



AUDIT COMMITTEE REPORT

Report Title	TREASURY MANAGEMENT MID YEAR REPORT 2011-12
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AGENDA STATUS: PUBLIC

Audit Committee Meeting Date:	7 November 2011
Policy Document:	No
Directorate:	Finance & Support
Accountable Cabinet Member:	Alan Bottwood

1. Purpose

1.1 To put the draft Treasury Management Mid Year Report for 2011-12 before Audit Committee for review prior to it going to Cabinet in December and to Council in January.

2. Recommendations

2.1 That Audit Committee review the draft Treasury Management Mid Year Report for 2011-12 and put forward recommendations as they think appropriate.

3. Issues and Choices

3.1 Report Background

3.1.1 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. The Audit Committee has been nominated 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 for making recommendations to Council.

3.2 Issues

Treasury Management Mid Year Report 2010-11

3.2.1 The Council's draft Treasury Management Mid Year Report for 2011-12 is attached at **Appendix A**. This comprises a covering report and annexes (A to J). This report is timetabled to go to Cabinet on 14 December 2011 and Council on 16 January 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.

3.3 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 Council is required to adopt the latest CIPFA Treasury Management Code of Practice, and to set and agree the following policy and strategy documents:

- a) A Treasury Management Policy Statement
- b) Treasury Management Practices (TMPs) and TMP Schedules
- c) An annual Treasury Strategy incorporating:
 - (i) The Capital Financing and Borrowing Strategy for the year including:
 - The Council's policy on the making of Minimum Revenue Provision (MRP) for the repayment of debt, as required by the Local Authorities (Capital Finance & Accounting) (Amendments) (England) Regulations 2008.
 - The Affordable Borrowing Limit for the year as required by the Local Government Act 2003.
 - (ii) The Investment Strategy for the year as required by the CLG Guidance on Local Government Investments issued in 2004, and updated in 2010.
- d) A mid-year review report and an annual review report of the previous year.

Items (a) to (c) are reported to Cabinet and Council as part of the budget setting process. The Council's Treasury Strategy for 2011-12 was approved by Council at its meeting on 28 February 2011.

- 4.1.2 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. The Audit Committee has been nominated 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 for making recommendations to Council.

4.2 Resources and Risk

- 4.2.1 The resources required for the Council's debt management and debt financing budgets are agreed annually through the Council's budget setting process.
- 4.2.2 The risk management of the treasury function is an integral part of day-to-day treasury activities. It is also specifically covered in the Council's Treasury Management Practices (TMPs), which are reviewed annually.

4.3 Legal

- 4.3.1 The Council is obliged to carry out its treasury management activities in line with statutory requirements and associated regulations and professional guidance. The relevant legislative and regulatory documents are referred to within the report and listed in the background papers.

Equality

- 4.4.1 An Equalities Impact Assessment was carried out on the Council's Treasury Strategy for 2011-12, and the associated Treasury Management Practices (TMPs) and the Schedules to the TMPs. This was included as an annex to the report to Cabinet on 23 February 2011 and to Council on 28 February 2011.
- 4.4.2 As a result of that assessment, it was noted that the potential impact of the strategy and associated documents (including Treasury Management Practices (TMPs) and the Schedules to the TMPs) on the different equalities groups must be considered as it is developed and put together each year. This includes the consideration of the potential impact on the different equalities groups of any processes, procedures or outcomes arising from these.

4.5 Consultees (Internal and External)

- 4.5.1 Consultation on treasury management matters is undertaken as appropriate with the Council's treasury management advisor, Sector, and with the Portfolio holder for Finance.
- 4.5.2 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. Audit Committee reviewed and noted the draft treasury management mid year report and annexes at their meeting on 7 November 2011.

4.6 How the Proposals deliver Priority Outcomes

- 4.6.1 Management of performance in relation to treasury management activities supports the Council's priority of providing quality services.

4.7 Other Implications

- 4.7.1 No other implications have been identified

5. Background Papers

The Treasury Management Mid Year Report at Appendix A contains:

- A full list of current statute, regulation and guidance relating to treasury management.
- A full list of relevant reports to Audit Committee, Cabinet and Council.

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