

Somerset West and Taunton Council

Audit, Governance and Standards Committee – 13 January 2020

Treasury Management Update – 30th September 2019

This matter is the responsibility of Executive Councillor Ross Henley

Report Author: Steve Plenty, Finance Specialist

1 Executive Summary / Purpose of the Report

- 1.1 To provide Members with an update on the Treasury Management activity of the Council for the first six months of 2019/20. It focuses on a review of the Council's borrowing and investment activities.

2 Recommendations

- 2.1 To note the Treasury Management position as at 30th September 2019 (Appendix A attached to this report).

3 Risk Assessment (if appropriate)

Risk Matrix

Description	Likelihood	Impact	Overall
The Council fails to maintain an adequate system of internal control.	2	3	6
<i>The Council has an approved Treasury Management Strategy Statement and effective management practices to ensure compliance.</i>	1	2	2

Risk Scoring Matrix

Likelihood	5	Almost Certain	Low (5)	Medium (10)	High (15)	Very High (20)	Very High (25)
	4	Likely	Low (4)	Medium (8)	Medium (12)	High (16)	Very High (20)
	3	Possible	Low (3)	Low (6)	Medium (9)	Medium (12)	High (15)
	2	Unlikely	Low (2)	Low (4)	Low (6)	Medium (8)	Medium (10)
	1	Rare	Low (1)	Low (2)	Low (3)	Low (4)	Low (5)
			1	2	3	4	5
			Negligible	Minor	Moderate	Major	Catastrophic
			Impact				

Likelihood of risk occurring	Indicator	Description (chance of occurrence)
1. Very Unlikely	May occur in exceptional circumstances	< 10%
2. Slight	Is unlikely to, but could occur at some time	10 – 25%
3. Feasible	Fairly likely to occur at same time	25 – 50%
4. Likely	Likely to occur within the next 1-2 years, or occurs occasionally	50 – 75%
5. Very Likely	Regular occurrence (daily / weekly / monthly)	> 75%

4 Background and Full details of the Report

- 4.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised by committee before being recommended to the Council. This role is undertaken by the Audit, Governance and Standards Committee.
- 4.2 The Authority's treasury management strategy for 2019/20 was approved at a meeting of the Shadow Council on 21 February 2019. The Authority has [borrowed and/or invested] substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.
- 4.3 The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments.

Amend as applicable: The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 21 February 2019.

5 Links to Corporate Aims / Priorities

5.1 The investment strategy supports the delivery of the Corporate Aims.

6 Finance / Resource Implications

6.1 Any financial / resource implications are contained within the Appendix to this covering report.

7 Legal Implications, Environmental Impact Implications, Safeguarding and/or Community Safety Implications, Equality and Diversity Implications, Social Value Implications, Partnership Implications, Health and Wellbeing Implications, Asset Management Implications, Data Protection Implications and Consultation Implications

7.1 None in respect of this report.

Democratic Path:

- **Audit, Governance and Standards Committee – Yes**
- **Full Council – Yes**

Reporting Frequency: Annually

List of Appendices

Appendix A	Mid-Year Treasury Management Update
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