



Lewes District Council

Meeting: Cabinet

Date: 11 September 2019

Subject: Response to Treasury Management Report

Report of: On behalf of the Audit and Standards Committee

The Cabinet is asked to note the minute and resolution of the Audit and Standards Committee held on 16 July 2019 in response to the Treasury Management Report.

The Cabinet is recommended to:-

Note the consideration and resolutions of the Audit and Standards Committee on the Treasury Management Report.

Minute extract

Audit and Governance Committee –16 July 2019.

The Interim Deputy Chief Finance Officer introduced the report which had been issued as a supplement to the agenda as follows.

The oversight of Treasury Management was a function of the Audit and Standards Committee and the Treasury Management report was one of three reports considered by Full Council on an annual basis, including a mid-year review.

A key point in the report was that a Member-briefing session would be undertaken by the Council's treasury management advisors in autumn 2019. Treasury management was an important element of governance for the Council and sets the limits and parameters within which officers operated in terms of borrowing and lending.

The annual report set out the Council's position for 2018/19 and the Council's level of compliance during that period. All of the indicators for that period had been complied with and there had been no risk of those indicators being breached.

The issue of climate change had been raised at the previous meeting and although the Council had no direct investments with a climate change risk (for example fossil fuel companies) a watching brief would be maintained as there was a potential for very marginal investments in this area.

Members discussed the item and highlighted the following points and officers responded:

- Did the Committee discuss the strategies behind the investments as there appeared to be a number of investments with other local authorities, which might not be as

effective as investing in external companies? - It was not a deliberate policy. Local authorities had varying cash-flow requirements at different points in time. Some councils would be investing while others would be borrowing and often the best rates could be found among local authorities with the risk element mitigated by the Councils being sovereign backed.

- There had not been any investment activity on treasury bills, secured investments and tradeable investments during the recent period. Were the returns in this area less productive? There was generally limited investment in these instruments, and the recent departure of the Principal Accountant had also limited activity in this area.
- Were daily or monthly interest rates looked when approaching the market with deposits? - The Council's investments were dictated by its cash-flow and this was monitored and analysed, ensuring that the Council's obligations were being met. Page 15 of the report provided a graph which detailed the Council's investments. The Council's priority when looking at investments with marginal returns was to ensure security.
- Which debts or loans did the Council have and was there a breakdown of all the Council's investments? - The Council had a long term debt relating to the Housing Revenue Account. This was an historic debt for the Council to acquire its own housing and was taken out with the Public Works Loan Board; a government loan scheme for local authorities. Appendix C to the report listed the Council's investments. Further details on individual investments could be provided, if needed.
- There was difficulty in supporting the recommendations without a clearer understanding of whether the indicators were being complied with. - The prudential indicators had been set out in a standard format. However, a paragraph could be added to future reports which included the Chief Finance Officer's assurance that the Treasury Management indicators were being complied with and this would be reflected in the resolution. It was also be recognised that further, strategic training to enable evaluation of the Treasury Management indicators was needed.
- The indicators and targets in future reports should be made clearer for Members, possibly through the use of red, amber, green (RAG) indicators, in much the same way as the quarterly performance reports were presented.

RESOLVED that:

- 1) The Chief Finance Officers assurance that the Treasury Management Indicators were being complied with, be noted and accepted;
- 2) It be confirmed to Cabinet that Treasury Management Activity for the period 1 March to 30 June 2019 has been in accordance with the approved Treasury Strategies; and
- 3) It be recommended to Council that the annual Treasury Management report for 2018/19 be agreed and the 2018/19 Prudential and Treasury Indicators included in the report be approved.

For a copy of the report please contact Democratic Services:

Tel. (01273) 471600.

E-mail: committees@lewes-eastbourne.gov.uk

A copy may be downloaded on the Council's website by following the link below:
(to be inserted).