



AUDIT COMMITTEE REPORT

Report Title	TREASURY MANAGEMENT STRATEGY 2012-13 to 2014-15
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	9 January 2012
Policy Document:	Yes
Directorate:	Finance & Support
Accountable Cabinet Member:	Alan Bottwood

1. Purpose

1.1 To put the draft Treasury Management Strategy Report for 2012-13 to 2014-15 before Audit Committee for review prior to it being put to Cabinet and Council in February 2012 and to invite Audit Committee to put forward recommendations as they think appropriate.

2. Recommendations

2.1 That Audit Committee:

- a) Review the draft Treasury Management Strategy Report for 2012-13 to 2014-15 prior to it being put to Cabinet on 22 February 2012 and Council on 29 February 2012
- b) Put forward any recommendations that they think appropriate.
- c) Advise as to whether and how they would like any changes to the draft report subsequent to their review to be advised to them for consideration and comment.

3. Issues and Choices

3.1 Report Background

- 3.1.1 The CIPFA Treasury Management Code of Practice requires the Council to nominate the body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices.
- 3.1.2 The Council has nominated the Audit Committee for this role (see Appendix A; Adoption of the CIPFA Code of Practice in Treasury Management in the Public Services). The role includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and for making recommendations to Council.

3.2 Issues

Treasury Management Strategy Report 2012-13 to 2014-15

- 3.2.1 The Council's draft Treasury Management Strategy Report 2012-13 to 2014-15 is attached at **Appendix A**. This comprises a covering report and appendices (A to H). This report is timetabled to go to Cabinet on 22 February 2012 and Council on 29 February 2012.
- 3.2.2 Audit Committee are asked to review the report and to put forward recommendations to Cabinet and Council as they think appropriate.
- 3.2.3 Some details included in the draft report will or may need to be updated prior to the report going to Cabinet. This is due to:
- The time gap between Audit Committee and Cabinet,
 - The interface between the content of this report and the Council's other budget setting reports, and
 - The timing of announcements and regulations relating to housing finance reform under the Localism Act 2011.
- 3.2.4 Significant changes will arise from the firming up of government regulations and guidance in respect of Housing Finance Reform as detailed in the Localism Act, which will require the Council to undertake borrowing of £194.2m before the end of the financial year in order to make the statutory payment to CLG on 28 March 2012 to buy out of the housing subsidy system.
- 3.2.5 Other items that will almost certainly change are set out below. References are to the Cabinet report paragraphs and appendices:
- Economic background (Paragraph 3.2.1 and Appendix B)
 - Unallocated General Fund Reserves (Paragraph 3.2.13)
 - Counterparties meeting NBC investment criteria (Appendix F. Section 18 and Appendix G)
 - Council Priorities (Paragraph 4.6.1)
 - Current investment portfolio (Appendix F. Section 15)

- Average rate of return on investments in 2010-11 (Appendix F. Section 21)
- 3.2.6 Other changes may arise. In particular, any changes to the draft capital programme expenditure and/or financing plans will impact on the detailed figures included throughout the Treasury Management Strategy at Appendix F.
- 3.2.7 Audit Committee are asked to advise whether and how they would like any changes made to the draft report subsequent to their review to be advised to them for consideration and comment.

3.3 Choices (Options)

- 3.3.1 Audit Committee have the option to comment on the areas considered in the report and to make recommendations to Officers and to Cabinet and Council.

4. Implications (including financial implications)

4.1 Policy

- 4.1.1 The CIPFA Treasury Management Code of Practice requires the Council to nominate the body (such as an audit or scrutiny committee) responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. Council has nominated the Audit Committee for this role, which includes the review of all treasury management policies and procedures, the review of all treasury management reports to Cabinet and Council, and the making of recommendations to Council.
- 4.1.2 Further background detail is included in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.2 Resources and Risk

- 4.2.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.3 Legal

- 4.3.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.4 Equality

- 4.4.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15

4.5 Consultees (Internal and External)

4.5.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2012-13 to 2014-15.

4.6 Other Implications

4.6.1 No other implications have been identified.

5. Background Papers

As set out in the attached draft Cabinet report, Treasury Management Strategy 2012-13 to 2014-15

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