

**West Dunbartonshire Council**  
**Report by the Executive Director of Corporate Services**  
**Audit & Performance Review: 14 December 2011**

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**Subject: Treasury Management Mid Year Report 2011/2012**

**1. Purpose**

- 1.1** The purpose of this report is to provide Members with an update on treasury management and prudential indicators during 2011/12.

**2. Background**

- 2.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2011/12, the Executive Director of Corporate Services is required to provide a Mid Year Report to Members regarding the Treasury function.
- 2.2** The mid year report covers the period 1 April 2011 to 30 September 2011 and details the current position (where appropriate) and revises the 2011/12 estimates where required.
- 2.3** Members agreed within the Treasury Management Strategy 2011/12 - 2013/14 (as reported to Council in March 2011) to nominate the Audit and Performance Review Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 2.4** The treasury management mid year report should be passed to members of the Audit and Performance Review Committee once approved by Council to ensure further scrutiny take places.

**3. Main Issues**

- 3.1** A copy of the report is attached (Appendix 1).
- 3.2** The report gives details of key changes to the Council's capital activity (the prudential indicators), the economic outlook, the actual and proposed treasury management activity (borrowing and investment) and the risk approach to treasury management (the treasury management indicators).
- 3.3** The revised estimate for capital expenditure during 2011/12 (Table A) has increased slightly by £0.140m.
- 3.4** The revised estimate for year end debt (Table C) has reduced by £6.839m from the original estimate due to the fact that no new borrowing was undertaken during 2010/11 which resulted in a reduced balance at the start of the year.

- 3.5 During the first half of 2011/12 no debt rescheduling exercises have been undertaken.
- 3.6 The current investment counterparty criteria selection approved by Members in March 2011 is meeting the requirement of the treasury management function and no changes are recommended at this time.
- 3.7 The average return on Investment income to 30 September 2011 is 0.74% (Table K) which is higher than the local measures of yield investment benchmark that was approved by Members in March 2011.

#### **4. People Implications**

- 4.1 There are no people implications.

#### **5. Financial Implications**

- 5.1 There are no financial implications other than those noted in the attached appendix.

#### **6. Risk Analysis**

- 6.1 The main risk is that capital receipts which affect the capital financing and borrowing requirement will not materialise and borrowing will require to be increased as a result.

#### **7. Equalities, Health & Humans Rights Impact Assessment (EIA)**

- 7.1 This report is for noting and as such no equalities impact assessment is required.

#### **8. Strategic Assessment**

- 8.1 The Council has identified four main strategic priorities for 2011/2012, namely Social & Economic Regeneration, Financial Strategy, Asset Management Strategy; and Fit for Purpose Services.
- 8.2 Treasury management contributes to the Financial Strategy via the interdependency that exists between pro-active treasury management and the formulation of long term financial plans.

#### **9. Conclusions and Recommendations**

- 9.1 The mid year report details the current treasury management and prudential indicator position (where appropriate) and revises the 2011/12 estimates where required.

**9.2** Members are requested to:

- (a) Note the treasury management and prudential stewardship information within the report;
- (b) Approve the 2011/12 revised estimates of treasury and prudential indicators as advised within the report (Tables A, B, C, D, E, G and L); and
- (c) Instruct that a copy of this report is passed to Members of the Audit and Performance Review Committee to ensure further scrutiny takes place.

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**David Amos**  
**Interim Executive Director of Corporate Services**  
**Date: 6 October 2011**

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**Person to Contact:** Gillian McNeilly, Finance Manager, Garshake Road.  
Telephone (01389) 737194.  
Email: [gillian.mcneilly@west-dunbarton.gov.uk](mailto:gillian.mcneilly@west-dunbarton.gov.uk)

**Appendix:** Treasury Management Mid Year Report

**Background Papers:** Loans register and portfolio;  
Debt rescheduling schedules; and  
Prudential Indicators 2010/11 to 2013/14 and Treasury  
Management Strategy 2011/12 to 2013/14  
(Council 30 March 2011).

**Wards Affected:** No wards directly affected.