

West Dunbartonshire Council
Report by the Executive Director of Corporate Services
Audit & Performance Review Committee – 24 September 2014

Subject : Treasury Management Annual Report 2013/2014

1. Purpose

- 1.1** The purpose of this report is to provide Members with an update on treasury management during 2013/14.

2. Recommendations

- 2.1** Members are requested to:

- (a) Note the treasury management stewardship information within the report, and
- (b) Note the 2013/14 actual prudential indicators as advised within the report (Tables 2, 3, 4 and 5).

3. Background

- 3.1** In accordance with the Treasury Policy governing the Council's treasury management activities during 2013/14, the Executive Director of Corporate Services is required to provide an Annual Report to Members regarding the Treasury function.
- 3.2** The treasury management annual report was presented to Council on 27 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 undertook new borrowing of £73.9m for the approved capital plans (£37m) and the replacement of naturally maturing debt (£36.9m) during 2013/14.
- 4.4** Consideration was given to available interest rates, and therefore short term borrowing has been utilised in the short term to finance the current capital programme.

- 4.5** External borrowing has increased from £218.226m at the beginning of the year to £255.233m at the end of the year. This is due to new borrowing required to fund the capital programmes. As stated above maturing debt has been renewed and overall there was a reduction in the average interest rate on long-term debt from 5.04% to 4.22%.
- 4.6** Investments have increased from £2.244m at the beginning of the year to £4.652m at the year-end in line with treasury management planned activity. The average interest rate on these investments as at 31 March 2014 decreased slightly from 0.59% to 0.56%, due to market conditions and is in line with that anticipated within the 2013/14 budget.
- 4.7** All year end actual indicators advised within Appendix 1 of this report are within the limits previously agreed by Council with the exception of the upper limit for debt maturity indicator due within 12 months as detailed in section 3.4 of the appended report.

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: 1 September 2014

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Background Papers: Loans register and portfolio;
Debt rescheduling schedules;
Prudential Indicators 2012/13 to 2015/16 and Treasury Management
Strategy 2013/14 to 2015/16 (Council 27 March 2013);
Treasury Management Mid Year Report 2013/14

Wards Affected: No wards directly affected.