

Appendix A

TREASURY MANAGEMENT HALF YEAR REPORT TO SEPTEMBER 2010

- 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 have reduced substantially, despite high inflation. Gilt yields have reduced due to money from overseas being invested in safe haven investments at higher interest rates than is achievable abroad.

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

ACTIVITY

2. Short-Term

A summary of short-term lending and borrowing undertaken during the first 6 months of 2010/11 is given below.

Lending		Pension Fund £m	NCC £m
	Lending 1/4/10	82	43
	Lending during the ½ year	<u>381</u>	<u>739</u>
		463	782
	Repayments	<u>389</u>	<u>715</u>
	Outstanding at 30/09/10	74	67

Short Term		NCC £m
Borrowing	Borrowing 1/4/10	0
	Borrowing during the ½ year	34
		34
	Repayment	<u>34</u>
	Outstanding at 30/09/10	0

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

No loans were taken in the quarter.

4. Cash Management

The weighted average interest rate achieved from trades in the first quarter (and those outstanding from the previous year) of 0.73% for the County Council and 0.75% for the Pension Fund compares with the average 7-day rate of 0.38%, providing additional income of £150,000 and £170,000 respectively.

5. 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 30 September 2010. All indicators are currently satisfactorily within their limits.

Indicator	2010/11 Upper Limit	2010/11 Lower Limit	Position at 30/9/10	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	Higher of £20m and 15%	0%	0%	Yes
Maturity structure of fixed rate borrowing				
Under 12 months	25%	0%	2%	Yes
12 months and within 24	25%	0%	2%	Yes
24 months and within 5 years	75%	0%	9%	Yes
5 years and within 10 years	100%	0%	14%	Yes
10 years and within 20 years	100%	0%	28%	Yes
20 years and above	100%	0%	45%	Yes