

REPORT OF THE CORPORATE COMMITTEE No. 1, 2019/20

COUNCIL 26 November 2019

Chair:
Councillor Isidoros Diakides

Deputy Chair:
Councillor Mike Hakata

INTRODUCTION

- 1.1 This report to Full Council arises from the report on the Treasury Management 2018/19 Outturn, considered by the Corporate Committee at their meeting on the 25th July 2019. The report provides an update on the Council's treasury management activities and performance in the year to 31st March 2019 in accordance with the CIPFA Treasury Management Code of Practice.
- 1.2 Overall responsibility for the Council's treasury management remains with Full Council and the Council approved the Treasury Management Strategy Statement on 26 February 2018. The Corporate Committee is responsible for monitoring treasury management activity and we monitor this through the receipt of quarterly reports.

SUMMARY

Treasury Management 2018/19 Outturn

- 2.1 We considered a report on the Treasury Management 2018/19 Outturn, which provided an update on the Council's treasury management activities and performance in the year to 31st March 2019, in accordance with the CIPFA Treasury Management Code of Practice. The Treasury Management Outturn report indicated that the Council had not breached any of its treasury management or prudential indicators in 2018/19. The presentation covered the general definition of treasury management, borrowing, investments, roles and responsibilities and the key aspects of the outturn report.
- 2.2 We asked what potential costs were involved with restructuring the LOBO loans. The Head of Pensions, Treasury and Chief Accountant advised the Council had a policy to exercise its option to repay LOBOs if the lender increased the interest rates. We also noted that the Council would repay the loans if, and when, it was financially advantageous to do so.
- 2.3 In response to further discussion around LOBOs and examples of other local authorities that had repaid the loans, we were advised that most of the loans being referred to were taken out with UK, rather than European, banks and they had a significantly higher interest rate than the LOBO loans taken out by Haringey. We noted that that the Council was subject to a financial penalty for paying back the LOBO loans early.
- 2.4 We sought assurances about the borrowing headroom having increased from last year. In response, the Head of Pensions, Treasury and Chief Accountant advised that the operational boundary had increased as a result of increased capital borrowing. The Authority carried out additional long term borrowing in 2018/19, and

raised £70m of long term fixed rate loans from the PWLB in the year. We noted that that the extent to which the Council could afford to increase its overall level of borrowing was determined by considerations as to whether or not it could afford to service the debt.

WE RECOMMEND

That Full Council note the Treasury Management 2018/19 Outturn as attached.