

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 16

meeting date: 12 NOVEMBER 2013
title: TREASURY MANAGEMENT MONITORING 2013/14
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 2013 to 31 October 2013
- 1.2 Relevance to the Council's ambitions and priorities:
 - ❖ In accordance with the corporate strategy priority "to ensure a well-managed Council by maintaining critical financial management and controls." This report provides members with information regarding the treasury management activities for the period.
- 1.3 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.
- 1.4 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 and fees, 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 practices 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 (DMO), where the Government guarantees investments. Our limit with the DMO is currently £5m.

- (iii) The safety of our investments are 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.

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 continued low level of income from our temporary investments.
- 3.3 In the Chancellor's Budget on March 21 a reduction in the PWLB interest rate was revealed. The reduction was to be applicable for those councils that provide 'improved information and transparency' on 'borrowing and associated capital spending plans'.
- 3.4 The discount is being provided largely in return for the government's request for local authorities to voluntarily provide information on their three year plans for borrowing, capital spend, debt financing and also a commentary on the main capital priorities to be financed over the period. By receiving this information the government will be better able to build more robust forecasts of public expenditure.
- 3.5 The returns are requested on an annual basis and must be completed in order to qualify for the certainty discount rate. A return has been submitted for Ribble Valley Borough Council and we are now listed as an eligible council on the PWLB website. This eligibility will remain until 31 October 2014.

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 2013	365	7	372
Transactions - New Loans	0	0	0
- Repayments	-36	0	- 36
External debt at 31 October 2013	329	7	336

- 4.2 No temporary loans have been taken out during the period. This compares to 2012/13 when a temporary loan of £1.1m was required 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.
- 4.3 Total interest paid on the Council's external debt was £8,640 compared to £10,335 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 2013 to 31 October 2013 was 0.30%, which was above the average local authority seven-day notice deposit rate of 0.25%.
- 5.3 The movement in the Council's external investments are shown in Annex 1 and can be summarised as follows:

	Banks/ Building Societies	Other Local Authorities	Total
	£000	£000	£000
Monies Invested at 1 April 2013	2,515	0	2,515
Transactions - New Investments	48,805	0	48,805
- Repayment of Investments	-44,980	-0	-44,980
Monies Invested as at 31 October 2013	6,340	0	6,340

- 5.4 The following investments were held as at 31 October 2013.

Date Invested	Nos	Borrower	Notice	Rate %	£'000	£'000
30 Sept'13	152	Bank of Scotland Plc.	Fixed 19 Nov'13	0.420	800	
21 Oct'13	166	Bank of Scotland Plc.	Fixed 21 Nov'13	0.410	550	
						1,350
28 Oct'13	169	Barclays Bank Plc.	Fixed 21 Nov'13	0.290	760	
31 Oct'13	173	Barclays Bank Plc.	Fixed 21 Nov'13	0.270	550	
						1,310
17 Oct'13	115	Coventry Building Society	Fixed 21 Nov'13	0.410	500	
17 Oct'13	136	Coventry Building Society	Fixed 21 Nov'13	0.410	500	
30 Sept'13	151	Coventry Building Society	Fixed 19 Nov'13	0.410	500	
						1,500
31 Oct'13	174	Nationwide Building Society	Fixed 19 Dec'13	0.410	1,250	
						1,250
25 Oct'13	168	HSBC Bank Plc.	Fixed 04 Nov'13	0.260	130	
31 Oct'13	171	HSBC Bank Plc.	Fixed 04 Nov'13	0.260	650	
31 Oct'13	172	HSBC Bank Plc.	Fixed 11 Nov'13	0.260	150	
						930
Total Investments as at 31 October 2013						6,340

- 5.5 The total interest received on the Council's external investments during the period was £8,665 compared with £8,670 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 fully revised in 2009 to take account of the implications of the implementation of the International Financial Reporting Standard (IFRS) and has since been updated following regulatory changes resulting from the Localism Bill (2011).

6.3 In accordance with this Code the Council agreed to monitor four prudential indicators as follows. This committee approved these in March 2013.

- ❖ 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 2013/14 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	5,031	329
Limits on Fixed Interest Rates	5,031	329
Limits on Variable Interest Rates	1,006	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2013/14 were as follows:

	Upper Limit %	Lower Limit %	Current Actual %
Under 12 months	20	0	19.10
12 Months and Within 24 Months	20	0	14.30
24 Months and Within 5 Years	40	0	25.16
5 Years and Within 10 Years	30	0	13.91
10 Years and Above	90	0	27.53

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 Principally, Fitch credit ratings are used as an indication of the probability of organisations defaulting on our investments and 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. In addition, we monitor and consider the ratings given by rating agents Standard and Poor, and Moody's together with the Fitch ratings prior to investing any monies on a day-to-day basis. The full list of ratings for our approved institutions is shown at Annex 3, and is a snapshot as at 1 November 2013.

- 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, excluding West Bromwich Building Society, these are:

Name	Current Ranking		Full Transaction Review Date	Fitch Rating	
	July 2013	October 2013		Long Term	Short Term
Nationwide*	1	1	19.09.13	A	F1
Yorkshire	2	2	22.10.13	BBB+	F2
Coventry	3	3	22.10.13	A	F1
Skipton	4	4	22.10.13	BBB-	F3
Leeds	5	5	22.10.13	A-	F2
Principality	6	6	22.10.13	BBB+	F2
West Bromwich	7	7	Withdrawn from rating process		
Newcastle	8	8	22.10.13	BB+	B

* Downgraded since last reported

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

	Fitch Ratings		
	Fitch's Full Transaction Review Date	Long Term	Short Term
Santander UK Plc.	19.09.13	A	F1
Barclays Bank Plc.	16.05.13	A	F1
Bank of Scotland Plc.	19.09.13	A	F1
Bradford & Bingley Bank Plc.	Rating Withdrawn – 06.09.12		
Co-operative Bank (The) *	20.06.13	BB-	B
HSBC Bank Plc.	16.05.13	AA-	F1+
Lloyds TSB Bank Plc.	19.09.13	A	F1
National Westminster Bank Plc.	19.09.13	A	F1
Northern Rock (Asset Management) Plc.	Rating Withdrawn – 06.09.12		
Royal Bank of Scotland Plc. (The)	19.09.13	A	F1

- 7.4 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 RECENT EVENTS

8.1 The Royal Bank of Scotland made a pre-tax loss of £634m for the quarter end September, it intends to create an internal "bad bank", ring-fencing £38bn of bad assets - such as loans it does not expect to be repaid. The bank remains 81%-owned by the government following a massive bailout at the height of the financial crisis.

8.2 It is imperative that we continue to protect the council's principal sums invested in order to minimize its exposure to risks.

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

9 CONCLUSION

9.1 It is essential to minimise the risk to the principal sums that are invested. Through the careful investment of sums in line with the council's strategy the level of risk in our investments has been kept to a minimum.

9.2 With interest rates remaining at low levels, the amount of income received from investing surplus cash balances continues to be low, but marginally higher than those attained for the same period in the 2012/13 financial year.

9.3 Due to the continued movement in judgements made by rating agents, and the continued uncertainty in the Eurozone, a prudent approach continues to be followed in the investment of any surplus cash balances on a day to day basis.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF61-13/TH/AC
1 November 2013

For further information please ask for Trudy Holderness, extension 4436

61-13pf

POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2013/14

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT TIME OF INVESTMENT LONG-TERM SHORT-TERM	
INVESTMENT BROUGHT FORWARD @ 1 APRIL 2013									
25-Feb-13	156	Barclays Bank Plc	220,000	0.3790	22-Apr-13	-220,000	-127.93	A	F1
					Debtor		79.95		
25-Feb-13	213	Barclays Bank Plc	Rolled Over	0.3790	22-Apr-13		-191.89	A	F1
22-Apr-13	213	Barclays Bank Plc	330,000	0.3320	20-May-13	-330,000	-84.05	A	F1
					Debtor		119.93		
07-Feb-13	242	Coventry BS	900,000	0.4000	22-Apr-13	-900,000	-729.86	A	F1
					Debtor		522.74		
21-Mar-13	269	HSBC	65,000	0.2600	02-Apr-13	-65,000	-5.56	AA-	F1+
					Debtor		5.09		
28-Mar-13	272	Nationwide BS	1,000,000	0.3500	22-Apr-13	-1,000,000	-239.73	A+	F1
					Debtor		38.36		
MONIES INVESTED @ 1 APRIL 2013			2,515,000			-2,515,000	-612.95		
INVESTMENTS MADE 1 APRIL 2013 TO 31 OCTOBER 2013									
April									
02-Apr-13	1	HSBC	420,000	0.2600	08-Apr-13	-420,000	-17.95	AA-	F1+
03-Apr-13	2	HSBC	150,000	0.2600	19-Apr-13	-150,000	-17.10	AA-	F1+
04-Apr-13	3	HSBC	85,000	0.2600	15-Apr-13	-85,000	-6.66	AA-	F1+
08-Apr-13	4	HSBC	300,000	0.2600	11-Apr-13	-300,000	-6.41	AA-	F1+
09-Apr-13	5	HSBC	110,000	0.2600	11-Apr-13	-110,000	-1.57	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED	INTEREST RATE	DATE REPAID	PRINCIPAL REPAID	INTEREST RECEIVED/ DUE	FITCH RATING AT TIME OF INVESTMENT	
			£	%		£	£	LONG-TERM	SHORT-TERM
10-Apr-13	6	HSBC	100,000	0.2600	15-Apr-13	-100,000	-3.56	AA-	F1+
11-Apr-13	7	HSBC	200,000	0.2600	12-Apr-13	-200,000	-1.42	AA-	F1+
11-Apr-13	8	HSBC	600,000	0.2600	22-Apr-13	-600,000	-47.01	AA-	F1+
12-Apr-13	9	HSBC	80,000	0.2600	15-Apr-13	-80,000	-1.71	AA-	F1+
12-Apr-13	10	HSBC	400,000	0.2600	22-Apr-13	-400,000	-28.49	AA-	F1+
15-Apr-13	11	HSBC	140,000	0.2600	22-Apr-13	-140,000	-6.98	AA-	F1+
16-Apr-13	12	HSBC	90,000	0.2600	17-Apr-13	-90,000	-0.64	AA-	F1+
17-Apr-13	13	HSBC	150,000	0.2600	22-Apr-13	-150,000	-5.34	AA-	F1+
18-Apr-13	14	Barclays Bank Plc	160,000	0.2990	13-May-13	-160,000	-32.77	A	F1
19-Apr-13	15	HSBC	160,000	0.2600	22-Apr-13	-160,000	-3.42	AA-	F1+
22-Apr-13	16	HSBC	125,000	0.2600	29-Apr-13	-125,000	-6.23	AA-	F1+
23-Apr-13	17	HSBC	75,000	0.2600	29-Apr-13	-75,000	-3.21	AA-	F1+
25-Apr-13	18	HSBC	90,000	0.2600	29-Apr-13	-90,000	-2.56	AA-	F1+
26-Apr-13	19	HSBC	80,000	0.2600	29-Apr-13	-80,000	-1.71	AA-	F1+
29-Apr-13	20	Coventry BS	1,400,000	0.3900	20-May-13	-1,400,000	-314.14	A	F1
30-Apr-13	21	Nationwide BS	1,500,000	0.3800	29-May-13	-1,500,000	-452.88	A+	F1
30-Apr-13	22	Barclays Bank Plc	250,000	0.3340	29-May-13	-250,000	-66.34	A	F1
30-Apr-13	23	HSBC	250,000	0.2600	07-May-13	-250,000	-12.47	AA-	F1+
			6,915,000			-6,915,000	-1,040.57		
May									
01-May-13	24	HSBC	190,000	0.2600	07-May-13	-190,000	-8.12	AA-	F1+
03-May-13	25	HSBC	100,000	0.2600	07-May-13	-100,000	-2.85	AA-	F1+
07-May-13	26	Barclays Bank Plc	500,000	0.2780	29-May-13	-500,000	-83.78	A	F1
07-May-13	27	HSBC	60,000	0.2600	08-May-13	-60,000	-0.43	AA-	F1+
08-May-13	28	HSBC	70,000	0.2600	13-May-13	-70,000	-2.49	AA-	F1+
09-May-13	29	HSBC	70,000	0.2600	17-May-13	-70,000	-3.99	AA-	F1+
10-May-13	30	HSBC	280,000	0.2600	29-May-13	-280,000	-37.90	AA-	F1+
13-May-13	31	HSBC	50,000	0.2600	15-May-13	-50,000	-0.71	AA-	F1+
13-May-13	32	HSBC	160,000	0.2600	20-May-13	-160,000	-7.98	AA-	F1+
14-May-13	33	HSBC	100,000	0.2600	15-May-13	-100,000	-0.71	AA-	F1+

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			£	%		£	£	LONG-TERM	SHORT-TERM
15-May-13	34	HSBC	200,000	0.2600	20-May-13	-200,000	-7.12	AA-	F1+
15-May-13	35	HSBC	100,000	0.2600	22-May-13	-100,000	-4.99	AA-	F1+
15-May-13	36	HSBC	400,000	0.2600	29-May-13	-400,000	-39.89	AA-	F1+
16-May-13	37	HSBC	65,000	0.2600	20-May-13	-65,000	-1.85	AA-	F1+
17-May-13	38	HSBC	100,000	0.2600	17-May-13	-100,000	-2.14	AA-	F1+
20-May-13	39	Coventry BS	Rolled Over	0.3800	19-Jun-13		-156.16	A	F1
19-Jun-13	39	Coventry BS	500,000	0.3900	22-Jul-13	-500,000	-176.30	A	F1
21-May-13	40	HSBC	85,000	0.2600	28-May-13	-85,000	-4.24	AA-	F1+
22-May-13	41	HSBC	60,000	0.2600	28-May-13	-60,000	-2.56	AA-	F1+
24-May-13	42	HSBC	90,000	0.2600	28-May-13	-90,000	-2.56	AA-	F1+
28-May-13	43	Coventry BS	Rolled Over	0.3900	03-Jul-13		-346.19	A	F1
03-Jul-13	43	Coventry BS	900,000	0.3900	22-Jul-13	-900,000	-182.71	A	F1
29-May-13	44	HSBC	140,000	0.2600	03-Jun-13	-140,000	-4.99	AA-	F1+
31-May-13	45	HSBC	200,000	0.2600	10-Jun-13	-200,000	-14.25	AA-	F1+
31-May-13	46	HSBC	150,000	0.2600	17-Jun-13	-150,000	-18.16	AA-	F1+
31-May-13	47	Nationwide BS	1,210,000	0.3300	19-Jun-13	-1,210,000	-207.85	A+	F1
31-May-13	48	Barclays Bank Plc	1,000,000	0.4010	03-Jul-13	-1,000,000	-362.55	A	F1
			6,780,000			-6,780,000	-1,683.47		
June									
03-Jun-13	49	HSBC	320,000	0.2600	14-Jun-13	-320,000	-25.07	AA-	F1+
03-Jun-13	50	HSBC	150,000	0.2600	21-Jun-13	-150,000	-19.23	AA-	F1+
05-Jun-13	51	HSBC	80,000	0.2600	10-Jun-13	-80,000	-2.85	AA-	F1+
07-Jun-13	52	HSBC	140,000	0.2600	10-Jun-13	-140,000	-2.99	AA-	F1+
10-Jun-13	53	HSBC	360,000	0.2600	19-Jun-13	-360,000	-23.08	AA-	F1+
12-Jun-13	54	HSBC	50,000	0.2600	17-Jun-13	-50,000	-1.78	AA-	F1+
13-Jun-13	55	HSBC	80,000	0.2600	17-Jun-13	-80,000	-2.28	AA-	F1+
14-Jun-13	56	HSBC	210,000	0.2600	17-Jun-13	-210,000	-4.49	AA-	F1+
17-Jun-13	57	Barclays Bank Plc	500,000	0.3760	07-Aug-13	-500,000	-262.68	A	F1
17-Jun-13	58	HSBC	90,000	0.2600	18-Jun-13	-90,000	-0.64	AA-	F1+
18-Jun-13	59	HSBC	150,000	0.2600	19-Jun-13	-150,000	-1.07	AA-	F1+

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			£	%		£	£	LONG-TERM	SHORT-TERM
19-Jun-13	60	HSBC	100,000	0.2600	20-Jun-13	-100,000	-0.71	AA-	F1+
19-Jun-13	61	HSBC	500,000	0.2600	24-Jun-13	-500,000	-17.81	AA-	F1+
20-Jun-13	62	HSBC	100,000	0.2600	08-Jul-13	-100,000	-12.82	AA-	F1+
21-Jun-13	63	HSBC	120,000	0.2600	08-Jul-13	-120,000	-14.53	AA-	F1+
24-Jun-13	64	HSBC	450,000	0.2600	03-Jul-13	-450,000	-28.85	AA-	F1+
25-Jun-13	65	HSBC	60,000	0.2600	26-Jun-13	-60,000	-0.43	AA-	F1+
26-Jun-13	66	HSBC	100,000	0.2600	19-Jul-13	-100,000	-16.38	AA-	F1+
27-Jun-13	67	HSBC	75,000	0.2600	28-Jun-13	-75,000	-0.53	AA-	F1+
28-Jun-13	68	Santander UK Plc	800,000	0.3500	03-Jul-13	-800,000	-38.36	A	F1
			4,435,000			-4,435,000	-476.58		
July									
01-Jul-13	69	HSBC	730,000	0.2600	03-Jul-13	-730,000	-10.40	AA-	F1+
01-Jul-13	70	Santander UK Plc	370,000	0.3500	08-Jul-13	-370,000	-24.84	A	F1
01-Jul-13	71	Nationwide BS	1,500,000	0.3800	07-Aug-13	-1,500,000	-577.81	A+	F1
03-Jul-13	72	HSBC	160,000	0.2600	15-Jul-13	-160,000	-13.68	AA-	F1+
04-Jul-13	73	HSBC	80,000	0.2600	08-Jul-13	-80,000	-2.28	AA-	F1+
05-Jul-13	74	HSBC	50,000	0.2600	08-Jul-13	-50,000	-1.07	AA-	F1+
08-Jul-13	75	HSBC	230,000	0.2600	15-Jul-13	-230,000	-11.47	AA-	F1+
08-Jul-13	76	HSBC	370,000	0.2600	09-Jul-13	-370,000	-2.64	AA-	F1+
09-Jul-13	77	Barclays Bank Plc	400,000	0.3340	07-Aug-13	-400,000	-106.15	A	F1
09-Jul-13	78	HSBC	45,000	0.2600	10-Jul-13	-45,000	-0.32	AA-	F1+
10-Jul-13	79	HSBC	70,000	0.2600	15-Jul-13	-70,000	-2.49	AA-	F1+
11-Jul-13	80	HSBC	60,000	0.2600	12-Jul-13	-60,000	-0.43	AA-	F1+
12-Jul-13	81	HSBC	270,000	0.2600	15-Jul-13	-270,000	-5.77	AA-	F1+
15-Jul-13	82	Barclays Bank Plc	Rolled Over	0.2860	07-Aug-13		-72.09	A	F1
07-Aug-13	82	Barclays Bank Plc	400,000	0.3750	12-Sep-13	-400,000	-146.37	A	F1
15-Jul-13	83	HSBC	40,000	0.2600	16-Jul-13	-40,000	-0.28	AA-	F1+
16-Jul-13	84	HSBC	95,000	0.2600	17-Jul-13	-95,000	-0.68	AA-	F1+
17-Jul-13	85	HSBC	100,000	0.2600	22-Jul-13	-100,000	-3.56	AA-	F1+
17-Jul-13	86	HSBC	40,000	0.2600	18-Jul-13	-40,000	-0.28	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED	INTEREST RATE	DATE REPAID	PRINCIPAL REPAID	INTEREST RECEIVED/ DUE	FITCH RATING AT TIME OF INVESTMENT	
			£	%		£	£	LONG-TERM	SHORT-TERM
18-Jul-13	87	HSBC	120,000	0.2600	22-Jul-13	-120,000	-3.42	AA-	F1+
19-Jul-13	88	HSBC	120,000	0.2600	22-Jul-13	-120,000	-2.56	AA-	F1+
22-Jul-13	89	Barclays Bank Plc	Rolled Over	0.2300	01-Aug-13		-12.60	A	F1
01-Aug-13	89	Barclays Bank Plc	Rolled Over	0.3060	27-Aug-13		-43.59	A	F1
27-Aug-13	89	Barclays Bank Plc	200,000	0.2300	12-Sep-13	-200,000	-20.16	A	F1
22-Jul-13	90	HSBC	270,000	0.2600	24-Jul-13	-270,000	-3.85	AA-	F1+
24-Jul-13	91	HSBC	380,000	0.2600	29-Jul-13	-380,000	-13.53	AA-	F1+
26-Jul-13	92	HSBC	85,000	0.2600	29-Jul-13	-85,000	-1.82	AA-	F1+
29-Jul-13	93	Coventry BS	1,000,000	0.4000	19-Aug-13	-1,000,000	-230.14	A	F1
29-Jul-13	94	HSBC	140,000	0.2600	05-Aug-13	-140,000	-6.98	AA-	F1+
30-Jul-13	95	HSBC	90,000	0.2600	31-Jul-13	-90,000	-0.64	AA-	F1+
31-Jul-13	96	Coventry BS	Rolled Over	0.3500	19-Aug-13		-91.10	A	F1
19-Aug-13	96	Coventry BS	500,000	0.4000	12-Sep-13	-500,000	-131.51	A	F1
31-Jul-13	97	HSBC	290,000	0.2600	01-Aug-13	-290,000	-2.07	AA-	F1+
31-Jul-13	98	HSBC	700,000	0.2600	12-Aug-13	-700,000	-59.84	AA-	F1+
31-Jul-13	99	Bank Of Scotland	Rolled Over	0.2500	07-Aug-13		-52.74	A	F1
07-Aug-13	99	Bank Of Scotland	1,100,000	0.4000	12-Sep-13	-1,100,000	-433.97	A	F1
			10,005,000			-10,005,000	-2,093.13		
August									
01-Aug-13	100	HSBC	650,000	0.2600	07-Aug-13	-650,000	-27.78	AA-	F1+
05-Aug-13	101	HSBC	150,000	0.2600	07-Aug-13	-150,000	-2.14	AA-	F1+
07-Aug-13	102	HSBC	250,000	0.2600	20-Aug-13	-250,000	-23.15	AA-	F1+
07-Aug-13	103	HSBC	200,000	0.2600	12-Aug-13	-200,000	-7.12	AA-	F1+
08-Aug-13	104	HSBC	80,000	0.2600	12-Aug-13	-80,000	-2.28	AA-	F1+
09-Aug-13	105	HSBC	250,000	0.2600	12-Aug-13	-250,000	-5.34	AA-	F1+
12-Aug-13	106	HSBC	160,000	0.2600	13-Aug-13	-160,000	-1.14	AA-	F1+
12-Aug-13	107	Barclays Bank Plc	500,000	0.3260	09-Sep-13	-500,000	-125.04	A	F1
13-Aug-13	108	HSBC	230,000	0.2600	14-Aug-13	-230,000	-1.64	AA-	F1+
14-Aug-13	109	HSBC	150,000	0.2600	15-Aug-13	-150,000	-1.07	AA-	F1+
14-Aug-13	110	HSBC	100,000	0.2600	22-Aug-13	-100,000	-5.70	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED	INTEREST RATE	DATE REPAID	PRINCIPAL REPAID	INTEREST RECEIVED/ DUE	FITCH RATING AT TIME OF INVESTMENT	
			£	%		£	£	LONG-TERM	SHORT-TERM
15-Aug-13	111	HSBC	150,000	0.2600	16-Aug-13	-150,000	-1.07	AA-	F1+
15-Aug-13	112	HSBC	400,000	0.2600	19-Aug-13	-400,000	-11.40	AA-	F1+
16-Aug-13	113	HSBC	100,000	0.2600	20-Aug-13	-100,000	-2.85	AA-	F1+
16-Aug-13	114	HSBC	100,000	0.2600	20-Aug-13	-100,000	-0.71	AA-	F1+
20-Aug-13	115	Coventry BS	Rolled Over	0.3900	12-Sep-13		-122.88	A	F1
12-Sep-13	115	Coventry BS	Rolled Over	0.4100	17-Oct-13		-196.58	A	F1
17-Oct-13	115	Coventry BS	500,000	0.4100	Still Outstanding		-84.25	A	F1
21-Aug-13	116	HSBC	80,000	0.2600	27-Aug-13	-80,000	-3.42	AA-	F1+
23-Aug-13	117	HSBC	100,000	0.2600	27-Aug-13	-100,000	-2.85	AA-	F1+
27-Aug-13	118	HSBC	150,000	0.2600	28-Aug-13	-150,000	-1.07	AA-	F1+
28-Aug-13	119	Coventry BS	500,000	0.3900	19-Sep-13	-500,000	-117.53	A	F1
28-Aug-13	120	Barclays Bank Plc	400,000	0.2760	19-Sep-13	-400,000	-66.54	A	F1
29-Aug-13	121	HSBC	100,000	0.2600	02-Sep-13	-100,000	-2.85	AA-	F1+
30-Aug-13	122	HSBC	120,000	0.2600	02-Sep-13	-120,000	-2.56	AA-	F1+
			5,420,000			-4,920,000	-818.96		
September									
02-Sep-13	123	Nationwide BS	1,500,000	0.3000	17-Oct-13	-1,500,000	-554.79	A+	F1
02-Sep-13	124	HSBC	230,000	0.2600	03-Sep-13	-230,000	-1.64	AA-	F1+
02-Sep-13	125	HSBC	200,000	0.2600	09-Sep-13	-200,000	-9.97	AA-	F1+
02-Sep-13	126	HSBC	200,000	0.2600	12-Sep-13	-200,000	-14.25	AA-	F1+
02-Sep-13	127	HSBC	350,000	0.2600	13-Sep-13	-350,000	-27.42	AA-	F1+
02-Sep-13	128	HSBC	200,000	0.2600	19-Sep-13	-200,000	-24.22	AA-	F1+
04-Sep-13	129	HSBC	100,000	0.2600	09-Sep-13	-100,000	-3.56	AA-	F1+
06-Sep-13	130	HSBC	120,000	0.2600	09-Sep-13	-120,000	-2.56	AA-	F1+
09-Sep-13	131	HSBC	350,000	0.2600	12-Sep-13	-350,000	-7.48	AA-	F1+
10-Sep-12	132	HSBC	60,000	0.2600	12-Sep-13	-60,000	-0.85	AA-	F1+
11-Sep-12	133	HSBC	65,000	0.2600	12-Sep-13	-65,000	-0.46	AA-	F1+
12-Sep-13	134	HSBC	50,000	0.2600	16-Sep-13	-50,000	-1.42	AA-	F1+
12-Sep-13	135	HSBC	280,000	0.2600	16-Sep-13	-280,000	-5.98	AA-	F1+
16-Sep-13	136	Coventry BS	Rolled Over	0.4100	17-Oct-13		-174.11	A	F1

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			£	%		£	£	LONG-TERM	SHORT-TERM
17-Oct-13	136	Coventry BS	500,000	0.4100	Still Outstanding		-84.25	A	F1
16-Sep-13	137	HSBC	140,000	0.2600	19-Sep-13	-140,000	-2.99	AA-	F1+
16-Sep-13	138	HSBC	100,000	0.2600	20-Sep-13	-100,000	-2.85	AA-	F1+
16-Sep-13	139	HSBC	150,000	0.2600	23-Sep-13	-150,000	-7.48	AA-	F1+
17-Sep-13	140	HSBC	60,000	0.2600	16-Sep-13	-60,000	-0.43	AA-	F1+
18-Sep-13	141	HSBC	90,000	0.2600	23-Sep-13	-90,000	-3.21	AA-	F1+
19-Sep-13	142	HSBC	100,000	0.2600	23-Sep-13	-100,000	-2.85	AA-	F1+
20-Sep-13	143	HSBC	100,000	0.2600	23-Sep-13	-100,000	-2.14	AA-	F1+
23-Sep-13	144	Barclays Bank Plc	360,000	0.2960	17-Oct-13	-360,000	-70.07	A	F1
24-Sep-13	145	HSBC	60,000	0.2600	30-Sep-13	-60,000	-2.56	AA-	F1+
26-Sep-13	146	HSBC	100,000	0.2600	30-Sep-13	-100,000	-2.85	AA-	F1+
27-Sep-13	147	HSBC	50,000	0.2600	30-Sep-13	-50,000	-1.07	AA-	F1+
30-Sep-13	148	HSBC	700,000	0.2600	07-Oct-13	-700,000	-34.90	AA-	F1+
30-Sep-13	149	HSBC	200,000	0.2600	14-Oct-13	-200,000	-19.95	AA-	F1+
30-Sep-13	150	Barclays Bank Plc	1,140,000	0.3000	21-Oct-13	-1,140,000	-196.77	A	F1
30-Sep-13	151	Coventry BS	500,000	0.4100	Still Outstanding		-179.73	A	F1
30-Sep-13	152	Bank Of Scotland	800,000	0.4100	Still Outstanding		-287.56	A	F1
			8,855,000			-7,055,000	-1,730.37		
October									
01-Oct-13	153	HSBC	100,000	0.2600	07-Oct-13	-100,000	-4.27	AA-	F1+
03-Oct-13	154	HSBC	80,000	0.2600	07-Oct-13	-80,000	-2.28	AA-	F1+
04-Oct-13	155	HSBC	70,000	0.2600	07-Oct-13	-70,000	-1.50	AA-	F1+
07-Oct-13	156	HSBC	350,000	0.2600	17-Oct-13	-350,000	-24.93	AA-	F1+
08-Oct-13	157	HSBC	75,000	0.2600	14-Oct-13	-75,000	-3.21	AA-	F1+
10-Oct-13	158	HSBC	90,000	0.2600	18-Oct-13	-90,000	-5.13	AA-	F1+
11-Oct-13	159	HSBC	300,000	0.2600	17-Oct-13	-300,000	-12.82	AA-	F1+
14-Oct-13	160	HSBC	150,000	0.2600	21-Oct-13	-150,000	-7.48	AA-	F1+
14-Oct-13	161	HSBC	100,000	0.2600	22-Oct-13	-100,000	-5.70	AA-	F1+
15-Oct-13	162	HSBC	440,000	0.2600	17-Oct-13	-440,000	-6.27	AA-	F1+
16-Oct-13	163	HSBC	70,000	0.2600	17-Oct-13	-70,000	-0.50	AA-	F1+

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								LONG-TERM	SHORT-TERM
								£	%
17-Oct-13	164	HSBC	200,000	0.2600	21-Oct-13	-200,000	-5.70	AA-	F1+
18-Oct-13	165	HSBC	150,000	0.2600	21-Oct-13	-150,000	-3.21	AA-	F1+
21-Oct-13	166	Bank Of Scotland	550,000	0.4100	Still Outstanding		-67.96	A	F1
23-Oct-13	167	HSBC	80,000	0.2600	28-Oct-13	-80,000	-2.85	AA-	F1+
25-Oct-13	168	HSBC	130,000	0.2600	Still Outstanding		-6.48	AA-	F1+
28-Oct-13	169	Barclays Bank Plc	760,000	0.2900	Still Outstanding		-24.15	A	F1
30-Oct-13	170	HSBC	100,000	0.2600	31-Oct-13	-100,000	-0.71	AA-	F1+
31-Oct-13	171	HSBC	650,000	0.2600	Still Outstanding		-4.63	AA-	F1+
31-Oct-13	172	HSBC	150,000	0.2600	Still Outstanding		-1.07	AA-	F1+
31-Oct-13	173	Barclays Bank Plc	550,000	0.2700	Still Outstanding		-4.07	A	F1
31-Oct-13	174	Nationwide Bs	1,250,000	0.4100	Still Outstanding		-14.04	A	F1
			6,395,000			-2,355,000	-208.96		
TOTAL INVESTMENTS APRIL TO OCTOBER 2013			48,805,000			-42,465,000	-8,052.04		
TOTAL INVESTMENT 2013/14 (INCLUDING BROUGHT FORWARD AS AT 1 APRIL)			51,320,000			-44,980,000	-8,664.99		

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.

**POLICY AND FINANCE COMMITTEE
FULL RATING LIST OF APPROVED INSTITUTIONS AS AT 1 NOVEMBER 2013**

	Standard & Poor			Moody's			Full Review Date	Fitch			
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook		Long Term	Short Term	Outlook	
Building Societies											
Nationwide	A	A-1	Negative	A2	P-1	Stable	19/09	A+	F1	STABLE	£1m min
Yorkshire	-	-	-	Baa2	P-2	Stable	22/10	BBB+	F2	Stable	
Coventry	-	-	-	A3	P-2	Stable	22/10	A	F1	Stable	Sterling Brokers
Skipton	-	-	-	Ba1	NP	Negative	22/10	BBB-	F3	Stable	
Leeds	-	-	-	A3	P-2	Stable	22/10	A-	F2	Stable	3Mth
Principality	-	-	-	Ba1	NP	Stable	22/10	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn			22/10	BB+	B	Stable	No Contact
Banks											
Santander Uk Plc.	A	A-1	Negative	A2	P-1	Negative	19/09	A	F1	Stable	
Barclays Bank Plc.	A	A-1	Stable	A2	P-1	Negative	16/05	A	F1	Stable	
Bank of Scotland Plc.	A	A-1	Negative	A2	P-1	Negative	19/09	A	F1	Stable	
Bradford & Bingley Bank Plc.	-	-	-	C	P-1	Stable	Rating Withdrawn – 06/09/12			Not taking funds	
Co-operative Bank (The)	-	-	-	Caa1	NP	Developing	20/06	BB-	B	On Watch	£1m min
HSBC Bank Plc.	AA-	A-1+	Negative	Aa3	P-1	Negative	16/05	AA-	F1+	Stable	
Lloyds TSB Bank Plc.	A	A-1	Negative	A2	P-1	Negative	19/09	A	F1	Stable	£250
National Westminster Bank Plc.	A	A-1	Negative	A3	P-2	Under Review	19/09	A	F1	Stable	Current a/c
Northern Rock (Asset Management) Plc.	A	A-1	Stable	C	P-1	Stable	Rating Withdrawn – 06/09/12			No Contact	
Royal Bank of Scotland Plc.	A	A-2	Negative	A3	P-2	Under Review	19/09	A	F1	Stable	Current a/c