

Wiltshire Council

Council

24 November 2020

Subject: **Mid-Year Treasury Management Report – Investment Lending Criteria**

Cabinet Member: **Cllr Pauline Church – Cabinet member for Finance and Procurement, and Commercial Investment**

Key Decision: **Non Key**

Executive Summary

As part of the Quarter 2 Budget Monitoring report presented to Cabinet at its meeting on 3 November 2020 it was agreed to recommend to Full Council to approve the revised lending criteria, in that the Council uses the counterparty list provided by Link Asset Services, without any adjustment (Appendix A, paragraph 32 – 35).

Proposal

Council is asked to approve the revised lending criteria, in that the Council uses the counterparty list provided by Link Asset Services, without any adjustment (Appendix A, paragraph 32 – 35).

Reason for Proposal

To ensure sound financial management as part of the Councils overall control environment.

Terence Herbert – Chief Executive

Andy Brown – Interim Corporate Director of Resources

Wiltshire Council

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24 November 2020

Subject: **Mid-Year Treasury Management Report – Investment Lending Criteria**

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Key Decision: **Non Key**

Purpose of Report

1. As part of the Quarter 2 Budget Monitoring report presented to Cabinet at its meeting on 3 November 2020 it was agreed to recommend to Full Council to approve the revised lending criteria, in that the Council uses the counterparty list provided by Link Asset Services, without any adjustment (Appendix A, paragraph 32 – 35). [The minutes from 3 November Cabinet are available online here.](#)

MID YEAR REVIEW TREASURY MANAGEMENT UPDATE 2020/21

2. The Treasury Management Strategy was approved by Council at its meeting on 25 February 2020, with a requirement to provide a mid-year update report detailing the treasury management activities and performance of year to date. This detail can be found in Appendix A.
3. The Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach, combining credit ratings, credit watches and credit outlooks in a weighted scoring system. This produces a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.
4. In addition to the above, the TMSS states that; typically, the minimum credit ratings the Council use, will be a short-term rating (Fitch or equivalent) of F1 and a long-term rating of A-, and these are strictly applied by Council. However, Link Asset Services state that there may be occasions when the counterparty ratings are marginally lower than this, but the counterparty may still be used.

OVERALL CONCLUSIONS

5. The application of the F1 and A- ratings by the Council are an unnecessary layer, as a wide variety of information and expertise, other than just primary ratings, have already been used by Link Asset Services to produce the counterparty list.

Overview & Scrutiny Engagement

6. Regular reports are taken to Overview & Scrutiny relating to the Council's financial position.

Safeguarding Implications

7. None have been identified as arising directly from this report.

Public Health Implications

8. None have been identified as arising directly from this report.

Procurement Implications

9. None have been identified as arising directly from this report.

Equalities and diversity impact of the proposals

10. None have been identified as arising directly from this report.

Environmental and Climate Change Considerations

11. None have been identified as arising directly from this report.

Risks Assessment

12. Ongoing budget monitoring, including monitoring of the Treasury Management activity and management of the position is a mitigating process to ensure early identification of issues and that action is taken.

Financial implications

13. These have been examined and are implicit throughout the report and Appendix A.

Legal Implications

14. None have been identified as arising directly from this report.

Proposals

Council are asked to approve the revised lending criteria, in that the Council uses the counterparty list provided by Link Asset Services, without any adjustment (Appendix A, paragraph 32 – 35).

Reasons for Proposals

15. To ensure a sound financial control environment.

Background Papers and Consultation

Cabinet 3 November 2020: Financial Year 2020/21 – Quarter Two Budget Monitoring

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Appendices:

Appendix A: Update Report on Treasury Management Strategy 2020/21