

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**EXECUTIVE MANAGEMENT TEAM'S  
REPORT TO**

**Audit & Standards Committee**  
**09 November 2020**

**Report Title:** Treasury Management Half Yearly Report 2020/21

**Submitted by:** Head of Finance

**Portfolios:** Finance and Efficiency

**Ward(s) affected:** All indirectly

**Purpose of the Report**

To receive the Treasury Management Half Yearly Report for 2020/21 and to review the Treasury Management activity for this period.

**Recommendation**

**That the Treasury Management Half Yearly Report for 2020/21 be received.**

**Reasons**

The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management recommends that Members should be informed on Treasury Management activities at least twice a year.

It was resolved that the Audit and Standards Committee would monitor and oversee the delivery of the Treasury Management Strategy through the receipt of half yearly and year end Treasury Management Reports.

1. **Background**

- 1.1 The CIPFA Code of Practice on Treasury Management recommends that Members should be informed on Treasury Management activities at least twice a year. It was resolved that the Audit and Standards Committee would monitor and oversee the delivery of the Treasury Management Strategy through the receipt of half yearly and year end Treasury Management Reports.
- 1.2 This report therefore ensures that this Council is embracing Best Practice in accordance with CIPFA's recommendations in the CIPFA Code of Practice.
- 1.3 Treasury Management operations are carried out in accordance with policies laid down in the currently approved Treasury Management Policy Statement, backed up by approved Treasury Management Practices and Schedules thereto, and the Annual Treasury Management Strategy Report approved by Council on 19 February 2020.

2. **Issues**

- 2.1 The Treasury Management Half Yearly Report for 2020/21 is attached at Appendix 1. The economic background included in the report has been provided by the Council's Treasury Management Advisors, Arlingclose.

## 2.2 **Heritable Bank**

The original investment with Heritable Bank was £2.5m. Fifteen dividends have been received from administrators Ernst and Young representing a return of 98%, with the most recent payment of £99,932 being made in August 2015.

The bank's administrators confirmed the execution of a settled de-minimis payment from the parent company of Heritable Bank which will be paid to the Council in the event that the remaining 2% of the original investment is no longer contingent. At the time this equated to £9,411.35.

Following the conclusion of the administration, the Council actually received a final payment of £23,919.80 in July 2020, making the total amount of investment returned £2.492m

## 3. **Proposal**

3.1 That the Treasury Management Half Yearly Report for 2020/21 be received.

## 4. **Reasons for Proposed Solution**

4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management recommends that Members should be informed on Treasury Management activities at least twice a year.

4.2 It was resolved that the Audit and Standards Committee would monitor and oversee the delivery of the Treasury Management Strategy through the receipt of half yearly and year end Treasury Management Reports

## 5. **Options Considered**

5.1 Not applicable.

## 6. **Legal and Statutory Implications**

6.1 This report ensures that this Council is embracing Best Practice in accordance with CIPFA's recommendations in the CIPFA Code of Practice.

## 7. **Equality Impact Assessment**

7.1 Not applicable.

## 8. **Financial and Resource Implications**

8.1 There are no specific financial implications arising from the report.

## 9. **Major Risks**

9.1 Treasury management is a major area of risk for the Council in that large amounts of money are dealt with on a daily basis and there are a number of limits and indicators, which must be complied with.

9.2 The overriding consideration in determining where to place the Council's surplus funds is to safeguard the Council's capital. Within this constraint the aim is to maximise the return on capital.

9.3 Operational procedures, coupled with monitoring arrangements, are in place to minimise the risk of departures from the approved strategy.

10. **Sustainability and Climate Change Implications**

10.1 Not applicable.

11. **Key Decision Information**

11.1 Not applicable as report is for information only.

12. **Earlier Cabinet/Committee Resolutions**

12.1 Council, 19 February 2020, agenda item 5 – Treasury Management Strategy 2020/21.

13. **List of Appendices**

13.1 Appendix 1, Treasury Management Half Yearly Report 2020/21.

14. **Background Papers**

- CIPFA Treasury Management Code of Practice (revised December 2017),
- Council's Treasury Management Policy Statement,
- Council's Treasury Management Strategy,
- Local Government Act 2003,
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003,
- Guidance on Local Authority Investments issued by the Ministry of Housing, Communities and Local Government (revised April 2018),
- Ernst and Young creditors of Heritable Bank report (March 2019).