

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services Corporate and Efficient Governance Committee: 26 May 2010

Subject: Treasury Update (1 April 2010 – 30 April 2010)

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 2010 to 30 April 2010.

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 25-year PWLB rate has also remained unchanged and one-year PWLB has increased since the start of the financial year, as noted in the table below.

	Rate as at 15.02.10*	Rate as at 01.04.10	Rate as at 30.04.10
Bank Base	0.50%	0.50%	0.50%
Call	0.25%	0.25%	0.25%
1 Year PWLB	0.89%	0.81%	0.85%
25 Year PWLB	4.69%	4.62%	4.62%

* As last reported to Committee

Treasury Transactions

- 3.3 Temporary borrowing is currently £460,540. Temporary investments are £28,024,606 and long term loans outstanding are £235,004,914 as noted in the table below. This is in line with balances anticipated through the Council's cashflow management process.

Treasury Transactions	15.02.10*	01.04.10	30.04.10
Temporary Borrowings	£460,540	£460,540	£460,540
Temporary Investments	£12,970,357	£11,010,910	£28,024,606
Long Term Loans	£208,459,914	£214,959,914	£235,004,914

* As last reported to Committee

New Long Term Borrowing 2010/11

3.4 On 23 April 2010 two new PWLB loans – totalling £20.045m with an average interest rate of 3.33% were taken out to repay a PWLB loan which is due to naturally mature on 28 May 2010. Following advice from the Council's Treasury Advisers, the decision was taken to borrow the funds prior to the general election to mitigate the risk of adverse interest rate changes resulting from the outcome of the election.

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 Impact Assessment

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

8. Conclusions and Recommendations

8.1 Since 1 April 2010, the bank base rate, call rate and 25-year PWLB have remained unchanged. The one-year PWLB rate has increased since the start of the financial year.

8.2 To 30 April 2010, borrowings and investments are in line with balances anticipated.

8.3 This report is presented to the Committee for information.

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Date: 7 May 2010

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Appendices: None

Background Papers: Ledger prints to 30 April 2010
Interest rate data

Wards Affected: No wards affected