

## WEST DUNBARTONSHIRE COUNCIL

### Report by the Executive Director of Corporate Services

Corporate and Efficient Governance Committee: 21 September 2011

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#### Subject: Treasury Update (1 April 2011 – 31 July 2011)

#### 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 2011 to 31 July 2011.

#### 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 The bank base rate and the call rate (for short term deposits) have remained unchanged since the start of the financial year, as noted in the table below.
- 3.2 There has been a decrease in both the one-year PWLB rate and the 25 year PWLB rate since last reported to Committee. Both of these changes are noted in the table below.

	Rate as at 01.04.11	Rate as at 30.04.11*	Rate as at 31.07.11
Bank Base	0.50%	0.50%	0.50%
Call	0.35%	0.35%	0.35%
1 Year PWLB	1.93%	1.73%	1.52%
25 Year PWLB	5.36%	5.22%	5.05%

\*As last report to committee

##### Treasury Transactions

- 3.3 Temporary borrowing is currently £460,540. Temporary investments are £28,974,096 and long term loans outstanding are £219,339,261 as noted in the table below. This is in line with balances anticipated through the Council's cashflow management process.

### 3.4

<b>Treasury Transactions</b>	<b>Rate as at 01.04.11</b>	<b>Rate as at 30.04.11*</b>	<b>Rate as at 31.07.11</b>
Temporary Borrowings	£460,540	£460,540	£460,540
Temporary Investments	£14,307,544	£12,191,279	£28,974,096
Long Term Loans	£219,339,261	£219,339,261	£219,339,261

\*As last report to committee

#### Long Term Borrowing

- 3.5 No long term borrowing has taken place since the start of the financial year.

#### Debt Rescheduling

- 3.6 No debt rescheduling has taken place since the start of the financial year.

### 4. People Implications

- 4.1 There are no people implications.

### 5. Financial Implications

- 5.1 As this report is for noting, there are no financial implications.

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

- 7.1 No issues were identified in a screening for potential equality impact of this report.

### 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** Since last reported, the bank base rate and the call rate have remained unchanged. The one year PWLB rate and the 25 year PWLB rate have both decreased since last reported.
- 9.2** To 31 July 2011, borrowings and investments are in line with balances anticipated.
- 9.3** This report is presented to the Committee for information.

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**Joyce White**  
**Executive Director of Corporate Services**  
**Date: 25 August 2011**

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**Appendices:** None

**Background Papers:** Ledger prints to 31 July 2011  
Interest rate data

**Wards Affected:** No wards affected