

## **ANNUAL REPORT ON TREASURY MANAGEMENT FOR 1999/2000**

### **1 SUMMARY**

This report is produced in accordance with the Council's Treasury Management policy adopted by Policy and Resources on 16<sup>th</sup> June 1992.

### **2 INVESTMENTS**

All investments for the 1999/2000 financial year were undertaken within the Council's Treasury Management policy, a summary of which appears at Appendix 1. The £10m limit for temporary investments was exceeded on 23 occasions.

Each occasion was reported to the appropriate Officer in line with the Treasury Management Guide, and in each case the limit was exceeded for a maximum of 4 working days only.

The Authority's lending policy permits loans only to those Banks and Building Societies on the authorised list together with Local Authorities (Appendix 3).

All investments were made according to the approved list, and the following table shows the total amounts invested for each organisation:

Temporary Investment Organisation	Number of Investments Made	Gross Amount Invested (000's)
Alliance & Leicester	38	14,848
Bank of Scotland	4	3,965
Bradford & Bingley	2	2,455
Northern Rock	16	9,505
Portman Building Society	5	3,895
Yorkshire Building Society	2	680

### **3 INTEREST RATES**

The base rate increased by half a per cent during the year and the following table shows the changes in rates throughout 1999/2000:

Date	Rate
1 <sup>st</sup> April 1999	5.50%
8 <sup>th</sup> April 1999	5.25%
10 <sup>th</sup> June 1999	5.00%
8 <sup>th</sup> September 1999	5.25%
4 <sup>th</sup> November 1999	5.50%
13 <sup>th</sup> January 2000	5.75%
10 <sup>th</sup> February 2000	6.00%

The attached graph shows the investments made by this Authority for 1999/2000 (Appendix 2). As can be seen, interest rates have increased in line with the base rate. The average rate of interest for investments achieved by the Authority during 1999/2000 was 5.47%

### **4 LONG TERM EXTERNAL DEBT**

All of the long term external debt of the Authority is held with the Public Works Loans Board (PWLB) at fixed rates. The position on these loans for 1999/2000 is as follows:

	1999/2000 £000's
Opening Balance	15,000
Less Principal Repaid During Year	357
Plus Additional Loan	800
Closing Balance	15,443

The following table shows the interest rate for each outstanding loan with the Public Works Loan Board at 31/03/2000. The average interest rate during 1999/2000 was 9.12%. Loans currently outstanding from the PWLB are the result of borrowing over the last 21 years.

Outstanding PWLB Debt	Interest Rate
600,000	12.375%
600,000	13.000%
2,000,000	10.250%
2,000,000	10.875%
3,000,000	10.125%
3,000,000	9.500%
2,000,000	8.875%
5,000,000	8.875%
1,200,000	7.125%
800,000	7.250%
800,000	5.875%
800,000	4.875%

The maturity range of the outstanding loans with PWLB is shown below:

PWLB Maturing Within	Outstanding Debt
1 Year	1,556,862.76
1 to 2 Years	356,862.76
2 to 3 Years	356,862.76
3 to 4 Years	356,862.76
4 to 5 Years	356,862.76
5 to 6 Years	356,862.76
6 to 10 Years	2,549,019.47
10 to 15 Years	7,153,287.26
Over 15 Years	2,400,000.00
<b>Total</b>	<b>15,443,483.29</b>

## **5 TEMPORARY BORROWING**

The average interest was 5.13% for temporary loans. The following table shows the total amounts borrowed from each organisation:

Temporary Loan Organisation	Number of Loans	Gross Amount Borrowed (000's)
CRND NLDF	3	500
CRND NIFIA	3	515
Noble Gossart Ltd	4	1,265
Bournemouth BC	1	200
HSBC	1	500
Redditch BC	1	100
Chelsea Building Society	1	500

## **6 INTEREST**

The interest earned on temporary investment and the interest paid on temporary loans is shown below:

	Amount £
Interest Received on Temporary Investments	(513,764.18)
Interest Paid on Temporary Loans	7,906.26
Net Interest Received	(505,857.92)

## **7 RESOURCE IMPLICATIONS**

As interest paid and received is accounted for within the General Fund, charges to the Housing Revenue Account are made in accordance with Government requirements. Subject to large changes in interest rates on investments, full provision has been made within the revenue estimates. Members will recall that invitations are currently being made for the appointment of treasury management advisors and a further report will be made to Members on the future policies of cash management.

## **8 LEGAL IMPLICATIONS**

All investments and borrowing is within the guidelines of CIPFA's Code of Practice for Treasury Management in Local Authorities.

## **9 RECOMMENDATION**

It is proposed that the Committee **RESOLVES**

That the annual report be accepted. (HFS)

Dave Deeks

Head of Financial Services

**Background Papers:**

Local Government Housing Act 1989.

CIPFA's Code of Practice for Treasury Management in Local Authorities.

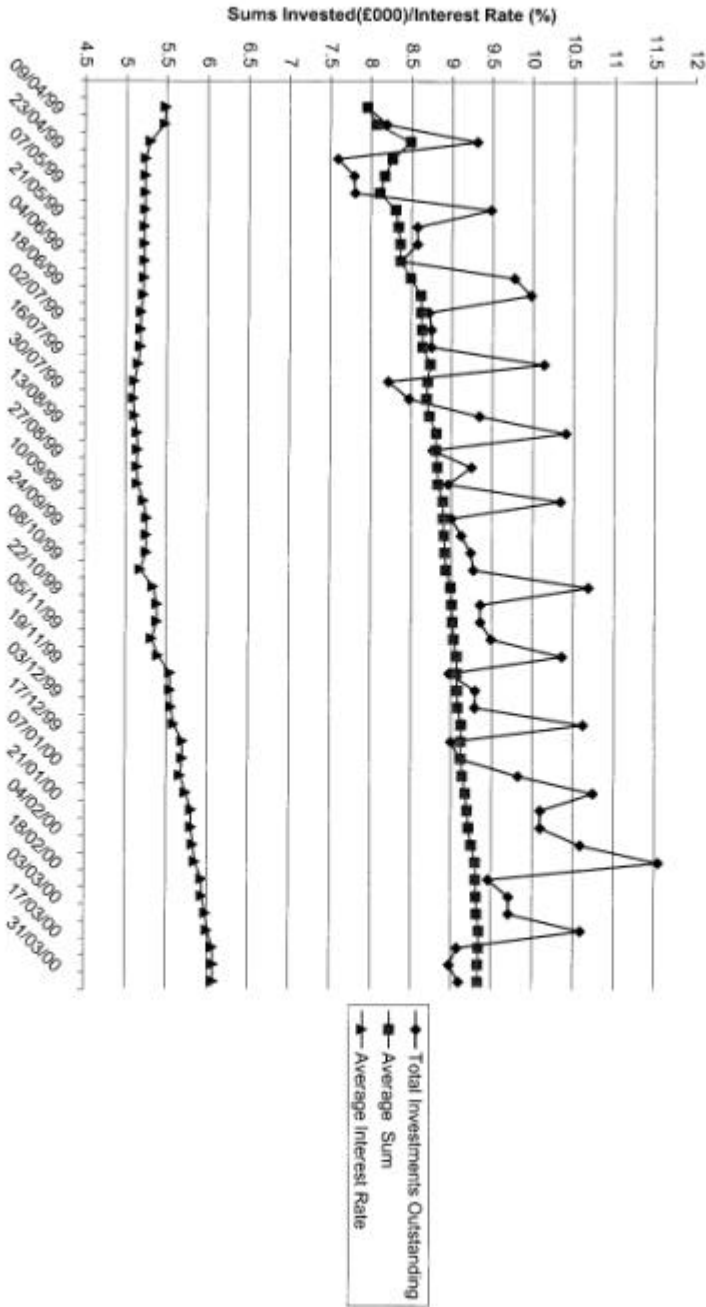
For further information please contact Alison Wigmore on (01702) 546366

**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 30<sup>th</sup> September of the succeeding financial year.

April 1999 - March 2000

Appendix 2



**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**