

Report to: **Executive**
Date: **6 February 2007**
Report of: **Executive Member for Resources**
Subject: **Loans Diary:- Transactions for the quarter ended 31 December, 2006**
Ward: **All**

1.0 Purpose of the Report

1.1 To report to Members information on the loans transactions for the period.

2.0 Consultation

2.1 In preparing the report I have consulted with the Director of Finance, Head of Financial Management and Principal Accountant.

3.0 Background

3.1 As part of the CIPFA's Treasury Management Code of Practice, which was adopted by this Council on 29th January 2002, it is required that I report to members on a regular basis on activities that have taken place during the year.

4.0 Transactions

4.1 Short Term Lending/Borrowing

4.1.1 These transactions are generally made to clear daily surpluses/shortages of balances held in the Councils bank accounts. The optimum situation is where the balance is nil.

4.2 Short Term Lending

4.2.1 During this quarter the Council invested £7,367,000 made up of three separate transactions for varying amounts and periods, the interest rates receivable ranged from 5.23% to 5.31%.

In addition we have the following reserve accounts:-

Abbey National Reserve as at 31st December, 2006 was £28,621, interest is paid annually. Can withdraw at anytime, interest rate at 31st December, 2006 was 4.00%. As the amount is below £100,000 the interest is relatively low. It is envisaged that further investments into this account will occur this quarter to ensure higher interest rate is achieved.

Bank of Scotland Business call account balance as at 31st December, 2006 was £1,086,740 interest is paid monthly, can withdraw at anytime, interest rate at 30th September, 2006 was 4.75% and 31st December, 2006 was 5.00%.

4.3 Short Term Borrowing

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4.3.1 Short term borrowing took place on three occasions for amounts of £435,000, £62,000, and £105,000 with the Co-operative Bank.

4.4 Treasury Account's

4.4.1 The Council operates two further call accounts whereby surplus monies are held earning interest until required by the authority the current interest rates on these accounts are:-

	Co-op	Bank of Scotland
Base Rate 10th November 06	5.00%	5.00%
Up to £50,000	2% below base rate	
£50,000 to £250,000	1.25% below base rate	0.25%
£250,000 to £500,000	1% below base rate	Below base
£500,000 to £1,000,000	0.75% below base rate	Rate i.e.
£1 million plus	0.5% below base rate	4.75%

4.4.2 The rate for the Bank of Scotland is significantly higher than the Co-op and is therefore the main call account used. There are transaction charges incurred when using the Bank of Scotland account, on occasions the Co-op will be used if transaction charges are expected to exceed the additional interest receivable.

4.4.3 During this quarter the Council invested 26 times in the Bank of Scotland account the average amount was £474,000 and made 25 withdrawals the average amount being £511,000 the balance on the account at the 30th September, 2006 was £636,025 and at 31st December, 2006 was £192,430.

4.4.4 During this quarter the Co-operative account was not used, the balance on the account at 31st December , 2006 was nil.

5.0 Long Term Borrowing

5.1 No long term borrowing took place in this quarter.

6.0 Implications

6.1 Financial Implications

There are no financial implications resulting from this report.

6.2 Legal Implications

There are no legal implications in connection with this report.

6.3 Policy Implications

This report is submitted in line with the approved policy as agreed by Members on 29th January, 2002.

6.4 Risk Implications

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This report is to inform members of transactions incurred as part of the Treasury Management Process and there are no risks impending in connection with this report.

6.5 Communications

The report is for information only.

6.6 Corporate

6.6.1 Corporate Plan and Priorities

This report accords with the Councils objectives and agreed priorities. In particular it assists in the following:-

SFE3 To ensure the corporate health of the Council through sound and prudent financial management

6.6.2 Equality and Diversity

This report has no equality and diversity issues.

6.6.3 This report has no e-government issues.

6.6.4 There are no procurement issues.

7.0 Recommendations

7.1 The report is for information.

Background Papers/Documents referred to in preparing the report

Finance Units Loans Diary
Spreadsheet