

RIBBLE VALLEY BOROUGH COUNCIL INFORMATION
REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 19

meeting date: 20 NOVEMBER 2012
title: TREASURY MANAGEMENT MONITORING 2012/13
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 2012 to 31 October 2012
- 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, 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 practices 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 (DMO), where the Government guarantees investments. Our limit with the DMO is currently £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.

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 continued low level of income from our temporary investments.
- 3.3 In the Chancellor's Budget on March 21 a reduction in the PWLB interest rate was revealed. The reduction was to be applicable for those councils that provide 'improved information and transparency' on 'borrowing and associated capital spending plans'. The rate would then be reduced by 20 basis points below the standard rate (currently gilts plus 100 basis points) across all loan types and maturities from 1 November 2012.
- 3.4 The introduction of the certainty rate discount on PWLB loans was formally announced in a letter from HM Treasury on 2 August. This gives the opportunity for eligible local authorities to access a lower borrowing rate of 20 basis points below the standard rate from 1 November 2012.
- 3.5 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.
- 3.6 The returns will be requested on an annual basis and must be completed in order to qualify for the certainty discount rate. Notification of eligibility will be made known shortly before 1 November 2012 on the PWLB website. Those local authorities that are listed as eligible will remain so until 31 October 2013, by which time a further return will have been made and a new eligibility list published for the following 12 months.
- 3.7 A return has been submitted for Ribble Valley Borough Council and we are now listed as an eligible council on the PWLB website.

4 BORROWING REQUIREMENTS

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

	PWLB £000	Other £000	Total £000
External Debt at 1 April 2012	436	7	443
Transactions - New Loans	0	1,100	1,100
- Repayments	-36	-1,100	-1,136
External debt at 31 October 2012	400	7	407

- 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.

Date Loan Taken	Investor	Amount £'000	Rate %	Date Repaid
23-Apr-2012	Basildon Council	1,100	0.30	30-Apr-2012

- 4.3 The total interest paid on the Council's external debt during the period was £10,335 compared to £12,214 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 2012 to 31 October 2012 was 0.40%, which was above the average local authority seven-day notice deposit rate of 0.28%.
- 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 2012	1,900	0	1,900
Transactions - New Investments	47,275	0	47,275
- Repayment of Investments	-42,605	-0	-42,605
Monies Invested as at 31 October 2012	6,570	0	6,570

- 5.4 The following investments were held as at 31 October 2012.

Date Invested	No's	Borrower	Notice	Rate %	£'000	£'000
19 Oct '12	148	Coventry Building Society	Fixed 23 Nov	0.41	900	
29 Oct '12	167	Coventry Building Society	Fixed 23 Nov	0.35	600	
						1,500
01 Oct '12	152	Nationwide Building Soc.	Fixed 23 Nov	0.43	1,300	
						1,300
08 Oct '12	155	Barclays Bank Plc	Fixed 1 Nov	0.30	250	
11 Oct '12	156	Barclays Bank Plc	Fixed 1 Nov	0.36	220	
17 Oct '12	160	Barclays Bank Plc	Fixed 5 Nov	0.36	200	
29 Oct '12	168	Barclays Bank Plc	Fixed 5 Nov	0.33	550	
31 Oct '12	171	Barclays Bank Plc	Fixed 23 Nov	0.29	250	
						1,470
31 Oct '12	170	Bank of Scotland	Fixed 2 Jan	0.41	1,000	
						1,000

Date Invested	No's	Borrower	Notice	Rate %	£'000	£'000
31 Oct '12	172	HSBC Bank Plc	Fixed 1 Nov	0.26	500	
31 Oct '12	173	HSBC Bank Plc	Fixed 5 Nov	0.26	800	
						1,300
Total Investments as at 31 October 2012						6,570

5.5 The total interest received on the Council's external investments during the period was £8,671 compared with £4,951 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 fully revised in 2009 to take account of the implications of the implementation of the International Financial Reporting Standard (IFRS) and has since been updated following regulatory changes resulting from the Localism Bill (2011).

6.3 In accordance with this Code the Council agreed to monitor four prudential indicators as follows. This committee approved these in March 2012.

- ❖ 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 2012/13 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	5,900	407
Limits on Fixed Interest Rates	5,900	1,543
Limits on Variable Interest Rates	1,180	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2012/13 were as follows:

	Upper Limit %	Lower Limit %	Current Actual %
Under 12 months	20	0	16.04
12 Months and Within 24 Months	20	0	16.04

	Upper Limit %	Lower Limit %	Current Actual %
24 Months and Within 5 Years	40	0	27.97
5 Years and Within 10 Years	30	0	14.54
10 Years and Above	90	0	25.42

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 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 Standard and Poor, and Moodys 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 are shown at Annex 3, and is a snapshot as at 31 October 2012.

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, excluding West Bromwich Building Society, these are:

Name	Current Ranking	Previous Ranking	Fitch Rating		
	Nov'12	Jul'12	Full Transaction Review Date	Long Term	Short Term
Nationwide	1	1	19.10.12	A+	F1
Yorkshire	2	2	24.10.12	BBB+	F2
Coventry	3	3	24.10.12	A	F1
Skipton *	4	4	24.10.12	BBB-	F3
Leeds	5	5	24.10.12	A-	F2
West Bromwich	6	6	Withdrawn from rating process		
Principality	7	7	24.10.12	BBB+	F2
Newcastle	8	8	24.10.12	BB+	B

* Downgraded since last reported

7.3 The banks we use are reviewed annually as part of the Treasury Management Practices to take into account their Fitch IBCA long-term and short-term credit rating. The current ratings are as follows:

Fitch Ratings			
	Full Transaction Review Date	Long Term	Short Term
Santander UK Plc	19.10.12	A	F1
Barclays Bank Plc	10.10.12	A	F1
Bank of Scotland Plc	13.12.11	A	F1
Bradford & Bingley Bank Plc	Rating Withdrawn		
Co-operative Bank (The) *	19.07.12	BBB+	F2
HSBC Bank Plc	01.03.12	AA	F1+
Lloyds TSB Bank Plc	19.03.12	A	F1
National Westminster Bank Plc	10.10.12	A	F1
Northern Rock (Asset Management) Plc	Rating Withdrawn		
Royal Bank of Scotland Plc (The)	10.12.12	A	F1

* Downgraded since last reported

7.4 In addition to the building societies and banks we use for investments, also approved for use is the United Kingdom Debt Management Office, where the Government guarantees investments.

8 RECENT EVENTS

8.1 Banking activities continue to be reported in the press, with the Lloyds banking group and Royal Bank of Scotland setting aside further reserves to cover the claims against them for the mis-selling of payment protection insurance (PPI). It has been imperative that we continue to protect the council's principal sums invested in order to minimize its exposure to risk.

8.2 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

9 CONCLUSION

- 9.1 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.
- 9.2 With interest rates remaining at low levels, the amount of income received from investing surplus cash balances continues to be low, although marginally higher than those attained for the same period in the 2011/12 financial year.
- 9.3 Due to the continued movement in judgements made by rating agents, and the continued uncertainty in the Eurozone, 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

BACKGROUND WORKING PAPERS:

Loans Fund Working Papers
Treasury Management Strategy 2012-2013
Treasury Management Policies & Practices 2012
Fitch, Moody's and Standard & Poor Ratings
Building Societies Association – sector information

PF61-12/TH/AC
5 November 2012

For further information please ask for Trudy Holderness, extension 4436

POLICY AND FINANCE COMMITTEE

TEMPORARY INVESTMENT ACTIVITY - 2012/13

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED / DUE £	FITCH RATING AT TIME OF INVESTMENT	
								LONG-TERM	SHORT-TERM
INVESTMENTS BROUGHT FORWARD @ 1 APRIL 2012									
15-Mar-12	276	Debt Management Office	500,000	0.2500	12-Apr-12 Debtor	-500,000	-95.89 58.22	AAA	-
19-Mar-12	280	HSBC	100,000	0.3100	02-Apr-12 Debtor	-100,000	-11.89 11.04	AA	F1+
26-Mar-12	283	Debt Management Office	350,000	0.2500	13-Apr-12 Debtor	-350,000	-43.15 14.38	AAA	-
26-Mar-12	285	HSBC	50,000	0.3100	05-Apr-12 Debtor	-50,000	-4.25 2.55	AA	F1+
26-Mar-12	286	HSBC	100,000	0.3100	10-Apr-12 Debtor	-100,000	-12.74 5.10	AA	F1+
30-Mar-12	290	Debt Management Office	550,000	0.2500	19-Apr-12 Debtor	-550,000	-75.34 7.53	AAA	-
30-Mar-12	291	HSBC	250,000	0.3100	04-Apr-12 Debtor	-250,000	-10.62 4.25	AA	F1+
MONIES INVESTED AT 1 APRIL 2012			1,900,000			-1,900,000	-150.81		
Apr									
02-Apr-12	1	HSBC	150,000	0.3100	4-Apr-12	-150,000	-2.55	AA	F1+
03-Apr-12	2	HSBC	175,000	0.3100	4-Apr-12	-175,000	-1.49	AA	F1+
04-Apr-12	3	Barclays Bank	450,000	0.4470	23-Apr-12	-450,000	-104.71	A	F1
04-Apr-12	4	HSBC	50,000	0.3100	10-Apr-12	-50,000	-2.55	AA	F1+
05-Apr-12	5	HSBC	350,000	0.3100	10-Apr-12	-350,000	-14.86	AA	F1+
10-Apr-12	6	Santander UK Plc	500,000	0.6000	23-Apr-12	-500,000	-105.48	A+	F1

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED / DUE £	FITCH RATING AT TIME OF INVESTMENT	
								LONG-TERM	SHORT-TERM
11-Apr-12	7	HSBC	60,000	0.3100	12-Apr-12	-60,000	-0.51	AA	F1+
12-Apr-12	8	DMO	345,000	0.2500	23-Apr-12	-345,000	-25.99	AAA	-
13-Apr-12	9	HSBC	120,000	0.3100	16-Apr-12	-120,000	-3.06	AA	F1+
16-Apr-12	10	Barclays Bank	550,000	0.4470	23-Apr-12	-550,000	-40.09	A	F1
16-Apr-12	11	HSBC	150,000	0.3100	17-Apr-12	-150,000	-1.27	AA	F1+
17-Apr-12	12	HSBC	50,000	0.3100	18-Apr-12	-50,000	-0.42	AA	F1+
17-Apr-12	13	HSBC	200,000	0.3100	23-Apr-12	-200,000	-10.19	AA	F1+
18-Apr-12	14	HSBC	100,000	0.3100	19-Apr-12	-100,000	-0.85	AA	F1+
19-Apr-12	15	HSBC	200,000	0.3100	20-Apr-12	-200,000	-1.70	AA	F1+
19-Apr-12	16	HSBC	200,000	0.3100	23-Apr-12	-200,000	-6.79	AA	F1+
20-Apr-12	17	HSBC	300,000	0.3100	23-Apr-12	-300,000	-7.64	AA	F1+
23-Apr-12	18	HSBC	80,000	0.3100	24-Apr-12	-80,000	-0.68	AA	F1+
24-Apr-12	19	HSBC	145,000	0.3100	25-Apr-12	-145,000	-1.23	AA	F1+
25-Apr-12	20	HSBC	50,000	0.3100	26-Apr-12	-50,000	-0.42	AA	F1+
25-Apr-12	21	HSBC	130,000	0.3100	30-Apr-12	-130,000	-5.52	AA	F1+
26-Apr-12	22	HSBC	50,000	0.3100	27-Apr-12	-50,000	-0.42	AA	F1+
26-Apr-12	23	HSBC	70,000	0.3100	30-Apr-12	-70,000	-2.38	AA	F1+
30-Apr-12	24	Barclays Bank Plc	600,000	0.3790	22-May-12	-600,000	-137.06	A	F1
30-Apr-12	25	Nationwide	1,000,000	0.5100	29-May-12	-1,000,000	-405.21	A+	F1
30-Apr-12	26	HSBC	500,000	0.3100	3-May-12	-500,000	-12.74	AA	F1+
30-Apr-12	27	Santander UK Plc	600,000	0.6500	21-May-12	-600,000	-224.38	A+	F1
			7,175,000			-7,175,000	-1,120.19		
May									
01-May-12	28	HSBC	125,000	0.3100	02-May-12	-125,000	-1.06	AA	F1+
02-May-12	29	HSBC	140,000	0.3100	03-May-12	-140,000	-1.19	AA	F1+
03-May-12	30	HSBC	270,000	0.3100	08-May-12	-270,000	-11.47	AA	F1+
04-May-12	31	HSBC	70,000	0.3100	08-May-12	-70,000	-2.38	AA	F1+
08-May-12	32	HSBC	250,000	0.3100	14-May-12	-250,000	-12.74	AA	F1+
08-May-12	33	HSBC	60,000	0.3100	09-May-12	-60,000	-0.51	AA	F1+
09-May-12	34	HSBC	125,000	0.3100	14-May-12	-125,000	-5.31	AA	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED / DUE £	FITCH RATING AT TIME OF INVESTMENT	
								LONG-TERM	SHORT-TERM
10-May-12	35	HSBC	50,000	0.3100	11-May-12	-50,000	-0.42	AA	F1+
11-May-12	36	HSBC	300,000	0.3100	29-May-12	-300,000	-45.86	AA	F1+
14-May-12	37	HSBC	200,000	0.3100	21-May-12	-200,000	-11.89	AA	F1+
14-May-12	38	Barclays Bank Plc	200,000	0.4410	29-May-12	-200,000	-36.25	A	F1
15-May-12	39	Co-Operative Bank	600,000	0.4000	29-May-12	-600,000	-92.05	A-	F2
15-May-12	40	HSBC	150,000	0.3100	18-May-12	-150,000	-3.82	AA	F1+
16-May-12	41	HSBC	80,000	0.3100	21-May-12	-80,000	-3.40	AA	F1+
17-May-12	42	HSBC	150,000	0.3100	21-May-12	-150,000	-5.10	AA	F1+
18-May-12	43	Co-Operative Bank	300,000	0.4500	29-May-12	-300,000	-40.68	A-	F2
21-May-12	44	HSBC	200,000	0.3100	25-May-12	-200,000	-6.79	AA	F1+
21-May-12	45	HSBC	250,000	0.3100	29-May-12	-250,000	-16.99	AA	F1+
22-May-12	46	HSBC	80,000	0.3100	23-May-12	-80,000	-0.68	AA	F1+
23-May-12	47	HSBC	125,000	0.3100	29-May-12	-125,000	-6.37	AA	F1+
25-May-12	48	HSBC	250,000	0.3100	29-May-12	-250,000	-8.49	AA	F1+
28-May-12	49	Barclays Bank Plc	500,000	0.4160	07-Jun-12	-500,000	-56.99	A	F1
29-May-12	50	HSBC	135,000	0.3100	06-Jun-12	-135,000	-9.17	AA	F1+
30-May-12	51	HSBC	80,000	0.3100	06-Jun-12	-80,000	-4.76	AA	F1+
31-May-12	52	Barclays Bank Plc	550,000	0.4470	19-Jun-12	-550,000	-127.98	A	F1
31-May-12	53	Bank Of Scotland	1,000,000	0.5900	05-Jul-12	-1,000,000	-565.75	A	F1
31-May-12	54	HSBC	200,000	0.3100	11-Jun-12	-200,000	-18.68	AA	F1+
31-May-12	55	Lloydstsb	700,000	0.2400	18-Jun-12	-700,000	-82.85	A	F1
			7,140,000			-7,140,000	-1,179.63		
Jun									
01-Jun-12	56	HSBC	90,000	0.3100	06-Jun-12	-90,000	-3.82	AA	F1+
06-Jun-12	57	Barclays Bank Plc	300,000	0.5110	05-Jul-12	-300,000	-121.80	A	F1
07-Jun-12	58	HSBC	100,000	0.3100	11-Jun-12	-100,000	-3.40	AA	F1+
08-Jun-12	59	HSBC	60,000	0.3100	11-Jun-12	-60,000	-1.53	AA	F1+
			Rolled						
11-Jun-12	60	Barclays Bank Plc	Over	0.4400	25-Jun-12		-42.94	A	F1
25-Jun-12	60	Barclays Bank Plc	250,000	0.4180	04-Jul-12	-250,000	-25.77	A	F1

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED / DUE £	FITCH RATING AT TIME OF INVESTMENT	
								LONG-TERM	SHORT-TERM
12-Jun-12	61	HSBC	90,000	0.3100	13-Jun-12	-90,000	-0.76	AA	F1+
13-Jun-12	62	HSBC	150,000	0.3100	22-Jun-12	-150,000	-11.47	AA	F1+
15-Jun-12	63	Barclays Bank Plc	400,000	0.4480	05-Jul-12	-400,000	-98.19	A	F1
15-Jun-12	64	Bank Of Scotland	450,000	0.3400	05-Jul-12	-450,000	-83.84	A	F1
18-Jun-12	65	HSBC	150,000	0.3100	19-Jun-12	-150,000	-1.27	AA	F1+
19-Jun-12	66	HSBC	150,000	0.3100	04-Jul-12	-150,000	-19.11	AA	F1+
20-Jun-12	67	HSBC	85,000	0.3100	25-Jun-12	-85,000	-3.61	AA	F1+
22-Jun-12	68	HSBC	130,000	0.3100	25-Jun-12	-130,000	-3.31	AA	F1+
25-Jun-12	69	HSBC	150,000	0.3100	05-Jul-12	-150,000	-12.74	AA	F1+
26-Jun-12	70	HSBC	60,000	0.3100	27-Jun-12	-60,000	-0.51	AA	F1+
27-Jun-12	71	Barclays Bank Plc	550,000	0.4140	05-Jul-12	-550,000	-49.91	A	F1
27-Jun-12	72	HSBC	250,000	0.3100	05-Jul-12	-250,000	-16.99	AA	F1+
28-Jun-12	73	HSBC	70,000	0.3100	02-Jul-12	-70,000	-2.38	AA	F1+
			3,485,000			-3,485,000	-503.35		
July									
02-Jul-12	74	Coventry BS	1,200,000	0.5400	09-Aug-12	-1,200,000.00	-674.63	A	F1
02-Jul-12	75	Coventry BS	300,000	0.4000	13-Jul-12	-300,000.00	-36.16	A	F1
02-Jul-12	76	DMO	550,000	0.2500	09-Jul-12	-550,000.00	-26.37	AAA	-
02-Jul-12	77	HSBC	400,000	0.3100	09-Jul-12	-400,000.00	-23.78	AA	F1+
02-Jul-12	78	HSBC	110,000	0.3100	04-Jul-12	-110,000.00	-1.87	AA	F1+
03-Jul-12	79	HSBC	50,000	0.3100	05-Jul-12	-50,000.00	-0.85	AA	F1+
04-Jul-12	80	HSBC	80,000	0.3100	05-Jul-12	-80,000.00	-0.68	AA	F1+
05-Jul-12	81	Bank Of Scotland	300,000	0.5100	09-Aug-12	-300,000.00	-146.71	A	F1
06-Jul-12	82	HSBC	60,000	0.3100	09-Jul-12	-60,000.00	-1.53	AA	F1+
09-Jul-12	83	HSBC	100,000	0.3100	10-Jul-12	-100,000.00	-0.85	AA	F1+
09-Jul-12	84	Barclays Bank Plc	550,000	0.4220	19-Jul-12	-550,000.00	-63.59	A	F1
09-Jul-12	85	HSBC	150,000	0.3100	20-Jul-12	-150,000.00	-14.01	AA	F1+
10-Jul-12	86	HSBC	130,000	0.3100	11-Jul-12	-130,000.00	-1.10	AA	F1+
11-Jul-12	87	HSBC	190,000	0.3100	12-Jul-12	-190,000.00	-1.61	AA	F1+
12-Jul-12	88	HSBC	180,000	0.3100	16-Jul-12	-180,000.00	-6.12	AA	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED / DUE £	FITCH RATING AT TIME OF INVESTMENT	
								LONG-TERM	SHORT-TERM
13-Jul-12	89	HSBC	180,000	0.3100	16-Jul-12	-180,000.00	-4.59	AA	F1+
16-Jul-12	90	HSBC	150,000	0.3100	23-Jul-12	-150,000.00	-8.92	AA	F1+
16-Jul-12	91	Bank Of Scotland	Rolled Over	0.3900	09-Aug-12		-128.22	A	F1
09-Aug-12	91	Bank Of Scotland	500,000	0.4500	14-Sep-12	-500,000.00	-221.92	A	F1
17-Jul-12	92	HSBC	85,000	0.3100	18-Jul-12	-85,000.00	-0.72	AA	F1+
18-Jul-12	93	HSBC	150,000	0.3100	02-Aug-12	-150,000.00	-19.11	AA	F1+
19-Jul-12	94	HSBC	130,000	0.3100	20-Jul-12	-130,000.00	-1.10	AA	F1+
20-Jul-12	95	HSBC	180,000	0.3100	23-Jul-12	-180,000.00	-4.59	AA	F1+
23-Jul-12	96	HSBC	120,000	0.3100	24-Jul-12	-120,000.00	-1.02	AA	F1+
23-Jul-12	97	HSBC	170,000	0.3100	02-Aug-12	-170,000.00	-14.44	AA	F1+
24-Jul-12	98	HSBC	130,000	0.3100	25-Jul-12	-130,000.00	-1.10	AA	F1+
25-Jul-12	99	HSBC	120,000	0.3100	26-Jul-12	-120,000.00	-1.02	AA	F1+
25-Jul-12	100	HSBC	150,000	0.3100	02-Aug-12	-150,000.00	-10.19	AA	F1+
26-Jul-12	101	HSBC	130,000	0.3100	27-Jul-12	-130,000.00	-1.10	AA	F1+
27-Jul-12	102	HSBC	200,000	0.3100	30-Jul-12	-200,000.00	-5.10	AA	F1+
30-Jul-12	103	DMO	850,000	0.2500	09-Aug-12	-850,000.00	-58.22	AAA	-
31-Jul-12	104	HSBC	150,000	0.2600	06-Aug-12	-150,000.00	-6.45	AA	F1+
31-Jul-12	105	HSBC	100,000	0.2614	09-Aug-12	-100,000.00	-6.41	AA	F1+
31-Jul-12	106	DMO	750,000	0.2500	13-Aug-12	-750,000.00	-66.78	AAA	-
31-Jul-12	107	DMO	750,000	0.2500	22-Aug-12	-750,000.00	-113.01	AAA	-
31-Jul-12	108	Bank Of Scotland	700,000	0.4600	14-Sep-12	-700,000.00	-396.99	A	F1
			10,045,000			-10,045,000.00	-2,070.86		
Aug									
01-Aug-12	109	HSBC	350,000	0.3100	02-Aug-12	-350,000.00	-2.97	AA	F1+
02-Aug-12	110	HSBC	400,000	0.2600	09-Aug-12	-400,000.00	-19.95	AA	F1+
03-Aug-12	111	HSBC	50,000	0.2600	06-Aug-12	-50,000.00	-1.07	AA	F1+
06-Aug-12	112	HSBC	180,000	0.2600	09-Aug-12	-180,000.00	-3.85	AA	F1+
07-Aug-12	113	HSBC	70,000	0.2600	09-Aug-12	-70,000.00	-1.00	AA	F1+
09-Aug-12	114	HSBC	220,000	0.2600	13-Aug-12	-220,000.00	-6.27	AA	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED / DUE £	FITCH RATING AT TIME OF INVESTMENT	
								LONG-TERM	SHORT-TERM
10-Aug-12	115	HSBC	200,000	0.2600	13-Aug-12	-200,000.00	-4.27	AA	F1+
		Coventry BS	Rolled						
13-Aug-12	116	Coventry BS	Over	0.4000	10-Sep-12		-184.11	A	F1
10-Sep-12	116	Coventry BS	600,000	0.4200	19-Oct-12	-600,000.00	-269.26	A	F1
14-Aug-12	117	HSBC	55,000	0.2600	15-Aug-12	-55,000.00	-0.39	AA	F1+
		Barclays Bank Plc	Rolled						
15-Aug-12	118	Barclays Bank Plc	Over	0.3850	14-Sep-12		-126.58	A	F1
14-Sep-12	118	Barclays Bank Plc	400,000	0.3800	02-Oct-12	-400,000.00	-74.96	A	F1
15-Aug-12	119	HSBC	50,000	0.2600	17-Aug-12	-50,000.00	-0.71	AA	F1+
15-Aug-12	120	HSBC	150,000	0.2600	20-Aug-12	-150,000.00	-5.34	AA	F1+
16-Aug-12	121	HSBC	100,000	0.2600	17-Aug-12	-100,000.00	-0.71	AA	F1+
17-Aug-12	122	HSBC	100,000	0.2600	22-Aug-12	-100,000.00	-3.56	AA	F1+
20-Aug-12	123	HSBC	150,000	0.2600	22-Aug-12	-150,000.00	-2.14	AA	F1+
22-Aug-12	124	Coventry BS	500,000	0.4000	14-Sep-12	-500,000.00	-126.03	A	F1
23-Aug-12	125	HSBC	50,000	0.2600	28-Aug-12	-50,000.00	-1.78	AA	F1+
28-Aug-12	126	Barclays Bank Plc	800,000	0.3770	14-Sep-12	-800,000.00	-140.47	A	F1
29-Aug-12	127	HSBC	60,000	0.2600	31-Aug-12	-60,000.00	-0.85	AA	F1+
30-Aug-12	128	HSBC	70,000	0.2600	31-Aug-12	-70,000.00	-0.50	AA	F1+
31-Aug-12	129	HSBC	80,000	0.2600	03-Sep-12	-80,000.00	-1.71	AA	F1+
31-Aug-12	130	HSBC	470,000	0.2600	04-Sep-12	-470,000.00	-13.39	AA	F1+
31-Aug-12	131	HSBC	550,000	0.2600	10-Sep-12	-550,000.00	-39.18	AA	F1+
31-Aug-12	132	Lloydstsb	1,500,000	0.6500	19-Oct-12	-1,500,000.00	-1,308.90	A	F1
			7,155,000			-7,155,000.00	-2,339.95		
Sept									
03-Sep-12	133	HSBC	80,000	0.2600	10-Sep-12	-80,000.00	-3.99	AA	F1+
04-Sep-12	134	HSBC	80,000	0.2600	10-Sep-12	-80,000.00	-3.42	AA	F1+
06-Sep-12	135	HSBC	100,000	0.2600	10-Sep-12	-100,000.00	-2.85	AA	F1+
07-Sep-12	136	HSBC	60,000	0.2600	10-Sep-12	-60,000.00	-1.28	AA	F1+
10-Sep-12	137	HSBC	340,000	0.2600	14-Sep-12	-340,000.00	-9.69	AA	F1+
12-Sep-12	138	HSBC	70,000	0.2600	14-Sep-12	-70,000.00	-1.00	AA	F1+

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								LONG-TERM	SHORT-TERM
13-Sep-12	139	HSBC	100,000	0.2600	14-Sep-12	-100,000.00	-0.71	AA	F1+
17-Sep-12	140	HSBC	560,000	0.2600	19-Sep-12	-560,000.00	-7.98	AA	F1+
17-Sep-12	141	HSBC	110,000	0.2600	21-Sep-12	-110,000.00	-3.13	AA	F1+
17-Sep-12	142	HSBC	100,000	0.2600	24-Sep-12	-100,000.00	-4.99	AA	F1+
19-Sep-12	143	HSBC	150,000	0.2600	20-Sep-12	-150,000.00	-1.07	AA	F1+
20-Sep-12	144	HSBC	120,000	0.2600	24-Sep-12	-120,000.00	-3.42	AA	F1+
21-Sep-12	145	HSBC	60,000	0.2600	24-Sep-12	-60,000.00	-1.28	AA	F1+
24-Sep-12	146	Barclays Bank Plc	300,000	0.3700	08-Oct-12	-300,000.00	-42.58	A	F1
26-Sep-12	147	HSBC	80,000	0.2600	28-Sep-12	-80,000.00	-1.14	AA	F1+
28-Sep-12	148	Coventry BS	Rolled Over	0.4000	19-Oct-12		-207.12	A	F1
19-Oct-12	148	Coventry BS	900,000	0.4100	Still Outstanding		-131.42	A	F1
			3,210,000			-2,310,000	-427.07		
Oct									
01-Oct-12	149	HSBC	70,000	0.2100	02-Oct-12	-70,000.00	-0.40	AA	F1+
01-Oct-12	150	HSBC	380,000	0.2100	08-Oct-12	-380,000.00	-15.30	AA	F1+
01-Oct-12	151	Barclays Bank Plc	700,000	0.3600	22-Oct-12	-700,000.00	-144.99	A	F1
01-Oct-12	152	Nationwide	1,300,000	0.4300	Still Outstanding		-474.77	A+	F1
03-Oct-12	153	HSBC	65,000	0.2100	08-Oct-12	-65,000.00	-1.87	AA	F1+
05-Oct-12	154	HSBC	100,000	0.2600	08-Oct-12	-100,000.00	-2.14	AA	F1+
08-Oct-12	155	Barclays Bank Plc	250,000	0.3600	Still Outstanding		-49.32	A	F1
11-Oct-12	156	Barclays Bank Plc	220,000	0.3600	Still Outstanding		-45.57	A	F1
12-Oct-12	157	HSBC	275,000	0.2600	15-Oct-12	-275,000.00	-5.88	AA	F1+
15-Oct-12	158	HSBC	900,000	0.2600	19-Oct-12	-900,000.00	-25.64	AA	F1+
16-Oct-12	159	HSBC	150,000	0.2600	17-Oct-12	-150,000.00	-1.07	AA	F1+
17-Oct-12	160	Barclays Bank Plc	200,000	0.3600	Still Outstanding		-29.59	A	F1

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								LONG-TERM	SHORT-TERM
18-Oct-12	161	HSBC	100,000	0.2600	19-Oct-12	-100,000.00	-0.71	AA	F1+
19-Oct-12	162	HSBC	220,000	0.2600	29-Oct-12	-220,000.00	-15.67	AA	F1+
22-Oct-12	163	HSBC	130,000	0.2600	29-Oct-12	-130,000.00	-6.48	AA	F1+
23-Oct-12	164	HSBC	60,000	0.2600	24-Oct-12	-60,000.00	-0.43	AA	F1+
24-Oct-12	165	HSBC	65,000	0.2600	29-Oct-12	-65,000.00	-2.32	AA	F1+
26-Oct-12	166	HSBC	70,000	0.2600	29-Oct-12	-70,000.00	-1.50	AA	F1+
29-Oct-12	167	Coventry BS	600,000	0.3500	Still Outstanding		-17.26	A	F1
29-Oct-12	168	Barclays Bank Plc	550,000	0.3300	Still Outstanding		-14.92	A	F1
30-Oct-12	169	HSBC	110,000	0.2600	30-Oct-12	-110,000.00	-0.78	AA	F1+
31-Oct-12	170	Bank Of Scotland	1,000,000	0.4100	Still Outstanding		-11.23	A	F1
31-Oct-12	171	Barclays Bank PLc	250,000	0.2900	Still Outstanding		-1.99	A	F1
31-Oct-12	172	HSBC	500,000	0.2600	Still Outstanding		-3.56	AA	F1+
31-Oct-11	173	HSBC	800,000	0.2600	Still Outstanding		-5.70	AA	F1+
			9,065,000			-3,395,000	-879.09		
TOTAL INVESTMENTS MADE APRIL TO OCTOBER 2012			47,275,000			-40,705,000	-8,520.14		
TOTAL INVESTMENTS 2012/13 (Including brought forward @ 1 April 2012			49,175,000			-42,605,000	-8,670.95		

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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.

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FULL RATING LIST OF APPROVED INSTITUTIONS

Institution	Standard & Poor			Moody's			Fitch			Note		
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook	Latest Rating Date	Full Review Date	Long Term		Short Term	Outlook
Building Society												
Nationwide	A+	A-1	Stable	A2	P-1	Stable	19/10	19/10	A+	F1	Negative	£1m
Yorkshire	A-	A-2	Stable	Baa2	P-2	Stable	24/10	24/10	BBB+	F2	Stable	
Coventry	-	-	-	A3	P-2	Stable	24/10	24/10	A	F1	Stable	No dealing direct
Skipton	-	-	-	Ba1	NP	Negative	24/10	24/10	BBB-	F3	Stable	
Leeds	-	-	-	A3	P-2	Stable	24/10	24/10	A-	F2	Stable	3Mth
Principality	-	-	-	Ba1	NP	Stable	24/10	24/10	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn			24/10	24/10	BB+	B	Stable	No Contact
Banks												
Santander Uk Plc	A	A-1	Negative	A2	P-1	Negative	11/06	19//10	A	F1	Stable	
Barclays Bank Plc	A+	A-1	Negative	A2	P-1	Negative	10/10	10/10	A	F1	Stable	
Bank of Scotland Plc	A	A-1	Stable	A2	P-1	Negative	13/09	13/12	A	F1	Stable	
Bradford & Bingley Bank Plc	-	A-1	-	Aa3	P-1	Negative	06/09	Rating Withdrawn			Not taking funds	
Co-operative Bank (The)	-	-	-	A3	P-2	Under Review	12/10	19/07	BBB+	F2	On Watch	£1m
HSBC Bank Plc	AA-	A-1+	Negative	Aa3	P-1	Negative	13/09	01/03	AA	F1+	Negative	
Lloyds TSB Bank Plc	A	A-1	Stable	A2	P-1	Negative	13/09	19/03	A	F1	Stable	£250
National Westminster Bank Plc	A	A-1	Stable	A3	P-2	Negative	10/10	10/10	A	F1	Stable	Current a/c
Northern Rock (Asset Management) Plc	A	A-1	Stable	Aa3	P-1	Negative	06/09	Rating Withdrawn			No Contact	
Royal Bank of Scotland Plc	A	A-1	Stable	A3	P-2	Negative	11/10	10/10	A	F1	Stable	Current a/c