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**2019/20 TREASURY OPERATIONS ANNUAL PERFORMANCE REVIEW**

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Committee: Finance and Assets Committee

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1.0 ISSUE

- 1.1 To report on the Council's treasury operations during the 2019/20 financial year.
- 1.2 This report reviews the Treasury Management activity during the financial year 2019/20 and reports on the prudential indicators as required by CIPFA's Treasury Management Code of Practice.

2.0 RECOMMENDATION

- 2.1 Members are asked to note the contents of this report on the Council's treasury operations during 2019/20, including the prudential and treasury indicators as set out in Appendix 1; and
- 2.2 Recommend to Full Council approval of the report.

3.0 BACKGROUND / INTRODUCTION

- 3.1 This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators each year, this is the report for 2019/20. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 3.2 During 2019/20 the minimum reporting requirements were that Full Council should receive the following reports:
- an annual treasury strategy in advance of the year (received by Council on the 21<sup>st</sup> February 2019);
  - a mid-year treasury update report, (this was reviewed by Finance and Assets Committee on 28<sup>th</sup> November 2019 and approved by Full Council on the 20<sup>th</sup> February 2020);
  - an annual review following the end of the year, describing the activity compared to the strategy (this report).

4.0 RESULTS

- 4.1 Cash investments totalled £10,877 million as at 31<sup>st</sup> March 2020, an increase of £4.686 million on the previous year. The Council's cash investments were all for periods of less than one year.
- 4.2 The large increase in cash is mainly down to three events,

- the Council's overall revenue underspend for the year as reported in the financial outturn report;
- additional CIL receipts;
- the repayment of £1.7 million of the loan previously awarded to East Cambridgeshire Trading Company (ECTC).

4.3 The outstanding value of the Council's loan to ECTC was £4.22 million at the 31<sup>st</sup> March 2020.

4.4 Interest received during the financial year was £332,949, which was £34,949 above the budget of £298,000. This figure is made up of £97,360 from investment in money markets and other short, fixed term investments and £235,589 from the loan to ECTC.

4.5 The average rate of return on cash investments held during the year (this excludes the loan to ECTC) was 0.775%. This was above the benchmark 7 day LIBID (London Inter-bank Bid Rate) which was 0.534%.

### 5.0 CONCLUSIONS

5.1 The size of the Council's investment portfolio is relatively small. Meaning that investment decisions have to be made primarily to accommodate cashflow requirements as opposed to optimising investment returns. Despite these pressures, opportunities for some pro-active investment decisions were taken during the year when opportunity arose, with funds being moved to fixed term investments and away from overnight accounts.

5.2 During the financial year the Council operated within its approved treasury limits and prudential indicators.

### 6.0 APPENDIX

6.1 Annual Treasury Management Review 2019/20

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BACKGROUND DOCUMENTS	LOCATION	CONTACT OFFICER
Treasury Management Strategy as approved by Council on 21 <sup>st</sup> February 2019	Room 104 The Grange Ely	Ian Smith (01353) 616470 E-mail: <a href="mailto:ian.smith@eastcambs.gov.uk">ian.smith@eastcambs.gov.uk</a>