

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

INFORMATION

Agenda Item No 19b

meeting date: 9 SEPTEMBER 2014  
title: TREASURY MANAGEMENT MONITORING 2014/15  
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 2014 to 31 July 2014

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 2014. We have submitted a further return and a new eligibility list will be published in the coming months which would be valid until October 2015.

### 4 BORROWING REQUIREMENTS

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

	<b>PWLB £000</b>	<b>Other £000</b>	<b>Total £000</b>
External Debt at 1 April 2014	294	7	301
Transactions - New Loans	0	0	0
- Repayments	0	0	0
<b>External debt at 31 July 2014</b>	<b>294</b>	<b>7</b>	<b>301</b>

- 4.2 No temporary loans were taken out during April to July 2014, as was the case in 2013..
- 4.3 No interest has been paid on the Council's external debt during the periods April to July 2013 and 2014, as it does not become due until the half year instalment date on 30 September.

## 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 2014 to 31 July 2014 was 0.33%, which was above the average local authority seven-day notice deposit rate of 0.30%.
- 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 2014	3,050	0	3,050
Transactions - New Investments	29,885	0	60,655
- Repayment of Investments	-25,375	-0	-58,720
<b>Monies Invested as at 31 July 2014</b>	<b>7,560</b>	<b>0</b>	<b>4,450</b>

- 5.4 The following investments were held as at 31 July 2014.

<b>Date Invested</b>	<b>Nos.</b>	<b>Borrower</b>	<b>Notice</b>	<b>Rate %</b>	<b>£'000</b>	<b>£'000</b>
15 Jul'14	86	Barclays Bank Plc.	Fixed 7 Aug'14	0.288	230	
18 Jul'14	89	Barclays Bank Plc	Fixed 11 Aug'14	0.297	220	
22 Jul'14	92	Barclays Bank Plc	Fixed 18 Aug'14	0.320	230	
31 Jul'14	100	Barclays Bank Plc	Fixed 19 Aug'14	0.270	500	
						1,180
30 Jun'14	69	Coventry Building Society	Fixed 7 Aug'14	0.410	1,500	
						1,500
3 Jul'14	76	Nationwide Building Society	Fixed 3 Jul'14	0.420	1,200	
						1,200
14 Jul'14	70	Bank of Scotland	Fixed 11 Aug'14	0.430	500	
28 Jul'14	96	Bank Of Scotland	Fixed 19 Aug'14	0.400	930	
						1,430
31 Jul'14	99	UK Debt Management	Fixed 7 Aug'14	0.250	1,500	
						1,500
29 Jul'14	97	HSBC Bank Plc	Fixed 4 Aug'14	0.260	100	
30 Jul'14	98	HSBC Bank Plc.	Fixed 4 Aug'14	0.260	70	
31 Jul'14	101	HSBC Bank Plc.	Fixed 11 Aug'14	0.260	580	
						750
<b>Total Investments as at 31 July 2014</b>						<b>7,560</b>

- 5.5 The total interest received on the Council's external investments during the period was £5,344 compared with £4,577 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 2014.

- ❖ 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 2014/15 were as follows:

	<b>Upper Limit £000</b>	<b>Current Actual £000</b>
Maximum Principal Sums Borrowed >364 days	5,409	301
Limits on Fixed Interest Rates	5,409	301
Limits on Variable Interest Rates	1,082	0

6.5 The upper and lower limits for the maturity structure of its borrowings for 2014/15 were as follows:

	<b>Upper Limit %</b>	<b>Lower Limit %</b>	<b>Current Actual %</b>
Under 12 months	20	0	17.58
12 Months and Within 24 Months	20	0	11.75
24 Months and Within 5 Years	40	0	22.80
5 Years and Within 10 Years	30	0	17.06
10 Years and Above	90	0	30.71

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 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 26 August 2014.
- 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		Full Transaction Review Date	Fitch Rating	
	October 2013	July 2014		Long Term	Short Term
Nationwide	1	1	24.07.14	A	F1
Yorkshire	2	2	22.10.13	BBB+	F2
Coventry	3	3	22.10.13	A	F1
Skipton	4	4	22.10.13	BBB-	F3
Leeds	5	5	22.10.13	A-	F2
Principality	6	6	22.10.13	BBB+	F2
West Bromwich	7	7	Withdrawn from rating process		
Newcastle	8	8	22.10.13	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	Long Term	Short Term
Santander UK Plc.	24.07.14	A	F1
Barclays Bank Plc.	26.03.14	A	F1
Bank of Scotland Plc.	24.07.14	A	F1
Bradford & Bingley Bank Plc.	Rating Withdrawn – 06.09.12		
Co-operative Bank (The) *	04.12.13	BBB-	F3
HSBC Bank Plc.	26.03.14	AA-	F1+
Lloyds Bank Plc.	24.07.14	A	F1
National Westminster Bank Plc.	24.07.14	A	F1
Northern Rock (Asset Management) Plc.	Rating Withdrawn – 06.09.12		
Royal Bank of Scotland Plc. (The)	24.07.14	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 The Competition and Markets Authority has recommended a full scale competition inquiry into the banking sector in theory this could result in an order of a break-up of Britain's biggest banks, such as Barclays, Royal Bank of Scotland, HSBC and Lloyds.

8.2 It is imperative that we continue to protect the council's principal sums invested in order to minimize its exposure to risks.

8.3 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 2013/14 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

PF46-14/TH/AC

28 August 2014

For further information please ask for Trudy Holderness

**POLICY AND FINANCE COMMITTEE  
TEMPORARY INVESTMENT ACTIVITY – 2014/15**

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED£	RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING	
								LONG-TERM	SHORT-TERM
<b>Investments brought forward 1 April 2014</b>									
14-Mar-14	194	Barclays Bank plc	Rolled Over	0.3620	17-Apr-14		-118.02	A	F1
17-Apr-14	194	Barclays Bank plc	350,000	0.3500	19-May-14	-350,000	-107.40	A	F1
					Debtor		62.48		
31-Mar-14	245	Bank Of Scotland	Rolled Over	0.4000	17-Apr-14		-111.78	A	F1
17-Apr-14	245	Bank Of Scotland	600,000	0.4000	22-Apr-14	-600,000	-32.88	A	F1
					Debtor		6.58		
24-Feb-14	250	Bank Of Scotland	Rolled Over	0.4200	14-Apr-14		-225.53	A	F1
14-Apr-14	250	Bank Of Scotland	400,000	0.4000	22-Apr-14	-400,000	-35.07	A	F1
					Debtor		165.70		
03-Mar-14	254	Bank Of Scotland	Rolled Over	0.4200	07-Apr-14		-161.10	A	F1
07-Apr-14	254	Bank Of Scotland	400,000	0.4000	22-Apr-14	-400,000	-65.75	A	F1
					Debtor		133.48		
24-Mar-14	265	Coventry BS	Rolled Over	0.3800	07-Apr-14		-131.18	A	F1
07-Apr-14	265	Coventry BS	900,000	0.3800	22-Apr-14	-900,000	-140.55	A	F1
					Debtor		74.96		
31-Mar-14	268	HSBC	400,000	0.1600	01-Apr-14	-400,000	-1.75	AA-	F1+
					Debtor		1.75		
<b>Monies invested @ 1 April 2014</b>			<b>3,050,000</b>			<b>-3,050,000</b>	<b>-686.06</b>		
<b>Investments Made April to July 2014</b>									
<b>April'14</b>									
01-Apr-14	1	HSBC	180,000	0.2600	02-Apr-14	-180,000	-1.28	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED£	RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING	
								LONG-TERM	SHORT-TERM
01-Apr-14	2	Coventry BS	600,000	0.3900	22-Apr-14	-600,000	-134.63	A	F1
02-Apr-14	3	HSBC	220,000	0.2600	07-Apr-14	-220,000	-7.84	AA-	F1+
04-Apr-14	4	HSBC	100,000	0.2600	07-Apr-14	-100,000	-2.14	AA-	F1+
07-Apr-14	5	HSBC	100,000	0.2600	08-Apr-14	-100,000	-0.71	AA-	F1+
07-Apr-14	6	HSBC	150,000	0.2600	14-Apr-14	-150,000	-7.48	AA-	F1+
08-Apr-14	7	HSBC	100,000	0.2600	09-Apr-14	-100,000	-0.71	AA-	F1+
08-Apr-14	8	HSBC	120,000	0.2600	14-Apr-14	-120,000	-5.13	AA-	F1+
09-Apr-14	9	HSBC	100,000	0.2600	14-Apr-14	-100,000	-3.56	AA-	F1+
10-Apr-14	10	HSBC	270,000	0.2600	14-Apr-14	-270,000	-7.69	AA-	F1+
11-Apr-14	11	HSBC	70,000	0.2600	14-Apr-14	-70,000	-1.50	AA-	F1+
14-Apr-14	12	HSBC	300,000	0.2600	22-Apr-14	-300,000	-17.10	AA-	F1+
15-Apr-14	13	HSBC	600,000	0.2600	17-Apr-14	-600,000	-8.55	AA-	F1+
17-Apr-14	14	HSBC	220,000	0.2600	22-Apr-14	-220,000	-7.84	AA-	F1+
22-Apr-14	15	Barclays Bank Plc	Rolled Over	0.3230	19-May-14		-59.73	A	F1
19-May-14	15	Barclays Bank Plc	250,000	0.2400	29-May-14	-250,000	-16.44	A	F1
23-Apr-14	16	HSBC	100,000	0.2600	28-Apr-14	-100,000	-3.56	AA-	F1+
24-Apr-14	17	HSBC	250,000	0.2600	06-May-14	-250,000	-21.37	AA-	F1+
25-Apr-14	18	HSBC	50,000	0.2600	28-Apr-14	-50,000	-1.07	AA-	F1+
28-Apr-14	19	Coventry BS	Rolled Over	0.4000	19-May-14		-253.15	A	F1
19-May-14	19	Coventry BS	1,100,000	0.4100	19-Jun-14	-1,100,000	-383.04	A	F1
29-Apr-14	20	HSBC	100,000	0.2600	12-May-14	-100,000	-9.26	AA-	F1+
30-Apr-14	21	Coventry BS	400,000	0.3800	19-May-14	-400,000	-79.12	A	F1
30-Apr-14	22	Bank Of Scotland	1,500,000	0.4200	29-May-14	-1,500,000	-500.55	A	F1
30-Apr-14	23	HSBC	50,000	0.2572	06-May-14	-50,000	-2.11	AA-	F1+
			<b>6,930,000</b>			<b>-6,930,000</b>	<b>-1,535.56</b>		
<b>May'14</b>									
01-May-14	24	HSBC	150,000	0.2600	27-May-14	-150,000	-27.78	AA-	F1+
02-May-14	25	HSBC	290,000	0.2600	06-May-14	-290,000	-8.26	A	F1
06-May-14	26	Barclays Bank Plc	Rolled Over	0.2860	29-May-14		-90.11	A	F1
29-May-14	26	Barclays Bank Plc	500,000	0.3700	03-Jul-14	-500,000	-178.36	A	F1

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED£	RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING	
								LONG-TERM	SHORT-TERM
06-May-14	27	HSBC	70,000	0.2600	12-May-14	-70,000	-2.99	AA-	F1+
07-May-14	28	HSBC	80,000	0.2600	12-May-14	-80,000	-2.85	AA-	F1+
08-May-14	29	HSBC	100,000	0.2600	22-May-14	-100,000	-9.97	AA-	F1+
09-May-14	30	HSBC	330,000	0.2600	19-May-14	-330,000	-23.51	AA-	F1+
12-May-14	31	HSBC	250,000	0.2600	19-May-14	-250,000	-12.47	AA-	F1+
13-May-14	32	HSBC	100,000	0.2600	19-May-14	-100,000	-4.27	AA-	F1+
14-May-14	33	HSBC	60,000	0.2600	15-May-14	-60,000	-0.43	AA-	F1+
15-May-14	34	HSBC	450,000	0.2600	19-May-14	-450,000	-12.82	AA-	F1+
15-May-14	35	Barclays Bank Plc	250,000	0.3280	13-Jun-14		-65.15	A	F1
13-Jun-14	35	Barclays Bank Plc	Rolled Over	0.2500	03-Jul-14	-250,000	-34.25	A	F1
16-May-14	36	HSBC	120,000	0.2600	19-May-14	-120,000	-2.56	AA-	F1+
19-May-14	37	HSBC	60,000	0.2600	22-May-14	-60,000	-1.28	AA-	F1+
19-May-14	38	HSBC	100,000	0.2600	27-May-14	-100,000	-5.70	AA-	F1+
21-May-14	39	HSBC	80,000	0.2600	27-May-14	-80,000	-3.42	AA-	F1+
22-May-14	40	HSBC	100,000	0.2600	23-May-14	-100,000	-0.71	AA-	F1+
23-May-14	41	HSBC	130,000	0.2600	27-May-14	-130,000	-3.70	AA-	F1+
27-May-14	42	HSBC	440,000	0.2600	29-May-14	-440,000	-6.27	AA-	F1+
28-May-14	43	HSBC	830,000	0.2600	29-May-14	-830,000	-5.91	AA-	F1+
29-May-14	44	HSBC	110,000	0.2600	02-Jun-14	-110,000	-3.13	AA-	F1+
30-May-14	45	HSBC	130,000	0.2600	02-Jun-14	-130,000	-2.78	AA-	F1+
			<b>4,730,000</b>			<b>-4,730,000</b>	<b>-508.68</b>		
<b>Jun'14</b>									
02-Jun-14	46	HSBC	220,000	0.2600	09-Jun-14	-220,000	-10.97	AA-	F1+
02-Jun-14	47	HSBC	100,000	0.2600	13-Jun-14	-100,000	-7.84	AA-	F1+
02-Jun-14	48	Bank Of Scotland	1,000,000	0.4000	16-Jun-14		-153.42	A	F1
16-Jun-14	48	Bank Of Scotland	Rolled Over	0.4300	21-Jul-14	-1,000,000	-412.33	A	F1
02-Jun-14	49	Nationwide BS	1,500,000	0.4100	03-Jul-14	-1,500,000	-522.33	A	F1
03-Jun-14	50	HSBC	65,000	0.2600	09-Jun-14	-65,000	-2.78	AA-	F1+
04-Jun-14	51	HSBC	55,000	0.2600	09-Jun-14	-55,000	-1.96	AA-	F1+
06-Jun-14	52	HSBC	80,000	0.2600	09-Jun-14	-80,000	-1.71	AA-	F1+

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								LONG-TERM	SHORT-TERM
09-Jun-14	53	HSBC	125,000	0.2600	16-Jun-14	-125,000	-6.23	AA-	F1+
09-Jun-14	54	HSBC	200,000	0.2600	19-Jun-14	-200,000	-14.25	AA-	F1+
09-Jun-14	55	HSBC	100,000	0.2600	20-Jun-14	-100,000	-7.84	AA-	F1+
11-Jun-14	56	HSBC	135,000	0.2600	23-Jun-14	-135,000	-11.54	AA-	F1+
13-Jun-14	57	HSBC	75,000	0.2600	23-Jun-14	-75,000	-5.34	AA-	F1+
16-Jun-14	58	HSBC	210,000	0.2600	20-Jun-14	-210,000	-5.98	AA-	F1+
18-Jun-14	59	HSBC	90,000	0.2600	20-Jun-14	-90,000	-1.28	AA-	F1+
19-Jun-14	60	HSBC	80,000	0.2600	20-Jun-14	-80,000	-0.57	AA-	F1+
20-Jun-14	61	Barclays Bank Plc	420,000	0.2400	03-Jul-14	-420,000	-35.90	A	F1
23-Jun-14	62	HSBC	175,000	0.2600	25-Jun-14	-175,000	-2.49	AA-	F1+
24-Jun-14	63	HSBC	80,000	0.2600	25-Jun-14	-80,000	-0.57	AA-	F1+
25-Jun-14	64	HSBC	150,000	0.2600	26-Jun-14	-150,000	-1.07	AA-	F1+
25-Jun-14	65	HSBC	150,000	0.2600	07-Jul-14	-150,000	-12.82	AA-	F1+
26-Jun-14	66	HSBC	200,000	0.2600	27-Jun-14	-200,000	-1.42	AA-	F1+
27-Jun-14	67	HSBC	120,000	0.2600	01-Jul-14	-120,000	-3.42	AA-	F1+
27-Jun-14	68	Barclays Bank Plc	330,000	0.2500	14-Jul-14	-330,000	-38.42	A	F1
30-Jun-14	69	Coventry BS	1,500,000	0.4100	Still Outstanding		-539.18	A	F1
30-Jun-14	70	Bank Of Scotland	500,000	0.4000	14-Jul-14		-76.71	A	F1
14-Jul-14	70	Bank Of Scotland	Rolled Over	0.4300	Still Outstanding		-106.03	A	F1
30-Jun-14	71	HSBC	1,230,000	0.2600	01-Jul-14	-1,230,000	-8.76	AA-	F1+
			<b>8,890,000</b>			<b>-6,890,000</b>	<b>-1,993.16</b>		
<b>July'14</b>									
01-Jul-14	72	HSBC	1,230,000	0.2600	03-Jul-14	-1,230,000	-17.52	AA-	F1+
01-Jul-14	73	HSBC	120,000	0.2600	02-Jul-14	-120,000	-0.85	AA-	F1+
01-Jul-14	74	Lloyds	225,000	0.2000	03-Jul-14	-225,000	-2.47	A	F1
02-Jul-14	75	HSBC	120,000	0.2600	03-Jul-14	-120,000	-0.85	AA-	F1+
03-Jul-14	76	Nationwide BS	1,200,000	0.4200	Still Outstanding		-400.44	A	F1
04-Jul-14	77	HSBC	80,000	0.2600	07-Jul-14	-80,000	-1.71	AA-	F1+
07-Jul-14	78	HSBC	200,000	0.2600	14-Jul-14	-200,000	-9.97	AA-	F1+
08-Jul-14	79	HSBC	60,000	0.2600	09-Jul-14	-60,000	-0.43	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED£	RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING	
								LONG-TERM	SHORT-TERM
09-Jul-14	80	HSBC	110,000	0.2600	18-Jul-14	-110,000	-7.05	AA-	F1+
10-Jul-14	81	HSBC	70,000	0.2600	11-Jul-14	-70,000	-0.50	AA-	F1+
11-Jul-14	82	HSBC	350,000	0.2600	14-Jul-14	-350,000	-7.48	AA-	F1+
14-Jul-14	83	HSBC	200,000	0.2600	21-Jul-14	-200,000	-9.97	AA-	F1+
15-Jul-14	84	HSBC	200,000	0.2600	21-Jul-14	-200,000	-8.55	AA-	F1+
15-Jul-14	85	HSBC	100,000	0.2600	22-Jul-14	-100,000	-4.99	AA-	F1+
15-Jul-14	86	Barclays Bank Plc	230,000	0.2880	Still Outstanding		-30.85	A	F1
16-Jul-14	87	HSBC	70,000	0.2600	17-Jul-14	-70,000	-0.50	AA-	F1+
17-Jul-14	88	HSBC	120,000	0.2600	18-Jul-14	-120,000	-0.85	AA-	F1+
18-Jul-14	89	Barclays Bank Plc	220,000	0.2970	Still Outstanding		-25.06	A	F1
21-Jul-14	90	HSBC	180,000	0.2600	22-Jul-14	-180,000	-1.28	AA-	F1+
22-Jul-14	91	HSBC	110,000	0.2600	23-Jul-14	-110,000	-0.78	AA-	F1+
22-Jul-14	92	Barclays Bank Plc	230,000	0.3200	Still Outstanding		-20.16	A	F1
23-Jul-14	93	HSBC	60,000	0.2600	28-Jul-14	-60,000	-2.14	AA-	F1+
24-Jul-14	94	HSBC	120,000	0.2600	28-Jul-14	-120,000	-3.42	AA-	F1+
25-Jul-14	95	HSBC	50,000	0.2600	28-Jul-14	-50,000	-1.07	AA-	F1+
28-Jul-14	96	Bank Of Scotland	930,000	0.4000	Still Outstanding		-40.77	A	F1
29-Jul-14	97	HSBC	100,000	0.2600	Still Outstanding		-2.14	AA-	F1+
30-Jul-14	98	HSBC	70,000	0.2600	Still Outstanding		-1.00	AA-	F1+
31-Jul-14	99	UK Debt Management Office	1,500,000	0.2500	Still Outstanding		-10.27	AA-	
31-Jul-14	100	Barclays Bank Plc	500,000	0.2700	Still Outstanding		-3.66	A	F1
31-Jul-14	101	HSBC	580,000	0.2600	Still Outstanding		-4.13	AA-	F1+
			<b>9,335,000</b>			<b>-3,775,000</b>	<b>-620.86</b>		
<b>Total Investments April to July 2014</b>			<b>29,885,000</b>			<b>-22,325,000</b>	<b>-4,658.26</b>		
<b>Total Investments 2014/15 (Including Investments brought forward April 2014)</b>			<b>32,935,000</b>			<b>-25,375,000</b>	<b>-5,344.32</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.
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.

**POLICY AND FINANCE COMMITTEE**  
**FULL RATING LIST OF APPROVED INSTITUTIONS AS AT 26 AUGUST 2014**

	Standard & Poor			Moody's			Full Review Date	Fitch			
	Long Term	Short Term	Outlook	Long Term	Short Term	Outlook		Long Term	Short Term	Outlook	
<b>Building Societies</b>											
Nationwide	A	A-1	Negative	A2	P-1	Negative	24/07/14	A	F1	Stable	£1m min
Yorkshire	-	-	-	Baa1	P-2	Stable	22/10/13	BBB+	F2	Stable	
Coventry	-	-	-	A3	P-2	Stable	22/10/13	A	F1	Stable	Sterling Brokers
Skipton	-	-	-	Ba1	NP	Stable	22/10/13	BBB-	F3	Stable	
Leeds	-	-	-	A3	P-2	Stable	22/10/13	A-	F2	Stable	3Mth
Principality	-	-	-	Ba1	NP	Stable	22/10/13	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn			22/10/13	BB+	B	Stable	No Contact
<b>Banks</b>											
Santander UK Plc.	A	A-1	Negative	A2	P-1	Negative	24/07/14	A	F1	Stable	
Barclays Bank Plc.	A	A-1	Negative	A2	P-1	Negative	26/03/14	A	F1	Stable	
Bank of Scotland Plc.	A	A-1	Negative	A1	P-1	Negative	24/07/14	A	F1	Negative	
Bradford & Bingley Bank Plc.	-	-	-	C	P-1	Stable	Rating Withdrawn – 06/09/12			Not taking funds	
Co-operative Bank (The)	-	-	-	Caa2	NP	Negative	04/12/13	BBB-	F3	Stable	£1m min
HSBC Bank Plc.	AA-	A-1+	Negative	Aa3	P-1	Negative	26/03/14	AA-	F1+	Stable	
Lloyds Bank Plc.	A	A-1	Negative	A1	P-1	Negative	24/07/14	A	F1	Negative	£250k
National Westminster Bank Plc.	A	A-2	Negative	Baa1	P-2	Negative	24/07/14	A	F1	Negative	Current a/c required
Northern Rock (Asset Management) Plc. (NRAM Plc)	A	A-1	Stable	C	P-1	Stable	Rating Withdrawn – 06/09/12			No Contact	
Royal Bank of Scotland Plc.	A-	A-2	Negative	Baa1	P-2	Negative	24/07/14	A	F1	Negative	Current a/c required