

REPORT TO: CABINET

DATE: 7 DECEMBER 2017

TITLE: TREASURY MANAGEMENT STRATEGY
STATEMENT 2017/18: MID-YEAR REVIEW

PORTFOLIO HOLDER: COUNCILLOR MIKE DANVERS, PORTFOLIO
HOLDER FOR RESOURCES

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This is a Key Decision

It is on the Forward Plan as Decision Number I007289

This decision is not subject to Call-in procedures for the following reasons:

The decision stands as a recommendation to Council

This decision will affect no ward specifically.

RECOMMENDED that:

- A** The Mid-Year Review of the Treasury Management Strategy, attached as Appendix A to the report, be noted and referred to Full Council for consideration.

REASON FOR DECISION

- A** In complying with the CIPFA Treasury Management Code of Practice, Full Council is required to receive a mid-year report on The Treasury Management Strategy Statement (TMSS), approved annually by Full Council.

BACKGROUND

1. Treasury management is defined as: “The management of the local authority’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.”
2. On 10 February 2011, Full Council adopted the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (as revised November 2009) – “the Code”.

3. The primary requirements of the Code are as follows:
 - a) Creation and maintenance of a Treasury Management Policy Statement;
 - b) Creation and maintenance of Treasury Management Practices (TMPs);
 - c) Receipt by the Full Council of an annual Treasury Management Strategy Statement (TMSS), including Annual Investment Strategy and Minimum Revenue Provision Policy for the year ahead, a Mid-Year Review of the Treasury Management Strategy and an Annual Report (stewardship report);
 - d) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions;
 - e) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the current TMSS specifies that responsibility for the delegated scrutiny role is delegated to the Cabinet Overview Working Group.

ISSUES

4. As part of the primary requirements for reporting to Full Council, the mid-year review of the TMSS has been prepared in compliance with CIPFA's Code of Practice, and is attached to this report as Appendix A. Economic commentary has been provided by our Treasury Management Advisors, Arlingclose Ltd.
5. Whilst no new external borrowing has been undertaken by the Council so far in 2017/18, existing borrowing comprises the protection and certainty of fixed-term debt.
6. The Bank Rate increased from 0.25 percent to 0.5 percent in November 2017. Analysts believe that the level of interest is likely to remain unchanged into the foreseeable future. The Council's overriding response is to ensure the security of investments above liquidity and yield. Officers aim to ensure that investments are made in the most cost efficient and effective manner.
7. On an on-going basis, officers continue to work within the scope of the TMSS in order to contain counterparty risk as far as practically possible. Treasury management activities operate under a high-profile reporting mechanism, and any significant issues that may arise through the year are reported in accordance with protocols set out in the TMSS.

IMPLICATIONS

Place (includes Sustainability)

None specific.

Author: **Graeme Bloomer, Head of Place**

Finance (Includes ICT)

As contained in the report.

Author: **Simon Freeman, Head of Finance**

Housing

None specific

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

None specific

Author: **Jane Greer, Head of Community Wellbeing**

Governance (includes HR)

None specific

Author: **Amanda Julian, Legal Services Manager, on behalf of Brian Keane, Head of Governance**

Background Papers

Treasury Management Strategy 2017/18

Glossary of terms/abbreviations used

Arlingclose – The Council's appointed treasury management advisors.

CIPFA – Chartered Institute of Public Finance and Accountancy

TMPs – Treasury Management Practices

TMSS – Treasury Management Strategy Statement

Appendices

Appendix A – Harlow Council Treasury Management Strategy Mid-Year Review 2017/18