

Report to: Governance and Audit Committee

Date: 03 March 2022

Subject: **Treasury Management**

Director(s): Angela Taylor, Director, Corporate and Commercial Services

Author(s): Katie Hurrell, Head of Finance

1 Purpose of this report

- 1.1 To provide members with information on the treasury management arrangements in place for the West Yorkshire Combined Authority.

2 Information

- 2.1 The regular governance meetings continue to be held with Leeds City Council to consider and review the transactions relating to investments and treasury management. The last meeting was on 13th January 2022 and no areas of concern were raised. The high level of cash balances was considered and the challenges this presents with regard to placing funds with approved counterparties.
- 2.2 Following the transfer of the Police and Crime functions to the Combined Authority from 10 May 2021, similar arrangements with regards to policing funds have been adopted. These treasury management arrangements are administered by Wakefield Council and in line with the treasury management policies agreed by the former Office of the Police and Crime Commissioner, which generally align with those of the Combined Authority. At the last meeting with Wakefield Council no areas of concern were raised in relation to those policing arrangements.
- 2.3 It is intended to bring together all the treasury management arrangements such that they will be administered by a single partner authority. An expression of interest for providing the treasury services is to be sent out to all five local council partners with the aim of having the service in place as early as possible in the new financial year.
- 2.4 The debt held by the former Office of the Police and Crime Commissioner transferred to the Combined Authority at the time of the Mayoral election in 2021 and responsibility for borrowing and debt management rests with the Mayor but with transactions undertaken through the legal entity of the

Combined Authority. This was recognised in the updated treasury management strategy and policy that was considered by this Committee in January and subsequently approved by the Combined Authority in February.

- 2.5 At a previous meeting of this Committee members requested another presentation on the treasury management arrangements in place. The Combined Authority undertakes its treasury arrangements in conjunction with Leeds City Council, with responsibilities set out in a service level agreement and now also with Wakefield Council, again with responsibilities set out in a service level agreement.
- 2.6 A presentation will be given at the meeting setting out the treasury management framework, the responsibilities of Governance and Audit Committee members in that regard, and the treasury management strategy in place. Officers from Leeds City Council, David Brown, Senior Treasury Manager, and Richard Ellis, Head of Finance, will be in attendance to deliver the presentation and take questions.
- 2.7. Members of this Committee were informed at the January meeting that following the November 2021 Prudential Code consultation, the revised Codes and guidance had been finalised and published on 20th December 2021. This has however introduced some timing issues for local authorities resulting in the Codes being a “soft” launch. Recommendation from CIPFA is that these Codes and guidance should be adopted at the earliest opportunity however given its close proximity to the budget and strategy setting process it is acknowledged that this may not be achievable for 2022/23.
- 2.8. The Codes and changes within them will be examined in detail and any changes will be considered and adopted once they have been fully identified and understood.
- 2.9. Members are reminded that broad themes from the consultations were changes to:
 - Investments primarily for yield.
 - Borrowing in advance of need primarily for yield
 - Introduction of new Prudential indicators (PI) in relation to investments
 - Introduction of a new PI called the Liability benchmark.
 - Changes to/removal of certain existing Prudential Indicators.
 - Changes to or redrafting of many sections of narrative to aid clarity or remove ambiguity.

3 Financial Implications

- 3.1 There are no financial implications directly arising from this report.

4 Legal Implications

- 4.1 There are no legal implications directly arising from this report.

5 Staffing Implications

5.1 There are no staffing implications directly arising from this report.

6 External Consultees

6.1 No external consultations have been undertaken.

7 Recommendations

7.1 That the Committee note the presentation and consider what further information it wishes to receive on treasury management.

8 Background Documents

None.

9 Appendices

None.