

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 20

Meeting date: 17 NOVEMBER 2020
title: TREASURY MANAGEMENT MONITORING 2020/21
submitted by: DIRECTOR OF RESOURCES
principal author: VALERIE TAYLOR

1 PURPOSE

1.1 To provide you with a monitoring report on our treasury management activities for the half-year period 1 April 2020 to 30 September 2020.

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 In accordance with our treasury management policy committee receive a quarterly monitoring report on the Council's treasury management operations.

2 BACKGROUND

2.1 Treasury management within an organisation is the '*management of the organisation's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks*'

2.2 The council's approach to treasury management is set out in its 'Treasury Management Policies and Practices' document which governs the way that investments and cashflows are managed. It is reviewed annually to ensure continued compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code and is ordinarily approved by this committee in advance of the financial year.

2.3 Practices were reviewed in advance of the 2020/21 financial year, and whilst there have been no significant changes to the document, formal approval at committee level has been delayed as a result of the suspension of the committee cycle due to COVID-19. A separate report requesting approval has been submitted to this meeting.

3 COVID-19 IMPACT ON OPERATIONS

3.1 As part of a number of measures implemented by Central Government in response to the economic shock experienced from COVID-19:

- the Monetary Policy Committee of the Bank of England reduced the base rate down from 0.75% to 0.25% on 11th March, before reducing it again on the 19th March to 0.10% where it remained in place throughout quarters one and two of 2020/2021; and
- in March 2020 the Government announced there would be support for small businesses, and businesses in the retail, hospitality and leisure sectors. The council received £18.926m on 1st April 2020 for payment out to local businesses.

3.2 Treasury management risks are assessed by officers on an ongoing basis and immediately in response to any actual or anticipated economic changes. A detailed assessment was undertaken in March to identify risks to future cashflows, treasury operations or investments in light of the heightened economic uncertainty resulting from COVID-19. Following meetings between the Senior Accountant, Head of Financial Services and Director of Resources towards the beginning of the pandemic, the following measures were implemented:

Risk	Mitigating Actions
<p style="text-align: center;"><u>Liquidity</u></p> <p>Risk that estimated future cashflows are impacted by the economic downturn.</p>	<p>Estimated cashflows were reviewed and amended to a more prudent outlook to ensure continued liquidity in a worst-case scenario.</p> <p>Short-term investments were prioritised over longer-term to maintain liquidity in a more uncertain environment and to ensure the swift payment of grants to local businesses.</p> <p>Daily discussions continue to take place to identify any emerging risks</p>
<p style="text-align: center;"><u>Operational</u></p> <p>Risk that operational staff will be unable to work in the office either due to illness or the requirement to self-isolate at home.</p>	<p>Secure home working was implemented for key operational staff.</p> <p>Operational manuals were reviewed and updated where necessary.</p>
<p style="text-align: center;"><u>Counterparty Default</u></p> <p>Whilst the council only invests with UK banks/ building societies where the risk of default is very low, there is an increased risk that credit ratings would reduce below Fitch F2 at short notice.</p>	<p>Throughout QTR1 and QTR2, investments have only been placed with the Central Government Debt Management Office (DMO) and with other Local Authorities, other than retaining funds at our own banking provider, HSBC.</p>
<p style="text-align: center;"><u>Counterparty Limit</u></p> <p>Counterparty limits will be breached when the council receives the business grant allocation from central government for distribution to local businesses.</p> <p>Any reductions to Fitch ratings will reduce our ability to spread out funds across different organisations.</p>	<p>The Director of Resources exercised powers in accordance with Schedule D of the Council's approved Treasury Management Policies and Practices document to increase the limit of total funds allowed to be held with the DMO from £5m to £25m and with HSBC (the council's banking provider) from £1.75m to £5m.</p>

3.3 Treasury management counterparty limits before and after review by the Director of Resources under powers delegated within the council's approved Treasury Management Policies and Practices:

Organisation	Limit at 01/04/2019	Limit following review by Director of Resources	Date of change
Debt Management Office	£5m	£25m	27 th March 2020
HSBC	£1.75m	£5m	27 th March 2020
Other banks and building societies	£1.75m	£1.75m	No change
Local Authorities	£2.5m	£2.5m	No change

- 3.4 Throughout the reporting period the council has received significantly less income from fees and charges than budgeted for and cashflows assume lower council tax and business rates receipts for the financial year than originally estimated. The economic impact of the pandemic on the council's cash inflows along with the additional expenditure which has been incurred throughout the coronavirus response has increased the risk to the council's liquidity over the short-term.
- 3.5 During the current financial year £809k has been received in government grant funding to support the council with the coronavirus response and a further tranche of funding has recently been announced which amounts to an additional £100k for this council.
- 3.6 In August the government introduced the income compensation scheme to partially compensate local authorities for lost sales, fees and charges income as a result of COVID-19 and the council submitted the first of three claims for lost income of £190k during the April-July period.

4 TEMPORARY INVESTMENTS

- 4.1 In accordance with the approved treasury management policies and practices, 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. Investment decisions continue to be primarily concerned with the security of the funds invested and ongoing liquidity to meet financial commitments.
- 4.2 The movement in the Council's external investments during the reporting period are summarised below:

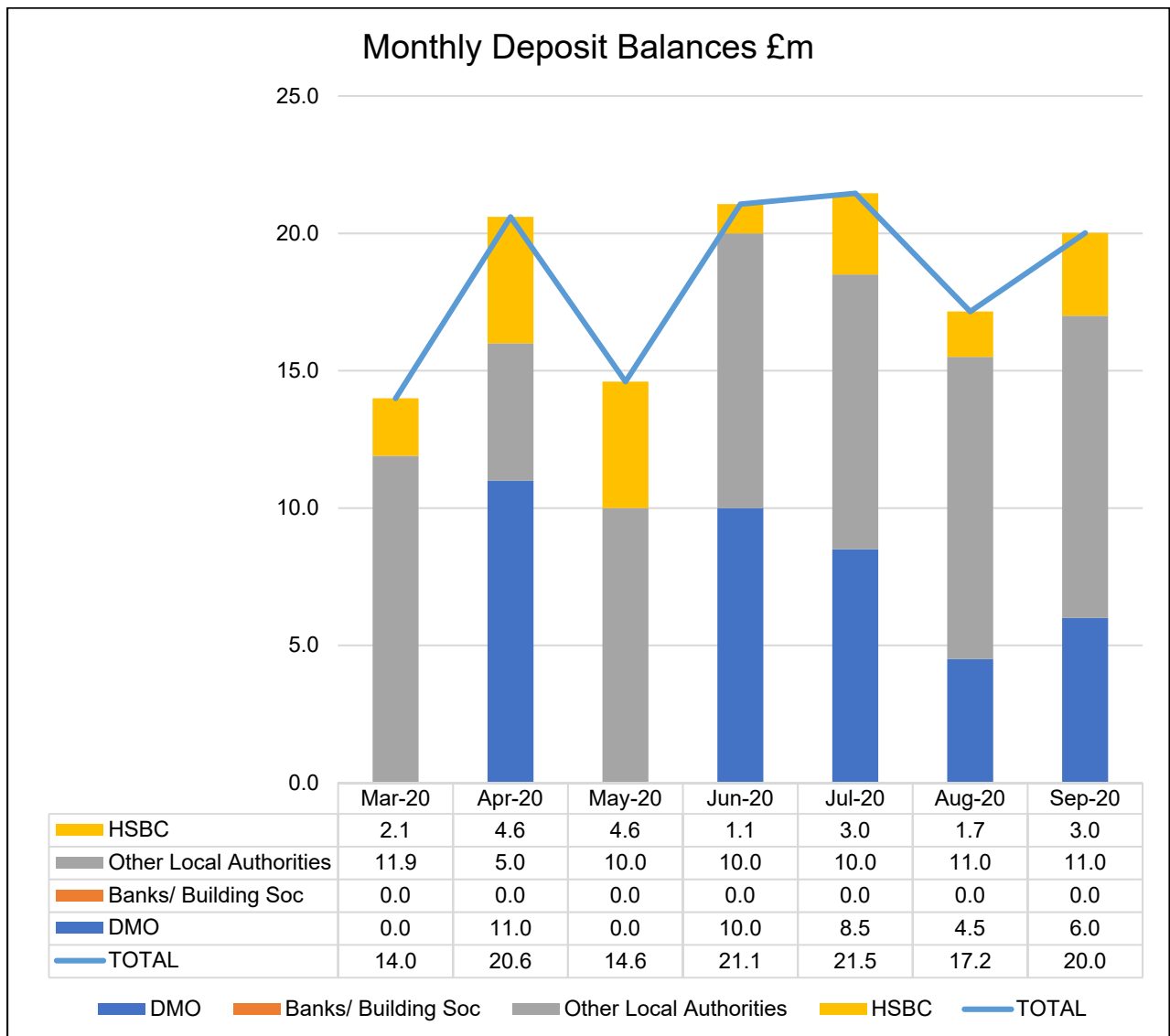
	Banks/ Building Societies £000	DMO £000	Other Local Authorities £000	Total £000
Monies Invested at 1 April 2020	0	0	11,900	11,900
Net Movement	0	6,000	-900	5,100
Fixed term deposits at 30 September 2020	0	6,000	11,000	17,000
Add funds held with HSBC	3,017	0	0	3,017
Sum of all funds invested				20,017
Interest earned April – September 2020				27

- 4.3 Funds invested at 30 September were held with the following organisations:

Borrower	Date Invested	Date of Repayment	Rate %	£'000
Derbyshire County Council	24-Apr-20	26-Oct-20	0.65%	2,500
Ashford Borough Council	07-Aug-20	19-Jan-21	0.38%	2,500
Aberdeen Council	26-May-20	20-Oct-20	0.45%	2,500
Lincolnshire County Council	01-Sep-20	01-Mar-20	0.10%	2,500
Merthyr Tydfil Council	28-Aug-20	28-Oct-20	0.03%	1,000
Total funds invested with Other Local Authorities				11,000
Debt Management Office (DMO)	21-Sep-20	20-Oct-20	0.01%	2,500

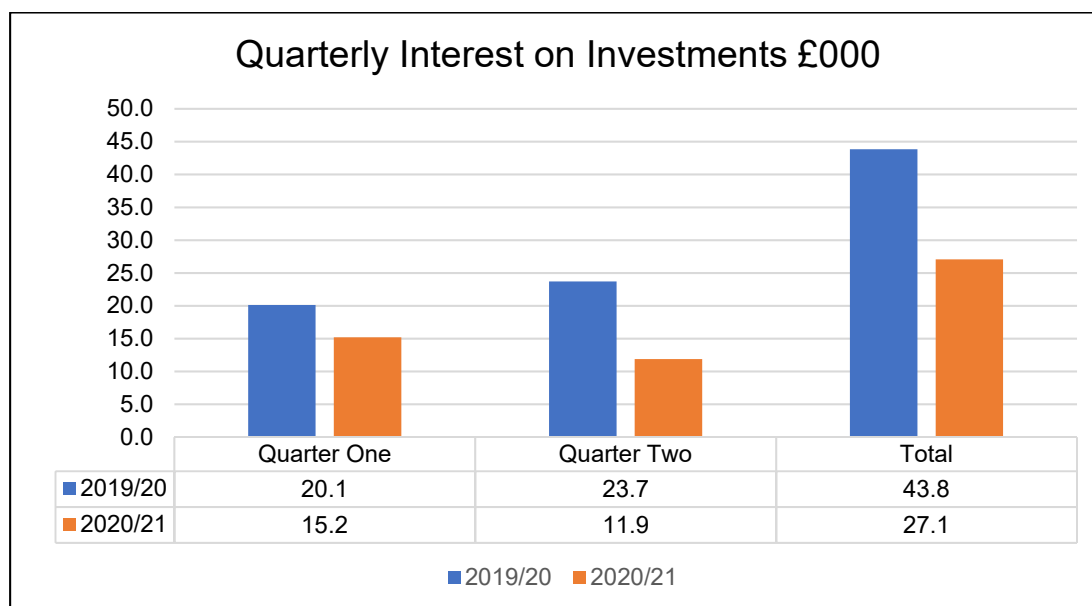
Borrower	Date Invested	Date of Repayment	Rate %	£'000
	30-Sep-20	19-Oct-20	-0.005%	1,500
	30-Sep-20	21-Oct-20	0.00%	2,000
Total funds invested with the Debt Management Office				6,000
SUM of fixed term deposits				17,000
Add funds held with HSBC				3,017
SUM of all investments at 30th September 2020				20,017

4.4 A detailed listing of investments placed and repaid during the reporting period is available in Annex 1. A summary of end of month balances is shown below:



5 INTEREST ON INVESTMENTS

- 5.1 The total interest earned on external investments between April and September 2020 was £27,079 compared to £43,834 for the same period in 2019:



- 5.2 A reduction in interest on investments this year is to be expected given the changes to the Bank of England base rate:

Official Bank Rate	
Date of change	%
02 August 2018	0.75
11 March 2020	0.25
19 March 2020	0.10

- 5.3 The council is not currently earning any interest on balances held at bank as the rate tracks at 0.10% below the base rate.
- 5.4 The council regularly places short term funds with the Debt Management Office (DMO). The DMO is an Executive Agency of Her Majesty's Treasury, responsible for debt and cash management for the UK Government, lending to local authorities and managing certain public sector funds.
- 5.5 Towards the end of September 2020 the DMO announced a move to negative interest rates for investment terms of up to three weeks.
- 5.6 As an Executive Agency the DMO is a highly secure counterparty for investment transactions and as such continues to be the preferred organisation for the depositing of short-term funds. The council has a counterparty limit of £25m with the DMO compared to £1.75m with other banks and building societies. This allows the council to place single investments with the DMO that would need to be placed with several other institutions if the decision was made to place funds elsewhere. The higher chaps fees incurred would largely offset any additional interest earned.

6 LOCAL GOVERNMENT BONDS AGENCY

- 6.1 The Council has one longer-term investment of £10,000 which was placed with the Local Government Bonds Agency in 2014. The agency is a freestanding independent body that is owned by the local government sector with the purpose of raising money efficiently on the capital markets at regular intervals to on-lend to participating bodies.
- 6.2 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 BORROWING

- 7.1 The reduction in the Bank of England base rate only impacts on the amount of interest received on our temporary investments as all interest payable on the Council's long-term loan debt from the Public Works Loan Board (PWLB) is at fixed interest rates.
- 7.2 From 1 November 2012, the Government reduced by 20 basis points (0.20%) the interest rates on loans from the PWLB. The reduction was to be applicable for those councils that provide an annual return providing 'improved information and transparency' on 'borrowing and associated capital spending plans'. This will enable the government to build a more robust forecast of public expenditure.
- 7.3 A return has been submitted for Ribble Valley Borough Council and we continue to be listed as an eligible council for this certainty discount rate on the PWLB website.

8 BORROWING REQUIREMENTS

- 8.1 There has been a reduction in the Council's level of external borrowing during the period following payment of the half yearly instalment to the PWLB in September:

	Total £000
External Debt at 1 April 2020	126
Transactions - New Loans	0
- Repayments	-5
External debt at 30 September 2020	121

- 8.2 No temporary loans were taken out in the current financial period up to 30 September 2020, or in the same period in 2019.
- 8.3 The half yearly instalment of interest due on the council's external debt was £3,073 and this was paid at the end of September 2020.

9 PRUDENTIAL INDICATORS

- 9.1 Local authorities in England and Wales are required by the Local Government Act 2003 to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities.
- 9.2 In April 2019 this Committee approved a combined Capital and Treasury Management Strategy for 2019/ 2020 which met a new requirement of the Prudential Code to produce a capital strategy along with a range of streamlined prudential indicators.
- 9.3 These prudential indicators are designed to deliver accountability in taking capital financing, borrowing and treasury management decisions.

9.4 Due to the suspension of the committee cycle a formalised Capital and Treasury Management Strategy for 2020/21 has yet to be approved. However, prudential indicators were set as part of the budget setting process and were reported to full council on 3rd March 2020.

9.5 The treasury management indicators which still form part of the prudential code are the following:

- **Authorised limit for external debt**

This sets a limit on the amount of external borrowing that reflects a level of borrowing, which while not desired, could be afforded but may not be sustainable. It is the upper limit on the level of gross external indebtedness, which must not be breached without council approval. It is the **worse-case scenario**.

- **Operational boundary for external debt**

This indicator focuses on the day-to-day treasury management activity within the Council and reflects the most likely prudent but not worse-case scenario. Any sustained breaches to this boundary would give an indication that the Council may be in danger of stepping beyond the prudential boundaries it has set itself.

9.6 The Council’s actual long-term debt at 30th September 2020 compared to the approved authorised limit and operational boundary indicators is as follows:

Prudential Indicator	Authorised Limit £000’s	Operational Boundary £000’s	30 th Sep 2020 £000’s
Borrowing	15,913	2,738	121
Other Long-Term liabilities	0	0	0

9.7 The Treasury Management code requires that where an authority invests, or plans to invest, for periods of longer than one year that an upper limit for investments maturing in excess of this timeframe is set. This council currently has a policy of not investing for periods of longer than one year and so no upper limits have been set and no investments have been made in the reporting period for longer than 364 days.

10 APPROVED ORGANISATIONS

10.1 Principally, Fitch credit ratings are used as an indication of the probability of organisations defaulting on our investments. Definitions for the ratings are provided at Annex 2.

10.2 The ratings show an indication of the current credit position and are monitored on a regular basis with any significant changes to be reported to this committee. Prior to investing any monies on a day to day basis the ratings given by rating agents S&P Global Ratings and Moody’s are also monitored and considered alongside the Fitch ratings. The full list of ratings for our approved institutions at 30th September 2020 is shown at Annex 3.

10.3 Investments with Building Societies are limited to the top eight building societies based on their total assets (provided they are included in Fitch ratings). Two of the top building societies do not currently have a Fitch rating, leaving the top six building societies based on their total assets:

Name	Fitch Rating		
	Full Transaction Review Date	Long Term	Short Term
Nationwide	14/09/2020	A	F1
Coventry	01/04/2020	A-	F1
Yorkshire	01/04/2020	A-	F1
Skipton	01/04/2020	A-	F1
Leeds	01/04/2020	A-	F1
Principality	01/04/2020	BBB+	F2

- 10.4 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 Council has a policy to only use institutions with a short-term Fitch rating of F2 or above. The banks on the Council's approved list meeting this requirement at 30th September 2020 are as follows:

Name	Fitch's Full Transaction Review Date	Long Term	Short Term
Santander UK Plc	14/09/2020	A+	F1
Barclays Bank Plc*	29/05/2020	A	F1
Bank of Scotland Plc	14/09/2020	A+	F1
HSBC Bank Plc*	29/05/2020	AA-	F1+
Lloyds Bank Plc	14/09/2020	A+	F1
National Westminster Bank Plc	14/09/2020	A+	F1
Royal Bank of Scotland Plc (The)	14/09/2020	A	F1

*Barclays and HSBC Long-Term ratings reduced down from A+

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

11 RECENT EVENTS

- 11.1 At its meeting in June the Bank of England's Monetary Policy Committee (MPC) reported that 'its challenge at present is to respond to the severe economic and financial disruption caused by the spread of Covid-19' and voted unanimously to maintain the Bank Rate at 0.10%. The rate was maintained by unanimous vote at subsequent meetings in both August and September. The bank of England has not ruled out a move to negative interest rates in the future.
- 11.2 The MPC reports that the path of growth and inflation will depend on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom.

11.3 Government policy continues to evolve in response to the coronavirus pandemic as does the level of grant support that is available to the council, local businesses and residents of the Borough to offset some of the financial implications of the measures introduced. As reported at paragraph 3.5, the government has recently announced a further tranche of funding to support local authorities with the cost of the coronavirus response, which amounts to an additional £100k for this council.

11.4 The Lancashire area has recently moved into tier 3 local lockdown restrictions and the council will continue to play a key role supporting local businesses and residents through the timely distribution of central government grants.

12 EXPOSURE TO RISK

12.1 With the risks surrounding the impact of COVID-19 on the economy and the council's cashflows, it is imperative that we continue to protect the Council's principal sums invested and closely monitor liquidity in order to minimise exposure to risks in an uncertain environment.

12.2 To ensure our exposure is limited as far as possible, we continue with the following measures:

- Daily early morning discussions concerning 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
 - Close monitoring of our cash flow position and estimates
- Authorisation prior to investments with either the Director of Resources or the Head of Financial Services
- Keep Leader/Chief Executive informed of any developments
- Look to arrange new secure options for investments as necessary.

13 CONCLUSION

13.1 Through the careful investment of sums in line with the Council's strategy the level of risk to our investments has been kept to a minimum.

13.2 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, ensuring continue liquidity and security of the council's investments.

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF23-20/VT/AC
30 October 2020

For further information please ask for Val Taylor

**POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2020/21**

ANNEX 1

No.	Category	Organisation	Invested £	Date invested	Interest rate	Date of maturity	Interest £	Principal Repaid £	Long Term Rating	Short Term Rating
Investments brought forward into 2020/21										
48	Other	Lancashire County Council	2,500,000	14/06/2019	0.95%	12/06/2020	-23,684.93	-2,500,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							19,000.00			
105/2	Other	Cheltenham Council	2,000,000	05/02/2020	0.72%	17/04/2020	-2,840.55	-2,000,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							2,209.32			
124	Other	Mid Suffolk Council	1,400,000	05/02/2020	0.68%	17/04/2020	-1,877.92	-1,400,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							1,460.60			
127	Other	Central Bedfordshire	1,000,000	02/03/2020	0.85%	09/04/2020	-884.93	-1,000,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							698.63			
125	Other	Kirklees Council	1,500,000	02/03/2020	0.80%	17/04/2020	-1,512.33	-1,500,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							986.30			
101/2	Other	Blackpool Council	2,500,000	02/03/2020	0.78%	24/04/2020	-2,831.51	-2,500,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							1,602.74			
130	Other	Maidstone Borough Council	1,000,000	20/03/2020	1.50%	06/04/2020	-698.63	-1,000,000	n/a	n/a
<i>Less interest accrued during 2019/20</i>							493.15			
Investments placed April - September 2020										
1	Bank	DMO	19,000,000	01/04/2020	0.08%	08/04/2020	-291.51	-19,000,000	n/a	n/a
2	Bank	DMO	16,000,000	08/04/2020	0.04%	09/04/2020	-17.53	-16,000,000	n/a	n/a
3	Bank	DMO	14,000,000	09/04/2020	0.04%	14/04/2020	-76.71	-14,000,000	n/a	n/a
4	Bank	DMO	15,000,000	14/04/2020	0.04%	15/04/2020	-16.44	-15,000,000	n/a	n/a

**POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2020/21**

No.	Category	Organisation	Invested £	Date invested	Interest rate	Date of maturity	Interest £	Principal Repaid £	Long Term Rating	Short Term Rating
5	Bank	DMO	13,000,000	15/04/2020	0.04%	16/04/2020	-14.25	-13,000,000	n/a	n/a
6	Bank	DMO	9,000,000	16/04/2020	0.05%	20/04/2020	-44.38	-9,000,000	n/a	n/a
7	Bank	DMO	7,000,000	20/04/2020	0.04%	21/04/2020	-7.67	-7,000,000	n/a	n/a
8	Bank	DMO	6,500,000	21/04/2020	0.08%	30/04/2020	-128.22	-6,500,000	n/a	n/a
9	Other	Derbyshire County Council	2,500,000	24/04/2020	0.65%	26/10/2020	-7,078.77	still invested	n/a	n/a
10	Bank	DMO	11,000,000	30/04/2020	0.04%	01/05/2020	-12.05	-11,000,000	n/a	n/a
11	Other	Ashford Borough Council	2,500,000	11/05/2020	0.50%	07/08/2020	-3,013.70	Rolled over to 11/2	n/a	n/a
11/2	Other	Ashford Borough Council	Rolled over from 11	07/08/2020	0.38%	19/01/2021	-1,405.48	still invested	n/a	n/a
12	Bank	DMO	9,000,000	01/05/2020	0.04%	11/05/2020	-98.63	-9,000,000	n/a	n/a
13	Bank	DMO	6,500,000	11/05/2020	0.04%	18/05/2020	-49.86	-6,500,000	n/a	n/a
15	Bank	DMO	3,500,000	14/05/2020	0.04%	18/05/2020	-15.34	-3,500,000	n/a	n/a
16	Bank	DMO	10,000,000	18/05/2020	0.04%	19/05/2020	-10.96	-10,000,000	n/a	n/a
17	Bank	DMO	7,500,000	19/05/2020	0.04%	27/05/2020	-65.75	-7,500,000	n/a	n/a
18	Other	Aberdeen Council	2,500,000	26/05/2020	0.45%	20/10/2020	-3,914.38	still invested	n/a	n/a
19	Bank	DMO	6,000,000	01/06/2020	0.02%	08/06/2020	-23.01	-6,000,000	n/a	n/a
14	Other	Blackpool Council	2,500,000	08/06/2020	0.40%	08/09/2020	-2,520.55	-2,500,000	n/a	n/a
20	Bank	DMO	3,000,000	08/06/2020	0.02%	12/06/2020	-6.58	-3,000,000	n/a	n/a
21	Bank	DMO	5,000,000	12/06/2020	0.02%	15/06/2020	-8.22	-5,000,000	n/a	n/a
22	Bank	DMO	5,000,000	15/06/2020	0.02%	30/06/2020	-41.10	-5,000,000	n/a	n/a
23	Bank	DMO	10,000,000	30/06/2020	0.01%	01/07/2020	-2.74	-10,000,000	n/a	n/a
24	Bank	DMO	4,500,000	01/07/2020	0.01%	02/07/2020	-1.23	-4,500,000	n/a	n/a

**POLICY AND FINANCE COMMITTEE
TEMPORARY INVESTMENT ACTIVITY – 2020/21**

No.	Category	Organisation	Invested £	Date invested	Interest rate	Date of maturity	Interest £	Principal Repaid £	Long Term Rating	Short Term Rating
25	Bank	DMO	3,500,000	01/07/2020	0.01%	07/08/2020	-35.48	-3,500,000	n/a	n/a
26	Bank	DMO	5,000,000	31/07/2020	0.01%	03/08/2020	-4.11	-5,000,000	n/a	n/a
27	Bank	DMO	5,000,000	03/08/2020	0.01%	07/08/2020	-5.48	-5,000,000	n/a	n/a
28	Bank	DMO	4,500,000	07/08/2020	0.01%	15/09/2020	-48.08	-4,500,000	n/a	n/a
29	Other	Lincolnshire County Council	2,500,000	01/09/2020	0.10%	01/03/2021	-198.63	still invested	n/a	n/a
31	Other	Merthyr Tydfil Council	1,000,000	28/08/2020	0.03%	28/10/2020	-27.12	still invested	n/a	n/a
32	Bank	DMO	2,500,000	08/09/2020	0.01%	21/09/2020	-8.90	-2,500,000	n/a	n/a
33	Bank	DMO	2,500,000	21/09/2020	0.01%	20/10/2020	-6.16	still invested	n/a	n/a
34	Bank	DMO	1,500,000	30/09/2020	** -0.005%	19/10/2020	**0.21	still invested	n/a	n/a
35	Bank	DMO	2,000,000	30/09/2020	0	21/10/2020	0.00	still invested	n/a	n/a
Investments to September 2020			220,500,000			SUM	-19,198.81	-203,500,000		
Total Investments 2020/21 (including b/f from 19/20)			232,400,000			SUM incl b/f	-27,078.87	-215,400,000		
Interest received on balances held at bank							0			
Grand Total			232,400,000				-27,078.87	-215,400,000		

** Negative Interest Rate

Fitch Rating Definitions

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.

Full Rating List of Approved Institutions at 30th September 2020

Organisation	S&P Global Ratings			Moody's			Fitch				
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Full Review Date	Long Term	Short Term	Outlook	
Building Societies											
Nationwide	A	A-1	Stable	A1	P-1	Stable	14/09/2020	A	F1	Negative	£1m min
Yorkshire	-	-	-	A3	P-2	Negative	01/04/2020	A-	F1	Negative	
Coventry	-	-	-	A2	P-1	Negative	01/04/2020	A-	F1	Negative	Sterling Brokers
Skipton	-	-	-	Baa1	P-2	Stable	01/04/2020	A-	F1	Negative	
Leeds	-	-	-	A3	P-2	Negative	01/04/2020	A-	F1	Negative	3 Mnth
Principality	-	-	-	Baa2	P-2	Negative	01/04/2020	BBB+	F2	Negative	No Contact
Banks											
Santander UK Plc.	A	A-1	Negative	Aa3	P-1	Negative	14/09/2020	A+	F1	Negative	
Barclays Bank Plc.	A	A-1	Negative	A1	P-1	Stable	29/05/2020	A	F1	Negative	
Bank of Scotland Plc.	A+	A-1	Negative	Aa3	P-1	Negative	14/09/2020	A+	F1	Negative	
HSBC Bank Plc.	A+	A-1	Stable	Aa3	P-1	Negative	29/05/2020	AA-	F1+	Negative	
Lloyds Bank Plc.	A+	A-1	Negative	Aa3	P-1	Negative	14/09/2020	A+	F1	Negative	£250k min
National Westminster Bank Plc.	A	A-1	Negative	A1	P-1	Positive	14/09/2020	A+	F1	Negative	Current a/c required
Royal Bank of Scotland Plc.	A	A-1	Negative	A1	P-1	Positive	14/09/2020	A	F1	Negative	Current a/c required
Banks not currently meeting minimum Fitch Short Term requirement of F2 (and not currently approved for investments)											
Co-operative Bank (The)				B3	NP	Positive	22/07/2020	B-	B	Negative	£1m min