

## CABINET

20 November 2018

# MID YEAR REPORT ON TREASURY MANAGEMENT AND PRUDENTIAL INDICATORS 2018/19

### Report of the Director for Resources

|                                |   |  |
|--------------------------------|---|--|
| Strategic Aim:                 | Sound Financial and Workforce Planning  |  |
| Key Decision: No               | Forward Plan Reference: FP/070618   |  |
| Exempt Information             | No  |  |
| Cabinet Member(s) Responsible: | Mr G Brown, Deputy Leader and Portfolio Holder for Planning, Environment, Property and Finance. |  |
| Contact Officer(s):            | Saverio Della Rocca, Director for Resources   | 01572 758159<br>sdrocca@rutland.gov.uk |
|                                | Andrew Merry, Finance Manager   | 01572 758152<br>amerry@rutland.gov.uk  |
| Ward Councillors               | N/A   |  |

### DECISION RECOMMENDATIONS

That Cabinet notes the contents of the report and Appendix A.

## 1 PURPOSE OF THE REPORT

- 1.1 This report will update members with the progress against the Treasury Management Strategy, prudential indicators and whether any policies require revision. In addition, this Council will receive an update on investment returns.
- 1.2 The underlying purpose of this report also supports the objective in the CIPFA Code of Practice on Treasury Management (revised 2017) and the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance which Members receive reports on and adequately scrutinise the treasury management service.

## 2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 The Council's mid-year treasury report is included in Appendix A and includes information on the performance of the treasury management service. The key points

to note for the six months to 30 September 2018 are:

- The Council has only invested with approved institutions;
- The Councils has made a return on investment of 0.75% compared to the LIBOR rate of 0.90%. All information suggested a rate rise was expected in November however if the Council had invested on a short term basis (i.e. less than one year), it would have achieved a lower rate of return. Importantly, the Council did hold some shorter term investments (which achieve lower returns) so that it could respond should a Commercial investment opportunity have materialised. The Council is outperforming budget by c£30k with the rate of return in line with other council's performance;
- The Council has not undertaken any external borrowing in the six months to 30 September 2018. The Council is still below its authorised limit for borrowing of £33m;
- No external debt was repaid early as there was not a financial business case to do so. The total premium (i.e. the charge for repaying early) for the Council's debt portfolio was £15.43m as at 30<sup>th</sup> September 2018; and
- No Commercial Investments were made in the first 6 months as no suitable opportunities for investment arose.

### **3 CONSULTATION**

3.1 No Formal Consultation is required.

### **4 ALTERNATIVE OPTIONS**

4.1 The report is for noting, there are no alternative options.

### **5 FINANCIAL IMPLICATIONS**

5.1 There are no financial implications arising from this report.

### **6 LEGAL AND GOVERNANCE CONSIDERATIONS**

6.1 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management, the CIPFA Prudential Code for Capital Finance in Local Authorities and the Council's Financial Procedure Rules. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.

6.2 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;

- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken;
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities; and
- Under Section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices.

6.3 The Council's Treasury Management Strategy explains how it complies with this legal framework.

## **7 DATA PROTECTION IMPLICATIONS**

7.1 A data protection impact assessment has not been completed as there are no data protection implications.

## **8 EQUALITY IMPACT ASSESSMENT**

8.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / to an existing policy or service that has an impact on any particular group.

## **9 COMMUNITY SAFETY IMPLICATIONS**

9.1 There are no community safety implications.

## **10 HEALTH AND WELLBEING IMPLICATIONS**

10.1 There are no health and wellbeing implications.

## **11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

11.1 The report summarises treasury management performance in the year and meets the requirements set out in Section 1.

## **12 BACKGROUND PAPERS**

- 12.1 Statement of Accounts 2017/18
- 12.2 Quarter 1 Finance Management Report
- 12.3 Quarter 2 Finance Management Report

## **13 APPENDICES**

- 13.1 Appendix A - Treasury Management Mid-Year Report
- 13.2 Appendix B – Link Commentary on the six months to 30 September 2018
- 13.3 Appendix C - Glossary

**A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.**