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| <h1>Resources Overview and Scrutiny Panel</h1> | <p>Agenda Item: A.5(c)</p> |
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Meeting Date: 6 June 2013
 Portfolio: Finance, Governance and Resources
 Key Decision: Yes: Recorded in the Notice Ref: KD09/13
 Within Policy and Budget Framework YES
 Public / Private Public

Title: TREASURY MANAGEMENT OUTTURN 2012/13
 Report of: DIRECTOR OF RESOURCES
 Report Number: RD13/13

Summary:

This report provides the annual report on Treasury Management (Appendix A), as required under both the Financial Procedure rules and the CIPFA Code of Practice on Treasury Management. Also included is the regular report on Treasury Transactions (Appendix B) that was considered by Executive on 31 May 2013.

Questions for / input required from Scrutiny:

Members are asked to scrutinise the outturn position for Treasury Management in 2012/13..

Recommendations:

Members of the Resources Overview and Scrutiny Panel are asked to considered this report.

Tracking

| | |
|------------------------|---------------------|
| Executive: | 31 May 2013 |
| Overview and Scrutiny: | 6 June 2013 |
| Council: | 16 July 2013 |

Report to Executive

Agenda
Item:

Meeting Date: 31 May 2013
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Purpose / Summary:

This report provides the annual report on Treasury Management (Appendix A), as required under both the Financial Procedure rules and the CIPFA Code of Practice on Treasury Management. Also included is the regular report on Treasury Transactions (Appendix B).

Recommendations:

- 1 That this report be received and recommended to Council for approval.

Tracking

| | |
|------------------------|---------------------|
| Executive: | 31 May 2013 |
| Overview and Scrutiny: | 6 June 2013 |
| Council: | 16 July 2013 |

1. BACKGROUND

- 1.1 The purpose of this report is to inform Members on various Treasury Management issues.
- 1.2 Appendix A1 to this report sets out a final report on Treasury Management in 2012/13 as required by the CIPFA Code of Practice on Treasury Management. Appendix A2 highlights some performance measures and Appendix A3 shows the final prudential indicators for 2012/13.
- 1.3 Appendices B1-B3 details the schedule of Treasury Transactions for the period 1 January 2013 – 31 March 2013.

2. CONSULTATION

- 2.1 Resources Overview and Scrutiny Panel will consider the report on 6 June 2013 and the Audit Committee will do so on 22 July 2013.

3. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 3.1 That this report be received and recommended to Council for approval.

4. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 4.1 To ensure that the Council's investments are in line with appropriate policies including the Treasury Management Strategy Statement.

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Appendices attached to report:

- Appendix A1 – Treasury Management 2012/13**
- Appendix A2 – Performance Statistics**
- Appendix A3 – Prudential Code and Prudential Borrowing**
- Appendix B1 – Treasury Transactions**
- Appendix B2 – Investment Transactions**
- Appendix B3 – Outstanding Investments**

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

- **None**

CORPORATE IMPLICATIONS/RISKS:

Chief Executive's – n/a

Community Engagement – n/a

Economic Development – n/a

Governance – Treasury Management activities are delegated to the Director of Resources and Financial Procedure Rule 3.19 requires that he prepare an annual report on the topic. This Report fulfils that obligation.

Local Environment – n/a

Resources – Included in the report

TREASURY MANAGEMENT 2012/131. INTRODUCTION

- 1.1 The CIPFA Code of Practice on Treasury Management (2011) now requires that full Council should receive both a mid term and an annual report on treasury management activities during the year. This report on the treasury function during 2012/13, while being first presented to the Executive, is therefore required to have the approval of full Council in order to comply with the CIPFA Code.
- 1.2 Regular reports on treasury transactions are presented to the Executive while an interim report on treasury management in 2012/13 was presented in November 2012 (RD47/12). The purpose of this report is to complete the process of accounting for the treasury function in the last financial year in compliance with the Code. Any funding and other financing transactions will be detailed and placed in the context of money market conditions in 2012/13 while the City Council's investment activities will also be discussed. Separate papers (A2 and A3) provide information on performance in 2012/13 and on the Prudential Code on local authority borrowing.

2. MONEY MARKET CONDITIONS

- 2.1 The following table sets out the levels of bank base rate in 2012/13

| | | |
|---------------|------|-------------------|
| | % | |
| 1 April 2012 | 0.50 | Average = 0.50% |
| 31 March 2013 | 0.50 | (2011/12 = 0.50%) |

- 2.2 The financial year began with bank rate remaining at 0.50% and this rate, remained constant for the whole of 2012/13.
- 2.3 The pattern of long term borrowing rates in 2012/13 can be gauged by the following table of Public Works Loans Board (PWLB) fixed rate maturity loans during the year. These are the rates cited in the regular Treasury Transactions reports and relate to the type of loan that historically has most usually been taken up by the City Council.

| | 1 Yr % | 10 Yr % | 25 Yr % |
|-------------------------|-----------|------------|------------|
| 1 April 2012 | 1.31 | 3.28 | 4.39 |
| 31 March 2013 | 1.13 | 2.84 | 4.07 |
| Highest Rate in 2012/13 | 1.33 | 3.30 | 4.44 |
| Lowest Rate in 2012/13 | 1.00 | 2.52 | 3.81 |
| Span of Rates | 0.33 | 0.78 | 0.63 |

3. LONG TERM FUNDING

- 3.1 The Prudential Code on local authority borrowing came into operation on 1 April 2004. The principal effect of the Code was to abolish most central government control of local authority borrowing, a principle that has been a cornerstone of local government finance for over a century. Instead, authorities must follow the guidance laid down in the Code and they will be expected to comply with its requirements. These cover not just borrowing but any decision that determines whether the capital investment plans of an authority are affordable, prudent and sustainable. The Code is discussed in more detail in Appendix A3.
- 3.2 The revenue support grant system still provides for an element of support towards each authority's estimated borrowing needs. It may be noted that the Council does still receive an element of revenue grant support for the costs of its borrowing in previous years.
- 3.3 The City Council did not, therefore, draw down any external long term loans in 2012/13. The capital programme was funded internally by drawing from the authority's own resources, principally its stock of capital receipts, and from external grants and contributions.

4. DEBT RESCHEDULING

- 4.1 The City Council's long-term loans portfolio now consists entirely of the £15m stock issue, placed in 1995 and not due to mature until 2020. While there is a possibility that these funds could be repaid prior to that date, this is unlikely to be in the near future although the issue is regularly reviewed in conjunction with our treasury advisers. In the current financial climate, the cost of the premium that would be required to effect the early repayment remains prohibitive.

5. LOANS OUTSTANDING

5.1 Set out below is a schedule of outstanding external loans as at 31 March 2013.

| | £ |
|--------------------------|--------------------|
| Public Works Loans Board | NIL |
| Secured Loan Stock | 15,000,000 |
| Short Term Loans | <u>13,300</u> |
| Total Loans Outstanding | <u>£15,013,300</u> |

6. INVESTMENT TRANSACTIONS

6.1 As is apparent from the regular 'Treasury Transactions' reports, the City Council continues to be a frequent investor in the short-term money market and the interest earned from these transactions makes a valuable contribution to the overall level of the Council's revenue budget. Investments are placed only with the institutions that fall within the guidelines of the Council's approved Investment Strategy and a full schedule of investments at 31 March 2013 is set out in Appendix B3. It should be noted that the Council's level of short term investment reaches its lowest point each year on 31 March when any benefits accruing from positive annual cash flow are, by definition, extinguished.

6.2 The total at that date (£18.7) can be compared with an average figure in 2012/13 of over £25.3m and a peak amount of over £31.8m. The closing balance in 2011/12 was £16.8m. The increase is due to additional capital receipts being generated from the asset review.

6.3 The Investment Strategy for 2012/13 embraced a mixture of longer term investments and monies lent out for shorter periods to meet anticipated cash flow needs e.g. grant and precept payment dates. Investment limits with both Lloyds Group and RBS Group banks were kept at £8million as these institutions are currently Government backed and therefore seen as a safer investment opportunity.

6.4 Investment income in 2012/13 at £393,000 was below the original estimate of £431,000. Actual investment rates obtained in 2012/13 were generally below expectations when the budget was framed although this factor was mitigated to some extent by the outturn on cash flow being slightly better than expected. The average yield on the Council's investments in 2012/13 was 1.39%. This good performance was assisted by a significant proportion of investments being placed for longer terms of up to a year and the use of Money Market Funds for shorter dated cash requirements.

7 INVESTMENT STRATEGY 2013/14

7.1 The Investment Strategy must be agreed before the start of each financial year and the 2013/14 Strategy was approved by Council on 5 February 2013. While the principles of the Strategy remain fundamentally sound, any amendments to the current schedule of investments, if agreed by the Executive, must be approved by Council.

8. PERFORMANCE MANAGEMENT

- 8.1 The CIPFA Code places an increased emphasis on performance monitoring in an attempt to measure the efficiency of the treasury function. With treasury management, the difficulty in assessing performance arises from the very different circumstances of each authority and the fact that, for example, a long term borrowing decision can affect an authority's measured performance for many years to come. In the case of the City Council, this is particularly the case with the £15m stock issue which will affect our average borrowing rate until 2020. Equally, borrowing decisions invariably impact on investment decisions since, in cash flow terms, one can be the mirror image of the other.
- 8.2 Appendix A2 sets out some performance indicators in respect of both loans and investments outturn for 2012/13 and 2011/12.

9. TREASURY CONSULTANCY SERVICE (TCS)

- 9.1 The City Council continues to employ Sector Treasury Services as its treasury management consultants. Sector provide daily bulletins on both borrowing and investment issues and these help advise both the investment and funding decisions that are taken by the Council.

10 CONCLUSIONS

- 10.1 The City Council has only one substantial long term loan i.e. the £15m stock issue, which is likely to remain on the books for some time yet as the cost of making a premature repayment would be very prohibitive in the present climate, particularly with interest rates being at such depressed levels. In addition, there are no plans to undertake any prudential or other borrowing in this financial year. The focus of the authority's treasury management activities therefore remains very much on the investment aspect of the function.
- 10.2 Investment conditions were, in one sense, as exceptional in 2012/13 as they were the previous year. But they were also very different as investors coped with some of the lowest interest rates ever seen in the world economy. Although the effect on the City Council's investment interest was slightly down on the previous year, the performance achieved was significantly better than bank base rate levels. For this authority, as indeed for most others, the reduction in investment income poses a very significant financial challenge.
- 10.3 The outlook for interest rates in the UK remains uncertain but there is a general expectation that bank base rates will not start to rise again until well into 2015. The Council was able to benefit from some significantly high investment rates offered through 2011/12 and 2012/13 where 3% was achievable on 1-year money. However, the Bank of England liquidity schemes that enabled banks to borrow direct from the Bank of England and very low levels has had the effect of these high rates falling significantly. Similar rates on offer now are only 1.1% and going forward the Council is going to face further

challenges in generating investment income on similar levels to those achieved in the previous two years. The one mitigating factor that will help the Council counteract this dip will be the receipts receivable from the asset review that will enhance average balances until they are spent and therefore take up some of the slack from falling rates.

CITY OF CARLISLEPERFORMANCE MEASUREMENT STATISTICS1. LOANS MANAGEMENT

| | 2012/13 % | 2011/12 % |
|---------------------------------------|--------------|--------------|
| Average External Debt Rate - Carlisle | 8.78 | 8.74 |

Comment

Average loan debt statistics tend to reflect borrowing decisions taken over a period of many years. The City Council's only substantial remaining external debt is the £15m stock issue which carries a high coupon (8.75%).

2. INVESTMENT MANAGEMENT

| | 2012/13 % | 2011/12 % |
|-----------------------------------|--------------|--------------|
| Average Return in Year - Carlisle | 1.39 | 1.55 |
| Average Bank Base Rate in Year | 0.50 | 0.50 |
| Average 7 Day LIBID Rate | 0.40 | 0.48 |

Comment

The City Council's return in 2012/13 on its investments was slightly below that obtained in 2011/12 and was lower than anticipated when the budget was originally set. This is due to falling rates throughout the year and some capital receipts not being received that were originally anticipated.

THE PRUDENTIAL CODE AND PRUDENTIAL BORROWING

1. Introduction

- 1.1 The Local Government Act 2003 brought about a new borrowing system for local authorities known as the Prudential Code (the Code). This gives to Councils much greater freedom and flexibility to borrow without government consent so long as they can afford to repay the amount borrowed.
- 1.2 The aim of the Code is to support local authorities when making capital investment decisions. These decisions should also be in line with the objectives and priorities as set out in the Council's Corporate Plan.
- 1.3 The key objectives of the Code are to ensure, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable, or if appropriate to demonstrate that they may not be. A further key objective is to ensure that treasury management decisions are taken in accordance with good professional practice and in a manner that supports prudence, affordability and sustainability. These objectives are consistent with and support local strategic planning, local asset management planning and proper option appraisal. They also encourage sound treasury management decisions.

2. Prudential Indicators

- 2.1 To demonstrate that the Council has fulfilled these objectives, the Code sets out indicators that must be used. It is for the Council itself to set any indicative limits or ratios. It is also important to note that these indicators are not designed to be comparative performance figures indicators but to support and record the Council's decision making process.
- 2.2 The final performance indicators for the current year, as compared to those reported in during the budget cycle are set out below. The compilation and monitoring of these indicators is central to the operation of the Code.

| | 2012/13 Provisional Outturn £ | 2011/12 Outturn £ |
|---|--|-------------------------|
| (i) Capital Expenditure | 4,798,025 | 5,317,353 |
| (ii) Financing Costs | | |
| Interest Payable - Re Borrowing | 1,318,000 | 1,322,100 |
| Minimum Revenue Provision | 304,400 | 278,100 |
| Investment Income | (393,000) | (377,000) |
| Total Financing Costs | 1,229,400 | 1,223,200 |
| (iii) Net Revenue Stream | | |
| Funding from Govt Grants/Local Taxpayers | 13,535,000 | 13,904,000 |
| (iv) Ratio of Financing Costs to Net Revenue Stream | 9.08% | 8.80% |
| The figures monitor financing costs as a proportion of the total revenue stream from government grants and local taxpayers. The increase in the ratio of financing costs is mainly attributable to the forecast reduction in investment income. | | |
| (v) Incremental Impact on Council Tax | 8.74 | 8.15 |
| This indicator allows the effect of the totality of the Council's capital investment decisions to be considered at budget setting time. | | |
| (vi) Authorised Borrowing Limit | 37,600,000 | 37,600,000 |
| Maximum Level of Borrowing and Other Long term Liabilities | 15,013,300 | 15,013,300 |
| The authorised borrowing limit is determined by Council prior to the start of the financial year. The limit must not be altered without agreement by Council and should not be exceeded under any foreseeable circumstances. | | |

| | 2012/13 Provisional Outturn £ | 2011/12 Outturn £ |
|--|--|-------------------------|
| (vii) Operational Borrowing Limit Maximum Level of Borrowing and Other Long term Liabilities The operational borrowing limit is also determined by Council prior to the start of the financial year. Unlike the authorised limit, it may be breached temporarily due to cashflow variations but it should not be exceeded on a regular basis. | 32,600,000 | 32,600,000 |
| | 15,013,300 | 150,133 |
| (viii) Capital Financing Requirement (CFR) As at 31 March The CFR is a measure of the underlying borrowing requirement of the authority for capital purposes. | still to be calculated | 7,421,000 |

(a) **Prudence and Sustainability**

| | 2012/13 £ |
|--|------------------|
| (i) Target New Borrowing to Date No Long Term Borrowing has been taken in 2012/13 | 0 0 |
| (ii) Target Percentage of Fixed Rate Long Term Borrowing Actual as at 31 March 2013 | 100% 100% |
| (iii) Target Percentage of Variable Rate Long Term Borrowing Actual as at 31 March 2013 Prudent limits for both fixed and variable rate exposure have been set at 100%. This is due to the limited flexibility available to the authority in the context of its overall outstanding borrowing requirement. | 100% 0% |
| (iv) Target Minimum Level of Investments Classified as Specified Actual Level of Specified Investments as at 31 March 2013 As part of the Investment Strategy for 2012/13, the Council set a minimum level of 50% for its specified as opposed to non specified investments. The two categories of investment were defined as part of the Strategy but for the City Council non specified investments will presently refer mainly to either investments of over one year in duration or investments placed with building societies that do not possess an appropriate credit rating. These tend to be the smaller building societies. | 50.00% 89.00% |

TREASURY TRANSACTIONS
1 JANUARY 2013 TO 31 MARCH 2013

1. LOANS (DEBT)1.1 Transactions 1 January 2013 to 31 March 2013

| | Raised | | Repaid | |
|---------------------|----------|---|----------|---|
| | £ | % | £ | % |
| P.W.L.B | 0 | 0 | 0 | 0 |
| Local Bonds | 0 | 0 | 0 | 0 |
| Short Term Loans | 0 | 0 | 0 | 0 |
| Overnight Borrowing | 0 | 0 | 0 | 0 |
| | 0 | | 0 | |

This provides a summary of loans that have been raised or repaid, analysed by type, since the previous report.

1.2 Loans (Debt) Outstanding at 31 March 2013

| | £ |
|------------------------------|-------------------|
| City of Carlisle Stock Issue | 15,000,000 |
| Short Term Loans | 13,300 |
| | 15,013,300 |

1.3 Loans Due for Repayment

| | PWLB £ | Overnight £ | Total £ |
|----------------------------------|-----------|----------------|------------|
| Short Term Debt at 31 March 2013 | 0 | 0 | 0 |
| | | | 0 |

Shown here is a calendar of future loan repayments which can be a useful aid to cash flow management. Following the repayment of the City Council's remaining PWLB debt in July 2004, no major debt repayments are anticipated.

1.4 Interest Rates

| Date | PWLB Maturity | | |
|------------------|---------------|---------------|---------------|
| | 1 Year % | 10 Years % | 25 Years % |
| 04 January 2013 | 1.32 | 3.13 | 4.27 |
| 11 January 2013 | 1.27 | 3.08 | 4.23 |
| 18 January 2013 | 1.27 | 3.06 | 4.23 |
| 25 January 2013 | 1.26 | 3.08 | 4.26 |
| 01 February 2013 | 1.26 | 3.13 | 4.27 |
| 08 February 2013 | 1.22 | 3.14 | 4.31 |
| 15 February 2013 | 1.2 | 3.23 | 4.37 |
| 22 February 2013 | 1.19 | 3.21 | 4.36 |
| 01 March 2013 | 1.14 | 2.97 | 4.16 |
| 08 March 2013 | 1.12 | 3.09 | 4.29 |
| 15 March 2013 | 1.12 | 3.05 | 4.27 |
| 22 March 2013 | 1.12 | 2.92 | 4.13 |
| 28 March 2013 | 1.13 | 2.84 | 4.07 |

2. INVESTMENTS

| | Made | | Repaid | |
|------------------------|-------------------|-------------|-------------------|-------------|
| | £ | % | £ | % |
| Short Term Investments | 33,846,000 | 0.39 - 1.25 | 38,190,000 | 0.39 - 3.10 |
| | 33,846,000 | | 38,190,000 | |

A full schedule of investment transactions is set out in appendix B2. Appendix B3 shows outstanding investments at 31 March 2013.

3. REVENUES COLLECTED

| To: 31 March 2013 | | Collected £ | % of Amount Collectable % |
|-------------------|---------------------|--------------------------|---------------------------------|
| 2012/13 | Council Tax NNDR | 46,497,239 39,697,034 | 97.78 98.58 |
| Total | | 86,194,273 | 98.14 |
| 2011/12 | Council Tax NNDR | 46,058,618 37,380,206 | 97.61 97.78 |
| Total | | 83,438,824 | 97.68 |
| 2010/11 | Council Tax NNDR | 46,059,538 35,109,986 | 97.60 98.06 |
| Total | | 81,169,524 | 97.80 |

Final collection levels were very similar to those of the previous two years.

4. BANK BALANCE

5. At 31 March 2013 £373,300.91 in hand

This simply records the Council's bank balance at the end of the last day covered by the report.

6. OUTTURN ON TREASURY MANAGEMENT IN 2012/13

| | Revised Estimate £000 | Actual £000 | Variance £000 |
|---------------------|-----------------------------|----------------|------------------|
| Interest Receivable | (431) | (393) | 38 |
| Interest Payable | 1,319 | 1,318 | (1) |
| Less Rechargeable | (22) | (19) | 3 |
| | 1,297 | 1,299 | 2 |
| Principal Repaid | 275 | 304 | 29 |
| Debt Management | 12 | 14 | 2 |
| NET BALANCE | 1,153 | 1,224 | 71 |

INVESTMENT TRANSACTIONS 1 JANUARY 2013 TO 31 MARCH 2013

| INVESTMENTS MADE | | INVESTMENTS REPAID | |
|--------------------------|-------------------|--------------------------|-------------------|
| | £ | | £ |
| Prime Rate, Money Market | 2,000,000.00 | Cumberland B.Soc | 1,000,000.00 |
| Ignis , Money Market | 3,400,000.00 | Cumberland B.Soc | 1,000,000.00 |
| Cumberland B.Soc | 1,000,000.00 | Royal Bank of Scotland | 1,000,000.00 |
| Nationwide | 1,000,000.00 | Bank of Scotland | 1,000,000.00 |
| Royal Bank of Scotland | 1,000,000.00 | Prime Rate, Money Market | 80,000.00 |
| Bank of Scotland | 1,000,000.00 | HSBC | 960,000.00 |
| Prime Rate, Money Market | 1,596,000.00 | Ignis, Money Market | 4,000,000.00 |
| HSBC | 960,000.00 | HSBC | 1,850,000.00 |
| HSBC | 1,850,000.00 | Royal Bank of Scotland | 2,000,000.00 |
| Royal Bank of Scotland | 2,000,000.00 | Prime Rate, Money Market | 1,184,000.00 |
| Bank of Scotland | 2,000,000.00 | Prime Rate, Money Market | 175,000.00 |
| Bank of Scotland | 1,000,000.00 | Bank of Scotland | 1,000,000.00 |
| Ignis , Money Market | 2,800,000.00 | Bank of Scotland | 2,000,000.00 |
| Royal Bank of Scotland | 1,000,000.00 | Royal Bank of Scotland | 1,000,000.00 |
| Bank of Scotland | 1,000,000.00 | Prime Rate, Money Market | 40,000.00 |
| Royal Bank of Scotland | 1,000,000.00 | Ignis, Money Market | 450,000.00 |
| Prime Rate, Money Market | 2,500,000.00 | Ignis, Money Market | 200,000.00 |
| Bank of Scotland | 1,000,000.00 | Ignis, Money Market | 265,000.00 |
| Royal Bank of Scotland | 2,000,000.00 | Ignis, Money Market | 200,000.00 |
| Bank of Scotland | 1,000,000.00 | Prime Rate, Money Market | 2,288,000.00 |
| HSBC | 1,740,000.00 | Ignis, Money Market | 1,685,000.00 |
| Bank of Scotland | 1,000,000.00 | Bank of Scotland | 1,000,000.00 |
| | | Cumberland B.Soc | 1,000,000.00 |
| | | Prime Rate, Money Market | 313,000.00 |
| | | Barclays | 1,300,000.00 |
| | | Royal Bank of Scotland | 1,000,000.00 |
| | | Prime Rate, Money Market | 830,000.00 |
| | | Prime Rate, Money Market | 275,000.00 |
| | | Bank of Scotland | 1,000,000.00 |
| | | Prime Rate, Money Market | 1,395,000.00 |
| | | Barclays | 1,900,000.00 |
| | | Bank of Scotland | 1,000,000.00 |
| | | Royal Bank of Scotland | 1,000,000.00 |
| | | Royal Bank of Scotland | 1,000,000.00 |
| | | Barclays | 800,000.00 |
| | | Bank of Scotland | 1,000,000.00 |
| TOTAL | 33,846,000 | | 38,190,000 |
| | | Bfwd | 23,084,000 |
| | | Paid | 33,846,000 |
| | | Repaid | 38,190,000 |
| | | Total | 18,740,000 |

OUTSTANDING INVESTMENTS AS AT 31ST MARCH 2013

| DATE | BORROWER | AMOUNT | TERMS | RATE % | INTEREST |
|------------|-----------------------------|--------------------|-------------------------|---------------|-------------------|
| 02/04/2012 | Bank of Scotland (inc HBOS) | £1,000,000 | 11 April 2013 | 3.0000 | £30,739.73 |
| 31/05/2012 | Bank of Scotland (inc HBOS) | £1,000,000 | 30 May 2013 | 2.8500 | £28,421.92 |
| 02/08/2012 | Bank of Scotland (inc HBOS) | £1,000,000 | 02 August 2013 | 2.8500 | £28,500.00 |
| 05/10/2012 | Royal Bank of Scotland | £1,000,000 | 04 October 2013 | 1.7500 | £17,452.05 |
| 02/01/2013 | Nationwide | £1,000,000 | 04 April 2013 | 0.4400 | £1,109.04 |
| 03/01/2013 | Royal Bank of Scotland | £1,000,000 | 26 April 2013 | 1.2000 | £3,715.07 |
| 04/01/2013 | Bank of Scotland (inc HBOS) | £1,000,000 | 03 January 2014 | 1.1000 | £10,969.86 |
| 28/01/2013 | Royal Bank of Scotland | £2,000,000 | 13 May 2013 | 1.2000 | £6,904.11 |
| 13/02/2013 | Bank of Scotland (inc HBOS) | £1,000,000 | 14 February 2014 | 1.1000 | £11,030.14 |
| 15/02/2013 | Royal Bank of Scotland | £1,000,000 | 30 May 2013 | 1.2500 | £3,561.64 |
| 07/03/2013 | Royal Bank of Scotland | £1,000,000 | 17 June 2013 | 1.2500 | £3,493.15 |
| 25/03/2013 | Bank of Scotland (inc HBOS) | £1,000,000 | 28 March 2014 | 1.1000 | £11,090.41 |
| 27/03/2013 | Royal Bank of Scotland | £2,000,000 | 08 July 2013 | 1.2500 | £7,054.79 |
| 27/03/2013 | Bank of Scotland (inc HBOS) | £1,000,000 | 28 March 2014 | 1.1000 | £11,030.14 |
| 28/03/2013 | Bank of Scotland (inc HBOS) | £1,000,000 | 28 March 2014 | 1.1000 | £11,000.00 |
| 28/03/2013 | HSBC Bank | £1,740,000 | 02 April 2013 | 0.5000 | £119.18 |
| | Total | £18,740,000 | Weighted Average | 1.3799 | 186,191.23 |

Outstanding Investments as at 31 March 2013

| Category | Borrower | Principal (£) | Start Date | Maturity Date | Current Days to Maturity | Days to maturity at execution | Total Interest Expected (£) |
|--------------------------|-----------------------------|--------------------|------------|---------------|--------------------------|-------------------------------|-----------------------------|
| O | HSBC Bank Plc | 1,740,000 | | Call | | | 0 |
| R | Nationwide building Society | 1,000,000 | 02/01/2013 | 04/04/2013 | 4 | 92 | 1,109 |
| B | Bank of Scotland | 1,000,000 | 02/04/2012 | 11/04/2013 | 11 | 374 | 30,740 |
| B | Bank of Scotland | 1,000,000 | 31/05/2012 | 30/05/2013 | 60 | 364 | 28,422 |
| B | Royal Bank of Scotland | 1,000,000 | | Call95 | | | 0 |
| B | Royal Bank of Scotland | 2,000,000 | | Call95 | | | 0 |
| B | Royal Bank of Scotland | 1,000,000 | | Call95 | | | 0 |
| B | Royal Bank of Scotland | 1,000,000 | | Call95 | | | 0 |
| B | Royal Bank of Scotland | 2,000,000 | | Call95 | | | 0 |
| B | Bank of Scotland | 1,000,000 | 02/08/2012 | 02/08/2013 | 124 | 365 | 28,500 |
| B | Royal Bank of Scotland | 1,000,000 | 05/10/2012 | 04/10/2013 | 187 | 364 | 17,452 |
| B | Bank of Scotland | 1,000,000 | 04/01/2013 | 03/01/2014 | 278 | 364 | 10,970 |
| B | Bank of Scotland | 1,000,000 | 13/02/2013 | 14/02/2014 | 90 | 90 | 2,712 |
| B | Bank of Scotland | 1,000,000 | 25/03/2013 | 28/03/2014 | 95 | 95 | 2,863 |
| B | Bank of Scotland | 1,000,000 | 27/03/2013 | 28/03/2014 | 362 | 366 | 11,030 |
| B | Bank of Scotland | 1,000,000 | 28/03/2013 | 28/03/2014 | 362 | 365 | 11,000 |
| Total Investments | | £18,740,000 | | | 157 | 284 | £144,798 |

N.B Interest is recognised in the appropriate financial year in which it is due.

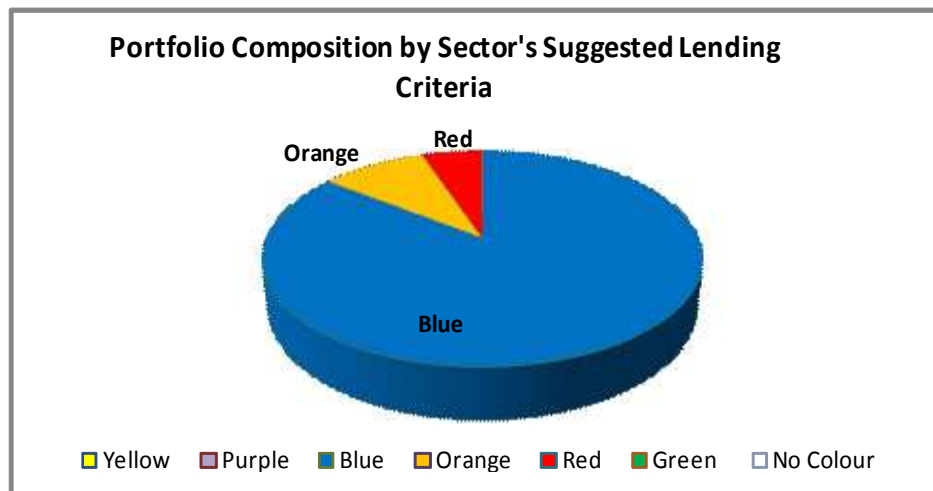
The category colour represents the duration of investment recommended by Sector, the Council's Treasury Advisors. Those investments with No colour, are still within the Council's investment Strategy and are therefore deemed suitable for investing.

Investments Summary Sheet

| | % of Portfolio | Amount | % of Colour in Calls | Amount of Colour in Calls | % of Call in Portfolio | Weighted Average Rate of Return WARoR | Weighted Average Days to Maturity WAM | Weighted Average Dats to Maturity from Execution WAM at Execution |
|-----------|----------------|-------------------|----------------------|---------------------------|------------------------|--|--|--|
| Yellow | 0.00% | - | 0.00% | - | 0.00% | 0.00% | 0 | 0 |
| Purple | 0.00% | - | 0.00% | - | 0.00% | 0.00% | 0 | 0 |
| Blue | 85.38% | 16,000,000 | 43.75% | 7,000,000 | 37.35% | 1.54% | 171 | 248 |
| Orange | 9.28% | 1,740,000 | 100.00% | 1,740,000 | 9.28% | 0.50% | 0 | 0 |
| Red | 5.34% | 1,000,000 | 0.00% | - | 0.00% | 0.44% | 4 | 92 |
| Green | 0.00% | - | 0.00% | - | 0.00% | 0.00% | 0 | 0 |
| No Colour | 0.00% | - | 0.00% | - | 0.00% | 0.00% | 0 | 0 |
| | 100.00% | 18,740,000 | 30.63% | 8,740,000 | 46.64% | 1.39% | 146 | 216 |

| Weighted Average Risk | | | | |
|---|------------|------------|------------|------------|
| Risk Score for Colour (1 = Low, 7 = High) | Mar 2013 | Dec 2012 | Sep 2012 | June 2012 |
| 1 | 0 | 0.0 | 0.0 | 0.1 |
| 2 | 0 | 0.0 | 0.0 | 0.0 |
| 3 | 3 | 2.1 | 2.1 | 2.3 |
| 4 | 0 | 0.0 | 0.0 | 0.0 |
| 5 | 0 | 0.0 | 0.0 | 0.0 |
| 6 | 0 | 1.0 | 1.0 | 0.6 |
| 7 | 0 | 0.6 | 0.6 | 0.3 |
| | 3.2 | 3.7 | 3.8 | 3.3 |

| | Sector's Suggested Criteria |
|-----|-----------------------------|
| Y | Up to 5 Years |
| P | Up to 2 Years |
| B | Up to 1 Year |
| O | Up to 1 Year |
| R | Up to 6 months |
| G | Up to 3 months |
| N/C | No Colour |



| Normal' Risk Score | 3.5 | 3.5 | 3.5 | 3.5 |
|--------------------|-----|-----|-----|-----|
| | | | | |