

## **Cabinet**

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**Date of Meeting:** 08 September 2020

**Report Title:** Capital, Investment and Treasury Management Strategies Annual Review 2019/20

**Portfolio Holder:** Cllr Amanda Stott - Finance, IT and Communication

**Report Author:** Alex Thompson – Director of Finance & Customer Services (Section 151 Officer)

**Senior Officer:** Jane Burns – Executive Director of Corporate Services

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### **1. Report Summary**

- 1.1. The report includes a review of the Capital, Investment and Treasury Management Strategies for the 2019/20 financial year.
- 1.2. The Treasury Management Policy requires an annual report on the performance of the Council's treasury management operation. This report contains details of the activities in 2019/20 for Cheshire East Council.
- 1.3. The attached Appendices set out details of the Council's activities in 2019/20:

**Appendix 1 – Capital Strategy 2019/20** – Provides the final capital outturn position for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

**Appendix 2 – Treasury Management Annual report** – includes details of treasury activity during 2019/20.

**Appendix 3 – Investment Strategy 2019/20** – includes details of investment activity during 2019/20.

### **2. Recommendations**

That Cabinet:

- 2.1. Note the content of the appendices to this report.

- 2.2. Approve in accordance with Finance Procedure Rules fully funded supplementary capital estimates over £500,000 and up to £1m (**Appendix 1, Annex B**);
- 2.3. Approve in accordance with Finance Procedure Rules capital virements over £1,000,000 and up to £5,000,000 (**Appendix 1, Annex B**);
- 2.4. Recommend to Council to approve:
  - 2.4.1. capital virements above £1,000,000 in accordance with Financial Procedure Rules as detailed in (**Appendix 1 Annex C**).
  - 2.4.2. supplementary capital estimates above £1,000,000 in accordance with Financial Procedure Rules as detailed in (**Appendix 1 Annex D**).

### **3. Reasons for Recommendations**

- 3.1. The Council monitors in-year performance through a reporting cycle, which includes outturn reporting at year-end. Reports during the year reflect financial and operational performance and provide the opportunity for members to note, approve or recommend changes in line with the Council's Financial Procedure Rules.
- 3.2. This report provides strong links between the Council's statutory reporting requirements and the in-year monitoring processes for financial management of resources.
- 3.3. To meet the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities.

### **4. Other Options Considered**

- 4.1. Not applicable.

### **5. Background**

- 5.1. The Capital, Treasury and Investment Strategies for 2019/20 were approved by Council on 21<sup>st</sup> February 2019 as part of the Medium Term Financial Strategy. Progress reports have been provided to Cabinet throughout the year as part of the Quarterly Financial and Performance Update Reports.
- 5.2. The Council complied with its legislative and regulatory requirements and remained within all of its Prudential Indicators during the year, further details are provided in Appendix 1 - Annex G and Appendix 2- Section 6.

## **6. Implications of the Recommendations**

### **6.1. Legal Implications**

- 6.1.1. The legal implications surrounding the process of setting the 2019 to 2022 medium term financial strategy were dealt with in the reports relating to that process. The purpose of this paper is to provide a progress report at the final outturn stage of 2019/20.
- 6.1.2. Legal implications that arise when activities funded from the budgets that this report deals with are undertaken, but those implications will be dealt within the individual reports to Members or Officer Decision Records that relate.
- 6.1.3. As noted in paragraph 4.53 of the Finance Procedure Rules in the Council's Constitution, the Council has adopted CIPFA's Code of Practice for Treasury Management in Local Authorities as this is recognised as the accepted standard for this area. Paragraphs 4.54 – 4.58 provide further information relating to treasury management practice, and the Code itself will have been developed and based upon relevant legislation and best practice. This report is presented to Cabinet under rule 4.58.

### **6.2. Finance Implications**

- 6.2.1. The Council's financial resources are agreed by Council and aligned to the achievement of stated outcomes for local residents and communities. Monitoring and managing performance helps to ensure that resources are used effectively and that business planning and financial decision making are made in the right context.
- 6.2.2. The Council's Audit & Governance Committee is responsible for reviewing and analysing the Council's financial position at year-end. The final accounts will be approved by 30<sup>th</sup> November 2020 following external auditing and associated recommendations to the Committee.

### **6.3. Policy Implications**

- 6.3.1. This report is a backward look at Council activities during the final quarter.
- 6.3.2. Financial management supports delivery of all Council policies. The final outturn position, ongoing considerations for future years, and the impact on general reserves will be fed into the assumptions underpinning the 2021/24 medium term financial strategy.

#### **6.4. Equality Implications**

6.4.1. Any equality implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

#### **6.5. Human Resources Implications**

6.5.1. This report is a backward look at Council activities at outturn and states the year end position. Any HR implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

#### **6.6. Risk Management Implications**

6.6.1. Performance and risk management are part of the management processes of the Authority. Risks are captured both in terms of the risk of underperforming and risks to the Council in not delivering its objectives for its residents, businesses, partners and other stakeholders. Risks identified in this report are used to inform the overall financial control risk contained in the Corporate Risk Register.

6.6.2. Financial risks are assessed and reported on a regular basis, and remedial action taken if and when required. Risks associated with the achievement of the 2019/20 budget and the level of general reserves were factored into the 2020/21 financial scenario, budget and reserves strategy.

#### **6.7. Rural Communities Implications**

6.7.1. The report provides details of service provision across the borough.

#### **6.8. Implications for Children & Young People / Cared for Children**

6.8.1. The report provides details of service provision across the borough.

#### **6.9. Public Health Implications**

6.9.1. This report is a backward look at Council activities at the fourth quarter and provides the year end position. Any public health implications that arise from activities funded by the budgets that this report deals with will be dealt within the individual reports to Members or Officer Decision Records to which they relate.

## **7. Ward Members Affected**

7.1. All.

## **8. Consultation & Engagement**

8.1. As part of the budget setting process the Pre-Budget Report 2019/20 provided an opportunity for interested parties to review and comment on the Council's Budget proposals. The budget proposals described in the consultation document were Council wide proposals and that consultation was invited on the broad budget proposals. Where the implications of individual proposals were much wider for individuals affected by each proposal, further full and proper consultation was undertaken with people who would potentially be affected by individual budget proposals.

## **9. Access to Information**

9.1. The following are links to key background documents:

[Medium Term Financial Strategy 2019-22](#)

[Mid Year Review of Performance 2019/20](#)

[Third Quarter Review of Performance 2019/20](#)

[Statement of Accounts 2019/20](#)

## **10. Contact Information**

10.1. Any questions relating to this report should be directed to the following officer:

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