

### Variations on Treasury Management Activity

	Net Budget £000	Projected Out-turn £000	Variance £000
<u>Delay in Borrowing</u> £13.8m of high coupon rate debt (4.875%) was repaid at the start of June with a view to refinancing this requirement at a lower rate. Currently this debt has not been replaced therefore the associated interest payments are not being incurred. In addition the debt will be replaced at a rate of sub 4.45%. This should result in an under spend of interest payments	4,998	4,492	-506
<u>Provision to repay debt</u> There is an overall overspend in this area comprised of two separate factors one of which is an under spend. The projected under spend is due to closing CFR for 2007/08 being lower than anticipated, cash backed resources were utilised to reduce the MRP cost by the Council. The overspend is driven by the inclusion of vehicles through the ABRO/DSG agreement being deemed to be finance leases. This has resulted in the Council needing to set aside a provision to reduce the liability now showing on the Council balance sheet	4,121	4,361	+240
<u>Increase in Interest Receivable</u> Average balances have been lower than originally anticipated attributable in the main to the debt restructure as highlighted above. The overall level in interest rates throughout the year has seen cash balances earn a higher return than originally projected. The driver for this has been the prolonged dislocation of money market rates against the Bank of England Base Rate. At the time of setting the budget the Base Rate was expected to be at 5.25%, it is currently at 5% but due to the ongoing liquidity crisis interest rates payable on the markets have sat up to 1% higher than this.	(2,187)	(2,990)	-803
<u>BCCI Dividend</u> A £40k dividend payment from the liquidators of the collapsed Bank of Credit and Commerce International (BCCI) is expected to be received by the end of the calendar year, taking the total amount of debt recovered by the Council above 90%.	0	(40)	-40
<u>Discount Received</u> The restructuring of the £13.8m debt has resulted in a discount being achieved on the prematurely repaid debt.	0	(80)	-80
<u>Miscellaneous</u> Other net small variances	5	58	+53
<b>Total</b>	<b>6,937</b>	<b>5,801</b>	<b>-1,136</b>