Report to Cabinet

Subject: Annual Treasury Activity Report 2021/22

Date: 6 July 2022

Author: Director of Corporate Resources and S151 Officer

Wards Affected

All

Purpose

To inform Members of the outturn in respect of the 2021/22 Prudential Code Indicators, and to advise Members of the outturn on treasury activity, both as required by the Council's Treasury Management Strategy.

Key Decision

This is not a key decision.

Recommendation:

That:

1. Members approve the Annual Treasury Activity Report for 2021/22 and refer it to Full Council for approval, as required by the regulations.

1 Background

1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury review of its activities, and the actual Prudential and Treasury Indicators 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).

1.2 For 2021/22 the minimum reporting requirements were that the Full Council should receive the following reports:

- An Annual Treasury Management Strategy Statement (TMSS) in advance of the year. This was considered by Cabinet on 11 February 2021 and subsequently approved by Full Council on 4 March 2021.

- A Mid-Year Treasury Update report. In accordance with best practice, Members will note that, as in previous years, quarterly monitoring reports for treasury activity have been provided and that this exceeds the minimum requirements.

- An Annual Review following the end of the year describing the activity compared to the strategy. This report is in fulfilment of this requirement.

1.3 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. The Annual Treasury Activity Report provides details of the outturn position for treasury activities during the year, and highlights compliance with the Council's policies, previously approved by Members.

1.4 The Council has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by submitting them to Cabinet before they are reported to Full Council.

1.5 Member training on treasury management issues is undertaken by the Chief Financial Officer as it is needed in order to support Members' scrutiny role. In addition, the Council's treasury advisers, Link Asset Services (LAS), periodically deliver more detailed training sessions for Members at the request of the Chief Financial Officer.

2 Proposal

2.1 <u>Summary of the economy and interest rates during 2021/22</u>

2.1.1 The coronavirus pandemic has caused huge economic damage to both the UK and to economies around the world. After the Bank of England's Monetary Policy Committee (MPC) took emergency action in March 2020 to cut Bank Rate to 0.10%, it then left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% on 16 December 2021, to 0.50% on 4 February 2022 and then to 0.75% in March 2022.

2.1.2 The UK economy has endured several false dawns during 2021/22 with the likes of the omicron variant resulting in further lockdowns. However, most of the economy has now opened and many businesses are now operating as normal. Gross domestic product (GDP) numbers have been robust (9% year on year growth in quarter 1 of 2022) and this has been

sufficient for the MPC to focus on inflation with the consumer prices index (CPI) reaching 7.0% in March 2022 and then increasing to 9.0% in April 2022 and 9.1% in the following month.

2.1.3 Gilt yields fell towards the end of 2021 but, despite the war in Ukraine, have increased in the early months of 2022. These rises have been part of a global trend as central banks have suggested they will continue to raise interest rates to contain inflation. Historically, further rises in US treasury yields will probably result in increases in UK gilt yields as there is a strong correlation between the two. However, the squeeze on household disposable incomes arising from the 54% increase in utility prices in April 2022 as well as increases in council tax and water plus and food and other prices increases associated with global supply issues are strong headwinds for any economy to deal with. In addition, from 1 April 2022 both employers and employees have been required to pay a further 1.25% in national insurance. Consequently, inflation is anticipated to be a bigger drag on real incomes in 2022 than in any year since records began in 1995.

2.1.4 The MPC adopted a major change in its implementation of the 2% inflation target during 2020/21, indicating that it did not intend to tighten monetary policy "until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That mantra now seems very dated. There is now a "perfect storm" of supply side shortages, labour shortages and commodity price inflation. These, along with the impact of Russia's invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023.

2.2 <u>The Council's overall Treasury position at 31 March 2022</u>

The Council's debt and investment position is organised to ensure adequate liquidity for revenue and capital activities, security of investment, and to manage risks within all treasury management activities. At the beginning and end of 2021/22, the treasury position was as follows:

Treasury position:	1 April 2021 £000s	31 March 2022 £000s
Total external debt	9,812	10,812
Capital Financing Requirement (CFR)	10,013	11,662

Over/(under) borrowing to CFR	**(201)**	**(850)**
Total external debt	9,812	10,812
Total investments	(17,885)	(27,590)
Net debt/(investment)	**(8,073)**	**(16,778)**

Full details of the Council's borrowing and investments can be found at Appendix 1.

2.3 The Treasury Strategy for 2021/22

2.3.1 The expectation within the treasury strategy for 2021/22 (the TMSS) was that whilst some uncertainty regarding the impact of the coronavirus pandemic would remain, the agreement of a Brexit trade deal between the UK and the European Union by the deadline of 31 December 2020 and other factors meant that Bank Rate was not expected to rise from 0.10% through to March 2024 as the economy sought to recover from the recession caused by the coronavirus lockdowns. Whilst the Council budgeted to take an additional £3m of new borrowing in 2021/22 to finance the capital programme, the treasury strategy was to maintain an under-borrowed position (ie. postpone borrowing to avoid the cost of holding higher levels of investments at rates lower than the cost of the borrowing) where possible whilst ensuring that borrowing was not postponed to a point where undertaking it at higher rates would be unavoidable.

2.3.2 In the event, the actual level of capital expenditure in 2021/22 was lower than anticipated and this, in association with higher than expected cash balances, meant that additional borrowing of £1m was required as opposed to the £3m originally planned. As set out in 2.1.1 above, there were three increases in Bank Rate during 2021/22 in sharp contrast to the stable environment assumed when the TMSS was approved.

2.4 The Council's Borrowing Requirement

The Council's underlying need to borrow for capital expenditure is termed the capital financing requirement (CFR), and is a gauge of the Council's indebtedness.

The CFR results from the Council's capital activity, and the resources it uses to pay for that capital spending, and represents unfinanced expenditure that has not yet been paid for from revenue or other resources.

CFR:	1 April 2021 (Actual) £000s	31 March 2022 (Orig. Est-TMSS) £000s	31 March 2022 (Actual) £000s
Capital Financing Requirement	10,013	15,290	11,662

The significant 2021/22 variance on the CFR is due to deferrals and savings on the 2020/21 capital programme, both of which reduced the borrowing requirement in that year, and to amendments on the capital programme during 2021/22, including the deferral of schemes to 2022/23.

2.5 Borrowing rates in 2021/22

Medium term fixed borrowing rates were not expected to rise during 2021/22 and the two subsequent financial years whilst long term fixed borrowing rates were only expected to increase gradually. Variable or short term rates were expected to be the cheaper form of borrowing over the period.

The following projections were provided by the Council's treasury advisers as at 31 January 2021 and were reported in the TMSS for 2021/22.

Link Group Interest Rate View 9.11.20												
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20												
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60

PWLB rates are based on, and determined by, UK Government Bond (gilts) yields plus a specified margin determined by HM Treasury. It was anticipated that there would be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate was not expected to rise from 0.1% before March 2024.

As set out in 2.1.1, there were three increases in Bank rate in 2021/22. For illustration, the table below shows the LAS forecasts for interest rates as at 21 June 2022 demonstrating that further increases in Bank Rate are anticipated.

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3-month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6-month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12-month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB												

2.6 The Council's borrowing outturn for 2021/22

2.6.1 One new loan was taken out during 2021/22. This was a £1.0m loan from the PWLB taken out for 50 years at 1.81%. No loans were redeemed during the year.

2.6.2 The Council did not borrow more than, or in advance of its needs, purely to profit from the investment of the extra sums borrowed, and will not do so.

2.6.3 Total outstanding debt at 31 March 2022 was £10.812m. All loans held are repayable on maturity and are at fixed rates.

2.6.4 There was no rescheduling of PWLB debt undertaken during the year due to the significant differential between PWLB new borrowing rates and premature repayment rates making such action unviable.

2.6.5 No temporary borrowing was arranged for cashflow purposes during 2021/22.

2.7 Investment rates in 2021/22

Continued uncertainty in response to the economic impact of the coronavirus pandemic led to a cautious approach to investment during 2021/22. Investment returns in general continued to be exceptionally low in 2021/22. Indeed, there were often occasions when the cost of placing funds exceeded the returns available for investing sums available on certain days.

2.8 The Council's Investment outturn for 2021/22

2.8.1 The Council's investment policy is governed by MHCLG guidance and implemented by the Annual Investment Strategy, which formed part of the TMSS approved by Council on 4 March 2021. This policy sets out the approach for selecting investment counterparties. For 2021/22 the Chief Financial Officer adopted the Link Asset Services (LAS) credit rating methodology, a sophisticated modelling approach utilising credit ratings

from all three of the main rating agencies to give a suggested maximum duration for investments. Accordingly it does not place undue reliance on any one agency's ratings. The methodology subsequently applies an "overlay" to take account of positive and negative credit watches and/or credit outlook information, which may increase or decrease the suggested duration of investments. It then applies a second overlay based on the credit default swap spreads for institutions, the monitoring of which has been shown to give an early warning of likely changes in credit ratings. The methodology also incorporates sovereign ratings to ensure selection of counterparties from only the most creditworthy countries. The 2021/22 TMSS Strategy permitted the use of any UK counterparties, subject to their individual credit ratings under the LAS methodology. It also permitted the use of counterparties from other countries with a minimum sovereign rating of AA-.

2.8.2 Whilst credit ratings advice is taken from the treasury advisers, the ultimate decision on what is prudent and manageable for the Council is taken by the Chief Financial Officer under the approved scheme of delegation.

2.8.3 No changes to the TMSS for 2021/22 approved by Council on 4 March 2021 were made during the year.

2.8.4 The Council's investment priorities in 2021/22 remained the security of capital and good liquidity. Whilst the Council always seeks to obtain the optimum return (yield) on its investments, this is at all times commensurate with proper levels of security and liquidity. During the year it remained appropriate either to keep investments short–term to cover cashflow needs, or to take advantage of fixed periods up to twelve months with a small number of selected counterparties. During the coronavirus pandemic the maintenance of liquidity has clearly been even more critical, and investment terms have been kept short.

During 2021/22, significant use was made of the Council's three Money Market Funds (MMFs). These are AAA rated investment vehicles which allow the pooling of many billions of pounds worth of assets into highly diversified funds, thus reducing risk. The equated rates of return achieved on these funds were between Nil and 0.50% and increased significantly towards the end of 2021/22 following the increase in the Base Rate to 0.5% on 3 February 2022. The Base Rate increase was also reflected in the rates obtainable from the Debt Management Office (DMO) which were 0.50% for overnight investments and 0.82% for six month investments at 31 March 2022.

2.8.5 An investment of £1m was made in the CCLA Local Authority Property Fund (LAPF) on 30 November 2017. This is a local government

investment scheme approved by the Treasury under the Trustee Investments Act 1961 (section 11). The equated dividend for 2021/22 was 4.7% and this is treated as revenue income. The investment has allowed the Council to introduce a property element into its investment portfolio without the risks associated with the direct purchase of assets. The main risk around Property Funds is the preservation of the capital sum. However evidence suggests that over time the property market has been a positive long-term investment and it is accordingly anticipated that this investment will be held on a long-term basis to minimise any risk.

2.8.6 The property fund investment purchased a number of units, determined by the unit price on the entry date. This valued the initial investment of £1m at £936,770, setting the implied entry fee at £63,230, or 6.32%. The certified value of the property fund investment at 31 March 2022 was £1,092,898 reflecting a gain in value of £163,189 during the 2021/22 year. This is the first time the value of the property fund investment has exceeded the initial investment of £1m. Following changes to accounting arrangements, all movements in the valuation of pooled investment funds must be charged to the Comprehensive Income and Expenditure account (CIES). However, a statutory override is in place for a period of five years to ensure that the impact of these on the General Fund is neutralised. Accordingly the difference of £92,898 between the £1m investment and the certified 31 March 2022 value of £1,092,898 is held in the Pooled Investment Funds Adjustment Account.

2.8.7 Investment interest of £78,553 (including dividends of £35,520 on the property fund) was generated in the year, representing an equated rate of 0.29%. This outperforms the benchmark average 7 day LIBID rate, which ended the year at 0.23%, and in cash terms represents additional income to the General Fund of £17,400. This was achieved partly as a result of positive investment management, but was largely due to the 3.55% dividend on the Property Fund. Performance in respect of the longer average 3 month LIBID rate, which ended the year at 0.14%, represents additional income of £41,400.

2.8.8 Investment activity during the year conformed to the approved strategy and the Council had no liquidity difficulties. Investment counterparty limits for 2021/22 were set in the TMSS at £3m, or £4m for Money Market Funds (due to them being by definition highly diversified investment vehicles). A limit of £3m was set for investments with the CCLA PSDF money market fund in recognition of the pre-existing property fund investment of £1m (ie. a <u>total</u> of £4m with the counterparty). A limit of £4m was set for investments with Santander as they offer the Council preferential rates on their 95 and 180 day notice accounts and provide 60 days notice of any change. No limit was set with the Debt Management Office as this represents investment with central government. The Chief

Financial Officer has delegated authority to vary the limits as appropriate and to report any change to Cabinet at the next quarterly report. No changes to limits were reported during 2021/22.

2.8.9 The Annual Treasury Activity Report for the year ended 31 March 2022 is attached at Appendix 1 in accordance with the TMSS.

2.9 Compliance with Prudential and Treasury Indicators

2.9.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limit. The Council's approved Prudential and Treasury Indicators (affordability limits) are included in the Treasury Management Strategy Statement (TMSS) approved by Council on 4 March 2021.

2.9.2 During the financial year 2021/22 the Council has at all times operated within the Prudential and Treasury Management Indicators set out in the Council's TMSS, and in compliance with the Council's Treasury Management Practices. A summary of the outturn position at 31 March in respect of each of the 2021/22 Prudential and Treasury Management Indicators is shown at Appendix 2.

a) Prudential Indicators:

i) Capital Expenditure

Capital expenditure for 2021/22 totalled **£6,331,076**. This differs to the approved indicator of £10,868,300 due to the inclusion of approved carry forward requests from 2020/21 and variations to the capital programme during 2021/22 which include the deferral of schemes to 2022/23.

ii) Capital Financing Requirement (CFR)

The CFR represents the Council's historic outstanding capital expenditure which has not yet been paid for from capital or revenue resources, and is essentially a measure of the underlying borrowing need. It does not increase indefinitely since the minimum revenue provision (MRP) is a statutory annual revenue charge for the economic consumption of capital assets. The CFR totalled **£11,661,685** at 31 March 2022. This differs to the approved indicator of £15,290,400 due to savings and deferrals on the 2020/21 capital programme, as well as to variations to the capital programme for 2021/22 including the deferral of schemes to 2022/23.

iii) Gearing ratio

The concept of gearing compares the total underlying borrowing need (the CFR) to the Council's total fixed assets, and can provide an early indication when debt levels are rising relative to long term assets held. The Council's gearing ratio at 31 March 2022 was 31**%** which is lower than the approved indicator of 34% due primarily to the deferral of capital expenditure to 2022/23 and remains broadly comparable with the average gearing ratio for councils of a similar size.

iv) Ratio of Financing Costs to Net Revenue Stream

These indicators identify the trend in the cost of borrowing, net of investment income, against the net revenue stream. Financing costs represent the element of the Council's expenditure to which it is committed even before providing any services.

The outturn of **20.84%** for service related expenditure differs to the approved indicator of 17.70% due to a reduction in MRP arising from savings and deferrals on the capital programme in 2020/21; additional investment interest; and reduced direct revenue financing in 2021/22 due to the deferral of schemes to 2022/23.

v) Maximum gross debt

The Council must ensure that its gross debt does not, except in the short term, exceed the opening capital financing requirement, plus estimates of any additional CFR for 2021/22 and the following two financial years. This allows flexibility for early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. Gross debt at 31 March 2022 was **£10.812m** which was well within the approved indicator.

vi) Ratio of internal borrowing to CFR

The Council is currently maintaining an "internal borrowing" position, ie. The underlying borrowing need (CFR) has not yet been fully funded with loan debt as cash supporting the Council's reserves and balances is being used as a temporary measure.

The outturn for internal borrowing is 7**%**, which differs to the approved indicator of 16% due to variations in the capital programme including the deferral of capital schemes to 2022/23. These variations reduce the outturn CFR, and hence the difference between CFR and actual external borrowing.

(b) Treasury Management Indicators:

The Treasury Management indicators are based on limits, beyond which activities should not pass without management action, and the Council has operated within these limits at all times during 2021/22. They include two key indicators of affordability and four key indicators of prudence and Appendix 2 demonstrates the outturn position compared to each limit.

Affordability

i) Operational boundary for external debt

This is the limit above which external debt is not "normally" expected to pass. In most cases this would be a similar figure to the CFR but may be lower or higher depending on the level of actual debt. The Operational Boundary has not been exceeded during 2021/22.

ii) Authorised limit for external debt

This limit represents a control on the "maximum" level of borrowing and is the statutory limit determined under s3(1) of the Local Government Act 2003. It represents the limit beyond which external debt is prohibited.

The Authorised limit must be set, and revised if necessary, by Full Council. It reflects a level of external debt which, whilst neither desirable nor sustainable in the longer term, could be afforded in the short term. The Government retains an option to control either the total of all Councils' plans, or a specific Council, although this power has not yet been exercised. The Authorised Limit has not been exceeded during 2021/22.

Prudence

iii) Maximum new principal sums to be invested during 2021/22 for periods in excess of 365 days - such investments are classified as a "non-specified". This indicator is subject to the overall limit for non-specified investments set annually in the TMSS. The Council made no new non-specified investments during 2021/22 and at 31 March 2022 held only one such investment in the form of the £1m investment in the CCLA property fund.

iv) Upper limits for the maturity structure of borrowing are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing. These limits have not been exceeded in 2021/22.

v) Prior to the 2017 revisions to the Treasury Management Code there was a requirement to set indicators for the Council's maximum exposure to fixed and variable interest rates for net borrowing (ie. external borrowing less

investments). This requirement has now been removed in favour of a statement in the TMSS stating how interest rate exposure is managed and monitored by the Council, and this statement for 2021/22 is reproduced below:

The Council has a general preference for fixed rate borrowing in order to minimise uncertainty and ensure stability in the charge to revenue, however it is acknowledged that in certain circumstances, some variable rate borrowing may be prudent, for example if interest rates are expected to fall. The Council's investments are generally for cashflow purposes and accordingly a mix of fixed and variable rates will be used to maximise flexibility and liquidity. Interest rate exposure will be managed and monitored on a daily basis by the Chief Financial Officer.

Local indicators for the proportions of fixed and variable rate loans, have been retained by the Council for information purposes.

2.10 Other Issues affecting Treasury Management in 2021/22

2.10.1 IFRS9

Following the consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) on IFRS9 the Government introduced a mandatory statutory override requiring local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective for 5 years from 1 April 2018 to 31 March 2023. The Council is required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override, in order for the Government to keep the override under review and to maintain a form of transparency. This reserve has been named the Pooled Investment Funds Adjustment Account (see 2.8.6 above).

2.10.2 Changes in risk appetite and counterparty limits

The 2018 CIPFA Code and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite, eg. the use of certain investment instruments, this should be brought to Members' attention.

The Council remains averse to risk with the investment of its surplus cash, and has continued to maintain strict limits on the maximum investment with any one counterparty. The only exception to this is investment with the Debt Management Office, whereby the Council is effectively lending to central government.

No specific changes have been made with regard to risk appetite during the year.

2.10.3 Sovereign limits

The UK's sovereign rating was downgraded from AA to AA- in March 2020, reflecting a significant weakening of the UK's public finances caused by the coronavirus pandemic. As discussed at 2.8.1 above the current Treasury Strategy permits the use of any UK counterparties, subject to their individual credit ratings under the LAS methodology. It also permits the use of counterparties from other countries with a minimum sovereign rating of AA-.

2.10.4 IFRS16

IFRS 16 is an accounting standard relating to leases which will bring almost all leases on to the balance sheet, while requiring authorities to recognise a "right of use asset" and a lease liability. In response to severe delays in the publication of audited local authority financial statements in England, the implementation of IFRS16 for local authorities has been deferred until 1 April 2024 (ie for the closure of the 2024/25 accounts) although the Code of Practice on Local Authority Accounting for the United Kingdom for 2022/23 and 2023/24 will allow for adoption as of 1 April 2022 or 1 April 2023.

2.10.5 Prudential Code

Following a consultation ending on 16 November 2021, CIPFA issued a new edition of the Prudential Code. Although it applied with immediate effect, authorities may defer introducing revised reporting requirements until the 2023/24 financial year. These include changes in capital strategy, prudential indicators and investment reporting. The Council will work with its treasury advisors to ensure full compliance with the new Code by the 31 March 2023 deadline, ie. in time for the preparation of the TMSS for 2023/24. The principle that an authority must not borrow to invest primarily for financial return continues to apply.

2.10.6 Treasury Management Code

Following a consultation ending on 16 November 2021, CIPFA issued a new edition of the Treasury Management (TM) Code. Unlike the Prudential Code there was no reference to an effective date as the TM Code has no statutory underpinning.

The Code included some updates to Treasury Management Practices, notably TMP10 (knowledge and skills) was strengthened. The Code also

made clear that TM reporting should set out service and commercial investment risk, especially where this is supported by borrowing.

The new Code also introduced a “liability benchmark” but CIPFA advised that it is not prescriptive - and if an authority can justify that it is prudent to maintain a position above or below benchmark that is up to them. Link will advise in due course on the implications of this issue for the Council.

3 Alternative Options

3.1 An alternative option is to fail to present an Annual Treasury Activity Report. However, this would contravene the requirement of the Council’s Treasury Management Strategy Statement (TMSS).

4 Financial Implications

4.1 No specific financial implications are attributable to this report.

5 Legal Implications

5.1 The legal implications are detailed in the body of the report.

6 Equalities Implications

6.1 There are no equalities implications arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

7.1 There are no carbon reduction/environmental sustainability implications arising from this report.

8 Appendices

8.1 Treasury Activity Report 2021/22 for year ended 31 March 2022
8.2 Prudential and Treasury Management Indicators for 2021/22.

9 Background Papers

9.1 None identified.

10 Reasons for Recommendations

10.1 To comply with the requirements of the Council’s Treasury Management Strategy Statement.

Statutory Officer approval:

Approved by: Chief Financial Officer

Date: 27 June 2022

Approved by: Monitoring Officer

Date: 27 June 2022