

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 14

meeting date: 24 JANUARY 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 31 December 2011
- 1.2 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.
- 1.3 In accordance with this policy committee should receive a quarterly monitoring report on the Council's treasury management operations.

2 BACKGROUND

- 2.1 Events in recent years have raised the profile of the treasury management function and highlighted the potential serious risks involved.
- 2.2 The Council borrows any money it requires to fund its capital spending plans from the Public Works Loan Board. They make funds available for long loan periods at interest rates just below market rates and lend to Government and Public bodies. The Council rarely borrows to fund its revenue activities and is much more likely at any point in time to have surplus funds to invest.
- 2.3 On a daily basis we assess our cash flow position. To do this we estimate the funds we expect to receive e.g. council tax payments, grants, fees and shares, and deduct any known payments we expect to make e.g. precepts, creditors and salaries. On most days the Council is in a position where it has surplus funds available to invest.
- 2.4 How we invest these surplus funds is governed by the Council's Treasury Management policies and procedures agreed and reported to Policy and Finance Committee and ultimately Full Council.

The main points being:

- (i) The Council maintains a list of organisations it will lend its surplus funds to, which is regularly reviewed. The current list is shown in section 7 of this report.
- (ii) The Council has maximum limits for each institution of £1.5m with the exception of the Debt Management office, where the Government guarantees investments. Our limit with the DMO is currently £5m.
- (iii) The safety of our investments is paramount and not the requirement to maximise returns.

- (iv) Our policy has been to only lend to major British Banks and Building Societies relying on the assumption that the Government would be unlikely to allow a major bank/building society to fail. However, given the tremendous uncertainty of the money markets at the current time we can no longer be assured that this would be the case. This has resulted in our increased use of the Debt Management office, where the government guarantees investments.

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 borrowing can be summarised as follows.

	PWLB £000	Other £000	Total £000
External Debt at 1 April 2011	507	7	514
Transactions - New Loans	0	2,100	2,100
- Repayments	-35	-2,100	-2,135
External debt at 31 December 2011	472	7	479

- 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 £12,214 compared with £13,817 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 31 December 2011 was 0.27%, which is slightly below the average local authority seven-day notice deposit rate of 0.37%. This is mainly due to the short-term nature of the investments placed and minimisation of the risk to the capital sum.

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 2011	280	0	280
Transactions - New Investments	54,700	0	54,700
- Repayment of Investments	-50,080	-0	-50,080
Monies Invested as at 31 December 2011	4,900	0	4,900

5.4 The following investments were held as at 31 December 2011. As can be seen below, the Debt Management office has been used more extensively. You will recall you agreed to increase our lending limit to the DMO to £5m at your last meeting. These investments offer the least risk in such times of uncertainty and as such the rate reflects the security of the investment

Date Invested	Nos	Borrower	Notice	Rate %	£'000	£'000
24 Nov'11	189	Debt Management office	Fixed 03/01	0.25	300	
28 Nov'11	191	Debt Management office	Fixed 03/01	0.25	700	
30 Nov'11	194	Debt Management office	Fixed 05/01	0.25	500	
30 Nov'11	195	Debt Management office	Fixed 13/01	0.25	350	
30 Nov'11	196	Debt Management office	Fixed 19/01	0.25	550	
30 Nov'11	197	Debt Management office	Fixed 30/01	0.25	250	
30 Nov'11	198	Debt Management office	Fixed 07/02	0.25	350	
15 Dec'11	210	Debt Management office	Fixed 07/02	0.25	500	
22 Dec'11	214	Debt Management office	Fixed 07/02	0.25	650	
23 Dec'11	215	Debt Management office	Fixed 07/02	0.25	250	
						4,400
23 Dec'11	216	HSBC	Fixed 03/01	0.26	500	
						500
Total Investments as at 31 December 2011						4,900

5.5 The total interest received on the Council's external investments during the period was £6,966 compared with £11,025 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 £000	Current Actual £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 %	Lower Limit %	Current Actual %
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 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.

7.2 It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets, these are:

Name	Current Ranking Nov'11	Previous Ranking July'11	Fitch Rating			
			Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Nationwide	1	1	A +	03.11.11	F1+	03.11.11
Yorkshire*	2	2	BBB +	03.11.11	F2	03.11.11
Coventry	3	3	A	03.11.11	F1	03.11.11
Skipton	4	4	BBB	03.11.11	F3	03.11.11
Leeds	5	5	A -	03.11.11	F2	03.11.11
West Bromwich	6	6	B +	02.11.11	B	02.11.11
Principality	7	7	BBB +	03.11.11	F2	03.11.11
Newcastle	8	8	BB +	02.11.11	B	02.11.11

* Norwich & Peterborough Building Society merged with Yorkshire Building Society on 1 November 2011

7.3 The banks we use are reviewed annually as part of the Treasury Management policies and practices to take into account of their Fitch IBCA long-term and short-term credit rating. The current ratings are as follows:

	Fitch Rating			
	Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Santander UK Plc *	A +	03.11.11	F1	03.11.11
Barclays Bank Plc *	A	15.12.11	F1+	15.12.11
Bank of Scotland Plc *	A	13.12.11	F1	13.12.11
Bradford & Bingley Bank Plc *	A	08.12.11	F1	08.12.11
Co-operative Bank (The)	A -	16.12.11	F2	16.12.11
HSBC Bank Plc	AA	12.12.11	F1+	12.12.11
Lloyds TSB Bank Plc *	A	13.12.11	F1	13.12.11
National Westminster Bank Plc *	A	13.10.11	F1	13.10.11

	Fitch Rating			
	Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Northern Rock (Asset Management) Plc *	A	08.12.11	F1	08.12.11
Royal Bank of Scotland Plc * (The)	A	13.10.11	F1+	13.10.11

* Downgraded since last reported

7.3 In addition to the Building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

8 EVENTS OVER THE PAST FEW MONTHS

8.1 Recent months have seen repeated turmoil in the financial markets due to concerns in the Eurozone. Both Moody's and Fitch have downgraded the credit ratings of a number of UK banks and building societies over the past few months. These downgrades are a consequence of the Government's policy to reduce the likelihood that they would be bailed out in a crisis i.e. **they should be viewed as a transfer of risk from** taxpayers to the bank's creditors.

8.2 You may recall previously we always worked on the belief that if a major British bank or building society got into financial trouble the Government of the day would rescue them because to not do so would have considerable ramifications across financial markets. However, given the tremendous uncertainty in the money markets at the current time we can no longer be assured this would be the case.

8.3 To ensure our exposure is limited as far as possible, we have continued with the following measures:

- (i) Daily early morning meetings to discuss the latest position
 - ❖ Lending arrangements
 - ❖ A review of the Markets
 - ❖ A review of our current investments and whether we consider they are still safe
 - ❖ Institution Ratings
- (ii) Authorisation prior to investments with either the Director of Resources or the Head of Financial Services
- (iii) Keep Leader/Chief Executive informed
- (iv) Look to arrange new secure options for investments
- (v) Invest where possible with the UK DMO where the Government guarantees investment.

9 CONCLUSION

- 9.1 It is essential to minimise the risk to the capital sum. This is taking precedence over the interest rates we are obtaining from investments. 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

PF5-12/TH/AC
5 January 2012

POLICY AND FINANCE COMMITTEE

TEMPORARY INVESTMENT ACTIVITY - 2011/12

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
INVESTMENTS BROUGHT FORWARD @ 1 APRIL 2011									
31-Mar-11	283	HSBC	80,000	0.310	1-Apr-11	-80,000	-0.68	AA	F1+
31-Mar-11	284	HSBC	200,000	0.310	Debtor 11-Apr-11 Debtor	-200,000	0.68 -18.68 1.70	AA	F1+
Monies invested at 1 April 2011			280,000			-280,000	-16.98		
NEW INVESTMENTS - 2011/12									
Apr									
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		
May									
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	-18.49	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	-518.71		
June									
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	4-Jul-11	-420,000	-127.04	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	6-Jul-11	-500,000	-138.08	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	4-Jul-11	-130,000	-13.25	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	6-Jul-11	-350,000	-38.84	A-	F2
28-Jun-11	71	HSBC	700,000	0.310	6-Jul-11	-700,000	-47.56	AA	F1+
29-Jun-11	72	HSBC	90,000	0.310	4-Jul-11	-90,000	-3.82	AA	F1+
30-Jun-11	73	Nationwide Bs	1,400,000	0.510	6-Jul-11	-1,400,000	-117.37	AA-	F1+
30-Jun-11	74	HSBC	150,000	0.310	11-Jul-11	-150,000	-14.01	AA	F1+
30-Jun-11	75	Barclays Bank	850,000	0.351	18-Jul-11	-850,000	-147.13	AA-	F1+
			6,630,000			-6,630,000	-774.89		
July									
1-Jul-11	76	HSBC	150,000	0.310	4-Jul-11	-150,000	-3.82	AA	F1+
4-Jul-11	77	Skipton BS	250,000	0.450	19-Jul-11	-250,000	-46.23	A-	F2
5-Jul-11	78	HSBC	95,000	0.310	6-Jul-11	-95,000	-0.81	AA	F1+
6-Jul-11	79	HSBC	130,000	0.310	11-Jul-11	-130,000	-5.52	AA	F1+
8-Jul-11	80	HSBC	80,000	0.310	11-Jul-11	-80,000	-2.04	AA	F1+
11-Jul-11	81	Skipton BS	300,000	0.450	19-Jul-11	-300,000	-29.59	A-	F2
11-Jul-11	82	HSBC	100,000	0.310	13-Jul-11	-100,000	-1.70	AA	F1+
13-Jul-11	83	HSBC	200,000	0.310	15-Jul-11	-200,000	-3.40	AA	F1+
14-Jul-11	84	HSBC	100,000	0.310	15-Jul-11	-100,000	-0.85	AA	F1+
15-Jul-11	85	Skipton BS	500,000	0.450	3-Aug-11	-500,000	-117.12	A-	F2
15-Jul-11	86	Skipton BS	450,000	0.480	10-Aug-11	-450,000	-153.86	A-	F2
18-Jul-11	87	Barclays Bank	300,000	0.420	8-Aug-11	0	-72.49	AA-	F1+
8-Aug-11	87	Barclays Bank	Rolled Over	0.045	22-Aug-11	-300,000	-47.18	AA-	F1+
18-Jul-11	88	HSBC	90,000	0.310	22-Jul-11	-90,000	-3.06	AA	F1+
20-Jul-11	89	HSBC	100,000	0.310	21-Jul-11	-100,000	-0.85	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-Jul-11	90	HSBC	160,000	0.310	25-Jul-11	-160,000	-5.44	AA	F1+
25-Jul-11	91	HSBC	110,000	0.310	26-Jul-11	-110,000	-0.93	AA	F1+
26-Jul-11	92	Skipton BS	200,000	0.450	10-Aug-11	-200,000	-36.99	A-	F2
28-Jul-11	93	Barclays Bank	700,000	0.418	10-Aug-11	-700,000	-104.21	AA-	F1+
29-Jul-11	94	HSBC	80,000	0.310	19-Aug-11	-80,000	-14.27	AA	F1+
			4,095,000			-4,095,000	-650.36		
Aug									
1-Aug-11	95	Barclays Bank	450,000	0.420	22-Aug-11		-108.74	AA-	F1+
22-Aug-11	95	Barclays Bank	Rolled Over	0.398	15-Sep-11	-450,000	-117.76	AA-	F1+
1-Aug-11	96	Skipton Bs	300,000	0.450	15-Aug-11		-51.78	A-	F2
15-Aug-11	96	Skipton BS	Rolled Over	0.550	12-Sep-11		-126.58	A-	F2
12-Sep-11	96	Skipton BS	Rolled Over	0.480	3-Oct-11	-300,000	-82.85	A-	F2
1-Aug-11	97	HSBC	100,000	0.310	10-Aug-11	-100,000	-7.64	AA	F1+
1-Aug-11	98	Co-operative Bank	1,500,000	0.470	10-Aug-11	-1,500,000	-173.84	A-	F2
2-Aug-11	99	HSBC	60,000	0.310	3-Aug-11	-60,000	-0.51	AA	F1+
3-Aug-11	100	HSBC	120,000	0.310	8-Aug-11	-120,000	-5.10	AA	F1+
5-Aug-11	101	HSBC	140,000	0.310	8-Aug-11	-140,000	-3.57	AA	F1+
8-Aug-11	102	HSBC	150,000	0.310	9-Aug-11	-150,000	-1.27	AA	F1+
8-Aug-11	103	HSBC	100,000	0.310	15-Aug-11	-100,000	-5.95	AA	F1+
9-Aug-11	104	HSBC	200,000	0.310	10-Aug-11	-200,000	-1.70	AA	F1+
10-Aug-11	105	HSBC	130,000	0.310	11-Aug-11	-130,000	-1.10	AA	F1+
10-Aug-11	106	HSBC	145,000	0.310	15-Aug-11	-145,000	-6.16	AA	F1+
11-Aug-11	107	HSBC	70,000	0.310	12-Aug-11	-70,000	-0.59	AA	F1+
12-Aug-11	108	Skipton Bs	250,000	0.550	12-Sep-11		-116.78	A-	F2
12-Sep-11	108	Skipton BS	Rolled Over	0.450	26-Sep-11		-43.15	A-	F2
26-Sep-11	108	Skipton BS	Rolled Over	0.450	10-Oct-11	-250,000	-43.15	A-	F2
15-Aug-11	109	HSBC	130,000	0.310	16-Aug-11	-130,000	-1.10	AA	F1+
16-Aug-11	110	HSBC	150,000	0.310	22-Aug-11	-150,000	-7.64	AA	F1+
17-Aug-11	111	Skipton Bs	250,000	0.460	1-Sep-11	-250,000	-47.26	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
18-Aug-11	112	HSBC	80,000	0.310	22-Aug-11	-80,000	-2.72	AA	F1+
19-Aug-11	113	HSBC	70,000	0.310	22-Aug-11	-70,000	-1.78	AA	F1+
22-Aug-11	114	HSBC	80,000	0.310	23-Aug-11	-80,000	-0.68	AA	F1+
24-Aug-11	115	HSBC	80,000	0.310	25-Aug-11	-80,000	-0.68	AA	F1+
25-Aug-11	116	HSBC	120,000	0.310	1-Sep-11	-120,000	-7.13	AA	F1+
30-Aug-11	117	Skipton Bs	650,000	0.460	15-Sep-11	-650,000	-131.07	A-	F2
31-Aug-11	118	HSBC	100,000	0.310	1-Sep-11	-100,000	-0.85	AA	F1+
31-Aug-11	119	HSBC	200,000	0.310	5-Sep-11	-200,000	-8.49	AA	F1+
31-Aug-11	120	HSBC	200,000	0.310	12-Sep-11	-200,000	-20.38	AA	F1+
31-Aug-11	121	Nationwide Bs	1,500,000	0.420	15-Sep-11	-1,500,000	-258.90	AA-	F1+
31-Aug-11	122	Barclays Bank	450,000	0.437	19-Sep-11	-450,000	-102.37	AA-	F1+
			7,775,000			-7,775,000	-1,489.27		
Sept									
1-Sep-11	123	HSBC	100,000	0.310	5-Sep-11	-100,000	-3.40	AA	F1+
2-Sep-11	124	HSBC	70,000	0.310	5-Sep-11	-70,000	-1.78	AA	F1+
5-Sep-11	125	Skipton BS	300,000	0.450	22-Sep-11	-300,000	-62.88	A-	F2
6-Sep-11	126	HSBC	70,000	0.310	7-Sep-11	-70,000	-0.59	AA	F1+
7-Sep-11	127	HSBC	100,000	0.310	12-Sep-11	-100,000	-4.25	AA	F1+
8-Sep-11	128	HSBC	100,000	0.310	12-Sep-11	-100,000	-3.40	AA	F1+
9-Sep-11	129	HSBC	190,000	0.310	12-Sep-11	-190,000	-4.84	AA	F1+
13-Sep-11	130	HSBC	90,000	0.310	14-Sep-11	-90,000	-0.76	AA	F1+
14-Sep-11	131	HSBC	130,000	0.310	15-Sep-11	-130,000	-1.10	AA	F1+
15-Sep-11	132	HSBC	300,000	0.310	22-Sep-11	-300,000	-17.84	AA	F1+
16-Sep-11	133	HSBC	100,000	0.310	19-Sep-11	-100,000	-2.55	AA	F1+
19-Sep-11	134	Yorkshire BS	400,000	0.300	10-Oct-11	-400,000	-69.04	A-	F2
20-Sep-11	135	HSBC	70,000	0.310	21-Sep-11	-70,000	-0.59	AA	F1+
21-Sep-11	136	HSBC	150,000	0.310	3-Oct-11	-150,000	-15.29	AA	F1+
22-Sep-11	137	HSBC	70,000	0.310	23-Sep-11	-70,000	-0.59	AA	F1+
23-Sep-11	138	HSBC	130,000	0.310	26-Sep-11	-130,000	-3.31	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
26-Sep-11	139	HSBC	80,000	0.310	27-Sep-11	-80,000	-0.68	AA	F1+
27-Sep-11	140	HSBC	120,000	0.310	28-Sep-11	-120,000	-1.02	AA	F1+
28-Sep-11	141	Skipton BS	350,000	0.450	14-Oct-11	-350,000	-69.04	A-	F2
28-Sep-11	142	Yorkshire BS	450,000	0.300	19-Oct-11	-450,000	-77.67	A-	F2
30-Sep-11	143	DMADF	1,000,000	0.250	20-Oct-11	-1,000,000	-136.99	AAA	-
30-Sep-11	144	Nationwide Bs	1,000,000	0.370	3-Oct-11		-70.96	AA-	F1+
7-Oct-11	144	Nationwide Bs	Rolled Over	0.410	20-Oct-11	-1,000,000	-146.03	AA-	F1+
30-Sep-11	145	HSBC	370,000	0.310	7-Oct-11	-370,000	-22.00	AA	F1+
30-Sep-11	146	HSBC	100,000	0.310	3-Oct-11	-100,000	-2.55	AA	F1+
			5,840,000			-5,840,000	-719.15		
Oct									
3-Oct-11	147	HSBC	85,000	0.310	4-Oct-11	-85,000	-0.72	AA	F1+
4-Oct-11	148	HSBC	90,000	0.310	5-Oct-11	-90,000	-0.76	AA	F1+
5-Oct-11	149	HSBC	140,000	0.310	7-Oct-11	-140,000	-2.38	AA	F1+
7-Oct-11	150	HSBC	200,000	0.310	17-Oct-11	-200,000	-16.99	AA	F1+
7-Oct-11	151	Skipton BS	400,000	0.450	20-Oct-11	-400,000	-64.11	A-	F2
10-Oct-11	152	Barclays Bank	200,000	0.434	20-Oct-11	-200,000	-23.78	AA-	F1+
12-Oct-11	153	HSBC	90,000	0.310	13-Oct-11	-90,000	-0.76	AA	F1+
13-Oct-11	154	HSBC	160,000	0.310	14-Oct-11	-160,000	-1.36	AA	F1+
14-Oct-11	155	DMO	400,000	0.250	11-Nov-11	-400,000	-76.71	AAA	-
17-Oct-11	156	Barclays Bank	200,000	0.400	24-Oct-11	-200,000	-15.34	AA-	F1+
17-Oct-11	157	DMO	630,000	0.250	24-Nov-11	-630,000	-163.97	AAA	-
17-Oct-11	158	HSBC	100,000	0.310	19-Oct-11	-100,000	-1.70	AA	F1+
17-Oct-11	159	HSBC	350,000	0.310	20-Oct-11	-350,000	-8.92	AA	F1+
17-Oct-11	160	HSBC	110,000	0.310	21-Oct-11	-110,000	-3.74	AA	F1+
18-Oct-11	161	HSBC	120,000	0.310	19-Oct-11	-120,000	-1.02	AA	F1+
19-Oct-11	162	Barclays Bank	250,000	0.441	3-Nov-11	-250,000	-45.31	AA-	F1+
19-Oct-11	163	HSBC	80,000	0.310	20-Oct-11	-80,000	-0.68	AA	F1+
20-Oct-11	164	HSBC	80,000	0.310	21-Oct-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
21-Oct-11	165	HSBC	230,000	0.310	3-Nov-11	-230,000	-25.39	AA	F1+
24-Oct-11	166	HSBC	160,000	0.310	28-Oct-11	-160,000	-5.44	AA	F1+
26-Oct-11	167	HSBC	70,000	0.310	28-Oct-11	-70,000	-1.19	AA	F1+
28-Oct-11	168	HSBC	250,000	0.310	7-Nov-11	-250,000	-21.23	AA	F1+
28-Oct-11	169	DMO	500,000	0.250	7-Nov-11	-500,000	-34.25	AAA	-
28-Oct-11	170	Barclays Bank	250,000	0.440	14-Nov-11		-51.70	AA-	F1+
14-Nov-11	170	Barclays Bank	Rolled Over	0.400	21-Nov-11		-19.18	AA-	F1+
21-Nov-11	170	Barclays Bank	Rolled Over	0.400	28-Nov-11		-19.18	AA-	F1+
28-Nov-11	170	Barclays Bank	Rolled Over	0.440	12-Dec-11		-42.19	AA-	F1+
12-Dec-11	170	Barclays Bank	Rolled Over	0.400	19-Dec-11		-19.18	AA-	F1+
19-Dec-11	170	Barclays Bank	Rolled Over	0.320	30-Dec-11	-250,000	-24.11	A	F1
31-Oct-11	171	DMO	600,000	0.250	22-Nov-11	-600,000	-90.41	AAA	-
31-Oct-11	172	DMO	1,800,000	0.250	24-Nov-11	-1,800,000	-295.89	AAA	-
			7,545,000			-7,545,000	-1,078.27		
Nov									
01/11/2011	173	HSBC	140,000	0.310	3-Nov-11	-140,000	-2.38	AA	F1+
03/11/2011	174	HSBC	250,000	0.310	4-Nov-11	-250,000	-2.12	AA	F1+
04/11/2011	175	HSBC	270,000	0.310	7-Nov-11	-270,000	-6.88	AA	F1+
07/11/2011	176	DMO	500,000	0.250	24-Nov-11	-500,000	-58.22	AAA	-
09/11/2011	177	HSBC	100,000	0.310	10-Nov-11	-100,000	-0.85	AA	F1+
10/11/2011	178	HSBC	160,000	0.310	11-Nov-11	-160,000	-1.36	AA	F1+
11/11/2011	179	DMO	700,000	0.250	5-Dec-11	-700,000	-115.07	AAA	-
11/11/2011	180	HSBC	80,000	0.310	14-Nov-11	-80,000	-2.04	AA	F1+
14/11/2011	181	HSBC	200,000	0.310	15-Nov-11	-200,000	-1.70	AA	F1+
15/11/2011	182	DMO	700,000	0.250	22-Dec-11	-700,000	-177.40	AAA	-
15/11/2011	183	HSBC	100,000	0.310	18-Nov-11	-100,000	-2.55	AA	F1+
17/11/2011	184	HSBC	80,000	0.310	21-Nov-11	-80,000	-2.72	AA	F1+
18/11/2011	185	HSBC	60,000	0.310	21-Nov-11	-60,000	-1.53	AA	F1+
21/11/2011	186	HSBC	170,000	0.310	22-Nov-11	-170,000	-1.44	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
22/11/2011	187	HSBC	250,000	0.310	24-Nov-11	-250,000	-4.25	AA	F1+
23/11/2011	188	HSBC	65,000	0.310	24-Nov-11	-65,000	-0.55	AA	F1+
24/11/2011	189	DMO	300,000	0.250	Due 03-Jan-12		-78.08	AAA	-
25/11/2011	190	HSBC	80,000	0.310	28-Nov-11	-80,000	-2.04	AA	F1+
28/11/2011	191	DMO	700,000	0.250	Due 03-Jan-12		-163.01	AAA	-
29/11/2011	192	HSBC	50,000	0.310	30-Nov-11	-50,000	-0.42	AA	F1+
30/11/2011	193	HSBC	500,000	0.310	1-Dec-11	-500,000	-4.25	AA	F1+
30/11/2011	194	DMO	500,000	0.250	Due 05-Jan-12		-109.59	AAA	-
30/11/2011	195	DMO	350,000	0.250	Due 13-Jan-12		-76.71	AAA	-
30/11/2011	196	DMO	550,000	0.250	Due 19-Jan-12		-120.55	AAA	-
30/11/2011	197	DMO	250,000	0.250	Due 30-Jan-12		-54.79	AAA	-
30/11/2011	198	DMO	350,000	0.250	Due 07-Feb-12		-76.71	AAA	-
			7,455,000			-4,455,000	-1,067.21		
Dec									
01/12/2011	199	HSBC	130,000	0.310	2-Dec-11	-130,000	-1.10	AA	F1+
02/12/2011	200	HSBC	160,000	0.310	5-Dec-11	-160,000	-4.08	AA	F1+
05/12/2011	201	DMO	300,000	0.250	30-Dec-11	-300,000	-51.37	AAA	-
06/12/2011	202	HSBC	60,000	0.310	7-Dec-11	-60,000	-0.51	AA	F1+
07/12/2011	203	HSBC	100,000	0.310	8-Dec-11	-100,000	-0.85	AA	F1+
08/12/2011	204	HSBC	160,000	0.310	12-Dec-11	-160,000	-5.44	AA	F1+
09/12/2011	205	HSBC	70,000	0.310	12-Dec-11	-70,000	-1.78	AA	F1+
12/12/2011	206	HSBC	200,000	0.310	15-Dec-11	-200,000	-5.10	AA	F1+
13/12/2011	207	HSBC	100,000	0.310	14-Dec-11	-100,000	-0.85	AA	F1+
14/12/2011	208	HSBC	160,000	0.260	15-Dec-11	-160,000	-1.14	AA	F1+
15/12/2011	209	HSBC	440,000	0.260	19-Dec-11	-440,000	-12.54	AA	F1+
15/12/2011	210	DMO	500,000	0.250	Due 07-Feb-12		-58.22	AAA	-
16/12/2011	211	HSBC	50,000	0.260	19-Dec-11	-50,000	-1.07	AA	F1+
19/12/2011	212	HSBC	350,000	0.260	22-Dec-11	-350,000	-7.48	AA	F1+
20/12/2011	213	HSBC	80,000	0.260	22-Dec-11	-80,000	-1.14	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
22/12/2011	214	DMO	650,000	0.250	Due 07-Feb-12		-44.52	AAA	-
23/12/2011	215	DMO	250,000	0.250	Due 07-Feb-12		-15.41	AAA	-
28/12/2011	216	HSBC	500,000	0.260	Due 03-Jan-12		-32.05	AA	F1+
			4,260,000			-2,360,000	-244.65		
Total Investments made April to December 2011			54,700,000			-49,800,000	-6,948.60		
Total Investment 2011/12			54,980,000			-50,080,000	-6,965.58		
INVESTMENTS OUTSTANDING @ 31 December 2011									
24/11/2011	189	DMO	300,000	0.250					
28/11/2011	191	DMO	700,000	0.250					
30/11/2011	194	DMO	500,000	0.250					
30/11/2011	195	DMO	350,000	0.250					
30/11/2011	196	DMO	550,000	0.250					
30/11/2011	197	DMO	250,000	0.250					
30/11/2011	198	DMO	350,000	0.250					
15/12/2011	210	DMO	500,000	0.250					
22/12/2011	214	DMO	650,000	0.250					
23/12/2011	215	DMO	250,000	0.250					
28/12/2011	216	HSBC	500,000	0.260					
Monies invested at 31 December 2011			4,900,000						

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.
B	Indicates an uncertain capacity for timely payment of financial commitments relative to other issuers or obligations in the same country. Such capacity is highly susceptible to near-term adverse changes in financial and economic conditions.