




**Haringey** Council  
Agenda item:

**Cabinet**

**On 12 October 2010**

Report Title.	<b>Treasury Management 2010/11 Mid Year Activity &amp; Performance update</b>	
Report of:	<b>Director of Corporate Resources</b>	
Signed :	 <b>Julie Parker</b> 30/9/10	
Contact Officer :	<b>Nicola Webb, Head of Finance: Treasury &amp; Pensions</b> <b>Telephone 020 8489 3726</b>	
Wards(s) affected: <b>All</b>	Report for: <b>Key Decision</b>	
<b>1. Purpose of the report</b> 1.1. To update Cabinet on the Council's treasury management activities and performance in the first half of 2010/11 in accordance with the CIPFA Treasury Management Code of Practice. 1.2. To propose that the Council's lending list is extended to include additional Money Market Funds.		
<b>2. Introduction by Cabinet Member for Finance &amp; Sustainability (Councillor J Goldberg)</b> 2.1 The CIPFA Treasury Management Code of Practice requires local authorities to prepare a mid-year update report for full Council every year and this report shows that the Council has complied with all treasury management limits throughout the first half of the financial year. 2.2 The report sets out a proposal to extend the Council's lending list to provide more capacity and increase the amount of interest earned by the Council on it's balances. This proposal has been carefully considered before being put forward		

	<p>and advice has been taken from the Council's treasury management advisers to ensure that the security of the Council's monies remains at a very high level.</p>
2.3	<p>In the current very challenging financial climate, it is increasingly important to maximise yield without compromising in any way the security of the Council's investments. I remain, therefore, keen to explore further the addition of counterparties to the Council's approved list and welcome the officers' proposals to supplement our list with highly rated non-UK banks and look forward to the further report and associated recommendation.</p>
<b>3.</b>	<b>Recommendation</b>
3.1	<p>That members note the Treasury Management activity undertaken during the first half of 2010/11 and the performance achieved.</p>
3.2	<p>That Cabinet recommend to Council the proposed extension to the lending list to increase the limit for individual money market funds to £20m each and the group limit to £100m, subject to the controls set out in paragraph 13.5 of the attached General Purposes Committee report.</p>
<b>4.</b>	<b>Reasons for recommendation</b>
4.1	<p>To ensure members are aware of the Treasury Management activities undertaken in the first half of 2010/11 and to report on performance.</p>
4.2	<p>To provide further capacity for the Council's investments to maintain diversification for a reasonable yield.</p>
4.3	<p>To meet the requirements of the CIPFA Treasury Management Code of Practice.</p>
<b>5.</b>	<b>Summary</b>
5.1	<p>The mid year review of treasury management activity required by the CIPFA Treasury Management Code of Practice shows that the Council complied with all the limits set out in the Treasury Management Strategy throughout the period under review.</p>
5.2	<p>One proposal to extend the lending list to provide further capacity is set out in the report to extend the use of money market funds. The proposal would increase capacity and improve yield, while ensuring the credit quality of the portfolio remains high. General Purposes Committee considered a second proposal to add a small range of non UK banks to the list, but have not recommended it at this stage.</p>
<b>6.</b>	<b>Head of Legal Services Comments</b>
6.1	<p>The Head of Legal Services has been consulted on the content of this report and comments that its content and recommendation are within the policy agreed by Council and consistent with the purposes of Financial Regulations. In considering the report Members must take into account the expert financial advice available in</p>

the report and any further advice given at the meeting in relation to the level of risk inherent in the proposals to extend the lending list.

## **7. Use of appendices**

- Appendix A – Treasury Management report to General Purposes Committee 23<sup>rd</sup> September 2010

## **8. Local Government (Access to Information) Act 1985**

8.1 The following background papers were used in the preparation of this report:

- Financial Planning Report for 2010/11 to 2011/13 reported to Council and agreed on 22 February 2010.

For access to the background papers or any further information please contact Nicola Webb, Head of Finance: Treasury & Pensions, on 0208 489 3726.

## **9. Background**

- 9.1 The CIPFA Treasury Management Code of Practice requires local authorities to determine an annual Treasury Management Strategy and now, as a minimum, formally report on their treasury activities and arrangements to full Council mid-year and after the year-end.
- 9.2 As part of the annual Treasury Management Strategy agreed by Council in February 2010, a list of institutions which the Council may lend to was agreed. This is referred to as the "lending list". Any changes to this list require the approval of full Council.

## **10. Key issues to consider**

- 10.1 The General Purposes Committee report attached as Appendix A was presented to the Committee on 23<sup>rd</sup> September 2010. The report covered two issues which Cabinet are asked to consider:
- Mid year review of treasury management activity – set out in sections 8-12
  - Proposals to extend the lending list – set out in section 13 and Appendix 3 of the report
- 10.2 General Purposes Committee have recommended to Cabinet that they approve the mid year report. The Committee have also recommended that Cabinet approve one of the proposals to extend the lending list - the extension of the use of money

market funds. If Cabinet are in agreement, the report will be submitted to full Council for final approval.

- 10.3 General Purposes Committee have not recommended the use of non UK banks at this stage. Officers will provide further information to the Committee at a future meeting for the Committee to reconsider the matter.

## **11. Recommendations**

- 11.1 That members note the Treasury Management activity undertaken during the first half of 2010/11 and the performance achieved.
- 11.2 That Cabinet recommend to Council the proposed extension to the lending list to increase the limit for individual money market funds to £20m each and the group limit to £100m, subject to the controls set out in paragraph 13.5 of the attached General Purposes Committee report.