

AUDIT COMMITTEE

6th February, 2015

PRESENT - Councillor Baldwin (in the Chair); Councillors Johnson and McEwan (3)

APOLOGIES – Mr J. Morton (1)

ABSENT –

OFFICERS – Elizabeth Davison, Assistant Director Finance and Human Resources, Brian James, Head of Corporate Assurance and Elaine Hufford, Finance Manager, Risk and Treasury, Resources Group.

ALSO IN ATTENDANCE –

A29. DECLARATIONS OF INTEREST – There were no declarations of interest reported at the meeting.

A30. PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2015/16 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) requesting that this Committee reviews and scrutinises the Council's Treasury Management Strategy 2015/16 and its associated policies and the Treasury Management Prudential Indicators and make any necessary amendments or comments thereon prior to consideration by Cabinet and Council.

The submitted report outlined the Council's Prudential Indicators for 2015/16 – 2017/18 and set out the expected treasury operations for this period and it was reported that the Council's capital expenditure plans, treasury management and prudential borrowing activities indicated that they were within the statutory framework and consistent with the relevant codes of practice, prudent, affordable and sustainable and were an integral part of the Council's Revenue and Capital Medium Term Financial Plans.

Changes to the Council's MRP policy were outlined, including a reduction from four per cent to two per cent in debt repayment for all debt relating to expenditure incurred prior to April 2008 and future expenditure supported through Revenue Support Grant this would apply to debt repayment in 2014/15

The report also included a Treasury Management Strategy for 2015/16 covering the Council's debt and investment projections, estimates and limits on future debt, expected movements in interest rates and the Council's borrowing and investment strategies for future years. Key objectives of the investment strategy were outlined noting that the primary objective being safeguarding of the repayment of principal and interest due to the Council, ensuring liquidity of those investments and finally the rate of return on the investment. No significant changes to the revised strategy approved in January 2015 were proposed. With the key objectives in mind a suite of benchmarks monitoring security, liquidity and the yield of investments were agreed.

It was reported that Officers were currently exploring the possibility of providing loans to Registered Social Landlords for redevelopment or debt restructuring. Any loans would be outside of the Treasury Management Strategy but would form part of the Capital

Programme and that interest rates would be based on appropriate Public Works Loan Board rates with a further percentage added dependant on risk and State Aid considerations. Discussion ensued on the security of any loans and Members were assured that any loans to Registered Social Landlords would be subject to due diligence tests.

RESOLVED –That this Audit Committee is satisfied with the Prudential Indicators and Treasury Management Strategy, as presented in the submitted report, and that the report be forwarded to Cabinet for its onward referral to Council for consideration.