

EAST HERTS COUNCIL

COUNCIL – 18 December 2019

REPORT BY EXECUTIVE MEMBER FOR FINANCIAL SUSTAINABILITY

TREASURY MANAGEMENT MID-YEAR REVIEW 2019-20

WARD(S) AFFECTED: NONE

Purpose/Summary of Report

The report reviews the Council's treasury management activities for the first 6 months of 2019/20 financial year, including the prudential indicators.

RECOMMENDATIONS FOR COUNCIL: that	
(A)	The Treasury Management Activity for the first 6 months of the 2019/20 financial year, be approved.
(B)	The changes to the Prudential Indicators discussed paragraph 2.6, be approved.

1.0 Background

1.1 Treasury Management is defined as: 'The management of the Council's investments and cash flows, its banking arrangements, money market and capital transactions; the effective control of the risks associated with these activities; and the pursuit of optimum returns consistent with the Council's risk management policy for treasury management.'

1.2 This activity is supported by the Council's appointed independent advisors – Link Asset Services.

- 1.3 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
- 1.4 The Council is required by the CIPFA Prudential Code to approve a mid-year review annual review of the Treasury Management Strategy Statement and Annual Investment Strategy.

2.0 Report

- 2.1 Please refer to the Treasury Management Mid-Year Review, Essential Reference Paper 'B': Treasury Management Mid-Year Review 2019-20.
- 2.2 Due to the re-profiling of major capital spend, the Council no longer has a need to borrow in 2019/20. The prudential indicators have been adjusted accordingly.
- 2.3 The Authorised Borrowing Limit has been reduced to £11.5m from £41.0m, being the current borrowing level with a £4m margin for possible short term emergency cash flow requirements.
- 2.4 The Operational Boundary has been reduced to £7.5m from £31.0m being the actual, expected borrowing position at year end.
- 2.5 The Capital Financing Requirement (CFR) has been reduced to 12.7m from £31.0m. Due to the reduction in estimated capital spend, the requirement to finance this spend has also reduced, resulting in the Council's CFR remaining negative.
- 2.6 Changes to the Prudential Indicators are included in Essential Reference Paper 'B': Treasury Management Mid-Year Review 2019-20 paragraphs 4, 5.1, 5.2, 5.3 and 5.4.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

CIPFA Code of Practice on Treasury Management (2017)

CIPFA Prudential Code for Capital Finance in Local Authorities (2017)

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