

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 21

meeting date: 6 SEPTEMBER 2016  
title: TREASURY MANAGEMENT  
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 2016 to 31 July 2016.
- 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.
- 2.4 On most days the Council is in a position where it has surplus funds available to invest.
- 2.5 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.
- 2.6 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 bank or building society of £1.75m. The limit for the Debt Management Office (DMO), where the Government guarantees investments, is currently £5m and the limit for other Local Authorities, Police and Crime Commissioners, Fire and Rescue Services and Transport Authorities is £2.5m per institution

- (iii) The safety of our investments is paramount and not the requirement to maximise returns.
- (i) 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 PUBLIC WORKS LOAN BOARD

- 3.1 Nationally, bank base interest rates recently changed from 0.5% to 0.25%, after remaining at the same level since March 2009.
- 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 From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from PWLB. 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.

### 4 BORROWING REQUIREMENTS

- 4.1 The movement on the Council's external borrowing can be summarised as follows.

	<b>PWLB £000</b>	<b>Other £000</b>	<b>Total £000</b>
External Debt at 1 April 2016	205	7	212
Transactions - New Loans	0	0	0
- Repayments	0	0	0
<b>External debt at 31 July 2016</b>	<b>205</b>	<b>7</b>	<b>212</b>

- 4.2 No temporary loans were taken out during April to July 2016, as was the case in 2015.
- 4.3 No interest has been paid on the Council's external debt during the periods April to July 2015 and 2016, as it does not become due until the half year instalment date on 30 September 2016.

## 5 TEMPORARY 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 2016 to 31 July 2016 was 0.326%, which was above the average local authority seven-day notice deposit rate of 0.30%.
- 5.3 The movement in the Council's external investments are shown in Annex 1 and can be summarised as follows:

	<b>Banks/Building Societies £000</b>	<b>Other Local Authorities £000</b>	<b>Total £000</b>
Monies Invested at 1 April 2016	4,430	1,600	6,030
Transactions - New Investments	26,922	3,125	30,047
- Repayment of Investments	-24,177	-3,225	-27,402
<b>Monies Invested as at 31 July 2016</b>	<b>7,175</b>	<b>1,500</b>	<b>8,675</b>

- 5.4 The following investments were held as at 31 July 2016.

<b>Date Invested</b>	<b>Nos.</b>	<b>Borrower</b>	<b>Notice</b>	<b>Rate %</b>	<b>£'000</b>	<b>£'000</b>
6 Jul'16	70	Barclays Bank Plc.	Fixed 11 Aug'16	0.321	1,000	
						1,000
20 Jun'16	24	Coventry Building Society	Fixed 11 Aug'16	0.410	500	
15 Jul'16	80	Coventry Building Society	Fixed 19 Sept'16	0.360	500	
25 Jul'16	85	Coventry Building Society	Fixed 5 Sept'16	0.360	500	
						1,500
28 Jul'16	87	Bank of Scotland	Fixed 19 Sept'16	0.430	900	
						900
13 Jun'16	227	Lloyds Bank Plc	Fixed 11 Aug'16	0.320	400	
7 Jul'16	73	Lloyds Bank Plc	Fixed 22 Aug'16	0.430	1,000	
						1,400
7 Jul'16	72	Debt Management Office	Fixed 11 Aug'16	0.250	1,500	
						1,500
18 Jul'16	81	HSBC Bank Plc	Fixed 8 Aug'16	0.160	190	
19 Jul'16	82	HSBC Bank Plc	Fixed 8 Aug'16	0.160	300	
20 Jul'16	83	HSBC Bank Plc	Fixed 8 Aug'16	0.160	100	
22 Jul'16	84	HSBC Bank Plc	Fixed 8 Aug'16	0.160	115	
27 Jul'16	86	HSBC Bank Plc	Fixed 19 Aug'16	0.160	80	
29 Jul'16	88	HSBC Bank Plc	Fixed 8 Aug'16	0.160	90	
						875
28 Jun'16	61	Stockport Met BC	Fixed 11 Aug'16	0.320	1,000	
						1,000

Date Invested	Nos.	Borrower	Notice	Rate %	£'000	£'000
6 Jun'16	49	Dumfries & Galloway Council	Fixed 11 Aug'16	0.350	500	
						500
<b>Total Investments as at 31 July 2016</b>						<b>8,675</b>

5.5 The total interest received on the Council's external investments during the period was £8,572 compared with £7,955 in the previous year. There is a small impact anticipated on interest received for the remainder of the year following the fall in base rate to 0.25%.

## 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 April 2016.

- 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 2016/17 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	6,764	213
Limits on Fixed Interest Rates	6,764	213
Limits on Variable Interest Rates	1,353	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2016/17 were as follows:

	Upper Limit %	Lower Limit %	Current Actual %
Under 12 months	20	0	16.65

	Upper Limit	Lower Limit	Current Actual
	%	%	%
12 Months and Within 24 Months	20	0	10.77
24 Months and Within 5 Years	40	0	14.67
5 Years and Within 10 Years	30	0	23.80
10 Years and Above	90	0	34.11

6.6 The total principal funds invested for a period longer than 364 days was set at nil. This indicator is in place to ensure that the council is aware of the cash-flow implications of investing for periods of longer than 364 days. In lending surplus funds, the council must ensure that it can't be put in a position where it would be forced to realise any of its investments before their maturity. If this were to be the case, the council could find itself with a financial loss.

6.7 No investments (excluding our shareholding in the Local Government Bonds Agency (Local Capital Finance Company Ltd) have been made in the period for longer than 364 days.

## 7 LOCAL GOVERNMENT BONDS AGENCY

7.1 The Local Government Bonds Agency is a freestanding independent body owned by the local government sector that will raise money efficiently on the capital markets at regular intervals to on-lend to participating local authorities.

7.2 Participating authorities are those local authorities that have invested in the setting up of the Agency or have invested risk capital to capitalise the Agency and fund it through its early years of operations. The agency has been incorporated with the name Local Capital Finance Ltd.

7.3 The Agency will offer a viable alternative source of capital funding to councils, other than the Public Works Loans Board (PWLB). Historically we have used the PWLB for our long term borrowing. The Local Government Bonds Agency will be able to offer loans at better or at least equivalent rates to the PWLB and tailor packages to meet the particular needs of participating authorities.

7.4 Ribble Valley Borough Council have invested £10,000 in the agency. The Agency is owned by those local authorities that invested in its establishment and those that invest in its capitalisation during its first ten years of operations. Such authorities will become shareholders in the Agency and therefore we, as other authorities, will have our say in the way it is run.

7.5 The contribution that we have invested will be returned to us after 10 years of successful operations of the agency, together with interest which will be earned at commercial rates. The contribution will also allow us access to more competitive long term borrowing rates.

## 8 APPROVED ORGANISATIONS

8.1 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 S&P Global Ratings (previously 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 16 August 2016.

- (iv) 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, recently we have looked at extending the number of building society to include Nottingham and Cumberland the next 2 building societies based on their total assets. However they were found not to be Fitch rated so have been disregarded.

8.2 The top 8 building societies based on their total assets are:

Name	Current Ranking July 2016	Full Transaction Review Date	Fitch Rating	
			Long Term	Short Term
Nationwide	1	25.05.16	A	F1
Yorkshire	2	26.05.16	A-	F1
Coventry	3	30.06.16	A	F1
Skipton*	4	26.05.16	A-	F2
Leeds	5	30.06.16	A-	F1
Principality	6	26.05.16	BBB+	F2
West Bromwich	7	Withdrawn from rating process		
Newcastle	8	30.06.16	BB+	B

\* Changed since last reported

8.3 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:

Name	Fitch's Full Transaction Review Date	Long Term	Short Term
Santander UK Plc*	24.05.16	A	F1
Barclays Bank Plc	14.06.16	A	F1
Bank of Scotland Plc*	06.05.16	A+	F1
Co-operative Bank (The)*	19.11.15	B	B
HSBC Bank Plc	14.06.16	AA-	F1+
Lloyds Bank Plc*	06.05.16	A+	F1
National Westminster Bank Plc*	06.05.16	BBB+	F2
Royal Bank of Scotland Plc* (The)	06.05.16	BBB+	F2

\* No change since last reported

8.4 In addition to the building societies and banks we use for investments, also approved for use is other Local Authorities and the United Kingdom Debt Management Office, where the Government guarantees investments.

## 9 RECENT EVENTS

- 9.1 Public Sector Net Borrowing (PSNB) was stated to be £7.8 billion in June; £2.2 billion lower than in the previous year, and £1.7 billion below market expectations. A rise in central government receipts of £2.0 billion relative to the previous year was partly offset by a £0.8 billion rise in central government spending.
- 9.2 Borrowing by local authorities was £1.0 billion lower than last year while borrowing by public corporations was unchanged.
- 9.3 Almost all the data for June reflects economic activity prior to the EU referendum. This means that there is little firm evidence on how the referendum results might affect public finances this year.
- 9.4 Looking ahead, it is unlikely that the monthly public data will provide any clear signals about the impact of the referendum result for some time. However, the referendum result has, in itself, created a great deal of social-economic uncertainty which will present challenges to the whole of Local Government in the delivery of services and other economic development priorities.
- 9.5 At the beginning of August the Bank of England reduced the base rate to 0.25%, having been 0.5% for more than seven years. This new historic low will impact on our already diminished interest receipts, which are currently budgeted at a net £28,730 for 2016/17.

## 10 EXPOSURE TO RISK

- 10.1 It is imperative that we continue to protect the council's principal sums invested in order to minimise its exposure to risks.
- 10.2 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

## 11 CONCLUSION

- 11.1 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.

- 11.2 With interest rates remaining at low levels, the amount of income received from investing surplus cash balances continues to be low, but higher than those attained for the same period in the 2015/16 financial year. This position is unlikely to continue after the recent cut in bank base interest rate to 0.25%.
- 11.3 Due to the continued movement in judgements made by rating agents, and the continued uncertainty in the global economy, 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

PF43-16/TH/AC  
16 August 2016

For further information please ask for Trudy Holderness.

Background papers: OB Commentary on the Public Sector Finances release: June 2016



**POLICY AND FINANCE COMMITTEE  
TEMPORARY INVESTMENT ACTIVITY – 2016/17**

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
<b>Investments brought forward 1 April 2016</b>									
29-Feb-16	158	Barclays Bank Plc	600,000	0.3450	11-Apr-16	-600,000	-238.19	A	F1
					Debtor		181.48		
17-Mar-16	182	Coventry BS	750,000	0.4100	21-Apr-15	-750,000	-294.86	A	F1
					Debtor		126.37		
17-Mar-16	185	Nationwide	1,500,000	0.2500	21-Apr-15	-1,500,000	-359.59	A	F1
					Debtor		154.11		
17-Mar-16	206	Coventry BS	500,000	0.4100	21-Apr-15	-500,000	-196.58	A	F1
					Debtor		84.25		
21-Mar-16	227	Lloyds Bank Plc	400,000	0.4000	18-Apr-15		-122.74	A	F1
18-Apr-16	227	Lloyds Bank Plc	Rolled Over	0.4300	19-May-16		-146.08	A	F1
19-May-16	227	Lloyds Bank Plc	Rolled Over	0.3100	13-Jun-16		-84.93	A	F1
13-Jun-16	227	Lloyds Bank Plc	Rolled Over	0.3200	Still Outstanding		-171.84	A	F1
					Debtor		48.22		
29-Mar-16	231	Wakefield Council	900,000	0.3500	03-May-16		-302.05	AA-	F1+
03-May-16	231	Wakefield Council	Rolled Over	0.3500	16-May-16	-900,000	-112.19	AA-	F1+
					Debtor		25.89		
31-Mar-16	232	Leeds City Council	700,000	0.3500	13-May-16	-700,000	-288.63	AA-	F1+
					Debtor		6.71		

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
31-Mar-16	233	HSBC	100,000	0.1600	11-Apr-16	-100,000	-4.82	A	F1
					Debtor		0.44		
31-Mar-16	234	HSBC	360,000	0.1600	18-Apr-16	-360,000	-28.41	AA-	F1+
					Debtor		1.58		
31-Mar-16	235	HSBC	120,000	0.1600	19-Apr-16	-120,000	-9.99	A	F1
					Debtor		0.53		
31-Mar-16	235	HSBC	100,000	0.1600	22-Apr-16	-100,000	-9.64	AA-	F1+
					Debtor		0.44		
<b>Monies invested @ 1 April 2016</b>			<b>6,030,000</b>			<b>-5,630,000</b>	<b>-1,740.52</b>		
<b>Investments Made April 2016 to July 2016</b>									
<b>April '16</b>									
01/04/2016	1	Lloyds Bank Plc	250,000	0.4000	21-Apr-16		-54.79	A+	F1
21/04/2016	1	Lloyds Bank Plc	Rolled Over	0.4000	19-May-16	-250,000	-76.71	A+	F1
05/04/2016	2	HSBC	80,000	0.1600	11-Apr-16	-80,000	-2.10	AA-	F1+
06/04/2016	3	HSBC	100,000	0.1600	11-Apr-16	-100,000	-2.19	AA-	F1+
07/04/2016	4	HSBC	60,000	0.1600	11-Apr-16	-60,000	-1.05	AA-	F1+
08/04/2016	5	HSBC	80,000	0.1600	11-Apr-16	-80,000	-1.05	AA-	F1+
11/04/2016	6	HSBC	100,000	0.1600	12-Apr-16	-100,000	-0.44	AA-	F1+
11/04/2016	7	HSBC	150,000	0.1600	18-Apr-16	-150,000	-4.60	AA-	F1+
11/04/2016	8	HSBC	300,000	0.1600	21-Apr-16	-300,000	-13.15	AA-	F1+
12/04/2016	9	HSBC	150,000	0.1600	13-Apr-16	-150,000	-0.66	AA-	F1+
13/04/2016	10	HSBC	85,000	0.1600	14-Apr-16	-85,000	-0.37	AA-	F1+
13/04/2016	11	HSBC	100,000	0.1600	18-Apr-16	-100,000	-2.19	AA-	F1+
14/04/2016	12	HSBC	75,000	0.1600	15-Apr-16	-75,000	-0.33	AA-	F1+
15/04/2016	13	Bank Of Scotland	500,000	0.4300	19-May-16	-500,000	-200.27	A+	F1
18/04/2016	14	HSBC	100,000	0.1600	25-Apr-16	-100,000	-3.07	AA-	F1+



DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
31-May-16	44	Bank Of Scotland	1,000,000	0.4500	19-Jul-16	-1,000,000	-604.11	A+	F1
31-May-16	45	HSBC	550,000	0.1600	06-Jun-16	-550,000	-14.47	AA-	F1+
			<b>9,136,000</b>			<b>-9,136,000</b>	<b>-3,290.24</b>		
<b>Jun'16</b>									
01-Jun-16	46	HSBC	190,000	0.1600	22-Jun-16	-190,000	-17.49	AA-	F1+
03-Jun-16	47	HSBC	78,000	0.1600	06-Jun-16	-78,000	-1.03	AA-	F1+
06-Jun-16	48	HSBC	300,000	0.1600	13-Jun-16	-300,000	-9.21	AA-	F1+
06-Jun-16	49	Dumfries and Galloway	500,000	0.3500	Still Outstanding		-268.49		
08-Jun-16	50	HSBC	100,000	0.1600	13-Jun-16	-100,000	-2.19	AA-	F1+
10-Jun-16	51	HSBC	310,000	0.1600	13-Jun-16	-310,000	-4.08	AA-	F1+
13-Jun-16	52	HSBC	90,000	0.1600	04-Jul-16	-90,000	-8.28	AA-	F1+
15-Jun-16	53	HSBC	200,000	0.1600	20-Jun-16	-200,000	-4.38	AA-	F1+
15-Jun-16	54	HSBC	160,000	0.1600	27-Jun-16	-160,000	-8.42	AA-	F1+
17-Jun-16	55	HSBC	146,000	0.1600	20-Jun-16	-146,000	-1.92	AA-	F1+
20-Jun-16	56	HSBC	70,000	0.1600	21-Jun-16	-70,000	-0.31	AA-	F1+
22-Jun-16	57	HSBC	250,000	0.1600	27-Jun-16	-250,000	-5.48	AA-	F1+
23-Jun-16	58	HSBC	70,000	0.1600	04-Jul-16	-70,000	-3.38	AA-	F1+
27-Jun-16	59	HSBC	430,000	0.1600	28-Jun-16	-430,000	-1.88	AA-	F1+
28-Jun-16	60	HSBC	370,000	0.1600	06-Jul-16	-370,000	-12.98	AA-	F1+
28-Jun-16	61	Stockport Met BC	1,000,000	0.3200	Still Outstanding		-298.08		
29-Jun-16	62	HSBC	60,000	0.1600	30-Jun-16	-60,000	-0.26	AA-	F1+
30-Jun-16	63	DMO	2,500,000	0.2500	07-Jul-16	-2,500,000	-119.86	AAA	
30-Jun-16	64	HSBC	200,000	0.1600	04-Jul-16	-200,000	-3.51	AA-	F1+
30-Jun-16	65	HSBC	200,000	0.1600	11-Jul-16	-200,000	-9.64	AA-	F1+
			<b>7,224,000</b>			<b>-5,724,000</b>	<b>-780.87</b>		
<b>July'16</b>									
01-Jul-16	66	HSBC	250,000	0.1600	06-Jul-16	-250,000	-5.48	AA-	F1+
04-Jul-16	67	HSBC	200,000	0.1600	18-Jul-16	-200,000	-12.27	AA-	F1+
04-Jul-16	68	HSBC	120,000	0.1600	22-Jul-16	-120,000	-9.47	AA-	F1+
05-Jul-16	69	HSBC	60,000	0.1600	06-Jul-16	-60,000	-0.26	AA-	F1+
06-Jul-16	70	Barclays Bank Plc	1,000,000	0.3210	Still Outstanding		-228.66	A	F1

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
07-Jul-16	71	HSBC	100,000	0.1600	11-Jul-16	-100,000	-1.75	AA-	F1+
07-Jul-16	72	DMO	1,500,000	0.2500	Still Outstanding		-256.85	AAA	
07-Jul-16	73	Lloyds Bank Plc	1,000,000	0.4300	Still Outstanding		-294.52	A+	F1
08-Jul-16	74	HSBC	77,000	0.1600	19-Jul-16	-77,000	-3.71	AA-	F1+
11-Jul-16	75	HSBC	100,000	0.1600	19-Jul-16	-100,000	-3.51	AA-	F1+
11-Jul-16	76	HSBC	120,000	0.1600	25-Jul-16	-120,000	-7.36	AA-	F1+
12-Jul-16	77	HSBC	90,000	0.1600	25-Jul-16	-90,000	-5.13	AA-	F1+
14-Jul-16	78	HSBC	70,000	0.1600	15-Jul-16	-70,000	-0.31	AA-	F1+
15-Jul-16	79	HSBC	100,000	0.1600	19-Jul-16	-100,000	-1.75	AA-	F1+
15-Jul-16	80	Coventry BS	500,000	0.3600	Still Outstanding		-83.84	A	F1
18-Jul-16	81	HSBC	190,000	0.1600	Still Outstanding		-11.66	AA-	F1+
19-Jul-16	82	HSBC	300,000	0.1600	Still Outstanding		-17.10	AA-	F1+
20-Jul-16	83	HSBC	100,000	0.1600	Still Outstanding		-5.26	AA-	F1+
22-Jul-16	84	HSBC	115,000	0.1600	Still Outstanding		-5.04	AA-	F1+
25-Jul-16	85	Coventry BS	500,000	0.3600	Still Outstanding		-34.52	A	F1
27-Jul-16	86	HSBC	80,000	0.1600	Still Outstanding		-1.75	AA-	F1+
28-Jul-16	87	Bank Of Scotland	900,000	0.4300	Still Outstanding		-42.41	AA-	F1+
29-Jul-16	88	HSBC	90,000	0.1600	Still Outstanding		-1.18	AA-	F1+
			<b>7,562,000</b>			<b>-1,287,000</b>	<b>-1,033.79</b>		
<b>2016/17 Investments made April to July</b>			<b>30,047,000</b>			<b>-21,772,000</b>	<b>-6,831.76</b>		
<b>Total investments 2016/17 (included Investments brought forward from 2015/16)</b>			<b>36,077,000</b>			<b>-27,402,000</b>	<b>-8,572.28</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.
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 16 AUGUST 2016**

	S&P Global Ratings			Moody's			Full Review Date	Fitch			
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook		Long Term	Short Term	Outlook	
<b>Building Societies</b>											
Nationwide	A	A-1	Negative	Aa3	P-1	Negative	25/05/16	A	F1	Positive	£1m min
Yorkshire	-	-	-	A3	P-2	Stable	26/05/16	A-	F1	Stable	Sterling Brokers
Coventry	-	-	-	A2	P-1	Negative	30/06/16	A	F1	Stable	
Skipton	-	-	-	Baa2	P-2	Stable	26/05/16	A-	F1	Stable	
Leeds	-	-	-	A2	P-1	Negative	30/06/16	A-	F1	Stable	3Mth
Principality	-	-	-	Baa3	P-3	Stable	26/05/16	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn – 13/10/14			30/06/16	BB+	B	Stable	No Contact
<b>Banks</b>											
Santander UK Plc.	A	A-1	Negative	Aa3	P-1	Negative	24/05/16	A	F1	Positive	
Barclays Bank Plc.	A-	A-2	Negative	A2	P-1	Negative	14/06/16	A	F1	Stable	
Bank of Scotland Plc.	A	A-1	Negative	A1	P-1	Stable	06/05/16	A+	F1	Stable	
Bradford & Bingley Bank Plc.	-	A-1	-	A1	P-1	Negative	Rating Withdrawn – 06/09/12			Not taking funds	
Co-operative Bank (The)	-	-	-	Caa2	NP	Positive	19/11/15	B	B	Stable	£1m min
HSBC Bank Plc.	AA-	A-1+	Negative	Aa2	P-1	Negative	14/06/16	AA-	F1+	Stable	
Lloyds Bank Plc.	A	A-1	Negative	A1	P-1	Stable	06/05/16	A+	F1	Stable	£250k
National Westminster Bank Plc.	BBB+	A-2	Stable	A3	P-2	Positive	06/05/16	BBB+	F2	Stable	Current a/c required
Northern Rock (Asset Management) Plc. (NRAM Plc)	-	-	-	Rating Withdrawn – 16/06/16			Rating Withdrawn – 06/09/12			No Contact	
Royal Bank of Scotland Plc.	BBB+	A-2	Stable	A3	P-2	Positive	06/05/16	BBB+	F2	Stable	Current a/c required