

NOTTINGHAM CITY COUNCIL

AUDIT COMMITTEE

MINUTES of the meeting held at LH 1.15 - Loxley House, Station Street, Nottingham, NG2 3NG on 22 January 2018 from 10.10 am - 10.38 am

Membership

Present

Councillor Sarah Piper (Chair)
Councillor Malcolm Wood (Vice Chair)
Councillor Anne Peach
Councillor Andrew Rule
Councillor Steve Young

Absent

Councillor Leslie Ayoola
Councillor Rosemary Healy
Councillor John Hartshorne
Councillor Adele Williams

Colleagues, partners and others in attendance:

Theresa Channell - Head of Strategic Finance
Glyn Daykin - Senior Accountant – Treasury Management
Kate Morris - Governance Officer
Laura Pattman - Strategic Director of Finance
Shail Shah - Head of Audit and Risk

39 APOLOGIES FOR ABSENCE

Councillor Leslie Ayoola - Council Business.

40 DECLARATIONS OF INTERESTS

None.

41 TREASURY MANAGEMENT 2017/18 HALF YEARLY UPDATE

In the absence of the Chair it was decided that given the tight timescales the meeting should begin and Councillor Malcolm Wood (Vice Chair) opened the meeting.

Glyn Daykin, Senior Accountant – Treasury Management introduced the Treasury Management 2017/18 Half Yearly Update report. He highlighted the following points:

- (a) This report is normally heard at the February meeting which then goes to gain approval at the March full Council meeting, however due to a change in the investment strategy for later part of 2017/18 it was necessary for it to be heard before then and approved at the full Council meeting in January;
- (b) The changes to the strategy include a revision to the existing Operational Boundary and the Authorised Limit for external debt within the Prudential Indicators.
- (c) Once the review of CIPFA codes is complete there will be a review of the reporting framework which will be reported to a future meeting of the Audit Committee;

At this point the Chair arrived and took up Chairing the meeting.

- (d) The changes to the strategy will increase the scope of further borrowing in the last part of 2017/18. The Council expects to borrow an additional £252million in 2017/18 based on the revised capital program and forecast cash flow requirements;

Following questions and comments from the Committee the following information was highlighted:

- (e) There has been some criticism of the Non Treasury Investment Strategy, that it is reliant on commercial and retail property outside the greater Nottingham area. The committee felt that a greater level of scrutiny should be in place around investment decisions;
- (f) Nottingham City Council has now received 100% of the original investment and residual interest from the Icelandic bank. Tighter internal controls have been implemented since this incident and are applied to all new investments;
- (g) Nottingham City is fairly comparable to other authorities in terms of credit ratings. In terms of risk external advice is sought and this is a reasonably standard approach;
- (h) The Treasury arm of Capita has now been taken over by Link Asset, an Australian based firm. They have advised clients that frontline services will remain the same.

RESOLVED to:

- (1) Invite property colleagues to do a joint presentation on investment at the next meeting; and**
- (2) Note the treasury management actions taken in 2017/18 to date and to note the recommended changes to the prudential indicators;**