

**To: City Executive Board**

**Date: 1 September 2010** **Item No: 4d**

**Report of: Scrutiny Finance and Performance Panel**

**Title of Report: Treasury Management Annual Report 2009/2010**

### **Summary and Recommendations**

**Purpose of report: To present the Panel comments on the Treasury Management Report. The Panel acts as the “responsible body” when considering outcomes**

**Key decision - No**

**Board Member: Councillor Turner**

**Report approved by:  
Scrutiny Lead Member: Councillor Coulter  
Legal Services – James Pownall**

**Recommendation(s):**

**To support the prudent approach taken in assuming that local authorities will not be awarded “preferential creditor” status and therefore we are only likely to see 29% of the original deposit returned**

### **Introduction and Background**

1. The Finance and Performance Panel met on the 24 August to consider this report. They were supported in their debate by Penny Gardener and Anna Winship. The Panel consists of Councillors Coulter, Brown, Wolff and Keen with Councillor Coulter nominated as lead member.
2. The Council agreed during 9/10 to nominate the Value and Performance Scrutiny Committee or its Finance Panel to act as the “responsible body” for Treasury Management in line with guidance in the revised CIPFA Treasury Management Code. The responsible body is set to ensure effective scrutiny of the treasury management strategy and policies before they are agreed at Council. With this in mind and with a desire to perform well within the task set the Panel asked to receive training sufficient to understand the field and properly scrutinise proposals. This is to be arranged for September

## **Conclusions and recommendations**

3. The Panel focused on the Icelandic Bank investments and discussed the representation and assumptions of these losses in our accounts. It was confirmed that the issue of the status of a “preferential creditor” in regard to the deposits with Glitnir has still not been settled. The challenge was still waiting to be heard by the Icelandic courts. There is no information available that would allow the Council to judge when this might be settled. Similar cases are currently being considered the outcome of which may make things clearer in relationship to our case but currently judgements are impossible

## **Recommendation**

**To support the prudent approach taken in assuming that local authorities will not be awarded “preferential creditor” status and therefore we are only likely to see approximately 29% of the original deposit returned**

## **Comments from the Board Member for Finance Corporate Assets and Strategic Planning**

The Director met with Sector; the Council’s Treasury Management advisors on the 25<sup>th</sup> August and has made arrangements for them to provide training for members in October to coincide with the receipt of the six month performance report.

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