

AUDIT AND GOVERNANCE COMMITTEE

Minutes of the extraordinary meeting held on 18 February, 2016

PRESENT:	Councillor John Griffith (Vice-Chair) (In the Chair) Councillors Jim Evans, Richard Owain Jones, Alun W.Mummery, Peter Rogers, Dafydd Rhys Thomas. Lay Members: Mrs Sharon Warnes, Mr Richard Barker
IN ATTENDANCE:	Head of Resources and Section 151 Officer Capital & Treasury Management Accountant (GR) Head of Audit and Procurement (MH) Audit Manager (SP) Committee Officer (ATH)
APOLOGIES:	Councillor R.Llewelyn Jones

1. DECLARATION OF INTEREST

No declaration of interest was received.

2. TREASURY MANAGEMENT STRATEGY STATEMENT 2016/17

The report of the Head of Resources and Section 151 Officer incorporating the Treasury Management Strategy Statement for 2016/17 was presented for the Committee's consideration and endorsement.

The Head of Resources reported that the Treasury Management Strategy Statement which includes the Annual Investment Strategy, the annual Minimum Revenue Provision Policy Statement, the annual Treasury Management Policy Statement and the Treasury Management Scheme of Delegation is an integral component of the documentation to be presented to the Executive and the County Council as part of the 2016/17 Budget adoption process. A key part of the treasury management operation is to ensure that the Council's cash flow is adequately planned, with cash being available when it is needed. The second main function of the treasury management service is the funding of the Council's capital plans; these provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending obligations. (Details of the Council's capital expenditure plans were provided under the table in paragraph 2 of the report).

The Head of Resources informed the Committee that there have been no material changes to the policies contained within the Strategy from those presented the previous year. The Council's external treasury management advisors – Capita Asset Services - have confirmed that the Strategy Statement reflects the Council's position and is compliant with CIPFA Code of Practice for Treasury Management. The Officer then proceeded to elaborate on the following key elements of the Strategy, what they signified and the Council's approach in relation to each –

- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury management indicators;
- an Investment Strategy (the parameters on how investments are to be managed)
- a Minimum Revenue Provision (MRP) Policy (how residual capital expenditure is charged to revenue over time)
- a Treasury Management Policy Statement (definition of the policies and objectives of the treasury management function)
- the capital plans (including the associated prudential indicators)

The Committee was afforded the opportunity to ask questions of the Officer with regard to the Strategy and it sought clarification of certain points including provisions within the Council's capital expenditure plans and their revenue implications. Based on the written report and the Officer's oral presentation, the Committee noted the following:

- That the Council's overall capital programmes are limited to what is affordable, in terms both of actual spend and revenue implications.
- That with regard to borrowing, the Council is taking a prudent approach and is currently maintaining an under borrowed position.
- That the Council will not borrow more than, or in advance of its needs, solely in order to profit from the investment of the extra sums borrowed.
- That as regards the potential to generate savings by switching from long-term debt to short-term debt, a recent review of debt rescheduling showed that it would cost the Council more to reschedule debt than it would save in interest due to the significant early repayment premiums imposed by the PWLB.
- That the Council's investment policy has regard to the relevant guidance and its investment priorities are security first, liquidity second and then return.
- That the Authority does not currently have documented Treasury Management Practices (TMPs). The Committee recommends therefore that this matter be resolved during 2016/17 to bring the Authority into line with CIPFA recommended practice on Treasury Management.

The Committee accepted the Treasury Management Strategy Statement and policies as presented as reflecting the Council's position and as representing a prudent approach to the wider economic situation and outlook.

It was resolved –

- **To note the contents of the covering report.**
- **To endorse the Treasury Management Strategy Statement (including the Prudential and Treasury Management Indicators) [Annex A] for 2016/17.**
- **To recommend to the Executive that steps are taken to ensure that the Authority's Treasury Management Practices are documented in line with CIPFA recommended practice on Treasury Management and presented at the earliest opportunity to the relevant committees in accordance with the proposed Treasury Management Scheme of Delegation for 2016/17.**

NO FURTHER ACTION ARISING

**Councillor John Griffith
(Chair)**