



Rochford District Council

To the Meeting of: **FINANCE AND GENERAL PURPOSES**

On: **01 FEBRUARY 2000**

Report of: **CORPORATE DIRECTOR (FINANCE AND EXTERNAL SERVICES)**

Title: **AGGREGATE CREDIT LIMIT AND TREASURY MANAGEMENT**

Author: **Mrs A Wigmore**

Report approved by

A handwritten signature in black ink, appearing to be 'A. Wigmore', written over a horizontal line.

Purpose of Report

At the Finance & General Purposes Committee Meeting held on 1st December 1998 the borrowing policy for 1999/2000 was determined with an aggregate credit limit of £19M and a temporary borrowing limit of £6M and a variable rate loans limit of £2M.

The aggregate credit limit is the maximum amount which an Authority can have outstanding as borrowing or credit arrangements and must be determined, in advance for each financial year, by the Council. The Limit is made up of the following:

- The temporary revenue borrowing limit
- The temporary capital borrowing limit
- The credit ceiling of the Authority
- The sum of approved investments less usable capital receipts

As in previous years the calculation produces a figure higher than is required for total borrowing by this Authority. Therefore for 2000/2001 it is proposed that the aggregate credit limit be again set at a total of £19M with a temporary borrowing limit of £6M. All external borrowing will be by way of fixed interest loans apart from £2M of temporary borrowing which can be at variable rates.

Other than temporary borrowing 100% of the external debt of the Authority is from the Public Works Loans Board (PWLB) at fixed rates. The position on these loans for 1999/2000 and 2000/2001 is as follows:-

Description	1999/2000 £000	2000/2001 £000
Opening Balance	15,000	15,443
Less Repayments	357	1,557
Plus Additional Loans	800	
Closing Balance	15,443	13,886

The additional loan taken in 1999/2000 used consent available from the Public Works Loan Board. The loan was for twenty five and a half years at 4.875%.

Additional loans are expected to be taken in 2000/01 but will depend on PWLB policies. In 2000/01 there are substantial repayments of debt and therefore new borrowing is likely to exceed £1.5M.

Investments.

The Authority's lending policy permits loans only to those Banks and Building Societies on the authorised list together with Local Authorities. The attached list shows those organisations currently falling within the scope of this policy.

Our policy is to lend to those who, at the date of the loan, are on the authorised list and who offer the most competitive rate of interest.

The attached graph shows the investments made by this Authority from April 1999 to October 1999

All borrowing and investment is undertaken within the Council's Treasury Management Policy.

Crime and Disorder Implications

None

Environmental Implications

None

Financial Implications

All interest paid and received is accounted for within the General Fund. Charges to the Housing Revenue Account are made in accordance with Government Requirements.

Legal Implications

None

Parish Implications

None

Proposed that this Committee RESOLVES

- (1) That the aggregate credit limit for 2000/2001 be £19M and that the temporary borrowing limit be £6M and that the limit for variable rate loans is £2M.
- (2) That the existing policies regarding Treasury Management continue for 2000/2001. (CD(F&ES))

Background Papers

Local Government & Housing Act 1989.

ROCHFORD DISTRICT COUNCIL

APPROVED LENDING LIST

Top 10 Banks

Barclays
National Westminster
Halifax
Lloyds (inc. TSB)
Abbey National
Royal Bank of Scotland
Bank of Scotland
Woolwich
Alliance & Leicester
Northern Rock.

Top 5 Building Societies

Nationwide
Bradford & Bingley
Britannia
Yorkshire
Portman Building Society

Other

Plus any local authority

Butlers Building Society Guide 1999/Rankings by Total Assets

Treasury Management Policy.

1. This Council adopts CIPFA's "Code of Treasury Management in Local Authorities".
2. A Treasury Policy Statement setting out its strategy and procedures has been adopted by the Council and its implementation and monitoring shall be delegated to the Finance and General Purposes Committee.
- 3 All money in the hands of the Council shall be aggregated for the purposes of treasury management and shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 or Section 95 of the Local Government (Scotland) Act 1973, referred to in the Code as the Chief Financial Officer.
4. All executive decisions on borrowing, investments or financing shall be delegated to the Chief Financial Officer or through him to his staff, who shall all be required to act in accordance with CIPFA's "Code for Treasury Management in Local Authorities".
5. The Chief Financial Officer shall report to the Finance and General Purposes Committee not less than twice in each financial year on the activities of the Treasury Management operation and on the exercise of Treasury Management powers delegated to him. One such report shall comprise an Annual Report on Treasury Management for presentation by 30th September of the succeeding financial year.