

REPORT OF AUDIT COMMITTEE

(Meeting held on 23 June 2017)

1. TREASURY MANAGEMENT OUTTURN REPORT 2017/18 (MINUTE NO. 6)

The Committee has considered the annual treasury management outturn report for 2017, together with the proposed revisions to the Council's prudential indicators for 2017/18 to 2018/19 that relate to the treasury management function.

The report set out the performance of the treasury management function during 2016/17, the effects of the decisions taken and transactions executed in the past year. The Committee was pleased to note that the Council had complied with all of the prudential indicators set in its Treasury Management Strategy.

The Committee was made aware of some key influences on the economy, including the EU referendum, the US presidential election, the effect on inflation, sterling, bank rates, economic activity, financial markets and credit outlook.

As at 31 March 2017, the Council had £144.1m of borrowing and £62.0m of principal invested. The Council's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing. However the Council would be looking to borrow up to a further £12m to part-finance direct commercial property investment in both 2018/19 and 2019/20.

The Committee noted that the Council's General Fund's Capital Financing Requirement (CFR) is forecast to increase by £13.2m in the period to 31 March 2019; this is principally to allow for the potential of direct commercial property investment. The updated prudential indicators attached as Appendix 1 take this revised CFR into account. The Council's Housing Revenue Account CFR is currently expected to reduce by £4.1m per year from 2017/18, as instalments of the HRA settlement become due for repayment.

The main objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

The report to the Committee outlined investment activity in 2016/17. The Council's average cash balances were £70.1m during the year and interest earned for the year was £0.670m, giving an average yield of 0.96% (in comparison to 0.91% in 2015/16).

RECOMMENDED:

That the revised prudential indicators for 2017/18 – 2018/19 as set out in Appendix 1 to this report be approved.

2. AUDIT COMMITTEE ANNUAL REPORT – 2016/17 (MINUTE NO. 13)

The report attached at Appendix 2 summarises work carried out by the Audit Committee during the 2016/17 municipal year.

The Chartered Institute of Public Finance and Accountancy (CIPFA) recommends that an annual report is produced setting out the work that the Audit Committee has undertaken during the preceding year, and that it be submitted to the Council.

It is hoped that the report will help illustrate the breadth of work undertaken, and the assurances it gives. The Committee is pleased to present it to all members of the Council for their information.

**CLLR A D O'SULLIVAN
CHAIRMAN**

Attachments: Appendix 1
Appendix 2