

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO POLICY & FINANCE COMMITTEE

DECISION

Agenda Item No 11

meeting date: 28 OCTOBER 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 30 September 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.

1.5 The report also seeks member approval for the updating of Prudential Indicator definitions for long term investments (>365 days) to reflect our recent shareholding in the Local Government Bonds Agency (Local Capital Finance Company Ltd).

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.

2.4 On most days the Council is in a position where it has surplus funds available to invest.

2.5 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.

2.6 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.
 - (i) 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 earlier in the year and hope to be included on the next eligibility list, which will run until October 2015

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 2014	294	7	301
Transactions - New Loans	0	0	0
- Repayments	-36	0	- 36
External debt at 30 September 2014	258	7	265

- 4.2 No temporary loans were taken out during April to September 2014, as was the case in 2013.
- 4.3 The total interest paid on the Council's external debt during the period was £7,008 compared to £8,640 in the previous year.

5 TEMPORARY 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 30 September 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:

	Banks/ Building Societies £000	Other Local Authorities £000	Total £000
Monies Invested at 1 April 2014	3,050	0	3,050
Transactions - New Investments	45,055	0	45,055
- Repayment of Investments	-40,215	-0	-40,215
Monies Invested as at 30 September 2014	7,890	0	7,890

- 5.4 The following investments were held as at 30 September 2014.

Date Invested	Nos.	Borrower	Notice	Rate %	£'000	£'000
8 Sept'14	89	Barclays Bank Plc.	Fixed 6 Oct'14	0.340	220	
1 Sept'14	121	Barclays Bank Plc	Fixed 17 Oct'14	0.409	1,000	
						1,220
15 Sept'14	129	Coventry Building Society	Fixed 20 Oct'14	0.410	900	
29 Sept'14	139	Coventry Building Society	Fixed 17 Oct'14	0.390	600	
						1,500
12 Sept'14	111	Nationwide Building Society	Fixed 17 Oct'14	0.430	1,500	
						1,500
8 Sept'14	70	Bank of Scotland	Fixed 6 Oct'14	0.400	500	
30 Sept'14	141	Bank Of Scotland	Fixed 19 Nov'14	0.430	1,000	
						1,500
30 Sept'14	142	UK Debt Management	Fixed 17 Oct'14	0.250	1,500	
						1,500
29 Sept'14	140	HSBC Bank Plc	Fixed 6 Oct'14	0.260	570	
30 Sept'14	143	HSBC Bank Plc.	Fixed 13 Oct'14	0.260	100	
						670
Total Investments as at 30 September 2014						7,890

- 5.5 The total interest received on the Council's external investments during the period was £8,881 compared with £7,175 in the previous year.

6 LOCAL GOVERNMENT BONDS AGENCY

- 6.1 The Local Government Bonds Agency is a freestanding independent body owned by the local government sector that will raise money efficiently on the capital markets at regular intervals to on-lend to participating local authorities.
- 6.2 Participating authorities are those local authorities that have invested in the setting up of the Agency or have invested risk capital to capitalise the Agency and fund it through its early years of operations. The agency has been incorporated with the name Local Capital Finance Ltd.
- 6.3 Ribble Valley Borough Council has invested in the agency, initially giving an intention to give support of £10,000. However, to date the Agency has only drawn down £4,000 of our commitment due to the overwhelming level of support it has received, with the remaining balance due at the end of the year. So far 38 Councils have joined the Local Government Bond Agency as investors and contributed £4.5m.
- 6.4 The Agency will offer a viable alternative source of capital funding to councils, other than the Public Works Loans Board (PWLB). Historically we have used the PWLB for our long term borrowing, but rates for new borrowing have started to increase over recent years. The Local Government Bonds Agency will be able to offer loans at better or at least equivalent rates to the PWLB and tailor packages to meet the particular needs of participating authorities.
- 6.5 Through their investment, such as our own commitment of £10,000 (£4,000 drawn down to date), the Agency will be owned by those local authorities that invest in its establishment and those that invest in its capitalisation during its first ten years of operations. Such authorities will become shareholders in the Agency and therefore we, as other authorities, will have our say in the way it is run.
- 6.6 The contribution that we have invested will be returned to us after 10 years of successful operations of the agency, together with interest which will be earned at commercial rates. The contribution will also allow us access to more competitive long term borrowing rates.

7 PRUDENTIAL INDICATORS

- 7.1 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.
- 7.2 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).
- 7.3 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

7.4 The limits set on interest rate exposures for 2014/15 were as follows:

	Upper Limit £000	Current Actual £000
Maximum Principal Sums Borrowed >364 days	5,409	265
Limits on Fixed Interest Rates	5,409	301
Limits on Variable Interest Rates	1,082	0

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

	Upper Limit %	Lower Limit %	Current Actual %
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

- 7.6 One of our Prudential Indicators shows a maximum long term (>365 days) investment limit of nil. Members are asked to approve an amendment to the definition of this indicator, to exclude our shareholding in the Local Government Bonds Agency (Local Capital Finance Company Ltd).
- 7.7 The indicator is in place to ensure that the council is aware of the cash-flow implications of investing for periods of longer than 364 days. In lending surplus funds, the council must ensure that it can't be put in a position where it would be forced to realise any of its investments before their maturity. If this were to be the case, the council could find itself with a financial loss.
- 7.8 The current proposed shareholding that the council is to have in the Local Government Bonds Agency (Local Capital Finance Company Ltd) is £10,000, and the nature of such investment is different from the intended scope of the Prudential Indicator.
- 7.9 Our likely investment in Local Government Bonds Agency (Local Capital Finance Company Ltd) is very much long term, with the return of our shareholding likely to be after 10 years of successful operations of the agency, and with commercial interest

8 APPROVED ORGANISATIONS

- 8.1 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 2 October 2014.

- 8.2 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	
	July 2014	September 2014		Long Term	Short Term
Nationwide	1	1	24.07.14	A	F1
Yorkshire*	2	2	24.09.14	A	F1
Coventry	3	3	24.09.14	A	F1
Skipton*	4	4	24.09.14	BBB	F2
Leeds*	5	5	24.09.14	A-	F1
Principality	6	6	24.09.14	BBB+	F2
West Bromwich	7	7	Withdrawn from rating process		
Newcastle	8	8	24.09.14	BB+	B

* Upgraded since last reported

- 8.3 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

* No change since last reported

- 8.4 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.

9 RECENT EVENTS

- 9.1 The Bank of England has accepted new powers to prevent a housing boom and bust. Under the new powers, the Bank will be able to impose limits on how much people can borrow to buy a home. This would be determined by a loan-to-income ratio. The Bank's Financial Policy Committee (FPC) already has the power to make recommendation about loan-to-income ratios, but no power to enforce them. The stronger powers are expected to be in place before June next year.
- 9.2 UK shares have recently slide due to concerns over the health of the global economy, and investors also awaiting the outcome of the latest European Central Bank meeting
- 9.3 It is imperative that we continue to protect the council's principal sums invested in order to minimize its exposure to risks.
- 9.4 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

10 CONCLUSION

- 10.1 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.
- 10.2 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.
- 10.3 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.

11 RECOMMENDED THAT COMMITTEE

- 11.1 Approve the amendment to the definition for the Prudential Indicator on maximum long term (>365 days) to exclude our recent shareholding in the Local Government Bonds Agency (Local Capital Finance Company Ltd).

SENIOR ACCOUNTANT

DIRECTOR OF RESOURCES

PF61-14/TH/AC
15 October 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 £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
Investments brought forward 1 April 2014									
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 Plc	Rolled Over	0.4000	17-Apr-14		-111.78	A	F1
17-Apr-14	245	Bank Of Scotland Plc	600,000	0.4000	22-Apr-14	-600,000	-32.88	A	F1
					Debtor		6.58		
24-Feb-14	250	Bank Of Scotland Plc	Rolled Over	0.4200	14-Apr-14		-225.53	A	F1
14-Apr-14	250	Bank Of Scotland Plc	400,000	0.4000	22-Apr-14	-400,000	-35.07	A	F1
					Debtor		165.70		
03-Mar-14	254	Bank Of Scotland Plc	Rolled Over	0.4200	07-Apr-14		-161.10	A	F1
07-Apr-14	254	Bank Of Scotland Plc	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 Bank Plc	400,000	0.1600	01-Apr-14	-400,000	-1.75	AA-	F1+
					Debtor		1.75		
Monies Invested @ 1 April 2014			3,050,000			-3,050,000	-686.06		
Investments Made April to September 2014									
April'14									
01-Apr-14	1	HSBC Bank Plc	180,000	0.2600	02-Apr-14	-180,000	-1.28	AA-	F1+
01-Apr-14	2	Coventry BS	600,000	0.3900	22-Apr-14	-600,000	-134.63	A	F1
02-Apr-14	3	HSBC Bank Plc	220,000	0.2600	07-Apr-14	-220,000	-7.84	AA-	F1+
04-Apr-14	4	HSBC Bank Plc	100,000	0.2600	07-Apr-14	-100,000	-2.14	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
07-Apr-14	5	HSBC Bank Plc	100,000	0.2600	08-Apr-14	-100,000	-0.71	AA-	F1+
07-Apr-14	6	HSBC Bank Plc	150,000	0.2600	14-Apr-14	-150,000	-7.48	AA-	F1+
08-Apr-14	7	HSBC Bank Plc	100,000	0.2600	09-Apr-14	-100,000	-0.71	AA-	F1+
08-Apr-14	8	HSBC Bank Plc	120,000	0.2600	14-Apr-14	-120,000	-5.13	AA-	F1+
09-Apr-14	9	HSBC Bank Plc	100,000	0.2600	14-Apr-14	-100,000	-3.56	AA-	F1+
10-Apr-14	10	HSBC Bank Plc	270,000	0.2600	14-Apr-14	-270,000	-7.69	AA-	F1+
11-Apr-14	11	HSBC Bank Plc	70,000	0.2600	14-Apr-14	-70,000	-1.50	AA-	F1+
14-Apr-14	12	HSBC Bank Plc	300,000	0.2600	22-Apr-14	-300,000	-17.10	AA-	F1+
15-Apr-14	13	HSBC Bank Plc	600,000	0.2600	17-Apr-14	-600,000	-8.55	AA-	F1+
17-Apr-14	14	HSBC Bank Plc	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 Bank Plc	100,000	0.2600	28-Apr-14	-100,000	-3.56	AA-	F1+
24-Apr-14	17	HSBC Bank Plc	250,000	0.2600	06-May-14	-250,000	-21.37	AA-	F1+
25-Apr-14	18	HSBC Bank Plc	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 Bank Plc	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 Plc	1,500,000	0.4200	29-May-14	-1,500,000	-500.55	A	F1
30-Apr-14	23	HSBC Bank Plc	50,000	0.2572	06-May-14	-50,000	-2.11	AA-	F1+
			6,930,000			-6,930,000	-1,535.56		
May'14									
01-May-14	24	HSBC Bank Plc	150,000	0.2600	27-May-14	-150,000	-27.78	AA-	F1+
02-May-14	25	HSBC Bank Plc	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	0.3720	03-Jul-14	-500,000	-178.36	A	F1
06-May-14	27	HSBC Bank Plc	70,000	0.2600	12-May-14	-70,000	-2.99	AA-	F1+
07-May-14	28	HSBC Bank Plc	80,000	0.2600	12-May-14	-80,000	-2.85	AA-	F1+
08-May-14	29	HSBC Bank Plc	100,000	0.2600	22-May-14	-100,000	-9.97	AA-	F1+
09-May-14	30	HSBC Bank Plc	330,000	0.2600	19-May-14	-330,000	-23.51	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
12-May-14	31	HSBC Bank Plc	250,000	0.2600	19-May-14	-250,000	-12.47	AA-	F1+
13-May-14	32	HSBC Bank Plc	100,000	0.2600	19-May-14	-100,000	-4.27	AA-	F1+
14-May-14	33	HSBC Bank Plc	60,000	0.2600	15-May-14	-60,000	-0.43	AA-	F1+
15-May-14	34	HSBC Bank Plc	450,000	0.2600	19-May-14	-450,000	-12.82	AA-	F1+
15-May-14	35	Barclays Bank Plc	Rolled Over	0.3280	13-Jun-14		-65.15	A	F1
13-Jun-14	35	Barclays Bank Plc	250,000	0.2500	03-Jul-14	-250,000	-34.25	A	F1
16-May-14	36	HSBC Bank Plc	120,000	0.2600	19-May-14	-120,000	-2.56	AA-	F1+
19-May-14	37	HSBC Bank Plc	60,000	0.2600	22-May-14	-60,000	-1.28	AA-	F1+
19-May-14	38	HSBC Bank Plc	100,000	0.2600	27-May-14	-100,000	-5.70	AA-	F1+
21-May-14	39	HSBC Bank Plc	80,000	0.2600	27-May-14	-80,000	-3.42	AA-	F1+
22-May-14	40	HSBC Bank Plc	100,000	0.2600	23-May-14	-100,000	-0.71	AA-	F1+
23-May-14	41	HSBC Bank Plc	130,000	0.2600	27-May-14	-130,000	-3.70	AA-	F1+
27-May-14	42	HSBC Bank Plc	440,000	0.2600	29-May-14	-440,000	-6.27	AA-	F1+
28-May-14	43	HSBC Bank Plc	830,000	0.2600	29-May-14	-830,000	-5.91	AA-	F1+
29-May-14	44	HSBC Bank Plc	110,000	0.2600	02-Jun-14	-110,000	-3.13	AA-	F1+
30-May-14	45	HSBC Bank Plc	130,000	0.2600	02-Jun-14	-130,000	-2.78	AA-	F1+
			4,730,000			-4,730,000	-508.68		
Jun'14									
02-Jun-14	46	HSBC Bank Plc	220,000	0.2600	09-Jun-14	-220,000	-10.97	AA-	F1+
02-Jun-14	47	HSBC Bank Plc	100,000	0.2600	13-Jun-14	-100,000	-7.84	AA-	F1+
02-Jun-14	48	Bank Of Scotland Plc	Rolled Over	0.4000	16-Jun-14		-153.42	A	F1
16-Jun-14	48	Bank Of Scotland Plc	1,000,000	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 Bank Plc	65,000	0.2600	09-Jun-14	-65,000	-2.78	AA-	F1+
04-Jun-14	51	HSBC Bank Plc	55,000	0.2600	09-Jun-14	-55,000	-1.96	AA-	F1+
06-Jun-14	52	HSBC Bank Plc	80,000	0.2600	09-Jun-14	-80,000	-1.71	AA-	F1+
09-Jun-14	53	HSBC Bank Plc	125,000	0.2600	16-Jun-14	-125,000	-6.23	AA-	F1+
09-Jun-14	54	HSBC Bank Plc	200,000	0.2600	19-Jun-14	-200,000	-14.25	AA-	F1+
09-Jun-14	55	HSBC Bank Plc	100,000	0.2600	20-Jun-14	-100,000	-7.84	AA-	F1+
11-Jun-14	56	HSBC Bank Plc	135,000	0.2600	23-Jun-14	-135,000	-11.54	AA-	F1+
13-Jun-14	57	HSBC Bank Plc	75,000	0.2600	23-Jun-14	-75,000	-5.34	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
16-Jun-14	58	HSBC Bank Plc	210,000	0.2600	20-Jun-14	-210,000	-5.98	AA-	F1+
18-Jun-14	59	HSBC Bank Plc	90,000	0.2600	20-Jun-14	-90,000	-1.28	AA-	F1+
19-Jun-14	60	HSBC Bank Plc	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 Bank Plc	175,000	0.2600	25-Jun-14	-175,000	-2.49	AA-	F1+
24-Jun-14	63	HSBC Bank Plc	80,000	0.2600	25-Jun-14	-80,000	-0.57	AA-	F1+
25-Jun-14	64	HSBC Bank Plc	150,000	0.2600	26-Jun-14	-150,000	-1.07	AA-	F1+
25-Jun-14	65	HSBC Bank Plc	150,000	0.2600	07-Jul-14	-150,000	-12.82	AA-	F1+
26-Jun-14	66	HSBC Bank Plc	200,000	0.2600	27-Jun-14	-200,000	-1.42	AA-	F1+
27-Jun-14	67	HSBC Bank Plc	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	Rolled Over	0.4100	07-Aug-14		-640.27	A	F1
07-Aug-14	69	Coventry BS	1,500,000	0.4100	12-Sep-14	-1,500,000	-606.58	A	F1
30-Jun-14	70	Bank Of Scotland Plc	Rolled Over	0.4000	14-Jul-14		-76.71	A	F1
14-Jul-14	70	Bank Of Scotland Plc	Rolled Over	0.4300	11-Aug-14		-164.93	A	F1
11-Aug-14	70	Bank Of Scotland Plc	Rolled Over	0.4000	08-Sep-14		-153.42	A	F1
08-Sep-14	70	Bank Of Scotland Plc	500,000	0.4000	Still Outstanding		-126.03	A	F1
30-Jun-14	71	HSBC Bank Plc	1,230,000	0.2600	01-Jul-14	-1,230,000	-8.76	AA-	F1+
			8,890,000			-8,390,000	-3,039.18		
July'14									
01-Jul-14	72	HSBC Bank Plc	1,230,000	0.2600	03-Jul-14	-1,230,000	-17.52	AA-	F1+
01-Jul-14	73	HSBC Bank Plc	120,000	0.2600	02-Jul-14	-120,000	-0.85	AA-	F1+
01-Jul-14	74	Lloyds Bank Plc	225,000	0.2000	03-Jul-14	-225,000	-2.47	A	F1
02-Jul-14	75	HSBC Bank Plc	120,000	0.2600	03-Jul-14	-120,000	-0.85	AA-	F1+
03-Jul-14	76	Nationwide BS	1,200,000	0.4200	07-Aug-14	-1,200,000	-483.29	A	F1
04-Jul-14	77	HSBC Bank Plc	80,000	0.2600	07-Jul-14	-80,000	-1.71	AA-	F1+
07-Jul-14	78	HSBC Bank Plc	200,000	0.2600	14-Jul-14	-200,000	-9.97	AA-	F1+
08-Jul-14	79	HSBC Bank Plc	60,000	0.2600	09-Jul-14	-60,000	-0.43	AA-	F1+
09-Jul-14	80	HSBC Bank Plc	110,000	0.2600	18-Jul-14	-110,000	-7.05	AA-	F1+
10-Jul-14	81	HSBC Bank Plc	70,000	0.2600	11-Jul-14	-70,000	-0.50	AA-	F1+
11-Jul-14	82	HSBC Bank Plc	350,000	0.2600	14-Jul-14	-350,000	-7.48	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
14-Jul-14	83	HSBC Bank Plc	200,000	0.2600	21-Jul-14	-200,000	-9.97	AA-	F1+
15-Jul-14	84	HSBC Bank Plc	200,000	0.2600	21-Jul-14	-200,000	-8.55	AA-	F1+
15-Jul-14	85	HSBC Bank Plc	100,000	0.2600	22-Jul-14	-100,000	-4.99	AA-	F1+
15-Jul-14	86	Barclays Bank Plc	Rolled Over	0.2880	07-Aug-14		-41.74	A	F1
07-Aug-14	86	Barclays Bank Plc	Rolled Over	0.2300	26-Aug-14		-27.54	A	F1
26-Aug-14	86	Barclays Bank Plc	230,000	0.3200	22-Sep-14	-230,000	-54.44	A	F1
16-Jul-14	87	HSBC Bank Plc	70,000	0.2600	17-Jul-14	-70,000	-0.50	AA-	F1+
17-Jul-14	88	HSBC Bank Plc	120,000	0.2600	18-Jul-14	-120,000	-0.85	AA-	F1+
18-Jul-14	89	Barclays Bank Plc	Rolled Over	0.2970	11-Aug-14		-42.96	A	F1
11-Aug-14	89	Barclays Bank Plc	Rolled Over	0.3300	08-Sep-14		-55.69	A	F1
08-Sep-14	89	Barclays Bank Plc	220,000	0.3400	Still Outstanding		-47.13	A	F1
21-Jul-14	90	HSBC Bank Plc	180,000	0.2600	22-Jul-14	-180,000	-1.28	AA-	F1+
22-Jul-14	91	HSBC Bank Plc	110,000	0.2600	23-Jul-14	-110,000	-0.78	AA-	F1+
22-Jul-14	92	Barclays Bank Plc	230,000	0.3200	18-Aug-14	-230,000	-54.44	A	F1
23-Jul-14	93	HSBC Bank Plc	60,000	0.2600	28-Jul-14	-60,000	-2.14	AA-	F1+
24-Jul-14	94	HSBC Bank Plc	120,000	0.2600	28-Jul-14	-120,000	-3.42	AA-	F1+
25-Jul-14	95	HSBC Bank Plc	50,000	0.2600	28-Jul-14	-50,000	-1.07	AA-	F1+
28-Jul-14	96	Bank Of Scotland Plc	930,000	0.4000	19-Aug-14	-930,000	-224.22	A	F1
29-Jul-14	97	HSBC Bank Plc	100,000	0.2600	04-Aug-14	-100,000	-4.27	AA-	F1+
30-Jul-14	98	HSBC Bank Plc	70,000	0.2600	04-Aug-14	-70,000	-2.49	AA-	F1+
31-Jul-14	99	UK Debt Management Office	1,500,000	0.2500	07-Aug-14	-1,500,000	-71.92	AA	
31-Jul-14	100	Barclays Bank Plc	500,000	0.2700	19-Aug-14	-500,000	-70.27	A	F1
31-Jul-14	101	HSBC Bank Plc	580,000	0.2600	11-Aug-14	-580,000	-45.45	AA-	F1+
			9,335,000			-9,115,000	-1,308.23		
Aug'14									
01-Aug-14	102	HSBC Bank Plc	160,000	0.2600	07-Aug-14	-160,000	-6.84	AA-	F1+
04-Aug-14	103	HSBC Bank Plc	150,000	0.2600	07-Aug-14	-150,000	-3.21	AA-	F1+
06-Aug-14	104	HSBC Bank Plc	100,000	0.2600	07-Aug-14	-100,000	-0.71	AA-	F1+
07-Aug-14	105	HSBC Bank Plc	170,000	0.2600	11-Aug-14	-170,000	-4.84	AA-	F1+
08-Aug-14	106	HSBC Bank Plc	70,000	0.2600	11-Aug-14	-70,000	-1.50	AA-	F1+
11-Aug-14	107	HSBC Bank Plc	230,000	0.2600	15-Aug-14	-230,000	-6.55	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
13-Aug-14	108	HSBC Bank Plc	70,000	0.2600	18-Aug-14	-70,000	-2.49	AA-	F1+
14-Aug-14	109	HSBC Bank Plc	60,000	0.2600	18-Aug-14	-60,000	-1.71	AA-	F1+
15-Aug-14	110	HSBC Bank Plc	1,220,000	0.2600	18-Aug-14	-1,220,000	-26.07	AA-	F1+
18-Aug-14	111	Nationwide BS	Rolled Over	0.3700	12-Sep-14		-380.14	A	F1
12-Sep-14	111	Nationwide BS	1,500,000	0.4300	Still Outstanding		-335.75	A	F1
18-Aug-14	112	HSBC Bank Plc	70,000	0.2600	26-Aug-14	-70,000	-3.99	AA-	F1+
19-Aug-14	113	HSBC Bank Plc	30,000	0.2600	22-Aug-14	-30,000	-0.64	AA-	F1+
19-Aug-14	114	HSBC Bank Plc	170,000	0.2600	26-Aug-14	-170,000	-8.48	AA-	F1+
20-Aug-14	115	HSBC Bank Plc	50,000	0.2600	26-Aug-14	-50,000	-2.14	AA-	F1+
26-Aug-14	116	HSBC Bank Plc	360,000	0.2600	28-Aug-14	-360,000	-5.13	AA-	F1+
28-Aug-14	117	Bank Of Scotland Plc	1,000,000	0.4000	22-Sep-14	-1,000,000	-273.97	A	F1
28-Aug-14	118	HSBC Bank Plc	200,000	0.2600	08-Sep-14	-200,000	-15.67	AA-	F1+
29-Aug-14	119	HSBC Bank Plc	70,000	0.2600	08-Sep-14	-70,000	-4.99	AA-	F1+
			5,680,000			-4,180,000	-1,084.82		
Sept'14									
01-Sep-14	120	UK Debt Management Office	1,500,000	0.25000	12-Sep-14	-1,500,000	-113.01	AA	
01-Sep-14	121	Barclays Bank Plc	1,000,000	0.40900	Still Outstanding		-336.16	A	F1+
01-Sep-14	122	HSBC Bank Plc	200,000	0.26000	08-Sep-14	-200,000	-9.97	AA-	F1+
02-Sep-14	123	HSBC Bank Plc	55,000	0.26000	03-Sep-14	-55,000	-0.39	AA-	F1+
03-Sep-14	124	HSBC Bank Plc	100,000	0.26000	08-Sep-14	-100,000	-3.56	AA-	F1+
05-Sep-14	125	HSBC Bank Plc	100,000	0.26000	19-Sep-14	-100,000	-9.97	AA-	F1+
08-Sep-14	126	HSBC Bank Plc	90,000	0.26000	12-Sep-14	-90,000	-2.56	AA-	F1+
10-Sep-14	127	HSBC Bank Plc	80,000	0.26000	12-Sep-14	-80,000	-1.14	AA-	F1+
12-Sep-14	128	HSBC Bank Plc	470,000	0.26000	15-Sep-14	-470,000	-10.04	AA-	F1+
15-Sep-14	129	Coventry BS	900,000	0.41000	Still Outstanding		-161.75	A	F1
16-Sep-14	130	HSBC Bank Plc	80,000	0.26000	19-Sep-14	-80,000	-1.71	AA-	F1+
17-Sep-14	131	HSBC Bank Plc	65,000	0.26000	22-Sep-14	-65,000	-2.32	AA-	F1+
18-Sep-14	132	HSBC Bank Plc	80,000	0.26000	22-Sep-14	-80,000	-2.28	AA-	F1+
19-Sep-14	133	HSBC Bank Plc	110,000	0.26000	22-Sep-14	-110,000	-2.35	AA-	F1+
22-Sep-14	134	HSBC Bank Plc	190,000	0.26000	29-Sep-14	-190,000	-9.47	AA-	F1+
23-Sep-14	135	HSBC Bank Plc	85,000	0.26000	24-Sep-14	-85,000	-0.61	AA-	F1+

DATE INVESTED	TEMPORARY INVESTMENT NUMBER	BORROWER	AMOUNT INVESTED £	INTEREST RATE %	DATE REPAID	PRINCIPAL REPAID £	INTEREST RECEIVED/ DUE £	FITCH RATING AT	
								LONG-TERM	SHORT-TERM
24-Sep-14	136	HSBC Bank Plc	175,000	0.26000	25-Sep-14	-175,000	-1.25	AA-	F1+
25-Sep-14	137	HSBC Bank Plc	200,000	0.26000	26-Sep-14	-200,000	-1.42	AA-	F1+
26-Sep-14	138	HSBC Bank Plc	240,000	0.26000	29-Sep-14	-240,000	-5.13	AA-	F1+
29-Sep-14	139	Coventry BS	600,000	0.39000	Still Outstanding		-12.82	A	F1
29-Sep-14	140	HSBC Bank Plc	570,000	0.26000	Still Outstanding		-8.12	AA-	F1+
30-Sep-14	141	Bank Of Scotland Plc	1,000,000	0.43000	Still Outstanding		-11.78	A	F1
30-Sep-14	142	UK Debt Management Office	1,500,000	0.25000	Still Outstanding		-10.27	AA	
30-Sep-14	143	HSBC Bank Plc	100,000	0.26000	Still Outstanding		-0.71	AA-	F1+
			9,490,000			-3,820,000	-718.79		
2014/15 Investments made April to September			45,055,000			-37,165,000	-8,195.26		
Total investments 2014/15 (included Investments brought forward from 2013/14)			48,105,000			-40,215,000	-8,881.32		

POLICY AND FINANCE COMMITTEE

Fitch Rating Definitions	
International Long-Term Credit Ratings	
Long-term credit rating can be used as a benchmark measure of probability of default.	
AAA	Highest credit quality. 'AAA' denotes the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectation of low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than in the case for higher ratings.
BBB	Moderate default risk. 'BBB' National Ratings denote a moderate default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions are more likely to affect the capacity for timely repayment than is the case for financial commitments denoted by a higher rated category
International Short-Term Credit ratings	
Short-term rating has a time horizon of less than 13 months for most obligations and thus places greater emphasis on the liquidity necessary to meet financial commitments	
F1	Highest credit quality. Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	Good credit quality. A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	Fair credit quality. The capacity for timely payment of financial commitments is adequate; however, near term adverse changes could result in a reduction to non-investment grade.
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 2 OCTOBER 2014

	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	Negative	24/07/14	A	F1	Stable	£1m min
Yorkshire	-	-	-	Baa1	P-2	Stable	24/09/14	A	F1	Stable	
Coventry	-	-	-	A3	P-2	Stable	24/09/14	A	F1	Stable	Sterling Brokers
Skipton	-	-	-	Ba1	NP	Stable	24/09/14	BBB	F2	Positive	
Leeds	-	-	-	A3	P-2	Stable	24/09/14	A-	F1	Stable	3Mth
Principality	-	-	-	Ba1	NP	Stable	24/09/14	BBB+	F2	Stable	No Contact
Newcastle	-	-	-	Rating withdrawn			24/09/14	BB+	B	Stable	No Contact
Banks											
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