

**RIBBLE VALLEY BOROUGH COUNCIL** INFORMATION  
**REPORT TO POLICY & FINANCE COMMITTEE**

Agenda Item No 21

meeting date: 26 JULY 2011  
 title: TREASURY MANAGEMENT MONITORING 2011/12  
 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 2011 to 30 June 2011

**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 2010, 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.

|                                      | <b>PWLB<br/>£000</b> | <b>Other<br/>£000</b> | <b>Total<br/>£000</b> |
|--------------------------------------|----------------------|-----------------------|-----------------------|
| External Debt at 1 April 2011        | 507                  | 7                     | 514                   |
| Transactions - New Loans             | 0                    | 2,100                 | 2,100                 |
| - Repayments                         | 0                    | -2,100                | -2,100                |
| <b>External debt at 30 June 2011</b> | <b>507</b>           | <b>7</b>              | <b>514</b>            |

4.2 Early in this financial year the following temporary loan was taken out. This was due to a shortfall in cash balances between paying precepts to Lancashire County Council, Police and Fire Authorities 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-2011     | Wakefield MBC | 2,100        | 0.45   | 03-May-2011 |

4.3 The total interest paid on the Council's external debt during the period was £311 compared with £282 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 2011 to 30 June 2011 was 0.27%, which slightly below the average local authority seven-day notice deposit rate of 0.40%, this is mainly due to the short-term nature of the investments placed.

5.3 The movement in the Council's external investments are shown in Annex 1 and can be summarised as follows:

|   | Banks/<br>Building<br>Societies<br>£000 | Other Local<br>Authorities<br>£000 | Total<br>£000 |
|---|---|------------------------------------|---------------|
| Monies Invested at 1 April 2011           | 280                                     | 0                                  | 280           |
| Transactions - New Investments            | 17,730                                  | 0                                  | 17,730        |
| - Repayment of Investments                | -13,420                                 | -0                                 | -13,420       |
| <b>Monies Invested as at 30 June 2011</b> | <b>4,590</b>                            | <b>0</b>                           | <b>4,590</b>  |

5.4 The total interest received on the Council's external investments during the period was £1,355 compared with £1,119 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 2011.

- ❖ 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 2011/12 were as follows:

|   | Upper Limit<br>£000 | Current Actual<br>£000 |
|---|---------------------|------------------------|
| Maximum Principal Sums Borrowed >364 days | 7,601               | 515                    |
| Limits on Fixed Interest Rates            | 7,601               | 2,615                  |
| Limits on Variable Interest Rates         | 1,520               | 0                      |

6.5 The upper and lower limits for the maturity structure of its borrowings for 2011/12 were as follows:

|                                | Upper Limit<br>% | Lower Limit<br>% | Current Actual<br>% |
|--------------------------------|------------------|------------------|---------------------|
| Under 12 months                | 20               | 0                | 13.82               |
| 12 Months and Within 24 Months | 20               | 0                | 13.82               |
| 24 Months and Within 5 Years   | 40               | 0                | 31.05               |
| 5 Years and Within 10 Years    | 30               | 0                | 17.39               |
| 10 Years and Above             | 90               | 0                | 23.92               |

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<br>May'11 | Previous Ranking<br>Jan'11 | Fitch Rating |                              |            |                              |
|---------------|---------------------------|----------------------------|--------------|------------------------------|------------|------------------------------|
|               |                           |                            | 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 -          | 20.04.11                     | F2         | 20.04.11                     |
| 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                     |

| Name      | Current Ranking | Previous Ranking | Fitch Rating |                              |            |                              |
|-----------|-----------------|------------------|--------------|------------------------------|------------|------------------------------|
|           | May'11          | Jan'11           | Long Term    | Full Transaction Review Date | Short Term | Full Transaction Review Date |
| 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 -         | 20.01.11                     | F1+        | 20.01.11                     |
| Santander UK Plc (Alliance & Leicester Commercial Bank Plc) | AA -         | 30.01.11                     | F1+        | 20.01.11                     |
| 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 +          | 17.06.11                     | F1+        | 17.06.11                     |
| 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 -         | 29.06.11                     | F1+        | 29.06.11                     |
| Northern Rock (Asset Management) plc. *                     | A +          | 15.12.10                     | F1+        | 15.12.10                     |
| Royal Bank of Scotland plc (The)                            | AA -         | 29.06.11                     | F1+        | 29.06.11                     |

\* Not updated since last reported.

7.4 There have been no changes in the ratings since last reported in January 2011.

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 With interest rates remaining at their low levels the amount of income we receive from investing our surplus cash balances is fairly inconsequential when compared to previous years

SENIOR ACCOUNTANT

PF41-11/TH/AC  
8 July 2011

## POLICY AND FINANCE COMMITTEE

## TEMPORARY INVESTMENT ACTIVITY - 2011/12

| Date Invested                                     | Temp Investment Number | Borrower   | Amount Invested<br>£ | Interest Rate<br>% | Date Repaid         | Principal Repaid<br>£ | Interest Received / Due<br>£ | Fitch Ratings<br>at Time of Investment |            |
|---|------------------------|------------|----------------------|--------------------|---------------------|-----------------------|------------------------------|--|------------|
|   |                        |            |                      |                    |                     |                       |                              | Long-Term                              | Short-Term |
| <b>INVESTMENTS BROUGHT FORWARD @ 1 APRIL 2011</b> |                        |            |                      |                    |                     |                       |                              |  |            |
| 31-Mar-11   | 283                    | HSBC       | 80,000               | 0.31               | 1-Apr-11            | -80,000               | -0.68                        | AA                                     | F1+        |
| 31-Mar-11   | 284                    | HSBC       | 200,000              | 0.31               | 11-Apr-11<br>Debtor | -200,000              | -18.68<br>1.70               | AA                                     | F1+        |
| <b>Monies invested at 1 April 2011</b>            |                        |            | <b>280,000</b>       |                    |                     | <b>-280,000</b>       | <b>-16.98</b>                |  |            |
| <b>NEW INVESTMENTS - 2011/12</b>                  |                        |            |                      |                    |                     |                       |                              |  |            |
| <b>Apr</b>  |                        |            |                      |                    |                     |                       |                              |  |            |
| 1-Apr-11  | 1                      | Skipton BS | 200,000              | 0.450              | 14-Apr-11           | -200,000              | -32.05                       | A-                                     | F2         |
| 1-Apr-11  | 2                      | Skipton BS | 140,000              | 0.450              | 18-Apr-11           |                       | -29.34                       | A-                                     | F2         |
| 18-Apr-11   | 2                      | Skipton BS | Rolled Over          | 0.400              | 21-Apr-11           | -140,000              | -4.60                        | A-                                     | F2         |
| 4-Apr-11  | 3                      | HSBC       | 250,000              | 0.310              | 19-Apr-11           | -250,000              | -31.85                       | AA                                     | F1+        |
| 5-Apr-11  | 4                      | HSBC       | 80,000               | 0.310              | 6-Apr-11            | -80,000               | -0.68                        | AA                                     | F1+        |
| 6-Apr-11  | 5                      | HSBC       | 130,000              | 0.310              | 11-Apr-11           | -130,000              | -5.52                        | AA                                     | F1+        |
| 8-Apr-11  | 6                      | HSBC       | 70,000               | 0.310              | 11-Apr-11           | -70,000               | -1.78                        | AA                                     | F1+        |
| 11-Apr-11   | 7                      | HSBC       | 50,000               | 0.310              | 19-Apr-11           | -50,000               | -3.40                        | AA                                     | F1+        |
| 11-Apr-11   | 8                      | Skipton BS | 300,000              | 0.450              | 21-Apr-11           | -300,000              | -36.99                       | A-                                     | F2         |
| 12-Apr-11   | 9                      | HSBC       | 65,000               | 0.310              | 13-Apr-11           | -65,000               | -0.55                        | AA                                     | F1+        |
| 13-Apr-11   | 10                     | HSBC       | 50,000               | 0.310              | 14-Apr-11           | -50,000               | -0.42                        | AA                                     | F1+        |
| 13-Apr-11   | 11                     | HSBC       | 150,000              | 0.310              | 18-Apr-11           | -150,000              | -6.37                        | 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 |
| 14-Apr-11     | 12                     | HSBC       | 150,000           | 0.310           | 21-Apr-11   | -150,000           | -8.92                     | AA                                  | F1+        |
| 15-Apr-11     | 13                     | Skipton BS | 750,000           | 0.430           | 21-Apr-11   | -750,000           | -53.01                    | A-                                  | F2         |
| 18-Apr-11     | 14                     | HSBC       | 90,000            | 0.310           | 18-Apr-11   | -90,000            | -0.76                     | AA                                  | F1+        |
| 19-Apr-11     | 15                     | HSBC       | 150,000           | 0.310           | 21-Apr-11   | -150,000           | -2.55                     | AA                                  | F1+        |
| 20-Apr-11     | 16                     | HSBC       | 100,000           | 0.310           | 21-Apr-11   | -100,000           | -0.85                     | AA                                  | F1+        |
| 21-Apr-11     | 17                     | HSBC       | 300,000           | 0.310           | 26-Apr-11   | -300,000           | -12.74                    | AA                                  | F1+        |
| 26-Apr-11     | 18                     | HSBC       | 70,000            | 0.310           | 27-Apr-11   | -70,000            | -0.59                     | AA                                  | F1+        |
| 26-Apr-11     | 19                     | HSBC       | 100,000           | 0.310           | 28-Apr-11   | -100,000           | -1.70                     | AA                                  | F1+        |
| 27-Apr-11     | 20                     | Skipton BS | 340,000           | 0.450           | 13-May-11   | -340,000           | -67.07                    | A-                                  | F2         |
| 27-Apr-11     | 21                     | HSBC       | 140,000           | 0.310           | 3-May-11    | -140,000           | -7.13                     | AA                                  | F1+        |
| 27-Apr-11     | 22                     | HSBC       | 100,000           | 0.310           | 9-May-11    | -100,000           | -10.19                    | AA                                  | F1+        |
| 28-Apr-11     | 23                     | HSBC       | 460,000           | 0.310           | 4-May-11    | -460,000           | -23.44                    | AA                                  | F1+        |
| 28-Apr-11     | 24                     | HSBC       | 100,000           | 0.310           | 9-May-11    | -100,000           | -9.34                     | AA                                  | F1+        |
| 28-Apr-11     | 25                     | Skipton BS | 200,000           | 0.450           | 20-May-11   | -200,000           | -54.25                    | A-                                  | F2         |
|               |                        |            | 4,535,000         |                 |             | -4,535,000         | -406.09                   |                                     |            |
| <b>May</b>    |                        |            |                   |                 |             |                    |                           |                                     |            |
| 3-May-11      | 26                     | HSBC       | 130,000           | 0.310           | 4-May-11    | -130,000           | -1.10                     | AA                                  | F1+        |
| 4-May-11      | 27                     | HSBC       | 100,000           | 0.310           | 23-May-11   | -100,000           | -16.14                    | AA                                  | F1+        |
| 4-May-11      | 28                     | HSBC       | 150,000           | 0.310           | 9-May-11    | -150,000           | -6.37                     | AA                                  | F1+        |
| 5-May-11      | 29                     | HSBC       | 100,000           | 0.310           | 23-May-11   | -100,000           | -15.29                    | AA                                  | F1+        |
| 9-May-11      | 30                     | Skipton BS | 400,000           | 0.450           | 23-May-11   | 0                  | -69.04                    | A-                                  | F2         |
| 23-May-11     | 30                     | Skipton BS | Rolled Over       | 0.450           | 1-Jun-11    | -400,000           | -44.38                    | A-                                  | F2         |
| 10-May-11     | 31                     | HSBC       | 150,000           | 0.310           | 19-May-11   | -150,000           | -11.47                    | AA                                  | F1+        |
| 11-May-11     | 32                     | HSBC       | 90,000            | 0.310           | 12-May-11   | -90,000            | -0.76                     | AA                                  | F1+        |
| 12-May-11     | 33                     | HSBC       | 150,000           | 0.310           | 23-May-11   | -150,000           | -14.01                    | AA                                  | F1+        |
| 13-May-11     | 34                     | HSBC       | 200,000           | 0.310           | 19-May-11   | -200,000           | -10.19                    | AA                                  | F1+        |
| 16-May-11     | 35                     | HSBC       | 200,000           | 0.310           | 19-May-11   | -200,000           | -5.10                     | AA                                  | F1+        |
| 16-May-11     | 36                     | Skipton BS | 600,000           | 0.460           | 1-Jun-11    | -600,000           | -120.99                   | A-                                  | F2         |
| 17-May-11     | 37                     | HSBC       | 80,000            | 0.310           | 18-May-11   | -80,000            | -0.68                     | 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 |
| 18-May-11     | 38                     | HSBC          | 150,000           | 0.310           | 23-May-11         | -150,000           | -6.37                     | AA                                  | F1+        |
| 19-May-11     | 39                     | HSBC          | 60,000            | 0.310           | 23-May-11         | -60,000            | -2.04                     | AA                                  | F1+        |
| 20-May-11     | 40                     | HSBC          | 150,000           | 0.310           | 23-May-11         | -150,000           | -3.82                     | AA                                  | F1+        |
| 23-May-11     | 41                     | HSBC          | 50,000            | 0.310           | 24-May-11         | -50,000            | -0.42                     | AA                                  | F1+        |
| 23-May-11     | 42                     | HSBC          | 190,000           | 0.310           | 1-Jun-11          | -190,000           | -14.52                    | AA                                  | F1+        |
| 24-May-11     | 43                     | HSBC          | 135,000           | 0.310           | 25-May-11         | -135,000           | -1.15                     | AA                                  | F1+        |
| 25-May-11     | 44                     | HSBC          | 180,000           | 0.310           | 26-May-11         | -180,000           | -1.53                     | AA                                  | F1+        |
| 26-May-11     | 45                     | Skipton BS    | 240,000           | 0.430           | 1-Jun-11          | -240,000           | -16.96                    | A-                                  | F2         |
| 27-May-11     | 46a                    | HSBC          | 70,000            | 0.310           | 1-Jun-11          | -70,000            | -2.97                     | AA                                  | F1+        |
| 31-May-11     | 46b                    | Skipton BS    | 260,000           | 0.370           | 1-Jun-11          | -260,000           | -2.64                     | A-                                  | F2         |
| 31-May-11     | 47                     | Barclays Bank | 1,500,000         | 0.300           | 1-Jun-11          | -1,500,000         | -12.33                    | AA-                                 | F1+        |
| 31-May-11     | 48                     | Yorkshire BS  | 550,000           | 0.300           | 20-Jun-11         | -550,000           | -90.41                    | A-                                  | F2         |
| 31-May-11     | 49                     | HSBC          | 180,000           | 0.310           | 1-Jun-11          | -180,000           | -1.53                     | AA                                  | F1+        |
| 31-May-11     | 50                     | HSBC          | 250,000           | 0.310           | 6-Jun-11          | -250,000           | -12.74                    | AA                                  | F1+        |
| 31-May-11     | 51                     | HSBC          | 250,000           | 0.310           | 13-Jun-11         | -250,000           | -27.60                    | AA                                  | F1+        |
|               |                        |               | 6,565,000         |                 |                   | -6,565,000         | -512.55                   |                                     |            |
| <b>June</b>   |                        |               |                   |                 |                   |                    |                           |                                     |            |
| 1-Jun-11      | 52                     | HSBC          | 125,000           | 0.310           | 2-Jun-11          | -125,000           | -1.06                     | AA                                  | F1+        |
| 2-Jun-11      | 53                     | HSBC          | 130,000           | 0.310           | 17-Jun-11         | -130,000           | -16.56                    | AA                                  | F1+        |
| 3-Jun-11      | 54                     | HSBC          | 50,000            | 0.310           | 6-Jun-11          | -50,000            | -1.27                     | AA                                  | F1+        |
| 6-Jun-11      | 55                     | Skipton BS    | 250,000           | 0.450           | 22-Jun-11         | -250,000           | -49.32                    | A-                                  | F2         |
| 7-Jun-11      | 56                     | HSBC          | 125,000           | 0.310           | 8-Jun-11          | -125,000           | -1.06                     | AA                                  | F1+        |
| 8-Jun-11      | 57                     | HSBC          | 150,000           | 0.310           | 10-Jun-11         | -150,000           | -2.55                     | AA                                  | F1+        |
| 9-Jun-11      | 58                     | HSBC          | 90,000            | 0.310           | 10-Jun-11         | -90,000            | -0.76                     | AA                                  | F1+        |
| 10-Jun-11     | 59                     | Skipton BS    | 420,000           | 0.460           | Still Outstanding |                    | -111.16                   | A-                                  | F2         |
| 13-Jun-11     | 60                     | HSBC          | 250,000           | 0.310           | 22-Jun-11         | -250,000           | -19.11                    | AA                                  | F1+        |
| 14-Jun-11     | 61                     | HSBC          | 80,000            | 0.310           | 15-Jun-11         | -80,000            | -0.68                     | AA                                  | F1+        |
| 15-Jun-11     | 62                     | HSBC          | 250,000           | 0.310           | 20-Jun-11         | -250,000           | -10.62                    | AA                                  | F1+        |
| 15-Jun-11     | 63                     | Skipton BS    | 500,000           | 0.480           | Still Outstanding |                    | -105.21                   | 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 |
| 17-Jun-11  | 64                     | HSBC          | 120,000           | 0.310           | 27-Jun-11         | -120,000           | -10.19                    | AA                                  | F1+        |
| 20-Jun-11  | 65                     | HSBC          | 100,000           | 0.310           | 22-Jun-11         | -100,000           | -1.70                     | AA                                  | F1+        |
| 20-Jun-11  | 66                     | HSBC          | 150,000           | 0.310           | 27-Jun-11         | -150,000           | -8.92                     | AA                                  | F1+        |
| 21-Jun-11  | 67                     | HSBC          | 70,000            | 0.310           | 22-Jun-11         | -70,000            | -0.59                     | AA                                  | F1+        |
| 22-Jun-11  | 68                     | HSBC          | 130,000           | 0.310           | Still Outstanding |                    | -9.94                     | AA                                  | F1+        |
| 23-Jun-11  | 69                     | HSBC          | 100,000           | 0.310           | 27-Jun-11         | -100,000           | -3.40                     | AA                                  | F1+        |
| 27-Jun-11  | 70                     | Skipton BS    | 350,000           | 0.450           | Still Outstanding |                    | -17.26                    | A-                                  | F2         |
| 28-Jun-11  | 71                     | HSBC          | 700,000           | 0.310           | Still Outstanding |                    | -17.84                    | AA                                  | F1+        |
| 29-Jun-11  | 72                     | HSBC          | 90,000            | 0.310           | Still Outstanding |                    | -1.53                     | AA                                  | F1+        |
| 30-Jun-11  | 73                     | Nationwide Bs | 1,400,000         | 0.510           | Still Outstanding |                    | -19.56                    | AA-                                 | F1+        |
| 30-Jun-11  | 74                     | HSBC          | 150,000           | 0.310           | Still Outstanding |                    | -1.27                     | AA                                  | F1+        |
| 30-Jun-11  | 75                     | Barclays Bank | 850,000           | 0.351           | Still Outstanding |                    | -8.17                     | AA-                                 | F1+        |
|  |                        |               | 6,630,000         |                 |                   | -2,040,000         | -419.73                   |                                     |            |
| <b>Total Investments made April to June 2011</b> |                        |               | <b>17,730,000</b> |                 |                   | <b>-13,140,000</b> | <b>-1,338.37</b>          |                                     |            |
| <b>Total Investment 2011/12</b>                  |                        |               | <b>18,010,000</b> |                 |                   | <b>-13,420,000</b> | <b>-1,355.35</b>          |                                     |            |

| Date Invested                                | Temp Investment Number | Borrower      | Amount Invested<br>£ | Interest Rate<br>% | Date Repaid | Principal Repaid<br>£ | Interest Received / Due<br>£ | Fitch Ratings<br>At Time of Investment |            |
|--|------------------------|---------------|----------------------|--------------------|-------------|-----------------------|------------------------------|--|------------|
|  |                        |               |                      |                    |             |                       |                              | Long-Term                              | Short-Term |
| <b>INVESTMENTS OUTSTANDING @ 30 June 200</b> |                        |               |                      |                    |             |                       |                              |  |            |
| 10-Jun-11                                    | 59                     | Skipton BS    | 420,000              | 0.460              |             |                       |                              |  |            |
| 15-Jun-11                                    | 63                     | Skipton BS    | 500,000              | 0.480              |             |                       |                              |  |            |
| 22-Jun-11                                    | 68                     | HSBC          | 130,000              | 0.310              |             |                       |                              |  |            |
| 27-Jun-11                                    | 70                     | Skipton BS    | 350,000              | 0.450              |             |                       |                              |  |            |
| 28-Jun-11                                    | 71                     | HSBC          | 700,000              | 0.310              |             |                       |                              |  |            |
| 29-Jun-11                                    | 72                     | HSBC          | 90,000               | 0.310              |             |                       |                              |  |            |
| 30-Jun-11                                    | 73                     | Nationwide Bs | 1,400,000            | 0.510              |             |                       |                              |  |            |
| 30-Jun-11                                    | 74                     | HSBC          | 150,000              | 0.310              |             |                       |                              |  |            |
| 30-Jun-11                                    | 75                     | Barclays Bank | 850,000              | 0.351              |             |                       |                              |  |            |
| <b>Monies invested at 30 June 2011</b>       |                        |               | <b>4,590,000</b>     |                    |             |                       |                              |  |            |

## POLICY AND FINANCE COMMITTEE

| <b>Fitch Rating Definitions</b>  |   |
|--|---|
| <b>International Long-Term Credit Ratings</b>  |   |
| 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 |
| <b>International Short-Term Credit ratings</b>   |   |
| 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.  |