

**TREASURY MANAGEMENT**  
**MID YEAR REVIEW TO SEPTEMBER 2011**

1. There are worries that the UK economy is stalling. Short term rates remain low and Public Works Loan Board (PWLB) rates fall heavily in line with gilt yields which are considered by bond investors as safer than European alternatives.

	1/4/11	30/6/11	30/9/11
	%	%	%
Bank Base Rate	0.50	0.50	0.50
Lending Rates:			
- 7 day	0.45	0.40	0.37
- 1 month	0.60	0.50	0.53
- 1 year	1.75	1.40	1.65
Borrowing Rates (PWLB maturity)			
- 10 years	4.78	4.42	3.47
- 25 years	5.31	5.22	4.52

**ACTIVITY**

**2. Short-Term**

A summary of short-term lending and borrowing undertaken during the first 6 months of 2011/12 is given below.

<b>Lending</b>	<b>County Council</b>	<b>Pension Fund</b>
	<b>£m</b>	<b>£m</b>
Lending 1/4/11	33	120
Lending during the ½ year	<u>547</u>	<u>276</u>
	580	396
Repayments	<u>550</u>	<u>336</u>
Outstanding at 30/09/11	30	60

<b>Short Term Borrowing</b>	<b>County Council</b>
	<b>£m</b>
Borrowing 1/4/11	0
Borrowing during the ½ year	<u>2</u>
	2
Repayment	<u>0</u>
Outstanding at 30/09/11	2

### 3. Long-Term

A £10m Lender's Option Borrower's Option (LOBO) loan (repaid in Autumn 2010) was re-taken in the half-year as part of the agreement with the lender.

### 4. Cash Management

The weighted average interest rate achieved from trades in the first half-year (and those outstanding from the previous year) of 0.8% for the County Council and 0.9% for the Pension Fund compares with the average 7-day rate of 0.4%, providing additional income of £130,000 and £200,000 respectively.

### 5. Prudential Indicators

Below is a table of Treasury management indicators, reported to Council in March, together with the position as at 30 September 2011. All indicators are currently satisfactorily within their limits.

Indicator	2010/11 Upper Limit	2010/11 Lower Limit	Position at 30/9/11	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	Higher of £20m and 15%	0%	0%	Yes
<b>Maturity structure of fixed rate borrowing</b>				
Under 12 months	25%	0%	2%	Yes
12 months and within 24	25%	0%	3%	Yes
24 months and within 5 years	75%	0%	9%	Yes
5 years and within 10 years	100%	0%	13%	Yes
10 years and within 20 years	100%	0%	28%	Yes
20 years and above	100%	0%	45%	Yes