

Budget(s) matter(s)



Gordon Brown and I have been wrestling with a common problem, but he pipped me by one day. His budget was presented on 7 March and the Association's on 8 March to the Chairman and President.

Nevertheless, we have the same core issue: things seem to be going quite well but what could the problems be ahead, particularly if a weak US economy drives the UK into much lower growth or even a recession?

Looking backwards things seem to be splendid. Both the UK economy and the Association's own surpluses are headed for an annual record in the current year. Reserves are rising strongly and capital is available without borrowing to support the substantial investment required in new infrastructure, particularly IT developments. Of course, Gordon's problems are on a broader canvas than ours. For example, we have to worry about how to use the additional space on the ground floor of Ocean House more effectively and he has to look at the whole infrastructure of publicly owned assets, but then he has a large and very experienced civil service to support his deliberations.

Not that the Association's capability is weak. Many of the management and staff changes that have been made over the last two years have ensured the secretariat's continuing ability to manage change effectively. This is just as well since the budget allocation for IT, under the control of our new IT Manager, Tom Gordon, is rising rapidly as we improve communications and plan to move education products on to the internet.

For the Chancellor it is the dilemma of encouraging greater foreign direct inward investment into Britain that will concern him, particularly if the US goes into recession. For us, it is the size of the sponsorship income we receive from a number of very supportive City based financial institutions. We are naturally most grateful to these institutions in the degree of support they provide. This runs from our

CPD site through all of our conference activities, including the UK Treasurers' Conference and sponsorship received to develop our education programme and support our publications. Total sponsorship projected for next year amounts to approximately 100% of membership subscriptions, all of which is aimed to be ploughed back into improved services and education products for our members and students.

Key developments for next year include the further expansion of CPD, the broadening of the way in which we teach our international cash management qualification through substantial internet support and interactive teaching methods (see the article on page 24), and of course the large expansion in our conferences programme particularly through the UK Treasurers' Conference.

More will also be spent in an effort to market our education products more widely. Despite efforts by Richard Raeburn and his team, our total student numbers stubbornly refuse to rise, except for those of our students following the CIMA fast track route to Associate Membership. In terms of enrolments CIMA fast track has achieved its target numbers although we are still concerned about the relatively low pass rate being achieved by CIMA qualified students.

The City's economic success, which has been a contributing factor in the generosity of our sponsors, has also had an impact on our costs. This comes through the rapidly rising salary bill we have to pay to compete with other City institutions, but it will now also be felt in its impact on the cost of space at Ocean House. My predecessor did an excellent job in his initial negotiations over our first five years here, but all good things come to an end and we are fearful of a doubling or even a tripling of our rental rate per square foot. Coupled with our expansion into the whole of the ground floor as the Secretariat numbers have risen, this will be a major factor on our projected surplus for 2001/2.

Despite this you can be assured your Association is in good shape and you will be pleased to know that the Member Services Committee is recommending no increase in overall membership contributions for next year, though at the time of writing this has yet to be agreed by Council.

Turning to the Budget itself there is much of interest but one point that was rather buried within the Chancellor's announcement was the adoption of the Myners Report by the Government. This spelled out very clearly the need for better qualified and more

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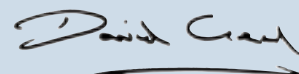
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For secretariat details see inside back cover

capable pension fund trustees, and included the proposal that they be paid. I have seen a proposal that a typical annual salary for a trustee should be in the region of £10,000 per annum for duties that might require 10 - 15 hours per month. A job for treasurers here?

Budgets do matter, and Council will have scrutinised ours a few days before you read this. Assuming it is accepted, I can promise you further expansion in our Association's activities next year. But, as for Gordon's problems, we will have to wait and see.

Last month Celia Haynes, our network manager left us and Valerie Defoe, our assistant accountant, went on maternity leave to be temporarily replaced by Cheryl Cheeseman. Celia will be missed by us for her unfailing good humour, even when battling with the worst of our cabling problems. We hope to recruit her replacement shortly. ■



David Creed

City diary

pros and cons of this additional money market tool for treasurers.

Forthcoming dates

Our March event takes advantage of St. Patrick's day (17th), being hosted and presented by Allied Irish Bank's Chief Economist, John Beggs, view of *Living with the Euro: The Irish Experience*.

Future dates for your diary include 24 April 2001 at Zurich Corporate Solutions on *Integrating Risk Management*, and 4 July 2001 at Clifford Chance on *Optimising Real Estate Financing*.

Future events planned for this year include *Performance Measures for Treasury: Benchmarking* and a further economics presentation, this time on the UK and the euro.

To all members: I'd be delighted to receive offers for hosting/presenting. ■

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London City Group meets in the heart of the City thanks to the continuing generosity of 'sponsors' hosting presentations, so its very easy for all those in central London to attend. We have a large, and diverse, membership list of over 300, which provides an excellent networking opportunity to those attending (particularly ACT Students) to meet experienced treasury practitioners from corporate, banking, and management consulting backgrounds.

Our first event in January excellently hosted by Investec Asset Management, and presented by Richard Parkinson of *Treasury Today* on Institutional Money Market Funds, drew well over 50 attendees. Richard summed up the conclusions of his research *A Guide for Investors*, presenting the

ACT

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