
EXCERPT FROM THE MINUTES OF THE AUDIT COMMITTEE HELD ON 5 JULY 2011

AUC.44/11 TREASURY MANAGEMENT OUTTURN 2010/11

The Chief Accountant submitted the Annual Report on Treasury Management (RD.13/11). He informed Members that the report was required under both the Financial Procedure Rules and CIPFA Code of Practice on Treasury Management. The regular report on Treasury Transactions for the period 1 January 2011 - 31 March 2011 was also submitted.

He drew Members' attention to the significant development in the Money Markets over the previous 12 months and their effect on the Council's investments. He also drew Members' attention to the various performance statistics included within the report.

The Resources Overview and Scrutiny Panel and the Executive had considered the matter on 16 and 27 June 2011 respectively and the decisions were set out in Minutes ROSP.40/11 and EX.062/11.

A Member noted that the reduction in investment income posed a very significant financial challenge for the authority and asked what steps were being looked at to address the problem.

In response, the Chief Accountant advised that an interest rate rise to 4% by 2014 had been built into the budget. The Transformation Programme and Medium Term Financial Plan (MTFP) also included plans to bring reserves up to an acceptable level. It was a pressure for the Council and would therefore be kept under constant review.

The Chairman acknowledged that the Committee received regular reports on Treasury Management. It was important to ensure that those reports included long term forecasts on reserves.

The Financial Services Manager added that work had commenced on the MTFP and Capital Strategy which would be considered by the Executive in July, prior to referral to the City Council in September 2011.

RESOLVED – That the Committee had considered Report RD.13/11 and would continue to monitor the position on reserves, interest rates and the shortfall in income levels.