

REPORT OF THE CORPORATE COMMITTEE No. 1/2013 COUNCIL

Chair:
Councillor George Meehan

Deputy Chair:
Councillor Kaushika Amin

INTRODUCTION

- 1.1 This report to full Council arises from the Treasury Management 2012/13 Outturn report considered by the Corporate Committee at their meeting on the 27 June 2013.

SUMMARY

- 2.1 Treasury Management Outturn 2012/13
- 2.2 We received the update on Treasury Management activity and performance during 2012/13 in accordance with the CIPFA Treasury Management Code of Practice. The report also sought approval to amend the Prudential Indicators within the Treasury Management Strategy Statement 2013/14.
- 2.3 We asked whether Haringey was affected by the downgrade of the UK's sovereign rating to Aa1 by Moody's. It was reported that around half of the Council's borrowing was from the Debt Management Office, and that this was secure. We asked about the Council's £125m of market loans which were Lender's Options Borrower's Option loans, as set out in the report; it was reported that these loans were spread across a number of lenders and that it was not possible for a lender to increase their rate, although they could pull out of the lending agreement. We noted that, in such an event, the Council would have the option to restructure the loan. We further noted that the internal borrowing strategy was enabling the Council to take advantage of low rates and was delivering savings as a result.
- 2.4 We asked about the level of cash balance. It was reported that this was reviewed on a daily basis, and the Council aimed to keep cash holdings to a minimum. In response to the suggestion that higher interest could be earned by decreasing the cash balance and investing for higher yield, officers reported that security was prioritised over yield with regard to the Council's investments.
- 2.5 It was reported that the Council received detailed daily updates from the treasury management advisors on the position with regards to all Council investments, and that whenever a downgrade was reported which affected the counterparty list, action was taken in accordance with the policy. In response to concerns raised regarding some of the names on the list of Money Market Funds invested in, it was agreed that the list of actual counterparties invested in would be brought as an appendix to the next quarterly update to the Corporate Committee.

WE RECOMMEND

- i) That the treasury management activity and performance during 2012/13 be noted; and
- ii) That the amendment to the Prudential Indicators within the Treasury Management Strategy Statement 2013/14 as set out in paragraph 14.6 of the attached report be approved.