

RIBBLE VALLEY BOROUGH COUNCIL

REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 16

meeting date: 24 JANUARY 2017
title: TREASURY MANAGEMENT MONITORING 2016/17
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 December 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.

	PWLB £000	Other £000	Total £000
External Debt at 1 April 2016	205	7	212
Transactions - New Loans	0	0	0
- Repayments	-18	0	- 18
External debt at 31 December	187	7	194

- 4.2 No temporary loans were taken out during April to December 2016, as was the case in 2015.
- 4.3 The total interest paid on the Council's external debt during the period was £4,949 compared to £5,778, reflecting the fall in external debt.

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 December 2016 was 0.264%.
- 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 2016	4,430	1,600	6,030
Transactions - New Investments	54,472	8,675	63,147
- Repayment of Investments	-51,852	-5,425	-57,277
Monies Invested as at 31 December 2016	7,050	4,850	11,900

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

Date Invested	Nos.	Borrower	Notice	Rate %	£'000	£'000
19 Dec'16	123	Barclays Bank Plc.	Fixed 15 Feb'17	0.120	900	
12 Dec'16	171	Barclays Bank Plc.	Fixed 15 Feb'17	0.193	850	
						1,750
19 Dec'16	147	Coventry Building Society	Fixed 15 Feb'17	0.230	750	
28 Nov'16	163	Coventry Building Society	Fixed 10 Jan'17	0.220	450	
23 Dec'16	178	Coventry Building Society	Fixed 20 Feb'17	0.220	350	
						1,550
25 Oct'16	92	Bank of Scotland	Fixed 10 Jan'17	0.270	850	
30 Nov'16	165	Bank of Scotland	Fixed 15 Feb'17	0.250	720	
						1,570
25 Oct'16	98	Lloyds Bank Plc	Fixed 10 Jan'17	0.270	750	
28 Oct'16	143	Lloyds Bank Plc	Fixed 19 Jan'17	0.293	1,000	
						1,750
12 Dec'16	172	HSBC Bank Plc	Fixed 9 Jan'17	0.100	150	
19 Dec'16	176	HSBC Bank Plc	Fixed 13 Jan'17	0.100	150	
21 Dec'16	177	HSBC Bank Plc	Fixed 13 Jan'17	0.100	130	
						430
25 Oct'16	126	Police & Crime Commissioner – Manchester	Fixed 23 Jan'17	0.220	2,500	
						2,500
17 Oct'16	136	Barnsley MBC	Fixed 10 Jan'17	0.200	1,350	
						1,350

Date Invested	Nos.	Borrower	Notice	Rate %	£'000	£'000
31 Oct'16	148	Barking & Dagenham Council	Fixed 31 Jan'17	0.260	1,000	
						1,000
Total Investments as at 31 December 2016						11,900

5.5 The total interest received on the Council's external investments during the period was £19,931 compared with £24,423 in the previous year. The reduction in interest received between the two years, which is likely to continue for the remainder of the year, shows the impact of 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	194
Limits on Fixed Interest Rates	6,764	194
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
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 has 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 13 January 2017.

- (i) 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 and Newcastle Building Societies (NBS). Both being withdrawn from the Fitch rating process for commercial reason.
- (ii) We have looked at extending the number of building societies 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 November 2016	Fitch Rating		
		Full Transaction Review Date	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-	F1
Leeds	5	30.06.16	A-	F1
Principality	6	26.05.16	BBB+	F2
West Bromwich	7	Withdrawn from rating process		
Newcastle	8	Withdrawn from rating process		

* 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 *	13.12.16	A	F1
Bank of Scotland Plc	06.05.16	A+	F1
Co-operative Bank (The)*	08.11.16	B	B
HSBC Bank Plc *	13.12.16	AA-	F1+
Lloyds Bank Plc	06.05.16	A+	F1

Name	Fitch's Full Transaction Review Date	Long Term	Short Term
National Westminster Bank Plc	06.05.16	BBB+	F2
Royal Bank of Scotland Plc (The)	06.05.16	BBB+	F2

* Changed since last reported – review date only

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 At the time of writing this report, the pound has hit its lowest level for more than three months on reports Britain was set to quit the EU single market as part of its Brexit plans. This is in anticipation of the Prime Ministers announcement on Brexit plans on 17 January and speculation of an announcement of “hard Brexit” plans. Coupled with the weak pound, the FTSE 100 has hit a new within-the-day high.

9.2 The Government is no longer on course to balance the budget during the current Parliament and has formally dropped this ambition in a significant loosening of its fiscal targets. Public Sector Net Borrowing (PSNB) is now expected to fall more slowly primarily reflecting weak tax receipts so far this year and a more subdued outlook for economic growth as the UK negotiates a new relationship with the European Union.

9.3 Given the uncertainty surrounding the choices and trade-offs that the Government may have to make, and the consequences of different outcomes, the office of budget responsibility forecast that any likely Brexit outcome would lead to lower trade flows, lower investment and lower net inward migration.

9.4 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 we have recently reduced the net budget from £28,730 to £21,070 for 2016/17.

9.5 The Bank of England has previously signalled it is likely to cut interest below their already historic low of 0.25% in order to help the economy cope with the outcome of the Brexit vote.

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 The recent cut in bank base interest rate to 0.25% has impacted on the income received from investing surplus cash balances, with less income received in the period compared to the previous year. This position is likely to continue.

11.3 Due to 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

PF11-17/TH/AC
13 January 2017

For further information please ask for Trudy Holderness.

Background papers: OBR Overview of November 2016 Economic and fiscal outlook

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

ANNEX 1

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Rating	
								Long-Term	Short-Term
Investments brought forward 1 April 2016									
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	11-Aug-16	-400,000	-206.90	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	
								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		
Monies invested @ 1 April 2016			6,030,000			-6,030,000	-1,775.58		
Investments Made April 2016 to December 2016									
April '16									
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	
								Long-Term	Short-Term
19/04/2016	15	HSBC	160,000	0.1600	21-Apr-16	-160,000	-1.40	AA-	F1+
20/04/2016	16	HSBC	170,000	0.1600	25-Apr-16	-170,000	-3.73	AA-	F1+
22/04/2016	17	HSBC	150,000	0.1600	09-May-16	-150,000	-11.18	AA-	F1+
22/04/2016	18	HSBC	450,000	0.1600	25-Apr-16	-450,000	-5.92	AA-	F1+
25/04/2016	19	HSBC	240,000	0.1600	16-May-16	-240,000	-22.09	AA-	F1+
25/04/2016	20	HSBC	450,000	0.1600	26-Apr-16	-450,000	-1.97	AA-	F1+
26/04/2016	21	HSBC	540,000	0.1600	03-May-16	-540,000	-16.57	AA-	F1+
27/04/2016	22	HSBC	60,000	0.1600	28-Apr-16	-60,000	-0.26	AA-	F1+
28/04/2016	23	Coventry BS	600,000	0.4200	13-Jun-16	-600,000	-317.59	A	F1
28/04/2016	24	Coventry BS	500,000	0.4200	20-Jun-16		-304.93	A	F1
20/06/2016	24	Coventry BS	Rolled Over	0.4100	11-Aug-16		-292.05	A	F1
11/08/2016	24	Coventry BS	Rolled Over	0.2000	19-Sep-16		-106.85	A	F1
19/09/2016	24	Coventry BS	Rolled Over	0.2200	25-Oct-16	-500,000	-108.49	A	F1
29/04/2016	25	Bank Of Scotland	675,000	0.4600	20-Jun-16	-675,000	-442.36	A+	F1
			6,125,000			-6,125,000	-1,998.36		
May'16									
03-May-16	26	Barclays Bank Plc	1,500,000	0.4430	06-Jul-16	-1,500,000	-1,165.15	A	F1
03-May-16	27	HSBC	460,000	0.1600	04-May-16	-460,000	-2.02	AA-	F1+
03-May-16	28	HSBC	150,000	0.1600	09-May-16	-150,000	-3.95	AA-	F1+
03-May-16	29	HSBC	100,000	0.1600	20-May-16	-100,000	-7.45	AA-	F1+
03-May-16	30	HSBC	180,000	0.1600	23-May-16	-180,000	-15.78	AA-	F1+
04-May-16	31	HSBC	500,000	0.1600	16-May-16	-500,000	-26.30	AA-	F1+
06-May-16	32	HSBC	130,000	0.1600	31-May-16	-130,000	-14.25	AA-	F1+
09-May-16	33	Lloyds Bank Plc	430,000	0.4700	06-Jul-16	-430,000	-321.15	A+	F1
10-May-16	34	HSBC	60,000	0.1600	19-May-16	-60,000	-2.37	AA-	F1+
12-May-16	35	HSBC	156,000	0.1600	06-Jun-16	-156,000	-17.10	AA-	F1+
13-May-16	36	Leeds City Council	725,000	0.3500	06-Jul-16	-725,000	-375.41	N/a	N/a
16-May-16	37	Leeds City Council	900,000	0.3000	06-Jul-16	-900,000	-377.26	N/a	N/a
16-May-16	38	HSBC	650,000	0.1600	23-May-16	-650,000	-19.95	AA-	F1+
18-May-16	39	HSBC	120,000	0.1600	19-May-16	-120,000	-0.53	AA-	F1+
20-May-16	40	Coventry BS	475,000	0.4100	11-Jul-16	-475,000	-277.45	A	F1

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Rating	
								Long-Term	Short-Term
23-May-16	41	HSBC	770,000	0.1600	31-May-16	-770,000	-27.00	AA-	F1+
25-May-16	42	HSBC	110,000	0.1600	31-May-16	-110,000	-2.89	AA-	F1+
27-May-16	43	HSBC	170,000	0.1600	17-Jun-16	-170,000	-15.65	AA-	F1+
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+
			9,136,000			-9,136,000	-3,290.24		
Jun'16									
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	11-Aug-16	-500,000	-316.44	N/a	N/a
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	11-Aug-16	-1,000,000	-385.75	N/a	N/a
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+
			7,224,000			-7,224,000	-916.49		
July'16									
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+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Rating	
								Long-Term	Short-Term
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	11-Aug-16	-1,000,000	-316.60	A	F1
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	11-Aug-16	-1,500,000	-359.59	AAA	-
07-Jul-16	73	Lloyds Bank Plc	1,000,000	0.4300	22-Aug-16		-541.92	A+	F1
22-Aug-16	73	Lloyds Bank Plc	Rolled Over	0.2400	19-Oct-16	-1,000,000	-381.37	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	19-Sep-16		-325.48	A	F1
19-Sep-16	80	Coventry BS	Rolled Over	0.2200	25-Oct-16	-500,000	-108.49	A	F1
18-Jul-16	81	HSBC	190,000	0.1600	08-Aug-16	-190,000	-17.49	AA-	F1+
19-Jul-16	82	HSBC	300,000	0.1600	08-Aug-16	-300,000	-26.30	AA-	F1+
20-Jul-16	83	HSBC	100,000	0.1600	08-Aug-16	-100,000	-8.33	AA-	F1+
22-Jul-16	84	HSBC	115,000	0.1600	08-Aug-16	-115,000	-8.57	AA-	F1+
25-Jul-16	85	Coventry BS	500,000	0.3600	05-Sep-16		-207.12	A	F1
05-Sep-16	85	Coventry BS	Rolled Over	0.2200	25-Oct-16	-500,000	-150.68	A	F1
27-Jul-16	86	HSBC	80,000	0.1600	19-Aug-16	-80,000	-8.07	AA-	F1+
28-Jul-16	87	Bank Of Scotland	900,000	0.4300	19-Sep-16		-561.95	AA-	F1+
19-Sep-16	87	Bank Of Scotland	Rolled Over	0.2700	30-Nov-16	-900,000	-479.34	AA-	F1+
29-Jul-16	88	HSBC	90,000	0.1600	08-Aug-16	-90,000	-3.95	AA-	F1+
			7,562,000			-7,562,000	-3,556.25		
Aug'16									
01-Aug-16	89	Nationwide BS	1,000,000	0.4200	21-Nov-16	-1,000,000	-1288.77	A	F1
01-Aug-16	90	Barclays Bank Plc	750,000	0.2560	19-Sep-16	-750,000	-257.75	A	F1
01-Aug-16	91	HSBC	270,000	0.1600	22-Aug-16	-270,000	-24.85	AA-	F1+
01-Aug-16	92	Bank Of Scotland	850,000	0.4300	19-Sep-16		-490.67	AA-	F1+
19-Sep-16	92	Bank Of Scotland	Rolled Over	0.2500	25-Oct-16		-209.59	AA-	F1+
25-Oct-16	93	Bank Of Scotland	Rolled Over	0.2700	Still Outstanding		-427.56	AA-	F1+
03-Aug-16	93	HSBC	100,000	0.0600	11-Aug-16	-100,000	-1.32	AA-	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Rating	
								Long-Term	Short-Term
04-Aug-16	94	HSBC	140,000	0.0600	19-Aug-16	-140,000	-3.45	AA-	F1+
08-Aug-16	95	HSBC	300,000	0.0600	11-Aug-16	-300,000	-1.48	AA-	F1+
10-Aug-16	96	HSBC	100,000	0.0600	11-Aug-16	-100,000	-0.16	AA-	F1+
11-Aug-16	97	Barclays Bank Plc	800,000	0.1020	19-Sep-16		-87.19	A	F1
19-Sep-16	97	Barclays Bank Plc	Rolled Over	0.0800	25-Oct-16	-800,000	-63.12	A	F1
11-Aug-16	98	Lloyds Bank Plc	750,000	0.2500	19-Sep-16		-200.34	A+	F1
19-Sep-16	98	Lloyds Bank Plc	Rolled Over	0.2500	25-Oct-16		-184.93	A+	F1
25-Oct-16	98	Lloyds Bank Plc	Rolled Over	0.2700	Still Outstanding		-377.26	A+	F1
11-Aug-16	99	HSBC	130,000	0.0600	15-Aug-16	-130,000	-0.85	AA-	F1+
12-Aug-16	100	HSBC	250,000	0.0600	15-Aug-16	-250,000	-1.23	AA-	F1+
15-Aug-16	101	HSBC	600,000	0.0600	22-Aug-16	-600,000	-6.90	AA-	F1+
17-Aug-16	102	HSBC	390,000	0.0600	22-Aug-16	-390,000	-3.21	AA-	F1+
19-Aug-16	103	HSBC	220,000	0.0600	22-Aug-16	-220,000	-1.08	AA-	F1+
22-Aug-16	104	HSBC	350,000	0.0600	05-Sep-16	-350,000	-8.05	AA-	F1+
23-Aug-16	105	HSBC	95,000	0.0600	22-Sep-16	-95,000	-4.68	AA-	F1+
26-Aug-16	106	HSBC	150,000	0.0600	26-Sep-16	-150,000	-7.64	AA-	F1+
30-Aug-16	107	HSBC	550,000	0.0600	05-Sep-16	-550,000	-5.42	AA-	F1+
30-Aug-16	108	HSBC	250,000	0.0600	12-Sep-16	-250,000	-5.34	AA-	F1+
31-Aug-16	109	DMO	2,900,000	0.1500	19-Sep-16	-2,900,000	-226.44	AAA	-
			10,945,000			-9,345,000	-3,889.28		
Sept'16									
01-Sep-16	110	HSBC	180,000	0.0600	05-Sep-16	-180,000	-1.18	AA-	F1+
05-Sep-16	111	HSBC	600,000	0.0600	19-Sep-16	-600,000	-13.81	AA-	F1+
06-Sep-16	112	HSBC	80,000	0.0600	03-Oct-16	-80,000	-3.55	AA-	F1+
08-Sep-16	113	HSBC	80,000	0.0600	03-Oct-16	-80,000	-3.29	AA-	F1+
09-Sep-16	114	HSBC	260,000	0.0600	03-Oct-16	-260,000	-10.26	AA-	F1+
12-Sep-16	115	HSBC	200,000	0.0600	15-Sep-16	-200,000	-0.99	AA-	F1+
13-Sep-16	116	HSBC	80,000	0.0600	15-Sep-16	-80,000	-0.26	AA-	F1+
15-Sep-16	117	HSBC	430,000	0.0600	03-Oct-16	-430,000	-12.72	AA-	F1+
15-Sep-16	118	Barclays Bank Plc	200,000	0.0500	17-Oct-16	-200,000	-8.77	A	F1
20-Sep-16	119	HSBC	115,000	0.0600	22-Sep-16	-115,000	-0.38	AA-	F1+
22-Sep-16	120	HSBC	180,000	0.0600	10-Oct-16	-180,000	-5.33	AA-	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Rating	
								Long-Term	Short-Term
23-Sep-16	121	HSBC	110,000	0.0600	14-Oct-16	-110,000	-3.80	AA-	F1+
27-Sep-16	122	HSBC	110,000	0.1000	14-Oct-16	-110,000	-5.12	AA-	F1+
28-Sep-16	123	Barclays Bank Plc	900,000	0.2250	19-Dec-16		-454.93	A	F1
19-Dec-16	123	Barclays Bank Plc	Rolled Over	0.1200	Still Outstanding		-38.47	A	F1
30-Sep-16	124	HSBC	100,000	0.0600	21-Oct-16	-100,000	-3.45	AA-	F1+
30-Sep-16	125	HSBC	350,000	0.0600	24-Oct-16	-350,000	-13.81	AA-	F1+
30-Sep-16	126	PCCO Manchester	2,500,000	0.2000	25-Oct-16		-342.47		
25-Oct-16	126	PCCO Manchester	Rolled Over	0.2200	Still Outstanding		-1,024.66		
			6,475,000			-3,075,000	-1,947.25		
Oct'16									
03-Oct-16	127	HSBC	190,000	0.06000%	10-Oct-16	-190,000	-2.19	AA-	F1+
03-Oct-16	128	HSBC	190,000	0.06000%	14-Oct-16	-190,000	-3.44	AA-	F1+
05-Oct-16	129	HSBC	100,000	0.06000%	19-Oct-16	-100,000	-3.84	AA-	F1+
07-Oct-16	130	HSBC	80,000	0.06000%	07-Nov-16	-80,000	-4.08	AA-	F1+
10-Oct-16	131	HSBC	300,000	0.06000%	14-Oct-16	-300,000	-1.97	AA-	F1+
11-Oct-16	132	HSBC	90,000	0.06000%	18-Nov-16	-90,000	-5.62	AA-	F1+
12-Oct-16	133	HSBC	80,000	0.06000%	14-Oct-16	-80,000	-0.26	AA-	F1+
14-Oct-16	134	Coventry BS	250,000	0.18000%	25-Oct-16	-250,000	-13.56	A	F1
14-Oct-16	135	HSBC	530,000	0.06000%	17-Oct-16	-530,000	-2.61	AA-	F1+
17-Oct-16	136	Barnsley MBC	1,350,000	0.20000%	Still Outstanding		-562.19		
18-Oct-16	137	HSBC	90,000	0.06000%	19-Oct-16	-90,000	-0.15	AA-	F1+
19-Oct-16	138	HSBC	150,000	0.06000%	07-Nov-16	-150,000	-4.68	AA-	F1+
19-Oct-16	139	HSBC	150,000	0.06000%	14-Nov-16	-150,000	-6.41	AA-	F1+
21-Oct-16	140	HSBC	120,000	0.06000%	24-Oct-16	-120,000	-0.59	AA-	F1+
24-Oct-16	141	HSBC	350,000	0.06000%	25-Oct-16	-350,000	-0.58	AA-	F1+
26-Oct-16	142	HSBC	80,000	0.06000%	28-Oct-16	-80,000	-0.26	AA-	F1+
28-Oct-16	143	Lloyds Bank Plc	1,000,000	0.29300%	Still Outstanding		-521.78	A+	F1
28-Oct-16	144	HSBC	130,000	0.10000%	22-Nov-16	-130,000	-8.90	AA-	F1+
31-Oct-16	145	HSBC	290,000	0.06000%	07-Nov-16	-290,000	-3.34	AA-	F1+
31-Oct-16	146	HSBC	250,000	0.06000%	05-Dec-16	-250,000	-14.38	AA-	F1+
31-Oct-16	147	Coventry BS	Rolled Over	0.23000%	19-Dec-16		-221.51	A	F1
19-Dec-16	147	Coventry BS	750,000	0.22000%	Still Outstanding		-61.44	A	F1

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Rating	
								Long-Term	Short-Term
31-Oct-16	148	Barking +Dagenham	1,000,000	0.26000%	Still Outstanding		-441.64		
			7,520,000			-3,420,000	-1,885.42		
Nov'16									
01-Nov-16	149	HSBC	160,000	0.06000%	07-Nov-16	-160,000	-1.58	AA-	F1+
03-Nov-16	150	HSBC	100,000	0.06000%	28-Nov-16	-100,000	-4.11	AA-	F1+
04-Nov-16	151	HSBC	100,000	0.06000%	18-Nov-16	-100,000	-2.30	AA-	F1+
07-Nov-16	152	HSBC	200,000	0.06000%	14-Nov-16	-200,000	-2.30	AA-	F1+
07-Nov-16	153	HSBC	180,000	0.06000%	28-Nov-16	-180,000	-6.21	AA-	F1+
09-Nov-16	154	HSBC	125,000	0.06000%	12-Dec-16	-125,000	-6.78	AA-	F1+
11-Nov-16	155	HSBC	255,000	0.06000%	14-Nov-16	-255,000	-1.26	AA-	F1+
14-Nov-16	156	Coventry BS	550,000	0.23000%	23-Dec-16	-550,000	-135.16	A	F1
15-Nov-16	157	HSBC	375,000	0.06000%	21-Nov-16	-375,000	-3.70	AA-	F1+
18-Nov-16	158	HSBC	250,000	0.06000%	21-Nov-16	-250,000	-1.23	AA-	F1+
21-Nov-16	159	Thurrock BC	700,000	0.17000%	19-Dec-16	-700,000	-91.29		
22-Nov-16	160	HSBC	175,000	0.06000%	23-Nov-16	-175,000	-0.29	AA-	F1+
23-Nov-16	161	HSBC	130,000	0.10000%	30-Nov-16	-130,000	-2.49	AA-	F1+
25-Nov-16	162	HSBC	85,000	0.10000%	28-Nov-16	-85,000	-0.70	AA-	F1+
28-Nov-16	163	Coventry BS	450,000	0.22000%	Still Outstanding		-92.22	A	F1
28-Nov-16	164	HSBC	230,000	0.10000%	05-Dec-16	-230,000	-4.41	AA-	F1+
30-Nov-16	165	Bank Of Scotland	720,000	0.25000%	Still Outstanding		-157.81	AA-	F1+
			4,785,000			-3,615,000	-513.84		
Dec'16									
01-Dec-16	166	HSBC	85,000	0.10000%	12-Dec-16	-85,000	-2.56		
01-Dec-16	167	HSBC	100,000	0.10000%	22-Dec-16	-100,000	-5.75	AA-	F1+
05-Dec-16	168	HSBC	500,000	0.10000%	12-Dec-16	-500,000	-9.59	AA-	F1+
07-Dec-16	169	HSBC	80,000	0.10000%	23-Dec-16	-80,000	-3.51	AA-	F1+
09-Dec-16	170	HSBC	310,000	0.10000%	12-Dec-16	-310,000	-2.55	AA-	F1+
12-Dec-16	171	Barclays Bank Plc	850,000	0.19300%	Still Outstanding		-89.89	A	F1
12-Dec-16	172	HSBC	150,000	0.10000%	Still Outstanding		-8.22	AA-	F1+
13-Dec-16	173	HSBC	100,000	0.10000%	15-Dec-16	-100,000	-0.55	AA-	F1+
15-Dec-16	174	HSBC	470,000	0.10000%	19-Dec-16	-470,000	-5.15	AA-	F1+
16-Dec-16	175	HSBC	100,000	0.10000%	23-Dec-16	-100,000	-1.92	AA-	F1+

Date Invested	Temporary Investment Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Rating	
								Long-Term	Short-Term
19-Dec-16	176	HSBC	150,000	0.10000%	Still Outstanding		-5.34	AA-	F1+
21-Dec-16	177	HSBC	130,000	0.10000%	Still Outstanding		-3.92	AA-	F1+
23-Dec-16	178	Coventry BS	350,000	0.22000%	Still Outstanding		-18.99	A	F1
			3,375,000			-1,745,000	-157.94		
2016/17 Investments made April to December			63,147,000			-51,247,000	-18,155.07		
Total investments 2016/17 (included Investments brought forward from 2015/16)			69,177,000			-57,277,000	-19,930.65		

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 13 JANUARY 2017**

	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	
Building Societies											
Nationwide	A	A-1	Negative	Aa3	P-1	Negative	25/05/16	A	F1	Positive	£1m +3mth 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	Positive	26/05/16	A-	F1	Stable	
Leeds	-	-	-	A2	P-1	Negative	30/06/16	A-	F1	Stable	3mth min
Principality	-	-	-	Baa3	P-3	Stable	26/05/16	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn – 13/10/11			Rating withdrawn – 07/09/16				
Banks											
Santander UK Plc.	A	A-1	Negative	Aa3	P-1	Negative	24/05/16	A	F1	Positive	
Barclays Bank Plc.	A-	A-2	Negative	A1	P-1	Negative	13/12/16	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				
Co-operative Bank (The)	-	-	-	Caa2	NP	Positive	08/11/16	B	B	Stable	£1m min
HSBC Bank Plc.	AA-	A-1+	Negative	Aa2	P-1	Negative	13/12/16	AA-	F1+	Stable	
Lloyds Bank Plc.	A	A-1	Negative	A1	P-1	Stable	06/05/16	A+	F1	Stable	£250k min
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				
Royal Bank of Scotland Plc.	BBB+	A-2	Stable	A3	P-2	Positive	06/05/16	BBB+	F2	Stable	Current a/c required