

LONDON BOROUGH OF HARROW

CABINET – 8 DECEMBER 2016

REFERENCE FROM THE GOVERNANCE, AUDIT, RISK MANAGEMENT AND STANDARDS COMMITTEE – 6 DECEMBER 2016

Treasury Management Strategy Statement and Annual Investment Strategy: Mid-year Review 2016-17

The Committee received a report on the Treasury Management Mid-Year review for 2016-17 which was introduced by the Director of Finance.

During discussion of the report, the following principal points were noted in response to comments and questions from individual Members:

- a) Referring to the difference between the estimate and forecast outturn of the “net financing need” in respect of housing rents (Table 12), it was confirmed that this related to additional borrowing authority for the Housing Revenue Account.
- b) A request was made to provide information on forecasts looking over the same periods so that Members could make more direct comparisons; for example, some tables of data in the report covered up to 2016-17 while others forecast to 2019-20. Officers advised that other data had been sent separately to Committee members following their last meeting and this provided the requested information in respect of the Regeneration Programme. The purpose of the mid-year report was to focus on 2016/17 and therefore its data was lighter than in other reports.
- c) A Member asked about the likely impact of the Markets in Financial Instruments Directive II (MiFID II), which in his opinion, would pose significant challenges. The impact of MiFID II would be assessed.
- d) Referring to Table 11 (Incremental Impact of Capital Investment Decisions – Council Tax), the Director of Finance undertook to provide the information with the Council Tax and precept/levy information analysed separately.
- e) Referring to Table 6 (Changes to Gross Debt), a Member pointed out that gross debt levels were at about 80% of the capital financing requirement. Officers advised that the overall capital programme contained many other financing elements such as capital grants and revenue contributions to capital. With respect to the gap between the

capital financing requirement and gross debt, the Council tended to use a figure of about £30m as working capital. Importantly, there was close monitoring of capital receipts and other contributions, so that the financing requirement of the capital programme was under constant review.

RESOLVED: That the Treasury Management Mid-Year review for 2016-17 be noted and that the comments made at the meeting be referred to the Cabinet.

Background Documents:

Agenda of the Governance, Audit, Risk Management and Standards Committee: Report on Treasury Management Strategy Statement and Annual Investment Strategy: Mid-year Review 2016-17

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