

INFORMATION

RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 21b

meeting date: 21 SEPTEMBER 2010
 title: TREASURY MANAGEMENT MONITORING 2010/11
 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 2010 to 1 August 2010.

2 BACKGROUND

2.1 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.

2.2 In accordance with this policy committee should receive a quarterly monitoring reports on its treasury management operations.

3 INFORMATION

3.1 Nationally, bank base interest rates have remained static at 0.5% in the period.

3.2 This low interest rate has had no immediate effect on the interest payable on the Council's long-term loan debt from Public Works Loan Board, which is mainly at fixed interest rates. However, it has resulted in a dramatic decrease in income from our temporary investments.

4 BORROWING REQUIREMENTS

4.1 The movement in the Council's external debt for the period can be summarised as follows.

| | PWLB £000 | Other £000 | Total £000 |
|---------------------------------------|----------------------|-----------------------|-----------------------|
| External Debt at 1 April 2010 | 578 | 7 | 585 |
| Transactions - New Loans | 0 | 3,575 | 3,575 |
| - Repayments | 0 | -3,575 | -3,575 |
| External debt at 1 August 2010 | 578 | 7 | 585 |

4.2 The following temporary loans were taken out during the period. This was due to a shortfall in cash balances between paying precepts to Lancashire County Council, Police and Fire Authorities and contributions to the National Non Domestic Rating (NNDR) pool and receiving council tax and NNDR direct debit income. No further temporary loans have been required since, although cash balances remain low.

| Date Loan Taken | Investor | Amount £'000 | Rate % | Date Repaid |
|-----------------|----------------------------|--------------|--------|-------------|
| 21-Apr-2010 | City of Edinburgh Council | 1,000 | 0.45 | 30-Apr-10 |
| 21-Apr-2010 | City of Edinburgh Council | 500 | 0.45 | 28-Apr-10 |
| 21-Apr-2010 | City of Edinburgh Council | 500 | 0.45 | 30-Apr-10 |
| 22-Apr-2010 | Blaenau Gwent Council | 500 | 0.34 | 30-Apr-10 |
| 28-May-2010 | West Sussex County Council | 1,075 | 0.30 | 01-Jun-10 |
| | | 3,575 | | |

4.3 The total interest paid on the Council's external debt during the period was £282 compared with £48 in the previous year.

5 INVESTMENTS

5.1 In accordance with the treasury management policy, surplus funds are temporarily invested via the money market at the best rate of interest available with the minimisation of risk to the capital sum.

5.2 The average interest we received on all external investments for the period 1 April 2010 to 1 August 2010 was 0.59%, which compares favourably with the average local authority seven-day notice deposit rate of 0.31%.

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 2010 | 0 | 0 | 0 |
| Transactions - New Investments | 21,020 | 0 | 21,020 |
| - Repayment of Investments | -18,770 | -0 | -18,770 |
| Monies Invested at 1 August 2010 | 2,250 | 0 | 2,250 |

5.4 The total interest received on the Council's external investments during the period was £2,260 compared with £5,050 in the previous year.

6 PRUDENTIAL INDICATORS

6.1 The Prudential Code for Capital Finance in Local Authorities (the Code) initially came into effect from 1 April 2004. It regulates the Council's ability to undertake new capital investment.

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

6.3 In accordance with this Code the Council agreed to monitor four prudential indicators as follows. This committee approved these in March 2010.

- ❖ 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 2010/11 were as follows:

| | Upper Limit £000 | Current Actual £000 |
|---|-----------------------------|--------------------------------|
| Maximum Principal Sums Borrowed >364 days | 6,589 | 586 |
| Limits on Fixed Interest Rates | 6,589 | 3,086 |
| Limits on Variable Interest Rates | 1,318 | 0 |

6.5 The upper and lower limits for the maturity structure of its borrowings for 2010/11 were as follows:

| | Upper Limit % | Lower Limit % | Current Actual % |
|--------------------------------|--------------------------|--------------------------|-----------------------------|
| Under 12 months | 20 | 0 | 12.14 |
| 12 Months and Within 24 Months | 20 | 0 | 12.14 |
| 24 Months and Within 5 Years | 40 | 0 | 33.38 |
| 5 Years and Within 10 Years | 30 | 0 | 19.55 |
| 10 Years and Above | 90 | 0 | 22.79 |

6.6 The total principal funds invested for a period longer than 364 days was set at nil. No investments have been made in the period for longer than 364 days.

7 APPROVED ORGANISATIONS

- 7.1 We previously limited investments to the top 9 building societies but due to the merger of Yorkshire and Chelsea Building Societies this has now been reduced to 8, these are:

| Name | Current Ranking | Previous Ranking | Fitch Rating | | | |
|---------------|-----------------|------------------|---|-------------|------------|-------------|
| | Aug'10 | Oct'09 | Long Term | Review Date | Short Term | Review Date |
| Nationwide | 1 | 1 | AA - | 29.10.09 | F1+ | 29.10.09 |
| Yorkshire | 2 | 2 | A - | 06.04.10 | F2 | 06.04.10 |
| Coventry | 3 | 3 | A | 23.03.10 | F1 | 23.03.10 |
| Chelsea | - | 4 | Merged with Yorkshire Building Society – 1 April 2010 | | | |
| Skipton * | 4 | 5 | A - | 23.06.09 | F2 | 23.06.09 |
| Leeds | 5 | 6 | A | 23.06.09 | F1 | 23.06.09 |
| West Bromwich | 6 | 7 | BBB - | 11.08.09 | F3 | 11.08.09 |
| Principality | 7 | 8 | BBB + | 23.06.09 | F2 | 22.05.09 |
| Newcastle | 8 | 9 | BBB - | 12.04.10 | F3 | 12.04.10 |

* Skipton merged with Scarborough Building Society on 30 March 2009 and Chesham Building Society on 1 June 2010

- 7.2 There has been no change to the ratings during the period. However BBB rating of some building societies is still a major concern. We have therefore not placed any investments with these institutions since previously reported.
- 7.3 The current Fitch IBCA long-term and short-term credit rating on the banks we use are as follows:

| | Fitch Rating | | | |
|---|--------------|-------------|------------|-------------|
| | Long-Term | Review Date | Short-Term | Review Date |
| Santander UK Plc (Abbey National Plc) * | AA - | 16.11.09 | F1+ | 16.11.09 |
| Santander UK Plc (Alliance & Leicester Commercial Bank Plc) * | AA - | 16.11.09 | F1+ | 16.11.09 |
| Barclays Bank plc * | AA - | 29.10.09 | F1+ | 29.10.09 |
| Bank of Scotland plc * | AA - | 03.11.09 | F1+ | 03.11.09 |
| Bradford & Bingley Bank plc | A + | 02.06.10 | F1+ | 02.06.10 |
| Co-operative Bank (The) | A - | 02.07.10 | F2 | 02.07.10 |
| HSBC Bank plc * | AA | 18.12.09 | F1+ | 18.11.09 |
| Lloyds TSB Bank plc * | AA - | 03.11.09 | F1+ | 03.11.09 |

| | Fitch Rating | | | |
|--|--------------|-------------|------------|-------------|
| | Long-Term | Review Date | Short-Term | Review Date |
| National Westminster Bank plc | AA - | 14.07.10 | F1+ | 14.07.10 |
| Northern Rock (Asset Management) Plc * | A + | 09.12.09 | F1+ | 09.12.09 |
| Royal Bank of Scotland plc (The) | AA - | 14.07.10 | F1+ | 14.07.10 |

* Not updated since last reported.

- 7.4 There have been no changes in the ratings since last reported in January 2010.
- 7.5 The Fitch credit ratings, which we use as an indication of the probability of organisations defaulting on our investments, 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.
- 7.6 From 28 May 2010, the Alliance & Leicester Bank Plc, which had been part of the Santander Group since 2008, transferred its business into Santander UK Plc.
- 7.7 Santander UK Plc was added to our list of approved organisations for investments in January 2010.
- 7.8 In addition to the Building societies and banks we use for investments, this Council requested approval from the United Kingdom Debt Management Office to open a Debt Management Account Deposit Facility. Approval was given in February 2009, but to date no investments have been placed with them.
- 8 CONCLUSION
- 8.1 The downturn in the global economy continues to have a dramatic impact on the income we receive from investments. Interest rates continue to remain very low, whereas the risks from placing investments remain high.
- 9 RECOMMENDED THAT COMMITTEE
- 9.1 Accept the monitoring report.

SENIOR ACCOUNTANT

PF34-10/TH/AC
1 September 2010

POLICY AND FINANCE COMMITTEE

TEMPORARY INVESTMENT ACTIVITY – 1 April 2010 to 1 August 2010

| Date Invested | Temp Investment Number | Borrower | Amount Invested £ | Interest Rate % | Date Repaid | Principal Repaid £ | Interest Received/Due £ | Fitch Ratings At Time of Investment | |
|----------------------------------|------------------------|------------|----------------------|--------------------|-------------|-----------------------|----------------------------|--|------------|
| | | | | | | | | Long-Term | Short-Term |
| NEW INVESTMENTS - 2010/11 | | | | | | | | | |
| Apr | | | | | | | | | |
| 6-Apr-10 | 1 | HSBC | 130,000 | 0.31 | 07-Apr-10 | -130,000 | -1.10 | AA | F1+ |
| 7-Apr-10 | 2 | Skipton BS | 400,000 | 0.45 | 21-Apr-10 | -400,000 | -69.04 | A- | F2 |
| 7-Apr-10 | 3 | HSBC | 200,000 | 0.31 | 08-Apr-10 | -200,000 | -1.70 | AA | F1+ |
| 8-Apr-10 | 4 | HSBC | 210,000 | 0.31 | 09-Apr-10 | -210,000 | -1.78 | AA | F1+ |
| 9-Apr-10 | 5 | HSBC | 200,000 | 0.31 | 12-Apr-10 | -200,000 | -5.10 | AA | F1+ |
| 9-Apr-10 | 6 | Skipton BS | 300,000 | 0.47 | 19-Apr-10 | | -38.63 | A- | F2 |
| | | | | 0.40 | 21-Apr-10 | -300,000 | -6.58 | A- | F2 |
| 12-Apr-10 | 7 | HSBC | 50,000 | 0.31 | 13-Apr-10 | -50,000 | -0.42 | AA | F1+ |
| 13-Apr-10 | 8 | HSBC | 90,000 | 0.31 | 14-Apr-10 | -90,000 | -0.76 | AA | F1+ |
| 14-Apr-10 | 9 | HSBC | 150,000 | 0.31 | 15-Apr-10 | -150,000 | -1.27 | AA | F1+ |
| 15-Apr-10 | 10 | HSBC | 500,000 | 0.31 | 19-Apr-10 | -500,000 | -16.99 | AA | F1+ |
| 16-Apr-10 | 11 | HSBC | 150,000 | 0.31 | 21-Apr-10 | -150,000 | -6.37 | AA | F1+ |
| 22-Apr-10 | 12 | HSBC | 240,000 | 0.31 | 26-Apr-10 | -240,000 | -8.15 | AA | F1+ |
| 23-Apr-10 | 13 | HSBC | 110,000 | 0.31 | 26-Apr-10 | -110,000 | -2.80 | AA | F1+ |
| 26-Apr-10 | 14 | HSBC | 235,000 | 0.31 | 27-Apr-10 | -235,000 | -2.00 | AA | F1+ |
| 27-Apr-10 | 15 | HSBC | 180,000 | 0.31 | 28-Apr-10 | -180,000 | -1.53 | AA | F1+ |
| 28-Apr-10 | 16 | HSBC | 70,000 | 0.31 | 29-Apr-10 | -70,000 | -0.59 | AA | F1+ |
| 28-Apr-10 | 17 | HSBC | 200,000 | 0.31 | 04-May-10 | -200,000 | -10.19 | AA | F1+ |
| 29-Apr-10 | 18 | HSBC | 190,000 | 0.31 | 05-May-10 | -190,000 | -9.68 | AA | F1+ |
| 30-Apr-10 | 19 | Skipton BS | 350,000 | 0.45 | 10-May-10 | -350,000 | -43.15 | A- | F2 |
| 30-Apr-10 | 20 | HSBC | 100,000 | 0.31 | 05-May-10 | -100,000 | -4.25 | AA | F1+ |
| | | | 4,055,000 | | | -4,055,000 | -232.08 | | |

| Date Invested | Temp Investment Number | Borrower | Amount Invested £ | Interest Rate % | Date Repaid | Principal Repaid £ | Interest Received/Due £ | Fitch Ratings At Time of Investment | |
|---------------|------------------------|------------|-------------------|-----------------|-------------|--------------------|-------------------------|-------------------------------------|------------|
| | | | | | | | | Long-Term | Short-Term |
| May | | | | | | | | | |
| 4-May-10 | 21 | Skipton BS | 350,000 | 0.47 | 14-May-10 | -350,000 | -45.07 | A- | F2 |
| 4-May-10 | 22 | Skipton BS | 200,000 | 0.47 | 20-May-10 | | -41.21 | A- | F2 |
| | | | | 0.30 | 24-May-10 | | -6.58 | A- | F2 |
| | | | | 0.45 | 28-May-10 | -200,000 | -9.86 | A- | F2 |
| 4-May-10 | 23 | HSBC | 140,000 | 0.31 | 05-May-10 | -140,000 | -1.19 | AA | F1+ |
| 5-May-10 | 24 | HSBC | 100,000 | 0.31 | 06-May-10 | -100,000 | -0.85 | AA | F1+ |
| 6-May-10 | 25 | HSBC | 170,000 | 0.31 | 07-May-10 | -170,000 | -1.44 | AA | F1+ |
| 7-May-10 | 26 | Skipton BS | 240,000 | 0.47 | 21-May-10 | -240,000 | -43.27 | A- | F2 |
| 10-May-10 | 27 | HSBC | 60,000 | 0.31 | 11-May-10 | -60,000 | -0.51 | AA | F1+ |
| 11-May-10 | 28 | HSBC | 70,000 | 0.31 | 12-May-10 | -70,000 | -0.59 | AA | F1+ |
| 12-May-10 | 29 | HSBC | 95,000 | 0.31 | 13-May-10 | -95,000 | -0.81 | AA | F1+ |
| 13-May-10 | 30 | Skipton BS | 320,000 | 0.47 | 28-May-10 | -320,000 | -61.81 | A- | F2 |
| 14-May-10 | 31 | Skipton BS | 240,000 | 0.47 | 28-May-10 | -240,000 | -43.27 | A- | F2 |
| 17-May-10 | 32 | HSBC | 300,000 | 0.31 | 20-May-10 | -300,000 | -7.64 | AA | F1+ |
| 17-May-10 | 33 | Skipton BS | 250,000 | 0.46 | 24-May-10 | | -22.05 | A- | F2 |
| | | | | 0.45 | 28-May-10 | -250,000 | -12.33 | A- | F2 |
| 17-May-10 | 34 | Skipton BS | 250,000 | 0.46 | 28-May-10 | -250,000 | -34.66 | A- | F2 |
| 18-May-10 | 35 | HSBC | 55,000 | 0.31 | 19-May-10 | -55,000 | -0.47 | AA | F1+ |
| 19-May-10 | 36 | HSBC | 110,000 | 0.31 | 20-May-10 | -110,000 | -0.93 | AA | F1+ |
| 20-May-10 | 37 | HSBC | 130,000 | 0.31 | 24-May-10 | -130,000 | -4.42 | AA | F1+ |
| 24-May-10 | 38 | HSBC | 150,000 | 0.31 | 25-May-10 | -150,000 | -1.27 | AA | F1+ |
| 25-May-10 | 39 | HSBC | 95,000 | 0.31 | 26-May-10 | -95,000 | -0.81 | AA | F1+ |
| 27-May-10 | 40 | HSBC | 50,000 | 0.31 | 28-May-10 | -50,000 | -0.42 | AA | F1+ |
| 28-May-10 | 41 | HSBC | 140,000 | 0.31 | 01-Jun-10 | -140,000 | -4.76 | AA | F1+ |
| | | | 3,515,000 | | | -3,515,000 | -346.22 | | |
| Jun | | | | | | | | | |
| 1-Jun-10 | 42 | HSBC | 1,350,000 | 0.31 | 02-Jun-10 | -1,350,000 | -11.47 | AA | F1+ |
| 2-Jun-10 | 43 | HSBC | 385,000 | 0.31 | 03-Jun-10 | -385,000 | -3.27 | AA | F1+ |

| Date Invested | Temp Investment Number | Borrower | Amount Invested £ | Interest Rate % | Date Repaid | Principal Repaid £ | Interest Received/Due £ | Fitch Ratings At Time of Investment | |
|---------------|------------------------|------------------|-------------------|-----------------|-------------------|--------------------|-------------------------|-------------------------------------|------------|
| | | | | | | | | Long-Term | Short-Term |
| 2-Jun-10 | 44 | Skipton BS | 600,000 | 0.48 | 22-Jun-10 | -600,000 | -157.81 | A- | F2 |
| 2-Jun-10 | 45 | Skipton BS | 500,000 | 0.55 | 06-Jul-10 | -500,000 | -256.16 | A- | F2 |
| 3-Jun-10 | 46 | HSBC | 60,000 | 0.31 | 04-Jun-10 | -60,000 | -0.51 | AA | F1+ |
| 4-Jun-10 | 47 | HSBC | 180,000 | 0.31 | 07-Jun-10 | -180,000 | -4.59 | AA | F1+ |
| 7-Jun-10 | 48 | HSBC | 160,000 | 0.31 | 08-Jun-10 | -160,000 | -1.36 | AA | F1+ |
| 8-Jun-10 | 49 | HSBC | 200,000 | 0.31 | 14-Jun-10 | -200,000 | -10.19 | AA | F1+ |
| 10-Jun-10 | 50 | HSBC | 110,000 | 0.31 | 11-Jun-10 | -110,000 | -0.93 | AA | F1+ |
| 11-Jun-10 | 51 | HSBC | 140,000 | 0.31 | 18-Jun-10 | -140,000 | -8.32 | AA | F1+ |
| 11-Jun-10 | 52 | Skipton BS | 200,000 | 0.45 | 01-Jul-10 | -200,000 | -49.32 | A- | F2 |
| 14-Jun-10 | 53 | HSBC | 75,000 | 0.31 | 15-Jun-10 | -75,000 | -0.64 | AA | F1+ |
| 15-Jun-10 | 54 | Skipton BS | 200,000 | 0.45 | 01-Jul-10 | -200,000 | -39.45 | A- | F2 |
| 15-Jun-10 | 55 | HSBC | 550,000 | 0.31 | 21-Jun-10 | -550,000 | -28.03 | AA | F1+ |
| 16-Jun-10 | 56 | HSBC | 60,000 | 0.31 | 17-Jun-10 | -60,000 | -0.51 | AA | F1+ |
| 17-Jun-10 | 57 | HSBC | 110,000 | 0.31 | 18-Jun-10 | -110,000 | -0.93 | AA | F1+ |
| 18-Jun-10 | 58 | HSBC | 145,000 | 0.31 | 05-Jul-10 | -145,000 | -20.94 | AA | F1+ |
| 21-Jun-10 | 59 | HSBC | 150,000 | 0.31 | 22-Jun-10 | -150,000 | -1.27 | AA | F1+ |
| 21-Jun-10 | 60 | HSBC | 300,000 | 0.31 | 06-Jul-10 | -300,000 | -38.22 | AA | F1+ |
| 22-Jun-10 | 61 | HSBC | 190,000 | 0.31 | 23-Jun-10 | -190,000 | -1.61 | AA | F1+ |
| 23-Jun-10 | 62 | HSBC | 200,000 | 0.31 | 24-Jun-10 | -200,000 | -1.70 | AA | F1+ |
| 24-Jun-10 | 63 | HSBC | 200,000 | 0.31 | 25-Jun-10 | -200,000 | -1.70 | AA | F1+ |
| 25-Jun-10 | 64 | HSBC | 235,000 | 0.31 | 06-Jul-10 | -235,000 | -21.95 | AA | F1+ |
| | | | 6,300,000 | | | -6,300,000 | -660.88 | | |
| July | | | | | | | | | |
| 28-Jun-10 | 65 | Skipton Bs | 600,000 | 0.48 | 06-Jul-10 | -600,000 | -63.12 | A- | F2 |
| 30-Jun-10 | 66 | Yorkshire BS | 1,300,000 | 0.30 | 06-Jul-10 | -1,300,000 | -64.11 | A- | F2 |
| 30-Jun-10 | 67 | Santander UK Plc | 400,000 | 0.87 | Still Outstanding | | -314.63 | AA- | F1+ |
| 30-Jun-10 | 68 | Santander UK Plc | 200,000 | 0.89 | Still Outstanding | | -160.93 | AA- | F1+ |
| 30-Jun-10 | 69 | HSBC | 500,000 | 0.31 | 22-Jul-10 | -500,000 | -93.42 | AA | F1+ |
| 30-Jun-10 | 70 | HSBC | 75,000 | 0.31 | 05-Jul-10 | -75,000 | -3.18 | AA | F1+ |

| Date Invested | Temp Investment Number | Borrower | Amount Invested £ | Interest Rate % | Date Repaid | Principal Repaid £ | Interest Received/Due £ | Fitch Ratings At Time of Investment | |
|--|------------------------|------------|-------------------|-----------------|-------------------|--------------------|-------------------------|-------------------------------------|------------|
| | | | | | | | | Long-Term | Short-Term |
| 1-Jul-10 | 71 | HSBC | 175,000 | 0.31 | 02-Jul-10 | -175,000 | -1.49 | AA | F1+ |
| 2-Jul-10 | 72 | HSBC | 185,000 | 0.31 | 05-Jul-10 | -185,000 | -4.71 | AA | F1+ |
| 5-Jul-10 | 73 | Skipton Bs | 250,000 | 0.50 | Still Outstanding | | -95.89 | A- | F2 |
| 5-Jul-10 | 74 | HSBC | 150,000 | 0.31 | 06-Jul-10 | -150,000 | -1.27 | AA | F1+ |
| 6-Jul-10 | 75 | HSBC | 160,000 | 0.31 | 12-Jul-10 | -160,000 | -8.15 | AA | F1+ |
| 8-Jul-10 | 76 | HSBC | 100,000 | 0.31 | 12-Jul-10 | -100,000 | -3.40 | AA | F1+ |
| 9-Jul-10 | 77 | HSBC | 195,000 | 0.31 | 16-Jul-10 | -195,000 | -11.59 | AA | F1+ |
| 12-Jul-10 | 78 | HSBC | 200,000 | 0.31 | 19-Jul-10 | -200,000 | -11.89 | AA | F1+ |
| 14-Jul-10 | 79 | HSBC | 100,000 | 0.31 | 19-Jul-10 | -100,000 | -4.25 | AA | F1+ |
| 15-Jul-10 | 80 | Skipton BS | 350,000 | 0.48 | Still Outstanding | | -82.85 | A- | F2 |
| 15-Jul-10 | 81 | HSBC | 125,000 | 0.31 | 26-Jul-10 | -125,000 | -11.68 | AA | F1+ |
| 16-Jul-10 | 82 | HSBC | 100,000 | 0.31 | 19-Jul-10 | -100,000 | -2.55 | AA | F1+ |
| 20-Jul-10 | 83 | Skipton BS | 150,000 | 0.47 | Still Outstanding | | -25.11 | A- | F2 |
| 19-Jul-10 | 84 | HSBC | 115,000 | 0.31 | 20-Jul-10 | -115,000 | -0.98 | AA | F1+ |
| 20-Jul-10 | 85 | HSBC | 85,000 | 0.31 | 21-Jul-10 | -85,000 | -0.72 | AA | F1+ |
| 22-Jul-10 | 86 | HSBC | 80,000 | 0.31 | 23-Jul-10 | -80,000 | -0.68 | AA | F1+ |
| 23-Jul-10 | 87 | HSBC | 115,000 | 0.31 | 26-Jul-10 | -115,000 | -2.93 | AA | F1+ |
| 26-Jul-10 | 88 | HSBC | 110,000 | 0.31 | 27-Jul-10 | -110,000 | -0.93 | AA | F1+ |
| 27-Jul-10 | 89 | HSBC | 135,000 | 0.31 | 28-Jul-10 | -135,000 | -1.15 | AA | F1+ |
| 28-Jul-10 | 90 | Skipton BS | 660,000 | 0.45 | Still Outstanding | | -40.68 | A- | F2 |
| 28-Jul-10 | 91 | HSBC | 135,000 | 0.31 | 29-Jul-10 | -135,000 | -1.15 | AA | F1+ |
| 29-Jul-10 | 92 | HSBC | 160,000 | 0.31 | 30-Jul-10 | -160,000 | -1.36 | AA | F1+ |
| 30-Jul-10 | 93 | HSBC | 240,000 | 0.31 | Still Outstanding | | -6.12 | AA | F1+ |
| | | | 7,150,000 | | | -4,900,000 | -1,020.92 | | |
| Total Investments made April to July 2010 | | | 21,020,000 | | | -18,770,000 | -2,260.10 | | |

| Date Invested | Temp Investment Number | Borrower | Amount Invested £ | Interest Rate % | Date Repaid | Principal Repaid £ | Interest Received/Due £ | Fitch Ratings At Time of Investment | |
|---|------------------------|------------------|----------------------|--------------------|-------------|-----------------------|----------------------------|--|------------|
| | | | | | | | | Long-Term | Short-Term |
| INVESTMENTS OUTSTANDING at 1 August 2010 | | | | | | | | | |
| 30-Jun-10 | 67 | Santander UK Plc | 400,000 | 0.87 | | | | | |
| 30-Jun-10 | 68 | Santander UK Plc | 200,000 | 0.89 | | | | | |
| 5-Jul-10 | 73 | Skipton BS | 250,000 | 0.50 | | | | | |
| 15-Jul-10 | 80 | Skipton BS | 350,000 | 0.48 | | | | | |
| 20-Jul-10 | 83 | Skipton BS | 150,000 | 0.47 | | | | | |
| 28-Jul-10 | 90 | Skipton BS | 660,000 | 0.45 | | | | | |
| 30-Jul-10 | 93 | HSBC | 240,000 | 0.31 | | | | | |
| Monies invested at 1 August 2010 | | | 2,250,000 | | | | | | |

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. |