

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Corporate and Efficient Governance Committee - 29 April 2009

Subject: Treasury Update (1 April 2008 – 15 March 2009)

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 March 2009.

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, including debt rescheduling, 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 1.00% and 0.50% on 5 February 2009 and 5 March 2009 respectively.
- 3.2** There has been a decrease in both the one-year PWLB and the 25-year PWLB rate since last reported to Committee. Both of these changes are noted in the table below. Both rates are lower than at the beginning of the financial year.

	Rate as at 01.04.08	Rate as at 15.01.09*	Rate as at 15.03.09
Bank Base	5.25%	1.50%	0.50%
Call	5.25%	1.25%	0.50%
1 Year PWLB	4.03%	1.01%	0.98%
25 Year PWLB	4.62%	4.19%	3.98%

* As last reported to Committee

Treasury Transactions

- 3.3** Temporary borrowing is currently £460,540. Temporary investments are £29,816,933 and long term loans outstanding are £214,979,343 as noted in the table below.
- 3.4** Temporary investments have fallen by approximately £15m since 15 January 2009. This is a combination of numerous items – such as re-alignment payments, backdated payments for the payaward, equal pay compensation payments.

Treasury Transactions	1 April 2008	15 January 2009*	15 March 2009
Temporary Borrowings	£460,540	£460,540	£460,540
Temporary Investments	£23,561,945	£45,315,954	£29,816,933
Long Term Loans	£207,058,053	£214,979,343	£214,979,343

* As last reported to Committee

Debt Rescheduling

- 3.5** As reported to Committee on 25 February 2009, debt rescheduling of £24.962m took place on 21 January 2009. This generated estimated savings of £1.075m which will be split between General Services and HRA.

4. Personnel Issues

- 4.1** There are no personnel issues.

5. Financial Implications

- 5.1** Since 15 January 2009, there has been a decrease in temporary investments of £15.499m. Long term loans and temporary borrowings have remained the same.

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 and the 25-year PWLB rate have also both decreased since last reported.

7.2 To 15 March 2009, temporary borrowings and long term loans have remained steady during the year, temporary investments have decreased by £15.499m since last reported.

8. Recommendations

8.1 This report is presented to the Committee for information.

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Date: 3 April 2009

Wards Affected: No wards affected

Appendices: None

Background Papers: Ledger prints to 15 March 2009
Interest rate data

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