

Southend-on-Sea Borough Council

Report of Executive Director (Finance & Resources)
To
Cabinet
on
23 February 2021

Report prepared by: Caroline Fozzard
Group Manager – Financial Planning and Control

Agenda

Item No.

Quarter Three Treasury Management Report – 2020/21
Policy and Resources Scrutiny Committee
Cabinet Member: Councillor Ron Woodley
Part 1 (Public Agenda Item)

1. Purpose of Report

- 1.1. The Quarter Three Treasury Management Report covers the treasury management activity and compliance with the treasury management strategy for both quarter three and the period from April to December 2020.

2. Recommendations

That the following is approved:

- 2.1. **The Quarter Three Treasury Management Report for 2020/21.**

That the following is noted:

- 2.2. **Treasury management activities were carried out in accordance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Sector during the period from April to December 2020.**
- 2.3. **The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.**
- 2.4. **£1.226m of interest and income distributions for all investments were earned during this nine month period at an average rate of 1.07%. This is 1.13% over the average 7 day LIBID (London Interbank Bid Rate) and 0.97% over the average bank rate. Also the value of the externally managed funds decreased by a net of £0.183m due to changes in the unit price, giving a combined overall return of 0.91%. (Section 8).**
- 2.5. **The level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained at £310.3m (Housing Revenue Account (HRA): £75.0m, GF: £235.3m) during the period from April to December 2020.**

- 2.6. **The level of financing for ‘invest to save’ capital schemes decreased from £8.64m to £8.58m during the period from April to December 2020.**

3. Background

- 3.1. This Council has adopted the ‘CIPFA Code of Practice for Treasury Management in the Public Sector’ and operates its treasury management service in compliance with this code. The code recommends that local authorities submit reports regularly as part of its Governance arrangements.
- 3.2. Current guidance is that authorities should report formally at least twice a year and preferably quarterly. The Treasury Management Policy Statement for 2020/21 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation. This is the third quarter report for the financial year 2020/21.
- 3.3. Appendix 1 shows the in-house investment position at the end of quarter three of 2020/21.
- 3.4. Appendix 2 shows the treasury management performance specifically for quarter three of 2020/21.

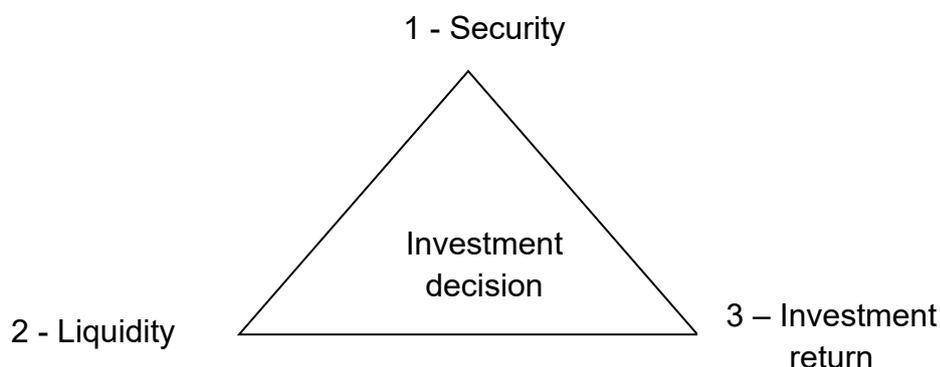
4. National Context

- 4.1. During the quarter the UK economic situation worsened due to a mixture of various local Covid-19 restrictions, a second lockdown and then ever tightening restrictions towards the end of the quarter. This situation will only worsen in the last quarter of the year as the whole of England was placed in a third national lockdown again from 5 January. It is hoped that the rollout of the vaccination programme will help to ease restrictions so that an economic recovery can get underway.
- 4.2. The UK left the European Union on 31 January but there is uncertainty due to the potential impact of whatever the exact terms of the country’s negotiated exit with a trade deal will be.
- 4.3. At its recent meeting the Monetary Policy Committee the Bank of England voted unanimously to keep the bank base rate at 0.10% and to leave the Quantitative Easing programme unchanged at £875bn. During the quarter CPI has moved from 0.9% in October, down to 0.6% in November then up to 0.8% in December. For the three months from September to November the unemployment rate was 5.0%, up from 3.8% for the same three months in 2019.
- 4.4. In this unprecedented year UK GDP increased by a record 16% in the three months July to September but this reflected some recovery of activity following the record contraction in the three months April to June of 18.8%. Average house prices in the UK increased by 7.6% over the year to November, up from 5.9% for the year to October. This is the highest annual growth rate the UK has seen since June 2016.

- 4.5. The economic situation together with the financial market conditions prevailing throughout the quarter continued to provide challenges for treasury management activities. Due to the low interest rate environment, only monies needed for day to day cash flow activities were kept in instant access accounts.
- 4.6. Ultra low interest rates prevailed throughout the period from April to December 2020 and this led to low investment income earnings from the in-house investments.

5. Investments – quarter three (October to December)

- 5.1. A prime objective of our investment activities is the security of the principal sums invested. To ensure this security before a deposit is made an organisation is tested against a matrix of credit criteria and then other relevant information is considered. During the period from October to December 2020 investment deposits were limited to those who met the criteria in the Annual Treasury Management Investment Strategy when the deposit was placed.
- 5.2. Other investment objectives are to maintain liquidity (i.e. adequate cash resources to allow the council to operate) and to optimise the investment income generated by surplus cash in a way that is consistent with a prudent level of risk. Investment decisions are made with reference to these objectives, with security and liquidity being placed ahead of the investment return. This is shown in the diagram below:



Security:

- 5.3. To maintain the security of sums invested, we seek to lower counterparty risk by investing in financial institutions with good credit ratings, across a range of sectors and countries. The risk of loss of monies invested is minimised through the Annual Treasury Management Investment Strategy.
- 5.4. Pie chart 1 of Appendix 1 shows that at the end of quarter three; 40% of our in-house investments were placed with financial institutions with a long term rating of AAA, and 60% with a long term rating of A.
- 5.5. As shown in pie chart 2 of Appendix 1, these monies were with various counterparties, 60% being placed directly with banks and 40% placed with a range of counterparties via money market funds.

5.6. Pie chart 3 of Appendix 1 shows the countries where the parent company of the financial institution with which we have monies invested is registered. For money market funds there are various counterparties spread across many countries. The cumulative balance of funds held with any one institution was kept within agreed limits.

Liquidity:

5.7. At the end of quarter three £52.5m of our in-house monies were available on an instant access basis, £10m were held in notice accounts and £20m was invested in fixed term deposits. The maturity profile of our investments is shown in pie chart 4 of Appendix 1.

Investment return:

5.8. During the quarter the Council used the enhanced cash fund manager Payden & Rygel to manage monies on our behalf. An average balance of £5.1m was invested in these funds during the quarter. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 3 of Appendix 2.

Table 1: Payden Sterling Reserve Fund

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	5.096	
Increase/decrease in fund due to value of unit price	0.006	0.48
Value of fund at end of quarter	5.102	
Income distributions	0.007	0.52
Combined investment income (income distribution plus change in fund value due to unit price)	0.013	1.00

5.9. The Council had an average of £99.0m of investments managed in-house over the period from October to December, and these earned an average interest rate of 0.25%. Of the in-house managed funds:

- an average of £12.5m was held in the Council's main bank account. Over the quarter no interest was earned as the rate is at a margin below the base rate of 0.10%. This average balance was higher than normal as a result to the volatile nature of the cash flows during the quarter due to the pandemic;
- an average of £56.5m was held in money market funds earning an average of 0.14% over the quarter. These work in the same way as a deposit account but the money in the overall fund is invested in a number of counterparties, therefore spreading the counterparty risk.
- an average of £10.0m was held in notice accounts earning an average of 0.30% over the quarter;

- an average of £20.0m was held in fixed term deposits and earned an average return of 0.69% over the quarter;
- 5.10. In accordance with the Treasury Management Strategy the performance during the quarter is compared to the average 7 day LIBID (London Interbank Bid Rate). Overall, performance on our investments was higher than the average 7 day LIBID. The 7 day LIBID rate fluctuated between -0.10% and -0.07%. The bank base rate remained at 0.10% throughout the quarter. Performance is shown in Graph 1 of Appendix 2.
- 5.11. As investment balances fluctuate, all investment returns quoted in this report are calculated using the average balance over the period and are quoted as annualised returns.

6. Short Dated Bond Funds – quarter three (October to December)

- 6.1. Throughout the quarter medium term funds were invested in two short dated bond funds: Royal London Investment Grade Short Dated Credit Fund and the AXA Sterling Credit Short Duration Bond Fund.
- 6.2. The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into corporate bonds in the one to five year range. An income distribution will be generated from the coupon on the bond and income distributions are paid to the Council. The price of units can rise and fall, depending on the value of the corporate bonds in the fund. So these investments would be over the medium term with the aim of realising higher yields than short term investments.
- 6.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that and not the change in the unit price.
- 6.4. An average of £7.7m was managed by AXA Investment Managers UK Limited. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 2 of Appendix 2.

Table 2: AXA Sterling Credit Short Duration Bond Fund

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	7.688	
Increase/decrease in fund due to value of unit price	0.074	3.82
Value of fund at end of quarter	7.762	
Income distributions*	0.027	1.37
Combined investment income (income distribution plus change in fund value due to unit price)	0.101	5.19

* This income distribution is an estimate and will be confirmed and distributed in quarter 4.

- 6.5. An average of £7.8m was managed by Royal London Asset Management. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 2 of Appendix 2.

Table 3: Royal London Investment Grade Short Dated Credit Fund

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	7.813	
Increase/decrease in fund due to value of unit price	0.078	3.92
Value of fund at end of quarter	7.891	
Income distributions	0.041	2.10
Combined investment income (income distribution plus change in fund value due to unit price)	0.119	6.02

7. Property Funds – quarter three (October to December)

- 7.1. Throughout the quarter long term funds were invested in two property funds: Patrizia Hanover Property Unit Trust and Lothbury Property Trust.
- 7.2. The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into properties. An income distribution is generated from the rental income streams from the properties in the fund. Income distributions are paid to the Council. There are high entrance and exit fees and the price of the units can rise and fall, depending on the value of the properties in the fund, so these funds are invested over the long term with the aim of realising higher yields than other investments.
- 7.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that and not the change in unit price.
- 7.4. An average of £13.5m was managed by Patrizia Property Investment Managers LLP. The table on the next page shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 1 of Appendix 2.

Table 4: Patrizia Hanover Property Unit Trust

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	13.545	
Increase/decrease in fund due to value of unit price	0.215	6.28
Value of fund at end of quarter	13.760	
Income distributions*	0.155	4.54
Combined investment income (income distribution plus change in fund value due to unit price)	0.370	10.82

* This is an estimate and may change due to the high level of uncertainty in the property market as a result of the Covid-19 pandemic. The income Distribution will be confirmed in quarter 4.

- 7.5. An average of £12.7m was managed by Lothbury Investment Management Limited. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 1 of Appendix 2.

Table 5: Lothbury Property Trust

Quarter 3	£m	Investment return (%)
Value of fund at start of quarter	12.626	
Increase/decrease in fund due to value of unit price	0.212	6.62
Value of fund at end of quarter	12.838	
Income distributions	0.095	2.97
Combined investment income (income distribution plus change in fund value due to unit price)	0.307	9.59

8. Investments – quarter three cumulative position

- 8.1. During the period from April to December 2020 the Council complied with all of the relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of the Code of Practice for Treasury Management means its treasury practices demonstrate a low risk approach.
- 8.2. The Council is aware of the risks of passive management of the treasury portfolio and has proactively managed levels of debt and investments over the nine month period with the support of its treasury management advisers.
- 8.3. The table on the next page summarises the Council's investment position for the period from April to December 2020:

Table 6: Investment position

	At 31 March 2020	At 31 December 2020	April to December 2020	
	Actual Balance (£000s)	Actual Balance (£000s)	Average Balance (£000s)	Average Rate (%)
Call accounts [#]	34,936	19,533	26,010	0.00
Money market funds	4,000	33,000	47,577	0.21
Notice accounts	0	10,000	4,333	0.30
Fixed term deposits	35,000	20,000	27,402	0.95
Total investments managed in-house	73,936	82,533	105,322	0.36
Enhanced Cash Funds	4,990	5,102	5,072	3.53
Short Dated Bond Funds	14,992	15,653	15,375	7.53
Property Funds	27,554	26,598	26,733	(1.23)
Total investments managed externally	47,536	47,353	47,180	2.14
Total investments	121,472	129,886	152,502	0.91

[#]This includes the council's main current account.

8.4. In summary the key factors to note are:

- An average of £105.3m of investments were managed in-house. These earned £0.283m of interest during this nine month period at an average rate of 0.36%. This is 0.42% over the average 7 day LIBID and 0.26% over the average bank base rate. The average in-house balances are higher than they would be under normal circumstances due to the timing of receipt of Covid-19 related Government funding.
- An average of £5.1m was managed by an enhanced cash fund manager. During this nine month period this earned £0.023m from income distributions at an average rate of 0.59% and the value of the fund increased by £0.112m giving a combined overall return of 3.53%.
- An average of £15.4m was managed by two short dated bond fund managers. During this nine month period these earned £0.211m from income distributions at an average rate of 1.82% and the value of the funds increased by £0.662m giving a combined overall return of 7.53%.
- An average of £26.7m was managed by two property fund managers. During this nine month period these earned £0.709m from income distributions at an average rate of 3.52% and the value of the funds decreased by £0.957m giving a combined overall return of (1.23)%.

- 8.5. Some cash balances managed in-house are required to meet short term cash flow requirements and therefore throughout the nine month period monies were placed 13 times for periods of one year or less. The table below shows the most used counterparties overall and the countries in which they are based. All deals are in sterling despite the country the counterparties are based in.

Table 7: Counterparties used

Counterparty	Country	No. of Deals	Value of Deals (£m)
Insight Investment Management Ltd	Money Market Fund (Various Counterparties)	4	39
BlackRock	Money Market Fund (Various Counterparties)	4	19
Aberdeen Liquidity Fund	Money Market Fund (Various Counterparties)	2	19
Goldman Sachs	Money Market Fund (Various Counterparties)	3	16

- 8.6. In addition to the above, use was also made of call accounts during the year because they provide instant access to funds. This meant that funds were available for cash flow movements to avoid having to pay higher rates to borrow from the market. During the period from April to December 2020 an average of £26.0m was held in such accounts.
- 8.7. For cash balances that are not needed to meet immediate or very short term cash flow requirements, monies were invested in a 95-day notice account with Barclays and in fixed term deposits of up to one year, depending on the liquidity requirements. The table below shows the fixed term deposits held during the period from April to December 2020.

Table 8: Fixed Term Deposits

Counterparty	Date of Deposit	Return Date	Number of days	Interest rate (%)	Amount (£m)
Santander UK plc	14/08/2019	14/08/2020	366	1.15	10
Lloyds Bank plc	14/08/2019	14/08/2020	366	1.10	20
Santander UK plc	27/02/2020	01/03/2021	368	1.10	5
Santander UK plc	12/08/2020	12/08/2021	365	0.55	5
Santander UK plc	14/08/2020	16/08/2021	367	0.55	10

9. Short Dated Bond Funds – quarter three cumulative position

- 9.1. An average of £7.6m was managed by AXA Investment Managers UK Limited. The table below shows the movement in the fund value over the period from April to September, the income distributions for that period, the returns both for each element and the combined return.

Table 9: AXA Sterling Credit Short Duration Bond Fund

April to December 2020	£m	Investment return (%)
Value of fund at start of quarter	7.437	
Increase/decrease in fund due to value of unit price	0.325	5.68
Value of fund at end of quarter	7.762	
Income distributions*	0.080	1.39
Combined investment income (income distribution plus change in fund value due to unit price)	0.405	7.07

* This income distribution is an estimate and will be confirmed and distributed in quarter 4.

- 9.2. An average of £7.8m was managed by Royal London Asset Management. The table below shows the movement in the fund value over the period from April to September, the income distributions for that period, the returns both for each element and the combined return.

Table 10: Royal London Investment Grade Short Dated Credit Fund

April to December 2020	£m	Investment return (%)
Value of fund at start of quarter	7.555	
Increase/decrease in fund due to value of unit price	0.336	5.74
Value of fund at end of quarter	7.891	
Income distributions*	0.131	2.25
Combined investment income (income distribution plus change in fund value due to unit price)	0.467	7.99

10. Property Funds – quarter three cumulative position

- 10.1. An average of £13.9m was managed by Patrizia Property Investment Managers LLP. The table on the next page shows the movement in the fund value over the period from April to September, the income distributions for that period, the returns both for each element and the combined return.

Table 11: Patrizia Hanover Property Unit Trust

April to December 2020	£m	Investment return (%)
Value of fund at start of quarter	14.454	
Increase/decrease in fund due to value of unit price	(0.694)	(6.62)
Value of fund at end of quarter	13.760	
Income distributions*	0.452	4.31
Combined investment income (income distribution plus change in fund value due to unit price)	(0.242)	(2.31)

* This is an estimate and may change due to the high level of uncertainty in the property market as a result of the Covid-19 pandemic. The income Distribution will be confirmed in quarter 4.

- 10.2. An average of £12.8m was managed by Lothbury Investment Management Limited. The table below shows the movement in the fund value over the period from April to September, the income distributions for that period, the returns both for each element and the combined return.

Table 12: Lothbury Property Trust

April to December 2020	£m	Investment return (%)
Value of fund at start of quarter	13.100	
Increase/decrease in fund due to value of unit price	(0.262)	(2.72)
Value of fund at end of quarter	12.838	
Income distributions*	0.257	2.66
Combined investment income (income distribution plus change in fund value due to unit price)	(0.005)	(0.06)

11. Borrowing – quarter three

- 11.1. The Capital Financing Requirement (CFR) is the Council's theoretical need to borrow but the Section 151 Officer can manage the Council's actual borrowing position by either:

- 1 - Borrowing to the CFR;
- 2 - Choosing to use temporary cash flow funds instead of borrowing (internal borrowing) or;
- 3 - Borrowing for future increases in the CFR (borrowing in advance of need).

- 11.2. The Council began quarter three in the second of the above scenarios, with actual borrowing below CFR.

- 11.3. This, together with the Council’s cash flow, the prevailing Public Works Loans Board (PWLB) interest rates and the future requirements of the capital programme, were taken into account when deciding the amount and timing of any loans. No debt restructuring was carried out during the quarter.
- 11.4. During quarter three, no new PWLB loans were taken out. No loans matured during the quarter.
- 11.5. The level of PWLB borrowing (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained at £310.3m during quarter three. The average rate of borrowing at the end of the quarter was 3.77%. A profile of the repayment dates is shown in Graph 2 of Appendix 2.
- 11.6. The level of PWLB borrowing at £310.3m is in line with the financing requirements of the capital investment programme and the revenue costs of this borrowing are fully accounted for in the revenue budget. The current level of borrowing is also in line with the Council’s prudential indicators and is prudent, affordable and sustainable.
- 11.7. Interest rates from the PWLB fluctuated throughout the quarter in response to economic events: 10 year PWLB rates between 1.04% and 2.31%; 25 year PWLB rates between 1.53% and 2.87% and 50 year PWLB rates between 1.31% and 2.70%. These rates are after the PWLB ‘certainty rate’ discount of 0.20%.
- 11.8. During quarter three no short term loans were taken out for cash flow purposes. This is shown in Table 4 of Appendix 2.

12. Borrowing – quarter three cumulative position

- 12.1. The Council’s borrowing limits for 2020/21 are shown in the table below:

Table 13: Borrowing limits

	2020/21 Original (£m)
Operational Boundary	375
Authorised Limit	385

The Authorised Limit is the “Affordable Borrowing Limit” required by the Local Government Act 2003. This is the outer boundary of the Council’s borrowing based on a realistic assessment of the risks and allows sufficient headroom to take account of unusual cash movements.

The Operational Boundary is the expected total borrowing position of the Council during the year and reflects decisions on the amount of debt needed for the Capital Investment Programme. Periods where the actual position is either below or over the Boundary are acceptable subject to the Authorised Limit not being breached.

12.2. The Council's outstanding borrowing as at 31st December 2020 was:

- Southend-on-Sea Borough Council £318.9m
 - PWLB: £310.3m
 - Invest to save: £8.6m
- ECC transferred debt £10.2m

Repayments in the first 9 months of 2020/2021 were:

- Southend-on-Sea Borough Council £0.1m
 - PWLB: £0m
 - Invest to save: £0.1m
- ECC transferred debt £0.5m

12.3. Outstanding debt relating to services transferred from Essex County Council (ECC) on 1st April 1998, remains under the management of ECC. Southend Borough Council reimburses the debt costs incurred by the County. The debt is recognised as a deferred liability on our balance sheet.

12.4. The interest payments for PWLB and excluding transferred debt, during the period from April to December 2020 were £7.642m which is the same as the original budget for the same period.

12.5. The table below summarises the PWLB borrowing activities over the period from April to December 2020:

Table 14: PWLB borrowing activities

Quarter	Borrowing at beginning of quarter (£m)	New borrowing (£m)	Re-financing (£m)	Borrowing repaid (£m)	Borrowing at end of quarter (£m)
April to June 2020	310.3	0	0	(0)	310.3
July to September 2020	310.3	0	0	(0)	310.3
October to December 2020	310.3	0	0	(0)	310.3
General Fund	235.3	0	0	(0)	235.3
HRA	75.0	0	0	(0)	75.0

All PWLB debt held is repayable on maturity.

13. Funding for Invest to Save Schemes (included in Section 12)

- 13.1. Capital projects were completed on energy efficiency improvements at the Beecroft Art Gallery, replacement lighting on Southend Pier, draughtproofing of windows, lighting replacements at University Square Car Park and Westcliff Library which will generate on-going energy savings. These are invest-to-save projects and the predicted revenue streams cover as a minimum the financing costs of the project.
- 13.2. To finance these projects the Council has taken out interest free loans of £0.161m with Salix Finance Ltd which is an independent, not for profit company, funded by the Department for Energy and Climate Change that delivers interest-free capital to the public sector to improve their energy efficiency and reduce their carbon emissions. The loans are for periods of four and five years with equal instalments to be repaid every six months. There are no revenue budget implications of this funding as there are no interest payments to be made and the revenue savings generated are expected to exceed the amount needed for the repayments. £0.025m of these loans were repaid during the period from April to December 2020.
- 13.3. At the meeting of Cabinet on 23rd June 2015 the LED Street Lighting and Illuminated Street Furniture Replacement Project was approved which was to be partly funded by 25 year reducing balance 'invest to save' finance from L1 Renewables Finance Limited. The balance outstanding at the end of quarter three was £8.50m. A repayment of £0.038m was made during the period from April to December 2020.
- 13.4. Funding of these invest to save schemes is shown in Table 5 of Appendix 2.

14. Compliance with Treasury Management Strategy – quarter three

- 14.1. The Council's investment policy is governed by the CIPFA Code of Practice for Treasury Management in the Public Sector (revised in December 2017), which has been implemented in the Annual Treasury Management Investment Strategy approved by the Council on 20 February 2020. The investment activity during the quarter conformed to the approved strategy, and the cash flow was successfully managed to maintain liquidity. This is shown in Table 7 of Appendix 2.

15. Other Options

- 15.1. There are many options available for the operation of the Treasury Management function, with varying degrees of risk associated with them. The Treasury Management Policy aims to effectively control risk to within a prudent level, whilst providing optimum performance consistent with that level of risk.

16. Reasons for Recommendations

- 16.1. The CIPFA Code of Practice on Treasury Management recommends that Local Authorities should submit reports regularly. The Treasury Management Policy Statement for 2020/21 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation.

17. Corporate Implications

17.1. Contribution to the Southend 2050 Road Map

Treasury Management practices in accordance with statutory requirements, together with compliance with the prudential indicators acknowledge how effective treasury management provides support towards the achievement of the Council's ambition and desired outcomes.

17.2. Financial Implications

The financial implications of Treasury Management are dealt with throughout this report.

17.3. Legal Implications

This Council has adopted the 'CIPFA Code of Practice for Treasury Management in the Public Sector' and operates its treasury management service in compliance with this code.

17.4. People Implications

None.

17.5. Property Implications

None.

17.6. Consultation

The key Treasury Management decisions are taken in consultation with our Treasury Management advisers.

17.7. Equalities Impact Assessment

None.

17.8. Risk Assessment

The Treasury Management Policy acknowledges that the successful identification, monitoring and management of risk are fundamental to the effectiveness of its activities.

17.9. Value for Money

Treasury Management activities include the pursuit of optimum performance consistent with effective control of the risks associated with those activities.

17.10. Community Safety Implications

None.

17.11. Environmental Impact

None.

18. **Background Papers**

None.

19. **Appendices**

Appendix 1 – In-House Investment Position as at 31 December 2020

Appendix 2 – Treasury Management Performance for Quarter Three – 2020/21