

Item no.

Report to: **Executive**
Date: **5 February 2008**
Report of: **Executive Member for Resources**
Subject: **Loans Diary:- Transactions for the quarter ended 31 December, 2007**
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 Accounting Services Officer.

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 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 07	13,600,000	5	5.61 to 5.93	5.80	5.77*
Sept 07	15,156,000	6	6.07 to 6.62	6.33	6.25*
Dec 07	5,500,000	2	6.18 to 6.60	6.41	6.10
9 month	34,256,000	13		6.13	6.04

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

The actual amounts invested with the various financial institutions were:-

Quarter Ended	Total investments
31 st March 07	£24,940,000
30 th June 07	£25,360,000
30 th September 07	£28,910,000

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31 st December 07	£26,910,000
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In addition we have the following reserve accounts:-

	Abbey National Reserve	Bank of Scotland Reserve
	Interest Annually	Interest Monthly
Current Interest Rate	Variable to 5.69%	5.50%
Balance 31 st March 07	£52,595	£6,517
Balance 30 th June 07	£1,552,615	£6,605
Balance 30 th Sept 07	£1,552,615	£6,702
Balance 31 st Dec 07	£15	£6,798

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 th June 07	416,670	1	5.35	5.35*
30 th Sept 07	624,500	1	5.82	5.83*
31 st Dec 07	956,700	4	5.72	5.76**

- * based on the rate on the actual day of the temporary borrowing
- ** based on the average overnight rate in the quarter.

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 6th July 07	5.75%	5.75%
Base rate 7th Dec 07	5.50%	5.50%
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.
£1,000,000 to £3,000,000	0.65% below base rate	5.25%
£3,000,000 plus	0.25% below base rate	

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 07	Quarter ended September 07	Quarter ended December 07
No. of Investments	25	22	22
Average Amount	£598,635	£604,838	£692,740
No. of Withdrawals	25	27	20
Average Amount	£597,832	£458,827	£891,989
Balance end of Quarter	£1,650,332	£2,586,180	£3,076

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

5.0 Long Term Borrowing

5.1 No further 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

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

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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