

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: TREASURY MANAGEMENT MONITORING REPORT PERIOD 1 ST APRIL TO 30 TH JUNE 2005
From: DIRECTOR OF FINANCE		
Date: 27 July,2005	Ref: KH/JQ/Q1	

1. Introduction

1.1 The purpose of this report is to inform Committee on the quarterly activity (1st April 2005 to 30th June 2005) 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 June 2005 is shown in Appendix 1. The balance of £396.7m, which now includes the bank overdraft and cash in hand represents a decrease of almost £1.0m from the position as at 1st April 2005.

3.1.2 The bank overdraft held at the end of the quarter has fallen by almost £6.0m as the level of BACS payments outstanding and cheques unrepresented has fallen.

3.1.3 This reduction has been partly offset by additional long-term borrowing being undertaken from the PWLB of £5m, taking advantage of the PWLB 25- 30 year rates available in the quarter falling to historically low levels. This borrowing contributes towards financing our capital requirements over the next three years in line with our strategic approach.

3.1.4 Investment levels are showing a marginal increase of £0.4m during the first quarter. Investments made to financial institutions have increased by £2.55m offset by a reduction in cash in hand from £3.2m to £1.05m.

3.2 Debt Restructuring

3.2.1 During the quarter under review the Council undertook a debt restructuring exercise replacing a £5.0m PWLB loan (interest rate 9.375%) due to mature on the 15th February 2014 with £5.0m of market funds repayable over 50years at a rate of 3.34% for initial five year period rising up to 4.65%.

- 3.2.2 As part of the restructuring exercise, a premium was payable of £1.6m to the PWLB to facilitate the early settlement of the loans being redeemed which was funded from maturing investment balances.
- 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 a positive net overall saving of £0.359m based on net present value analysis. Appendix 2 highlights the transactions associated with this exercise, detailing the long-term borrowing and repayment transactions for quarter ended 30/06/2005.
- 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 2005/2006 to 2013/2014 and will be approximately £0.185m annually for the first five years and £0.125m until year of maturity.
- 3.2.5 Additionally, the Council has also benefited from an improved maturity profile in 2013/2014, with a reducing average loans funds rate also anticipated as a result of the debt restructuring exercise.
- 3.2.6 Further reports regarding future activity will be presented to committee as appropriate.

3.3 Borrowing

- 3.3.1 New long-term borrowing amounted to £5m during the quarter and this was reduced marginally by £0.070m following repayments of principal made during the period for long-term loans. Appendix 3 details the loans repaid during the period.
- 3.3.2 As at the 30 June 2005, short-term borrowing amounted to £22.2m, which represented a decrease of almost £5.5m. This decrease is accounted for as follow-:
- The bank overdraft at the end of the quarter has reduced by almost £6.0m. This is due to the falling level of payments made at 30 June 2005 in comparison with the previous quarter.
 - This bank overdraft reduction has been offset by an increase of almost £0.5m in Municipal Bank deposits that are utilised by the Council.
- 3.3.3 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 £26.725m. The maximum period of any individual borrowing during the quarter was approximately 6 days. A breakdown of the short-term borrowing and repayment transactions is shown in appendix 4.

3.4 Short Term Investments

- 3.4.1 In the first quarter of 2005/2006, positive cashflows enabled short-term investments of £203.350m to be undertaken. During the same period, approximately £200.8m of short-term investments carried forward from prior periods matured.
- 3.4.2 The net effect of these transactions was an increase of almost £2.55m in investment balances as a result of timing differences and positive cashflows during the period under review. A breakdown of the short-term investment transactions for the quarter ended 30th June 2005 is shown in Appendix 5.

3.4.3 The cash in hand has fallen by almost £2.150m. This indicates that smaller amounts of cash/giro credits were deposited in the last few days of the quarter in comparison to the end of the previous quarter where activity is generally higher than average as it corresponded with the end of the financial year.

3.5 Interest Rate Movements

3.5.1 The longer term PWLB rates have fallen by 0.40 %, from a level of 4.80% at the start, reaching a historically low level of 4.35% during the latter part of the quarter, then rising marginally to 4.40% by the end. Economic analysts believe this is due to rates being discounted in anticipation of 'good news' in terms of inflation and a reduction in the base rate. This enabled the Council to take advantage of the market and review its PWLB borrowing position.

3.5.2 During the period under review the Bank of England base rate remained at 4.75%. It has been eleven months since the last change, a quarter percent increase in August 2004.

3.5.3 Continuing underlying volatility expected within the financial markets has lead economic commentators to predict a reduction of a quarter percent in the base rate within the next quarter, thus helping to stabilise the economy and guard against recessionary influences.

3.5.4 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 requires the Council to undertake its Treasury activities with regard to the Prudential Code for Capital Finance in Local Authorities.

4.2 The Policy & Resources (Finance) Sub-Committee, at their meeting on 25 January 2005, approved a report titled, "Prudential Code on Capital Finance – Prudential Indicators 2005/2006 to 2007/2008". This report detailed a variety of mandatory and local indicators aimed at assisting members in determining that proposed capital investment levels and treasury management decisions satisfied the key requirements of affordability prudence and sustainability.

4.3 In line with the performance monitoring system introduced in 2004/2005 within the framework of the prudential arrangements, Appendix 6 details performance against key prudential indicators for 2005/06.

4.4 The Council will wish to note the following salient points:-

(i) Indicator 1(a) illustrates that investment on capital expenditure is projected to be marginally higher than that initially estimated. This is due to a number of projects brought forward from 2004/2005 Capital Programme, which will be financed from additional cash grants and additional borrowing approved as part of the 2004/2005 programme. Capital expenditure levels 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 30th June 2005. This is due to surplus cashflow balances held removing the requirement to undertake borrowing for capital expenditure purposes.

(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.

(iv) Indicator 3(a) sets upper limits on the Council's exposure to the effects of interest rate changes. At the end of the first quarter of 2005/2006 the actual levels are well below the limits for the fixed and variable rate exposure limits. This is due to investment income levels currently being higher than initially forecast when compiling limit boundaries. This is further demonstrated by indicator 3(b) which highlights a marginal reduction in net loan interest payments.

(v) Indicator 3(c) 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, the provisional prudential indicators are in accordance with those approved by members on 25th January 2005. Current projections illustrate a healthy prudential margin and borrowing levels that are below sustainable limits. Both should ensure that the marginally higher capital investment level anticipated is affordable and sustainable.

5 Recommendation

5.2 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

For further information please contact Mrs Katrina Hassell, Treasury Manager on tel. ext. 302235.

LOANS & INVESTMENTS AS AT 30TH JUNE, 2005

APPENDIX 1

	BALANCE 01-Apr-05	DEBT RESTRUCTURING		NEW BORROWING	PRINCIPAL REPAYMENTS	NET CASH MOVEMENTS	BALANCE 30-Jun-05
		EARLY REDEMPTION	REFINANCING				
<u>LONG-TERM LOANS</u>							
PWLB	315,781,081	(5,000,000)	0	5,000,000	(72,438)	0	315,708,643
MONEY MARKET LOANS	112,250,000	0	5,000,000	0	0	0	117,250,000
MUNICIPAL BANK	10,000,000	0	0	0	0	0	10,000,000
COVENANTS	4,971,943	0	0	0	0	0	4,971,943
OTHER LOCAL AUTHORITIES	704,987	0	0	0	0	0	704,987
	443,708,010	(5,000,000)	5,000,000	5,000,000	(72,438)	0	448,635,572
<u>SHORT-TERM LOANS</u>							
TEMPORARY	0	0	0	26,725,000	(26,725,000)	0	0
MUNICIPAL BANK	17,430,361	0	0	426,167	0	0	17,856,528
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
BANK OVERDRAFT	10,285,571	0	0	0	0	(5,892,913)	4,392,658
	27,722,212	0	0	27,151,167	(26,725,000)	(5,892,913)	22,255,466
<u>TOTAL LOANS OUTSTANDING</u>	471,430,223	(5,000,000)	5,000,000	32,151,167	(26,797,438)	(5,892,913)	470,891,039
<u>INVESTMENTS</u>							
CASH IN HAND	3,234,554					(2,166,415)	1,068,139
OUTSIDE AGENCIES	70,000,000	0	(1,630,146)	0	0	3,630,146	72,000,000
CLYDESDALE BANK - TELEBANK INVESTMENT A/C	505,000	0	0	0	0	555,000	1,060,000
<u>TOTAL INVESTMENTS O/STANDING</u>	73,739,554	0	(1,630,146)	0	0	4,185,146	74,128,139
<u>NET BORROWING</u>	397,690,668	(5,000,000)	6,630,146	32,151,167	(26,797,438)	(1,707,767)	396,762,899

DEBT RESTRUCTURING**LONG-TERM REPAYMENTS 1st APRIL 2005 TO 30th JUNE 2005**

<u>REPAYMENT DATE</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
19-Apr-05	PWLB	5,000,000.00	9.375%
		<u>5,000,000.00</u>	

LONG-TERM BORROWING 1st APRIL 2005 TO 30th JUNE 2005

<u>START DATE</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
20-Apr-05	BARCLAYS BANK	5,000,000.00	3.43% / 4.65%
		<u>5,000,000.00</u>	

LONG TERM BORROWING TRANSACTIONS 1st APRIL 2005 TO 30TH JUNE 2005**NEW LONG TERM BORROWING TRANSACTIONS**

<u>START</u> <u>DATE</u>	<u>TYPE</u>	<u>LENDER</u>	<u>AMOUNT</u> <u>£</u>	<u>INTEREST</u> <u>RATE %</u>
14-Jun-05	Maturity	PWLB	2,500,000.00	4.35%
14-Jun-05	Maturity	PWLB	2,500,000.00	4.35%
			<u>5,000,000.00</u>	

OTHER LONG-TERM REPAYMENTS

<u>REPAYMENT</u> <u>DATE</u>	<u>TYPE</u>	<u>LENDER</u>	<u>AMOUNT</u> <u>£</u>	<u>INTEREST</u> <u>RATE %</u>
<u>PWLB</u>				
16-May-05	Annuity	PWLB - 471500	58,461.76	10.6250
15-Jun-05	EIP	PWLB - 470362	13,976.20	10.2500
			<u>72,437.96</u>	

SHORT TERM BORROWING TRANSACTIONS FROM 1st APRIL 2005 TO 30TH JUNE 2005**NEW SHORT TERM BORROWING UNDERTAKEN FROM 1st APRIL 2005 TO 30TH JUNE 2005**

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
08-Apr-05	11-Apr-05	867	Dunfries & Galloway Council	300,000	4.7500%
18-Apr-05	19-Apr-05	868	East Ayrshire Council	850,000	4.6500%
19-Apr-05	20-Apr-05	869	Britannia BS	10,000,000	4.8000%
19-Apr-05	20-Apr-05	870	South Yorkshire JNT SEC	1,600,000	4.6500%
21-Apr-05	27-Apr-05	871	City of Edinburgh Council	2,125,000	4.7500%
22-Apr-05	27-Apr-05	872	Northern Rock PLC	1,800,000	4.7500%
26-Apr-05	27-Apr-05	873	Northern Rock PLC	1,800,000	4.7000%
29-Apr-05	04-May-05	874	Britannia BS	5,200,000	4.9000%
20-Jun-05	23-Jun-05	876	City of Edinburgh Council	400,000	4.7500%
24-Jun-05	28-Jun-05	877	Dunfries & Galloway Council	2,650,000	4.7800%
				26,725,000	

SHORT TERM BORROWING MATURING DURING 1st APRIL 2005 TO 30TH JUNE 2005

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
08-Apr-05	11-Apr-05	867	Dunfries & Galloway Council	300,000	4.7500%
18-Apr-05	19-Apr-05	868	East Ayrshire Council	850,000	4.6500%
19-Apr-05	20-Apr-05	869	Britannia BS	10,000,000	4.8000%
19-Apr-05	20-Apr-05	870	South Yorkshire JNT SEC	1,600,000	4.6500%
21-Apr-05	27-Apr-05	871	City of Edinburgh Council	2,125,000	4.7500%
22-Apr-05	27-Apr-05	872	Northern Rock PLC	1,800,000	4.7500%
26-Apr-05	27-Apr-05	873	Northern Rock PLC	1,800,000	4.7000%
29-Apr-05	04-May-05	874	Britannia BS	5,200,000	4.9000%
20-Jun-05	23-Jun-05	876	City of Edinburgh Council	400,000	4.7500%
24-Jun-05	28-Jun-05	877	Dunfries & Galloway Council	2,650,000	4.7800%
				26,725,000	
NET BORROWING MOVEMENTS				0	

NET INVESTMENT MOVEMENTS FROM 1st APRIL 2005 TO 30th JUNE 2005**NEW SHORT TERM INVESTMENTS 1st APRIL 2005 TO 30th JUNE 2005**

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
01-Apr-05	05-Apr-05	1001135	Irish Intercontinental	3,100,000	4.750%
04-Apr-05	05-Apr-05	1001136	HSH Nordbank	1,200,000	4.800%
05-Apr-05	07-Apr-05	1001137	Irish Intercontinental	2,800,000	4.800%
06-Apr-05	07-Apr-05	1001138	Barclays Bank	7,700,000	4.880%
07-Apr-05	08-Apr-05	1001139	HSH Nordbank	1,000,000	4.880%
11-Apr-05	12-Apr-05	1001140	HSH Nordbank	5,600,000	4.650%
12-Apr-05	19-Apr-05	1001141	Irish Life Permanent	1,400,000	4.750%
13-Apr-05	14-Apr-05	1001142	Dexia Banque	6,100,000	4.750%
20-Apr-05	21-Apr-05	1001143	Irish Intercontinental	1,000,000	4.770%
25-Apr-05	26-Apr-05	1001144	Irish Intercontinental	4,000,000	4.800%
27-Apr-05	28-Apr-05	1001145	Dexia Banque	1,900,000	4.800%
28-Apr-05	29-Apr-05	1001146	Dexia Banque	1,100,000	4.800%
03-May-05	05-May-05	1001147	HSH Norbank	3,000,000	4.800%
04-May-05	05-May-05	1001148	HSH Norbank	2,100,000	4.780%
05-May-05	06-May-05	1001149	HSH Norbank	5,000,000	4.800%
06-May-05	19-May-05	1001150	Irish Life Permanent	2,000,000	4.750%
06-May-05	24-May-05	1001151	Irish Life Permanent	7,200,000	4.750%
09-May-05	10-May-05	1001152	HSH Norbank	1,400,000	4.770%
09-May-05	13-May-05	1001153	HSH Norbank	2,000,000	4.740%
10-May-05	13-May-05	1001154	HSH Norbank	1,100,000	4.650%
11-May-05	12-May-05	1001155	Dexia Bank	2,200,000	4.580%
11-May-05	13-May-05	1001156	Dexia Bank	3,100,000	4.600%
11-May-05	19-May-05	1001157	Dexia Bank	3,300,000	4.700%
16-May-05	17-May-05	1001158	HSH Norbank	1,100,000	4.580%
16-May-05	26-May-05	1001159	HSH Norbank	5,000,000	4.720%
18-May-05	19-May-05	1001160	Barclays Bank PLC	8,300,000	4.750%
19-May-05	20-May-05	1001161	Irish Intercontinental	2,400,000	4.560%
20-May-05	23-May-05	1001162	Irish Intercontinental	1,200,000	4.580%
23-May-05	24-May-05	1001163	Irish Intercontinental	1,200,000	4.720%
25-May-05	26-May-05	1001164	HSH Norbank	4,500,000	4.800%
26-May-05	27-May-05	1001166	Dexia Bank	2,000,000	4.680%
25-May-05	17-Jun-05	1001165	Skipton B S	3,700,000	4.750%
31-May-05	21-Jun-05	1001167	Dexia Bank	5,100,000	4.750%
01-Jun-05	02-Jun-05	1001168	Dexia Bank	6,900,000	4.750%
02-Jun-05	03-Jun-05	1001169	Irish Intercontinental	1,000,000	4.800%
03-Jun-05	06-Jun-05	1001170	Irish Intercontinental	1,000,000	4.570%
06-Jun-05	06-Sep-05	1001171	Irish Intercontinental	8,000,000	4.790%
06-Jun-05	06-Sep-05	1001172	Newcastle BS	5,000,000	4.780%
07-Jun-05	20-Jun-05	1001173	Irish Intercontinental	2,500,000	4.720%
08-Jun-05	09-Jun-05	1001174	Dexia Bank	5,000,000	4.780%
08-Jun-05	13-Jun-05	1001175	Dexia Bank	2,000,000	4.720%
09-Jun-05	10-Jun-05	1001176	Irish Intercontinental	3,000,000	4.750%
09-Jun-05	17-Jun-05	1001177	Dexia Bank	2,000,000	4.720%
09-Jun-05	23-Jun-05	1001178	Dexia Bank	3,000,000	4.730%
09-Jun-05	19-Jul-05	1001179	Irish Intercontinental	2,000,000	4.770%
09-Jun-05	19-Jul-05	1001180	Skipton B S	6,000,000	4.760%
10-Jun-05	14-Jun-05	1001181	Irish Intercontinental	1,000,000	4.620%
10-Jun-05	27-Jun-05	1001182	Irish Intercontinental	1,300,000	4.720%
13-Jun-05	01-Jul-05	1001183	Adam & Co	1,900,000	4.700%
14-Jun-05	30-Sep-05	1001184	Standard Life	5,000,000	4.790%
15-Jun-05	16-Jun-05	1001185	Barclays Bank plc	9,100,000	4.620%
16-Jun-05	17-Jun-05	1001186	HSH Nordbank	3,600,000	4.780%
16-Jun-05	25-Aug-05	1001187	Standard Life	3,000,000	4.790%
22-Jun-05	23-Jun-05	1001188	Dexia Bank	6,500,000	4.830%
27-Jun-05	28-Jun-05	1001189	Irish Intercontinental	1,700,000	4.770%
28-Jun-05	28-Jul-05	1001190	Portman BS	3,800,000	4.750%
29-Jun-05	30-Jun-05	1001191	Barclays Bank plc	4,000,000	4.750%
29-Jun-05	01-Jul-05	1001192	Barclays Bank plc	5,500,000	4.750%
29-Jun-05	19-Aug-05	1001193	Barclays Bank plc	4,700,000	4.735%
			Telebank Investment - Clos Bal	1,060,000	
				<u>203,360,000</u>	

SHORT TERM INVESTMENTS MATURING 1st APRIL 2005 TO 30th JUNE 2005

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
			Telebank Investment - Open Bal	505,000	
31-Mar-05	06-Jun-05	1001054	Bradford & Bingley	5,000,000	4.820%
31-Mar-05	06-Jun-05	1001055	Newcastle BS	5,000,000	4.820%
31-Mar-05	06-Jun-05	1001056	Standard Life	1,000,000	4.820%
31-Mar-05	19-Apr-05	1001098	Coventry BS	3,000,000	4.775%
31-Mar-05	19-Apr-05	1001100	Nationwide BS	2,000,000	4.770%
31-Mar-05	04-Apr-05	1001106	HSH Nordbank	1,500,000	4.760%
31-Mar-05	28-Apr-05	1001124	Bank of Ireland	4,000,000	4.820%
31-Mar-05	22-Jun-05	1001128	Bolton MBC	2,000,000	4.920%
31-Mar-05	01-Apr-05	1001132	Barclays Bank	10,000,000	4.700%
31-Mar-05	11-Apr-05	1001133	HSH Nordbank	8,000,000	4.750%
31-Mar-05	11-Apr-05	1001134	Irish Intercontinental	1,400,000	4.720%
01-Apr-05	05-Apr-05	1001135	Irish Intercontinental	3,100,000	4.750%
04-Apr-05	05-Apr-05	1001136	HSH Nordbank	1,200,000	4.800%
05-Apr-05	07-Apr-05	1001137	Irish Intercontinental	2,800,000	4.800%
06-Apr-05	07-Apr-05	1001138	Barclays Bank	7,700,000	4.880%
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12-Apr-05	19-Apr-05	1001141	Irish Life Permanent	1,400,000	4.750%
13-Apr-05	14-Apr-05	1001142	Dexia Banque	6,100,000	4.750%
20-Apr-05	21-Apr-05	1001143	Irish Intercontinental	1,000,000	4.770%
25-Apr-05	26-Apr-05	1001144	Irish Intercontinental	4,000,000	4.800%
27-Apr-05	28-Apr-05	1001145	Dexia Banque	1,900,000	4.800%
28-Apr-05	29-Apr-05	1001146	Dexia Banque	1,100,000	4.800%
03-May-05	05-May-05	1001147	HSH Norbank	3,000,000	4.800%
04-May-05	05-May-05	1001148	HSH Norbank	2,100,000	4.780%
05-May-05	06-May-05	1001149	HSH Norbank	5,000,000	4.800%
06-May-05	19-May-05	1001150	Irish Life Permanent	2,000,000	4.750%
06-May-05	24-May-05	1001151	Irish Life Permanent	7,200,000	4.750%
09-May-05	10-May-05	1001152	HSH Norbank	1,400,000	4.770%
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10-May-05	13-May-05	1001154	HSH Norbank	1,100,000	4.650%
11-May-05	12-May-05	1001155	Dexia Bank	2,200,000	4.580%
11-May-05	13-May-05	1001156	Dexia Bank	3,100,000	4.600%
11-May-05	19-May-05	1001157	Dexia Bank	3,300,000	4.700%
16-May-05	17-May-05	1001158	HSH Norbank	1,100,000	4.580%
16-May-05	26-May-05	1001159	HSH Norbank	5,000,000	4.720%
18-May-05	19-May-05	1001160	Barclays Bank PLC	8,300,000	4.750%
19-May-05	20-May-05	1001161	Irish Intercontinental	2,400,000	4.560%
20-May-05	23-May-05	1001162	Irish Intercontinental	1,200,000	4.580%
23-May-05	24-May-05	1001163	Irish Intercontinental	1,200,000	4.720%
25-May-05	26-May-05	1001164	HSH Norbank	4,500,000	4.800%
25-May-05	17-Jun-05	1001165	Skipton B S	3,700,000	4.750%
26-May-05	27-May-05	1001166	Dexia Bank	2,000,000	4.680%
31-May-05	21-Jun-05	1001167	Dexia Bank	5,100,000	4.750%
01-Jun-05	02-Jun-05	1001168	Dexia Bank	6,900,000	4.750%
02-Jun-05	03-Jun-05	1001169	Irish Intercontinental	1,000,000	4.800%
03-Jun-05	06-Jun-05	1001170	Irish Intercontinental	1,000,000	4.570%
07-Jun-05	20-Jun-05	1001173	Irish Intercontinental	2,500,000	4.720%
08-Jun-05	09-Jun-05	1001174	Dexia Bank	5,000,000	4.780%
08-Jun-05	13-Jun-05	1001175	Dexia Bank	2,000,000	4.720%
09-Jun-05	10-Jun-05	1001176	Irish Intercontinental	3,000,000	4.750%
09-Jun-05	17-Jun-05	1001177	Dexia Bank	2,000,000	4.720%
09-Jun-05	23-Jun-05	1001178	Dexia Bank	3,000,000	4.730%
10-Jun-05	14-Jun-05	1001181	Irish Intercontinental	1,000,000	4.620%
10-Jun-05	27-Jun-05	1001182	Irish Intercontinental	1,300,000	4.720%
15-Jun-05	16-Jun-05	1001185	Barclays Bank plc	9,100,000	4.620%
16-Jun-05	17-Jun-05	1001186	HSH Nordbank	3,600,000	4.780%
22-Jun-05	23-Jun-05	1001188	Dexia Bank	6,500,000	4.830%
27-Jun-05	28-Jun-05	1001189	Irish Intercontinental	1,700,000	4.770%
29-Jun-05	30-Jun-05	1001191	Barclays Bank plc	4,000,000	4.750%

200,805,000

NET INVESTMENT MOVEMENTS

2,555,000

Prudential Code for Capital Finance in Local Authorities

1. Capital Expenditure, Capital Financing Requirement and Prudential Margin

	<u>Initial Estimate</u> <u>2005/2006</u> <u>(£000s)</u>	<u>Projected Outturn</u> <u>2005/2006</u> <u>(£000s)</u>
(a) Capital Expenditure		
Total Spend	103,170	112,516
Financed By:		
Borrowing	37,085	43,694
Capital Receipts	37,971	37,949
Cash Grants	16,064	18,823
Capital from Current Revenue	12,050	12,050

	<u>Initial Estimate</u> <u>2005/2006</u> <u>(£000s)</u>	<u>Position at</u> <u>30/06/05</u> <u>(£000s)</u>	<u>Projected Outturn</u> <u>2005/2006</u> <u>(£000s)</u>
(b) Prudential Margin Calculation			
Capital Financing Requirement	444,876	442,142	442,142
Net Borrowing requirement	437,322	396,763	435,213
Prudential Margin	7,554	45,379	6,929

2. Authorised Limit and Operational Boundary

	<u>Authorised Limit</u> <u>2005/2006</u> <u>(£m)</u>	<u>Operational Boundary</u> <u>2005/2006</u> <u>(£m)</u>	<u>Maximum Borrowing Level Q1</u> <u>2005/2006</u> <u>(£m)</u>
Borrowing	519.00	484.00	472.70
Other Long-term Liabilities	1.00	1.00	0.29
Totals	520.00	485.00	472.99

3. Treasury Management Indicators

(a) Interest Rate Exposures

	<u>Upper Limits</u> <u>2005/2006</u> <u>(£m)</u>	<u>Q1 Actual Held</u> <u>2005/2006</u> <u>(£m)</u>
Fixed Interest Rates	110%	106.9%
Variable Interest Rates	25%	-6.9%

(b) Interest Payments and Income due on Loans Outstanding/Funds Invested

	<u>Initial Estimate</u> <u>2005/2006</u> <u>(£000s)</u>	<u>Projected Outturn as at</u> <u>Q1 (£000s)</u>	<u>Variance</u> <u>(£000s)</u>	<u>%age</u>
Interest Payable on Fixed Rate Debt	30,352	30,329	-23	-0.08%
Interest Payable on Variable Rate Debt	820	926	106	12.93%
Total Interest Payments	31,172	31,255	83	0.27%
Interest Receivable on Funds Invested	-2,479	-2,872	-393	15.85%
Net Loan Interest Payments Due	28,693	28,383	-310	-1.08%

(c) Maturity Structure of Borrowing

	<u><12months</u>	<u>12 months to</u> <u>2 years</u>	<u>2 to 5 years</u>	<u>5 to 10 years</u>	<u>>10 years</u>
Upper Limit maturing	5.00%	5.00%	10.00%	25.00%	90.00%
Current Maturity structure	0.53%	3.02%	3.87%	12.84%	79.74%