

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Corporate and Efficient Governance Committee: 25 November 2009

Subject: Treasury Update (1 April 2009 – 15 October 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 2009 to 15 October 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 The bank base rate has remained unchanged since last reported to Committee. The call rate (for short term deposits) has reduced since last reported to Committee – from 0.30% to 0.25%.
- 3.2 There has been an decrease in the one-year PWLB rate since last reported and the 25-year PWLB rate has also decreased. Both of these changes are noted in the table below.

	Rate as at 01.04.09	Rate as at 15.08.09*	Rate as at 15.10.09
Bank Base	0.50%	0.50%	0.50%
Call	0.50%	0.30%	0.25%
1 Year PWLB	0.83%	0.85%	0.84%
25 Year PWLB	4.28%	4.40%	4.21%

* As last reported to Committee

Treasury Transactions

- 3.3 Temporary borrowing (cash held on deposit with the Council from the Municipal Bank) is currently £460,540. Temporary investments are £20,297,070 and long term loans outstanding are £208,439,011 as noted in the table below. This is in line with balances anticipated through the Council's cashflow management process.

Treasury Transactions	1 April 2009*	15 August 2009*	15 October 2009
Temporary Borrowings	£460,540	£460,540	£460,540
Temporary Investments	£27,754,692	£26,829,791	£20,297,070
Long Term Loans	£214,979,343	£208,439,011	£208,439,011

* As last reported to Committee

Debt Rescheduling

3.4 No debt rescheduling has taken place since the last report to Committee.

4. Personnel Issues

4.1 There are no personnel issues.

5. Financial Implications

5.1 Since 15 August 2009, there has been a decrease in temporary investments of £6.532m. Temporary and longer term 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 and Officers' Recommendations

7.1 Since last reported, the bank base rate has remained unchanged, however, the call rate has decreased. The one-year PWLB rate and the 25-year PWLB rate have decreased since last reported.

7.2 To 15 October 2009, borrowings and investments are in line with balances anticipated.

7.3 This report is presented to the Committee for information.

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Date: 4 November 2009

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Appendices: None

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

Wards Affected: No wards affected