

AUDIT COMMITTEE

27 January 2017

PRESENT - Councillor Baldwin (in the Chair); Councillors Crudass and McEwan and Mr J.Morton. (4)

APOLOGIES –

ABSENT –

OFFICERS – Brian James, Head of Corporate Assurance and Elaine Hufford, Finance Manager.

ALSO IN ATTENDANCE – Stuart Kenny and Simon Bartram, Ernst and Young LLP

A34. DECLARATIONS OF INTEREST – Councillor Baldwin declared an interest in Minute A35 below as his son had been involved in the grant certification work and as a member of the Teacher's Pension Fund. There were no other declarations of interest reported at the meeting.

A35. ANNUAL CERTIFICATION REPORT 2015/16 – The Director of Neighbourhood Services and Resources submitted a report (previously circulated) together with a report (also previously circulated) produced by Ernst and Young, which summarised the high level results of their grants certification testing.

It was reported that the external audit work undertaken had identified that the Housing Benefit Subsidy claim certified, worth a net total of £39,010,077, required only one amendment which was in relation to War Widows pensions and which had increased the claim to £39,050,953.

In addition, it was reported that Ernst Young had also audited two claims which fell outside of the Public Sector Audit Appointments arrangements, in relation to the Teachers' Pension and the Housing Pooling return, and that no significant issues from either of those claims had been identified.

RESOLVED – That the report be noted and the thanks of this Committee be conveyed to the Officers involved.

A36. PRUDENTIAL INDICATORS AND TREASURY MANAGEMENT STRATEGY REPORT 2017/18 – 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 2017/18 and its associated policies, the Treasury Management Prudential Indicators and a Policy Statement relating to the Minimum Reserve Position (MRP) 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 2017/18 to 2019/20 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.

The submitted report also included a Treasury Management Strategy for 2017/18, 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 was the safeguarding of the repayment of principal due to the Council, ensuring adequate liquidity of those investments and finally the rate of return on the investment.

Particular reference was made to the Treasury Management Strategy and an option being explored by Officers to invest in longer term investment vehicles, such as property funds, which would give a greater return than could be achieved with the usual investment types and the Committee was reassured that this would still be within the limits of the Treasury Management Strategy and would only commence once due diligence had taken place.

RESOLVED – That this Audit Committee is satisfied with the Prudential Indicators and Treasury Management Strategy, the Minimum Reserve Provision statement and the Annual Investment Strategy 2017/18, as presented in the submitted report, and that the report be forwarded to Cabinet for its onward referral to Council for consideration.