

Committee:	Cabinet	Date:
Title:	Treasury Management - Mid Year Review 2022/23	Thursday, 1 December 2022
Portfolio Holder:	Councillor Neil Hargreaves, Portfolio Holder for Finance and Budget	
Report Author:	Jody Etherington, Assistant Director - Finance jetherington@uttlesford.gov.uk	Key decision: No

Summary

1. The Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the 'CIPFA Code') requires the publication of treasury management semi-annual and annual reports.
2. This report is for the period 1 April to 30 September 2022.
3. The Council's Treasury Management Strategy for 2022/23 was approved at a meeting of the Full Council in February 2022.
4. This report is to give members an update on the current treasury management activities and other factors that may influence or affect the financial markets.
5. Treasury management activities are defined by CIPFA as:

"The management of the organisation's borrowing, investments and cash flows, including its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks."

Recommendations

6. The Cabinet is recommended to note the Treasury Management Mid-Year Review 2022/23 set out in Appendix A.

Financial Implications

7. As set out at Appendix A.

Background Papers

8. None

Impact

Communication/Consultation	Corporate Management Team (CMT) and Informal Cabinet Briefing (ICB)
Community Safety	N/A
Equalities	N/A
Health and Safety	N/A
Human Rights/Legal Implications	N/A
Sustainability	N/A
Ward-specific impacts	N/A
Workforce/Workplace	N/A

Situation

9. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risks are therefore central to the Council's treasury management strategy.
10. The main risks to the Council's treasury activities are:
 - I. Liquidity risk (inadequate cash resources)
 - II. Market or interest rate risk (fluctuations in interest rates)
 - III. Inflation risk (exposure to change in prices)
 - IV. Credit and counterparty risk (security of investments)
 - V. Refinancing risks (impact of debt maturing in future years)
 - VI. Legal and regulatory risk (i.e. non-compliance with requirements)
11. A detailed report is attached as Appendix A and this has been compiled with the support of our external treasury advisors Arlingclose Ltd.
12. Treasury Management activities on investments and borrowing are detailed in the Budget Monitoring – Qtr. 2 Forecast Outturn report, included as a separate agenda item for tonight's meeting.

Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Liquidity	2 – unlikely due to forward planning of income receipts and expenditure	2 – we would incur additional costs of borrowing from external sources	Cash in and out flows are managed on a daily basis. All income and expenditure is planned and built in to cash flow statements. A minimum amount of £1m is maintained to cover any unexpected events
Interest Rate fluctuations	2 – there is normally a period prior to rises being announced	3 – this could significantly affect the cost of borrowing if they went up	The interest rate forecasts and projections are monitored regularly and we receive regular updates from our consultants (Arlingclose), in addition action has been taken recently to reduce the Council's exposure by fixing a greater proportion of borrowing for the longer term

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.