

The Highland Council

Resources Committee

03 December 2008

Agenda Item	
Report No	

Treasury Management - Summary of Transactions for September 2008

Report by Depute Chief Executive

This report on the treasury management transactions undertaken within the period is submitted to Committee in compliance with CIPFA's Code of Practice on Treasury Management and the Council's approved Financial Regulations.

Please see attached Tables

Signature:

Designation: Depute Chief Executive

Date: 26-Nov-08

Background Papers

1. Loans Documentation
2. Financial Ledger

Author: Mr B Williams

Tel No.: (01463) 702427

The Highland Council - Resources Committee.

Treasury Management - Summary of Transactions for the Month to

30-Sep-08

Type of Borrowing	Outstanding debt at beginning of month £	Raised £	Repaid £	Outstanding debt at end of month £	Rate of Interest during Month		
					Term	% - beg	% - end
Public Works Loan Board	455,973,458	0	35,714	455,937,744	5 yr 10 yr 30 yr	4.58 4.71 4.59	4.36 4.63 4.67
Mortgage Bonds (Incs. Covenants)	118,403,488	0	1,179	118,402,309	1 yr 5 yr	6.05 5.20	6.50 5.16
Temporary Loans	9,416,382	12,000,000	9,300,000	12,116,382	7 D/N 3 MTH	5.00 5.75	5.00 6.30
Bank Balance	(78,751)	18,485	0	(60,266)		6.00	6.00
GROSS EXTERNAL BORROWING	583,714,577	12,018,485	9,336,893	586,396,169			
<i>Temporary Deposits</i>	<i>94,516,600</i>	<i>42,142,200</i>	<i>64,870,800</i>	<i>71,788,000</i>			
NET EXTERNAL BORROWING	489,197,977	-30,123,715	-55,533,907	514,608,169	Loans Fund Monitor	5.55	

Borrowing / Lending internal parameters as per approved Treasury Management Practices

Actual %

Approved Max%

Short Term borrowing (net of investments) as a % of the Council's outstanding long term debt	-10.40	25.00
Borrowing at variable rates of interest as a % of the Council's total outstanding loan debt	10.77	35.00

Temporary Deposits - (Lending)

The Council's Treasury Management Consultants provide a creditworthiness matrix to aid the assessment of risk involved in lending to individual counterparties. The Council's lending policy has been reviewed (Nov '07) and is constantly monitored in conjunction with the matrix.

This affords a balance of operational flexibility and risk awareness in managing the Council's temporary investments.

The Council's Treasury Management Policy is regularly reviewed in consultation with Treasury Consultants. A revised Policy was approved by Resources Committee in November 2007.

The Highland Council - Resources Committee.
Treasury Management - Prudential Indicators for the Month to

30-Sep-08

a) External Debt

	Authorised Limit	Operational Boundary	Month End	Min Position During Month	Max Position During Month
	£M	£M	£M	£M	£M
30 September 2008	642.6	622.3	586.5	574.5	586.5

b) Debt Net of Investments

	Upper Limit Fixed	Upper Limit Variable	Month End Fixed	Month End Variable
	£M	£M	£M	£M
30 September 2008	638.8	223.6	459.2	55.4

c) Maturity Structure of
Fixed Rate Borrowing

	Under 12 Months Upper Limit 30%	12 months and within 24 months Upper Limit 30%	24 months and within 5 years Upper Limit 30%	5 years and within 10 years Upper Limit 50%	10 years and above Upper Limit 100% Lower Limit 25%	
30 September 2008	2.3	0.0	0.9	0.1	96.6	96.6

Definitions:-

The Authorised Limit

The Authorised Limit represents an upper limit of borrowing that could be afforded in the short term but may not be sustainable over the longer term. This limit includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary.

The Operational Boundary

The Operational Boundary represents an estimate of the most likely, prudent, but not worst case scenario and provides a parameter against which day to day treasury management activity can be monitored.

These Prudential Indicators are constantly monitored and any required revisions will be reported on this statement for Committee approval.

The Highland Council

Resources Committee

03 December 2008

Agenda Item	
Report No	

Treasury Management - Summary of Transactions for October 2008

Report by Depute Chief Executive

This report on the treasury management transactions undertaken within the period is submitted to Committee in compliance with CIPFA's Code of Practice on Treasury Management and the Council's approved Financial Regulations.

Please see attached Tables

Signature:

Designation: Depute Chief Executive

Date: 26-Nov-08

Background Papers

1. Loans Documentation
2. Financial Ledger

Author: Mr B Williams

Tel No.: (01463) 702427

The Highland Council - Resources Committee.

Treasury Management - Summary of Transactions for the Month to

31-Oct-08

Type of Borrowing	Outstanding debt at beginning of month £	Raised £	Repaid £	Outstanding debt at end of month £	Rate of Interest during Month		
					Term	% - beg	% - end
Public Works Loan Board	455,937,744	0	0	455,937,744	5 yr 10 yr 30 yr	4.36 4.63 4.67	4.12 4.73 4.71
Mortgage Bonds (Incs. Covenants)	118,402,309	0	1,362	118,400,947	1 yr 5 yr	6.50 5.16	6.10 4.50
Temporary Loans	12,116,382	6,000,000	12,000,000	6,116,382	7 D/N 3 MTH	5.00 6.30	4.25 5.80
Bank Balance	(78,751)	0	9,847	(88,598)		6.00	5.50
GROSS EXTERNAL BORROWING	586,377,684	6,000,000	12,011,209	580,366,475			
<i>Temporary Deposits</i>	<i>71,788,000</i>	<i>60,403,519</i>	<i>63,879,019</i>	<i>68,312,500</i>			
NET EXTERNAL BORROWING	514,589,684	-54,403,519	-51,867,810	512,053,975	Loans Fund Monitor	5.55	

Borrowing / Lending internal parameters as per approved Treasury Management Practices

Actual %

Approved Max%

Short Term borrowing (net of investments) as a % of the Council's outstanding long term debt	-10.84	25.00
Borrowing at variable rates of interest as a % of the Council's total outstanding loan debt	9.83	35.00

Temporary Deposits - (Lending)

The Council's Treasury Management Consultants provide a creditworthiness matrix to aid the assessment of risk involved in lending to individual counterparties. The Council's lending policy has been reviewed (Nov '07) and is constantly monitored in conjunction with the matrix.

This affords a balance of operational flexibility and risk awareness in managing the Council's temporary investments.

The Council's Treasury Management Policy is regularly reviewed in consultation with Treasury Consultants. A revised Policy was approved by Resources Committee in November 2007.

The Highland Council - Resources Committee.
Treasury Management - Prudential Indicators for the Month to

31-Oct-08

a) External Debt

	Authorised Limit	Operational Boundary	Month End	Min Position During Month	Max Position During Month
	£M	£M	£M	£M	£M
31 October 2008	642.6	622.3	580.5	574.5	580.5

b) Debt Net of Investments

	Upper Limit Fixed	Upper Limit Variable	Month End Fixed	Month End Variable
	£M	£M	£M	£M
31 October 2008	638.8	223.6	461.7	50.4

c) Maturity Structure of
Fixed Rate Borrowing

	Under 12 Months Upper Limit 30%	12 months and within 24 months Upper Limit 30%	24 months and within 5 years Upper Limit 30%	5 years and within 10 years Upper Limit 50%	10 years and above Upper Limit 100% Lower Limit 25%	
31 October 2008	1.1	1.0	0.0	0.1	97.8	97.8

Definitions:-

The Authorised Limit

The Authorised Limit represents an upper limit of borrowing that could be afforded in the short term but may not be sustainable over the longer term. This limit includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Authorised Limit gauges events that may occur over and above those transactions which have been included in the Operational Boundary.

The Operational Boundary

The Operational Boundary represents an estimate of the most likely, prudent, but not worst case scenario and provides a parameter against which day to day treasury management activity can be monitored.

These Prudential Indicators are constantly monitored and any required revisions will be reported on this statement for Committee approval.