

REPORT OF THE CORPORATE COMMITTEE No. 3, 2021-22

FULL COUNCIL 14 MARCH 2022

Chair: Councillor Peter Mitchell

Deputy Chair: Councillor Barbara Blake

1. INTRODUCTION

This report to Full Council arises from a report presented at Corporate Committee on 10 March 2022.

The report pertained to the treasury's activities that were undertaken in line with the approved Treasury Management Strategy; the Treasury Management activities for three quarters of the financial year and the performance achieved; and the Council's recent adoption of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve reports on the performance of the treasury management function at least twice yearly (mid-year and at year end). This quarterly update report provides an additional update.

2. TREASURY MANAGEMENT UPDATE REPORT Q3 2021/22

We considered the report which set out by the Head of Pensions & Treasury who introduced the Council's treasury management activities and performance in the first three quarters of the financial year to 31 December 2021 in accordance with the CIPFA Treasury Management Code of Practice.

We noted that the Bank of England inflation rate and CPI had increased since the report for quarter 3 had been published. Nevertheless, these trends would not prompt a deviation from the current strategy, particularly around borrowing. It was important to note that currently market trends were in flux and volatile. To negate any detrimental affects the Head of Pensions & Treasury was in contact with the Council's financial advisors Arlingclose and regularly looked for opportunities to achieve savings on loans where possible.

We considered the UK Infrastructure Bank, owned, and backed by HM Treasury, who were offering loans for qualifying projects at gilt yields plus 0.60%, which is 0.20% lower than the PWLB certainty rate. The possibility of accessing a UK Infrastructure Bank loan for infrastructure projects had been discussed with the Council's advisors. There was an issue with timescales when accessing these loans. It was believed that the processing time for an application was around three to six months, this did not factor in the time it took to create the application which was thought to be extensive. PWLB loans in contrast were timelier. The Council's approach to accessing loans from both providers was being reviewed with the Council's advisors. If the Council were to decide to apply for a UK Infrastructure Bank loan, a paper would be put to this committee for approval.

In response to a question around the borrowing costs underspend we heard that the two main factors for this were lower interest rate environment, as well as delays in the

capital programme's delivery. It was heard that going forward there was likely to be a peak as the lower interest rate environment was unlikely to be the same.

3. RECOMMENDATIONS

Full Council is recommended:

1. To note the Treasury Management activity undertaken during the first three quarters of the financial year to 31 December 2021 and the performance achieved which is attached as Appendix 1 to this report.
2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.