

MAIDSTONE BOROUGH COUNCIL

CABINET

19 DECEMBER 2012

REFERENCE FROM THE AUDIT COMMITTEE

PROPERTY INVESTMENT GOVERNANCE ARRANGEMENTS

The Audit Committee, at its meeting held on 26 November 2012, considered the report of the Head of Finance and Customer Services setting out details of the activities of the Treasury Management function as at the midpoint of the 2012/13 financial year.

The report also addressed proposed amendments to the Treasury Management Strategy 2012/13 and the Prudential Indicators arising from the Cabinet's consideration of a report on investment opportunities, including the possible use of prudential borrowing to finance capital expenditure. A copy of the Record of Decision of the Cabinet is attached as Appendix A to this report together with details of the terms of reference of the Property Investment Cabinet Committee and the Members Advisory Panel relating to Property Investment.

The Committee noted the position with regard to the activities of the Treasury Management function as at 30 September 2012 and is recommending to the Council that the Treasury Management Strategy for 2012/13 be amended to include confirmation that up to £6m can be borrowed to support the Capital Programme and that the Prudential Indicators be amended to increase the Operational and Authorised Limits for External Debt by the additional £2m required. However, the Committee is seeking assurances that the property investment governance arrangements, as set out in the attached Appendix, are sound and that controls are in place to minimise the risks to the Council associated with this new area of activity. Specific concerns were raised as to whether it would be appropriate for Members of the Audit Committee to be Members of the Advisory Panel.

RECOMMENDED: That the Cabinet consider and respond to the assurances sought by the Audit Committee in connection with the possible use of prudential borrowing to finance capital expenditure.