

Report for: Corporate Committee – 2 February 2023

Item number: 8

Title: Treasury Management Strategy Statement 2023/24

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy S151 Officer)

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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires the Council to agree a Treasury Management Strategy Statement, including an Investment Strategy annually in advance of the new financial year.
- 1.2. This report presents this Committee with the updated Treasury Management Strategy Statement for 2023/24 following its scrutiny at the Overview and Scrutiny Committee and in consultation with the Cabinet Member for Finance.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

The Corporate Committee is requested:

- 3.1. To agree the proposed updated Treasury Management Strategy Statement for 2023/24 and recommend to the Full Council for approval.
- 3.2. To note that the Overview and Scrutiny Committee and the Cabinet Member for Finance have been consulted in the preparation of the Treasury Management Strategy Statement.

4. Reason for Decision

- 4.1. All local authorities that have adopted the CIPFA Treasury Management Code of Practice are required to agree a Treasury Management Strategy Statement, including an Investment Strategy annually in advance of the new financial year.

4.2. Under Haringey Council's constitution, the Corporate Committee has the responsibility to formulate the Treasury Management Strategy Statement and recommend it to Full Council for approval.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce annually, Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management 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."

6.2. The CIPFA Code requires that the Treasury Management Strategy Statement is formulated by the Committee responsible for the monitoring of treasury management, is then subject to scrutiny before being approved by Full Council.

6.3. In Haringey, the Corporate Committee is responsible for formulating the Treasury Management Strategy Statement for recommendation to Full Council through Overview and Scrutiny Committee and in consultation with the Cabinet Member for Finance. Any comments made by the Overview and Scrutiny Committee will be reported to the Corporate Committee for consideration.

6.4. The key updates to the proposed strategy being considered are summarised as follows:

- The Treasury Management Strategy Statement sets out a five-year position which better aligns with the Council's medium term financial strategy and budget report in section 3 of Appendix 1 to this report.
- For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 3.50%, and that new long-term loans will be borrowed at an average rate of 4.50%.
- The Council's borrowing strategy is set out in section 4 of Appendix 1. The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.
- The Council's treasury investment strategy is set out in section 5 of Appendix 1. The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses

from defaults and the risk of receiving unsuitably low investment income.

- The Council's treasury management prudential indicators are set out in section 7 of Appendix 1. This section outlines how the Council plans to measure and manage its exposures to treasury management risks including credit risk, liquidity risk and refinancing risk.
- Annex A to the draft Treasury Management Strategy Statement includes an economic and interest rate forecast from the Council's treasury management advisors, Arlingclose.

7. Contribution to Strategic Outcomes

7.1. The treasury strategy will influence the achievement of the Council's budget.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. The approval of a Treasury Management Strategy Statement is a requirement of the CIPFA Treasury Management Code of Practice and CIPFA Prudential Code.

8.2. Financial Comments are contained throughout the treasury management strategy statement.

Legal

8.3. The Head of Legal and Governance (Monitoring Officer) has been consulted on the content of this report. The Council must make arrangements for the proper administration of its financial affairs and its power of borrowing as prescribed in legislation.

8.4. The Council is required to determine and keep under review its borrowing and in complying with this requirement it must have regard to the code of practice entitled the "Prudential Code for Capital Finance in Local Authorities" as published by CIPFA from time to time. In considering the report Members must take into account the expert financial advice available and any further oral advice given at the meeting of the Committee.

8.5. Under the Council's Constitution, the terms of reference for Corporate Committee include "formulating the Treasury Management Strategy Statement and amendments to it for recommendation to full Council through Overview and Scrutiny Committee and in consultation with the Cabinet Member for Finance". Provided that the Overview and Scrutiny Committee have had an opportunity to consider the TMSS and the Cabinet Member for Finance has been consulted, Corporate Committee may approve the recommendation in this report.

Equalities

8.6. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 – Treasury Management Strategy Statement 2023/24

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.