

West Dunbartonshire Council
Report by the Chief Officer - Resources
Audit Committee: 10 March 2021

Subject: Treasury Management Mid Year Report 2020/2021

1. Purpose

- 1.1** The purpose of this report is to provide Members with the opportunity to further scrutinise the Treasury Management Mid Year which was previously reported to Council on 16 December 2020.

2. Recommendations

- 2.1** Members are requested to further consider the information provided within the Treasury Management Mid Year Report as appended to this report.

3. Background

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2020/21, the Strategic Lead - Resources is required to provide a mid year Report to Members regarding the Treasury function.
- 3.2** The mid year report covers the period 1 April 2020 to 30 September 2020 and details the current position (where appropriate) and revises the 2020/21 estimates where required.
- 3.3** The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.

4. Main Issues

Treasury Management Stewardship Report

- 4.1** A copy of the report is attached as Appendix 1.
- 4.2** The report provides details of key changes to the Council's capital activity (the prudential indicators), the economic outlook, the actual and proposed treasury management activity (borrowing and investment) and the risk approach to treasury management (the treasury management indicators).
- 4.3** The revised estimate for gross capital expenditure during 2020/21 (Table A) has decreased by £24.747m from the original estimate due to revision to the ongoing forecast outturn figures for both the General

Services capital plan and the HRA capital plan which are regularly reported to Members (mainly additional slippage carried forward from 2019/20 following the year-end; additional spend linked to an increase in grant income now anticipated; and slippage in spend projected for 2020/21, mainly due to covid-19).

- 4.4** The external debt figures included within Table C includes both short term and long term debt due to a strategy of using short term borrowing to fund long term capital investment enabling the Council to take advantage of lower interest rates.

5. Option Appraisal

- 5.1** No option appraisal was required for this report.

6. People Implications

- 6.1** There are no personnel issues.

7. Financial and Procurement Implications

- 7.1** There are no direct financial or procurement implications arising from this report.

8. Risk Analysis

- 8.1** Although the appended report provides a mid year position in relation to treasury management there are three main risks associated with the formulation of prudential indicators and the treasury management strategy as detailed in Appendix 1. These risks are noted below; however the Council has robust monitoring processes in place and provides regular reports to Council and ensures further scrutiny by elected Members at the Audit Committee:
- (a) Capital receipts which affect the capital financing and borrowing requirement may not materialise and if this occurs then additional borrowing will be required in order to fund the financing requirement;
 - (b) The risk of Counterparties default (i.e. loss of principal sum invested) must also be taken into account; however the Council has robust controls included within its treasury management and investment strategies that will assist in mitigating this risk; and
 - (c) Capital inflation may increase capital expenditure levels, which in turn may affect the capital financing and borrowing requirement leading to an increase in borrowing, assuming no additional capital receipts are available.

9. Equalities Impact Assessment

9.1 No equalities impact assessment was required in relation to this report.

10. Environmental Sustainability

10.1 No assessment of environmental sustainability was required in relation to this report.

11. Consultation

11.1 The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

12. Strategic Assessment

12.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.

12.2 Treasury management contributes to the Financial Strategy via the interdependency that exists between pro-active treasury management and the formulation of long term financial plans.

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Date: 25 January 2021

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Appendix: Appendix 1: Mid Year Monitoring Report 2020/21
Treasury Management and Prudential Indicators
1 April 2020 to 30 September 2020

Background Papers:

1. Loans register and portfolio;
2. Debt rescheduling schedules; and
3. Prudential Indicators 2019/20 to 2029/30 and Treasury Management Strategy 2020/21 to 2029/30 (Council 4 March 2020)

Wards Affected: No wards directly affected.