

Audit Committee



Date:	Thursday, 10 November 2011
Venue:	Town Hall, St. Annes
Committee members:	Councillor John Singleton JP (Chairman) Councillor Brenda Ackers (Vice-Chairman) Councillors Christine Akeroyd, Leonard Davies, Kath Harper, Linda Nulty, Louis Rigby, Richard Redcliffe.
Other Councillors:	Councillor Alan Clayton
Officers:	Joanna Scott, Paul O'Donoghue, Paul Rogers
Other Attendees:	

1. Declarations of interest

Members were reminded that any personal/prejudicial interests should be declared as required by the Council's Code of Conduct adopted in accordance with the Local Government Act 2000. No declarations were declared.

2. Confirmation of minutes

RESOLVED: To approve the minutes of the Audit Committee meeting held on 22 September 2011 as a correct record for signature by the Chairman.

3. Substitute members

The following substitution was reported under council procedure rule 22.3:

Councillor Richard Redcliffe for Councillor Ben Aitken.

4. Mid Year Prudential Indicators and Treasury Management Monitoring Report 2011/12

Joanna Scott (Section 151 Officer) presented a mid-year review of Treasury Strategy and Prudential Indicators for Audit Committee to scrutinize in line with the recommendations of the revised CIPFA (Chartered Institute of Public Finance Accountants) Code of Practice on Treasury Management. In presenting the report, she informed Members that treasury management is about how the Council manages its cash flow. The strategy and approach taken was determined and based on the Capital & Revenue Budget and spending levels

set by the Council. She emphasised that CIPFA had recommended that the treasury side of Local Government should be scrutinised and that this CIPFA Policy was as a consequence of the problems which had arisen following the Icelandic financial situation. She advised that the Prudential Indicators were the limits set by Council on an annual basis which managed the overall Treasury Strategy and approach to cash management.

In referring to interest rates and the global economy, paragraph 2 of the report refers, Joanna Scott emphasised that because of the volatile economic uncertainties, interest rates remained unpredictable. She advised that the borrowing rates forecast (in line with external Treasury advice) as shown in table 1 in paragraph 2.3 were low for the next 18 months and were subsequently expected to rise from September 2013. She indicated that although the Public Works Loan Board had been set up as a lending facility for local authorities, Councils were able to borrow money from elsewhere if such rates were more beneficial. In reply to a Member's question, she informed the Committee that regular meetings were held with Sector the Council's treasury advisors but that she, as Section 151 Officer, was ultimately responsible for the cash management decisions.

The Capital receipt generated from the sale of Clifton Lytham Housing Association in cash terms (and therefore Treasury Management terms) was included as part of the overall Treasury (cash management strategy). How the receipt was allocated to the Capital Programme would be determined by overall decisions taken by Council. The role of the S151 officer was to ensure that the overall Capital Programme was financed in the most efficient way.

In response to a Member's question regarding borrowing more money in the short term due to low interest rates, Joanna Scott advised the economic market remained extremely volatile and that she was waiting for advice from Sector with regard to long term interest rates before any decision on further borrowing was made.

It was RESOLVED that The Audit Committee is recommended to scrutinise the Mid Year Prudential Indicators and Treasury Management Monitoring Report and recommend the following changes to Council:-

- i) Approve the revised Prudential Indicators and Limits

(The Chairman indicated that he was satisfied that the matter was not controversial and dealt with the matter by a show of hands rather than by taking a recorded vote on it.)

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