

Report to: **Executive**  
Date: **4 November 08**  
Report of: **Executive Member for Resources**  
Subject: **Loans Diary:- Transactions for the six months ended 30<sup>th</sup> September, 2008**  
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 29<sup>th</sup> 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 year to date the following transactions have taken place:-

Quarter ended	Amount Invested	No. of Transactions	Interest range	Average Interest achieved	Average Market rate.
	£		%	%	%
June 08	18,000,000	5	5.44 - 5.90	5.76	5.76*
Sept 08	9,760,600	3	5.80 - 6.37	6.01	6.01**
6 month	27,760,600	8	5.44 - 6.37	5.89	5.89

\*based on the 3 month LIBID Rate, which is a reasonable representation of the length of the investments made in the period.

\*\*based on the 6 month LIBID Rate, which is a reasonable representation of the length of the investments made in the period.

In addition we have the following reserve accounts:-

	Abbey National Reserve	Bank of Scotland Reserve
	Interest Annually	Interest Monthly
Current Interest Rate	4.79%	4.50%
Balance 31 <sup>st</sup> March 08	£48,938	£6,889
Balance 30 <sup>th</sup> June 08	£2,048,937	£6,976
Balance 30 <sup>th</sup> Sept 08	£48,938	Est £7,064

### 4.3 Short Term Borrowing

4.3.1 The following short term borrowing took place the period:-

Quarter ended	Amount Borrowed (£)	Transaction Numbers	Interest rate (%)	Market Interest rate (%)
30 <sup>th</sup> June 08	849,670	2	5.10	5.10*
30 <sup>th</sup> Sept 08	0	0	0	0

\* based on the rates on the actual day's of the temporary borrowing

### 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:-

	<b>Co-op</b>	<b>Bank of Scotland</b>
<b>Base Rate 8<sup>th</sup>October 08</b>	4.50%	4.50%
<b>Up to £50,000</b>	2% below base rate	
<b>£50,000 to £250,000</b>	1.25% below base rate	0.25%
<b>£250,000 to £500,000</b>	1% below base rate	Below base
<b>£500,000 to £1,000,000</b>	0.75% below base rate	Rate i.e.
<b>£1 million plus</b>	0.5% below base rate	4.25%

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

Bank of Scotland Account	Quarter ended June 08	Quarter ended September 08
No. of Investments	30	27
Average Amount	£562,760	£638,720
No. of Withdrawals	23	23
Average Amount	£745,650	£812,810
Balance end of Quarter	£1,520,135	£94,579

4.4.4 During this quarter the Co-operative account was not used, the balance on the account at 30<sup>th</sup> September was nil.

## 5.0 Long Term Borrowing

5.1 No long term borrowing has taken place during this financial year.

## 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 29<sup>th</sup> January, 2002.

6.4 Risk Implications

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