



To **Audit Committee**

Date **20th October 2014**

Subject **City Council Investment Activity**

1 Background and Purpose of the Note

This note provides an update on the Council's Treasury Management activity.

2 Treasury Management Activity

2.1 Appendix 1 in this report shows the Council's Lending List – a list of those banking and government institutions that the Council's Investment Strategy allows us to invest cash balances with. Appendix 2 shows the most recent list of investments that the Council holds.

2.2 The current lending list is maintained in line with advice provided by our Treasury Management advisors (Arlingclose) which bases its judgement on information from credit rating agencies.


2.3 Since the last report in April, there have been three main changes to the lending list. The first is where institutions previously on our recommended list with a maturity limit of 12 months, now have a limit of 13 months. This is because of a change in banking legislation which has meant banks are now tailoring products which have a small pick-up in returns for deposits between 12-13 months. Secondly, increased confidence in Building Societies has seen an increase in maturity limit from 100 Days to 6 months in many cases. Finally, Barclays Bank maturity limit has reduced from 13 months to 6 months as a result of the increased risk of bail in meaning that Barclays Bank may fall below the Council's A- minimum credit rating in the future.

2.4 The total level of investment balances held by the Council stood at £118.7m as at 3rd October 2014 compared with the £110.1m as at 4th October 2013 and £101.4m reported to Audit and Procurement Committee as at 14th March 2014. The breakdown of these balances is shown below.

	23/08/2013	14/03/2014	03/10/2014
	£m	£m	£m
Bank Deposits	55.7	33.7	60.0
Local Authority Deposits	13.0	37.8	13.0
Money Market Funds	18.1	12.8	28.5
Long Term Investments	23.3	17.1	17.2
Total	110.1	101.4	118.7

2.5 It is expected that some significant amounts of cash will be paid out in this financial year as part of the Council's very large Capital programme including the Friargate development.

Appendix 1

 COVENTRY CITY COUNCIL LENDING LIST									
							6 October 2014		
<i>USING MINIMUM ACCEPTABLE CREDIT QUALITY</i>							Position number in 'Investment Grade'		
Institution	Country	Long Term Rating			Limit £m	Term Limit	Fitch	Moody's	S & P
		Fitch	Moody's	S & P					
Debt Management Office	UK	AA+	Aa1	AAA			2	2	1
Local Authorities	UK	AA+	Aa1	AAA	£8m	3 years	2	2	1
HSBC Bank plc (* See note below)	UK	AA-	Aa3	AA-	£7.2m	13Mths	4	4	4
Lloyds Bank Group									
Bank of Scotland plc (** See note below)	UK	A	A1	A	£4.4m	13Mths	6	5	6
Barclays Bank plc	UK	A	A2	A	£8m	13Mths	6	6	6
Close Brothers Ltd	UK	A	A3		£8m	100 Days	6	7	
Lloyds Bank Group									
Lloyds Bank plc (** See note below)	UK	A	A1	A	£4.4m	13Mths	6	5	6
Nationwide BS	UK	A	A2	A	£8m	13Mths	6	6	6
Santander UK Plc (Abbey)	UK	A	A2	A	£8m	13Mths	6	6	6
Standard Chartered Bank	UK	AA-	A1	AA-	£8m	13Mths	4	5	4
Goldman Sachs International Bank	UK	A	A2	A	£8m	100 Days	6	6	6
Leeds Building Society	UK	A-	A3		£8m	100 Days	7	7	
CUMBERLAND BUILDING SOCIETY	UK				£1m	100 Days			
DARLINGTON BUILDING SOCIETY	UK				£1m	6 Mths			
FURNESS BUILDING SOCIETY	UK				£1m	6 Mths			
HARPENDEN BUILDING SOCIETY	UK				£1m	6 Mths			
HINCKLEY & RUGBY BUILDING SOCIETY	UK				£1m	6 Mths			
LEEK UNITED BUILDING SOCIETY	UK				£1m	6 Mths			
LOUGHBOROUGH BUILDING SOCIETY	UK				£1m	6 Mths			
MANSFIELD BUILDING SOCIETY	UK				£1m	6 Mths			
MARKET HARBOUROUGH BUILDING SOCIETY	UK				£1m	6 Mths			
MARSDEN BUILDING SOCIETY	UK				£1m	6 Mths			
MELTON MOWBRAY BUILDING SOCIETY	UK				£1m	6 Mths			
NATIONAL COUNTIES BUILDING SOCIETY	UK				£1m	6 Mths			
NEWBURY BUILDING SOCIETY	UK				£1m	6 Mths			
SCOTTISH BUILDING SOCIETY	UK				£1m	100 Days			
TIPTON & COSELEY BUILDING SOCIETY	UK				£1m	6 Mths			
VERNON BUILDING SOCIETY	UK				£1m	100 Days			
Australia and New Zealand Banking Group Ltd	AU	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Commonwealth Bank of Australia	AU	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Westpac Banking Corporation	AU	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Bank of Montreal	CA	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Bank of Nova Scotia	CA	AA-	Aa2	AA-	£8m	13Mths	4	3	4
Canadian Imperial Bank of Commerce	CA	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Royal Bank of Canada	CA	AA	Aa3	AA	£8m	13Mths	3	4	3
Toronto Dominion Bank	CA	AA-	Aa1	AA-	£8m	13Mths	4	2	4
Nordea Bank Finland Plc	FI	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Pohjola Bank PLC-A Shs	FI	A+	Aa3	A+	£8m	13Mths	5	4	5
Deutsche Bank AG - Registered	GE	A+	A3	A	£8m	6Mths	5	7	6
LANDESBANK HESSEN-THÜRINGEN	GE	A+	A2	A	£8m	6Mths	5	6	6
Bank Nederlandse Gemeenten	NE	AAA	Aaa	AA+	£8m	13Mths	1	1	2
Cooperative Centrale Raiffe (Rabobank)	NE	AA-	Aa2	AA-	£8m	13Mths	4	3	4
ING Bank NV	NE	A+	A2	A	£8m	100 Days	5	6	6
DBS Bank Ltd	SI	AA-	Aa1	AA-	£8m	13Mths	4	2	4
Oversea-Chinese Banking Corp	SI	AA-	Aa1	AA-	£8m	13Mths	4	2	4
United Overseas Bank Ltd	SI	AA-	Aa1	AA-	£8m	13Mths	4	2	4
Svenska Handelsbanken AB	SW	AA-	Aa3	AA-	£8m	13Mths	4	4	4
Credit Suisse	SZ	A	A1	A	£8m	100 Days	6	5	6
JP Morgan Chase Bank	US	A+	Aa3	A+	£8m	13Mths	5	4	5
MONEY MARKET FUNDS (MMFs)									
Deutsche Bank Advisors	Ireland		Aaa	AAA	£8m			1	1
Federated Investors	UK	AAA	Aaa	AAA	£8m		1		1
HSBC Asset Management	Ireland		Aaa	AAA	£8m			1	1
Ignis Asset Management	Ireland	AAA		AAA	£8m		1		1
HSBC Bank plc * - (Reduced limit)	uk	£0.5m School balances at HSBC					7 = Borderline rating		
Lloyds Banking Group									
Bank of Scotland plc ** - (Reduced limit)	uk	£3.5m School balances at Lloyds TSB							
Lloyds Banking Group									
Lloyds Bank plc ** - (Reduced limit)	uk	£3.5m School balances at Lloyds TSB							

Group Limits: £8m per non UK Country, £16m in total in Building Societies, £15m in total in non specified investments.

Appendix 2

TEMPORARY LOANS BOOK

Balances as at the 03/10/14

<u>LOAN REF.</u>	<u>LENDER NAME</u>	<u>BROKER</u>	<u>PRINCIPAL</u>	<u>START DATE</u>	<u>MATURITY DATE</u>	<u>INITIAL INT RATE</u>	<u>DAYS</u>	<u>INT DUE</u>
TEMPORARY LOAN OUT (DEPOSIT)								
200003996	HSBC BANK PLC	N/A	7,200,000.00	01/10/14	06/10/14	0.400000	5	394.52
200003982	BIRMINGHAM CITY COUNCIL	CDB	5,000,000.00	14/08/14	31/10/14	0.400000	78	4,273.97
200003992	SCOTTISH BUILDING SOCIETY	FP	1,000,000.00	17/09/14	17/12/14	0.480000	91	1,196.71
200003993	CUMBERLAND B SOCIETY	MARB	1,000,000.00	17/09/14	17/12/14	0.500000	91	1,246.58
200003988	SANTANDER UK PLC	MARB	2,000,000.00	15/09/14	24/12/14	0.560000	100	3,068.49
200003997	NATIONWIDE B/SOCIETY	LCB	5,000,000.00	03/10/14	05/01/15	0.500000	94	6,438.36
200003987	NATIONWIDE B/SOCIETY	LCB	3,000,000.00	11/09/14	11/03/15	0.650000	181	9,669.86
200003989	LANDESBANK HESSEN-	MARB	6,000,000.00	15/09/14	16/03/15	0.690000	182	20,643.29
200003991	NATIONAL COUNTIES B SOCIETY	FP	1,000,000.00	17/09/14	17/03/15	0.650000	181	3,223.29
200003941	GREATER LONDON AUTHORITY	FP	8,000,000.00	01/04/14	01/04/15	0.700000	365	56,000.00
			39,200,000.00					106,155.07
TEMPORARY LOAN OUT (CALL DEPOSITS)								
200003801	BANK OF SCOTLAND(INSTANT)	N/A	3,824,507.18	17/12/12		0.400000		Call Money
200003868	BARCLAYS	N/A	8,000,000.00	08/07/13		0.587810		35 Day Notice
200003869	SANTANDER UK PLC	N/A	6,000,000.00	08/07/13		0.400000		Call Money
200003948	SVENSKA HANDELSBANKEN	N/A	8,013,142.71	14/04/14		0.550000		Call Money
			25,837,649.89					
TEMPORARY INVESTMENT (CERTIFICATE OF DEPOSIT)								
1600000004	CDS STANDARD CHARTERED	KS	8,000,000.00	10/04/14	12/01/15	0.700000	277	42,498.63
			8,000,000.00					42,498.63
MMF DEPOSITS								
2400000002	IGNIS STERLING LIQUIDITY	N/A	8,000,000.00	04/09/12		0.430335		
2400000003	HSBC STERLING LIQUIDITY	N/A	8,000,000.00	04/09/12		0.401300		
2400000004	FEDERATED PRIME RATE	N/A	6,200,000.00	17/09/12		0.387338		
2400000005	DEUTSCHE MANAGED STERLING	N/A	6,300,000.00	19/07/13		0.396426		
			28,500,000.00					
COLLECTIVE INVESTMENT FUNDS								
2600000004	PAYDEN & RYGEL	N/A	9,208,574.37	01/02/12				
2600000005	FEDERATED PRIME RATE C+	N/A	5,032,232.46	27/03/13				
2600000006	CCLA INVESTMENT MGT LTD	N/A	3,000,000.00	28/11/13				
			17,240,806.83					