

# **PAPER C1 - Appendix 3**

## **Sedgemoor District Council Annual Treasury Management Outturn Report 2022-23**

Executive Member(s): Cllr Leyshon – Executive Lead for Resources

Local Member(s) and Division: All

Lead Officer: Jason Vaughan – Executive Director Resources and Corporate Services (Section 151 Officer)

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### **Background**

The Council's Treasury Management Strategy for 2022/23 outlined the parameters within which treasury management is delegated to the S151 Officer. Council investments are exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

Treasury risk management is set within the framework of specific Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy, CIPFA and referred to as the 'Treasury Management Code of Practice' and the 'Prudential Code'.

These requires the Council to approve a Treasury Management Strategy before the start of each financial year and to approve, as a minimum, a half-year and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The Prudential Code includes a requirement for local Councils to provide a Capital Strategy. This is a comprehensive and high-profile document approved by Full Council covering capital expenditure and financing, treasury management and non-treasury investments.

CIPFA defines Treasury Management as:

“The management of the local Council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks”.

Overall responsibility for treasury management remains with the Council with operational responsibility delegated to the S151 Officer. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

## Report

The overall Treasury Management year end position for Sedgemoor District Council is shown below:

### Treasury position as at 31st March 2023

		31st March 2023	31st March 2022 £
<b>Investments</b>			
<b><i>Variable Rate MMF</i></b>			
Aberdeen Asset Management	2.24%	4,401,960	470,000
CCLA	1.94%	-	1,412
Invesco AIM	3.14%	-	298,960
BNP Paribas	2.91%	-	1,000
<b><i>Variable Rate on Call</i></b>			
Santander	1.33%	1,648,224	4,995,551
<b><i>Variable Rate - Pooled Funds</i></b>			
Ninety One Diversified income Fund	3.8%	5,000,000	5,000,000
Schroder Income Maximiser	7.3%	8,000,000	8,000,000
CCLA property fund	4.0%	5,000,000	5,000,000
Aegon Diversified monthly income fund	5.5%	5,000,000	5,000,000
CCLA diversified income fund	2.6%	3,000,000	3,000,000
UBS Equity Global Income Fund	9.4%	5,000,000	5,000,000
		<b>37,050,184</b>	<b>36,766,923</b>

The budget and outturn position for investment income is shown in the table below:

**Investment performance to end March 2023**

<b>Interest received:</b>	<b>Budget 2022/23 £</b>	<b>Actual 2022/23 £</b>
Internally Managed Funds – On Call accounts	50,000	220,827
Externally Managed Funds	1,550,000	1,693,700

The following table outlines the performance of externally managed funds:

<b>Pooled funds</b>	<b>Actual dividends 22/23 £</b>	<b>Average Rate</b>
Ninety-One Diversified Income Fund	183,770	3.76%
Schroders Income Maximiser Fund	539,727	7.25%
CCLA Property Fund	193,437	3.96%
Aegon Diversified Monthly Income Fund	245,497	5.50%
CCLA Diversified Income Fund	78,656	2.62%
UBS Equity Global Income Fund	452,613	9.37%

In addition to investments Sedgemoor District Council's borrowing for both the General Fund and HRA is shown below:

**Borrowing**

<b>Type</b>	
Intra unitary	34,000,000
Local Authority	10,000,000
PWLB	71,100,000
<b>Total</b>	<b>115,100,000</b>

The interest paid on borrowing for the 2022/23 year was as follows:

<b>Interest due:</b>	<b>FY Budget 2022/23 £</b>	<b>Profiled Budget 2022/23 £</b>	<b>Actual 2022/23 £</b>
General fund - PWLB	1,133,010	850,000	240,500
General fund – Other Local Authorities			423,396
HRA – PWLB	1,587,010	1,190,258	1,490,146

Loan repayments due to other local authorities after vesting day are outlined in the table below. The Treasury Management workstream simplified loans due to other authorities through the District Councils borrowing from Somerset County Council close to vesting day wherever possible.

<b>Loan repayments due</b>	<b>Amount</b>	<b>Repayment due</b>
Somerset County Council	34,000,000	3-Apr-23
Gloucestershire CC	5,000,000	5-May-23