

PCD 1246

Title: Treasury Management 2021/22 Outturn

Executive Summary:

This report is submitted in accordance with a requirement under the Treasury Management in the Public Services Code of Practice (The Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), which requires the submission of an outturn report on the activities of the MOPAC Group's treasury management operation.

The MOPAC Group's invested balances have decreased from £49.56m as at 31 March 2021 to £1.51m at 31 March 2022.

The MOPAC Group's long-term outstanding borrowing has decreased from £289.35m at 31 March 2021 to £287.75m 31 March 2022.

Interest receivable and investment income achieved during 2021/22 was £1.28m.

Interest payable on external borrowing for 2021/22 was £9.51m against a budget of £19.00m.

All 2021/22 Treasury activity has been within the boundaries and levels set by the MOPAC Group in its Treasury Management Strategy Statement on 11 March 2021, DMPC Decision PCD 924.

Recommendation:

The Deputy Mayor for Policing and Crime is asked to note the performance of the Treasury Management function for 2021/22.

Deputy Mayor for Policing and Crime

I confirm that I have considered whether I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature:

Date 26/07/2022

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

1. Introduction and Background

- 1.1. The CIPFA Treasury Management in Public Services Code (The Code) requires that organisations be updated on treasury management activities regularly (as a minimum a Treasury Management Strategy, mid-year and annual performance reports).
- 1.2. This report represents the annual performance report for the 2021/22 financial year and ensures that MOPAC is implementing best practice and the requirements of The Code.
- 1.3. The day to day management of the treasury management function is delivered by the GLA Group Treasury Team under a shared service agreement. GLA Group Treasury also manages the Group Investment Strategy (GIS) of which the MOPAC Chief Finance Officer is a syndicate director. By being part of the GIS, MOPAC's cash balances are pooled with other funds which allows greater investment options, improves diversification, liquidity and returns.
- 1.4. The annual outturn report at Appendix 1 has been prepared by GLA Group Treasury, and provides details of performance against the TM Strategy Statement (TMSS) 2021/22, approved by MOPAC on 11 March 2021 (PCD924). The report provides a review of investment performance for 2021/22, and reviews specific Treasury Management prudential indicators defined by the Code and approved by MOPAC in the TMSS.

2. Issues for Consideration

2.1. Investment

MOPAC's weighted average investment return for the contractual element of GIS investment was 0.45% against a performance benchmark rate of 0.27% and for total GIS investment was 0.56% against a performance benchmark rate of 0.35%, an out performance of 0.18% and 0.21% respectively. The benchmark is a weighted average return calculated using SONIA for core liquidity investments and the target returns for RMBS and Strategic investments. This resulted in income of £1.28m.

2.2. Debt Management

No new long-term borrowing took place in 2021/22. As a result, the long term borrowing decreased by £1.6m, from £289.35m at the start of the year to £287.75m at 31 March 2022.

The cost of borrowing was £9.51m. The weighted average cost of borrowing of all long term loans as at 31 March 2022 was 3.29% (3.30% as at March 2021).

2.3. Compliance

All treasury activities were within the Treasury indicators set in the TMSS, and borrowing was within the borrowing limits set by the Mayor for MOPAC. MOPAC CFO confirms that, based on reporting and assurances from the GLA shared service function, throughout the period all treasury activities have been

conducted within the parameters of the TMSS2021/22, alongside best practice suggested by the CIPFA TM Code and Central Government.

2.4. **Prudential Indicators**

Appendix 1 includes the maturity profile for the borrowing portfolio, and performance against the prudential indicators set as part of the 2021/22 TM Strategy. All indicators were met.

3. **Financial Comments**

The cost of borrowing and the minimum revenue provision for 2021/22 were £9.51m and £64.22m respectively. Interest received in 2021/22 was £1.28m. The total net cost of the capital financing costs were within the approved budget. The overall positive variance of £9.65m reflects the decision not to take any new long-term borrowing in 2021/22. The MOPAC Group utilised internal resources rather than increase long-term borrowing in order to fund the capital programme during the period, reducing the amount of interest payable within 2021/22.

4. **Legal Comments**

4.1. Under Section 1 of the Local Government Act 2003, MOPAC as a local authority defined under s23 of that Act, may borrow money for any purpose relevant to its functions under any enactment, or for the purpose of the prudent management of its financial affairs.

4.2. The Mayor is required under s3 of the Local Government Act 2003 to determine how much money the GLA and each functional body (which includes MOPAC) can afford to borrow. In complying with this duty, Regulation 2 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 required the Mayor to have regard to the Prudential Code for Capital Finance in Local Authorities when determining how much MOPAC can afford.

4.3. MOPAC's scheme of delegation provides that the Chief Finance Officer, as the s127 officer, is responsible for the proper administration of the MOPAC's financial affairs.

5. **GDPR and Data Privacy**

5.1. MOPAC will adhere to the Data Protection Act (DPA) 2018 and ensure that any organisations who are commissioned to do work on behalf of MOPAC are fully compliant with the policy and understand the GDPR responsibilities.

5.2. This report does not use personally identifiable data of members of the public therefore there are no GDPR issues to be considered.

6. **Equality Comments**

6.1. MOPAC is required to comply with the public sector equality duty set out in section 149(1) of the Equality Act 2010. This requires MOPAC to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations by reference to people with protected characteristics. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

6.2. There are no equality and diversity implications arising from this report.

7. Background/Supporting Papers

- Appendix 1 GLA Treasury Management Outturn 2021/22 (MOPAC)

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – NO

	<i>Tick to confirm statement (✓)</i>
Financial Advice: The Chief Finance Officer has been consulted on this report.	✓
Legal Advice: Legal advice is not required.	✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.	✓
GDPR and Data Privacy <ul style="list-style-type: none"> • GDPR compliance issues are covered in the body of the report. • A DPIA is not required. 	✓
Head of Unit: The Head of Finance – MOPAC, has reviewed the request and is satisfied it is correct and consistent with the MOPAC’s plans and priorities.	✓

OFFICER APPROVAL

Chief Executive

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

Date 02/08/2022

Hanahucherd.