

**SPECIAL AUDIT COMMITTEE
MINUTES**

Date: Monday 13 February 2012

Time: 6.00 p.m.

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: Councillors: L Chester (Chair), P Bibby CC, D Cullen,
S Walker and M Yarnold-Forrester.
Independent: B Mitchell

Started: 6.00 p.m.

Ended: 7.20 p.m.

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

An apology for absence was received from Councillor J Gardner.

There were no declarations of interest.

2. MINUTES – AUDIT COMMITTEE – 29 NOVEMBER 2011

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 29 November 2011 be approved as a correct record and signed by the Chair.

3. PRUDENTIAL CODE INDICATORS AND TREASURY MANAGEMENT STRATEGY

The Committee received a presentation from the Head of Finance outlining details of the Council's Treasury Management Strategy.

The Committee was advised that the Treasury Management Code had been revised to incorporate the new Housing Revenue Account (HRA) Self Financing regime which would replace the current subsidy system from the end of March when it had been projected that the Council would take on a debt of £200.85 million, repayable after 30 years.

In reply to a question concerning the repayment of the debt the Committee was advised that an interest only schedule, with the lump sum repayable at the conclusion of the term, would allow the Council more financial flexibility throughout the period.

In reply to concerns that monies set aside to repay the debt would be vulnerable the Committee was assured that the process and balances

would be subject to constant review by Officers and that the debt was manageable.

Members expressed concern over the shortfall in the General Fund and the attendant borrowing requirement that had been forecast in the medium term.

In reply the Officer stated that Council officers were reviewing a range of potential solutions, including the Asset Management Strategy and the Working Together Programme. It was also acknowledged that the Council's three main income streams would require investment to remain effective.

It was **RESOLVED:**

1. That Council be recommended to adopt the 2012/13 Treasury Management Strategy as detailed in Appendix A of the report, subject to the amendment of paragraph 4.1 of Appendix A to read, 'The Council has determined that it will only use approved counterparties from selected countries with a minimum sovereign credit rating of AA+ (changed from AA-) from Fitch Ratings (or equivalent from other agencies if Fitch does not provide).
2. That Council be recommended to adopt the Prudential Code Indicators as detailed in Appendix A, attachment six.
3. That Council adopt the modification to investment criteria, as detailed in paragraph 4.2.3 and Appendix A, attachment 3 for instant access call accounts.
4. That the following comments be reported to Council:
 - a. The Committee expressed its concerns over the sustainability of the borrowing requirement within the General Fund and would wish to receive assurance of the Council's intention actions to rebalance the budget through the application of the Asset Management Strategy.
 - b. The Committee expressed its support for recommendation 3, the modification to the investment criteria.

4. FINANCIAL REGULATIONS

The Committee had before it a report to update Members on the revision to the Council's Financial Regulations.

There were no questions or comments.

It was **RESOLVED** that revised Financial Regulations be recommended to Council for approval.

5. URGENT PART 1 BUSINESS.

None.

6. EXCLUSION OF THE PRESS AND PUBLIC

It was **RESOLVED:**

1. That under Section 100 (A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs 1-7 of Part I of Schedule 12A of the Act, as amended by SI 2006 No.88.

2. That having considered the reasons for the following report being in Part II it be determined that maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

PART II

7. PART II MINUTES – 29 NOVEMBER 2011

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 29 November 2011 be approved as a correct record and signed by the Chair.

8. URGENT PART II BUSINESS

None.

Chair