

**DMPC Decision – PCD 868**

**Title: Treasury Management Mid-Year Report 2020/21**

**Executive Summary:**

The Treasury Management strategy 2020/21 sets out planned capital spending and how MOPAC will manage its borrowings and investments during this financial year. The GLA Treasury Management team provide the operational support for this function and through the Group Investment Syndicate (GIS) manages all MOPAC investments, to generate financial and risk reduction benefits.

All investment and borrowing activity during 1 April 2020 and to 30 September 2020 was undertaken within the guidelines and objectives set out in the relevant policy and investment and borrowing strategies.

Debt management costs for the period are £10.5m, and are forecast to be below the budget of £28.19m at year end. There was no new long term borrowing in the period. To 30 September 2020 interest income for the first half year was £0.8m, which is above expectations due to higher cash balances. At 0.61%, the weighted average yield exceeds the benchmark by 0.56%.

**Recommendation:**

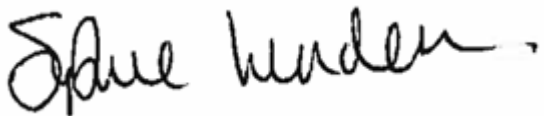
The Deputy Mayor for Policing and Crime is recommended to note the activity and performance on the Treasury Management function for the first half year 2020/21.

**Deputy Mayor for Policing and Crime**

I confirm I have considered whether or not 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**

**8/2/2021**

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

### **1. Introduction and background**

- 1.1. MOPAC approved the 2020/21 Treasury Management Strategy in March 2020, PCD710. This paper fulfils the requirement for reporting of mid-year performance to the DMPC.

### **2. Issues for consideration**

#### Borrowing

- 2.1. There has been no new long term borrowing in the first six months of 2020/21, and due to loan repayments the total borrowing has reduced from £302.95m to £290.15m – a reduction of £12.8m. Borrowing costs for the first 6 months was £10.5m, and are forecast to be £24.46m against a budget of £28.19m.

#### Investment

- 2.2. The weighted average yield on investments was 0.61%, compared with the LIBID 3 month benchmark of 0.05%, generating income of £0.8m, and is forecast to be £1.3m at year end.

#### Prudential Indicators and Treasury Management Limits

- 2.3. The attached appendix sets out the detail of performance against the prudential indicators and treasury management limits. All transactions undertaken during the year met the criteria for lending to institutions and activity has been within the Prudential Code indicators set out in the TM Strategy 2020/21.

#### Forthcoming issues

- 2.4. The approved capital programme included in the budget submission envisaged new borrowing to meet the further investment proposed. The revenue costs of the additional borrowing are included in the revenue budget. The delivery of the future capital programme, budgeted revenue savings, use of reserves and the phasing of new asset disposals will impact the cashflow, and any further need for borrowing will be kept under review.

### **3. Financial Comments**

- 3.1. As this is a financial report the details are set out in the body of the report.
- 3.2. The cost of the service provided by GLA to MOPAC is based on a fixed element and a number of variables including the levels of investment and borrowing. The forecast spend for the 2020/21 year is within the MOPAC budget.

### **4. Legal Comments**

- 4.1. The DMPC has the authority to approve the “annual Treasury Management Strategy, which will include details of MOPAC investment and borrowing strategy” see para 4.7 of the MOPAC Scheme of Delegation and Consent. The DMPC approved the 2020/21 Treasury Management Strategy on 31 March 2020.

4.2. The Treasury Management Strategy sets out the requirement for mid-year reporting which this paper fulfils.

## **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 with or on behalf of MOPAC are fully compliant with the policy and understand their 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 implications arising from this paper.

## **7. Background/supporting papers**

7.1. Appendix 1 GLA Report.

**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: N/A

**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

**ORIGINATING OFFICER DECLARATION**

*Tick to confirm statement (✓)*

**Financial Advice:**

The Strategic Finance and Resource Management Team has been consulted on this proposal.

✓

**Legal Advice:**

Legal advice is not required.

✓

**Equalities Advice:**

Equality and diversity issues are covered in the body of the report.

✓

**Commercial Issues**

Commercial issues are not applicable

✓

**GDPR/Data Privacy**

GDPR compliance issues are covered in the body of the report

✓

**Director/Head of Service:**

The interim MOPAC Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.

✓

**Chief Executive Officer**

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 3/2/2021**