

REPORT TO: CABINET

DATE: 10 DECEMBER 2015

TITLE: TREASURY MANAGEMENT STRATEGY
STATEMENT 2015/16: MID-YEAR REVIEW

PORTFOLIO HOLDER: COUNCILLOR MIKE DANVERS

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This is not a Key Decision

This decision is not subject to Call-in procedures as it is a recommendation to Council.

This decision will affect no ward specifically.

RECOMMENDED that the Mid-Year Review of the Treasury Management Strategy, attached as Appendix A, be noted and referred to Full Council for approval.

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 (TMS), previously approved by Full Council.

BACKGROUND

1. Treasury management is defined as “the management of the Council’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 (paragraph 3 above), 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 the Council's Treasury Management Advisors, Arlingclose Ltd.
- 5. Whilst no new external borrowing has been undertaken by the Council so far in 2015/16, existing borrowing comprises the protection and certainty of fixed-term debt.
- 6. The Bank Rate is expected to increase from their historic low of 0.5% during 2016/17. The TMSS included the diversification of the Council's investment portfolio into other products. Between April and September 2015, the Council has moved towards investing in Certificates of Deposit and opened a Property Fund account. Certificates of Deposit are tradeable instruments and may be sold before maturity, for instance if market confidence suddenly waned in a particular counterparty. Investing long-term in a Property Fund has the advantage of higher yields through quarterly dividend payments.
- 7. 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

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: **Brian Keane, Interim Head of Governance**

Appendices

Appendix A - Harlow Council Treasury Management Strategy Mid-Year Review, 2015/16.

Background Papers

Treasury Management Strategy 2015/16.

Glossary of terms/abbreviations used

CIPFA: Chartered Institute of Public Finance and Accountancy

TMPs: Treasury Management Practices

TMSS: Treasury Management Strategy Statement