

RECOMMENDATIONS TO CABINET 5 NOVEMBER 2013 FROM THE MEETING OF THE AUDIT AND RISK COMMITTEE 29 OCTOBER 2013

ARC64: CABINET REPORT: MID YEAR REVIEW TREASURY REPORT 2013/2014

The Chief Financial Officer explained that the Mid Year Review Report had been prepared in compliance with CIPFA's Code of Practice, and covered the following:

- An economic update for the first six months of 2013/2014.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy 2013/2014.
- The Council's capital expenditure (prudential indicators).
- A review of the Council's investment portfolio for 2013/2014.
- A review of the Council's borrowing strategy for 2013/2014.
- A review of any debt rescheduling undertaken during 2013/2014.
- A review of compliance with Treasury and Prudential Limits for 2013/2014.

In response to questions from Councillor Collop on what would happen should interest rates rise within a very short period, the Chief Financial Officer advised that the Council received information from Sector, the Council's treasury advisers on a monthly basis. When considered appropriate the Financial Plan could then be adjusted. The Committee's attention was drawn to paragraph 6.6 of the report:

The Council's budgeted investment return for 2013/14 was £483,500 and the projected performance for the year was £407,000 which was below budget. The Council's budgeted borrowing costs for 2013/2014 were £519,100 and projected outturn for the year was £481,000. Overall it was anticipated that there was a net impact of £37,400 on the Council's budget, the capital programme was currently being reviewed and any rephrasing would reduce the cost of borrowing in the current year. The cost of borrowing and investment returns were included in the financial adjustment element of the Council's budget, which was monitored and variances reported in the overall Budget Monitoring Report.

In conclusion, the Chief Financial Officer explained that the majority of the Council's investments were for short term periods and that the authority worked closely with Sector.

RESOLVED: That the Panel support the recommendation to Cabinet as follows:

Cabinet is asked to note the report and the treasury activity.

