

AUDIT COMMITTEE

25 JANUARY 2016

Present: Councillors Beaver (Chair), Clark (Vice-Chair), Chowney and Charman

20. DECLARATIONS OF INTEREST

There were no declarations of interest made at this meeting.

21. APOLOGIES FOR ABSENCE

Apologies for absence were noted for Councillor Westley. It was noted that Councillor Webb, the duly appointed substitute for Councillor Westley, was not present.

22. MINUTES OF THE MEETING HELD ON 17 SEPTEMBER 2015

RESOLVED – (unanimously) that the minutes of the meeting held on 17 September 2015 be approved and signed by the Chair as a true record.

23. TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2016/17, INCLUDING QUARTERLY MONITORING REPORTS FOR 2015-16

The Assistant Director – Financial Services & Revenues presented his report to the Committee, to provide the opportunity to consider the draft Treasury Management and Annual Investment Strategy and draw any concerns or recommendations to Cabinet and Council as appropriate, to ensure that there is an effective framework for the management of the Council's investments, cash flows and borrowing activities.

There is a statutory requirement to determine, by full Council, the Treasury Management Strategy Statement, Minimum Revenue Provision (MRP) Policy and Annual Investment Strategy (2016/17) prior to the start of the new financial year.

The report was set out in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.

The Assistant Director – Financial Services & Revenues advised on a number of amendments to the report as follows:-

Key changes from the previous year's strategy (Page 8, paragraph 14) include:

- i. A loan to the Foreshore Trust in the sum of £300,000. The rental payments received will meet the debt repayments of the Council.
- ii. The Council is seeking to construct one new factory unit which is likely to involve new borrowing.

Current portfolio position table (page 9): The Total Debt was amended from £11.5m at 31 March 2015 to show £14.2m and from £14.2m showing at 31 December 2015 to £11.5m.

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The Assistant Director - Financial Services & Revenues advised that interest rates are unlikely to move during the early part of 2016/17.

Councillor Clark sought clarification on the loans and deposits lent to Leeds City Council. The Assistant Director – Financial Services & Revenues advised him that the Council made loans to other Local Authorities, either through brokers or if it had been a regular arrangement, they would have looked to avoid the brokerage charges by dealing direct.

Councillor Beaver asked if the investment strategy is likely to change. The Assistant Director - Financial Services & Revenues replied that investments could be made in property and in other asset classes, and that the Council would be looking at property assets shortly.

Councillor Chowney asked if there were any financial consequences in respect of the European Union Referendum. The Assistant Director - Financial Services & Revenues said it could well impact on the value of Sterling and therefore on interest rates. Bank's credit ratings could be affected.

RESOLVED – (unanimously) that:

- 1. The Committee recommend that the Council approve the Treasury Management Strategy, Minimum Revenue Provision (MRP) Policy and Annual Investment Strategy (2016/17);**
- 2. To accept the report and note that the investments made are in compliance with the investment strategy and the latest advice provided from the Council's Treasury Management advisers.**

24. ANNUAL AUDIT LETTER 2014/15

The Assistant Director - Financial Services & Revenues introduced this report to formally confirm that the Annual Audit Letter 2014/15 had been noted by the Audit Committee.

The purpose of the Annual Audit Letter 2014/15 was to consider the matters raised by the external auditors (BDO). This was circulated to the Audit Committee on 29 October 2015 and posted to the Council's website for the public and members to view.

Councillor Beaver asked if officers were content with the pension contribution made to East Sussex County Council Local Government Pension Scheme. The Assistant Director - Financial Services & Revenues said that pension payments were a large expense for the Council. He advised that a triennial valuation was on-going with new rates applying from 1 April 2017.

Councillor Clark queried the pension contributions, he said Hastings Borough Council contributed an additional c.20% to the pension fund and recommended that staff should be aware of the loss of the contribution to their pension if they were to leave. He recommended that, subject to concurrence by the Staff Management Forum, all employees should receive an "annual reward statement" outlining contributions and

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additional benefit components of their salary. The Chief Auditor said the feasibility of producing “reward statements” automatically from the Trent system would be looked into and he would report back to the next meeting.

RESOLVED – (unanimously) that:

- 1. That the report be noted;**
- 2. That the feasibility of producing an annual reward statement for staff be investigated and reported to the next meeting.**

25. CHIEF AUDITOR'S SUMMARY AUDIT AND RISK REPORT

The Chief Auditor presented his report on the audit findings of the National Fraud Initiative exercise, Creditor, Payroll and Insurance matches undertaken earlier in the financial year. The overall audit assessment was A – Good.

RESOLVED – (unanimously) that the Audit Committee accepts the report.

26. NOTIFICATION OF ANY ADDITIONAL URGENT ITEMS (IF ANY)

None.

(The Chair declared the meeting closed at. 7.10 pm)