

# East Herts Council Report

## Audit and Governance Committee

**Date:** 17<sup>th</sup> November 2020

**Report by:** Councillor Geoffrey Williamson, Deputy Leader and Executive Member for Financial Sustainability

**Report title:** Treasury Management Mid-Year Review 2020/21

**Ward(s) affected:** None

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### Summary

The report reviews the Council's treasury management activities for the first 6 months of 2020/21 financial year, including the prudential indicators.

### RECOMMENDATIONS FOR AUDIT AND GOVERNANCE COMMITTEE:

- (a) **That Members review and comment on the Treasury Management Activity for the first 6 months of 2020/21. (*Appendix A*)**
- (b) **That Members review and comment on the revised Prudential Indicators for 2020/21. (*Appendix A, columns, entitled revised estimates, highlighted 'green' within tables*)**
- (c) **That Members review and comment on the increase in the counter party limit, from £20m to £30m for the National Westminster Bank. (*Appendix A, paragraph 9.8*)**

### 1.0 Proposal(s)

1.1 This report proposes that Members scrutinise and comment

on the Treasury Management Activity and Prudential Indicators for the first 6 months of 2020/21, including the increase in counter party limit.

## **2.0 Background**

2.1 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.'

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

2.3 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).

2.4 This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

## **2.0 Reason(s)**

3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20.

## **3.0 Options**

4.1 Members can suggest amendments or additions to the Treasury Management Mid-Year Review for 2019/20.

## **5.0 Risks**

5.1 Risk management is embedded in treasury management operations through the adoption of the CIPFA Treasury Management Code. Credit ratings, other market intelligence and counterparty limits assist to assess and mitigate risk.

## **6.0 Implications/Consultations**

6.1 No.

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

No

### **Environmental Sustainability**

No

### **Financial**

Yes.

The costs of treasury operations, debt management expenses and investment income are included in the 2020/21 Budget.

### **Health and Safety**

No

### **Human Resources**

No

## **Human Rights**

No

## **Legal**

The Local Government Act 2003 and supporting regulations requires the Council to 'have regard to' the CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The Council also has to 'have regard' to the MHCLG's Guidance on Local Government Investments 3rd Edition effective for financial periods commencing on or after 1st April 2018, and to CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition and Guidance Notes for Local Authorities 2018 Edition.

## **Specific Wards**

No

### **7.0 Background papers, appendices and other relevant material**

- 7.1 The Local Government Act 2003 -  
<https://www.legislation.gov.uk/ukpga/2003/26/contents>
- 7.2 CIPFA Prudential Code for Capital Finance in Local Authorities 2017 Edition (available upon request from the Head of Strategic Finance and Property)
- 7.3 CIPFA's Treasury Management in the Public Services: Code of Practice 2017 Edition (available upon request from the Head of Strategic Finance and Property)
- 7.4 Appendix A – Treasury Management Mid-Year Review 2020/21

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