

AGGREGATE CREDIT LIMIT AND TREASURY MANAGEMENT

1 INTRODUCTION

- 1.1 At the Finance & General Purposes Committee Meeting held on 1st February 2000 the borrowing policy for 2000/2001 was determined with an aggregate credit limit of £19M and a temporary borrowing limit of £6M and a variable rate loans limit of £2M.

2 DETAILED CONSIDERATIONS

Borrowing

- 2.1 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

- 2.2 As in previous years the calculation produces a figure higher than is required for total borrowing by this Authority. Therefore for 2001/2002 it is proposed that the aggregate credit limit be set at a total of £18M with a temporary borrowing limit of £6M. All external borrowing will be by way of fixed interest loans apart from £2M of the £6M of temporary borrowing which can be at variable rates.
- 2.3 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 2000/2001 and 2001/2002 is as follows:-

Description	2000/2001 £000	2001/2002 £000
Opening Balance	15,443	13,886
Less Repayments	1,557	357
Plus Additional Loans	-	-
Closing Balance	13,886	13,529

Investments

- 3.1 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.
- 3.2 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.
- 3.3 The attached graph show the investments made by this Authority from April 2000 to December 2000
- 3.4 All borrowing and investment is undertaken within the Councils Treasury Management Policy.

4 Future Strategy

- 4.1 The Council has now appointed Sector Treasury Services Ltd who will be reviewing all treasury management issues for the Authority (Min No. 424/00).
- 4.2 It is anticipated that a report will be submitted seeking authorisation to an amended Approved Lending List. It is proposed that, until this is agreed by Members, the policies contained within this report will continue.

5 RESOURCE IMPLICATIONS

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

6 RECOMMENDATION

- 6.1 It is proposed that the Council **RESOLVES**
 - (1) That the aggregate credit limit for 2001/2002 be £18M 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 2001/2002.

Dave Deeks

Head of Financial Services

Background Papers:

Local Government & Housing Act 1989

For further information please contact Alison Wigmore on:-

Tel:- 01702 546 366

E-Mail:- alison.wigmore@rochford.gov.uk

15th June 2000

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

Building Societies (Assets Exceeding 3 Billion)

Nationwide
Bradford & Bingley
Britannia
Yorkshire
Portman Building Society
Coventry
Skipton
Chelsea

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, investment 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 the 30th September of the succeeding financial year.