

# RIBBLE VALLEY BOROUGH COUNCIL

## REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 17

meeting date: 12 SEPTEMBER 2017  
title: TREASURY MANAGEMENT MONITORING  
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 2017 to 31 July 2017.
- 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'. The current PWLB interest rates are as follows:

<b>PWLB - Interest rates</b>						
	<b>Standard New Loan Rates</b>			<b>Certainty Rates</b>		
<b>Period (Years)</b>	<b>EIP</b>	<b>Annuity</b>	<b>Maturity</b>	<b>EIP</b>	<b>Annuity</b>	<b>Maturity</b>
Over 9.5 not over 10	1.46	1.46	2.07	1.26	1.26	1.87
Over 24.5 not over 25	2.34	2.40	2.78	2.14	2.2	2.58

- 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 2017	170	7	177
Transactions - New Loans	0	0	0
- Repayments	0	0	0
<b>External debt at 31 July 2017</b>	<b>170</b>	<b>7</b>	<b>177</b>

- 4.2 No temporary loans were taken out during in the period April to July 2017 or in the same period in 2016.
- 4.3 No interest has been paid on the Council's external debt during the periods April to July 2016 and 2017, as it does not become due until the half year instalment date on 30 September 2017.
- 4.4 TEMPORARY INVESTMENTS
- 4.5 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.
- 4.6 The average interest we received on all external investments for the period 1 April 2017 to 31 July 2017 was 0.15%
- 4.7 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 2017	4,370	4,000	8,370
Transactions - New Investments	24,930	9,280	34,210
- Repayment of Investments	-21,525	-8,500	-30,025
<b>Monies Invested as at 31 July 2017</b>	<b>7,775</b>	<b>4,780</b>	<b>12,555</b>

- 4.8 The following investments were held as at 31 July 2017.

<b>Date Invested</b>	<b>Nos.</b>	<b>Borrower</b>	<b>Notice</b>	<b>Rate %</b>	<b>£'000</b>	<b>£'000</b>
12 Jun'17	20	Bank of Scotland	Fixed 8 Aug'17	0.15	500	
10 Jul'17	43	Bank of Scotland	Fixed 4 Sept'17	0.17	600	
						1,100
12 Jun'17	34	Lloyds Bank Plc	Fixed 7 Aug'17	0.14	700	
19 Jul'17	73	Lloyds Bank Plc	Fixed 19 Sept'17	0.18	1,000	
						1,700
19 Jun'17	54	Coventry BS	Fixed 8 Aug'17	0.19	475	
28 Jun'17	58	Coventry BS	Fixed 8 Aug'17	0.18	500	
25 Jul'17	78	Coventry BS	Fixed 13 Sept'17	0.09	450	
						1,425
21 Jul'17	76	HSBC Bank Plc	Fixed 14 Aug'17	0.10	70	
24 Jul'17	77	HSBC Bank Plc	Fixed 14 Aug'17	0.10	100	
26 Jul'17	79	HSBC Bank Plc	Fixed 14 Aug'17	0.10	80	
31 Jul'17	83	HSBC Bank Plc	Fixed 7 Aug'17	0.10	100	
31 Jul'17	84	HSBC Bank Plc	Fixed 22 Aug'17	0.10	100	
31 Jul'17	85	HSBC Bank Plc	Fixed 4 Sept'17	0.10	100	
						550

Date Invested	Nos.	Borrower	Notice	Rate %	£'000	£'000
30 Jun'17	61	Eastleigh BC	Fixed 8 Aug'17	0.14	2,000	
						2,000
30 Jun'17	62	Barnsley MBC	Fixed 21 Aug'17	0.14	1,280	
						1,280
28Jul'17	81	Merthyr Tydfil CBC	Fixed 27 Oct'17	0.15	1,500	
						1,500
31 Jul'17	86	Debt Management Office	Fixed 8 Aug'17	0.10	3,000	
						3,000
<b>Total Investments as at 31 July 2017</b>						<b>12,555</b>

4.9 The total interest received on the Council's external investments during the period was £4,569 compared with £8,572 in the previous year. There shows the impact on interest following the fall in base rate to 0.25%.

## 5 PRUDENTIAL INDICATORS

5.1 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.

5.2 It revised to take account of the implications of the implementation of the International Financial Reporting Standard (IFRS).

5.3 In accordance with this Code the Council agreed to monitor four prudential indicators as follows. This committee approved these in March 2017.

- 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

5.4 The limits set on interest rate exposures for 2017/18 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	6,976	177
Limits on Fixed Interest Rates	6,976	177
Limits on Variable Interest Rates	1,395	0

5.5 The upper and lower limits for the maturity structure of its borrowings for 2017/18 were as follows:

	Upper Limit	Lower Limit	Current Actual
	%	%	%
Under 12 months	20	0	12.922
12 Months and Within 24 Months	20	0	5.867
24 Months and Within 5 Years	40	0	17.600
5 Years and Within 10 Years	30	0	28.334
10 Years and Above	90	0	35.278

5.6 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.

5.7 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.

## 6 LOCAL GOVERNMENT BONDS AGENCY

6.1 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.

6.2 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.

6.3 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.

6.4 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.

6.5 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.

## 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 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 31 August 2017.

- (iv) It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets. However West Bromwich and Newcastle Building Societies have had their Fitch Rating withdrawn so have been removed from the approved list leaving the top 6 building societies based on their total assets.

Name	Current Ranking Aug 2017	Full Transaction Review Date	Fitch Rating	
			Long Term	Short Term
Nationwide	1	07/02/17	A+	F1
Yorkshire	2	08/05/17	A-	F1
Coventry	3	08/05/17	A	F1
Skipton	4	08/05/17	A-	F2
Leeds	5	08/05/17	A-	F1
Principality*	6	30/08/17	BBB	F2

\* Changed since last reported

- 7.2 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	07.02.17	A	F1
Barclays Bank Plc	13.12.16	A	F1
Bank of Scotland Plc	07.05.17	A+	F1
Co-operative Bank (The)*	30.08.17	BBB	F2
HSBC Bank Plc	13.12.17	AA-	F1+
Lloyds Bank Plc	07.05.17	A+	F1
National Westminster Bank Plc	07.02.17	BBB+	F2
Royal Bank of Scotland Plc (The)	07.02.17	BBB+	F2

\* Changed since last reported

- 7.3 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.

## 8 RECENT EVENTS

- 8.1 Public Sector Net Borrowing (PSNB) recorded a surplus of £0.2 billion in July, a £0.5 billion improvement on last year. The surplus was £1.2 billion better than market expectations. The improvement was driven by a £2.5 billion increase in central

government receipts only partly offset by a £2.2 billion rise in central government spending.

- 8.2 Borrowing by local authorities was £0.7 billion higher and borrowing by public corporations was £0.6 billion lower than last year, reflecting lower central government grants to local authorities and lower Asset purchase facility transfers respectively.
- 8.3 Central government receipts were up 4.2% in July and up 4.3% for the year to date. This compares with the Office for budget responsibility's (OBR) forecast from March 2017 for a 2.7% rise. This primarily reflects rises in PAYE income tax, national insurance contributions, self-assessment receipts and VAT.
- 8.4 Central Government spending (excluding grants to local authorities) was up by 6.1%, compared to the full-year forecast of 5.2% growth. The main driver being higher departmental spending, debt interest, reflecting higher RPI inflation which raises the accrued interest cost of index-linked gilts. In addition, net social benefits and transfers to EU institutions both increases by £0.1 billion on last July.
- 8.5 However, this early in the financial year, a sizeable proportion of departmental spending data are largely based on departments' own forecast. The PSNB can be revised significantly over subsequent months as more robust data become available.
- 8.6 Medium and longer term projection have always had an element of uncertainty around them, there are many risks that surround them. Government policy can reduce the likelihood of these risks but underlying risks cannot be eliminated
- 8.7 Recently a lot of attention has focused on the risks posed by Brexit and the possible 'divorce bill', but although numbers mooted are very large, a one off hit would not pose a big threat to fiscal sustainability. More important are the implications of whatever agreements are reached with the EU and other trading partners for the long-term growth of the UK economy.

## 9 EXPOSURE TO RISK

- 9.1 It is imperative that we continue to protect the council's principal sums invested in order to minimise its exposure to risks.
- 9.2 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

## 10 CONCLUSION

- 10.1 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.
- 10.2 With interest rates remaining at low levels, the amount of income received from investing surplus cash balances continues to be low and less than those attained for the same period in the 2016/17 financial year. This position is likely to continue after last year's cut in bank base interest rate to 0.25%.
- 10.3 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

PF52-17/TH/AC

31 August 2017

For further information please ask for Trudy Holderness.

Background papers:

Office of Budget Responsibilities:

- Commentary on the Public Sector Finances release: July 2017

- Overview of the Fiscal risks report: July 2017



**POLICY AND FINANCE COMMITTEE  
TEMPORARY INVESTMENT ACTIVITY – 2017/18**

**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
<b>INVESTMENTS BROUGHT FORWARD @ 1 APRIL 2017</b>									
17-Mar-17	98	Lloyds Bank Plc	750,000	0.2000%	21-Apr-17	-750,000	-143.84	A+	F1
					Debtor		61.64	-	-
17-Mar-17	192	Lloyds Bank Plc	1,000,000	0.2000%	21-Apr-17	-1,000,000	-191.78	A+	F1
					Debtor		82.19	-	-
31-Jan-17	202	Dumfries & Galloway Council	1,000,000	0.3000%	28-Apr-17		-715.07	-	-
				0.2000%	30-May-17	-1,000,000	-175.34	-	-
					Debtor		493.15	-	-
31-Jan-17	203	Stockport MBC	1,500,000	0.2300%	10-Apr-17	-1,500,000	-652.19	-	-
					Debtor		567.12	-	-
30-Jan-17	204	Dumfries & Galloway Council	1,500,000	0.2600%	19-Apr-17		-844.11	-	-
					22-May-17	-1,500,000	-271.23	-	-
					Debtor		651.78	-	-
01-Mar-17	221	Coventry BS	350,000	0.2100%	21-Apr-17		-102.70	A	F1
				0.1800%	15-May-17	-350,000	-41.42	-	-
					Debtor		62.42	-	-
13-Mar-17	225	Coventry BS	1,000,000	0.2100%	22-Apr-17	-1,000,000	-224.38	A	F1
					Debtor		109.32	-	-
27-Mar-17	234	Coventry BS	400,000	0.1900%	13-Apr-17		-35.40	A	F1
				0.1800%	27-Apr-17	-400,000	-27.62	-	-
					Debtor		10.41	-	-
29-Mar-17	236	HSBC	170,000	0.1000%	13-Apr-17	-170,000	-6.99	AA-	F1+
					Debtor		1.40	-	-
31-Mar-17	237	Bank of Scotland	700,000	0.1100%	21-Apr-17	-700,000	-44.30	A	F1
					Debtor		2.11	-	-
<b>MONIES INVESTED @ 1 APRIL 2017</b>			<b>8,370,000</b>			<b>-8,370,000</b>	<b>-1,434.83</b>		

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED / DUE £	FITCH RATING	
								LONG-TERM	SHORT-TERM
<b>INVESTMENTS MADE APRIL 2017 to JULY 2017</b>									
<b>April'17</b>									
03-Apr-17	1	HSBC	240,000	0.1000%	10-Apr-17	-240,000	-4.60	AA-	F1+
06-Apr-17	2	HSBC	110,000	0.1000%	13-Apr-17	-110,000	-2.11	AA-	F1+
10-Apr-17	3	HSBC	110,000	0.1000%	12-Apr-17	-110,000	-0.60	AA-	F1+
10-Apr-17	4	HSBC	400,000	0.1000%	13-Apr-17	-400,000	-3.29	AA-	F1+
10-Apr-17	5	HSBC	210,000	0.1000%	18-Apr-17	-210,000	-4.60	AA-	F1+
10-Apr-17	6	HSBC	110,000	0.1000%	19-Apr-17	-110,000	-2.71	AA-	F1+
10-Apr-17	7	Bank Of Scotland	360,000	0.1100%	27-Apr-17	-360,000	-18.44	A+	F1
11-Apr-17	8	HSBC	60,000	0.1000%	18-Apr-17	-60,000	-1.15	AA-	F1+
12-Apr-17	9	HSBC	175,000	0.1000%	18-Apr-17	-175,000	-2.88	AA-	F1+
13-Apr-17	10	HSBC	170,000	0.1000%	24-Apr-17	-170,000	-5.12	AA-	F1+
18-Apr-17	11	HSBC	200,000	0.1000%	19-Apr-17	-200,000	-0.55	AA-	F1+
18-Apr-17	12	HSBC	175,000	0.1000%	27-Apr-17	-175,000	-4.32	AA-	F1+
18-Apr-17	13	Bank Of Scotland	Rolled over	0.1200%	19-May-17	-	-54.53	A+	F1
19-May-17	13	Bank Of Scotland	535,000	0.1200%	19-Jun-17	-535,000	-54.53	A+	F1
19-Apr-17	14	HSBC	340,000	0.1000%	20-Apr-17	-340,000	-0.93	AA-	F1+
20-Apr-17	15	HSBC	385,000	0.1000%	21-Apr-17	-385,000	-1.05	AA-	F1+
21-Apr-17	16	HSBC	100,000	0.1000%	24-Apr-17	-100,000	-0.82	AA-	F1+
21-Apr-17	17	HSBC	280,000	0.1000%	08-May-17	-280,000	-13.04	AA-	F1+
24-Apr-17	18	HSBC	160,000	0.1000%	25-Apr-17	-160,000	-0.44	AA-	F1+
25-Apr-17	19	HSBC	130,000	0.1000%	26-Apr-17	-130,000	-0.36	AA-	F1+
25-Apr-17	20	Bank Of Scotland	Rolled over	0.1200%	30-May-17	-	-57.53	A+	F1
30-May-17	20	Bank Of Scotland	Rolled over	0.1000%	05-Jun-17	-	-8.22	A+	F1
05-Jun-17	20	Bank Of Scotland	Rolled over	0.1000%	12-Jun-17	-	-9.59	A+	F1
12-Jun-17	20	Bank Of Scotland	500,000	0.1500%	Investment Still Held	-	-102.74	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
26-Apr-17	21	HSBC	100,000	0.1000%	27-Apr-17	-100,000	-0.27	AA-	F1+
26-Apr-17	22	HSBC	130,000	0.1000%	15-May-17	-130,000	-6.77	AA-	F1+
27-Apr-17	23	HSBC	240,000	0.1000%	28-Apr-17	-240,000	-0.66	AA-	F1+
28-Apr-17	24	Coventry BS	1,000,000	0.2000%	30-May-17	-1,000,000	-175.34	A	F1
28-Apr-17	25	HSBC	170,000	0.1000%	02-May-17	-170,000	-1.86	AA-	F1+
			<b>6,390,000</b>			<b>-5,890,000</b>	<b>-539.05</b>		
<b>May'17</b>									
02-May-17	26	HSBC	360,000	0.1000%	15-May-17	-360,000	-12.82	AA-	F1+
02-May-17	27	Thurrock Council	2,000,000	0.2000%	04-Jul-17	-2,000,000	-690.41	-	-
04-May-17	28	HSBC	170,000	0.1000%	15-May-17	-170,000	-5.12	AA-	F1+
05-May-17	29	HSBC	100,000	0.1000%	08-May-17	-100,000	-0.82	AA-	F1+
08-May-17	30	Coventry BS	Rolled over	0.1400%	30-May-17	-	-32.91	A	F1
30-May-17	30	Coventry BS	390,000	0.1500%	04-Jul-17	-390,000	-56.10	A	F1
10-May-17	31	HSBC	120,000	0.1000%	19-May-17	-120,000	-2.96	AA-	F1+
12-May-17	32	HSBC	100,000	0.1000%	15-May-17	-100,000	-0.82	AA-	F1+
15-May-17	33	HSBC	830,000	0.1000%	16-May-17	-830,000	-2.27	AA-	F1+
16-May-17	34	Lloyds Bank Plc	Rolled over	0.1100%	12-Jun-17	-	-56.96	A+	F1
12-Jun-17	34	Lloyds Bank Plc	700,000	0.1400%	Investment Still Held	-	-134.25	A+	F1
16-May-17	35	HSBC	200,000	0.1000%	22-May-17	-200,000	-3.29	AA-	F1+
17-May-17	36	HSBC	100,000	0.1000%	19-May-17	-100,000	-0.55	AA-	F1+
18-May-17	37	HSBC	380,000	0.1000%	19-May-17	-380,000	-1.04	AA-	F1+
19-May-17	38	Lloyds Bank Plc	625,000	0.1200%	19-Jun-17	-625,000	-63.70	A+	F1
22-May-17	39	HSBC	500,000	0.1000%	30-May-17	-500,000	-10.96	AA-	F1+
24-May-17	40	HSBC	140,000	0.1000%	30-May-17	-140,000	-2.30	AA-	F1+
26-May-17	41	HSBC	80,000	0.1000%	30-May-17	-80,000	-0.88	AA-	F1+
30-May-17	42	HSBC	120,000	0.1000%	22-Jun-17	-120,000	-7.56	AA-	F1+
31-May-17	43	Bank Of Scotland	Rolled over	0.1500%	10-Jul-17	-	-98.63	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
10-Jul-17	43	Bank Of Scotland	600,000	0.1700%	Investment Still Held	-	-61.48	A+	F1
31-May-17	44	PCCC - West Yorkshire	1,000,000	0.1600%	04-Jul-17	-1,000,000	-149.04	-	-
31-May-17	45	Dumfries & Galloway Council	1,500,000	0.1800%	19-Jul-17	-1,500,000	-362.47	-	-
			<b>10,015,000</b>			<b>-8,715,000</b>	<b>-1,757.34</b>		
<b>June'17</b>									
01-Jun-17	46	HSBC	120,000	0.1000%	26-Jun-17	-120,000	-8.22	AA-	F1+
02-Jun-17	47	HSBC	240,000	0.1000%	05-Jun-17	-240,000	-1.97	AA-	F1+
05-Jun-17	48	HSBC	240,000	0.1000%	12-Jun-17	-240,000	-4.60	AA-	F1+
07-Jun-17	49	HSBC	200,000	0.1000%	12-Jun-17	-200,000	-2.74	AA-	F1+
09-Jun-17	50	HSBC	630,000	0.1000%	12-Jun-17	-630,000	-5.18	AA-	F1+
12-Jun-17	51	HSBC	240,000	0.1000%	03-Jul-17	-240,000	-13.81	AA-	F1+
14-Jun-17	52	HSBC	70,000	0.1000%	19-Jun-17	-70,000	-0.96	AA-	F1+
15-Jun-17	53	HSBC	270,000	0.1000%	19-Jun-17	-270,000	-2.96	AA-	F1+
19-Jun-17	54	Coventry BS	475,000	0.1900%	Investment Still Held	-	-106.32	A	F1
20-Jun-17	55	HSBC	110,000	0.1000%	26-Jun-17	-110,000	-1.81	AA-	F1+
22-Jun-17	56	HSBC	90,000	0.1000%	04-Jul-17	-90,000	-2.96	AA-	F1+
26-Jun-17	57	HSBC	200,000	0.1000%	10-Jul-17	-200,000	-7.67	AA-	F1+
28-Jun-17	58	Coventry BS	500,000	0.1800%	Investment Still Held	-	-83.84	A	F1
28-Jun-17	59	HSBC	400,000	0.1000%	14-Jul-17	-400,000	-17.53	AA-	F1+
29-Jun-17	60	HSBC	100,000	0.1000%	30-Jun-17	-100,000	-0.27	AA-	F1+
30-Jun-17	61	Eastleigh BC	2,000,000	0.1400%	Investment Still Held	-	-245.48	-	-
30-Jun-17	62	Barnsley MBC	1,280,000	0.1400%	Investment Still Held	-	-157.11	-	-
			<b>7,165,000</b>			<b>-2,910,000</b>	<b>-663.43</b>		
<b>July'17</b>									
03-Jul-17	63	HSBC	600,000	0.1000%	10-Jul-17	-600,000	-11.51	AA-	F1+
05-Jul-17	64	HSBC	100,000	0.1000%	10-Jul-17	-100,000	-1.37	AA-	F1+
07-Jul-17	65	HSBC	80,000	0.1000%	21-Jul-17	-80,000	-3.07	AA-	F1+
10-Jul-17	66	HSBC	340,000	0.1000%	17-Jul-17	-340,000	-6.52	AA-	F1+
11-Jul-17	67	HSBC	80,000	0.1000%	17-Jul-17	-80,000	-1.32	AA-	F1+
13-Jul-17	68	HSBC	125,000	0.1000%	14-Jul-17	-125,000	-0.34	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
14-Jul-17	69	HSBC	330,000	0.1000%	19-Jul-17	-330,000	-4.52	AA-	F1+
14-Jul-17	70	HSBC	150,000	0.1000%	24-Jul-17	-150,000	-4.11	AA-	F1+
17-Jul-17	71	HSBC	940,000	0.1000%	19-Jul-17	-940,000	-5.15	AA-	F1+
18-Jul-17	72	HSBC	80,000	0.1000%	21-Jul-17	-80,000	-0.66	AA-	F1+
19-Jul-17	73	Lloyds Bank Plc	1,000,000	0.1800%	Investment Still Held	-	-64.11	A+	F1
19-Jul-17	74	HSBC	800,000	0.1000%	28-Jul-17	-800,000	-19.73	AA-	F1+
20-Jul-17	75	HSBC	60,000	0.1000%	28-Jul-17	-60,000	-1.32	AA-	F1+
21-Jul-17	76	HSBC	70,000	0.1000%	Investment Still Held	-	-2.11	AA-	F1+
24-Jul-17	77	HSBC	100,000	0.1000%	Investment Still Held	-	-2.19	AA-	F1+
25-Jul-17	78	Coventry BS	450,000	0.0900%	Investment Still Held	-	-7.77	A	F1
26-Jul-17	79	HSBC	80,000	0.1000%	Investment Still Held	-	-1.32	AA-	F1+
27-Jul-17	80	HSBC	115,000	0.1000%	28-Jul-17	-115,000	-0.32	AA-	F1+
28-Jul-17	81	Merthyr Tydfil CBC	1,500,000	0.1500%	Investment Still Held	-	-24.66	-	-
28-Jul-17	82	HSBC	340,000	0.1000%	31-Jul-17	-340,000	-2.79	AA-	F1+
31-Jul-17	83	HSBC	100,000	0.1000%	Investment Still Held	-	-0.27	AA-	F1+
31-Jul-17	84	HSBC	100,000	0.1000%	Investment Still Held	-	-0.27	AA-	F1+
31-Jul-17	85	HSBC	100,000	0.1000%	Investment Still Held	-	-0.27	AA-	F1+
31-Jul-17	86	DMO	3,000,000	0.1000%	Investment Still Held	-	-8.22	AAA	-
			<b>10,640,000</b>			<b>-4,140,000</b>	<b>-173.92</b>		
<b>2017/18 INVESTMENTS APRIL 2017 - JULY 2017</b>			<b>34,210,000</b>			<b>-21,655,000</b>	<b>-3,133.74</b>		
<b>TOTAL INVESTMENTS 2017/18 (INCLUDING BROUGHT FORWARD FROM 2016/17)</b>			<b>42,580,000</b>			<b>-30,025,000</b>	<b>-4,568.57</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 31 AUGUST 2017**

	S&P Global Ratings			Moody's			Fitch			Notes	
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Full Review Date	Long Term	Short Term		Outlook
<b>Building Societies</b>											
Nationwide	A	A-1	Negative	Aa3	P-1	Stable	07/02/17	A+	F1	Stable	£1m Min
Yorkshire	-	-	-	A3	P-1	Stable	08/05/17	A-	F1	Stable	
Coventry	-	-	-	A2	P-1	Stable	08/05/17	A	F1	Stable	Sterling Brokers
Skipton	-	-	-	Baa1	P-2	Stable	08/05/17	A-	F1	Stable	
Leeds	-	-	-	A3	P-2	Stable	08/05/17	A-	F1	Stable	
Principality	-	-	-	Baa2	P-2	Stable	08/02/17	BBB+	F2	Stable	No Contact
<b>Banks</b>											
Santander UK Plc.	A	A-1	Negative	Aa3	P-1	Stable	07/02/17	A	F1	Stable	
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	Rating Under Review	07/05/17	A+	F1	Stable	
Co-operative Bank (The)	-	-	-	Caa2	NP	Rating Under Review	30/08/17	BBB	F2	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	Rating Under Review	07/05/17	A+	F1	Stable	£250k min
National Westminster Bank Plc.	BBB+	A-2	Stable	A2	P-1	Stable	07/02/17	BBB+	F2	Stable	Current a/c required
Royal Bank of Scotland Plc.	BBB-	A-2	Stable	A2	P-2	Stable	07/02/17	BBB+	F2	Stable	Current a/c required