

Report for: Overview & Scrutiny Committee 23 January 2020

Item number: 7

Title: Treasury Management Strategy Statement 2020/21

Report authorised by: Jon Warlow, Director of Finance (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 To present the Treasury Management Strategy Statement for 2020/21 to this Committee for scrutiny before it is presented to Corporate Committee and then Full Council for final approval.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 That the proposed updated Treasury Management Strategy Statement for 2020/21 is scrutinised and comments made prior to its presentation to Corporate Committee and Council for approval.

4. Reasons for decision

4.1 The CIPFA Treasury Management Code of Practice requires all local authorities to agree a Treasury Management Strategy Statement including an Investment Strategy annually in advance of the financial year.

5. Alternative Options Considered

5.1 None

6. Background information

6.1. The CIPFA Treasury Management Code of Practice 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. In Haringey, the Corporate Committee is responsible for formulating the Treasury Management

Strategy Statement for recommendation to full Council through Overview and Scrutiny Committee. Any comments by Overview and Scrutiny will be reported to Corporate Committee. Training will be provided in advance of the meeting by Arlingclose, the Council's Treasury advisor.

6.2. The key updates to the proposed strategy being considered are summarised below:

- Prior years' treasury management strategy statements have focussed on the coming three financial years (as is the common practice at many local authorities). This year's strategy shows a five year position throughout the report, which better aligns with the Council's medium term financial strategy and budget report.
- The recent increase to borrowing rates from the Public Works Loan Board (PWLB) is referred to in paragraph 4.5 of the report. This refers to alternatives which will be considered to PWLB borrowing, now that the rate has been increased.
- The revised strategy has allowed for the possibility of the Council diversifying its treasury investments into higher yielding asset classes (paragraph 5.4). Were this to proceed, this would represent a change in the Council's strategy from prior years, and is included in the strategy to allow for this as a possibility at this stage, not for final decision making purposes. This would be the subject of further reports for later in the financial year if this is to proceed further, and would return to Overview and Scrutiny prior to progression.
- The strategy maintains the maximum limit of £5m on any single investment on the basis that the Council's treasury reserve is of this level.
- The section of the report which focusses on the Council's minimum revenue provision has been expanded to provide more detail and improve clarity in paragraphs 10.9 and 10.10.
- The revenue budget implications section of the report in section 12 has been expanded on to provide a greater level of detail and to provide clearer linkages to various elements of the Council's MTFS.

7. Contributions 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 Assistant Director of Corporate Governance 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 is set out 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.

8.5 As mentioned in this report the CIPFA Treasury Management Code of Practice requires the Council to agree a Treasury Management Strategy Statement (TMSS) (including an Investment Strategy). 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.

Equalities

8.6 There are no equalities issues arising from this report.

9. Use of Appendices

9.1 Appendix 1 – Treasury Management Strategy Statement 2020/21.

10. Local Government (Access to Information) Act 1985

10.1 Not applicable.