

West Dunbartonshire Council
Report by the Executive Director of Corporate Services
Audit and Performance Review Committee – 25 September 2013

Subject: Treasury Management Annual Report 2012/2013

1. Purpose

- 1.1** The purpose of this report is to provide Members with an update on treasury management during 2012/13.

2. Recommendations

- 2.1** Members are requested to:

- (a) Note the treasury management stewardship information within the report;
- (b) Note the 2012/13 actual prudential indicators as advised within the report (Tables 2, 3, 4 and 5); and

3. Background

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2012/13, the Executive Director of Corporate Services is required to provide an Annual Report to Members regarding the Treasury function. Scottish Government requires that such a report is presented to full Council within 6 months of the financial year-end and recommends that an appropriate scrutiny committee also reviews the report.
- 3.2** Members agreed within the Treasury Management Strategy 2012/13 - 2014/15 (Council March 2012) to nominate the Audit and Performance Review Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 3.3** The Treasury Management Annual Report was presented to Council on 28 August and in accordance with the nomination of March 2012 is now passed to members of the Audit and Performance Review Committee to ensure further scrutiny takes place.

4. Main Issues

Treasury Management Stewardship Report

- 4.1** A copy of the report is attached (Appendix 1).
- 4.2** The report gives details of loans borrowed and loans repaid during the course of the year, interest rates and debt rescheduling which was undertaken.

- 4.3** The Council did not undertake any new long term borrowing for the approved capital plan during 2012/13.
- 4.4** Consideration was given to potential counterparty risk in light of the general economic climate, and therefore short term investments have been utilised in the short term to finance the current capital programme with the aim of reducing both the level of investment balances held and the cost of carrying debt.
- 4.5** External borrowing has decreased from £219.763m at the beginning of the year to £218.226m at the end of the year due to the repayment of naturally maturing debt. This has resulted in a reduction in the average interest rate on long-term debt from 5.15% to 5.04%.
- 4.7** Investments have decreased from £11.861m at the beginning of the year to £2.244m at the year-end in line with treasury management planned activity. The average interest rate on these investments as at 31 March 2013 decreased from 0.77% to 0.59%, due to market conditions and is in line with that anticipated within the 2012/13 budget.
- 4.8** Taking in account the reduction in long term loans and the reduction in investments the 2012/13 net debt position has increased while the Council's average interest rate on long term borrowing has reduced.
- 4.9** All year end actual indicators advised within Appendix 1 of this report are within the limits previously reported to and set by Council.

5. People Implications

- 5.1** There are no personnel issues.

6. Financial Implications

- 6.1** There are no financial implications.

7. Risk Analysis

- 7.1** As the information contained within the report is for noting, no additional risk analysis was required.

8. Equalities Impact Assessment

- 8.1** No equalities impact assessment was required in relation to this report.

9. Consultation

- 9.1** The views of Legal Services have been requested on this report and have advised there are neither any issues nor concerns.

10. Strategic Assessment

- 10.1** Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the 5 strategic priorities of the Council's Strategic Plan.
- 10.2** 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.

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Date: 2 September 2013

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Appendix: Annual Report 2012/13 Treasury Management and Actual Prudential Indicators

Background Papers: Loans register and portfolio;
Debt rescheduling schedules;
Prudential Indicators 2011/12 to 2014/15 and Treasury Management Strategy 2012/13 to 2014/15 (Council 30 March 2012).

Wards Affected: No wards directly affected.