

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Corporate and Efficient Governance Committee : 17 December 2008

Subject: Treasury Update (1 April 2008 – 15 November 2008)

1. Purpose

- 1.1 The purpose of this report is to advise Committee about interest rates and treasury transactions of the Council which have taken place during the period 1 April 2008 to 15 November 2008.

2. Background

- 2.1 In accordance with treasury management procedures, Members are required to be updated on a regular basis of the changes in interest rates and on the treasury transactions undertaken by the Council.

3. Main Issues

Interest Rates

- 3.1 Both the bank base rate and the call rate (for short term deposits) have decreased twice since last reported to Committee. The Bank of England decreased the bank base rate to 4.50% and 3.00% on 8 October and 6 November 2008 respectively.
- 3.2 There has been a decrease in the one-year PWLB following the bank base rate reduction and an increase in the 25-year PWLB rate since last reported to Committee. Both of these changes are noted in the table below. The one-year PWLB rate is lower than at the beginning of the financial year, while the 25-year rate is higher.

	Rate as at 01.04.08	Rate as at 15.09.08*	Rate as at 15.11.08
Bank Base	5.25%	5.00%	3.00%
Call	5.25%	5.00%	3.00%
1 Year PWLB	4.03%	4.47%	2.21%
25 Year PWLB	4.62%	4.64%	4.80%

* As last reported to Committee

Treasury Transactions

- 3.3** Temporary borrowing is currently £460,540. Temporary investments are £44,230,000 and long term loans outstanding are £215,018,688 as noted in the table below.

Treasury Transactions	1 April 2008	15 September 2008*	15 November 2008
Temporary Borrowings	£460,540	£460,540	£460,540
Temporary Investments	£23,561,945	£43,755,000	£44,230,000
Long Term Loans	£207,058,053	£207,018,688	£215,018,688

* As last reported to Committee

4. Personnel Issues

- 4.1** There are no personnel issues.

5. Financial Implications

- 5.1** Since 15 September 2008, there has been an increase in temporary investments of £0.475m, while temporary borrowings have remained the same. Long term loans increased by £8m since 15 September 2008, in line with the position advised to Members at the last Committee meeting.

6. Risk Analysis

- 6.1** The main risks are that changes in interest rates and the current financial climate, which could adversely affect counterparty ratings, may affect the extent to which the Council can effectively manage its investment and debt portfolio.

7. Conclusions

- 7.1** The bank base rate and call rate have both decreased since last reported. The one-year PWLB rate has also decreased while the 25-year PWLB rate has increased.
- 7.2** To 15 November 2008, temporary borrowings have remained steady during the year, long term borrowings have increased by £8m and temporary investments have increased slightly since last reported.

8. Recommendations

8.1 This report is presented to the Committee for information.

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Date: 17 November 2008

Wards Affected:	No wards affected
Appendices:	None
Background Papers:	Ledger prints to 15 November 2008 Interest rate data
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