HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Audit Committee
Date:	23 July 2020
Title:	Annual Treasury Outturn Report 2019/20
Report From:	Deputy Chief Executive and Director of Corporate Resources

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Purpose of the Report

1. The County Council has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2017. The CIPFA Code requires the County Council to approve a treasury management strategy before the start of the year and a semi-annual and annual treasury outturn report.

Recommendations

2. The Audit Committee are asked to note the following recommendations being reported to Cabinet and Full Council:

3. That the outturn review of treasury management activities be noted.

Executive Summary

4. The report fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and provides an update on the performance of the treasury management function during 2019/20.

5. The County Council's treasury management strategy was most recently updated and approved at a meeting of Full Council in February 2020. The County Council has borrowed and invested 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 are therefore central to the County Council's treasury management strategy.

6. Treasury management in the context of this report is defined as: "The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

7. This annual report sets out the performance of the treasury management function during 2019/20, to include the effects of the decisions taken and the transactions executed in the past year.

8. Overall responsibility for treasury management remains with the County Council. No treasury management activity is without risk and the effective identification and management of risk are integral to the County Council's treasury management objectives.

9. All treasury activity has complied with the County Council's Treasury Management Strategy and Investment Strategy for 2019/20, and all relevant statute, guidance and accounting standards. In addition, support in undertaking treasury management activities has been provided by the County Council's treasury advisers, Arlingclose.

10. 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. The County Council's Capital and Investment Strategy, complying with CIPFA's requirement, was approved by full Council on 13 February 2020.

External Context

11. The following sections outline the key economic themes currently in the UK against which investment and borrowing decisions were made in 2019/20.

Economic commentary

12. The UK's exit from the European Union was one of the main drivers of sentiment on the UK economy for the majority of 2019/20, before focus then shifted to the nation's response to the global coronavirus pandemic in the latter part of the year.

13. Prior to the pandemic, labour market data remained positive as the employment rate reached a record high of 76.6% in the three months to

March 2020, unemployment was 3.9%, and annual pay growth was positive in real terms.

14. As the early effects of the pandemic and the government measures to reduce transmission began to be felt, the headline rate of UK Consumer Price Inflation fell to 1.5% year on year in March 2020 (and further still to 0.8% in April 2020), below the Bank of England’s target of 2%. Gross Domestic Product growth in Quarter 1 of 2020 is also estimated to have reduced by 2.0% alongside falls in financial markets not seen since the Global Financial Crisis, triggered by a flight to quality into sovereign debt and other perceived ‘safe’ assets.

15. In response to the spread of the virus, the UK government enforced lockdowns, central banks and governments around the world cut interest rates, and massive stimulus packages were introduced in an attempt to reduce the negative economic impact on domestic and global growth.

16. The Bank of England, which had previously held policy rates at 0.75% through 2019/20, moved in March 2020 to cut rates to 0.25% and then swiftly brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced measures to help businesses and households impacted by a series of social restrictions.

Financial markets

17. Financial markets sold off sharply towards the end of the financial year as the impact of the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30%, with stock markets in other countries seeing similar drops. In March, sterling touched its lowest level against the dollar since 1985.

18. The measures implemented by central banks and governments helped restore some confidence and financial markets have rebounded in recent weeks but remain extremely volatile. The flight to quality caused gilts yields to fall substantially. The 5-year benchmark fell from 0.75% in April 2019 to 0.26% on 31 March 2020 and there were similar falls in 10-year and 20-year gilts over the same period, dropping from 1.00% to 0.40% and 1.47% to 0.76% respectively.

Credit review

19. Prior to the coronavirus pandemic, both the Fitch and Standard & Poor’s rating agencies affirmed the UK’s AA sovereign rating and revised the outlook from negative to stable.

20. However, Fitch then downgraded the UK sovereign rating to AA- in March 2020 and revised the outlook on the majority of banks on the Arlingclose counterparty list to negative and in some cases also amended the long-term rating (upwards in the case of Canadian and German banks and downwards for Australian banks).

21. While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the recommended maximum duration for unsecured investments with all these banks was cut to 35 days in mid-March 2020.

22. In December 2019, the Bank of England announced its latest stress test results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would still remain twice the level it was before the 2008 financial crisis, suggesting the banks are in a much stronger position than in 2008.

23. After remaining flat in January and February, Credit Default Swap spreads rose sharply in March as the potential impact of the coronavirus on bank balance sheets gave cause for concern. Spreads declined in late March but remained above their initial 2020 levels.

Local Context

24. At 31 March 2020, the County Council's underlying need to borrow for capital purposes was £783.5m as measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment and amounted to £870.4m. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary	**31/03/19 Balance £m**	**Movement £m**	**31/03/20 Balance £m**
CFR	780.91	2.57	783.48
Less: Other debt liabilities*	(156.99)	7.56	(149.43)
Borrowing CFR	**623.92**	**10.13**	**634.05**
External Borrowing	(314.02)	6.78	(307.24)
Internal Borrowing	**309.90**	**16.91**	**326.81**
Less: Usable Reserves	(669.46)	26.32	(643.14)
Less: Working Capital	(209.48)	(17.80)	(227.28)
Net Investments	**(569.04)**	**25.43**	**(543.61)**

* PFI liabilities that form part of the County Council's total debt

25. The CFR increased by £2.6m during 2019/20 as a result of the County Council’s capital programme, and other debt liabilities reduced by £7.6m in accordance with the PFI repayment models. External borrowing reduced by £6.8m during 2019/20 as a result of repayment of £9.1m Public Works Loan Board (PWLB) borrowing and other fixed term borrowing of £0.1m, partly offset by a change in the short-term balances held on behalf of other organisations, which vary from year to year. At the end of the 2019/20 financial year the total reserves held by the County Council together with the general fund balance stand at just over £643.1m a decrease of more than £26.3m on the previous year. The decrease in reserves is largely due to the planned use of departmental Cost of Change reserves, reflecting the continued strategy of achieving savings early and then using those savings to fund the next phase of savings delivery and to allow delivery of the more complex savings to be achieved safely over a longer time period.

26. The County Council’s strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, to reduce risk and keep interest costs low. The treasury management position at 31 March 2020 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary	**31/03/19 Balance £m**	**Movement £m**	**31/03/20 Balance £m**	**31/03/20 Rate %**
Long-term borrowing	(271.3)	10.1	(261.2)	4.7
Short-term borrowing	(9.1)	(0.9)	(10.0)	4.1
Total borrowing	**(280.4)**	**9.2**	**(271.2)**	**4.6**
Long-term investments	342.3	(68.0)	274.3	3.7
Short-term investments	184.0	(78.5)	105.5	1.0
Cash and cash equivalents	56.2	145.5	201.7	0.4
Total investments	**582.5**	**(1.0)**	**581.5**	**2.1**
Net investments	**302.1**	**8.2**	**310.3**	

Note: the figures in the table above are from the balance sheet in the County Council’s statement of accounts, but adjusted to exclude operational cash, accrued interest, short term balances held on behalf of others, and other accounting adjustments

27. The increase in net investments of £8.2m shown in Table 2 above reflects the combination of repayment of PWLB borrowing of £9.2m and a small reduction in investment balances of £1.0m. The repayment of borrowing is in line with the County Council’s policy on internal borrowing.

Borrowing Update

28. On 9 October 2019 the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. PWLB borrowing remains available but the margin of 180bp above gilt yields appears expensive relative to other options. Market alternatives are available and new products will be developed; however, the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

29. The Chancellor's March 2020 Budget Statement included significant changes to PWLB policy and launched a wide-ranging consultation on the PWLB's future direction. This was in part as a response to what HM Treasury describes as a minority of councils using cheap PWLB finance to buy significant amounts of commercial property for rental income, reducing the availability of PWLB finance for core local authority activities. Announcements included a reduction in the margin on new Housing Revenue Account (HRA) loans to 0.80% above equivalent gilt yields (which would not directly affect the Council as it is not a Housing Authority), and £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

30. The consultation closes on 31 July 2020 with implementation of the new lending terms expected in the latter part of this calendar year or financial year beginning 2021/22, and the County Council intends to respond to the consultation.

Borrowing Activity

31. At 31 March 2020 the County Council held £271.2m of loans (a decrease of £9.2m from 31 March 2019) as part of its strategy for funding previous years' capital programmes. The year-end treasury management borrowing position and year-on-year change are summarised in Table 3 below.

Table 3: Borrowing Position	**31/03/19 Balance £m**	**Net Movement £m**	**31/03/20 Balance £m**	**31/03/20 Weighted Average Rate %**	**31/03/20 Weighted Average Maturity (years)**
Public Works Loan Board	(235.6)	9.1	(226.5)	4.7	11.2
Banks (LOBO)	(20.0)	-	(20.0)	4.8	13.3
Other (fixed term)	(24.8)	0.1	(24.7)	3.7	17.1
Total borrowing	**(280.4)**	**9.2**	**(271.2)**	**4.6**	**11.18**

Note: the figures in the table above are from the balance sheet in the County Council's statement of accounts but adjusted to exclude short term balances held on behalf of others, and accrued interest.

32. The County Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

33. Short-term interest rates have remained much lower than long-term rates and the County Council has therefore considered it to be more cost effective in the near term to use internal resources than to use additional borrowing.

34. With the assistance of Arlingclose, the benefits of this internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years, when long-term borrowing costs may be higher.

35. As a result, no new borrowing was undertaken and £9.1m of existing PWLB loans were allowed to mature without replacement. This strategy enabled the County Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

36. The County Council continues to hold £20.0m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the County Council has the option to either accept the new rate or to repay the loan at no additional cost. None of the LOBO loan options were exercised by the lender in the year.

Treasury Investment Activity

37. The County Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £547m and £677m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change are shown in Table 4 overleaf.

38. The increase in short term investment balances was the result of the Council preparing to pay employer's pension contributions early on 1 April 2020 in order to achieve significant savings in the cost of these contributions over the coming 3-year period.

Table 4: Treasury Investment Position	31/03/2019 Balance £m	Net Movement £m	31/03/2020 Balance £m	31/03/20 Income Return %	31/03/20 Weighted Average Maturity years
Short term investments					
- Banks and Building Societies:					
- Unsecured	30.4	(4.1)	26.3	0.68	0.00
- Secured	15.0	-	15.0	0.81	0.25
- Money Market Funds	55.3	120.0	175.3	0.38	0.00
- Local Authorities	124.5	(44.0)	80.5	1.01	0.27
- Registered Provider	5.0	(5.0)	-	-	-
- Cash Plus funds	10.0	-	10.0	1.37	0.01
Total	**240.2**	**66.9**	**307.1**	**0.63**	**0.08**
Long term investments					
- Banks and Building Societies:					
- Secured	73.3	(40.1)	33.2	0.99	2.36
- Local Authorities	78.0	(38.0)	40.0	1.47	1.91
Total	**151.3**	**(78.1)**	**73.2**	**1.25**	**2.11**
Long term investments – high yielding strategy					
- Local Authorities					
- Fixed deposits	20.0	0.2	20.2	3.97	13.93
- Fixed bonds	10.0	-	10.0	3.78	13.77
- Pooled Funds					
- Pooled property**	67.0	10.0	77.0	4.08	N/A
- Pooled equity**	52.0	-	52.0	5.89	N/A
- Pooled multi-asset**	42.0	-	42.0	4.52	N/A
Total	**191.0**	**10.2**	**201.2**	**4.61**	**13.88**
Total investments	**582.5**	**(1.0)**	**581.5**	**2.08**	**1.46**

** The rates provided for pooled fund investments are reflective of annualised income returns over the year to 31 March 2020.

Note: the figures in the table above are from the balance sheet in the County Council's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

39. The CIPFA Code and government guidance both require the County Council

to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The County Council's objective when investing money is therefore to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults alongside managing the risk of receiving unsuitably low investment income.

40. Security of capital has remained the County Council's main investment objective and has been maintained by following the County Council's counterparty policy as set out in the Treasury Management Strategy Statement.

41. Counterparty credit quality has been assessed and monitored with reference to credit ratings, the analysis of funding structures and susceptibility to bail-in, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

42. The County Council also makes use of secured investment products that provide collateral in the event that the counterparty cannot meet its obligations for repayment.

43. The UK Bank Rate was cut from 0.75% to 0.25% and then 0.10% in March 2020 due to the effects of the coronavirus pandemic on the economy. Rates had been historically low even prior to these cuts, impacting the Council's ability to generate income on cash investments.

44. Against this backdrop the County Council has sought to optimise returns commensurate with the objectives of security and liquidity, achieving a rate of return of 0.97% on internally managed funds at 31 March 2020 whilst also maintaining sufficient liquidity through the use of call accounts and money market funds.

45. The progression of credit risk and return metrics for the County Council's investments that are managed in-house (excluding external pooled funds) are shown in extracts from Arlingclose's quarterly investment benchmarking in Table 5 below. This compares the data for the quarter ended 31 March 2020 with the same period from the previous year.

Table 5: Investment Benchmarking (excluding pooled funds)	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2019	AA	21%	758	1.35%
31.03.2020	AA	50%	551	0.97%
Similar LAs	AA-	41%	644	0.92%

Table 5: Investment Benchmarking (excluding pooled funds)	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
All LAs	AA-	56%	20	0.64%

46. Table 5 shows the average credit rating of the portfolio remained at a high level of AA at 31 March 2020. This was alongside increased liquidity in part to fund the prepayment of three year's Pension Fund contributions on 1 April 2020. This increased liquidity meant higher bail-in exposure as a greater proportion of the Council's funds were invested in money market funds, which invest in instruments that are liable to bank bail-in but which are highly diversified therefore reducing this risk.

47. Interest rates on shorter duration investments are often lower and, coupled with the impact of the two Bank Rate cuts in March, meant average investment returns at 31 March 2020 were lower than at the same time the previous year. These returns were however greater than other Local Authorities covered by Arlingclose's benchmarking and the County Council's internal investment portfolio also compared favourably to the benchmark in terms of the average credit rating. Bail-in exposure was higher than for other similar Local Authorities and the weighted average maturity period was shorter, both of which were as a result of holding cash to make the large advance pension contributions payment on 1 April 2020.

48. As the County Council has relatively stable cash balances, the allocation to investments targeting higher yielding investments was increased to £235m as part of the Treasury Management Strategy Statement for 2019/20, with the aim of increasing the level of income contributed to the revenue budget without impacting liquidity.

49. £201m of this amount has now been invested, and the high yielding strategy overall generated an average income return of 4.61%, contributing to an average return for the investment portfolio in aggregate of 2.08% at 31 March 2020. By comparison, the average income return at 31 March 2020 for all other investments was 0.75%. This would equate to £9.3m of income from the high yielding strategy and £2.9m from all other investments based on the snapshot of investments at 31/03/20.

50. As part of the high yielding strategy, the County Council has £171m of core balances invested in externally managed pooled property, equity and multi-asset funds, which allow diversification into asset classes other than cash without the need to own and manage the underlying investments. The County Council also invests a further £10m into an externally managed cash plus pooled fund, which forms part of its short-term cash portfolio.

51. Pooled fund investments in property, equities and bonds are likely to be more volatile than cash in the short-term but generate regular revenue income whilst also providing diversification and the potential for enhanced returns over the longer term.

52. The impact of the COVID-19 pandemic on financial markets at the end of the financial year meant that the Council's investments in these pooled funds suffered a £22.4m fall in capital value (12.84%) over the year to 31 March 2020, meaning these investments are now worth £18.8m less than the Council originally invested. This will only result in the Council losing money if the assets are sold before they have regained their value and the Council has always planned to hold these investments for at least the medium term, accepting that capital values would move both up and down in the short term. Under the accounting standard IFRS 9 the Council must in the meantime defer these fair value losses to the Pooled Fund Adjustment Account, which is available until at least 2023/24.

53. The fall in the capital value of the County Council's pooled funds during 2019/20 reflects the wider market reaction to the coronavirus pandemic, with large falls in equity prices and corporate bond markets, and property markets also affected. Market volatility, as measured by the VIX index, was historically high as investors reacted to the unprecedented situation and attempted to forecast the likely impact on economies, businesses, and individuals. The unrealised capital losses (the 'drawdown' referred to by fund managers) in equity income funds owned by the County Council were especially large at -19.6% and -33.2% respectively.

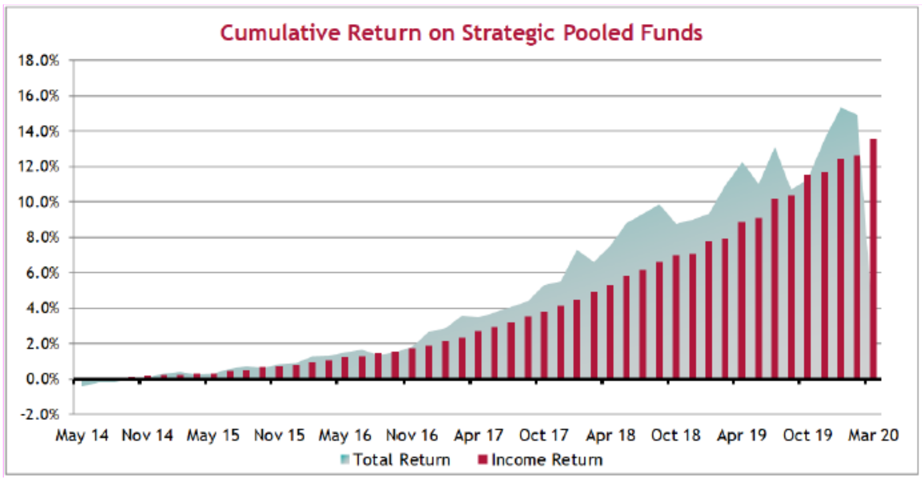
54. Although capital values fell, the pooled funds delivered strong positive income returns during 2019/20, contributing £8.2m income (a return of 4.65%pa) to the revenue budget to support the provision of services by the County Council, significantly more than could have been achieved through cash investments, and in line with the Council's agreed objective of targeting income of 4% per annum from the high yielding strategy.

55. The total return in 2019/20, allowing for the fall in capital value but offset in part by the income generated, was a loss of £14.3m (8.19% pa).

56. The cumulative total return from the County Council's investments in pooled equity, property and multi-asset funds since purchase is shown in the graph overleaf. This highlights that the County Council has benefited from the strong and steady income returns over time.

57. The volatility experienced due to the COVID-19 pandemic has been significant, but this period has not completely eroded the total cumulative positive returns made over the time that these investment have been held by the County Council, and although the pooled funds are reporting a negative

capital return of 12.84% for the year to 31 March 2020, the cumulative total return from these investments since purchase is positive at 2.70% (made up of a 10.94% capital loss and a 13.65% income return).



58. Strategic pooled fund investments are made as long-term investments using core balances that aren't required for current day-to-day liquidity. Investments are made based on advice from Arlingclose and in the knowledge that capital values will move both up and down in the short term but with confidence that over longer periods total returns will exceed cash interest returns.

59. These investments have no defined maturity date, but are available for withdrawal after a notice period and their performance and continued suitability in meeting the County Council's investment objectives is monitored regularly and discussed with Arlingclose

60. Given the exceptional impact of the COVID-19 crisis on financial markets, the investments in pooled funds have been reviewed with Arlingclose. Despite the current fall in capital values, Arlingclose's advice remains that these investments continue to be appropriate for the Council and will have a positive impact on the County Council's investment income.

Financial Implications

61. The outturn for debt interest paid in 2019/20 was £13.4m against a budgeted £13.7m on an average debt portfolio of £275.8m.

62. The outturn for investment income received in 2019/20 was £13.4m on an average investment portfolio of £617m, giving a yield of 2.17%. By comparison, investment income received in 2018/19 was £12.9m on an average portfolio of £618m with a yield of 2.09%.

Non-Treasury Investments

63. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the County Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in Ministry of Housing, Communities & Local Government's Investment Guidance, in which the definition of investments is further broadened to also include all such assets held partially for financial return.

64. This could include loans made to Hampshire based businesses or the direct purchase of land or property and such loans and investments will be subject to the County Council's normal approval process for revenue and capital expenditure and need not comply with the treasury management strategy.

65. The County Council's existing non-treasury investments are listed in Table 6 below.

Table 6 – Non-Treasury Investments	31/03/20 Asset value £m	31/03/20 Rate %
Loans to Hampshire based business	9.5	4.00
Joint venture recruitment agency	0.2	5.00
Total	9.7	4.02

Compliance Report

66. The County Council confirms compliance of all treasury management activities undertaken during 2019/20 with the CIPFA Code of Practice and the County Council's approved Treasury Management Strategy.

67. Compliance with the authorised limit and operational boundary for external debt, is demonstrated in Table 7 below.

Table 7 – Debt Limits	**2019/20 Maximum**	**31/03/20 Actual**	**2019/20 Operational Boundary**	**2019/20 Authorised Limit**	**Complied?**
Borrowing	280	271	700	740	✓
PFI and Finance Leases	157	149	150	190	✓
Total debt	**437**	**421**	**850**	**930**	✓

Treasury Management Indicators

68. The County Council measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures

69. The following indicator shows the sensitivity of the County Council's current investments and borrowing to a change in interest rates.

Table 8 – Interest Rate Exposures	**31/03/20 Actual**	**Impact of +/- 1% interest rate change**
Sums subject to variable interest rates		
Investment	£338m	+/- £3.4m
Borrowing	£23m	+/-£0.2m

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity Structure

70. This indicator is set to control the County Council's exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement.

Table 9 – Maturity Structure of Borrowing	**31/03/20 Actual**	**Upper Limit**	**Lower Limit**	**Complied**
Under 12 months	5%	50%	0%	✓
12 months and within 24 months	3%	50%	0%	✓
24 months and within 5 years	10%	50%	0%	✓
5 years and within 10 years	19%	75%	0%	✓
10 years and within 20 years	53%	75%	0%	✓
20 years and within 30 years	10%	75%	0%	✓
30 years and above	0%	100%	0%	✓

71. The County Council holds £20m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the County Council has the option to either accept the new rate or to repay the loan at no additional cost. If not repaid before maturity, these loans have an average maturity date of 14 years

(minimum 7 years; maximum 25 years).

Principal Sums Invested for Periods Longer than a year

72. The purpose of this indicator is to control the County Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 10 – Principal Sums Invested Longer than a year	2019/20	2020/21	2021/22
Actual principal invested beyond year end	£374m	£246m	£211m
Limit on principal invested beyond year end	£410m	£330m	£330m
Complied?	✓	✓	✓

73. The table includes investments in strategic pooled funds of £171m as although these can usually be redeemed at short notice, the County Council intends to hold these investments for at least the medium-term.

Other

IFRS 16

74. CIPFA/LASAAC has proposed delaying the implementation of the new IFRS 16 Leases accounting standard for a further year to 2021/22.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because it relates to the effective management of the County Council's cash balances.

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document	Location
None	

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

   The County Council has a duty under Section 149 of the Equality Act 2010 (‘the Act’) to have due regard in the exercise of its functions to the need to:

   - Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
   - Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
   - Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

   Due regard in this context involves having due regard in particular to:

   - The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
   - Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
   - Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionally low.

2. Equalities Impact Assessment:

Equalities objectives are not expected to be adversely impacted by the proposals in this report.