

To:	POLICY & RESOURCES (FINANCE) SUB-COMMITTEE	Subject:	TREASURY MANAGEMENT MONITORING REPORT
From:	DIRECTOR OF FINANCE		PERIOD 1 ST OCTOBER TO 31 ST DECEMBER 2005
Date:	15 February, 2006	Ref:	KH/JQ/Q3

1. Introduction

- 1.1 The purpose of this report is to inform Committee on the quarterly activity (1st October 2005 to 31st December 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 31st December 2005 is shown in Appendix 1. The balance of £411.3m represents an increase of £1.75m from the position as at 1st October 2005.
- 3.1.2 The increase is primarily the result of an increase in cash payments in the quarter reflecting the movement in the bank overdraft facility by £4.44m. This has been partially offset by,
- an increase in short-term borrowing of £0.23m following a fall in Municipal Bank deposits,
 - the repayment of long-term loans of £0.51m,
 - an increase in investment balances of £1.95m accumulated through positive cashflow movements in prior periods.

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 was limited opportunity 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 There was no new long-term borrowing undertaken during the quarter though the total outstanding reduced marginally by £0.51m 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 31st December 2005, short-term borrowing amounted to £26.444m, which represented an increase of almost £4.211m. This increase is accounted for as follows -:

- The bank overdraft at the end of the quarter has risen by £4.440m, the level of BACS payments outstanding increasing by £4.55m offset by a marginal reduction of £0.11m in unpresented cheques.
- This bank overdraft reduction has been offset by a reduction of £0.23m in North Lanarkshire 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 £2.875m. The maximum period of any individual borrowing during the quarter was on an overnight basis only. 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 third quarter of 2005/2006, positive cashflows enabled short-term investments of £227.530m to be undertaken. During the same period, approximately £225.580m of short-term investments carried forward from prior periods matured.

3.4.2 The net effect of these transactions was an increase of almost £1.95m in investment balances as a result of timing differences and a rise in positive cashflows during the period under review. A breakdown of the short-term investment transactions for the quarter ended 31st December 2005 is shown in Appendix 4.

3.5 Interest Rate Movements

3.5.1 The longer term PWLB rates have fallen by 0.20% over the quarter, holding at 4.20% at the end of the quarter, after reaching a peak of 4.55% at the end of October. The market rates had risen by 0.05% by the end of the quarter, holding at 4.58% after initially falling to 4.50% in mid October.

3.5.2 At the monthly Monetary Policy Committee (MPC) meetings held during the quarter, it was decided to retain the Bank of England base rate at 4.50%, with the Committee being upbeat about inflation and growth prospects. Erratic fluctuations in PWLB and market rates have been evident throughout the year to date, but it is hoped that maintaining the base rate at its current level will begin to reduce this level of volatility.

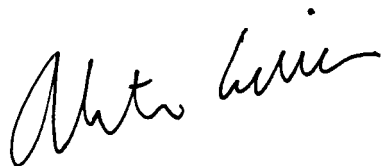
3.5.3 The Treasury Section will continue to monitor interest rate movements and their impact upon the Council's investment and borrowing activity.

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 31st December 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 third 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 'Peter Lewis', written in a cursive style.

Director of Finance

Members wishing further information should contact Mrs K Hassell, Treasury Manager, Tel No 01698 302235

LOANS & INVESTMENTS AS AT 31ST DECEMBER, 2005

APPENDIX 1

	BALANCE 01-Oct-05	DEBT RESTRUCTURING		NEW BORROWING	PRINCIPAL REPAYMENTS	NET CASH MOVEMENTS	BALANCE 31-Dec-05
		EARLY REDEMPTION	REFINANCING				
<u>LONG-TERM LOANS</u>							
PWLB	325,237,544	0	0	0	(73,180)	0	325,164,363
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	(444,000)	0	4,527,943
OTHER LOCAL AUTHORITIES	593,320	0	0	0	0	0	593,320
	458,052,806	0	0	0	(517,180)	0	457,535,626
<u>SHORT-TERM LOANS</u>							
TEMPORARY	0	0	0	2,875,000	(2,875,000)	0	0
MUNICIPAL BANK	18,045,127	0	0	0	(229,129)	0	17,815,998
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
BANK OVERDRAFT	4,182,208	0	0	0	0	4,440,492	8,622,700
	22,233,615	0	0	2,875,000	(3,104,129)	4,440,492	26,444,978
<u>TOTAL LOANS OUTSTANDING</u>	480,286,421	0	0	2,875,000	(3,621,309)	4,440,492	483,980,604
<u>INVESTMENTS</u>							
CASH IN HAND	879,215	0	0	0	0	289,259	1,168,474
OUTSIDE AGENCIES	69,350,000	0	0	0	0	(2,150,000)	67,200,000
CLYDESDALE BANK - TELEBANK INVESTMENT A/C	500,000	0	0	0	0	3,810,000	4,310,000
<u>TOTAL INVESTMENTS O/STANDING</u>	70,729,215	0	0	0	0	1,949,259	72,678,474
<u>NET BORROWING</u>	409,557,206	0	0	2,875,000	(3,621,309)	2,491,233	411,302,130

LONG TERM BORROWING TRANSACTIONS 1ST OCTOBER 2005 TO 31ST DECEMBER 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>
			NIL	
			<u>0.00</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-Nov-05	EIP	PWLB - 471500	58,461.76	10.0000
15-Dec-05	Annuity	PWLB - 470362	14,718.68	10.6250
30-Dec-05	Covenant	Dunfermline Building Society - 311286	444,000.00	8.4125
			<u>458,718.68</u>	

SHORT TERM BORROWING TRANSACTIONS FROM 1ST OCTOBER 2005 TO 31ST DECEMBER 2005**NEW SHORT TERM BORROWING UNDERTAKEN FROM 1ST OCTOBER 2005 TO 31ST DECEMBER 2005**

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>LENDER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
27-Oct-05	28-Oct-05	880	Brittania Building Society	1,000,000	4.5000%
22-Nov-05	23-Nov-05	881	East Renfrewshire Council	675,000	4.7000%
08-Dec-05	09-Dec-05	882	South Ayrshire Council	1,200,000	4.6500%
				<u>2,875,000</u>	

SHORT TERM BORROWING MATURING DURING 1ST OCTOBER 2005 TO 31ST DECEMBER 2005

<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-05	28-Oct-05	880	Brittania Building Society	1,000,000	4.5000%
22-Nov-05	23-Nov-05	881	East Renfrewshire Council	675,000	4.7000%
08-Dec-05	09-Dec-05	882	South Ayrshire Council	1,200,000	4.6500%
				<u>2,875,000</u>	

NET BORROWING MOVEMENTS0

NET INVESTMENT MOVEMENTS FROM 1ST OCTOBER 2005 TO 31ST DECEMBER 2005**NEW SHORT TERM INVESTMENTS 1ST OCTOBER 2005 TO 31ST DECEMBER 2005**

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
04-Oct-05	03-Oct-06	1001268	Norwich & Peterborough	3,500,000	4.500%
03-Oct-05	04-Oct-05	1001272	Dexia Banque a Lux	1,700,000	4.450%
05-Oct-05	06-Oct-05	1001273	HSH Nordbank	6,700,000	4.320%
06-Oct-05	07-Oct-05	1001274	HSH Nordbank	3,600,000	4.400%
07-Oct-05	08-Nov-05	1001275	Bradford & Bingley	6,400,000	4.490%
10-Oct-05	18-Nov-05	1001276	Dexia Banque a Lux	2,500,000	4.490%
11-Oct-05	31-Oct-05	1001277	Irish Life & Permanent	1,900,000	4.500%
12-Oct-05	13-Oct-05	1001278	Dexia Banque a Lux	3,300,000	4.430%
12-Oct-05	25-Oct-05	1001279	Dexia Banque a Lux	2,000,000	4.500%
12-Oct-05	18-Nov-05	1001280	Irish Life & Permanent	2,000,000	4.510%
14-Oct-05	19-Oct-05	1001281	HSH Nordbank	2,700,000	4.530%
17-Oct-05	18-Oct-05	1001282	Dexia Banque a Lux	5,000,000	4.330%
18-Oct-05	19-Oct-05	1001283	HSH Nordbank	3,800,000	4.320%
19-Oct-05	20-Oct-05	1001284	HSH Nordbank	3,100,000	4.350%
20-Oct-05	21-Oct-05	1001285	HSH Nordbank	1,700,000	4.300%
21-Oct-05	24-Oct-05	1001286	HSH Nordbank	2,000,000	4.450%
21-Oct-05	27-Oct-05	1001287	HSH Nordbank	1,800,000	4.450%
25-Oct-05	27-Oct-05	1001288	Dexia Banque a Lux	2,000,000	4.410%
26-Oct-05	27-Oct-05	1001289	Dexia Banque a Lux	3,500,000	4.540%
28-Oct-05	01-Nov-05	1001290	HSH Nordbank	2,250,000	4.340%
31-Oct-05	01-Nov-05	1001291	Barnsley M.B.C.	1,000,000	4.440%
31-Oct-05	18-Nov-05	1001292	Irish Life & Permanent	3,000,000	4.500%
02-Nov-05	03-Nov-05	1001293	Dexia Banque a Lux	5,300,000	4.350%
02-Nov-05	01-Nov-06	1001294	Norwich & Peterborough	2,000,000	4.615%
03-Nov-05	04-Nov-05	1001295	HSH Nordbank	1,000,000	4.300%
03-Nov-05	21-Nov-05	1001296	Irish Life & Permanent	1,500,000	4.490%
04-Nov-05	21-Nov-05	1001297	HSH Nordbank	1,000,000	4.460%
04-Nov-05	22-Nov-05	1001298	HSH Nordbank	1,400,000	4.460%
07-Nov-05	25-Nov-05	1001299	Irish Life & Permanent	1,700,000	4.490%
08-Nov-05	09-Nov-05	1001300	HSH Nordbank	2,800,000	4.550%
09-Nov-05	10-Nov-05	1001301	HSH Nordbank	4,700,000	4.600%
09-Nov-05	06-Dec-05	1001302	Dexia Banque a Lux	4,000,000	4.520%
10-Nov-05	11-Nov-05	1001303	HSH Nordbank	2,900,000	4.580%
11-Nov-05	14-Nov-05	1001304	HSH Nordbank	2,000,000	4.350%
14-Nov-05	19-Dec-05	1001305	Irish Life & Permanent	1,300,000	4.500%
16-Nov-05	22-Dec-05	1001306	Dexia Banque a Lux	3,500,000	4.500%
16-Nov-05	17-Nov-05	1001307	HSH Nordbank	4,000,000	4.350%
16-Nov-05	24-Nov-05	1001308	HSH Nordbank	1,000,000	4.450%
16-Nov-05	22-Dec-05	1001309	HSH Nordbank	2,000,000	4.500%
17-Nov-05	18-Nov-05	1001310	HSH Nordbank	1,700,000	4.500%
18-Nov-05	21-Nov-05	1001311	HSH Nordbank	2,100,000	4.480%
21-Nov-05	24-Nov-05	1001312	HSH Nordbank	2,900,000	4.500%
23-Nov-05	24-Nov-05	1001313	Nordeutsche Landesbank	4,800,000	4.630%
24-Nov-05	25-Nov-05	1001314	Dexia Banque a Lux	1,700,000	4.300%
25-Nov-05	22-Dec-05	1001315	HSH Nordbank	2,700,000	4.500%
28-Nov-05	29-Nov-05	1001316	HSH Nordbank	5,100,000	4.450%
29-Nov-05	29-Dec-05	1001317	Cornwall CC	3,000,000	4.520%
29-Nov-05	30-Nov-05	1001318	HSH Nordbank	2,000,000	4.580%
30-Nov-05	01-Dec-05	1001319	HSH Nordbank	2,200,000	4.580%
30-Nov-05	01-Dec-05	1001320	HSH Nordbank	3,100,000	4.630%
30-Nov-05	01-Dec-05	1001321	Irish Intercontinental	3,400,000	4.620%
01-Dec-05	02-Dec-05	1001322	HSH Nordbank	2,700,000	4.300%
02-Dec-05	05-Dec-05	1001323	Ulster Bank of Ireland	2,200,000	4.500%
05-Dec-05	06-Dec-05	1001324	HSH Nordbank	3,000,000	4.650%
07-Dec-05	08-Dec-05	1001325	Dexia Banque a Lux	1,000,000	4.640%
07-Dec-05	09-Dec-05	1001326	Dexia Banque a Lux	2,000,000	4.510%
07-Dec-05	12-Dec-05	1001327	Nordeutsche Landebank	5,400,000	4.540%
09-Dec-05	23-Dec-05	1001328	Bank of Ireland	2,100,000	4.450%
12-Dec-05	13-Dec-05	1001329	HSH Nordbank	4,500,000	4.350%
13-Dec-05	15-Dec-05	1001330	HSH Nordbank	3,600,000	4.560%
14-Dec-05	15-Dec-05	1001331	Dexia Banque a Lux	4,750,000	4.550%
14-Dec-05	22-Dec-05	1001332	Bank of Ireland	1,250,000	4.540%
16-Dec-05	19-Dec-05	1001333	HSH Nordbank	6,000,000	4.650%
16-Dec-05	19-Dec-05	1001334	HSH Nordbank	4,000,000	4.600%
19-Dec-05	20-Dec-05	1001335	Bank of Ireland	1,200,000	4.580%
21-Dec-05	31-Jan-06	1001336	Bank of Ireland	4,000,000	4.580%

NEW SHORT TERM INVESTMENTS 1ST OCTOBER, 2005 TO 31ST DECEMBER, 2005 CONTINUED

<u>START DATE</u>	<u>END DATE/ NOTICE</u>	<u>LOAN REF</u>	<u>BORROWER</u>	<u>AMOUNT £</u>	<u>INTEREST RATE %</u>
21-Dec-05	22-Dec-05	1001337	HSH Nordbank	3,000,000	4.590%
21-Dec-05	19-Jan-06	1001338	Portman BS	4,500,000	4.580%
22-Dec-05	23-Feb-06	1001339	Newcastle BS	1,000,000	4.590%
23-Dec-05	23-Feb-06	1001340	Irish Life & Permanent	3,400,000	4.590%
28-Dec-05	20-Feb-06	1001341	Bank of Ireland	2,000,000	4.570%
28-Dec-05	20-Feb-06	1001342	Bradford & Bingley	3,000,000	4.570%
28-Dec-05	20-Feb-06	1001343	Bradford & Bingley	7,000,000	4.580%
28-Dec-05	07-Mar-06	1001344	Irish Life & Permanent	3,000,000	4.580%
29-Dec-05	30-Dec-05	1001345	HSH Nordbank	3,000,000	4.720%
29-Dec-05	13-Mar-06	1001346	Irish Life & Permanent	1,000,000	4.580%
30-Dec-05	03-Jan-06	1001347	HSH Nordbank	1,200,000	4.700%
			Cash in Hand Closing Balance	1,168,474	
			Telebank Investment - Closing Bal	4,310,000	
				227,528,474	

SHORT TERM INVESTMENTS MATURING 1ST OCTOBER 2005 TO 31ST DECEMBER 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	500,000	
			Cash in Hand - Opening Balance	879,215	
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%
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%
12-Sep-05	24-Oct-05	1001257	Irish Life & Permanent	1,750,000	4.510%
14-Sep-05	20-Oct-05	1001260	Irish Life & Permanent	1,000,000	4.530%
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%
27-Sep-05	04-Oct-05	1001267	Skipton B S	3,500,000	4.520%
03-Oct-05	04-Oct-05	1001272	Dexia Banque a Lux	1,700,000	4.450%
05-Oct-05	06-Oct-05	1001273	HSH Nordbank	6,700,000	4.320%
06-Oct-05	07-Oct-05	1001274	HSH Nordbank	3,600,000	4.400%
07-Oct-05	08-Nov-05	1001275	Bradford & Bingley	6,400,000	4.490%
10-Oct-05	18-Nov-05	1001276	Dexia Banque a Lux	2,500,000	4.490%
11-Oct-05	31-Oct-05	1001277	Irish Life & Permanent	1,900,000	4.500%
12-Oct-05	13-Oct-05	1001278	Dexia Banque a Lux	3,300,000	4.430%
12-Oct-05	25-Oct-05	1001279	Dexia Banque a Lux	2,000,000	4.500%
12-Oct-05	18-Nov-05	1001280	Irish Life & Permanent	2,000,000	4.510%
14-Oct-05	19-Oct-05	1001281	HSH Nordbank	2,700,000	4.530%
17-Oct-05	18-Oct-05	1001282	Dexia Banque a Lux	5,000,000	4.330%
18-Oct-05	19-Oct-05	1001283	HSH Nordbank	3,800,000	4.320%
19-Oct-05	20-Oct-05	1001284	HSH Nordbank	3,100,000	4.350%
20-Oct-05	21-Oct-05	1001285	HSH Nordbank	1,700,000	4.300%
21-Oct-05	24-Oct-05	1001286	HSH Nordbank	2,000,000	4.450%
21-Oct-05	27-Oct-05	1001287	HSH Nordbank	1,800,000	4.450%
25-Oct-05	27-Oct-05	1001288	Dexia Banque a Lux	2,000,000	4.410%
26-Oct-05	27-Oct-05	1001289	Dexia Banque a Lux	3,500,000	4.540%
28-Oct-05	01-Nov-05	1001290	HSH Nordbank	2,250,000	4.340%
31-Oct-05	01-Nov-05	1001291	Barnsley M.B.C.	1,000,000	4.440%
31-Oct-05	18-Nov-05	1001292	Irish Life & Permanent	3,000,000	4.500%
02-Nov-05	03-Nov-05	1001293	Dexia Banque a Lux	5,300,000	4.350%
03-Nov-05	04-Nov-05	1001295	HSH Nordbank	1,000,000	4.300%
03-Nov-05	21-Nov-05	1001296	Irish Life & Permanent	1,500,000	4.490%
04-Nov-05	21-Nov-05	1001297	HSH Nordbank	1,000,000	4.460%
04-Nov-05	22-Nov-05	1001298	HSH Nordbank	1,400,000	4.460%
07-Nov-05	25-Nov-05	1001299	Irish Life & Permanent	1,700,000	4.490%
08-Nov-05	09-Nov-05	1001300	HSH Nordbank	2,800,000	4.550%
09-Nov-05	10-Nov-05	1001301	HSH Nordbank	4,700,000	4.600%
09-Nov-05	06-Dec-05	1001302	Dexia Banque a Lux	4,000,000	4.520%
10-Nov-05	11-Nov-05	1001303	HSH Nordbank	2,900,000	4.580%
11-Nov-05	14-Nov-05	1001304	HSH Nordbank	2,000,000	4.350%
14-Nov-05	19-Dec-05	1001305	Irish Life & Permanent	1,300,000	4.500%
16-Nov-05	22-Dec-05	1001306	Dexia Banque a Lux	3,500,000	4.500%
16-Nov-05	17-Nov-05	1001307	HSH Nordbank	4,000,000	4.350%

SHORT TERM INVESTMENTS MATURING 1ST OCTOBER, 2005 TO 31ST DECEMBER, 2005 CONTINUE

16-Nov-05	24-Nov-05	1001308	HSH Nordbank	1,000,000	4.450%
16-Nov-05	22-Dec-05	1001309	HSH Nordbank	2,000,000	4.500%
17-Nov-05	18-Nov-05	1001310	HSH Nordbank	1,700,000	4.500%
18-Nov-05	21-Nov-05	1001311	HSH Nordbank	2,100,000	4.480%
21-Nov-05	24-Nov-05	1001312	HSH Nordbank	2,900,000	4.500%
23-Nov-05	24-Nov-05	1001313	Nordeutsche Landesbank	4,800,000	4.630%
24-Nov-05	25-Nov-05	1001314	Dexia Banque a Lux	1,700,000	4.300%
25-Nov-05	22-Dec-05	1001315	HSH Nordbank	2,700,000	4.500%
28-Nov-05	29-Nov-05	1001316	HSH Nordbank	5,100,000	4.450%
29-Nov-05	29-Dec-05	1001317	Cornwall CC	3,000,000	4.520%
29-Nov-05	30-Nov-05	1001318	HSH Nordbank	2,000,000	4.580%
30-Nov-05	01-Dec-05	1001319	HSH Nordbank	2,200,000	4.580%
30-Nov-05	01-Dec-05	1001320	HSH Nordbank	3,100,000	4.630%
30-Nov-05	01-Dec-05	1001321	Irish Intercontinental	3,400,000	4.620%
01-Dec-05	02-Dec-05	1001322	HSH Nordbank	2,700,000	4.300%
02-Dec-05	05-Dec-05	1001323	Ulster Bank of Ireland	2,200,000	4.500%
05-Dec-05	06-Dec-05	1001324	HSH Nordbank	3,000,000	4.650%
07-Dec-05	08-Dec-05	1001325	Dexia Banque a Lux	1,000,000	4.640%
07-Dec-05	09-Dec-05	1001326	Dexia Banque a Lux	2,000,000	4.510%
07-Dec-05	12-Dec-05	1001327	Nordeutsche Landebank	5,400,000	4.540%
09-Dec-05	23-Dec-05	1001328	Bank of Ireland	2,100,000	4.450%
12-Dec-05	13-Dec-05	1001329	HSH Nordbank	4,500,000	4.350%
13-Dec-05	15-Dec-05	1001330	HSH Nordbank	3,600,000	4.560%
14-Dec-05	15-Dec-05	1001331	Dexia Banque a Lux	4,750,000	4.550%
14-Dec-05	22-Dec-05	1001332	Bank of Ireland	1,250,000	4.540%
16-Dec-05	19-Dec-05	1001333	HSH Nordbank	6,000,000	4.650%
16-Dec-05	19-Dec-05	1001334	HSH Nordbank	4,000,000	4.600%
19-Dec-05	20-Dec-05	1001335	Bank of Ireland	1,200,000	4.580%
21-Dec-05	22-Dec-05	1001337	HSH Nordbank	3,000,000	4.590%
29-Dec-05	30-Dec-05	1001345	HSH Nordbank	3,000,000	4.720%

225,579,215**NET INVESTMENT MOVEMENTS****1,949,259**

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	117,684
Financed By:		
Borrowing	37,085	43,579
Capital Receipts	37,971	39,428
Cash Grants	16,064	20,272
Capital from Current Revenue	12,050	14,405

	<u>Initial Estimate</u> <u>2005/2006</u> <u>(£000s)</u>	<u>Position at</u> <u>31/12/05</u> <u>(£000s)</u>	<u>Projected Outturn</u> <u>2005/2006</u> <u>(£000s)</u>
(b) Prudential Margin Calculation			
Capital Financing Requirement	444,876	442,008	442,008
Net Borrowing requirement	437,322	411,302	433,324
Prudential Margin	7,554	30,706	8,684

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 Q3</u> <u>2005/2006</u> <u>(£m)</u>
Borrowing	519.00	484.00	477.26
Other Long-term Liabilities	1.00	1.00	0.29
Totals	520.00	485.00	477.54

3. Treasury Management Indicators

(a) Interest Rate Exposures

	<u>Upper Limits</u> <u>2005/2006</u> <u>(£m)</u>	<u>Q3 Actual Held</u> <u>2005/2006</u> <u>(£m)</u>
Fixed Interest Rates	110%	106.98%
Variable Interest Rates	25%	-6.98%

(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>Q3 (£000s)</u>	<u>Variance</u> <u>(£000s)</u>	<u>%age</u>
Interest Payable on Fixed Rate Debt	30,352	30,470	118	0.39%
Interest Payable on Variable Rate Debt	820	917	97	11.79%
Total Interest Payments	31,172	31,387	215	0.69%
Interest Receivable on Funds Invested	-2,479	-2,904	-425	17.15%
Net Loan Interest Payments Due	28,693	28,482	-211	-0.73%

(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	0.38%	2.56%	5.19%	12.58%	79.29%