

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

14 October 2020

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Council

1 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW

A report detailing treasury management activity undertaken during the period April to August of the current financial year was considered by Audit Committee on 28 September. Following review by the Audit Committee, Cabinet are invited to recommend that Council endorse the action taken by officers in respect of treasury management activity to date and retain the current risk parameters.

1.1 Introduction

- 1.1.1 At its meeting on 28 September 2020, the Audit Committee considered a report on treasury management activity from April to August 2020 and reviewed the risk parameters contained in the Council's 2020/21 Treasury Management and Annual Investment Strategy.
- 1.1.2 The report to the Audit Committee can be found at **[Appendix 1]**.
- 1.1.3 After full consideration of the report, Audit Committee endorsed the action taken by officers in respect of treasury management activity for April to August 2020 and recommended that the existing parameters intended to limit the Council's exposure to investment risks contained in the 2020/21 Strategy should be retained.

1.2 Legal Implications

- 1.2.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority including securing effective arrangements for treasury management. In addition, Link are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.

1.3 Financial and Value for Money Considerations

- 1.3.1 As set out in the report to Audit Committee.

- 1.3.2 To support businesses and consumers respond to the Covid-19 pandemic, the Bank of England cut Bank Rate from 0.75% to 0.10% in March 2020. The adverse impact across the Council's investments is expected to see income in 2020/21 fall from £525,000 to £288,000.
- 1.3.3 Investment income is also expected to be lower than anticipated over the next few years. Limited action is available in the short term to address the shortfall in 2020/21. However, alternative investment options are being considered to negate some of the impact over the medium term and these options will be presented to Audit Committee for review in January 2021. Investment will be subject to an acceptance of the risks and the availability of sufficient cash balances to undertake such an investment.

1.4 Risk Assessment

- 1.4.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity, as identified by the CIPFA Code is considered to be an effective way of mitigating the risks associated with treasury management.

1.5 Equality Impact Assessment

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act

1.6 Recommendations

- 1.6.1 Cabinet is invited to **RECOMMEND** that Council:
- 1) Endorse the action taken by officers in respect of treasury management activity for the period April to August 2020.
 - 2) Retain the existing parameters intended to limit the Council's exposure to investment risks.

Background papers:

contact: Michael Withey

[Link interest rate forecast \(August 2020\)](#)

[Link Benchmarking data \(June 2020\)](#)

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