

REPORT

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE	Subject: TREASURY MANAGEMENT MONITORING REPORT
From: DIRECTOR OF FINANCE	PERIOD 1 ST OCTOBER TO 31 ST DECEMBER 2004
Date: 11 January, 2005	Ref: KH/JQ/Q3

1. Introduction

- 1.1 The purpose of this report is to inform Committee on the quarterly activity (1st October 2004 to 31st December 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 31st December 2004 is shown in Appendix 1. The balance of £392.1m represents an increase of £4.5m from the position as at 1st October 2004. The major factor behind this increase has been a reduction of £5.0m in the investment balances accumulated as a result of positive cashflows, increasing the net borrowing position at the end of the quarter.
- 3.1.2 This increase was partly offset by principal repayments on long term borrowing of almost £0.5m, with £0.44m being repayable in respect of Covenants held.

3.2 Debt Restructuring

- 3.2.1 During the quarter under review the department monitored the economic climate in conjunction with its financial targets and Treasury Management strategy, and concluded that there were little opportunities to undertake any additional review exercises.
- 3.2.2 As a result of the restructuring exercise undertaken earlier in the year, savings of approximately £0.5 million annually will accrue in the years 2004/05 to 2014/15. This was previously notified to Committee at its meeting on 9th November 2004. Further reports regarding future activity will be presented to Committee as appropriate.

3.3 Borrowing

- 3.3.1 There were repayments of principal for long-term loans of £0.515m made during the period with no additional long-term borrowing undertaken. Appendix 2 details the loans repaid during the period.
- 3.3.2 As at the 31st December 2004, short-term borrowing amounted to £16.5m, which represented a small decrease of £0.069 million 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 £3.6m. The maximum period of any individual borrowing during the quarter was on an overnight basis only. A breakdown in the short-term borrowing and repayment transactions is shown in appendix 3.

3.4 Short Term Investments

- 3.4.1 In the third quarter of 2004/2005, positive cashflows enabled short-term investments of £184.7m to be undertaken. During the same period however, £189.8m of short-term investments carried forward from prior periods matured.
- 3.4.2 The net effect of these transactions was a £5.1m decrease in investment balances as a result of timing differences, reducing positive cashflows during the period under review. A breakdown of the short-term investment transactions for the quarter ended 31st December 2004 is shown in Appendix 4.

3.5 Interest Rate Movements

- 3.5.1 The longer term PWLB rates have fallen by 0.15 % over the quarter, reaching a peak of 4.85% at the start of the quarter, then falling gradually, throughout the period to a low of 4.55% by mid December but steadying to 4.70% by the end of the quarter.
- 3.5.2 The 7-day market rates ranged between 4.75% to 4.83% fluctuating continually between these levels, steadying at 4.78% by the end of the quarter.
- 3.5.3 During the period under review the Bank of England base rate remained at 4.75%. It has been four months since the last change, a 0.25% increase that took place in August. 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 has lead to economic commentators being undecided as to which direction the base rate will move next although the most confident predictors believe there will be no change in the immediate future.
- 3.5.5 The Treasury section will continue to monitor interest rate movements and their impact upon the council's investment and borrowing activity.

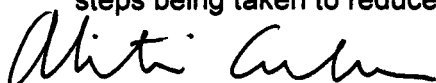
4 The Prudential Code for Capital Finance in Local Authorities

- 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, which are regularly monitored to ensure compliance with the requirements of the Prudential Code. Appendix 5 details the performance against key indicators for 2004/05, which are conducive to monitoring on an ongoing basis.
- 4.4 The Council will wish to note the following salient points:-
- (i) Indicator 1(a) illustrates that based on information available as at 31st December, investment on capital expenditure is projected to be marginally higher than that initially estimated. Movements in capital expenditure are monitored in detail as part of the Council's capital programme reporting mechanisms.
 - (ii) The Prudential Code requires the Council's capital investments to be affordable and prudent. To demonstrate this a Prudential Margin (the need to borrow versus actual borrowing) is calculated. Indicator 1(b) demonstrates a healthy prudential margin at 31st December, which is projected to continue until the year-end. It is anticipated that net borrowing will gradually increase during the final quarter of 2004/05, as a result of current high investment levels being used to fund large cash-flow payments such as the pay-award arrears scheduled for payment to employees during January and February 2005.
 - (iii) Indicator 2 illustrates that both authorised and borrowing limits have not been exceeded, with the maximum borrowing undertaken within the period being well below the approved boundaries. Indicator 2 also highlights new movement in other long-term liabilities following the introduction of finance leases as a method of funding projects
 - (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 the level of fixed debt due to mature remains in line with the upper limits set for each category at the beginning of the financial year.
- 4.5 Generally speaking, the prudential indicators as calculated at 31st December 2004 are in accordance with those approved by members on 23rd March 2004. Current projections illustrate a healthy prudential margin, and borrowing levels that are well below sustainable limits. Both of which should ensure that the marginally higher capital investment level anticipated is affordable and sustainable. Additionally, debt maturity levels and interest rate exposures remain in line with the current 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.



Director of Finance

LOANS & INVESTMENTS AS AT 31ST DECEMBER, 2004

APPENDIX 1

	BALANCE 01-Oct-04	DEBT RESTRUCTURING		NEW BORROWING	PRINCIPAL REPAYMENTS	NET INVESTMENT MOVEMENTS	BALANCE 31-Dec-04
		EARLY REDEMPTION	REFINANCING				
<u>LONG-TERM LOANS</u>							
PWLB	316,316,099	0	0	0	(71,733)	0	316,244,366
MONEY MARKET LOANS	112,250,000	0	0	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	(444,000)	0	5,571,943
OTHER LOCAL AUTHORITIES	814,867	0	0	0	0	0	814,867
	445,396,909	0	0	0	(515,733)	0	444,881,176
<u>SHORT-TERM LOANS</u>							
TEMPORARY	0	0	0	3,600,000	(3,600,000)	0	0
MUNICIPAL BANK	16,597,922	0	0	0	(68,700)	0	16,529,222
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
	16,604,202	0	0	3,600,000	(3,668,700)	0	16,535,502
<u>TOTAL LOANS OUTSTANDING</u>	462,001,111	0	0	3,600,000	(4,184,433)	0	461,416,678
<u>INVESTMENTS</u>							
OUTSIDE AGENCIES	74,200,000	0	0	0	0	(5,100,000)	69,100,000
CLYDESDALE BANK - TELEBANK INVESTMENT A/C	200,000	0	0	0	0	(15,000)	185,000
<u>TOTAL INVESTMENTS O/STANDING</u>	74,400,000	0	0	0	0	(5,115,000)	69,285,000
<u>NET BORROWING</u>	387,601,111	0	0	3,600,000	(4,184,433)	(5,115,000)	392,131,678

LONG TERM BORROWING TRANSACTIONS 1st OCT 2004 TO 31st DECEMBER 2004**OTHER LONG-TERM REPAYMENTS : 1st OCT 2004 TO 31st DECEMBER 2004**

REPAYMENT <u>DATE</u>	<u>TYPE</u>	<u>LENDER</u>	AMOUNT <u>£</u>	INTEREST <u>RATE %</u>
15-Nov-04	EIP	PWLB - 471500	58,462	10.00%
15-Dec-04	Annuity	PWLB - 470362	13,271	10.625%
30-Dec-04	Covenant	Dunfermline Building Society	444,000	8.4125%
			<u>515,733</u>	

SHORT TERM BORROWING TRANSACTIONS FROM 1st OCT 2004 TO 31st DEC 2004**NEW SHORT TERM BORROWING UNDERTAKEN FROM 1st OCT 2004 TO 31st DEC 2004**

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
19-Oct-04	20-Oct-04	T 853	Post Office	1,700,000	4.7500%
09-Nov-04	10-Nov-04	T 854	Britannia BS	1,200,000	4.6875%
01-Dec-04	02-Dec-04	T 855	Britannia BS	700,000	4.6500%
				<u>3,600,000</u>	

SHORT TERM BORROWING MATURING DURING 1st OCT 2004 TO 31st DEC 2004

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
19-Oct-04	20-Oct-04	T 853	Post Office	1,700,000	4.7500%
09-Nov-04	10-Nov-04	T 854	Britannia BS	1,200,000	4.6875%
01-Dec-04	02-Dec-04	T 855	Britannia BS	700,000	4.6500%
				<u>3,600,000</u>	

NET INVESTMENT MOVEMENTS FROM 1st OCTOBER, 2004 TO 31st DECEMBER, 2004**NEW SHORT TERM INVESTMENTS 1st OCTOBER, 2004 TO 31st DECEMBER, 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-Oct-04	05-Oct-04	I 1008	Irish Intercontinental	1,300,000	4.594%
01-Oct-04	02-Dec-04	I 1009	Dexia Banque a Luxembourg	2,000,000	4.800%
04-Oct-04	05-Oct-04	I 1010	Brittania B S	1,000,000	4.750%
04-Oct-04	19-Nov-04	I 1011	Irish Life Permanent	1,000,000	4.780%
05-Oct-04	22-Nov-04	I 1012	Anglo Irish	1,400,000	4.770%
06-Oct-04	07-Oct-04	I 1013	Dexia Banque a Luxembourg	3,800,000	4.563%
07-Oct-04	08-Oct-04	I 1014	Dexia Banque a Luxembourg	3,500,000	4.688%
07-Oct-04	10-Dec-04	I 1015	Portman B S	2,000,000	4.790%
08-Oct-04	11-Oct-04	I 1016	Dexia Banque a Luxembourg	2,000,000	4.625%
08-Oct-04	14-Dec-04	I 1017	Portman B S	1,000,000	4.790%
11-Oct-04	12-Oct-04	I 1018	Irish Intercontinental	1,900,000	4.594%
12-Oct-04	14-Oct-04	I 1019	Irish Intercontinental	1,700,000	4.594%
13-Oct-04	14-Oct-04	I 1020	Irish Intercontinental	3,000,000	4.719%
14-Oct-04	17-Dec-04	I 1021	Portman B S	2,200,000	4.790%
15-Oct-04	18-Oct-04	I 1022	Irish Intercontinental	1,600,000	4.656%
20-Oct-04	21-Oct-04	I 1023	Irish Intercontinental	1,500,000	4.656%
21-Oct-04	22-Oct-04	I 1024	Irish Intercontinental	1,400,000	4.656%
22-Oct-04	25-Oct-04	I 1025	Irish Intercontinental	3,800,000	4.719%
22-Oct-04	17-Dec-04	I 1026	Irish Intercontinental	1,000,000	4.750%
25-Oct-04	26-Oct-04	I 1027	Irish Intercontinental	3,000,000	4.719%
26-Oct-04	14-Dec-04	I 1028	Irish Life Permanent	1,500,000	4.770%
27-Oct-04	28-Oct-04	I 1029	Irish Intercontinental	4,000,000	4.750%
28-Oct-04	29-Oct-04	I 1030	Irish Intercontinental	3,500,000	4.719%
29-Oct-04	01-Nov-04	I 1031	Somerset County	3,000,000	4.625%
01-Nov-04	01-Feb-05	I 1032	Bradford & Bingley	1,500,000	4.830%
02-Nov-04	13-Jan-05	I 1033	Bradford & Bingley	3,500,000	4.790%
03-Nov-04	04-Nov-04	I 1034	Nordeutsche Lanadesbanke	2,900,000	4.563%
08-Nov-04	09-Nov-04	I 1035	HSH Nordbank	3,500,000	4.563%
10-Nov-04	11-Nov-04	I 1036	HSH Nordbank	2,800,000	4.563%
10-Nov-04	23-Dec-04	I 1037	Ulster Bank Ireland Ltd	2,000,000	4.760%
12-Nov-04	23-Dec-04	I 1038	Standard Life	2,800,000	4.780%
17-Nov-04	18-Nov-04	I 1039	HSH Nordbank	3,000,000	4.500%
17-Nov-04	19-Nov-04	I 1040	HSH Nordbank	2,000,000	4.563%
17-Nov-04	23-Dec-04	I 1041	Derbyshire Building Society	4,200,000	4.730%
23-Nov-04	25-Nov-04	I 1042	HSH Nordbank	2,000,000	4.688%
24-Nov-04	25-Nov-04	I 1043	HSH Nordbank	4,900,000	4.563%
25-Nov-04	27-Jan-05	I 1044	Ulster Bank Ireland Ltd	3,200,000	4.770%
26-Nov-04	10-Jan-05	I 1045	Irish Life Permanent	2,000,000	4.750%
29-Nov-04	30-Nov-04	I 1046	Brittania B S	3,100,000	4.870%
30-Nov-04	01-Dec-04	I 1047	Brittania B S	3,000,000	4.650%
01-Dec-04	02-Dec-04	I 1048	Irish Intercontinental	2,400,000	4.570%
01-Dec-04	31-Jan-05	I 1049	Brittania B S	3,000,000	4.750%
01-Dec-04	21-Feb-05	I 1050	Standard Life	2,000,000	4.780%
02-Dec-04	24-Feb-05	I 1051	Derbyshire Building Society	1,100,000	4.750%
03-Dec-04	01-Mar-05	I 1052	Standard Life	1,800,000	4.800%
06-Dec-04	07-Dec-04	I 1053	Dexia Banque a Luxembourg	5,000,000	4.563%
06-Dec-04	06-Jun-05	I 1054	Bradford & Bingley	5,000,000	4.820%
06-Dec-04	06-Jun-05	I 1055	Newcastle B S	5,000,000	4.820%
06-Dec-04	06-Jun-05	I 1056	Standard Life	1,000,000	4.820%
08-Dec-04	09-Dec-04	I 1057	HSH Nordbank	4,000,000	4.625%
08-Dec-04	13-Dec-04	I 1058	HSH Nordbank	3,000,000	4.650%
09-Dec-04	10-Dec-04	I 1059	HSH Nordbank	2,700,000	4.600%
10-Dec-04	19-Jan-05	I 1060	Ulster Bank Ireland Ltd	1,700,000	4.750%
13-Dec-04	14-Dec-04	I 1061	HSH Nordbank	3,000,000	4.700%
14-Dec-04	17-Dec-04	I 1062	Irish Life Permanent	2,000,000	4.700%
14-Dec-04	27-Jan-05	I 1063	Portman B S	3,000,000	4.750%
14-Dec-04	27-Jan-05	I 1064	Bank of Ireland	2,500,000	4.750%
15-Dec-04	16-Dec-04	I 1065	HSH Nordbank	4,300,000	4.750%

NEW SHORT TERM INVESTMENTS 1st OCTOBER, 2004 TO 31st DECEMBER, 2004 CONTINUED

APPENDIX 4

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
16-Dec-04	17-Dec-04	I 1066	HSH Nordbank	3,600,000	4.875%
17-Dec-04	20-Dec-04	I 1067	Irish Life Permanent	2,300,000	4.875%
20-Dec-04	21-Dec-04	I 1068	HSH Nordbank	5,000,000	4.700%
21-Dec-04	29-Mar-05	I 1069	Irish Life Permanent	1,300,000	4.810%
21-Dec-04	07-Mar-05	I 1070	Portman B S	3,000,000	4.790%
22-Dec-04	23-Dec-04	I 1071	HSH Nordbank	4,600,000	4.780%
23-Dec-04	24-Dec-04	I 1072	HSH Nordbank	2,500,000	4.750%
23-Dec-04	04-Jan-05	I 1073	HSH Nordbank	2,600,000	4.750%
29-Dec-04	04-Jan-05	I 1074	HSH Nordbank	3,000,000	4.750%
24-Dec-04	30-Dec-04	I 1075	Dexia Banque a Luxembourg	800,000	4.650%
29-Dec-04	18-Mar-05	I 1076	Standard Life	1,000,000	4.810%
29-Dec-04	18-Mar-05	I 1077	Portman B S	2,000,000	4.790%
31-Dec-04	27-Jan-05	I 1078	Brittania B S	2,000,000	4.760%
				184,700,000	

SHORT TERM INVESTMENTS MATURING 1st OCTOBER, 2004 TO 31st DECEMBER, 2004

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
28-Jun-04	12-Oct-04	I 934	Principality B S	2,500,000	4.810%
30-Jun-04	19-Oct-04	I 937	Standard Life	4,000,000	4.820%
30-Jun-04	12-Oct-04	I 938	Standard Life	2,500,000	4.830%
06-Jul-04	06-Dec-04	I 941	Leeds & Holbeck	2,000,000	4.870%
07-Jul-04	06-Dec-04	I 942	Leeds & Holbeck	5,000,000	4.880%
06-Aug-04	06-Dec-04	I 965	Bradford & Bingley	5,000,000	4.940%
19-Aug-04	19-Oct-04	I 974	Landesbanke Berlin	3,200,000	4.810%
02-Sep-04	19-Nov-04	I 982	Bank of Ireland	5,000,000	4.820%
03-Sep-04	25-Nov-04	I 985	Standard Life	4,000,000	4.870%
07-Sep-04	28-Oct-04	I 987	Anglo Irish Bank	3,300,000	4.800%
14-Sep-04	12-Nov-04	I 991	Irish Life & Permanent	1,200,000	4.800%
15-Sep-04	12-Nov-04	I 993	Yorkshire Building Society	2,500,000	4.800%
16-Sep-04	05-Nov-04	I 994	Yorkshire Building Society	2,000,000	4.770%
23-Sep-04	14-Oct-04	I 999	Irish Life & Permanent	2,100,000	4.750%
28-Sep-04	21-Oct-04	I 1003	Ulster Bank Ireland	3,000,000	4.688%
28-Sep-04	16-Dec-04	I 1001	Leeds & Holbeck	3,000,000	4.840%
28-Sep-04	17-Dec-04	I 1002	Derbyshire Building Society	1,000,000	4.830%
29-Sep-04	26-Nov-04	I 1005	Landesbanke Berlin	2,000,000	4.810%
30-Sep-04	01-Oct-04	I 1007	Irish Intercontinental	3,000,000	4.594%
01-Oct-04	05-Oct-04	I 1008	Irish Intercontinental	1,300,000	4.594%
01-Oct-04	02-Dec-04	I 1009	Dexia Banque a Luxembourg	2,000,000	4.800%
04-Oct-04	05-Oct-04	I 1010	Brittania B S	1,000,000	4.750%
04-Oct-04	19-Nov-04	I 1011	Irish Life Permanent	1,000,000	4.780%
05-Oct-04	22-Nov-04	I 1012	Anglo Irish	1,400,000	4.770%
06-Oct-04	07-Oct-04	I 1013	Dexia Banque a Luxembourg	3,800,000	4.563%
07-Oct-04	08-Oct-04	I 1014	Dexia Banque a Luxembourg	3,500,000	4.688%
07-Oct-04	10-Dec-04	I 1015	Portman B S	2,000,000	4.790%
08-Oct-04	11-Oct-04	I 1016	Dexia Banque a Luxembourg	2,000,000	4.625%
08-Oct-04	14-Dec-04	I 1017	Portman B S	1,000,000	4.790%
11-Oct-04	12-Oct-04	I 1018	Irish Intercontinental	1,900,000	4.594%
12-Oct-04	14-Oct-04	I 1019	Irish Intercontinental	1,700,000	4.594%
13-Oct-04	14-Oct-04	I 1020	Irish Intercontinental	3,000,000	4.719%
14-Oct-04	17-Dec-04	I 1021	Portman B S	2,200,000	4.790%
15-Oct-04	18-Oct-04	I 1022	Irish Intercontinental	1,600,000	4.656%
20-Oct-04	21-Oct-04	I 1023	Irish Intercontinental	1,500,000	4.656%
21-Oct-04	22-Oct-04	I 1024	Irish Intercontinental	1,400,000	4.656%
22-Oct-04	25-Oct-04	I 1025	Irish Intercontinental	3,800,000	4.719%
22-Oct-04	17-Dec-04	I 1026	Irish Intercontinental	1,000,000	4.750%
25-Oct-04	26-Oct-04	I 1027	Irish Intercontinental	3,000,000	4.719%
26-Oct-04	14-Dec-04	I 1028	Irish Life Permanent	1,500,000	4.770%

SHORT TERM INVESTMENTS MATURING 1st OCTOBER, 2004 TO 31st DECEMBER, 2004 CONTINUED

APPENDIX 4

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
27-Oct-04	28-Oct-04	I 1029	Irish Intercontinental	4,000,000	4.750%
28-Oct-04	29-Oct-04	I 1030	Irish Intercontinental	3,500,000	4.719%
29-Oct-04	01-Nov-04	I 1031	Somerset County	3,000,000	4.625%
03-Nov-04	04-Nov-04	I 1034	Nordeutsche Lanadesbanke	2,900,000	4.563%
08-Nov-04	09-Nov-04	I 1035	HSH Nordbank	3,500,000	4.563%
10-Nov-04	11-Nov-04	I 1036	HSH Nordbank	2,800,000	4.563%
10-Nov-04	23-Dec-04	I 1037	Ulster Bank Ireland Ltd	2,000,000	4.760%
12-Nov-04	23-Dec-04	I 1038	Standard Life	2,800,000	4.780%
17-Nov-04	18-Nov-04	I 1039	HSH Nordbank	3,000,000	4.500%
17-Nov-04	19-Nov-04	I 1040	HSH Nordbank	2,000,000	4.563%
17-Nov-04	23-Dec-04	I 1041	Derbyshire Building Society	4,200,000	4.730%
23-Nov-04	25-Nov-04	I 1042	HSH Nordbank	2,000,000	4.688%
24-Nov-04	25-Nov-04	I 1043	HSH Nordbank	4,900,000	4.563%
29-Nov-04	30-Nov-04	I 1046	Brittania B S	3,100,000	4.870%
30-Nov-04	01-Dec-04	I 1047	Brittania B S	3,000,000	4.650%
01-Dec-04	02-Dec-04	I 1048	Irish Intercontinental	2,400,000	4.570%
06-Dec-04	07-Dec-04	I 1053	Dexia Banque a Luxembourg	5,000,000	4.563%
08-Dec-04	09-Dec-04	I 1057	HSH Nordbank	4,000,000	4.625%
08-Dec-04	13-Dec-04	I 1058	HSH Nordbank	3,000,000	4.650%
09-Dec-04	10-Dec-04	I 1059	HSH Nordbank	2,700,000	4.600%
13-Dec-04	14-Dec-04	I 1061	HSH Nordbank	3,000,000	4.700%
14-Dec-04	17-Dec-04	I 1062	Irish Life Permanent	2,000,000	4.700%
15-Dec-04	16-Dec-04	I 1065	HSH Nordbank	4,300,000	4.750%
16-Dec-04	17-Dec-04	I 1066	HSH Nordbank	3,600,000	4.875%
17-Dec-04	20-Dec-04	I 1067	Irish Life Permanent	2,300,000	4.875%
20-Dec-04	21-Dec-04	I 1068	HSH Nordbank	5,000,000	4.700%
22-Dec-04	23-Dec-04	I 1071	HSH Nordbank	4,600,000	4.780%
23-Dec-04	24-Dec-04	I 1072	HSH Nordbank	2,500,000	4.750%
24-Dec-04	30-Dec-04	I 1075	Dexia Banque a Luxembourg	800,000	4.650%
				<u>189,800,000</u>	
NET INVESTMENT MOVEMENTS				<u>-5,100,000</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	104,814
Financed By:		
Borrowing	36,563	34,588
Capital receipts	30,043	38,374
Cash grants	11,742	15,674
Capital from Current Revenue	14,410	16,178

(b)

Prudential Margin Calculation	Original 2004/05 Estimate (000s)	Position at 31 st Dec 2004 (£000s)	Projected Outturn 2004/05 (000s)
Capital Financing Requirement	417,391	434,236	434,236
Net borrowing requirement	374,721	392,132	412,099
Prudential Margin	42,670	42,104	22,137

2. Authorised Limit and Operational Boundary

	2004/05 Authorised Limit Estimate (£m)	2004/05 Operational Boundary Estimate (£m)	Maximum borrowing level during Q3 2004/05 (£m)
Borrowing	600	570	464
Other long term liabilities	0	0	0.02
Totals	600	570	464.02

3. Treasury Management Indicators

(a) *Interest Rate Exposures*

	2004/05 Upper Limits	2004/05 Actual Held, Q3
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%
Amount expected to mature in Period	0.11%	0.35%	4.36%	9.99%	85.19%