

LONDON BOROUGH OF WALTHAM FOREST

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| Meeting / Date | Council 20 October 2022 |
| Report Title | 2022-23 Treasury Management Mid-Year Review |
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| Wards affected | None |
| Public Access | Open |
| Appendix | 2022-23 Treasury Management Mid-Year Review |

1. SUMMARY

- 1.1 This report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management requires the Council to report on treasury management activities to Full Council at least twice a year (Mid-year and Year end). The Council's Treasury Management Strategy Statement (TMSS) for 2022/23 was approved at the Full Council on the 3rd March 2022. The Audit and Governance Committee has been provided with training as recommended by the CIPFA Code of Practice. The Member's training will take place prior to this meeting commencement.

2. RECOMMENDATIONS

- 2.1 Audit and Governance Committee recommend Council:
- 2.1.1 Approve the report of treasury management activities from 1st April 2022 to 30th September 2022 as detailed in Appendix 1: 2022-23 Treasury Management Mid -Year Report.

3. Background:

- 3.1 The Council held £115.6m of investments as at 30th September 2022. The Council maintained an average investments balance of £68m and the average interest earned for the first six months of the year was 1.68% against a benchmark of o/n average SONIA (Sterling Overnight interbank average rate) at 1.23%.

- 3.2 The debts portfolio as at 30th September 2022 was £415.7m with an average interest payable of 3.64% and an average maturity of 25 years. The Council borrowed twice from PWLB during the period 6 months to 30th September 2022 to finance historic capital expenditure.
- 3.3 All treasury management activities within the first half of the year have been in accordance with the approved limits and prudential indicators as set out in the Treasury Management Strategy Statement 2022/23. There was no breach of the Council's prudential indicators and treasury indicators.
- 3.4 The Treasury Officers are proposing to Members to approve the increase of Investments duration between 1-3 years of counterparties with high quality UK banks as approved by the 2022-23 Treasury Management Strategy Statement namely (Santander, NatWest, Lloyds, HSBC, Barclays, and RBS). These banks attract funds for a longer duration of investments.

4. PROPOSALS

- 4.1 Treasury Management in the context of the report is defined as:

“The Management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.” (CIPFA Treasury Management Code of Practice 2017).
- 4.2. The Council has powers under Part 1 of the Local Government Act 2003 to borrow (i.e. prudential borrowing) and invest money in accordance with statute. In carrying out these functions, the Council is required to have regard to statutory guidance, which is currently found in the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. As this is statutory guidance, the Council should follow the guidance unless there is good reason not to. The Guidance requires the Council to agree a treasury strategy for borrowing and to prepare an annual investment strategy, an interim report, and an annual treasury management review.
- 4.3 The attached appendix is presented to the Council to approve the mid-year Treasury Management Strategy. The report includes details of the forecasted outturn for capital expenditure, as well as borrowing and investment forecasts based on cash flow and the capital expenditure.

5. CONSULTATION

- 5.1 The Treasury Management Team and Treasury Strategy Group are consulted on the content of this report. Membership of these groups includes the following officers: Head of Pensions and Treasury, Strategic Director Finance and Governance, Director of Finance, Chief Accountant, Strategic Finance Advisers.

6. IMPLICATIONS

- 6.1 **Finance, Value for Money and Risk**

6.1.1 This report details financial activity and possible future proposals in respect of treasury strategy. Any proposed changes will be made to maximise the value and effective utilisation of the Council's finances and in accordance with CIPFA's Code of Practice.

6.2 Legal

6.2.1 The Council's constitution provides that all money held by the Council shall be aggregated for the purposes of Treasury Management and shall be under the control of the officer responsible for the proper administration of the Council's financial affairs (Section 151 officer).

6.2.2 This report sets out the Council's position regarding its legal requirements under the CIPFA Prudential Code, Code of Practice on Treasury Management in Local Government, and other regulations.

6.3 Equalities and Diversity

6.3.1 There are no specific implications

6.4 Sustainability (including climate change, health, crime and disorder)

6.4.1 There are no specific implications.

6.5 Council Infrastructure

6.5.1 There are no specific implications.

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

There are no background papers for this report which require listing.