

WEST DUNBARTONSHIRE COUNCIL

Report by the Chief Executive

Corporate and Efficient Governance Committee : 28 November 2007

Subject : Treasury Update (1 April 2007 – 15 October 2007)

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 2007 to 15 October 2007.

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 (shown in Appendix I) 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 remained steady at 5.75% since July 2007.
- 3.2** The Bank of England's PWLB one-year funding rate has been decreasing since July to the current level of 5.55%. The PWLB 25-year funding rate decreased and then rose again slightly in October to the current rate of 4.95%.

Treasury Transactions

- 3.3** The table below notes the position at the start of the financial year and the current position on temporary and long term borrowing and temporary investments. Borrowings remain at a similar level to 1 April 2007 (with a decrease of £0.032m overall), whereas investments have increased by £8.123m. This is in line with the Council's cashflow projections.

Transaction Type	1 April 2007	15 October 2007
	£	£
Temporary Borrowings	460,540	460,540
Longer Term Borrowings	207,129,432	207,097,111
Temporary Investments	(14,676,589)	(22,800,029)

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 There has been an increase in temporary investments of £8.123m since April 2007 and a decrease in long term debt of £0.032m due to loans repaid.

6. Risk Analysis

6.1 The main risk is that changes in interest rates may affect the extent to which the Council can effectively manage its investment and debt portfolio.

7. Conclusions

7.1 Both the Bank Base rate and the call rate (for short term deposits) remain steady at 5.75%. The PWLB has been showing a gradual decrease in interest rate for one-year funding. The 25-year rate is subject to periodic fluctuations although now appears to be increasing.

7.2 Temporary investments have increased since 1 April 2007 by £8.123m, with borrowings decreasing by £0.032m over the same period.

8. Recommendations

8.1 This report is presented to Committee for information.

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Date: 15 November 2007

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Appendix I: Interest Rate Update 2007/08

Background Papers: Ledger prints to 15 October 2007
Interest rate data

Wards Affected: No wards affected