
2021/22 TREASURY OPERATIONS ANNUAL PERFORMANCE REVIEW

Committee: Finance and Assets Committee

Date: 23rd June 2022

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[X23]

1.0 **ISSUE**

- 1.1 To report on the Council's treasury operations during the 2021/22 financial year.
- 1.2 This report reviews the Treasury Management activity during the financial year 2021/22 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

2.0 **RECOMMENDATION**

- 2.1 Members are asked to recommend to Full Council that they approve this report detailing the Council's treasury operations during 2021/22, including the prudential and treasury indicators, as set out in the Annual Treasury Management Review (Appendix 1).

3.0 **BACKGROUND / INTRODUCTION**

- 3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators each year, this is the report for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 3.2 During 2021/22 the minimum reporting requirements were that Full Council should receive the following reports:
- an annual treasury strategy in advance of the year (approved by Full Council on the 23rd February 2021);
 - a mid-year treasury update report, (this was reviewed by Finance and Assets Committee on 25th November 2021 and approved by Full Council on the 22nd February 2022);
 - an annual review following the end of the year, describing the activity compared to the strategy (this report).

4.0 **RESULTS**

- 4.1 Cash investments totalled £33.530 million as at 31st March 2022, an increase of £14.665 million on the previous year. The Council's cash investments were all for periods of less than one year.
- 4.2 The large increase in cash is mainly down to six events,

- additional Government funding, awarded to assist councils with issues arising from the Covid-19 pandemic, specifically Business Rates funding provided in advance to assist with cashflow;
- Government funding to provide Council Tax rebates to residents (this was received late in the 2021/22 financial year and will be paid out in 2022/23);
- the Council's overall revenue underspend for the year as reported in the finance outturn report (also on the Committee's agenda);
- additional CIL receipts;
- additional Council Tax receipts, as the forecast downturn in income as a consequence of the pandemic did not occur;
- the receipt of funding from Cambridgeshire Horizons.

4.3 The Council's loan to ECTC remained at £4.9 million throughout the year.

4.4 Interest received during the financial year was £200,614, which was £78,937 above the budget of £121,677. This figure was made up of £29,114 from investment in money markets and other short, fixed term investments and £171,500 from the loans to ECTC.

4.5 The average rate of return on cash investments held during the year (this excludes the loan to ECTC) was 0.099%. This was above the benchmark 7-day LIBID compound rate (London Inter-bank Bid Rate) which was an average of -0.070% for the first nine months of the year. LIBID was stopped at the end of 2021 and has been replaced by SONIA (Sterling Overnight Index Average), our 2022/23 Strategy states that we will be using this benchmark moving forward.

5.0 CONCLUSIONS

5.1 The size of the Council's investment portfolio has historically been relatively small, meaning that investment decisions have had to be made primarily to accommodate cashflow requirements as opposed to optimising investment returns. While the value of the portfolio is now higher than in previous years, these disciplines have been retained, although opportunities for some pro-active investment decisions were taken during the year, with funds being moved to longer-term investments and away from overnight accounts.

5.2 During the financial year the Council operated within its approved treasury limits and prudential indicators.

6.0 APPENDIX

6.1 Annual Treasury Management Review 2021/22

BACKGROUND DOCUMENTS	LOCATION	CONTACT OFFICER
Treasury Management Strategy as approved by Council on 23 rd February 2021	Room 104 The Grange Ely	Ian Smith (01353) 616470 E-mail: ian.smith@eastcambs.gov.uk