

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE	Subject: TREASURY MANAGEMENT MONITORING REPORT
From: DIRECTOR OF FINANCE	PERIOD 1 ST JULY 2004 TO 30 TH SEPTEMBER 2004
Date: 13 October, 2004	Ref: KH/JQ/Q2

1. Introduction

- 1.1 The purpose of this report is to inform Committee on the quarterly activity (1st July 2004 to 30th September 2004) of the Council's loans and investment portfolios.

2. Background

- 2.1 In keeping with the Treasury Policy Statement, the Public Works Loan Board and Long- term Money Market are the prime source of long-term funds. In addition, it is a requirement of Treasury Policy that neither long term variable rate loans or temporary loans should exceed 25 % of total borrowing. In terms of investment activity all temporary lending is conducted with approved financial institutions.
- 2.2 The Treasury Management Activity reflects the above key requirements.

3. Quarterly Activity

3.1 Summary Position

- 3.1.1 The net overall borrowing position to the 30th September 2004 is shown in Appendix 1. The balance of £387.6m represents an increase of £2.1m from the position as at 1st April 2004. The major factor behind this increase has been additional borrowing to finance the premium payable of £6m as part of the debt restructuring exercise undertaken on the 11th August 2004 (see 3.2 below).
- 3.1.2 This increase was partly offset by principal repayments on long-term borrowing of almost £1.0m and an increased level of investment balances of almost £3.0m as a result of positive cashflows during the quarter.

3.2 Debt Restructuring

- 3.2.1 During the quarter under review the Department undertook a debt restructuring exercise by replacing £17.2m of PWLB loans which had interest rates ranging from between 9.375% to 10% with £23.2m of market funds repayable over 50years at rates up to 5.05%.
- 3.2.2 As part of the restructuring exercise, a premium was payable of £6.0m to the PWLB to facilitate the early settlement of the loans being redeemed. After reviewing alternative approaches, the most beneficial option to finance this was by additional borrowing.

- 3.2.3 The net effect of this exercise on the Council's overall treasury position, taking into account premium payments and savings in interest rates, has resulted in positive net overall saving of £1.6m based on net present value analysis. Appendix 2 highlights the transactions associated with this exercise, detailing the long-term borrowing and repayment transactions necessary to facilitate this rescheduling.
- 3.2.4 When comparison is made with the Council's existing revenue budget, net savings from carrying out the restructuring exercise will accrue in the year's 2004/2005 to 2014/2015 and will be approximately £500k annually.
- 3.2.5 Additionally, there has been a benefit from an improved maturity profile in 2013/2014 and 2014/2015, and a reduced average loans funds rate is also anticipated as a result of the debt restructuring exercise.

3.3 Borrowing

- 3.3.1 Notwithstanding the debt restructuring exercise, there were repayments of principal for long-term loans of £0.975m made during the period with no additional long-term borrowing undertaken. Appendix 3 details the loans repaid during the period.
- 3.3.2 As at the 30 September 2004, short-term borrowing amounted to £16.6m, which represented a small decrease of £0.1m to reflect the decrease in Municipal bank deposits. During the normal course of business, day to day cash flow needs are examined and this resulted in cash movements both in terms of cash received and cash repaid amounting £1.95m. The maximum period of any individual borrowing during the quarter was approximately 5 days. A breakdown in the short-term borrowing and repayment transactions is shown in appendix 4.

3.4 Short Term Investments

- 3.4.1 In the second quarter of 2004/2005, positive cashflows enabled short-term investments of £239.6m to be undertaken. During the same period however, £236.6m of short-term investments carried forward from prior periods matured.
- 3.4.2 The net effect of these transactions was a £3.0m increase in investment balances as a result of timing differences, generating positive cashflows during the period under review. A breakdown of the short-term investment transactions for the quarter ended 30th September 2004 is shown in Appendix 5.

3.5 Interest Rate Movements

- 3.5.1 The longer term PWLB rates have fallen by 0.25 % over the quarter, reaching a peak of 5.30% at the end of July, then falling sharply, standing at 4.95% by the end of the quarter.
- 3.5.2 The 7-day market rates have risen by 0.1875% by the end of the quarter demonstrating a steady increase throughout the quarter peaking at a rate of 4.875 in mid August 2004, finally steadying at 4.8125% at the end of the quarter.
- 3.5.3 The increase in the Bank of England base rate by 0.25% in August, now standing at 4.75%, has resulted in a flattening of the interest rate yield curve. In simple terms the gap between interest rates payable in the short-term compared to the medium to longer term has tightened over the quarter under review.
- 3.5.4 Continuing underlying volatility expected within the financial markets makes further increases likely in the following 3 to 6 month period.

4 The Prudential Code for Capital Finance in Local Authorities

- 4.1 The Local Government in Scotland Act 2003 came into force in April 2003, and resulted in the introduction of The Prudential Code for Capital Finance in Local Authorities. This brought about a change to the controls placed on the Council's capital spending from 1st April 2004.
- 4.2 The Treasury Strategy Statement, 2004/05 approved by Committee on 23rd March 2004 highlighted the requirements of the Prudential Code and detailed the mandatory prudential indicators essential for ensuring that Council's capital programmes are affordable, prudent and sustainable.
- 4.3 The Council subsequently approved a variety of indicators that need to be regularly monitored in order to ensure compliance with the requirements of the Prudential Code. Appendix 6 details the performance against key indicators for 2004/05, as projected at the end of quarter 2, 30th September 2004.
- 4.4 The more salient points which the Council would wish to note are summarised as follows:-
- (i) The level of capital financing requirements as detailed in indicator 1(a) represents the amount that the Council needs to borrow to support its capital programme. The projection for 2004/05 is largely unchanged from the initial estimated figure for 2004/05.
 - (ii) The Council's capital investments must of course be affordable and prudent. To demonstrate this a Prudential Margin (the need to borrow versus actual borrowing) is calculated. As illustrated in indicator 1(b) the outturn projection indicates an improvement of £10m, based on higher investment levels.
 - (iii) Indicator 2 illustrates that both authorised and borrowing limits have not been exceeded and are indeed well below the approved boundaries
 - (iv) Upper limits on both fixed and variable loans were initially approved at 95% and 25% respectively. Due to investment interest received being higher than interest paid in the early part of the year, these rates fluctuated. Given that this trend was expected to continue during the remainder of the year, members were asked to approve new limits of 105% and -5% respectively. Indicator 3(a) illustrates that performance remains in line with these revised limits.
 - (v) Indicator 3(b) illustrates that maturity profiles are broadly within the parameters of previous estimates. Based on current projections, loans due to be repaid between 5 and 10 years time are slightly less than the lower estimated limit, due to the impact of recent debt restructuring exercises.
- 4.5 Generally speaking, the prudential indicators as at the 30th September 2004 are in accordance with those approved by members on 23rd March 2004. Current projections illustrate that borrowing remains well below sustainable limits and the healthy prudential margin highlighted ensures that the marginally higher capital investment level remains affordable and sustainable. Additionally, debt maturity is largely in line with original estimates and interest rate exposures remain in line with the revised upper limits.

5 Recommendation

- 5.1 The Finance Committee is asked to note the contents of the report and the positive steps being taken to reduce overall interest costs.

A handwritten signature in black ink, appearing to read 'John Curran', is written above the title 'Director of Finance'.

Director of Finance

LOANS & INVESTMENTS AS AT 30TH SEPTEMBER, 2004

APPENDIX 1

	BALANCE 01-Jul-04	DEBT RESTRUCTURING		NEW BORROWING	PRINCIPAL REPAYMENTS	NET INVESTMENT MOVEMENTS	BALANCE 30-Sep-04
		EARLY REDEMPTION	REFINANCING				
<u>LONG-TERM LOANS</u>							
PWLB	334,033,507	(17,261,558)	0	0	(455,850)	0	316,316,099
MONEY MARKET LOANS	89,050,000	0	23,200,000	0	0	0	112,250,000
MUNICIPAL BANK	10,000,000	0	0	0	0	0	10,000,000
COVENANTS	6,015,943	0	0	0	0	0	6,015,943
OTHER LOCAL AUTHORITIES	1,334,006	0	0	0	(519,139)	0	814,867
	440,433,456	(17,261,558)	23,200,000	0	(974,989)	0	445,396,909
<u>SHORT-TERM LOANS</u>							
TEMPORARY	0	0	0	1,950,000	(1,950,000)	0	0
MUNICIPAL BANK	16,682,190	0	0	0	(84,268)	0	16,597,922
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
	16,688,470	0	0	1,950,000	(2,034,268)	0	16,604,202
<u>TOTAL LOANS OUTSTANDING</u>	457,121,926	(17,261,558)	23,200,000	1,950,000	(3,009,257)	0	462,001,111
<u>INVESTMENTS</u>							
OUTSIDE AGENCIES	71,200,000	0	0	0	0	3,000,000	74,200,000
CLYDESDALE BANK - TELEBANK INVESTMENT A/C	455,000	0	0	0	0	(255,000)	200,000
<u>TOTAL INVESTMENTS O/STANDING</u>	71,655,000	0	0	0	0	2,745,000	74,400,000
<u>NET BORROWING</u>	385,466,926	(17,261,558)	23,200,000	1,950,000	(3,009,257)	2,745,000	387,601,111

LONG TERM BORROWING TRANSACTIONS 1st JULY 2004 TO 30th SEPT 2004**LONG-TERM REPAYMENTS 1st JULY 2004 TO 30th SEPT 2004 : DEBT RESTRUCTURING**

<u>REPAYMENT DATE</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
11-Aug-04	PWLB	5,000,000.00	9.500%
11-Aug-04	PWLB	1,753,852.69	10.000%
11-Aug-04	PWLB	1,753,852.69	10.000%
11-Aug-04	PWLB	1,753,852.69	10.000%
11-Aug-04	PWLB	7,000,000.00	9.375%
		<u>17,261,558.07</u>	

LONG-TERM BORROWING 1st JULY 2004 TO 30th SEPT 2004 : DEBT RESTRUCTURING

<u>START DATE</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
11-Aug-04	BARCLAYS BANK	23,200,000.00	4.35% / 5.05%
		<u>23,200,000.00</u>	

LONG TERM BORROWING TRANSACTIONS 1st JULY 2004 TO 30th SEPTEMBER 2004**OTHER LONG-TERM REPAYMENTS : 1st JULY 2004 TO 30th SEPTEMBER 2004**

REPAYMENT <u>DATE</u>	<u>TYPE</u>	<u>LENDER</u>	AMOUNT £	INTEREST RATE %
<u>PWLB</u>				
15-Jul-04	Annuity	PWLB - 455046	42,820.35	10.25%
15-Jul-04	Annuity	PWLB - 456412	87,180.76	10.25%
15-Jul-04	EIP	PWLB - 472436	46,769.41	8.875%
16-Aug-04	Annuity	PWLB - 465200	14,535.71	9.50%
16-Aug-04	EIP	PWLB - 468894	13,755.71	11.625%
15-Sep-04	Annuity	PWLB - 368778	1,478.15	7.375%
15-Sep-04	Annuity	PWLB - 371016	668.03	8.500%
15-Sep-04	EIP	PWLB - 471403	33,333.33	9.875%
15-Sep-04	EIP	PWLB - 471744	70,154.11	9.875%
15-Sep-04	EIP	PWLB - 471758	23,384.71	9.750%
15-Sep-04	EIP	PWLB - 473588	46,769.41	7.250%
15-Sep-04	EIP	PWLB - 475305	75,000.00	8.875%
			455,849.68	

OTHER LOCAL AUTHORITIES

11-Aug-04	EIB	Glasgow City Council - 13	39,583.85	8.85%
11-Aug-04	EIB	Glasgow City Council - 14	34,253.94	8.65%
11-Aug-04	EIB	Glasgow City Council - 15	34,253.94	7.45%
11-Aug-04	EIB	Glasgow City Council - 17277	411,047.28	8.20%
			519,139.01	

Grand Total	974,988.69
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SHORT TERM BORROWING TRANSACTIONS FROM 1st JULY 2004 TO 30th SEPT 2004**NEW SHORT TERM BORROWING UNDERTAKEN FROM 1st JULY 2004 TO 30th SEPT 2004**

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
01-Jul-04	05-Jul-04	T 851	City of Edinburgh Council	650,000	4.5000%
13-Aug-04	16-Aug-04	T 852	Britannia BS	1,300,000	4.8750%
				<u>1,950,000</u>	

SHORT TERM BORROWING MATURING DURING 1st JULY 2004 TO 30th SEPT 2004

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
01-Jul-04	05-Jul-04	T 851	City of Edinburgh Council	650,000	4.5000%
13-Aug-04	16-Aug-04	T 852	Britannia BS	1,300,000	4.8750%
				<u>1,950,000</u>	

NET INVESTMENT MOVEMENTS FROM 1st JULY, 2004 TO 30th SEPTEMBER, 2004

APPENDIX 5

NEW SHORT TERM INVESTMENTS 1st JULY, 2004 TO 30th SEPTEMBER, 2004

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
15-Jul-04	14-Jul-05	I 895	Northern Rock	10,000,000	4.9000%
05-Jul-04	06-Jul-04	I 940	Irish Life Permanent	1,500,000	4.3125%
06-Jul-04	06-Dec-04	I 941	Leeds & Holbeck	2,000,000	4.3125%
07-Jul-04	06-Dec-04	I 942	Leeds & Holbeck	5,000,000	4.8800%
07-Jul-04	08-Jul-04	I 943	Irish Life Permanent	3,300,000	4.2500%
08-Jul-04	09-Jul-04	I 944	Irish Life Permanent	2,600,000	4.3750%
09-Jul-04	12-Jul-04	I 945	Irish Life Permanent	1,600,000	4.3750%
12-Jul-04	13-Jul-04	I 946	Irish Life Permanent	1,600,000	4.5000%
13-Jul-04	22-Jul-04	I 947	Irish Life Permanent	3,000,000	4.5000%
14-Jul-04	22-Jul-04	I 948	Skipton B S	2,000,000	4.3750%
15-Jul-04	16-Jul-04	I 949	Dexia Banque a Luxembourg	4,500,000	4.3750%
15-Jul-04	19-Jul-04	I 950	Dexia Banque a Luxembourg	1,500,000	4.3750%
15-Jul-04	13-Aug-04	I 951	Anglo Irish Bank	3,100,000	4.5200%
21-Jul-04	30-Jul-04	I 952	Peterborough CC	7,200,000	4.3750%
26-Jul-04	27-Jul-04	I 953	Irish Life Permanent	2,300,000	4.5000%
27-Jul-04	30-Jul-04	I 954	Irish Life Permanent	1,000,000	4.5000%
28-Jul-04	29-Jul-04	I 955	Irish Intercontinental	9,500,000	4.6250%
30-Jul-04	02-Aug-04	I 956	HSH Nordbank	2,500,000	4.1875%
30-Jul-04	06-Aug-04	I 957	Ulster Bank Ireland	5,000,000	4.3125%
30-Jul-04	06-Aug-04	I 958	Standard Life	5,000,000	4.2500%
02-Aug-04	03-Aug-04	I 959	HSH Nordbank	3,000,000	4.1250%
03-Aug-04	04-Aug-04	I 960	HSH Nordbank	2,200,000	3.9375%
04-Aug-04	05-Aug-04	I 961	HSH Nordbank	7,200,000	3.7500%
05-Aug-04	06-Aug-04	I 962	HSH Nordbank	6,000,000	4.6250%
06-Aug-04	11-Aug-04	I 963	HSH Nordbank	6,000,000	4.6000%
06-Aug-04	23-Sep-04	I 964	Ulster Bank Ireland	5,000,000	4.7900%
06-Aug-04	06-Dec-04	I 965	Bradford & Bingley	5,000,000	4.9400%
09-Aug-04	11-Aug-04	I 966	HSH Nordbank	4,000,000	4.5625%
11-Aug-04	12-Aug-04	I 967	Irish Life & Permanent	3,000,000	4.6250%
11-Aug-04	13-Aug-04	I 968	Brittania Building Society	4,500,000	4.5625%
11-Aug-04	19-Aug-04	I 969	HSH Nordbank	6,500,000	4.6250%
11-Aug-04	16-Sep-04	I 970	Portman B S	2,500,000	4.7700%
16-Aug-04	17-Aug-04	I 971	Brittania Building Society	1,300,000	4.7500%
18-Aug-04	18-Feb-05	I 972	Standard Life	2,200,000	5.0100%
18-Aug-04	24-Feb-05	I 973	Irish Life Permanent	3,800,000	5.0200%
19-Aug-04	19-Oct-04	I 974	Landesbanke Berlin	3,200,000	4.8100%
23-Aug-04	24-Aug-04	I 975	Irish Intercontinental	2,400,000	4.5938%
24-Aug-04	25-Aug-04	I 976	Irish Intercontinental	3,500,000	4.6525%
25-Aug-04	26-Aug-04	I 977	Irish Intercontinental	5,800,000	4.6875%
26-Aug-04	27-Aug-04	I 978	Irish Intercontinental	2,300,000	5.0938%
27-Aug-04	18-Feb-05	I 979	Irish Life & Permanent	1,900,000	5.0100%
31-Aug-04	01-Sep-04	I 980	HSH Nordbank	3,000,000	4.6250%
01-Sep-04	02-Sep-04	I 981	HSH Nordbank	9,900,000	4.6875%
02-Sep-04	19-Nov-04	I 982	Bank of Ireland	5,000,000	4.8200%
02-Sep-04	03-Sep-04	I 983	HSH Nordbank	2,500,000	4.6875%
03-Sep-04	06-Sep-04	I 984	Brittania Building Society	1,700,000	4.6250%
03-Sep-04	25-Nov-04	I 985	Standard Life	4,000,000	4.8700%
06-Sep-04	14-Sep-04	I 986	Irish Intercontinental	3,500,000	4.6875%
07-Sep-04	28-Oct-04	I 987	Anglo Irish Bank	3,300,000	4.8000%
08-Sep-04	09-Sep-04	I 988	Dexia Banque a Luxembourg	4,800,000	4.6875%
09-Sep-04	10-Sep-04	I 989	Brittania Building Society	2,000,000	4.5000%
10-Sep-04	13-Sep-04	I 990	Brittania Building Society	1,700,000	4.5000%
14-Sep-04	12-Nov-04	I 991	Irish Life & Permanent	1,200,000	4.8000%
15-Sep-04	17-Sep-04	I 992	HSH Nordbank	4,300,000	4.6250%
15-Sep-04	12-Nov-04	I 993	Yorkshire Building Society	2,500,000	4.8000%
16-Sep-04	05-Nov-04	I 994	Yorkshire Building Society	2,000,000	4.7700%
20-Sep-04	21-Sep-04	I 995	HSH Nordbank	1,000,000	4.6875%
20-Sep-04	23-Sep-04	I 996	HSH Nordbank	4,000,000	4.6875%

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
21-Sep-04	23-Sep-04	I 997	Irish Life & Permanent	1,600,000	4.6875%
22-Sep-04	23-Sep-04	I 998	Dexia Banque a Luxembourg	3,500,000	4.5000%
23-Sep-04	14-Oct-04	I 999	Irish Life & Permanent	2,100,000	4.7500%
28-Sep-04	29-Sep-04	I 1000	HSH Nordbank	2,500,000	4.6250%
28-Sep-04	16-Dec-04	I 1001	Leeds & Holbeck	3,000,000	4.8400%
28-Sep-04	17-Dec-04	I 1002	Derbyshire Building Society	1,000,000	4.8300%
28-Sep-04	21-Oct-04	I 1003	Ulster Bank Ireland	3,000,000	4.6875%
29-Sep-04	30-Sep-04	I 1004	Irish Intercontinental	4,000,000	4.7813%
29-Sep-04	26-Nov-04	I 1005	Landesbanke Berlin	2,000,000	4.8100%
29-Sep-04	30-Sep-04	I 1006	Brittania Building Society	2,000,000	4.7500%
30-Sep-04	01-Oct-04	I 1007	Irish Intercontinental	3,000,000	4.5938%
				239,600,000	

SHORT TERM INVESTMENTS MATURING 1st JULY, 2004 TO 30th SEPTEMBER, 2004

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
15-Oct-03	15-Jul-04	I 247	Irish Intercontinental	3,000,000	4.0300%
15-Oct-03	15-Jul-04	I 248	Northern Rock	10,000,000	4.0300%
15-Apr-04	15-Jul-04	I 888	Bradford & Bingley	5,000,000	4.3000%
30-Apr-04	16-Jul-04	I 900	Ulster Bank Ireland	4,000,000	4.3000%
17-May-04	20-Jul-04	I 910	Standard Life	3,000,000	4.4000%
18-May-04	19-Aug-04	I 911	Newcastle Building Society	4,000,000	4.4400%
18-May-04	26-Aug-04	I 912	Irish Life Permanent	2,000,000	4.4400%
25-May-04	14-Sep-04	I 916	Irish Life Permanent	1,200,000	4.6000%
01-Jun-04	23-Aug-04	I 918	Anglo Irish Bank	2,000,000	4.5800%
01-Jun-04	14-Sep-04	I 919	Derbyshire Building Society	3,500,000	4.6400%
03-Jun-04	20-Sep-04	I 921/2	Derbyshire Building Society	5,100,000	4.6800%
07-Jun-04	17-Sep-04	I 925	Irish Life Permanent	3,000,000	4.6500%
08-Jun-04	17-Sep-04	I 926	Norwich & Peterborough	1,400,000	4.6800%
15-Jun-04	17-Aug-04	I 928	Chelsea B.S.	2,300,000	4.6500%
16-Jun-04	16-Aug-04	I 929	Brittania B.S.	3,500,000	4.2500%
16-Jun-04	26-Aug-04	I 930	Ulster Bank Ireland	3,000,000	4.6400%
18-Jun-04	24-Sep-04	I 931	Leeds & Holbeck	1,000,000	4.7700%
29-Jun-04	23-Sep-04	I 936	Leeds & Holbeck	1,200,000	4.7900%
30-Jun-04	01-Jul-04	I 939	HSH Nordbank	4,000,000	4.7500%
05-Jul-04	06-Jul-04	I 940	Irish Life Permanent	1,500,000	4.3125%
07-Jul-04	08-Jul-04	I 943	Irish Life Permanent	3,300,000	4.2500%
08-Jul-04	09-Jul-04	I 944	Irish Life Permanent	2,600,000	4.3750%
09-Jul-04	12-Jul-04	I 945	Irish Life Permanent	1,600,000	4.3750%
12-Jul-04	13-Jul-04	I 946	Irish Life Permanent	1,600,000	4.5000%
13-Jul-04	22-Jul-04	I 947	Irish Life Permanent	3,000,000	4.5000%
14-Jul-04	22-Jul-04	I 948	Skipton B S	2,000,000	4.3750%
15-Jul-04	16-Jul-04	I 949	Dexia Banque a Luxembourg	4,500,000	4.3750%
15-Jul-04	19-Jul-04	I 950	Dexia Banque a Luxembourg	1,500,000	4.3750%
15-Jul-04	13-Aug-04	I 951	Anglo Irish Bank	3,100,000	4.5200%
21-Jul-04	30-Jul-04	I 952	Peterborough CC	7,200,000	4.3750%
26-Jul-04	27-Jul-04	I 953	Irish Life Permanent	2,300,000	4.5000%
27-Jul-04	30-Jul-04	I 954	Irish Life Permanent	1,000,000	4.5000%
28-Jul-04	29-Jul-04	I 955	Irish Intercontinental	9,500,000	4.6250%
30-Jul-04	02-Aug-04	I 956	HSH Nordbank	2,500,000	4.1875%
30-Jul-04	06-Aug-04	I 957	Ulster Bank Ireland	5,000,000	4.3125%
30-Jul-04	06-Aug-04	I 958	Standard Life	5,000,000	4.2500%
02-Aug-04	03-Aug-04	I 959	HSH Nordbank	3,000,000	4.1250%
03-Aug-04	04-Aug-04	I 960	HSH Nordbank	2,200,000	3.9375%
04-Aug-04	05-Aug-04	I 961	HSH Nordbank	7,200,000	3.7500%
05-Aug-04	06-Aug-04	I 962	HSH Nordbank	6,000,000	4.6250%

SHORT TERM INVESTMENTS MATURING 1st JULY, 2004 TO 30th SEPTEMBER, 2004 continued

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
06-Aug-04	11-Aug-04	I 963	HSH Nordbank	6,000,000	4.6000%
06-Aug-04	23-Sep-04	I 964	Ulster Bank Ireland	5,000,000	4.7900%
09-Aug-04	11-Aug-04	I 966	HSH Nordbank	4,000,000	4.5625%
11-Aug-04	12-Aug-04	I 967	Irish Life & Permanent	3,000,000	4.6250%
11-Aug-04	13-Aug-04	I 968	Brittania Building Society	4,500,000	4.5625%
11-Aug-04	19-Aug-04	I 969	HSH Nordbank	6,500,000	4.6250%
11-Aug-04	16-Sep-04	I 970	Portman B S	2,500,000	4.7700%
16-Aug-04	17-Aug-04	I 971	Brittania Building Society	1,300,000	4.7500%
23-Aug-04	24-Aug-04	I 975	Irish Intercontinental	2,400,000	4.5938%
24-Aug-04	25-Aug-04	I 976	Irish Intercontinental	3,500,000	4.6525%
25-Aug-04	26-Aug-04	I 977	Irish Intercontinental	5,800,000	4.6875%
26-Aug-04	27-Aug-04	I 978	Irish Intercontinental	2,300,000	5.0938%
31-Aug-04	01-Sep-04	I 980	HSH Nordbank	3,000,000	4.6250%
01-Sep-04	02-Sep-04	I 981	HSH Nordbank	9,900,000	4.6875%
02-Sep-04	03-Sep-04	I 983	HSH Nordbank	2,500,000	4.6875%
03-Sep-04	06-Sep-04	I 984	Brittania Building Society	1,700,000	4.6250%
06-Sep-04	14-Sep-04	I 986	Irish Intercontinental	3,500,000	4.6875%
08-Sep-04	09-Sep-04	I 988	Dexia Banque a Luxembourg	4,800,000	4.6875%
09-Sep-04	10-Sep-04	I 989	Brittania Building Society	2,000,000	4.5000%
10-Sep-04	13-Sep-04	I 990	Brittania Building Society	1,700,000	4.5000%
15-Sep-04	17-Sep-04	I 992	HSH Nordbank	4,300,000	4.6250%
20-Sep-04	21-Sep-04	I 995	HSH Nordbank	1,000,000	4.6875%
20-Sep-04	23-Sep-04	I 996	HSH Nordbank	4,000,000	4.6875%
21-Sep-04	23-Sep-04	I 997	Irish Life & Permanent	1,600,000	4.6875%
22-Sep-04	23-Sep-04	I 998	Dexia Banque a Luxembourg	3,500,000	4.5000%
28-Sep-04	29-Sep-04	I 1000	HSH Nordbank	2,500,000	4.6250%
29-Sep-04	30-Sep-04	I 1004	Irish Intercontinental	4,000,000	4.7813%
29-Sep-04	30-Sep-04	I 1006	Brittania Building Society	2,000,000	4.7500%
				<u>236,600,000</u>	
NET INVESTMENT MOVEMENTS				<u>3,000,000</u>	

1. Capital Expenditure, Capital Financing Requirement and Prudential Margin

(a)

Capital Expenditure	Original 2004/05 Estimate (000s)	Projected Outturn 2004/05 (000s)
Total spend	92,758	102,097
Financed By:		
Borrowing	36,563	36,447
Capital receipts	30,043	36,515
Cash grants	11,742	13,011
Capital from Current Revenue	14,410	16,124
Capital Financing Requirement		
Total CFR	417,391	415,626

(b)

Prudential Margin Calculation	Original 2004/05 Estimate (000s)	Position at 30 th Sept 2004 (£000s)	Projected Outturn 2004/05 (000s)
Capital Financing Requirement	417,391	415,626	415,626
Net borrowing requirement	374,721	387,601	363,566
Prudential Margin	42,670	28,025	52,060

2. Authorised Limit and Operational Boundary

	2004/05 Authorised Limit Estimate (£m)	2004/05 Operational Boundary Estimate (£m)	Maximum borrowing level during Q2 2004/05 (£m)
Borrowing	600	570	463
Other long term liabilities	0	0	0
Totals	600	570	463

3. Treasury Management Indicators

(a) *Interest Rate Exposures*

	2004/05 Upper Limits	2004/05 Actual Held, Q2
Fixed interest rates	105%	106%
Variable interest rates	-5%	-6%

(b) *Maturity Structure of Borrowing*

Maturity Structure of fixed borrowing	< 12 months	12 months to 2 years	2 to 5 years	5 to 10 years	10 years + above
Upper limit maturing	25%	25%	25%	25%	90%
Lower limit maturing	0%	0%	5%	15%	25%
Amount expected to mature in Period	0.37%	0.50%	4.26%	9.98%	84.89%