

TREASURY MANAGEMENT
FULL YEAR REPORT TO MARCH 2011

1. The economy is out of recession but there are fears of a “double dip” so the Bank Base Rate continues at its lowest ever level. The 10 and 25 year PWLB rates reduced during the first half of the year, despite high inflation, but then quickly increased above the start year rates as Government imposed a penalty addition to rates as part of cost saving measures.

	1/4/10	30/6/10	30/9/10	31/12/10	31/3/11
	%	%	%	%	%
Bank Base Rate	0.50	0.50	0.50	0.50	0.50
Lending Rates:					
- 7 day	0.48	0.45	0.45	0.45	0.45
- 1 month	0.50	0.60	0.55	0.60	0.60
- 1 year	1.30	1.45	1.70	1.70	1.75
Borrowing Rates (PWLB maturity)					
- 10 years	4.19	3.65	3.14	4.58	4.78
- 25 years	4.67	4.31	3.96	5.23	5.31

ACTIVITY

2. Short-Term

A summary of short-term lending and borrowing undertaken during 2010/11 is given below.

Lending		Pension Fund £m	NCC £m
	Lending 1/4/10	82	43
	Lending during the year	<u>783</u>	<u>1,227</u>
		865	1,270
	Repayments	<u>745</u>	<u>1,237</u>
	Outstanding at 31/03/11	120	33

Short Term		NCC £m
Borrowing	Borrowing 1/4/10	0
	Borrowing during the year	<u>178</u>
		178
	Repayment	<u>178</u>
	Outstanding at 31/03/11	0

3. Long-Term - Public Works Loans Board (PWLB)

No loans were taken in the year.

4. Long-Term – Bank Borrowing (LOBOs)

One £10 million loan was repaid during the year but is to be re-borrowed on the same terms in 2011-12.

5. Cash Management

The weighted average interest rate achieved from trades in the year (and those outstanding from the previous year) of 0.76% for the County Council and 0.80% for the Pension Fund compares with the average 7-day rate of 0.38%, providing additional income of £260,000 and £370,000 respectively.

6. Prudential Indicators

Below is a table of Treasury management indicators, reported to Council in March, and external debt indicator included in the 2010/11 Budget, together with the position as at 31 March 2011. All indicators are satisfactorily within their limits.

Indicator	2010/11 Upper Limit	2010/11 Lower Limit	Position at 31/3/11	Limit adhered to
Limit for fixed interest rate exposures - borrowing	100%	0%	100%	Yes
Limit for fixed interest rate exposures - investments	100%	0%	100%	Yes
Limit for variable interest rate exposures - borrowing	75%	0%	0%	Yes
Limit for variable interest rate exposures - investments	75%	0%	0%	Yes
Limit for investments over 364 days	£20m or 15%	0%	0%	Yes
Maturity structure of fixed rate borrowing				
Under 12 months	25%	0%	2%	Yes
12 months and within 24	25%	0%	3%	Yes
24 months and within 5 years	75%	0%	10%	Yes
5 years and within 10 years	100%	0%	14%	Yes
10 years and within 20 years	100%	0%	29%	Yes
20 years and above	100%	0%	42%	Yes