

5 TREASURY MANAGEMENT - LENDING TO TAYSIDE CONTRACTS (AN304-2004)

Tayside Contracts Joint Committee has an annual capital expenditure requirement of circa £1.5m. In the past this capital expenditure has been funded mainly through leases, however, with the introduction of the Prudential Framework from 1st April 2004, the Tayside Contracts Management Team has been investigating how the Joint Committee could utilise this new borrowing regime and approached the Finance Department for assistance. The Councils Treasury Management external adviser has examined the options and is recommending that the Council uses its powers under the Prudential Framework to borrow from the Public Works Loans Board and thereafter lend the monies to Tayside Contracts at the prevailing interest rate.

The Committee is asked to approve an amendment to the Council's Treasury Management Policy to permit the Council to lend to Tayside Contracts for its capital expenditure requirements. It should be noted that the Council's borrowing requirements would still be maintained within its approved prudential limits.