

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: TREASURY MANAGEMENT ANNUAL REPORT 2000/2001
From: DIRECTOR OF FINANCE		
Date: 13 <sup>th</sup> August, 2001	Ref: GC/DD/1021	

## 1. INTRODUCTION

The Treasury Policy statement requires the Director of Finance to report annually to the Finance Committee on Loans Fund Movements and Interest Rates. This report sets out the major Treasury Management issues addressed, and initiatives undertaken by the Council during the Financial Year 2000/2001.

## 2. CONSIDERATIONS

### 2.1 External Borrowing

The Strategy Statement for 2000/2001 agreed by the Finance Committee in May, 2000, estimated the Council's borrowing requirement for 2000/2001 as £ 15.485 million to be funded from the PWLB (Quota estimated at £ 7.790 million); long term money market; short term money market or internal revenue surpluses and funds. There was actually no long term borrowing required during 2000/2001 due to surplus daily funds being used to fund all expenditure incurred.

The estimated and outturn positions can be analysed as follows:

<u>Original Estimates</u>	£ 000's
Net Capital Spend	10.163
Repayments due on Long Term Debt	<u>5.322</u>
	<u>15.485</u>

<u>Outturn</u>	£ 000's
Net Capital Spend	13.669
Repayment of Longer Term Debt	<u>5.322</u>
	<u>18.991</u>

2.1.2 Due to the prevailing interest rates and the large penalties that would have been incurred there was no opportunity for Debt Restructuring during this financial year.

2.1.3 The PWLB Quota was not utilised during the year due to there being no requirement for long term borrowing.

2.1.4 A total of £ 45.9 million temporary money was raised during the year which, when taken along with a Nil opening balance and with £ 42.6 million being repaid, left a balance of £ 3.3 million outstanding at the year end.

## 2.2 Interest Payments

2.2.1 Interest payments of £ 36.900 million (£ 39.774 million in 1999/2000) were made during the year. The average loans fund rate, based on the debt outstanding at the year end, was 7.01%. This compares favourably with an average rate of 7.58% in 1999/2000 and reflects the success of debt restructuring exercises previously undertaken, the current investment strategy and the strict monitoring of the Council's cash flow.

## 2.3 Debt Outstanding at 31<sup>st</sup> March, 2001

2.3.1 The following statement shows the source of borrowing and the value of loans outstanding at 31<sup>st</sup> March, 2001. 1999/2000 figures are also shown for comparison.

Source of Borrowing	2000/2001 £000's	2000/2001 %age	1999/2000 £000's	1999/2000 %age
Public Works Loan Board	411,089	78.132	414,532	79.054
Mortgage Loans	63,750	12.116	64,000	12.205
Covenants	9,048	1.720	9,992	1.906
Temporary Loans	3,300	0.627	0	0
Municipal Bank, Temp Loan	19,626	3.730	21,860	4.169
Bank Overdraft	15,848	3.012	9,812	1.871
Other Authorities	3,480	0.662	4,166	0.794
Internal Investments	6	0.001	6	0.001
	526,147	100.00	524,368	100.00

## 2.4 Debt Maturity Profile

2.4.1 The Treasury Section continually monitor the debt maturity profile to ensure that an acceptable amount of debt matures in any one financial year.

The following statement shows the maturing profile of all outstanding loans at 31<sup>st</sup> March, 2001.

	£ 000's	% age
Temporary Borrowing (up to one year)	38,780	7.371
Long Term Borrowing :-		
Maturing within 1 Year	2,769	0.526
Maturing in 1 – 2 Years	4,875	0.927
Maturing in 2 – 5 Years	6,513	1.238
Maturing in 5 – 10 Years	52,341	9.948
Maturing in more than 10 Years	420,869	79.990
	526,147	100.00

Debt Maturity Profile of all long term debt outstanding at 31<sup>st</sup> March, 2001 is presented in graphical format at Appendix A.

## 2.5 Leasing

2.5.1 The Council entered into operating leases during the year for the Purchase of Vehicles and for Gas Central Heating Programme amounting to £ 1,453 million and £ 2,110 million respectively.

## 2.6 Temporary On-Lending

2.6.1 During 2000/2001 the Council had substantial surplus funds and after taking advice from our Treasury Consultants on the distribution of the investment portfolio, these were on lent in accordance with the Treasury Policy Statement. A total of £ 636.116 million was on lent during the year with the longest period of lending being 364 days. When taken along with the opening balance of £ 33.033 million and with £ 599,429 million being repaid, left a balance invested at the year-end of £ 69,720 million.

## 3 RECOMMENDATIONS

3.1 Committee is asked to approve this report on the effects of the Treasury Management Strategy adopted in 2000/2001.



**DIRECTOR OF FINANCE**

**LONG TERM DEBT MATURITY 2000/2001**

