

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

Agenda Item No 18(b)

meeting date: 10 SEPTEMBER 2013
title: TREASURY MANAGEMENT MONITORING 2013/14
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 2013 to 31 July 2013.

1.2 Relevance to the Council's ambitions and priorities:

- ❖ In accordance with the corporate strategy priority "to ensure a well-managed Council by maintaining critical financial management and controls." This report provides members with information regarding the treasury management activities for the period.

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

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

2 BACKGROUND

2.1 Events in recent years have raised the profile of the treasury management function and highlighted the potential serious risks involved.

2.2 The Council borrows any money it requires to fund its capital spending plans from the Public Works Loan Board. They make funds available for long loan periods at interest rates just below market rates and lend to Government and Public bodies. The Council rarely borrows to fund its revenue activities and is much more likely at any point in time to have surplus funds to invest.

2.3 On a daily basis we assess our cash flow position. To do this we estimate the funds we expect to receive e.g. council tax payments, grants and fees, and deduct any known payments we expect to make e.g. precepts, creditors and salaries. 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, which 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'.
- 3.4 The discount is being provided largely in return for the government's request for local authorities to voluntarily provide information on their three year plans for borrowing, capital spend, debt financing and also a commentary on the main capital priorities to be financed over the period. By receiving this information the government will be better able to build more robust forecasts of public expenditure.
- 3.5 The returns are requested on an annual basis and must be completed in order to qualify for the certainty discount rate. A return has been submitted for Ribble Valley Borough Council and we are now listed as an eligible council on the PWLB website. This eligibility will remain 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.

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 2013	365	7	372
Transactions - New Loans	0	0	0
- Repayments	0	0	0
External debt at 31 July 2013	365	7	372

- 4.2 No temporary loans have been taken out and no interest has been paid on the Council's external debt in the period. (Interest on PWLB debt does not fall due until 30 September 2013) This compares to 2012/13 when a temporary loan of £1.1m with interest payable of £62 was required 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.

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 2013 to 31 July 2013 was 0.32%, which was above the average local authority seven-day notice deposit rate of 0.25%.

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 2013	2,515	0	2,515
Transactions - New Investments	28,135	0	28,135
- Repayment of Investments	-23,920	-0	-23,920
Monies Invested as at 31 July 2013	6,730	0	6,730

5.4 The following investments were held as at 31 July 2013.

Date Invested	Nos	Borrower	Notice	Rate %	£'000	£'000
17 Jun'13	57	Barclays Bank Plc.	Fixed 07 Aug'13	0.376	500	
09 Jul'13	77	Barclays Bank Plc.	Fixed 07 Aug'13	0.334	400	
15 Jul'13	82	Barclays Bank Plc.	Fixed 07 Aug'13	0.280	400	
22 Jul'13	89	Barclays Bank Plc.	Fixed 01 Aug'13	0.230	200	
						1,500
31 Jul'13	99	Bank of Scotland Plc.	Fixed 07 Aug'13	0.250	1,100	
						1,100
29 Jul'13	93	Coventry Building Society	Fixed 19 Aug'13	0.400	1,000	
31 Jul'13	96	Coventry Building Society	Fixed 19 Aug'13	0.350	500	
						1,500
01 Jul'13	71	Nationwide Building Society	Fixed 07 Aug'13	0.380	1,500	
						1,500
29 Jul'13	94	HSBC Bank Plc.	Fixed 05 Aug'13	0.260	140	
31 Jul'13	97	HSBC Bank Plc.	Fixed 01 Aug'13	0.260	290	
31 Jul'13	98	HSBC Bank Plc.	Fixed 12 Aug'13	0.260	700	
						1,130
Total Investments as at 31 July 2013						6,730

5.5 The total interest received on the Council's external investments during the period was £4,577 compared with £3,965 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 2013.

- ❖ 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 2013/14 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	5,031	365
Limits on Fixed Interest Rates	5,031	365
Limits on Variable Interest Rates	1,006	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2013/14 were as follows:

	Upper Limit %	Lower Limit %	Current Actual %
Under 12 months	20	0	19.10
12 Months and Within 24 Months	20	0	14.30
24 Months and Within 5 Years	40	0	25.16
5 Years and Within 10 Years	30	0	13.91
10 Years and Above	90	0	27.53

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.

6 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 Moody's together with the Fitch ratings prior to investing any monies on a day-to-day basis. The full list of ratings for our approved institutions is shown at Annex 3, and is a snapshot as at 30 August 2013.

- 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		Fitch Rating		
	Jul'13	Nov'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
Principality	6	7	24.10.12	BBB+	F2
West Bromwich	7	6	Withdrawn from rating process		
Newcastle	8	8	24.10.12	BB+	B

- 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			
	Fitch's Full Transaction Review Date	Fitch Rating	
		Long Term	Short Term
Santander UK Plc.	19.10.12	A	F1
Barclays Bank Plc.	10.10.12	A	F1
Bank of Scotland Plc.	11.12.12	A	F1
Bradford & Bingley Bank Plc.	Rating Withdrawn – 06.09.12		
Co-operative Bank (The) *	20.06.13	BB-	B
HSBC Bank Plc.	16.05.13	AA-	F1+
Lloyds TSB Bank Plc.	11.12.12	A	F1
National Westminster Bank Plc.	10.10.12	A	F1
Northern Rock (Asset Management) Plc.	Rating Withdrawn – 06.09.12		
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 Barclays Bank being forced by the Bank of England's Prudential Regulation Authority, to fill a "gap" in its capital resources of £12.8bn.
- 8.2 The Co-operative Group has reported heavy losses of £559m in the first half of the year, as a result of a huge write-off of £496m of bad loans at the Co-op bank, mostly relating to Britannia Building Society. The bank also faces a £1.5bn capital hole in its balance sheet, which regulators say must be filled.
- 8.3 It is therefore imperative that we continue to protect the council's principal sums invested in order to minimize its exposure to risks.
- 8.4 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, but marginally higher than those attained for the same period in the 2012/13 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

PF44-13/TH/AC
30 August 2013

For further information please ask for Trudy Holderness, extension 4436

POLICY AND FINANCE COMMITTEE

TEMPORARY INVESTMENT ACTIVITY – 2013/14

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
INVESTMENT BROUGHT FORWARD @ 1 April 2013									
25-Feb-13	156	Barclays Bank Plc.	220,000	0.3790	22-Apr-13	-220,000	-127.93	A	F1
					Debtor		79.95		
25-Feb-13	213	Barclays Bank Plc.	Rolled Over	0.3790	22-Apr-13		-191.89	A	F1
22-Apr-13	213	Barclays Bank Plc.	330,000	0.3320	20-May-13	-330,000	-84.05	A	F1
					Debtor		119.93		
07-Feb-13	242	Coventry BS	900,000	0.4000	22-Apr-13	-900,000	-729.86	A	F1
					Debtor		522.74		
21-Mar-13	269	HSBC	65,000	0.2600	02-Apr-13	-65,000	-5.56	AA-	F1+
					Debtor		5.09		
28-Mar-13	272	Nationwide BS	1,000,000	0.3500	22-Apr-13	-1,000,000	-239.73	A+	F1
					Debtor		38.36		
MONIES INVESTED @ 1 APRIL 2013			2,515,000			-2,515,000	-612.95		
INVESTMENTS MADE 1 APRIL 2013 TO 31 JULY 2013									
Apr									
02-Apr-13	1	HSBC	420,000	0.2600	08-Apr-13	-420,000	-17.95	AA-	F1+
03-Apr-13	2	HSBC	150,000	0.2600	19-Apr-13	-150,000	-17.10	AA-	F1+
04-Apr-13	3	HSBC	85,000	0.2600	15-Apr-13	-85,000	-6.66	AA-	F1+
08-Apr-13	4	HSBC	300,000	0.2600	11-Apr-13	-300,000	-6.41	AA-	F1+
09-Apr-13	5	HSBC	110,000	0.2600	11-Apr-13	-110,000	-1.57	AA-	F1+
10-Apr-13	6	HSBC	100,000	0.2600	15-Apr-13	-100,000	-3.56	AA-	F1+
11-Apr-13	7	HSBC	200,000	0.2600	12-Apr-13	-200,000	-1.42	AA-	F1+
11-Apr-13	8	HSBC	600,000	0.2600	22-Apr-13	-600,000	-47.01	AA-	F1+
12-Apr-13	9	HSBC	80,000	0.2600	15-Apr-13	-80,000	-1.71	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
12-Apr-13	10	HSBC	400,000	0.2600	22-Apr-13	-400,000	-28.49	AA-	F1+
15-Apr-13	11	HSBC	140,000	0.2600	22-Apr-13	-140,000	-6.98	AA-	F1+
16-Apr-13	12	HSBC	90,000	0.2600	17-Apr-13	-90,000	-0.64	AA-	F1+
17-Apr-13	13	HSBC	150,000	0.2600	22-Apr-13	-150,000	-5.34	AA-	F1+
18-Apr-13	14	Barclays Bank Plc.	160,000	0.2990	13-May-13	-160,000	-32.77	A	F1
19-Apr-13	15	HSBC	160,000	0.2600	22-Apr-13	-160,000	-3.42	AA-	F1+
22-Apr-13	16	HSBC	125,000	0.2600	29-Apr-13	-125,000	-6.23	AA-	F1+
23-Apr-13	17	HSBC	75,000	0.2600	29-Apr-13	-75,000	-3.21	AA-	F1+
25-Apr-13	18	HSBC	90,000	0.2600	29-Apr-13	-90,000	-2.56	AA-	F1+
26-Apr-13	19	HSBC	80,000	0.2600	29-Apr-13	-80,000	-1.71	AA-	F1+
29-Apr-13	20	Coventry BS	1,400,000	0.3900	20-May-13	-1,400,000	-314.14	A	F1
30-Apr-13	21	Nationwide BS	1,500,000	0.3800	29-May-13	-1,500,000	-452.88	A+	F1
30-Apr-13	22	Barclays Bank Plc.	250,000	0.3340	29-May-13	-250,000	-66.34	A	F1
30-Apr-13	23	HSBC	250,000	0.2600	07-May-13	-250,000	-12.47	AA-	F1+
			6,915,000			-6,915,000	-1,040.57		
May									
01-May-13	24	HSBC	190,000	0.2600	07-May-13	-190,000	-8.12	AA-	F1+
03-May-13	25	HSBC	100,000	0.2600	07-May-13	-100,000	-2.85	AA-	F1+
07-May-13	26	Barclays Bank Plc.	500,000	0.2780	29-May-13	-500,000	-83.78	A	F1
07-May-13	27	HSBC	60,000	0.2600	08-May-13	-60,000	-0.43	AA-	F1+
08-May-13	28	HSBC	70,000	0.2600	13-May-13	-70,000	-2.49	AA-	F1+
09-May-13	29	HSBC	70,000	0.2600	17-May-13	-70,000	-3.99	AA-	F1+
10-May-13	30	HSBC	280,000	0.2600	29-May-13	-280,000	-37.90	AA-	F1+
13-May-13	31	HSBC	50,000	0.2600	15-May-13	-50,000	-0.71	AA-	F1+
13-May-13	32	HSBC	160,000	0.2600	20-May-13	-160,000	-7.98	AA-	F1+
14-May-13	33	HSBC	100,000	0.2600	15-May-13	-100,000	-0.71	AA-	F1+
15-May-13	34	HSBC	200,000	0.2600	20-May-13	-200,000	-7.12	AA-	F1+
15-May-13	35	HSBC	100,000	0.2600	22-May-13	-100,000	-4.99	AA-	F1+
15-May-13	36	HSBC	400,000	0.2600	29-May-13	-400,000	-39.89	AA-	F1+
16-May-13	37	HSBC	65,000	0.2600	20-May-13	-65,000	-1.85	AA-	F1+
17-May-13	38	HSBC	100,000	0.2600	17-May-13	-100,000	-2.14	AA-	F1+
20-May-13	39	Coventry BS	Rolled Over	0.3800	19-Jun-13		-156.16	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
19-Jun-13	39	Coventry BS	500,000	0.3900	22-Jul-13	-500,000	-176.30	A	F1
21-May-13	40	HSBC	85,000	0.2600	28-May-13	-85,000	-4.24	AA-	F1+
22-May-13	41	HSBC	60,000	0.2600	28-May-13	-60,000	-2.56	AA-	F1+
24-May-13	42	HSBC	90,000	0.2600	28-May-13	-90,000	-2.56	AA-	F1+
28-May-13	43	Coventry BS	Rolled Over	0.3900	03-Jul-13		-346.19	A	F1
03-Jul-13	43	Coventry BS	900,000	0.3900	22-Jul-13	-900,000	-182.71	A	F1
29-May-13	44	HSBC	140,000	0.2600	03-Jun-13	-140,000	-4.99	AA-	F1+
31-May-13	45	HSBC	200,000	0.2600	10-Jun-13	-200,000	-14.25	AA-	F1+
31-May-13	46	HSBC	150,000	0.2600	17-Jun-13	-150,000	-18.16	AA-	F1+
31-May-13	47	Nationwide BS	1,210,000	0.3300	19-Jun-13	-1,210,000	-207.85	A+	F1
31-May-13	48	Barclays Bank Plc.	1,000,000	0.4010	03-Jul-13	-1,000,000	-362.55	A	F1
			6,780,000			-6,780,000	-1,683.47		
June'13									
03-Jun-13	49	HSBC	320,000	0.2600	14-Jun-13	-320,000	-25.07	AA-	F1+
03-Jun-13	50	HSBC	150,000	0.2600	21-Jun-13	-150,000	-19.23	AA-	F1+
05-Jun-13	51	HSBC	80,000	0.2600	10-Jun-13	-80,000	-2.85	AA-	F1+
07-Jun-13	52	HSBC	140,000	0.2600	10-Jun-13	-140,000	-2.99	AA-	F1+
10-Jun-13	53	HSBC	360,000	0.2600	19-Jun-13	-360,000	-23.08	AA-	F1+
12-Jun-13	54	HSBC	50,000	0.2600	17-Jun-13	-50,000	-1.78	AA-	F1+
13-Jun-13	55	HSBC	80,000	0.2600	17-Jun-13	-80,000	-2.28	AA-	F1+
14-Jun-13	56	HSBC	210,000	0.2600	17-Jun-13	-210,000	-4.49	AA-	F1+
17-Jun-13	57	Barclays Bank Plc	500,000	0.3760	Still Outstanding		-231.78	A	F1
17-Jun-13	58	HSBC	90,000	0.2600	18-Jun-13	-90,000	-0.64	AA-	F1+
18-Jun-13	59	HSBC	150,000	0.2600	19-Jun-13	-150,000	-1.07	AA-	F1+
19-Jun-13	60	HSBC	100,000	0.2600	20-Jun-13	-100,000	-0.71	AA-	F1+
19-Jun-13	61	HSBC	500,000	0.2600	24-Jun-13	-500,000	-17.81	AA-	F1+
20-Jun-13	62	HSBC	100,000	0.2600	08-Jul-13	-100,000	-12.82	AA-	F1+
21-Jun-13	63	HSBC	120,000	0.2600	08-Jul-13	-120,000	-14.53	AA-	F1+
24-Jun-13	64	HSBC	450,000	0.2600	03-Jul-13	-450,000	-28.85	AA-	F1+
25-Jun-13	65	HSBC	60,000	0.2600	26-Jun-13	-60,000	-0.43	AA-	F1+
26-Jun-13	66	HSBC	100,000	0.2600	19-Jul-13	-100,000	-16.38	AA-	F1+
27-Jun-13	67	HSBC	75,000	0.2600	28-Jun-13	-75,000	-0.53	AA-	F1+

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								LONG-TERM	SHORT-TERM
28-Jun-13	68	Santander UK Plc.	800,000	0.3500	03-Jul-13	-800,000	-38.36	A	F1
			4,435,000			-3,935,000	-445.68		
July'13									
01-Jul-13	69	HSBC	730,000	0.2600	03-Jul-13	-730,000	-10.40	AA-	F1+
01-Jul-13	70	Santander UK Plc.	370,000	0.3500	08-Jul-13	-370,000	-24.84	A	F1
01-Jul-13	71	Nationwide BS	1,500,000	0.3800	Still Outstanding		-484.11	A+	F1
03-Jul-13	72	HSBC	160,000	0.2600	15-Jul-13	-160,000	-13.68	AA-	F1+
04-Jul-13	73	HSBC	80,000	0.2600	08-Jul-13	-80,000	-2.28	AA-	F1+
05-Jul-13	74	HSBC	50,000	0.2600	08-Jul-13	-50,000	-1.07	AA-	F1+
08-Jul-13	75	HSBC	230,000	0.2600	15-Jul-13	-230,000	-11.47	AA-	F1+
08-Jul-13	76	HSBC	370,000	0.2600	09-Jul-13	-370,000	-2.64	AA-	F1+
09-Jul-13	77	Barclays Bank Plc.	400,000	0.3340	Still Outstanding		-84.04	A	F1
09-Jul-13	78	HSBC	45,000	0.2600	10-Jul-13	-45,000	-0.32	AA-	F1+
10-Jul-13	79	HSBC	70,000	0.2600	15-Jul-13	-70,000	-2.49	AA-	F1+
11-Jul-13	80	HSBC	60,000	0.2600	12-Jul-13	-60,000	-0.43	AA-	F1+
12-Jul-13	81	HSBC	270,000	0.2600	15-Jul-13	-270,000	-5.77	AA-	F1+
15-Jul-13	82	Barclays Bank Plc.	400,000	0.2860	Still Outstanding		-52.16	A	F1
15-Jul-13	83	HSBC	40,000	0.2600	16-Jul-13	-40,000	-0.28	AA-	F1+
16-Jul-13	84	HSBC	95,000	0.2600	17-Jul-13	-95,000	-0.68	AA-	F1+
17-Jul-13	85	HSBC	100,000	0.2600	22-Jul-13	-100,000	-3.56	AA-	F1+
17-Jul-13	86	HSBC	40,000	0.2600	18-Jul-13	-40,000	-0.28	AA-	F1+
18-Jul-13	87	HSBC	120,000	0.2600	22-Jul-13	-120,000	-3.42	AA-	F1+
19-Jul-13	88	HSBC	120,000	0.2600	22-Jul-13	-120,000	-2.56	AA-	F1+
22-Jul-13	89	Barclays Bank Plc.	200,000	0.2300	Still Outstanding		-12.60	A	F1
22-Jul-13	90	HSBC	270,000	0.2600	24-Jul-13	-270,000	-3.85	AA-	F1+
24-Jul-13	91	HSBC	380,000	0.2600	29-Jul-13	-380,000	-13.53	AA-	F1+
26-Jul-13	92	HSBC	85,000	0.2600	29-Jul-13	-85,000	-1.82	AA-	F1+
29-Jul-13	93	Coventry BS	1,000,000	0.4000	Still Outstanding		-32.88	A	F1
29-Jul-13	94	HSBC	140,000	0.2600	Still Outstanding		-2.99	AA-	F1+
30-Jul-13	95	HSBC	90,000	0.2600	31-Jul-13	-90,000	-0.64	AA-	F1+
31-Jul-13	96	Coventry BS	500,000	0.3500	Still Outstanding		-4.79	A	F1
31-Jul-13	97	HSBC	290,000	0.2600	Still Outstanding		-2.07	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
31-Jul-13	98	HSBC	700,000	0.2600	Still Outstanding		-4.99	AA-	F1+
31-Jul-13	99	Bank Of Scotland	1,100,000	0.2500	Still Outstanding		-7.53	A	F1
			10,005,000			-3,775,000	-794.17		
TOTAL INVESTMENTS APRIL TO JULY 2013			28,135,000			-21,405,000	-3,963.89		
TOTAL INVESTMENTS 2013/14 (INCLUDING BROUGHT FORWARD @ 1 APRIL 2013)			30,650,000			-23,920,000	-4,576.84		

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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 @ 30 AUGUST 2013

	Standard & Poor			Moody's			Full Review Date	Fitch			
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook		Long Term	Short Term	Outlook	
Building Societies											
Nationwide	A+	A-1	Negative	A2	P-1	Stable	19/10	A+	F1	Negative	£1m min
Yorkshire	-	-	-	Baa2	P-2	Stable	24/10	BBB+	F2	Stable	
Coventry	-	-	-	A3	P-2	Stable	24/10	A	F1	Stable	Sterling Brokers
Skipton	-	-	-	Ba1	NP	Negative	24/10	BBB-	F3	Stable	
Leeds	-	-	-	A3	P-2	Stable	24/10	A-	F2	Stable	3Mth
Principality	-	-	-	Ba1	NP	Stable	24/10	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn			24/10	BB+	B	Stable	No Contact
Banks											
Santander Uk Plc.	A	A-1	Negative	A2	P-1	Negative	19/10	A	F1	Stable	
Barclays Bank Plc.	A	A-1	Stable	A2	P-1	Negative	10/10	A	F1	Stable	
Bank of Scotland Plc.	A	A-1	Negative	A2	P-1	Negative	11/12	A	F1	Stable	
Bradford & Bingley Bank Plc.	-	-	-	C	P-1	Stable	Rating Withdrawn – 06/09/12			Not taking funds	
Co-operative Bank (The)	-	-	-	Caa1	NP	Developing	20/06	BB-	B	On Watch	£1m min
HSBC Bank Plc.	AA-	A-1+	Negative	Aa3	P-1	Negative	16/05	AA-	F1+	Stable	
Lloyds TSB Bank Plc.	A	A-1	Negative	A2	P-1	Negative	11/12	A	F1	Stable	£250
National Westminster Bank Plc.	A	A-1	Negative	A3	P-2	Under Review	10/10	A	F1	Stable	Current a/c
Northern Rock (Asset Management) Plc.	A	A-1	Stable	(P)A1	P-1	Stable	Rating Withdrawn – 06/09/12			No Contact	
Royal Bank of Scotland Plc.	A	A-2	Negative	A3	P-2	Under Review	10/10	A	F1	Stable	Current a/c