was right given the uncertainty in the economy currently, with priority given to security and liquidity over speculative investments was a prudent approach and one of the reasons that the Vale of Glamorgan Council was one of the strongest Councils in Wales in terms of its financial position.

This was a matter for Executive 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, 2022 to 30th September, 2022 be approved and referred to Council, in December 2022, for consideration.

(2) T H A T the latest Treasury Management indicators be approved and referred to Council in December 2022, for consideration.

(3) T H A T, notwithstanding Resolutions (1) and (2) above, the report also be forwarded to the next Corporate Performance and Resources Scrutiny Committee for consideration and discussion.

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 were included in the Treasury Management Strategy.

(3) To present the report to the Corporate Performance and Resources Scrutiny Committee in accordance with the remit of the Committee.”