

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 13

meeting date: 25 JANUARY 2011
 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 31 December 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 The movement on the Council's external 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	-35	-3,575	-3,610
External debt at 31 December 2010	543	7	550

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 external debt during the period was £13,817 compared with £15,215 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 31 December 2010 was 0.43%, 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	50,785	0	50,785
- Repayment of Investments	-44,005	-0	-44,005
Monies Invested as at 31 December 2010	6,780	0	6,780

5.4 The total interest received on the Council's external investments during the period was £11,025 compared with £12,284 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			
	Jan'11	Sept'10	Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Nationwide	1	1	AA -	09.11.10	F1+	09.11.10
Yorkshire	2	2	A -	15.11.10	F2	15.11.10
Coventry	3	3	A	15.11.10	F1	15.11.10
Skipton	4	4	A -	15.11.10	F2	15.11.10
Leeds	5	5	A	15.11.10	F1	15.11.10
West Bromwich	6	6	BBB -	15.11.10	F3	15.11.10
Principality	7	7	BBB +	15.11.10	F2	15.11.10
Newcastle	8	8	BBB -	15.11.10	F3	15.11.10

7.2 There has been no change to the ratings during the period. Ratings are regular reviewed by Fitch to ensure that there is no change since the last full transaction review has taken place. The 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	Full Transaction Review Date	Short Term	Full Transaction 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 -	14.12.10	F1+	14.12.10
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	14.12.10	F1+	14.12.10
Lloyds TSB Bank plc	AA -	14.12.10	F1+	14.12.10
National Westminster Bank plc *	AA -	14.07.10	F1+	14.07.10

	Fitch Rating			
	Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Northern Rock (Asset Management) Plc	A +	15.12.10	F1+	15.12.10
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 November 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

PF8-11/TH/AC
11 January 2011

POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY - 2010/11

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
NEW INVESTMENTS - 2010/11									
April									
06-Apr-10	1	HSBC	130,000	0.310	07-Apr-10	-130,000	-1.10	AA	F1+
07-Apr-10	2	Skipton BS	400,000	0.450	21-Apr-10	-400,000	-69.04	A-	F2
07-Apr-10	3	HSBC	200,000	0.310	08-Apr-10	-200,000	-1.70	AA	F1+
08-Apr-10	4	HSBC	210,000	0.310	09-Apr-10	-210,000	-1.78	AA	F1+
09-Apr-10	5	HSBC	200,000	0.310	12-Apr-10	-200,000	-5.10	AA	F1+
09-Apr-10	6	Skipton BS	300,000	0.470	19-Apr-10	0	-38.63	A-	F2
19-Apr-10	6	Skipton BS	Rolled over	0.400	21-Apr-10	-300,000	-6.58	A-	F2
12-Apr-10	7	HSBC	50,000	0.310	13-Apr-10	-50,000	-0.42	AA	F1+
13-Apr-10	8	HSBC	90,000	0.310	14-Apr-10	-90,000	-0.76	AA	F1+
14-Apr-10	9	HSBC	150,000	0.310	15-Apr-10	-150,000	-1.27	AA	F1+
15-Apr-10	10	HSBC	500,000	0.310	19-Apr-10	-500,000	-16.99	AA	F1+
16-Apr-10	11	HSBC	150,000	0.310	21-Apr-10	-150,000	-6.37	AA	F1+
22-Apr-10	12	HSBC	240,000	0.310	26-Apr-10	-240,000	-8.15	AA	F1+
23-Apr-10	13	HSBC	110,000	0.310	26-Apr-10	-110,000	-2.80	AA	F1+
26-Apr-10	14	HSBC	235,000	0.310	27-Apr-10	-235,000	-2.00	AA	F1+
27-Apr-10	15	HSBC	180,000	0.310	28-Apr-10	-180,000	-1.53	AA	F1+
28-Apr-10	16	HSBC	70,000	0.310	29-Apr-10	-70,000	-0.59	AA	F1+
28-Apr-10	17	HSBC	200,000	0.310	04-May-10	-200,000	-10.19	AA	F1+
29-Apr-10	18	HSBC	190,000	0.310	05-May-10	-190,000	-9.68	AA	F1+
30-Apr-10	19	Skipton BS	350,000	0.450	10-May-10	-350,000	-43.15	A-	F2
30-Apr-10	20	HSBC	100,000	0.310	05-May-10	-100,000	-4.25	AA	F1+
			4,055,000			-4,055,000	-232.08		

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
May									
04-May-10	21	Skipton BS	350,000	0.470	14-May-10	-350,000	-45.07	A-	F2
04-May-10	22	Skipton BS	200,000	0.470	20-May-10	0	-41.21	A-	F2
20-May-10	22	Skipton BS	Rolled over	0.300	24-May-10	0	-6.58	A-	F2
24-May-10	22	Skipton BS	Rolled over	0.450	28-May-10	-200,000	-9.86	A-	F2
04-May-10	23	HSBC	140,000	0.310	05-May-10	-140,000	-1.19	AA	F1+
05-May-10	24	HSBC	100,000	0.310	06-May-10	-100,000	-0.85	AA	F1+
06-May-10	25	HSBC	170,000	0.310	07-May-10	-170,000	-1.44	AA	F1+
07-May-10	26	Skipton BS	240,000	0.470	21-May-10	-240,000	-43.27	A-	F2
10-May-10	27	HSBC	60,000	0.310	11-May-10	-60,000	-0.51	AA	F1+
11-May-10	28	HSBC	70,000	0.310	12-May-10	-70,000	-0.59	AA	F1+
12-May-10	29	HSBC	95,000	0.310	13-May-10	-95,000	-0.81	AA	F1+
13-May-10	30	Skipton BS	320,000	0.470	28-May-10	-320,000	-61.81	A-	F2
14-May-10	31	Skipton BS	240,000	0.470	28-May-10	-240,000	-43.27	A-	F2
17-May-10	32	HSBC	300,000	0.310	20-May-10	-300,000	-7.64	AA	F1+
17-May-10	33	Skipton BS	250,000	0.460	24-May-10	0	-22.05	A-	F2
24-May-10	33	Skipton BS	Rolled over	0.450	28-May-10	-250,000	-12.33	A-	F2
17-May-10	34	Skipton BS	250,000	0.460	28-May-10	-250,000	-34.66	A-	F2
18-May-10	35	HSBC	55,000	0.310	19-May-10	-55,000	-0.47	AA	F1+
19-May-10	36	HSBC	110,000	0.310	20-May-10	-110,000	-0.93	AA	F1+
20-May-10	37	HSBC	130,000	0.310	24-May-10	-130,000	-4.42	AA	F1+
24-May-10	38	HSBC	150,000	0.310	25-May-10	-150,000	-1.27	AA	F1+
25-May-10	39	HSBC	95,000	0.310	26-May-10	-95,000	-0.81	AA	F1+
27-May-10	40	HSBC	50,000	0.310	28-May-10	-50,000	-0.42	AA	F1+
28-May-10	41	HSBC	140,000	0.310	01-Jun-10	-140,000	-4.76	AA	F1+
			3,515,000			-3,515,000	-346.22		

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
Jun									
01-Jun-10	42	HSBC	1,350,000	0.310	02-Jun-10	-1,350,000	-11.47	AA	F1+
02-Jun-10	43	HSBC	385,000	0.310	03-Jun-10	-385,000	-3.27	AA	F1+
02-Jun-10	44	Skipton BS	600,000	0.480	22-Jun-10	-600,000	-157.81	A-	F2
02-Jun-10	45	Skipton BS	500,000	0.550	06-Jul-10	-500,000	-256.16	A-	F2
03-Jun-10	46	HSBC	60,000	0.310	04-Jun-10	-60,000	-0.51	AA	F1+
04-Jun-10	47	HSBC	180,000	0.310	07-Jun-10	-180,000	-4.59	AA	F1+
07-Jun-10	48	HSBC	160,000	0.310	08-Jun-10	-160,000	-1.36	AA	F1+
08-Jun-10	49	HSBC	200,000	0.310	14-Jun-10	-200,000	-10.19	AA	F1+
10-Jun-10	50	HSBC	110,000	0.310	11-Jun-10	-110,000	-0.93	AA	F1+
11-Jun-10	51	HSBC	140,000	0.310	18-Jun-10	-140,000	-8.32	AA	F1+
11-Jun-10	52	Skipton BS	200,000	0.450	01-Jul-10	-200,000	-49.32	A-	F2
14-Jun-10	53	HSBC	75,000	0.310	15-Jun-10	-75,000	-0.64	AA	F1+
15-Jun-10	54	Skipton BS	200,000	0.450	01-Jul-10	-200,000	-39.45	A-	F2
15-Jun-10	55	HSBC	550,000	0.310	21-Jun-10	-550,000	-28.03	AA	F1+
16-Jun-10	56	HSBC	60,000	0.310	17-Jun-10	-60,000	-0.51	AA	F1+
17-Jun-10	57	HSBC	110,000	0.310	18-Jun-10	-110,000	-0.93	AA	F1+
18-Jun-10	58	HSBC	145,000	0.310	05-Jul-10	-145,000	-20.94	AA	F1+
21-Jun-10	59	HSBC	150,000	0.310	22-Jun-10	-150,000	-1.27	AA	F1+
21-Jun-10	60	HSBC	300,000	0.310	06-Jul-10	-300,000	-38.22	AA	F1+
22-Jun-10	61	HSBC	190,000	0.310	23-Jun-10	-190,000	-1.61	AA	F1+
23-Jun-10	62	HSBC	200,000	0.310	24-Jun-10	-200,000	-1.70	AA	F1+
24-Jun-10	63	HSBC	200,000	0.310	25-Jun-10	-200,000	-1.70	AA	F1+
25-Jun-10	64	HSBC	235,000	0.310	06-Jul-10	-235,000	-21.95	AA	F1+
			6,300,000			-6,300,000	-660.88		

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
July									
28-Jun-10	65	Skipton Bs	600,000	0.480	06-Jul-10	-600,000	-63.12	A-	F2
30-Jun-10	66	Yorkshire BS	1,300,000	0.300	06-Jul-10	-1,300,000	-64.11	A-	F2
30-Jun-10	67	Santander UK Plc	400,000	0.870	03-Aug-10	-400,000	-324.16	AA-	F1+
30-Jun-10	68	Santander UK Plc	200,000	0.890	11-Aug-10	-200,000	-204.82	AA-	F1+
30-Jun-10	69	HSBC	500,000	0.310	22-Jul-10	-500,000	-93.42	AA	F1+
30-Jun-10	70	HSBC	75,000	0.310	05-Jul-10	-75,000	-3.18	AA	F1+
01-Jul-10	71	HSBC	175,000	0.310	02-Jul-10	-175,000	-1.49	AA	F1+
02-Jul-10	72	HSBC	185,000	0.310	05-Jul-10	-185,000	-4.71	AA	F1+
05-Jul-10	73	Skipton Bs	250,000	0.500	11-Aug-10	-250,000	-126.71	A-	F2
05-Jul-10	74	HSBC	150,000	0.310	06-Jul-10	-150,000	-1.27	AA	F1+
06-Jul-10	75	HSBC	160,000	0.310	12-Jul-10	-160,000	-8.15	AA	F1+
08-Jul-10	76	HSBC	100,000	0.310	12-Jul-10	-100,000	-3.40	AA	F1+
09-Jul-10	77	HSBC	195,000	0.310	16-Jul-10	-195,000	-11.59	AA	F1+
12-Jul-10	78	HSBC	200,000	0.310	19-Jul-10	-200,000	-11.89	AA	F1+
14-Jul-10	79	HSBC	100,000	0.310	19-Jul-10	-100,000	-4.25	AA	F1+
15-Jul-10	80	Skipton BS	350,000	0.480	11-Aug-10	-350,000	-124.27	A-	F2
15-Jul-10	81	HSBC	125,000	0.310	26-Jul-10	-125,000	-11.68	AA	F1+
16-Jul-10	82	HSBC	100,000	0.310	19-Jul-10	-100,000	-2.55	AA	F1+
20-Jul-10	83	Skipton BS	150,000	0.470	11-Aug-10	-150,000	-42.49	A-	F2
19-Jul-10	84	HSBC	115,000	0.310	20-Jul-10	-115,000	-0.98	AA	F1+
20-Jul-10	85	HSBC	85,000	0.310	21-Jul-10	-85,000	-0.72	AA	F1+
22-Jul-10	86	HSBC	80,000	0.310	23-Jul-10	-80,000	-0.68	AA	F1+
23-Jul-10	87	HSBC	115,000	0.310	26-Jul-10	-115,000	-2.93	AA	F1+
26-Jul-10	88	HSBC	110,000	0.310	27-Jul-10	-110,000	-0.93	AA	F1+
27-Jul-10	89	HSBC	135,000	0.310	28-Jul-10	-135,000	-1.15	AA	F1+
28-Jul-10	90	Skipton BS	660,000	0.450	11-Aug-10	-660,000	-113.92	A-	F2
28-Jul-10	91	HSBC	135,000	0.310	29-Jul-10	-135,000	-1.15	AA	F1+
29-Jul-10	92	HSBC	160,000	0.310	30-Jul-10	-160,000	-1.36	AA	F1+

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
30-Jul-10	93	HSBC	240,000	0.310	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	0.380	Fixed 11/08	-400,000	-37.48	AA-	F1+
11-Aug-10	95	Santander UK Plc	500,000	0.380	Fixed 13/08	0	-57.26	AA-	F1+
13-Aug-10	95	Santander UK Plc	Rolled over	0.870	Fixed 17/09	0	-417.12	AA-	F1+
17-Sep-10	95	Santander UK Plc	Rolled over	0.880	Fixed 25/10	-500,000	-458.08	AA-	F1+
02-Aug-10	96	Yorkshire BS	1,000,000	0.200	Fixed 11/08	-1,000,000	-49.32	A-	F2
02-Aug-10	97	HSBC	250,000	0.310	Fixed 09/08	-250,000	-14.86	AA	F1+
02-Aug-10	98	HSBC	250,000	0.310	Fixed 16/08	-250,000	-29.73	AA	F1+
03-Aug-10	99	HSBC	130,000	0.310	Fixed 20/08	-130,000	-18.77	AA	F1+
04-Aug-10	100	HSBC	250,000	0.310	Fixed 13/08	-250,000	-19.11	AA	F1+
06-Aug-10	101	HSBC	200,000	0.310	Fixed 19/08	-200,000	-22.08	AA	F1+
09-Aug-10	102	HSBC	75,000	0.310	Fixed 31/08	-75,000	-14.01	AA	F1+
09-Aug-10	103	HSBC	185,000	0.310	Fixed 19/08	-185,000	-15.71	AA	F1+
11-Aug-10	104	HSBC	150,000	0.310	Fixed 13/08	-150,000	-2.55	AA	F1+
12-Aug-10	105	HSBC	75,000	0.310	Fixed 16/08	-75,000	-2.55	AA	F1+
13-Aug-10	106	HSBC	115,000	0.310	Fixed 23/08	-115,000	-9.77	AA	F1+
16-Aug-10	107	Skipton BS	400,000	0.450	Fixed 01/09	-400,000	-78.90	A-	F2
16-Aug-10	108	HSBC	200,000	0.310	Fixed 23/08	-200,000	-11.89	AA	F1+
16-Aug-10	109	HSBC	300,000	0.310	Fixed 17/08	-300,000	-2.55	AA	F1+
17-Aug-10	110	HSBC	240,000	0.310	Fixed 18/08	-240,000	-2.04	AA	F1+
18-Aug-10	111	HSBC	210,000	0.310	Fixed 19/08	-210,000	-1.78	AA	F1+
19-Aug-10	112	HSBC	240,000	0.310	Fixed 20/08	-240,000	-2.04	AA	F1+
20-Aug-10	113	Santander UK Plc	300,000	0.730	Fixed 17/09	-300,000	-168.00	AA-	F1+
20-Aug-10	114	HSBC	70,000	0.310	Fixed 23/08	-70,000	-1.78	AA	F1+
23-Aug-10	115	HSBC	150,000	0.310	Fixed 10/09	-150,000	-22.93	AA	F1+
23-Aug-10	116	HSBC	140,000	0.310	Fixed 24/08	-140,000	-1.19	AA	F1+
24-Aug-10	117	HSBC	65,000	0.310	Fixed 25/08	-65,000	-0.55	AA	F1+

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
24-Aug-10	118	HSBC	100,000	0.310	Fixed 03/09	-100,000	-8.49	AA	F1+
25-Aug-10	119	HSBC	90,000	0.310	Fixed 26/08	-90,000	-0.76	AA	F1+
26-Aug-10	120	HSBC	100,000	0.310	Fixed 27/08	-100,000	-0.85	AA	F1+
27-Aug-10	121a	HSBC	180,000	0.310	Fixed 06/09	-180,000	-15.29	AA	F1+
			6,365,000			-6,365,000	-1,487.44		
September									
31-Aug-10	121b	Santander UK Plc	700,000	0.380	Fixed 17/09	-700,000	-123.89	AA-	F1+
31-Aug-10	122	Nationwide	1,500,000	0.330	Fixed 17/09	-1,500,000	-230.55	AA-	F1+
31-Aug-10	123	Skipton Bs	500,000	0.450	Fixed 22/09	-500,000	-135.62	A-	F2
31-Aug-10	124	HSBC	170,000	0.310	Fixed 13/09	-170,000	-18.77	AA	F1+
31-Aug-10	125	HSBC	170,000	0.310	Fixed 20/09	-170,000	-28.88	AA	F1+
01-Sep-10	126	Skipton	350,000	0.520	Fixed 04/10	-350,000	-164.55	A-	F2
03-Sep-10	127	HSBC	180,000	0.310	Fixed 10/09	-180,000	-10.70	AA	F1+
06-Sep-10	128	HSBC	160,000	0.310	Fixed 07/09	-160,000	-1.36	AA	F1+
07-Sep-10	129	Skipton BS	200,000	0.450	Fixed 27/09	0	-49.32	A-	F2
27-Sep-10	129	Skipton BS	Rolled over	0.470	Fixed 11/10	0	-36.05	A-	F2
11-Oct-10	129	Skipton BS	Rolled over	0.470	Fixed 04/11	-200,000	-61.81	A-	F2
08-Sep-10	130	HSBC	60,000	0.310	Fixed 09/09	-60,000	-0.51	AA	F1+
09-Sep-10	131	HSBC	80,000	0.310	Fixed 16/09	-80,000	-4.76	AA	F1+
10-Sep-10	132	Skipton BS	300,000	0.520	Fixed 19/10	-300,000	-166.68	A-	F2
10-Sep-10	133	HSBC	150,000	0.310	Fixed 13/09	-150,000	-3.82	AA	F1+
13-Sep-10	134	Skipton BS	150,000	0.500	Fixed 08/10	-150,000	-51.37	A-	F2
13-Sep-10	135	HSBC	180,000	0.310	Fixed 14/09	-180,000	-1.53	AA	F1+
14-Sep-10	136	HSBC	180,000	0.310	Fixed 17/09	-180,000	-4.59	AA	F1+
15-Sep-10	137	HSBC	350,000	0.310	Fixed 17/09	-350,000	-5.95	AA	F1+
16-Sep-10	138	HSBC	100,000	0.310	Fixed 24/09	-100,000	-6.79	AA	F1+
17-Sep-10	139	HSBC	150,000	0.310	Fixed 21/09	-150,000	-5.10	AA	F1+
20-Sep-10	140	HSBC	100,000	0.310	Fixed 22/09	-100,000	-1.70	AA	F1+

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
21-Sep-10	141	HSBC	180,000	0.310	Fixed 22/09	-180,000	-1.53	AA	F1+
22-Sep-10	142	Skipton BS	300,000	0.500	Fixed 25/10	0	-135.62	A-	F2
25-Oct-10	142	Skipton BS	Rolled over	0.520	Fixed 30/11	0	-153.86	A-	F2
30-Nov-10	142	Skipton BS	Rolled over	0.430	Fixed 06/12	0	-21.21	A-	F2
06-Dec-10	142	Skipton BS	Rolled over	0.450	Fixed 13/12	0	-25.89	A-	F2
13-Dec-10	142	Skipton BS	Rolled over	0.430	Fixed 20/12	0	-24.74	A-	F2
20-Dec-10	142	Skipton BS	Rolled over	0.430	Still Outstanding	0	-49.48	A-	F2
23-Sep-10	143	HSBC	90,000	0.310	Fixed 24/09	-90,000	-0.76	AA	F1+
24-Sep-10	144	HSBC	160,000	0.310	Fixed 27/09	-160,000	-4.08	AA	F1+
24-Sep-10	145	HSBC	90,000	0.310	Fixed 01/10	-90,000	-5.35	AA	F1+
			6,550,000			-6,250,000	-1,536.82		
October									
28-Sep-10	146	Santander UK Plc	500,000	0.710	Fixed 25/10	-500,000	-262.60	AA-	F1+
28-Sep-10	147	HSBC	200,000	0.310	Fixed 04/10	-200,000	-10.19	AA	F1+
30-Sep-10	148	HSBC	200,000	0.310	Fixed 04/10	-200,000	-6.79	AA	F1+
30-Sep-10	149	HSBC	250,000	0.310	Fixed 11/10	-250,000	-23.36	AA	F1+
30-Sep-10	150	Santander UK Plc	500,000	0.820	Fixed 28/10	-500,000	-280.82	AA-	F1+
30-Sep-10	151	Nationwide	1,500,000	0.410	Fixed 25/10	-1,500,000	-421.23	AA-	F1+
01-Oct-10	152	HSBC	130,000	0.310	Fixed 22/10	-130,000	-23.19	AA	F1+
04-Oct-10	153	HSBC	200,000	0.310	Fixed 18/10	-200,000	-23.78	AA	F1+
06-Oct-10	154	HSBC	80,000	0.310	Fixed 07/10	-80,000	-0.68	AA	F1+
07-Oct-10	155	Skipton Bs	160,000	0.520	Fixed 05/11		-66.10	A-	F2
05-Nov-10	155	Skipton Bs	Rolled over	0.520	Fixed 06/12	-160,000	-70.66	A-	F2
11-Oct-10	156	HSBC	145,000	0.310	Fixed 12/10	-145,000	-1.23	AA	F1+
12-Oct-10	157	HSBC	120,000	0.310	Fixed 13/10	-120,000	-1.02	AA	F1+
13-Oct-10	158	HSBC	135,000	0.310	Fixed 14/10	-135,000	-1.15	AA	F1+
14-Oct-10	159	HSBC	155,000	0.310	Fixed 15/10	-155,000	-1.32	AA	F1+
15-Oct-10	160	Skipton Bs	200,000	0.450	Fixed 04/11	-200,000	-49.32	A-	F2
15-Oct-10	161	Bank Of Scotland	500,000	0.510	Fixed 22/11		-265.48	AA-	F1+

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
22-Nov-10	161	Bank Of Scotland	Rolled over	0.530	Still Outstanding		-304.93	AA-	F1+
15-Oct-10	162	HSBC	100,000	0.310	Fixed 19/10	-100,000	-3.40	AA	F1+
15-Oct-10	163	HSBC	100,000	0.310	Fixed 01/11	-100,000	-14.44	AA	F1+
18-Oct-10	164	HSBC	100,000	0.310	Fixed 01/11	-100,000	-11.89	AA	F1+
20-Oct-10	165	HSBC	170,000	0.310	Fixed 25/10	-170,000	-7.22	AA	F1+
21-Oct-10	166	HSBC	70,000	0.310	Fixed 25/10	-70,000	-2.38	AA	F1+
22-Oct-10	167	HSBC	60,000	0.310	Fixed 25/10	-60,000	-1.53	AA	F1+
25-Oct-10	168	HSBC	150,000	0.310	Fixed 01/11	-150,000	-8.92	AA	F1+
27-Oct-10	169	HSBC	110,000	0.310	Fixed 28/10	-110,000	-0.93	AA	F1+
28-Oct-10	170	Santander UK Plc	770,000	0.870	Fixed 30/11	-770,000	-605.66	AA-	F1+
29-Oct-10	171	HSBC	55,000	0.310	Fixed 01/11	-55,000	-1.40	AA	F1+
			6,660,000			-6,160,000	-2,471.62		
November									
01-Nov-10	172	Nationwide	1,500,000	0.470	Fixed 30/11		-560.14	AA-	F1+
30-Nov-10	172	Nationwide	Rolled over	0.490	Still Outstanding		-684.66	AA-	F1+
01-Nov-10	173	Santander UK Plc	380,000	0.820	Fixed 30/11	-380,000	-247.57	AA-	F1+
01-Nov-10	174	Santander UK Plc	350,000	0.870	Fixed 01/12	-350,000	-250.27	AA-	F1+
01-Nov-10	175	Skipton Bs	170,000	0.520	Fixed 03/12	-170,000	-77.50	A-	F2
01-Nov-10	176	Skipton Bs	200,000	0.480	Fixed 22/11		-55.23	A-	F2
22-Nov-10	176	Skipton Bs	Rolled over	0.430	Fixed 13/12		-49.48	A-	F2
13-Dec-10	176	Skipton Bs	Rolled over	0.490	Still Outstanding		-56.38	A-	F2
01-Nov-10	177	HSBC	200,000	0.310	Fixed 08/11	-200,000	-11.89	AA	F1+
03-Nov-10	178	HSBC	100,000	0.310	Fixed 05/11	-100,000	-1.70	AA	F1+
08-Nov-10	179	HSBC	170,000	0.310	Fixed 09/11	-170,000	-1.44	AA	F1+
09-Nov-10	180	HSBC	100,000	0.310	Fixed 10/11	-100,000	-0.85	AA	F1+
10-Nov-10	181	HSBC	120,000	0.310	Fixed 11/11	-120,000	-1.02	AA	F1+
11-Nov-10	182	HSBC	140,000	0.310	Fixed 12/11	-140,000	-1.19	AA	F1+
15-Nov-10	183	Skipton Bs	340,000	0.510	Fixed 24/12	-340,000	-185.28	A-	F2
15-Nov-10	184	Skipton Bs	300,000	0.520	Fixed 20/12		-149.59	A-	F2

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
20-Dec-10	184	Skipton Bs	Rolled over	0.430	Still Outstanding		-49.48	A-	F2
18-Nov-10	185	HSBC	75,000	0.310	Fixed 19/11	-75,000	-0.64	AA	F1+
19-Nov-10	186	HSBC	150,000	0.310	Fixed 22/11	-150,000	-3.82	AA	F1+
22-Nov-10	187	HSBC	115,000	0.310	Fixed 23/11	-115,000	-0.98	AA	F1+
24-Nov-10	188	HSBC	70,000	0.310	Fixed 25/11	-70,000	-0.59	AA	F1+
25-Nov-10	189	HSBC	90,000	0.310	Fixed 29/11	-90,000	-3.06	AA	F1+
26-Nov-10	190	HSBC	100,000	0.310	Fixed 29/11	-100,000	-2.55	AA	F1+
			4,670,000			-2,670,000	-2,395.31		
December									
29-Nov-10	191	Bank Of Scotland	400,000	0.520	Still Outstanding		-199.45	AA-	F1+
30-Nov-10	192	Yorkshire BS	600,000	0.350	Still Outstanding		-195.62	A-	F2
30-Nov-10	193	HSBC	120,000	0.310	Fixed 01/12	-120,000	-1.02	AA	F1+
01-Dec-10	194	HSBC	150,000	0.310	Fixed 22/12	-150,000	-26.75	AA	F1+
03-Dec-10	195	HSBC	100,000	0.310	Fixed 06/12	-100,000	-2.55	AA	F1+
06-Dec-10	196	HSBC	130,000	0.310	Fixed 07/12	-130,000	-1.10	AA	F1+
07-Dec-10	197	HSBC	100,000	0.310	Fixed 08/12	-100,000	-0.85	AA	F1+
10-Dec-10	198	Skipton Bs	200,000	0.440	Fixed 29/12		-45.81	A-	F2
29-Dec-10	198	Skipton BS	Rolled over	0.430	Still Outstanding		-11.78	A-	F2
14-Dec-10	199	HSBC	60,000	0.310	Fixed 15/12	-60,000	-0.51	AA	F1+
15-Dec-10	200	HSBC	100,000	0.310	Fixed 17/12	-100,000	-1.70	AA	F1+
15-Dec-10	201	HSBC	100,000	0.310	Fixed 20/12	-100,000	-4.25	AA	F1+
15-Dec-10	202	HSBC	150,000	0.310	Fixed 31/12	-150,000	-20.38	AA	F1+
15-Dec-10	203	HSBC	200,000	0.310	Still Outstanding		-32.27	AA	F1+
17-Dec-10	204	HSBC	130,000	0.310	Fixed 20/12	-130,000	-3.31	AA	F1+
20-Dec-10	205	HSBC	140,000	0.310	Fixed 21/12	-140,000	-1.19	AA	F1+
21-Dec-10	206	HSBC	140,000	0.310	Fixed 22/12	-140,000	-1.19	AA	F1+
23-Dec-10	207	HSBC	120,000	0.310	Fixed 24/12	-120,000	-1.02	AA	F1+
24-Dec-10	208	HSBC	180,000	0.310	Still Outstanding		-15.29	AA	F1+
31-Dec-10	209	Yorkshire BS	400,000	0.350	Still Outstanding		-11.51	A-	F2

Date Invested	Temp Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received / Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
31-Dec-10	210	Yorkshire BS	500,000	0.400	Still Outstanding		-16.44	A-	F2
31-Dec-10	211	Barclays Bank PLC	1,500,000	0.515	Still Outstanding		-63.49	AA-	F1+
			5,520,000			-1,540,000	-657.48		
Total Investments made April to December 2010			50,785,000			-44,005,000	-11,025.05		
MONIES INVESTED AS AT 31 December 2010									
20-Dec-10	142	Skipton BS	300,000	0.430					
22-Nov-10	161	Bank Of Scotland	500,000	0.530					
30-Nov-10	172	Nationwide	1,500,000	0.490					
13-Dec-10	176	Skipton Bs	200,000	0.490					
20-Dec-10	184	Skipton Bs	300,000	0.430					
29-Nov-10	191	Bank Of Scotland	400,000	0.520					
30-Nov-10	192	Yorkshire BS	600,000	0.350					
29-Dec-10	198	Skipton BS	200,000	0.430					
15-Dec-10	203	HSBC	200,000	0.310					
24-Dec-10	208	HSBC	180,000	0.310					
31-Dec-10	209	Yorkshire BS	400,000	0.350					
31-Dec-10	210	Yorkshire BS	500,000	0.400					
31-Dec-10	211	Barclays Bank PLC	1,500,000	0.515					
Monies invested at 31 December 2010			6,780,000						

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.