



AUDIT COMMITTEE REPORT

Report Title	TREASURY MANAGEMENT STRATEGY 2011-12 to 2013-14
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	10 January 2011
Policy Document:	Yes
Directorate:	Finance & Support
Accountable Cabinet Member:	David Perkins

1. Purpose

1.1 To put the draft Treasury Management Strategy Report for 2011-12 to 2013-14 before Audit Committee for review prior to it being put to Cabinet on 23 February 2011 and Council on 28 February 2011 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 2011-12 to 2013-14 prior to it being put to Cabinet on 23 February 2011 and Council on 28 February 2011
- b) Put forward recommendations as 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 A report was brought to Audit Committee on 22 March 2010 that explained new regulatory requirements for the Council to place greater emphasis on the scrutiny of treasury management strategies and policies. Under these arrangements the Audit Committee has been nominated by Council as the body responsible for ensuring effective scrutiny of the treasury management strategy, policies and practices. This role 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.

3.2 Issues

Treasury Management Strategy Report 2011-12 to 2013-14

3.2.1 The Council's draft Treasury Management Strategy Report 2011-12 to 2013-14 is attached at Appendix A. This comprises a covering report and annexes (A to J). This report is timetabled to go to Cabinet on 23 February 2011 and Council on 28 February 2011.

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 Due to the time gap between Audit Committee and Cabinet, and the interface between the content of this report and the Council's other budget setting reports, some details included in the draft report will or may need to be updated prior to the report going to Cabinet. These are set out below. References are to the Cabinet report paragraphs and annexes:

- Economic background (Paragraph 3.2.1 and Annex B)
- Unallocated General Fund Reserves (Paragraph 3.2.13)
- Counterparties meeting NBC investment criteria (Annex F. Section 18 and Annex H)
- Council Priorities (Paragraph 4.6.1 and Annex J)
- Current investment portfolio (Annex F. Section 15)
- Average rate of return on investments in 2010-11 (Annex F. Section 21)
- Upper limits on interest rate exposures (Annex F. Section 24)
- Debt Management budget forecasts (to be added to Annex G)

3.2.4 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 Annex F, and on the debt financing budget at Annex G.

3.2.5 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 updated CIPFA Treasury Management Code of Practice (published in 2009) requires the Council to place greater emphasis on the scrutiny of treasury management strategies and policies. This includes the nomination of 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 2011-12 to 2013-14

4.2 Resources and Risk

4.2.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2011-12 to 2013-14

4.3 Legal

4.3.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2011-12 to 2013-14

4.4 Equality

4.4.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2011-12 to 2013-14

4.5 Consultees (Internal and External)

4.5.1 As set out in the attached draft Cabinet report – Treasury Management Strategy 2011-12 to 2013-14.

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 2011-12 to 2013-14

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