

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION

REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 14

meeting date: 16 NOVEMBER 2010
 title: TREASURY MANAGEMENT MONITORING 2010/11
 submitted by: DIRECTOR OF RESOURCES
 principal author: TRUDY HOLDERNESS

1 PURPOSE

1.1 To provide you with a monitoring report on our treasury management activities for period 1 April 2010 to 27 September 2010.

2 BACKGROUND

2.1 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.

2.2 In accordance with this policy committee should receive a quarterly monitoring report on the Council's treasury management operations.

3 INFORMATION

3.1 Nationally, bank base interest rates have remained static at 0.5% in the period.

3.2 This low interest rate has had no immediate effect on the interest payable on the Council's long-term loan debt from Public Works Loan Board (PWLB), which is all at fixed interest rates. However, it has resulted in a dramatic decrease in income from our temporary investments.

3.3 As part of the Comprehensive Spending Review on 20 October, the interest rate on PWLB loans was raised from 0.2 percent to 1 percent above UK Government gilts. This has no immediate affect on this Council, as all our PWLB loans are on a fixed rate. However, this will impact on any future decisions that the Council may make to borrow from the PWLB.

4 BORROWING REQUIREMENTS

4.1 There has been no movement in the Council's external debt since reported to this committee in September, this can be summarised as follows.

	PWLB £000	Other £000	Total £000
External Debt at 1 April 2010	578	7	585
Transactions - New Loans	0	3,575	3,575
- Repayments	0	-3,575	-3,575
External debt at 1 August 2010	578	7	585

However, a repayment of PWLB debt was due on 30 September of £35,553, which will reduce the debt to £550,077.

- 4.2 Early in this financial year the following temporary loans were taken out. This was due to a shortfall in cash balances between paying precepts to Lancashire County Council, Police and Fire Authorities and contributions to the National Non Domestic Rating (NNDR) pool and receiving council tax and NNDR direct debit income. No further temporary loans have been required since, although cash balances remain low.

Date Loan Taken	Investor	Amount £'000	Rate %	Date Repaid
21-Apr-2010	City of Edinburgh Council	1,000	0.45	30-Apr-10
21-Apr-2010	City of Edinburgh Council	500	0.45	28-Apr-10
21-Apr-2010	City of Edinburgh Council	500	0.45	30-Apr-10
22-Apr-2010	Blaenau Gwent Council	500	0.34	30-Apr-10
28-May-2010	West Sussex County Council	1,075	0.30	01-Jun-10
		3,575		

- 4.3 The total interest paid on the Council's the above temporary borrowing during the period was £282 compared with £48 in the previous year. On 30 September an instalment of interest is due on PWLB debt of £13,535 compared to £15,167 paid in the previous year.

5 INVESTMENTS

- 5.1 In accordance with the treasury management policy, surplus funds are temporarily invested via the money market at the best rate of interest available with the minimisation of risk to the capital sum.
- 5.2 The average interest we received on all external investments for the period 1 April 2010 to 27 September 2010 was 0.75%, which compares favourably with the average local authority seven-day notice deposit rate of 0.30%.
- 5.3 The movement in the Council's external investments are shown in Annex 1 and can be summarised as follows:

	Banks/ Building Societies £000	Other Local Authorities £000	Total £000
Monies Invested at 1 April 2010	0	0	0
Transactions - New Investments	33,935	0	33,935
- Repayment of Investments	-31,885	-0	-31,885
Monies Invested at 27 September 2010	2,050	0	2,050

- 5.4 The total interest received on the Council's external investments during the period was £4,520 compared with £7,202 in the previous year.

6 PRUDENTIAL INDICATORS

6.1 The Prudential Code for Capital Finance in Local Authorities (the Code) initially came into effect from 1 April 2004. It regulates the Council's ability to undertake new capital investment.

6.2 It was recently revised to take account of the implications of the implementation of the International Financial Reporting Standard (IFRS).

6.3 In accordance with this Code the Council agreed to monitor four prudential indicators as follows. This committee approved these in March 2010.

- ❖ Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt provision net of investments.
- ❖ Upper limits on fixed rate exposure. Similar to the previous indicators, this covers a maximum limit on fixed interest rates
- ❖ Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.
- ❖ Total principal funds invested for a period longer than 364 days. These limits are set to reduce the need for early sale of an investment and are based on the availability of investments after each year-end

6.4 The limits set on interest rate exposures for 2010/11 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	6,589	586
Limits on Fixed Interest Rates	6,589	3,086
Limits on Variable Interest Rates	1,318	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2010/11 were as follows:

	Upper Limit %	Lower Limit %	Current Actual %
Under 12 months	20	0	12.14
12 Months and Within 24 Months	20	0	12.14
24 Months and Within 5 Years	40	0	33.38
5 Years and Within 10 Years	30	0	19.55
10 Years and Above	90	0	22.79

6.6 The total principal funds invested for a period longer than 364 days was set at nil. No investments have been made in the period for longer than 364 days.

7 APPROVED ORGANISATIONS

7.1 We previously limited investments to the top 8 building societies, these are:

Name	Current Ranking	Previous Ranking	Fitch Rating			
	Sept'10	Aug'10	Long Term	Review Date	Short Term	Review Date
Nationwide	1	1	AA -	29.10.09	F1+	29.10.09
Yorkshire	2	2	A -	06.04.10	F2	06.04.10
Coventry	3	3	A	23.03.10	F1	23.03.10
Skipton *	4	4	A -	23.06.09	F2	23.06.09
Leeds	5	5	A	23.06.09	F1	23.06.09
West Bromwich	6	6	BBB -	11.08.09	F3	11.08.09
Principality	7	7	BBB +	23.06.09	F2	22.05.09
Newcastle	8	8	BBB -	12.04.10	F3	12.04.10

* Stroud & Swindon merged with Coventry on 1 September 2010 but has no effect on our approved organisations or their ranking.

7.2 There has been no change to the ratings during the period. However BBB rating of some building societies continues to be a major concern. We have therefore not placed any investments with these institutions since previously reported.

7.3 The current Fitch IBCA long-term and short-term credit rating on the banks we use are as follows:

	Fitch Rating			
	Long-Term	Review Date	Short-Term	Review Date
Santander UK Plc (Abbey National Plc) *	AA -	16.11.09	F1+	16.11.09
Santander UK Plc (Alliance & Leicester Commercial Bank Plc) *	AA -	16.11.09	F1+	16.11.09
Barclays Bank plc	AA -	25.08.10	F1+	25.08.10
Bank of Scotland plc *	AA -	03.11.09	F1+	03.11.09
Bradford & Bingley Bank plc *	A +	02.06.10	F1+	02.06.10
Co-operative Bank (The) *	A -	02.07.10	F2	02.07.10
HSBC Bank plc *	AA	18.12.09	F1+	18.11.09
Lloyds TSB Bank plc *	AA -	03.11.09	F1+	03.11.09
National Westminster Bank plc *	AA -	14.07.10	F1+	14.07.10

	Fitch Rating			
	Long-Term	Review Date	Short-Term	Review Date
Northern Rock (Asset Management) Plc *	A +	09.12.09	F1+	09.12.09
Royal Bank of Scotland plc (The) *	AA -	14.07.10	F1+	14.07.10

* Not updated since last reported.

- 7.4 There have been no changes in the ratings since last reported in September 2010.
- 7.5 The Fitch credit ratings, which we use as an indication of the probability of organisations defaulting on our investments, are defined in Annex 2. They only show an indication of the current credit position. They are being monitored on a regular basis and any significant changes will be reported to this committee.
- 7.6 In addition to the Building societies and banks we use for investments, this Council requested approval from the United Kingdom Debt Management Office to open a Debt Management Account Deposit Facility. Approval was given in February 2009, but to date no investments have been placed with them.

8 CONCLUSION

- 8.1 The downturn in the global economy continues to have a dramatic impact on the income we receive from investments. Interest rates continue to remain very low, whereas the risks from placing investments remain high.

9 RECOMMENDED THAT COMMITTEE

- 9.1 Accept the monitoring report.

SENIOR ACCOUNTANT

PF59-10/TH/AC
30 September 2010

POLICY AND FINANCE COMMITTEE

TEMPORARY INVESTMENT ACTIVITY - 2010/11

Date	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/Due £	Fitch Ratings	
								Long-Term	Short-Term
NEW INVESTMENTS - 2010/11									
Apr									
06-Apr-10	1	HSBC	130,000	0.31	07-Apr-10	-130,000	-1.10	AA	F1+
07-Apr-10	2	Skipton BS	400,000	0.45	21-Apr-10	-400,000	-69.04	A-	F2
07-Apr-10	3	HSBC	200,000	0.31	08-Apr-10	-200,000	-1.70	AA	F1+
08-Apr-10	4	HSBC	210,000	0.31	09-Apr-10	-210,000	-1.78	AA	F1+
09-Apr-10	5	HSBC	200,000	0.31	12-Apr-10	-200,000	-5.10	AA	F1+
09-Apr-10	6	Skipton BS	300,000	0.47	19-Apr-10		-38.63	A-	F2
19-Apr-10	6	Skipton BS	Rolled over	0.40	21-Apr-10	-300,000	-6.58	A-	F2
12-Apr-10	7	HSBC	50,000	0.31	13-Apr-10	-50,000	-0.42	AA	F1+
13-Apr-10	8	HSBC	90,000	0.31	14-Apr-10	-90,000	-0.76	AA	F1+
14-Apr-10	9	HSBC	150,000	0.31	15-Apr-10	-150,000	-1.27	AA	F1+
15-Apr-10	10	HSBC	500,000	0.31	19-Apr-10	-500,000	-16.99	AA	F1+
16-Apr-10	11	HSBC	150,000	0.31	21-Apr-10	-150,000	-6.37	AA	F1+
22-Apr-10	12	HSBC	240,000	0.31	26-Apr-10	-240,000	-8.15	AA	F1+
23-Apr-10	13	HSBC	110,000	0.31	26-Apr-10	-110,000	-2.80	AA	F1+
26-Apr-10	14	HSBC	235,000	0.31	27-Apr-10	-235,000	-2.00	AA	F1+
27-Apr-10	15	HSBC	180,000	0.31	28-Apr-10	-180,000	-1.53	AA	F1+
28-Apr-10	16	HSBC	70,000	0.31	29-Apr-10	-70,000	-0.59	AA	F1+
28-Apr-10	17	HSBC	200,000	0.31	04-May-10	-200,000	-10.19	AA	F1+
29-Apr-10	18	HSBC	190,000	0.31	05-May-10	-190,000	-9.68	AA	F1+
30-Apr-10	19	Skipton BS	350,000	0.45	10-May-10	-350,000	-43.15	A-	F2
30-Apr-10	20	HSBC	100,000	0.31	05-May-10	-100,000	-4.25	AA	F1+
			4,055,000			-4,055,000	-232.08		

Date	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/Due £	Fitch Ratings	
								Long-Term	Short-Term
May									
04-May-10	21	Skipton BS	350,000	0.47	14-May-10	-350,000	-45.07	A-	F2
04-May-10	22	Skipton BS	200,000	0.47	20-May-10		-41.21	A-	F2
20-May-10	22	Skipton BS	Rolled over	0.30	24-May-10		-6.58	A-	F2
24-May-10	22	Skipton BS	Rolled over	0.45	28-May-10	-200,000	-9.86	A-	F2
04-May-10	23	HSBC	140,000	0.31	05-May-10	-140,000	-1.19	AA	F1+
05-May-10	24	HSBC	100,000	0.31	06-May-10	-100,000	-0.85	AA	F1+
06-May-10	25	HSBC	170,000	0.31	07-May-10	-170,000	-1.44	AA	F1+
07-May-10	26	Skipton BS	240,000	0.47	21-May-10	-240,000	-43.27	A-	F2
10-May-10	27	HSBC	60,000	0.31	11-May-10	-60,000	-0.51	AA	F1+
11-May-10	28	HSBC	70,000	0.31	12-May-10	-70,000	-0.59	AA	F1+
12-May-10	29	HSBC	95,000	0.31	13-May-10	-95,000	-0.81	AA	F1+
13-May-10	30	Skipton BS	320,000	0.47	28-May-10	-320,000	-61.81	A-	F2
14-May-10	31	Skipton BS	240,000	0.47	28-May-10	-240,000	-43.27	A-	F2
17-May-10	32	HSBC	300,000	0.31	20-May-10	-300,000	-7.64	AA	F1+
17-May-10	33	Skipton BS	250,000	0.46	24-May-10		-22.05	A-	F2
24-May-10	33	Skipton BS	Rolled over	0.45	28-May-10	-250,000	-12.33	A-	F2
17-May-10	34	Skipton BS	250,000	0.46	28-May-10	-250,000	-34.66	A-	F2
18-May-10	35	HSBC	55,000	0.31	19-May-10	-55,000	-0.47	AA	F1+
19-May-10	36	HSBC	110,000	0.31	20-May-10	-110,000	-0.93	AA	F1+
20-May-10	37	HSBC	130,000	0.31	24-May-10	-130,000	-4.42	AA	F1+
24-May-10	38	HSBC	150,000	0.31	25-May-10	-150,000	-1.27	AA	F1+
25-May-10	39	HSBC	95,000	0.31	26-May-10	-95,000	-0.81	AA	F1+
27-May-10	40	HSBC	50,000	0.31	28-May-10	-50,000	-0.42	AA	F1+
28-May-10	41	HSBC	140,000	0.31	01-Jun-10	-140,000	-4.76	AA	F1+
			3,515,000			-3,515,000	-346.22		

Date	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/Due £	Fitch Ratings	
								Long-Term	Short-Term
Jun									
01-Jun-10	42	HSBC	1,350,000	0.31	02-Jun-10	-1,350,000	-11.47	AA	F1+
02-Jun-10	43	HSBC	385,000	0.31	03-Jun-10	-385,000	-3.27	AA	F1+
02-Jun-10	44	Skipton BS	600,000	0.48	22-Jun-10	-600,000	-157.81	A-	F2
02-Jun-10	45	Skipton BS	500,000	0.55	06-Jul-10	-500,000	-256.16	A-	F2
03-Jun-10	46	HSBC	60,000	0.31	04-Jun-10	-60,000	-0.51	AA	F1+
04-Jun-10	47	HSBC	180,000	0.31	07-Jun-10	-180,000	-4.59	AA	F1+
07-Jun-10	48	HSBC	160,000	0.31	08-Jun-10	-160,000	-1.36	AA	F1+
08-Jun-10	49	HSBC	200,000	0.31	14-Jun-10	-200,000	-10.19	AA	F1+
10-Jun-10	50	HSBC	110,000	0.31	11-Jun-10	-110,000	-0.93	AA	F1+
11-Jun-10	51	HSBC	140,000	0.31	18-Jun-10	-140,000	-8.32	AA	F1+
11-Jun-10	52	Skipton BS	200,000	0.45	01-Jul-10	-200,000	-49.32	A-	F2
14-Jun-10	53	HSBC	75,000	0.31	15-Jun-10	-75,000	-0.64	AA	F1+
15-Jun-10	54	Skipton BS	200,000	0.45	01-Jul-10	-200,000	-39.45	A-	F2
15-Jun-10	55	HSBC	550,000	0.31	21-Jun-10	-550,000	-28.03	AA	F1+
16-Jun-10	56	HSBC	60,000	0.31	17-Jun-10	-60,000	-0.51	AA	F1+
17-Jun-10	57	HSBC	110,000	0.31	18-Jun-10	-110,000	-0.93	AA	F1+
18-Jun-10	58	HSBC	145,000	0.31	05-Jul-10	-145,000	-20.94	AA	F1+
21-Jun-10	59	HSBC	150,000	0.31	22-Jun-10	-150,000	-1.27	AA	F1+
21-Jun-10	60	HSBC	300,000	0.31	06-Jul-10	-300,000	-38.22	AA	F1+
22-Jun-10	61	HSBC	190,000	0.31	23-Jun-10	-190,000	-1.61	AA	F1+
23-Jun-10	62	HSBC	200,000	0.31	24-Jun-10	-200,000	-1.70	AA	F1+
24-Jun-10	63	HSBC	200,000	0.31	25-Jun-10	-200,000	-1.70	AA	F1+
25-Jun-10	64	HSBC	235,000	0.31	06-Jul-10	-235,000	-21.95	AA	F1+
			6,300,000			-6,300,000	-660.88		

Date	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/Due £	Fitch Ratings	
								Long-Term	Short-Term
July									
28-Jun-10	65	Skipton Bs	600,000	0.48	06-Jul-10	-600,000	-63.12	A-	F2
30-Jun-10	66	Yorkshire BS	1,300,000	0.30	06-Jul-10	-1,300,000	-64.11	A-	F2
30-Jun-10	67	Santander UK Plc	400,000	0.87	03-Aug-10	-400,000	-324.16	AA-	F1+
30-Jun-10	68	Santander UK Plc	200,000	0.89	11-Aug-10	-200,000	-204.82	AA-	F1+
30-Jun-10	69	HSBC	500,000	0.31	22-Jul-10	-500,000	-93.42	AA	F1+
30-Jun-10	70	HSBC	75,000	0.31	05-Jul-10	-75,000	-3.18	AA	F1+
01-Jul-10	71	HSBC	175,000	0.31	02-Jul-10	-175,000	-1.49	AA	F1+
02-Jul-10	72	HSBC	185,000	0.31	05-Jul-10	-185,000	-4.71	AA	F1+
05-Jul-10	73	Skipton Bs	250,000	0.50	11-Aug-10	-250,000	-126.71	A-	F2
05-Jul-10	74	HSBC	150,000	0.31	06-Jul-10	-150,000	-1.27	AA	F1+
06-Jul-10	75	HSBC	160,000	0.31	12-Jul-10	-160,000	-8.15	AA	F1+
08-Jul-10	76	HSBC	100,000	0.31	12-Jul-10	-100,000	-3.40	AA	F1+
09-Jul-10	77	HSBC	195,000	0.31	16-Jul-10	-195,000	-11.59	AA	F1+
12-Jul-10	78	HSBC	200,000	0.31	19-Jul-10	-200,000	-11.89	AA	F1+
14-Jul-10	79	HSBC	100,000	0.31	19-Jul-10	-100,000	-4.25	AA	F1+
15-Jul-10	80	Skipton BS	350,000	0.48	11-Aug-10	-350,000	-124.27	A-	F2
15-Jul-10	81	HSBC	125,000	0.31	26-Jul-10	-125,000	-11.68	AA	F1+
16-Jul-10	82	HSBC	100,000	0.31	19-Jul-10	-100,000	-2.55	AA	F1+
20-Jul-10	83	Skipton BS	150,000	0.47	11-Aug-10	-150,000	-42.49	A-	F2
19-Jul-10	84	HSBC	115,000	0.31	20-Jul-10	-115,000	-0.98	AA	F1+
20-Jul-10	85	HSBC	85,000	0.31	21-Jul-10	-85,000	-0.72	AA	F1+
22-Jul-10	86	HSBC	80,000	0.31	23-Jul-10	-80,000	-0.68	AA	F1+
23-Jul-10	87	HSBC	115,000	0.31	26-Jul-10	-115,000	-2.93	AA	F1+
26-Jul-10	88	HSBC	110,000	0.31	27-Jul-10	-110,000	-0.93	AA	F1+
27-Jul-10	89	HSBC	135,000	0.31	28-Jul-10	-135,000	-1.15	AA	F1+
28-Jul-10	90	Skipton BS	660,000	0.45	11-Aug-10	-660,000	-113.92	A-	F2
28-Jul-10	91	HSBC	135,000	0.31	29-Jul-10	-135,000	-1.15	AA	F1+
29-Jul-10	92	HSBC	160,000	0.31	30-Jul-10	-160,000	-1.36	AA	F1+

Date	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/Due £	Fitch Ratings	
								Long-Term	Short-Term
30-Jul-10	93	HSBC	240,000	0.31	02-Aug-10	-240,000	-6.12	AA	F1+
			7,150,000			-7,150,000	-1,237.20		
August									
02-Aug-10	94	Santander UK Plc	400,000	0.38	Fixed 11/08	-400,000	-37.48	AA-	F1+
11-Aug-10	95	Santander UK Plc	500,000	0.38	Fixed 13/08		-57.26	AA-	F1+
13-Aug-10	95	Santander UK Plc	Rolled over	0.87	Fixed 17/09		-417.12	AA-	F1+
17-Sep-10	95	Santander UK Plc	Rolled over	0.88	Still Outstanding		-120.55	AA-	F1+
02-Aug-10	96	Yorkshire BS	1,000,000	0.20	Fixed 11/08	-1,000,000	-49.32	A-	F2
02-Aug-10	97	HSBC	250,000	0.31	Fixed 09/08	-250,000	-14.86	AA	F1+
02-Aug-10	98	HSBC	250,000	0.31	Fixed 16/08	-250,000	-29.73	AA	F1+
03-Aug-10	99	HSBC	130,000	0.31	Fixed 20/08	-130,000	-18.77	AA	F1+
04-Aug-10	100	HSBC	250,000	0.31	Fixed 13/08	-250,000	-19.11	AA	F1+
06-Aug-10	101	HSBC	200,000	0.31	Fixed 19/08	-200,000	-22.08	AA	F1+
09-Aug-10	102	HSBC	75,000	0.31	Fixed 31/08	-75,000	-14.01	AA	F1+
09-Aug-10	103	HSBC	185,000	0.31	Fixed 19/08	-185,000	-15.71	AA	F1+
11-Aug-10	104	HSBC	150,000	0.31	Fixed 13/08	-150,000	-2.55	AA	F1+
12-Aug-10	105	HSBC	75,000	0.31	Fixed 16/08	-75,000	-2.55	AA	F1+
13-Aug-10	106	HSBC	115,000	0.31	Fixed 23/08	-115,000	-9.77	AA	F1+
16-Aug-10	107	Skipton BS	400,000	0.45	Fixed 01/09	-400,000	-78.90	A-	F2
16-Aug-10	108	HSBC	200,000	0.31	Fixed 23/08	-200,000	-11.89	AA	F1+
16-Aug-10	109	HSBC	300,000	0.31	Fixed 17/08	-300,000	-2.55	AA	F1+
17-Aug-10	110	HSBC	240,000	0.31	Fixed 18/08	-240,000	-2.04	AA	F1+
18-Aug-10	111	HSBC	210,000	0.31	Fixed 19/08	-210,000	-1.78	AA	F1+
19-Aug-10	112	HSBC	240,000	0.31	Fixed 20/08	-240,000	-2.04	AA	F1+
20-Aug-10	113	Santander UK Plc	300,000	0.73	Fixed 17/09	-300,000	-168.00	AA-	F1+
20-Aug-10	114	HSBC	70,000	0.31	Fixed 23/08	-70,000	-1.78	AA	F1+
23-Aug-10	115	HSBC	150,000	0.31	Fixed 10/09	-150,000	-22.93	AA	F1+
23-Aug-10	116	HSBC	140,000	0.31	Fixed 24/08	-140,000	-1.19	AA	F1+

Date	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/Due £	Fitch Ratings	
								Long-Term	Short-Term
24-Aug-10	117	HSBC	65,000	0.31	Fixed 25/08	-65,000	-0.55	AA	F1+
24-Aug-10	118	HSBC	100,000	0.31	Fixed 03/09	-100,000	-8.49	AA	F1+
25-Aug-10	119	HSBC	90,000	0.31	Fixed 26/08	-90,000	-0.76	AA	F1+
26-Aug-10	120	HSBC	100,000	0.31	Fixed 27/08	-100,000	-0.85	AA	F1+
27-Aug-10	121a	HSBC	180,000	0.31	Fixed 06/09	-180,000	-15.29	AA	F1+
			6,365,000			-5,865,000	-1,149.91		
September									
31-Aug-10	121b	Santander UK Plc	700,000	0.38	Fixed 17/09	-700,000	-123.89	AA-	F1+
31-Aug-10	122	Nationwide	1,500,000	0.33	Fixed 17/09	-1,500,000	-230.55	AA-	F1+
31-Aug-10	123	Skipton Bs	500,000	0.45	Fixed 22/09	-500,000	-135.62	A-	F2
31-Aug-10	124	HSBC	170,000	0.31	Fixed 13/09	-170,000	-18.77	AA	F1+
31-Aug-10	125	HSBC	170,000	0.31	Fixed 20/09	-170,000	-28.88	AA	F1+
01-Sep-10	126	Skipton	350,000	0.52	Still Outstanding		-129.64	A-	F2
03-Sep-10	127	HSBC	180,000	0.31	Fixed 10/09	-180,000	-10.70	AA	F1+
06-Sep-10	128	HSBC	160,000	0.31	Fixed 07/09	-160,000	-1.36	AA	F1+
07-Sep-10	129	Skipton BS	200,000	0.45	Still Outstanding		-49.32	A-	F2
08-Sep-10	130	HSBC	60,000	0.31	Fixed 09/09	-60,000	-0.51	AA	F1+
09-Sep-10	131	HSBC	80,000	0.31	Fixed 16/09	-80,000	-4.76	AA	F1+
10-Sep-10	132	Skipton	300,000	0.52	Still Outstanding		-72.66	A-	F2
10-Sep-10	133	HSBC	150,000	0.31	Fixed 13/09	-150,000	-3.82	AA	F1+
13-Sep-10	134	Skipton	150,000	0.50	Still Outstanding		-28.77	A-	F2
13-Sep-10	135	HSBC	180,000	0.31	Fixed 14/09	-180,000	-1.53	AA	F1+
14-Sep-10	136	HSBC	180,000	0.31	Fixed 17/09	-180,000	-4.59	AA	F1+
15-Sep-10	137	HSBC	350,000	0.31	Fixed 17/09	-350,000	-5.95	AA	F1+
16-Sep-10	138	HSBC	100,000	0.31	Fixed 24/09	-100,000	-6.79	AA	F1+

Date	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/Due £	Fitch Ratings	
								Long-Term	Short-Term
17-Sep-10	139	HSBC	150,000	0.31	Fixed 21/09	-150,000	-5.10	AA	F1+
20-Sep-10	140	HSBC	100,000	0.31	Fixed 22/09	-100,000	-1.70	AA	F1+
21-Sep-10	141	HSBC	180,000	0.31	Fixed 22/09	-180,000	-1.53	AA	F1+
22-Sep-10	142	Skipton	300,000	0.50	Still Outstanding		-20.55	A-	F2
23-Sep-10	143	HSBC	90,000	0.31	Fixed 24/09	-90,000	-0.76	AA	F1+
24-Sep-10	144	HSBC	160,000	0.31	Still Outstanding		-4.08	AA	F1+
24-Sep-10	145	HSBC	90,000	0.31	Still Outstanding		-2.29	AA	F1+
			6,550,000			-5,000,000	-894.12		
Total Investments made April to September 2010			33,935,000			-31,885,000	-4,520.41		
INVESTMENTS OUTSTANDING at 27 September 2010									
17-Sep-10	95	Santander UK Plc	500,000	0.88					
01-Sep-10	126	Skipton	350,000	0.52					
07-Sep-10	129	Skipton BS	200,000	0.45					
10-Sep-10	132	Skipton	300,000	0.52					
13-Sep-10	134	Skipton	150,000	0.50					
22-Sep-10	142	Skipton	300,000	0.50					
24-Sep-10	144	HSBC	160,000	0.31					
24-Sep-10	145	HSBC	90,000	0.31					
Monies invested at 27 September 2010			2,050,000						

POLICY AND FINANCE COMMITTEE

Fitch Rating Definitions	
International Long-Term Credit Ratings	
Long-term credit rating can be used as a benchmark measure of probability of default.	
AAA	Highest credit quality. 'AAA' denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectation of low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than in the case for higher ratings.
BBB	Moderate default risk. 'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category
International Short-Term Credit ratings	
Short-term rating has a time horizon of less than 13 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments	
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.