

**RIBBLE VALLEY BOROUGH COUNCIL**  
**REPORT TO POLICY & FINANCE COMMITTEE**

DECISION

Agenda Item No 12

meeting date: 22 NOVEMBER 2011  
title: TREASURY MANAGEMENT MONITORING 2011/12  
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 2011 to 31 October 2011
- 1.2 You have previously approved a treasury management policy in accordance with CIPFA's code of practice on treasury management for Local Authorities.
- 1.3 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, fees and shares, and deduct any known payments we expect to make e.g. precepts, creditors and salaries. On most days the Council is in a position where it has surplus funds available to invest.
- 2.4 How we invest these surplus funds is governed by the Council's Treasury Management policies and procedures agreed and reported to Policy and Finance Committee and ultimately Full Council.

The main points being:

- (i) The Council maintains a list of organisations it will lend its surplus funds to that is regularly reviewed. The current list is shown in section 7 of this report.
- (ii) The Council has maximum limits for each institution of £1.5m with the exception of the Debt Management office, where investments are guaranteed by the Government. Our limit with the DMO is currently £2.5m.
- (iii) The safety of our investments are paramount and not the requirement to maximise returns.

- (iv) 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.

2.5 A report was recently submitted to the budget working group to consider increasing the investment limit for the UK Debt Management Office to £5m, and also on the review of investment arrangements in light of the current financial problems within the Eurozone. The recommendations were approved by the budget working group and are included within this report for approval by this committee.

### 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 (PWLB), which is all at fixed interest rates. However, it has resulted in a dramatic decrease in income from our temporary investments.

3.3 As part of the Comprehensive Spending Review on 20 October 2010, the interest rate on PWLB loans was raised from 0.2 percent to 1 percent above UK Government gilts. This has no immediate affect on this Council, as all our PWLB loans are on a fixed rate. However, this will impact on any future decisions that the Council may make to borrow from the PWLB.

### 4 BORROWING REQUIREMENTS

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

	<b>PWLB £000</b>	<b>Other £000</b>	<b>Total £000</b>
External Debt at 1 April 2011	507	7	514
Transactions - New Loans	0	2,100	2,100
- Repayments	-35	-2,100	-2,135
<b>External debt at 31 October 2011</b>	<b>472</b>	<b>7</b>	<b>479</b>

4.2 Early in this financial year the following temporary loan was taken out. This was due to a shortfall in cash balances between paying precepts to Lancashire County Council, Police and Fire Authorities and receiving council tax and NNDR direct debit income. No further temporary loans have been required since, although cash balances remain low.

<b>Date Loan Taken</b>	<b>Investor</b>	<b>Amount £'000</b>	<b>Rate %</b>	<b>Date Repaid</b>
21-Apr-2011	Wakefield MBC	2,100	0.45	03-May-2011

4.3 The total interest paid on the Council's external debt during the period was £12,214 compared with £13,817 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 2011 to 31 October 2011 was 0.27%, which slightly below the average local authority seven-day notice deposit rate of 0.37%, this is mainly due to the short-term nature of the investments placed and minimisation of the risk to the capital sum.

5.3 The movement in the Council's external investments are shown in Annex 1 and can be summarised as follows:

	<b>Banks/ Building Societies £000</b>	<b>Other Local Authorities £000</b>	<b>Total £000</b>
Monies Invested at 1 April 2011	280	0	280
Transactions - New Investments	42,985	0	42,985
- Repayment of Investments	-38,355	-0	-38,355
<b>Monies Invested as at 31 October 2011</b>	<b>4,910</b>	<b>0</b>	<b>4,910</b>

5.4 The following investments were held as at 31 October 2011.

<b>Date Invested</b>	<b>Nos</b>	<b>Borrower</b>	<b>Notice</b>	<b>Rate %</b>	<b>£'000</b>	<b>£'000</b>
14 Oct'11	155	Debt Management office	Fixed 11/11	0.25	400	
17 Oct'11	157	Debt Management office	Fixed 24/11	0.25	630	
28 Oct'11	169	Debt Management office	Fixed 07/11	0.25	500	
31 Oct'11	171	Debt Management office	Fixed 22/11	0.25	600	
31 Oct'11	172	Debt Management office	Fixed 24/11	0.25	1,800	
						3,930
21 Oct'11	165	HSBC	Fixed 03/11	0.31	230	
28 Oct'11	168	HSBC	Fixed 07/11	0.31	250	
						480
19 Oct'11	162	Barclays Bank Plc	Fixed 03/11	0.441	250	
28 Oct'11	170	Barclays Bank Plc	Fixed 14/11	0.444	250	
						500
<b>Total Investments as at 31 October 2011</b>						<b>4,910</b>

5.5 The total interest received on the Council's external investments during the period was £4,951 compared with £6,648 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 2011.

- ❖ 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 2011/12 were as follows:

	<b>Upper Limit £000</b>	<b>Current Actual £000</b>
Maximum Principal Sums Borrowed >364 days	7,601	515
Limits on Fixed Interest Rates	7,601	2,615
Limits on Variable Interest Rates	1,520	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2011/12 were as follows:

	<b>Upper Limit %</b>	<b>Lower Limit %</b>	<b>Current Actual %</b>
Under 12 months	20	0	13.82
12 Months and Within 24 Months	20	0	13.82
24 Months and Within 5 Years	40	0	31.05
5 Years and Within 10 Years	30	0	17.39
10 Years and Above	90	0	23.92

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 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.

7.2 It has previously been approved that investments with Building Societies be limited to the top 8 building societies based on their total assets, these are:

Name	Current Ranking	Previous Ranking	Fitch Rating			
	July'11	May'11	Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Nationwide	1	1	AA -	09.11.10	F1+	09.11.10
Yorkshire	2	2	A -	20.04.11	F2	20.04.11
Coventry	3	3	A	15.11.10	F1	15.11.10
Skipton	4	4	A -	15.11.10	F2	15.11.10
Leeds	5	5	A	15.11.10	F1	15.11.10
West Bromwich	6	6	BBB -	15.11.10	F3	15.11.10
Principality	7	7	BBB +	15.11.10	F2	15.11.10
Newcastle	8	8	BBB -	15.11.10	F3	15.11.10

7.3 The banks we use were reviewed in November 2002 to take into account of their Fitch IBCA long-term and short-term credit rating. The current ratings are as follows:

Name	Fitch Rating			
	Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Santander UK Plc *	AA -	20.01.11	F1+	20.01.11
Barclays Bank Plc	AA -	23.08.11	F1+	23.08.11
Bank of Scotland Plc *	AA -	14.12.10	F1+	14.12.10
Bradford & Bingley Bank Plc *	A +	17.06.11	F1+	17.06.11
Co-operative Bank (The)	A -	04.08.11	F2	04.08.11
HSBC Bank Plc *	AA	14.12.10	F1+	14.12.10
Lloyds TSB Bank Plc *	AA -	14.12.10	F1+	14.12.10
National Westminster Bank Plc *	AA -	29.06.11	F1+	29.06.11
Northern Rock (Asset Management) Plc. *	A +	15.12.10	F1+	15.12.10

Name	Fitch Rating			
	Long Term	Full Transaction Review Date	Short Term	Full Transaction Review Date
Royal Bank of Scotland Plc (The) *	AA -	29.06.11	F1+	29.06.11

\* Not updated since last reported.

7.3 In addition to the Building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where investments are guaranteed by the Government.

## 8 RECENT EVENTS

8.1 Recent months and weeks have seen repeated turmoil in the financial markets due to concerns in the Eurozone. Both Moody's and Fitch have downgraded the credit ratings of a number of UK banks and building societies in the last two weeks. These downgrades are a consequence of the Government's policy to reduce the likelihood that they would be bailed out in a crisis i.e. **they should be viewed as a transfer of risk from** taxpayers to the bank's creditors.

8.2 You may recall previously we always worked on the belief that if a major British bank or building society got into financial trouble the Government of the day would rescue them because to not do so would have considerable ramifications across financial markets. However, given the tremendous uncertainty in the money markets at the current time we can no longer be assured this would be the case.

8.3 To ensure our exposure is limited as far as possible, we have re-introduced 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

## 9 REVIEW OF ARRANGEMENTS

### 9.1 List of Approved Organisations

We have reviewed our list of Approved Organisations for investment and would recommend:

- (i) Use more extensively our Debt Management Account Deposit Facility with the United Kingdom Debt Management Office.

Any investments with them are guaranteed by HM Government and they say they pay market rates for fixed term deposits, in reality though rates are somewhat lower than the prevailing market rates. However, these investments offer the least risk in such times of uncertainty and as such the rate reflects the security of the investment.

### 9.2 Lending Limits

Currently we have the following limits:

- (i) A limit of £1.5m at any one time per institution except for the DMO which is £2.5m.

The rationale behind this limit being to spread the risk.

- (ii) We also have a limit of £500k on call at any one time

This is money we can get back at short notice rather than have invested to a fixed date. Providing we manage our cash flow properly this limit is not required.

We have decided in the interim period to only invest over relatively short time periods with Banks and Building Societies whilst there is such uncertainty and volatility.

## 10 CONCLUSION

- 10.1 It is essential to minimise the risk to the capital sum. This is taking precedence over the interest rates we are obtaining from investments. With interest rates remaining at their low levels the amount of income we receive from investing our surplus cash balances is fairly inconsequential when compared to previous years

11 RECOMMENDED THAT COMMITTEE

- 11.1 Agree to the restatement of the measures that have been introduced on investing surplus funds for the foreseeable future.
- 11.2 Consider increasing the limit with the Debt Management Office to £5m.
- 11.3 Keep under review our Treasury Management Arrangements.

SENIOR ACCOUNTANT

PF64-11/TH/AC  
8 November 2011

## POLICY AND FINANCE COMMITTEE

## TEMPORARY INVESTMENT ACTIVITY - 2011/12

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
<b>INVESTMENTS BROUGHT FORWARD @ 1 APRIL 2011</b>									
31-Mar-11	283	HSBC	80,000	0.310	1-Apr-11 Debtor	-80,000	-0.68 0.68	AA	F1+
31-Mar-11	284	HSBC	200,000	0.310	11-Apr-11 Debtor	-200,000	-18.68 1.70	AA	F1+
<b>Monies invested at 1 April 2011</b>			<b>280,000</b>			<b>-280,000</b>	<b>-16.98</b>		
<b>NEW INVESTMENTS - 2011/12</b>									
<b>Apr</b>									
1-Apr-11	1	Skipton BS	200,000	0.450	14-Apr-11	-200,000	-32.05	A-	F2
1-Apr-11	2	Skipton BS	140,000	0.450	18-Apr-11		-29.34	A-	F2
18-Apr-11	2	Skipton BS	Rolled Over	0.400	21-Apr-11	-140,000	-4.60	A-	F2
4-Apr-11	3	HSBC	250,000	0.310	19-Apr-11	-250,000	-31.85	AA	F1+
5-Apr-11	4	HSBC	80,000	0.310	6-Apr-11	-80,000	-0.68	AA	F1+
6-Apr-11	5	HSBC	130,000	0.310	11-Apr-11	-130,000	-5.52	AA	F1+
8-Apr-11	6	HSBC	70,000	0.310	11-Apr-11	-70,000	-1.78	AA	F1+
11-Apr-11	7	HSBC	50,000	0.310	19-Apr-11	-50,000	-3.40	AA	F1+
11-Apr-11	8	Skipton BS	300,000	0.450	21-Apr-11	-300,000	-36.99	A-	F2
12-Apr-11	9	HSBC	65,000	0.310	13-Apr-11	-65,000	-0.55	AA	F1+
13-Apr-11	10	HSBC	50,000	0.310	14-Apr-11	-50,000	-0.42	AA	F1+

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
13-Apr-11	11	HSBC	150,000	0.310	18-Apr-11	-150,000	-6.37	AA	F1+
14-Apr-11	12	HSBC	150,000	0.310	21-Apr-11	-150,000	-8.92	AA	F1+
15-Apr-11	13	Skipton BS	750,000	0.430	21-Apr-11	-750,000	-53.01	A-	F2
18-Apr-11	14	HSBC	90,000	0.310	18-Apr-11	-90,000	-0.76	AA	F1+
19-Apr-11	15	HSBC	150,000	0.310	21-Apr-11	-150,000	-2.55	AA	F1+
20-Apr-11	16	HSBC	100,000	0.310	21-Apr-11	-100,000	-0.85	AA	F1+
21-Apr-11	17	HSBC	300,000	0.310	26-Apr-11	-300,000	-12.74	AA	F1+
26-Apr-11	18	HSBC	70,000	0.310	27-Apr-11	-70,000	-0.59	AA	F1+
26-Apr-11	19	HSBC	100,000	0.310	28-Apr-11	-100,000	-1.70	AA	F1+
27-Apr-11	20	Skipton BS	340,000	0.450	13-May-11	-340,000	-67.07	A-	F2
27-Apr-11	21	HSBC	140,000	0.310	3-May-11	-140,000	-7.13	AA	F1+
27-Apr-11	22	HSBC	100,000	0.310	9-May-11	-100,000	-10.19	AA	F1+
28-Apr-11	23	HSBC	460,000	0.310	4-May-11	-460,000	-23.44	AA	F1+
28-Apr-11	24	HSBC	100,000	0.310	9-May-11	-100,000	-9.34	AA	F1+
28-Apr-11	25	Skipton BS	200,000	0.450	20-May-11	-200,000	-54.25	A-	F2
			4,535,000			-4,535,000	-406.09		
<b>May</b>									
3-May-11	26	HSBC	130,000	0.310	4-May-11	-130,000	-1.10	AA	F1+
4-May-11	27	HSBC	100,000	0.310	23-May-11	-100,000	-16.14	AA	F1+
4-May-11	28	HSBC	150,000	0.310	9-May-11	-150,000	-6.37	AA	F1+
5-May-11	29	HSBC	100,000	0.310	23-May-11	-100,000	-15.29	AA	F1+
9-May-11	30	Skipton BS	400,000	0.450	23-May-11	0	-69.04	A-	F2
23-May-11	30	Skipton BS	Rolled Over	0.450	1-Jun-11	-400,000	-44.38	A-	F2
10-May-11	31	HSBC	150,000	0.310	19-May-11	-150,000	-11.47	AA	F1+
11-May-11	32	HSBC	90,000	0.310	12-May-11	-90,000	-0.76	AA	F1+
12-May-11	33	HSBC	150,000	0.310	23-May-11	-150,000	-14.01	AA	F1+
13-May-11	34	HSBC	200,000	0.310	19-May-11	-200,000	-10.19	AA	F1+
16-May-11	35	HSBC	200,000	0.310	19-May-11	-200,000	-5.10	AA	F1+

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
16-May-11	36	Skipton BS	600,000	0.460	1-Jun-11	-600,000	-120.99	A-	F2
17-May-11	37	HSBC	80,000	0.310	18-May-11	-80,000	-0.68	AA	F1+
18-May-11	38	HSBC	150,000	0.310	23-May-11	-150,000	-6.37	AA	F1+
19-May-11	39	HSBC	60,000	0.310	23-May-11	-60,000	-2.04	AA	F1+
20-May-11	40	HSBC	150,000	0.310	23-May-11	-150,000	-3.82	AA	F1+
23-May-11	41	HSBC	50,000	0.310	24-May-11	-50,000	-0.42	AA	F1+
23-May-11	42	HSBC	190,000	0.310	1-Jun-11	-190,000	-14.52	AA	F1+
24-May-11	43	HSBC	135,000	0.310	25-May-11	-135,000	-1.15	AA	F1+
25-May-11	44	HSBC	180,000	0.310	26-May-11	-180,000	-1.53	AA	F1+
26-May-11	45	Skipton BS	240,000	0.430	1-Jun-11	-240,000	-16.96	A-	F2
27-May-11	46a	HSBC	70,000	0.310	1-Jun-11	-70,000	-2.97	AA	F1+
31-May-11	46b	Skipton BS	260,000	0.370	1-Jun-11	-260,000	-2.64	A-	F2
31-May-11	47	Barclays Bank	1,500,000	0.300	1-Jun-11	-1,500,000	-18.49	AA-	F1+
31-May-11	48	Yorkshire BS	550,000	0.300	20-Jun-11	-550,000	-90.41	A-	F2
31-May-11	49	HSBC	180,000	0.310	1-Jun-11	-180,000	-1.53	AA	F1+
31-May-11	50	HSBC	250,000	0.310	6-Jun-11	-250,000	-12.74	AA	F1+
31-May-11	51	HSBC	250,000	0.310	13-Jun-11	-250,000	-27.60	AA	F1+
			6,565,000			-6,565,000	-518.71		
<b>June</b>									
1-Jun-11	52	HSBC	125,000	0.310	2-Jun-11	-125,000	-1.06	AA	F1+
2-Jun-11	53	HSBC	130,000	0.310	17-Jun-11	-130,000	-16.56	AA	F1+
3-Jun-11	54	HSBC	50,000	0.310	6-Jun-11	-50,000	-1.27	AA	F1+
6-Jun-11	55	Skipton BS	250,000	0.450	22-Jun-11	-250,000	-49.32	A-	F2
7-Jun-11	56	HSBC	125,000	0.310	8-Jun-11	-125,000	-1.06	AA	F1+
8-Jun-11	57	HSBC	150,000	0.310	10-Jun-11	-150,000	-2.55	AA	F1+
9-Jun-11	58	HSBC	90,000	0.310	10-Jun-11	-90,000	-0.76	AA	F1+
10-Jun-11	59	Skipton BS	420,000	0.460	4-Jul-11	-420,000	-127.04	A-	F2
13-Jun-11	60	HSBC	250,000	0.310	22-Jun-11	-250,000	-19.11	AA	F1+

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
14-Jun-11	61	HSBC	80,000	0.310	15-Jun-11	-80,000	-0.68	AA	F1+
15-Jun-11	62	HSBC	250,000	0.310	20-Jun-11	-250,000	-10.62	AA	F1+
15-Jun-11	63	Skipton BS	500,000	0.480	6-Jul-11	-500,000	-138.08	A-	F2
17-Jun-11	64	HSBC	120,000	0.310	27-Jun-11	-120,000	-10.19	AA	F1+
20-Jun-11	65	HSBC	100,000	0.310	22-Jun-11	-100,000	-1.70	AA	F1+
20-Jun-11	66	HSBC	150,000	0.310	27-Jun-11	-150,000	-8.92	AA	F1+
21-Jun-11	67	HSBC	70,000	0.310	22-Jun-11	-70,000	-0.59	AA	F1+
22-Jun-11	68	HSBC	130,000	0.310	4-Jul-11	-130,000	-13.25	AA	F1+
23-Jun-11	69	HSBC	100,000	0.310	27-Jun-11	-100,000	-3.40	AA	F1+
27-Jun-11	70	Skipton BS	350,000	0.450	6-Jul-11	-350,000	-38.84	A-	F2
28-Jun-11	71	HSBC	700,000	0.310	6-Jul-11	-700,000	-47.56	AA	F1+
29-Jun-11	72	HSBC	90,000	0.310	4-Jul-11	-90,000	-3.82	AA	F1+
30-Jun-11	73	Nationwide Bs	1,400,000	0.510	6-Jul-11	-1,400,000	-117.37	AA-	F1+
30-Jun-11	74	HSBC	150,000	0.310	11-Jul-11	-150,000	-14.01	AA	F1+
30-Jun-11	75	Barclays Bank	850,000	0.351	18-Jul-11	-850,000	-147.13	AA-	F1+
			6,630,000			-6,630,000	-774.89		
<b>July</b>									
1-Jul-11	76	HSBC	150,000	0.310	4-Jul-11	-150,000	-3.82	AA	F1+
4-Jul-11	77	Skipton BS	250,000	0.450	19-Jul-11	-250,000	-46.23	A-	F2
5-Jul-11	78	HSBC	95,000	0.310	6-Jul-11	-95,000	-0.81	AA	F1+
6-Jul-11	79	HSBC	130,000	0.310	11-Jul-11	-130,000	-5.52	AA	F1+
8-Jul-11	80	HSBC	80,000	0.310	11-Jul-11	-80,000	-2.04	AA	F1+
11-Jul-11	81	Skipton BS	300,000	0.450	19-Jul-11	-300,000	-29.59	A-	F2
11-Jul-11	82	HSBC	100,000	0.310	13-Jul-11	-100,000	-1.70	AA	F1+
13-Jul-11	83	HSBC	200,000	0.310	15-Jul-11	-200,000	-3.40	AA	F1+
14-Jul-11	84	HSBC	100,000	0.310	15-Jul-11	-100,000	-0.85	AA	F1+
15-Jul-11	85	Skipton BS	500,000	0.450	3-Aug-11	-500,000	-117.12	A-	F2
15-Jul-11	86	Skipton BS	450,000	0.480	10-Aug-11	-450,000	-153.86	A-	F2

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
18-Jul-11	87	Barclays Bank	300,000	0.420	8-Aug-11	0	-72.49	AA-	F1+
8-Aug-11	87	Barclays Bank	Rolled Over	0.045	22-Aug-11	-300,000	-47.18	AA-	F1+
18-Jul-11	88	HSBC	90,000	0.310	22-Jul-11	-90,000	-3.06	AA	F1+
20-Jul-11	89	HSBC	100,000	0.310	21-Jul-11	-100,000	-0.85	AA	F1+
21-Jul-11	90	HSBC	160,000	0.310	25-Jul-11	-160,000	-5.44	AA	F1+
25-Jul-11	91	HSBC	110,000	0.310	26-Jul-11	-110,000	-0.93	AA	F1+
26-Jul-11	92	Skipton BS	200,000	0.450	10-Aug-11	-200,000	-36.99	A-	F2
28-Jul-11	93	Barclays Bank	700,000	0.418	10-Aug-11	-700,000	-104.21	AA-	F1+
29-Jul-11	94	HSBC	80,000	0.310	19-Aug-11	-80,000	-14.27	AA	F1+
			4,095,000			-4,095,000	-650.36		
<b>Aug</b>									
1-Aug-11	95	Barclays Bank	450,000	0.420	22-Aug-11		-108.74	AA-	F1+
22-Aug-11	95	Barclays Bank	Rolled Over	0.398	15-Sep-11	-450,000	-117.76	AA-	F1+
1-Aug-11	96	Skipton Bs	300,000	0.450	15-Aug-11		-51.78	A-	F2
15-Aug-11	96	Skipton BS	Rolled Over	0.550	12-Sep-11		-126.58	A-	F2
12-Sep-11	96	Skipton BS	Rolled Over	0.480	3-Oct-11	-300,000	-82.85	A-	F2
1-Aug-11	97	HSBC	100,000	0.310	10-Aug-11	-100,000	-7.64	AA	F1+
1-Aug-11	98	Co-operative Bank	1,500,000	0.470	10-Aug-11	-1,500,000	-173.84	A-	F2
2-Aug-11	99	HSBC	60,000	0.310	3-Aug-11	-60,000	-0.51	AA	F1+
3-Aug-11	100	HSBC	120,000	0.310	8-Aug-11	-120,000	-5.10	AA	F1+
5-Aug-11	101	HSBC	140,000	0.310	8-Aug-11	-140,000	-3.57	AA	F1+
8-Aug-11	102	HSBC	150,000	0.310	9-Aug-11	-150,000	-1.27	AA	F1+
8-Aug-11	103	HSBC	100,000	0.310	15-Aug-11	-100,000	-5.95	AA	F1+
9-Aug-11	104	HSBC	200,000	0.310	10-Aug-11	-200,000	-1.70	AA	F1+
10-Aug-11	105	HSBC	130,000	0.310	11-Aug-11	-130,000	-1.10	AA	F1+
10-Aug-11	106	HSBC	145,000	0.310	15-Aug-11	-145,000	-6.16	AA	F1+
11-Aug-11	107	HSBC	70,000	0.310	12-Aug-11	-70,000	-0.59	AA	F1+
12-Aug-11	108	Skipton Bs	250,000	0.550	12-Sep-11		-116.78	A-	F2

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
12-Sep-11	108	Skipton BS	Rolled Over	0.450	26-Sep-11		-43.15	A-	F2
26-Sep-11	108	Skipton BS	Rolled Over	0.450	10-Oct-11	-250,000	-43.15	A-	F2
15-Aug-11	109	HSBC	130,000	0.310	16-Aug-11	-130,000	-1.10	AA	F1+
16-Aug-11	110	HSBC	150,000	0.310	22-Aug-11	-150,000	-7.64	AA	F1+
17-Aug-11	111	Skipton Bs	250,000	0.460	1-Sep-11	-250,000	-47.26	A-	F2
18-Aug-11	112	HSBC	80,000	0.310	22-Aug-11	-80,000	-2.72	AA	F1+
19-Aug-11	113	HSBC	70,000	0.310	22-Aug-11	-70,000	-1.78	AA	F1+
22-Aug-11	114	HSBC	80,000	0.310	23-Aug-11	-80,000	-0.68	AA	F1+
24-Aug-11	115	HSBC	80,000	0.310	25-Aug-11	-80,000	-0.68	AA	F1+
25-Aug-11	116	HSBC	120,000	0.310	1-Sep-11	-120,000	-7.13	AA	F1+
30-Aug-11	117	Skipton Bs	650,000	0.460	15-Sep-11	-650,000	-131.07	A-	F2
31-Aug-11	118	HSBC	100,000	0.310	1-Sep-11	-100,000	-0.85	AA	F1+
31-Aug-11	119	HSBC	200,000	0.310	5-Sep-11	-200,000	-8.49	AA	F1+
31-Aug-11	120	HSBC	200,000	0.310	12-Sep-11	-200,000	-20.38	AA	F1+
31-Aug-11	121	Nationwide Bs	1,500,000	0.420	15-Sep-11	-1,500,000	-258.90	AA-	F1+
31-Aug-11	122	Barclays Bank	450,000	0.437	19-Sep-11	-450,000	-102.37	AA-	F1+
			7,775,000			-7,775,000	-1,489.27		
<b>Sept</b>									
1-Sep-11	123	HSBC	100,000	0.310	5-Sep-11	-100,000	-3.40	AA	F1+
2-Sep-11	124	HSBC	70,000	0.310	5-Sep-11	-70,000	-1.78	AA	F1+
5-Sep-11	125	Skipton BS	300,000	0.450	22-Sep-11	-300,000	-62.88	A-	F2
6-Sep-11	126	HSBC	70,000	0.310	7-Sep-11	-70,000	-0.59	AA	F1+
7-Sep-11	127	HSBC	100,000	0.310	12-Sep-11	-100,000	-4.25	AA	F1+
8-Sep-11	128	HSBC	100,000	0.310	12-Sep-11	-100,000	-3.40	AA	F1+
9-Sep-11	129	HSBC	190,000	0.310	12-Sep-11	-190,000	-4.84	AA	F1+
13-Sep-11	130	HSBC	90,000	0.310	14-Sep-11	-90,000	-0.76	AA	F1+
14-Sep-11	131	HSBC	130,000	0.310	15-Sep-11	-130,000	-1.10	AA	F1+
15-Sep-11	132	HSBC	300,000	0.310	22-Sep-11	-300,000	-17.84	AA	F1+

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
16-Sep-11	133	HSBC	100,000	0.310	19-Sep-11	-100,000	-2.55	AA	F1+
19-Sep-11	134	Yorkshire BS	400,000	0.300	10-Oct-11	-400,000	-69.04	A-	F2
20-Sep-11	135	HSBC	70,000	0.310	21-Sep-11	-70,000	-0.59	AA	F1+
21-Sep-11	136	HSBC	150,000	0.310	3-Oct-11	-150,000	-15.29	AA	F1+
22-Sep-11	137	HSBC	70,000	0.310	23-Sep-11	-70,000	-0.59	AA	F1+
23-Sep-11	138	HSBC	130,000	0.310	26-Sep-11	-130,000	-3.31	AA	F1+
26-Sep-11	139	HSBC	80,000	0.310	27-Sep-11	-80,000	-0.68	AA	F1+
27-Sep-11	140	HSBC	120,000	0.310	28-Sep-11	-120,000	-1.02	AA	F1+
28-Sep-11	141	Skipton BS	350,000	0.450	14-Oct-11	-350,000	-69.04	A-	F2
28-Sep-11	142	Yorkshire BS	450,000	0.300	19-Oct-11	-450,000	-77.67	A-	F2
30-Sep-11	143	DMADF	1,000,000	0.250	20-Oct-11	-1,000,000	-136.99	AAA	-
30-Sep-11	144	Nationwide Bs	1,000,000	0.370	3-Oct-11		-70.96	AA-	F1+
7-Oct-11	144	Nationwide Bs	Rolled Over	0.410	20-Oct-11	-1,000,000	-146.03	AA-	F1+
30-Sep-11	145	HSBC	370,000	0.310	7-Oct-11	-370,000	-22.00	AA	F1+
30-Sep-11	146	HSBC	100,000	0.310	3-Oct-11	-100,000	-2.55	AA	F1+
			5,840,000			-5,840,000	-719.15		
<b>Oct</b>									
3-Oct-11	147	HSBC	85,000	0.310	4-Oct-11	-85,000	-0.72	AA	F1+
4-Oct-11	148	HSBC	90,000	0.310	5-Oct-11	-90,000	-0.76	AA	F1+
5-Oct-11	149	HSBC	140,000	0.310	7-Oct-11	-140,000	-2.38	AA	F1+
7-Oct-11	150	HSBC	200,000	0.310	17-Oct-11	-200,000	-16.99	AA	F1+
7-Oct-11	151	Skipton BS	400,000	0.450	20-Oct-11	-400,000	-64.11	A-	F2
10-Oct-11	152	Barclays Bank	200,000	0.434	20-Oct-11	-200,000	-23.78	AA-	F1+
12-Oct-11	153	HSBC	90,000	0.310	13-Oct-11	-90,000	-0.76	AA	F1+
13-Oct-11	154	HSBC	160,000	0.310	14-Oct-11	-160,000	-1.36	AA	F1+
14-Oct-11	155	DMO	400,000	0.250	Still Outstanding		-49.32	AAA	-
17-Oct-11	156	Barclays Bank	200,000	0.400	24-Oct-11	-200,000	-15.34	AA-	F1+
17-Oct-11	157	DMO	630,000	0.250	Still Outstanding		-64.73	AAA	-

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
17-Oct-11	158	HSBC	100,000	0.310	19-Oct-11	-100,000	-1.70	AA	F1+
17-Oct-11	159	HSBC	350,000	0.310	20-Oct-11	-350,000	-8.92	AA	F1+
17-Oct-11	160	HSBC	110,000	0.310	21-Oct-11	-110,000	-3.74	AA	F1+
18-Oct-11	161	HSBC	120,000	0.310	19-Oct-11	-120,000	-1.02	AA	F1+
19-Oct-11	162	Barclays Bank	250,000	0.441	Still Outstanding		-39.27	AA-	F1+
19-Oct-11	163	HSBC	80,000	0.310	20-Oct-11	-80,000	-0.68	AA	F1+
20-Oct-11	164	HSBC	80,000	0.310	21-Oct-11	-80,000	-0.68	AA	F1+
21-Oct-11	165	HSBC	230,000	0.310	Still Outstanding		-21.49	AA	F1+
24-Oct-11	166	HSBC	160,000	0.310	28-Oct-11	-160,000	-5.44	AA	F1+
26-Oct-11	167	HSBC	70,000	0.310	28-Oct-11	-70,000	-1.19	AA	F1+
28-Oct-11	168	HSBC	250,000	0.310	Still Outstanding		-8.49	AA	F1+
28-Oct-11	169	DMO	500,000	0.250	Still Outstanding		-13.70	AAA	-
28-Oct-11	170	Barclays Bank	250,000	0.440	Still Outstanding		-12.16	AA-	F1+
31-Oct-11	171	DMO	600,000	0.250	Still Outstanding		-4.11	AAA	-
31-Oct-11	172	DMO	1,800,000	0.250	Still Outstanding		12.33	AAA	-
			7,545,000			-2,635,000	-350.51		
<b>Total Investments made April to October 2011</b>			<b>42,985,000</b>			<b>-38,075,000</b>	<b>-4,908.98</b>		
<b>Total Investment 2011/12</b>			<b>43,265,000</b>			<b>-38,355,000</b>	<b>-4,925.96</b>		
<b>INVESTMENTS OUTSTANDING @ 31 October 2011</b>									
14-Oct-11	155	DMO	400,000	0.250					
17-Oct-11	157	DMO	630,000	0.250					
19-Oct-11	162	Barclays Bank	250,000	0.441					
21-Oct-11	165	HSBC	230,000	0.310					
28-Oct-11	168	HSBC	250,000	0.310					

Date Invested	Temp Invest. Number	Borrower	Amount Invested £	Interest Rate %	Date Repaid	Principal Repaid £	Interest Received/ Due £	Fitch Ratings At Time of Investment	
								Long-Term	Short-Term
28-Oct-11	169	DMO	500,000	0.250					
28-Oct-11	170	Barclays Bank	250,000	0.440					
31-Oct-11	171	DMO	600,000	0.250					
31-Oct-11	172	DMO	1,800,000	0.250					
<b>Monies invested at 31 October 2011</b>			<b>4,910,000</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.