

REPORT

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE	Subject: TREASURY MANAGEMENT MONITORING REPORT
From: DIRECTOR OF FINANCE	PERIOD 1 ST JULY TO 30 TH SEPTEMBER 2005
Date: 6 October, 2005	Ref: KH/JQ/Q2

1. Introduction

- 1.1 The purpose of this report is to inform Committee on the quarterly activity (1st July 2005 to 30th September 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 September 2005 is shown in Appendix 1. The balance of £409.6m represents an increase of £12.8m from the position as at 1st July 2005.
- 3.1.2 This increase is primarily a result of additional long-term borrowing from the PWLB of £10m, and an opportunity to take advantage of PWLB 25-30 year rates falling to historically low levels during this quarter. This borrowing contributes towards financing our capital requirements over the next three years and reflects the approach set out in the Treasury Management Strategy.
- 3.1.3 This increase in borrowing was marginally offset by approximately £0.6m following repayments of principal made during the period for long-term loans.
- 3.1.4 There has also been a reduction of £3.4m in the investment balances, accumulated as a result of positive cashflows in prior periods, increasing the net borrowing position at the end of the quarter.

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 debt restructuring/rescheduling exercises.

3.2.2 As a result of the restructuring exercise undertaken earlier in the year and reported to Committee at its meeting on 6th September 2005, savings of approximately £0.185 million will accrue annually for the first five years and £0.125m until year of maturity in 2013/14. Further reports regarding future activity will be presented to Committee as appropriate.

3.3 Borrowing

3.3.1 New long-term borrowing amounted to £10m during the quarter and was reduced marginally by £0.582m following repayments of principal for long-term loans. Appendix 2 details the changes in long-term borrowing during the period.

3.3.2 As at the 30 September 2005, short-term borrowing amounted to £22.233m, which represented a decrease of almost £0.021m. This decrease is accounted for as follows -:

- The bank overdraft at the end of the quarter has fallen by almost £0.210m, the level of BACS payments outstanding and un-presented cheques falling marginally.
- This bank overdraft reduction has been offset by an increase of almost £0.189m 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 to £3.300m. The maximum period of any individual borrowing during the quarter was approximately 5 days. A breakdown of the short-term borrowing and repayment transactions is shown in appendix 3.

3.4 Short Term Investments

3.4.1 In the second quarter of 2005/2006, positive cashflows enabled short-term investments of £233.7m to be undertaken. During the same period, approximately £237.1m of short-term investments carried forward from prior periods matured.

3.4.2 The net effect of these transactions was a reduction of almost £3.4m in investment balances as a result of timing differences and a fall in positive cashflows during the period under review. A breakdown of the short-term investment transactions for the quarter ended 30th September 2005 is shown in Appendix 4.

3.5 Interest Rate Movements

3.5.1 The longer term PWLB rates have averaged around the 4.45% level, peaking at 4.60% in early August, reaching a historically low level of 4.35% during September which enabled the Council to take advantage of the market and review its PWLB borrowing position.

3.5.2 Economic analysts believe this is due to rates being discounted in anticipation of continuing 'good news' in terms of inflation and a further reduction in the base rate following the 0.25% reduction to 4.50% agreed by the Bank of England at its monthly MPC meeting on the 4th August 2005. This was the first change in the base rate since there was a quarter percent increase in August 2004.

3.5.3 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 regarding prudential arrangements, Appendix 5 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 September 2005. This is due to temporary surplus cashflows which will be utilised as capital expenditure increases throughout the course of the year.
 - (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 second 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, and 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

- 5.1 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 "Alta C. ...", written in a cursive style.

Director of Finance

LOANS & INVESTMENTS AS AT 30TH SEPTEMBER, 2005

APPENDIX 1

	BALANCE 01-Jul-05	DEBT RESTRUCTURING		NEW BORROWING	PRINCIPAL REPAYMENTS	NET CASH MOVEMENTS	BALANCE 30-Sep-05
		EARLY REDEMPTION	REFINANCING				
<u>LONG-TERM LOANS</u>							
PWLB	315,708,643	0	0	10,000,000	(471,099)	0	325,237,544
MONEY MARKET LOANS	117,250,000	0	0	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	(111,668)	0	593,320
	448,635,572	0	0	10,000,000	(582,767)	0	458,052,806
<u>SHORT-TERM LOANS</u>							
TEMPORARY	0	0	0	3,300,000	(3,300,000)	0	0
MUNICIPAL BANK	17,856,528	0	0	188,599	0	0	18,045,127
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
BANK OVERDRAFT	4,392,658	0	0	0	0	(210,450)	4,182,208
	22,255,466	0	0	3,488,599	(3,300,000)	(210,450)	22,233,615
<u>TOTAL LOANS OUTSTANDING</u>	470,891,039	0	0	13,488,599	(3,882,767)	(210,450)	480,286,421
<u>INVESTMENTS</u>							
CASH IN HAND	1,068,139	0	0	0	0	(188,924)	879,215
OUTSIDE AGENCIES	72,000,000	0	0	0	0	(2,650,000)	69,350,000
CLYDESDALE BANK - TELEBANK INVESTMENT A/C	1,060,000	0	0	0	0	(560,000)	500,000
<u>TOTAL INVESTMENTS O/STANDING</u>	74,128,139	0	0	0	0	(3,398,924)	70,729,215
<u>NET BORROWING</u>	396,762,899	0	0	13,488,599	(3,882,767)	(3,609,374)	409,557,206

LONG TERM BORROWING TRANSACTIONS 1st JULY 2005 TO 30TH SEPTEMBER 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>
08-Sep-05	Maturity	PWLB	2,500,000.00	4.30%
08-Sep-05	Maturity	PWLB	2,500,000.00	4.30%
08-Sep-05	Maturity	PWLB	2,500,000.00	4.30%
08-Sep-05	Maturity	PWLB	2,500,000.00	4.30%
			<u>10,000,000.00</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>				
15-Jul-05	Annuity	PWLB - 455046	47,321.91	10.2500
15-Jul-05	Annuity	PWLB - 456512	96,345.77	10.2500
15-Jul-05	EIP	PWLB - 472436	46,769.41	8.8750
11-Aug-05	EIB	Glasgow City Council - 10000013	43,159.68	8.8500
11-Aug-05	EIB	Glasgow City Council - 10000014	34,253.94	8.6500
11-Aug-05	EIB	Glasgow City Council - 10000015	34,253.94	7.4500
15-Aug-05	Annuity	PWLB - 465200	15,949.40	9.5000
15-Aug-05	EIP	PWLB - 468894	13,755.71	11.6250
15-Sep-05	Annuity	PWLB - 368778	1,589.17	0.0738
15-Sep-05	Annuity	PWLB - 371016	726.02	8.5000
15-Sep-05	EIP	PWLB - 471403	33,333.33	9.8750
15-Sep-05	EIP	PWLB - 471744	70,154.11	9.8750
15-Sep-05	EIP	PWLB - 471758	23,384.71	9.7500
15-Sep-05	EIP	PWLB - 473588	46,769.41	7.2500
15-Sep-05	EIP	PWLB - 475305	75,000.00	8.8750
			<u>582,766.51</u>	

SHORT TERM BORROWING TRANSACTIONS FROM 1st JULY 2005 TO 30TH SEPTEMBER 2005**NEW SHORT TERM BORROWING UNDERTAKEN FROM 1st JULY 2005 TO 30TH SEPTEMBER 2005**

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
05-Aug-05	08-Aug-05	878	Noble Grossart Ltd	1,000,000	4.5500%
23-Sep-05	28-Sep-05	879	Post Office	2,300,000	4.5500%
				<u>3,300,000</u>	

SHORT TERM BORROWING MATURING DURING 1st JULY 2005 TO 30TH SEPTEMBER 2005

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
05-Aug-05	08-Aug-05	878	Noble Grossart Ltd	1,000,000	4.5500%
23-Sep-05	28-Sep-05	879	Post Office	2,300,000	4.5500%
				<u>3,300,000</u>	
NET BORROWING MOVEMENTS				<u><u>0</u></u>	

NET INVESTMENT MOVEMENTS FROM 1st JULY 2005 TO 30th SEPTEMBER 2005**NEW SHORT TERM INVESTMENTS 1st JULY 2005 TO 30th SEPTEMBER 2005**

START DATE	END DATE/ NOTICE	LOAN REF	BORROWER	AMOUNT £	INTEREST RATE %
01-Jul-05	01-Aug-05	1001194	Nationwide BS	1,200,000	4.700%
01-Jul-05	16-Aug-05	1001195	Bank of Ireland	3,000,000	4.670%
05-Jul-05	19-Jul-05	1001196	HSH Nordbank	1,300,000	4.680%
06-Jul-05	07-Jul-05	1001197	HSH Nordbank	3,400,000	4.680%
06-Jul-05	11-Jul-05	1001198	HSH Nordbank	3,000,000	4.680%
07-Jul-05	08-Jul-05	1001199	Irish Intercontinental	3,500,000	4.670%
07-Jul-05	19-Jul-05	1001200	Irish Intercontinental	1,500,000	4.650%
11-Jul-05	12-Jul-05	1001201	Dexia Banque	4,200,000	4.800%
12-Jul-05	16-Aug-05	1001202	Bradford & Bingley	2,000,000	4.670%
13-Jul-05	18-Jul-05	1001203	HSH Nordbank	3,000,000	4.630%
13-Jul-05	14-Jul-05	1001204	HSH Nordbank	3,500,000	4.600%
14-Jul-05	15-Jul-05	1001205	HSH Nordbank	1,700,000	4.680%
14-Jul-05	15-Aug-05	1001206	Northern Rock	10,000,000	4.660%
15-Jul-05	19-Jul-05	1001207	HSH Nordbank	2,400,000	4.720%
20-Jul-05	21-Jul-05	1001208	Dexia Banque	7,700,000	4.600%
21-Jul-05	22-Jul-05	1001209	Dexia Banque	7,800,000	4.750%
21-Jul-05	01-Aug-05	1001210	Dexia Banque	1,000,000	4.700%
22-Jul-05	25-Jul-05	1001211	HSH Nordbank	3,800,000	4.750%
22-Jul-05	01-Aug-05	1001212	HSH Nordbank	1,000,000	4.700%
25-Jul-05	26-Jul-05	1001213	HSH Nordbank	1,000,000	4.800%
25-Jul-05	22-Aug-05	1001214	HSH Nordbank	1,000,000	4.620%
27-Jul-05	28-Jul-05	1001215	HSH Nordbank	4,400,000	4.590%
27-Jul-05	25-Aug-05	1001216	HSH Nordbank	2,000,000	4.590%
28-Jul-05	29-Jul-05	1001217	Irish Intercontinental	1,000,000	4.570%
28-Jul-05	25-Aug-05	1001218	Irish Life & Permanent	1,000,000	4.570%
01-Aug-05	02-Aug-05	1001219	HSH Nordbank	1,300,000	4.600%
01-Aug-05	19-Sep-05	1001220	HSH Nordbank	1,600,000	4.530%
02-Aug-05	03-Aug-05	1001221	HSH Nordbank	1,600,000	4.600%
03-Aug-05	04-Aug-05	1001222	HSH Nordbank	4,600,000	4.600%
03-Aug-05	19-Sep-05	1001223	Bradford & Bingley	4,000,000	4.550%
04-Aug-05	05-Aug-05	1001224	HSH Nordbank	2,300,000	4.560%
08-Aug-05	09-Aug-05	1001225	Dexia Banque a Lux	1,000,000	4.600%
08-Aug-05	13-Sep-05	1001226	Bradford & Bingley	3,200,000	4.530%
09-Aug-05	19-Sep-05	1001227	Dexia Banque a Lux	1,000,000	4.510%
10-Aug-05	11-Aug-05	1001228	Dexia Banque a Lux	5,000,000	4.550%
10-Aug-05	12-Sep-05	1001229	Dexia Banque a Lux	2,000,000	4.500%
11-Aug-05	10-Aug-06	1001230	Norwich & Peterborough	1,500,000	4.530%
15-Aug-05	15-Feb-06	1001231	Northern Rock	3,000,000	4.510%
15-Aug-05	15-May-06	1001232	Northern Rock	3,000,000	4.510%
15-Aug-05	14-Aug-06	1001233	Northern Rock	4,000,000	4.530%
15-Aug-05	16-Aug-05	1001234	HSH Nordbank	3,600,000	4.330%
16-Aug-05	19-Aug-05	1001235	HSH Nordbank	1,500,000	4.350%
17-Aug-05	18-Aug-05	1001236	Dexia Banque a Lux	2,500,000	4.350%
17-Aug-05	19-Aug-05	1001237	Dexia Banque a Lux	3,200,000	4.400%
17-Aug-05	23-Aug-05	1001238	Dexia Banque a Lux	1,000,000	4.460%
18-Aug-05	22-Aug-05	1001239	Dexia Banque a Lux	1,850,000	4.450%
23-Aug-05	26-Aug-05	1001240	HSH Nordbank	1,900,000	4.600%
24-Aug-05	25-Aug-05	1001241	Dexia Banque a Lux	4,600,000	4.650%
26-Aug-05	19-Sep-05	1001242	Skipton B S	900,000	4.500%
30-Aug-05	13-Sep-05	1001243	HSH Nordbank	3,000,000	4.500%
30-Aug-05	19-Sep-05	1001244	HSH Nordbank	1,400,000	4.500%
31-Aug-05	01-Sep-05	1001245	Barclays Bank	7,000,000	4.700%
01-Sep-05	02-Sep-05	1001246	HSH Nordbank	2,200,000	4.680%
02-Sep-05	22-Sep-05	1001247	HSH Nordbank	2,800,000	4.500%
05-Sep-05	26-Sep-05	1001248	Dexia Banque a Lux	2,000,000	4.480%
05-Sep-05	10-Oct-05	1001249	Derbyshire B S	1,200,000	4.500%
06-Sep-05	11-Oct-05	1001250	Irish Life & Permanent	7,000,000	4.500%
06-Sep-05	14-Oct-05	1001251	Portman B S	4,700,000	4.500%
07-Sep-05	08-Sep-05	1001252	Nordeutsche Landesbanke	8,700,000	4.550%
08-Sep-05	16-Dec-05	1001253	Newcastle BS	10,000,000	4.515%
08-Sep-05	14-Oct-05	1001254	Portman B S	5,300,000	4.510%
08-Sep-05	09-Sep-05	1001255	Dexia Banque a Lux	1,000,000	4.650%
09-Sep-05	13-Sep-05	1001256	Dexia Banque a Lux	1,100,000	4.580%
12-Sep-05	24-Oct-05	1001257	Irish Life & Permanent	1,750,000	4.510%
14-Sep-05	15-Sep-05	1001258	Dexia Banque a Lux	4,100,000	4.600%

NEW SHORT TERM INVESTMENTS 1st JULY, 2005 TO 30th SEPTEMBER, 2005 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>
14-Sep-05	20-Sep-05	1001259	Dexia Banque a Lux	1,000,000	4.520%
14-Sep-05	20-Oct-05	1001260	Irish Life & Permanent	1,000,000	4.530%
15-Sep-05	16-Sep-05	1001261	Dexia Banque a Lux	3,000,000	4.630%
16-Sep-05	20-Oct-05	1001262	Bradford & Bingley	1,500,000	4.530%
19-Sep-05	20-Oct-05	1001263	Bradford & Bingley	1,800,000	4.520%
21-Sep-05	22-Sep-05	1001264	Dexia Banque a Lux	3,100,000	4.580%
22-Sep-05	23-Sep-05	1001265	Dexia Banque a Lux	2,400,000	4.300%
27-Sep-05	29-Sep-05	1001266	HSH Nordbank	3,700,000	4.450%
27-Sep-05	04-Oct-05	1001267	Skipton B S	3,500,000	4.520%
28-Sep-05	29-Sep-05	1001269	Barclays Bank	6,700,000	4.520%
29-Sep-05	30-Sep-05	1001270	Dexia Banque a Lux	1,350,000	4.520%
30-Sep-05	01-Oct-05	1001271	Standard Life Bank Ltd	4,500,000	4.520%
			Cash in Hand Closing Balance	879,215	
			Telebank Investment - Closing Bal	500,000	
				<u>233,729,215</u>	

SHORT TERM INVESTMENTS MATURING 1st JULY 2005 TO 30th SEPTEMBER 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 - Opening Bal	1,060,000	
			Cash in Hand - Opening Balance	1,068,139	
31-Mar-05	14-Jul-05	1000895	Northern Rock	10,000,000	4.900%
31-Mar-05	15-Aug-05	1001107	Newcastle BS	1,500,000	4.880%
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%
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%
27-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%
16-Jun-05	25-Aug-05	1001187	Standard Life	3,000,000	4.790%
28-Jun-05	28-Jul-05	1001190	Portman BS	3,800,000	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%
01-Jul-05	01-Aug-05	1001194	Nationwide BS	1,200,000	4.700%
01-Jul-05	16-Aug-05	1001195	Bank of Ireland	3,000,000	4.670%
05-Jul-05	19-Jul-05	1001196	HSH Nordbank	1,300,000	4.680%
06-Jul-05	07-Jul-05	1001197	HSH Nordbank	3,400,000	4.680%
06-Jul-05	11-Jul-05	1001198	HSH Nordbank	3,000,000	4.680%
07-Jul-05	08-Jul-05	1001199	Irish Intercontinental	3,500,000	4.670%
07-Jul-05	19-Jul-05	1001200	Irish Intercontinental	1,500,000	4.650%
11-Jul-05	12-Jul-05	1001201	Dexia Banque	4,200,000	4.800%
12-Jul-05	16-Aug-05	1001202	Bradford & Bingley	2,000,000	4.670%
13-Jul-05	18-Jul-05	1001203	HSH Nordbank	3,000,000	4.630%
13-Jul-05	14-Jul-05	1001204	HSH Nordbank	3,500,000	4.600%
14-Jul-05	15-Jul-05	1001205	HSH Nordbank	1,700,000	4.680%
14-Jul-05	15-Aug-05	1001206	Northern Rock	10,000,000	4.660%
15-Jul-05	19-Jul-05	1001207	HSH Nordbank	2,400,000	4.720%
20-Jul-05	21-Jul-05	1001208	Dexia Banque	7,700,000	4.600%
21-Jul-05	22-Jul-05	1001209	Dexia Banque	7,800,000	4.750%
21-Jul-05	01-Aug-05	1001210	Dexia Banque	1,000,000	4.700%
22-Jul-05	25-Jul-05	1001211	HSH Nordbank	3,800,000	4.750%
22-Jul-05	01-Aug-05	1001212	HSH Nordbank	1,000,000	4.700%
25-Jul-05	26-Jul-05	1001213	HSH Nordbank	1,000,000	4.800%
25-Jul-05	22-Aug-05	1001214	HSH Nordbank	1,000,000	4.620%
27-Jul-05	28-Jul-05	1001215	HSH Nordbank	4,400,000	4.590%
27-Jul-05	25-Aug-05	1001216	HSH Nordbank	2,000,000	4.590%
28-Jul-05	29-Jul-05	1001217	Irish Intercontinental	1,000,000	4.570%
28-Jul-05	25-Aug-05	1001218	Irish Life & Permanent	1,000,000	4.570%
01-Aug-05	02-Aug-05	1001219	HSH Nordbank	1,300,000	4.600%
01-Aug-05	19-Sep-05	1001220	HSH Nordbank	1,600,000	4.530%
02-Aug-05	03-Aug-05	1001221	HSH Nordbank	1,600,000	4.600%
03-Aug-05	04-Aug-05	1001222	HSH Nordbank	4,600,000	4.600%
03-Aug-05	19-Sep-05	1001223	Bradford & Bingley	4,000,000	4.550%
04-Aug-05	05-Aug-05	1001224	HSH Nordbank	2,300,000	4.560%
08-Aug-05	09-Aug-05	1001225	Dexia Banque a Lux	1,000,000	4.600%
08-Aug-05	13-Sep-05	1001226	Bradford & Bingley	3,200,000	4.530%
09-Aug-05	19-Sep-05	1001227	Dexia Banque a Lux	1,000,000	4.510%

10-Aug-05	11-Aug-05	1001228	Dexia Banque a Lux	5,000,000	4.550%
10-Aug-05	12-Sep-05	1001229	Dexia Banque a Lux	2,000,000	4.500%

APPENDIX 4

SHORT TERM INVESTMENTS MATURING 1st JULY, 2005 TO 30th SEPTEMBER, 2005 CONTINUED

15-Aug-05	16-Aug-05	1001234	HSH Nordbank	3,600,000	4.330%
16-Aug-05	19-Aug-05	1001235	HSH Nordbank	1,500,000	4.350%
17-Aug-05	18-Aug-05	1001236	Dexia Banque a Lux	2,500,000	4.350%
17-Aug-05	19-Aug-05	1001237	Dexia Banque a Lux	3,200,000	4.400%
17-Aug-05	23-Aug-05	1001238	Dexia Banque a Lux	1,000,000	4.460%
18-Aug-05	22-Aug-05	1001239	Dexia Banque a Lux	1,850,000	4.450%
23-Aug-05	26-Aug-05	1001240	HSH Nordbank	1,900,000	4.600%
24-Aug-05	25-Aug-05	1001241	Dexia Banque a Lux	4,600,000	4.650%
26-Aug-05	19-Sep-05	1001242	Skipton B S	900,000	4.500%
30-Aug-05	13-Sep-05	1001243	HSH Nordbank	3,000,000	4.500%
30-Aug-05	19-Sep-05	1001244	HSH Nordbank	1,400,000	4.500%
31-Aug-05	01-Sep-05	1001245	Barclays Bank plc	7,000,000	4.700%
01-Sep-05	02-Sep-05	1001246	HSH Nordbank	2,200,000	4.680%
02-Sep-05	22-Sep-05	1001247	HSH Nordbank	2,800,000	4.500%
05-Sep-05	26-Sep-05	1001248	Dexia Banque a Lux	2,000,000	4.480%
07-Sep-05	08-Sep-05	1001252	Nordeutsche Landesbanke	8,700,000	4.550%
08-Sep-05	09-Sep-05	1001255	Dexia Banque a Lux	1,000,000	4.650%
09-Sep-05	13-Sep-05	1001256	Dexia Banque a Lux	1,100,000	4.580%
14-Sep-05	15-Sep-05	1001258	Dexia Banque a Lux	4,100,000	4.600%
14-Sep-05	20-Sep-05	1001259	Dexia Banque a Lux	1,000,000	4.520%
15-Sep-05	16-Sep-05	1001261	Dexia Banque a Lux	3,000,000	4.630%
21-Sep-05	22-Sep-05	1001264	Dexia Banque a Lux	3,100,000	4.580%
22-Sep-05	23-Sep-05	1001265	Dexia Banque a Lux	2,400,000	4.300%
27-Sep-05	29-Sep-05	1001266	HSH Nordbank	3,700,000	4.450%
28-Sep-05	29-Sep-05	1001269	Barclays Bank	6,700,000	4.520%
29-Sep-05	30-Sep-05	1001270	Dexia Banque a Lux	1,350,000	4.520%

237,128,139

NET INVESTMENT MOVEMENTS

-3,398,924

Prudential Code for Capital Finance in Local Authorities

1. Capital Expenditure, Capital Financing Requirement and Prudential Margin

	<u>Initial Estimate 2005/2006 (£000s)</u>	<u>Projected Outturn 2005/2006 (£000s)</u>
(a) Capital Expenditure		
Total Spend	103,170	113,112
Financed By:		
Borrowing	37,085	45,340
Capital Receipts	37,971	34,155
Cash Grants	16,064	21,517
Capital from Current Revenue	12,050	12,100

	<u>Initial Estimate 2005/2006 (£000s)</u>	<u>Position at 30/09/05 (£000s)</u>	<u>Projected Outturn 2005/2006 (£000s)</u>
(b) Prudential Margin Calculation			
Capital Financing Requirement	444,876	443,788	443,788
Net Borrowing requirement	437,322	409,557	436,859
Prudential Margin	7,554	34,231	6,929

2. Authorised Limit and Operational Boundary

	<u>Authorised Limit 2005/2006 (£m)</u>	<u>Operational Boundary 2005/2006 (£m)</u>	<u>Maximum Borrowing Level Q2 2005/2006 (£m)</u>
Borrowing	519.00	484.00	477.42
Other Long-term Liabilities	1.00	1.00	0.29
Totals	520.00	485.00	477.71

3. Treasury Management Indicators

(a) Interest Rate Exposures

	<u>Upper Limits 2005/2006 (£m)</u>	<u>Q2 Actual Held 2005/2006 (£m)</u>
Fixed Interest Rates	110%	107.3%
Variable Interest Rates	25%	-7.3%

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

	<u>Initial Estimate 2005/2006 (£000s)</u>	<u>Projected Outturn as at Q2 (£000s)</u>	<u>Variance (£000s)</u>	<u>%tage</u>
Interest Payable on Fixed Rate Debt	30,352	30,469	117	0.39%
Interest Payable on Variable Rate Debt	820	927	107	12.99%
Total Interest Payments	31,172	31,396	224	0.72%
Interest Receivable on Funds Invested	-2,479	-2,997	-518	20.89%
Net Loan Interest Payments Due	28,693	28,399	-294	-1.02%

(c) Maturity Structure of Borrowing

	<u><12months</u>	<u>12 months to 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	0.39%	2.67%	3.17%	14.18%	79.60%