

**REPORT TO:** CABINET

**DATE:** 5 DECEMBER 2019

**TITLE:** TREASURY MANAGEMENT STRATEGY  
STATEMENT 2019/20: 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 I010143**

**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, as set out in Appendix A to the report, be noted and referred to Council for consideration.

**REASON FOR DECISION**

- A** Compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice, requires that Council is presented with a mid-year report on The Treasury Management Strategy Statement (TMSS).

**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. The Council operates within the framework of CIPFA’s ‘Prudential Code for Capital Finance in Local Authorities’ (Prudential Code), the ‘Treasury Management Code of Practice’ and, the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance.

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 Council of an annual Treasury Management Strategy (TMS), 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 TMS specifies that responsibility for the delegated scrutiny role is delegated to the Cabinet Overview Working Group.

## **ISSUES/PROPOSALS**

4. As part of the primary requirements for reporting to Council, the mid-year review of the TMS 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 the Council's Treasury Management Advisors, Arlingclose Ltd.
5. Whilst no new external borrowing has been undertaken by the Council so far in 2019/20, existing borrowing comprises the protection and certainty of fixed-term debt.
6. The Bank Rate has remained at 0.75 per cent since August 2018. Some analysts believe that base rate is unlikely to rise over the next two to three years. The Council's overriding response is to ensure the security of investments above liquidity and yield. The effect of Brexit with prospect of a 'no deal' is a cause for concern. 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 TMS 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 TMS.

## **IMPLICATIONS**

### **Environment and Planning (includes Sustainability)**

None specific.

Author: **Andrew Bramidge, Head of Environment and Planning**

### **Finance and Property (Includes ICT and Properties and Facilities)**

As contained in the report.

Author: **Simon Freeman, Head of Finance and Property and Deputy to the Chief Executive**

### **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: **Simon Hill, Head of Governance**

## **Background Papers**

Treasury Management Strategy 2019/20

## **Glossary of terms/abbreviations used**

Arlingclose – The Council's appointed treasury management advisors.

CIPFA – Chartered Institute of Public Finance and Accountancy

MHCLG – Ministry of Housing Communities and Local Government

TMPs – Treasury Management Practices

TMS – Treasury Management Strategy

TMSS – Treasury Management Strategy Statement

## **Appendices**

Appendix A – Harlow Council Treasury Management Strategy Mid-Year Review 2019/20