



To **Audit Committee**

Date **16th February 2015**

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 October, there have been two main changes to the lending list. The first is the maturity limit for all institutions has been reduced. Institutions where the limit was 13 months has been reduced to 6 months and institutions where the limit was 6 months has been reduced to 100 days. This is due to deteriorating global growth prospects, especially in the Eurozone to counter the risk of another Eurozone crisis. Secondly, Coventry Building Society has raised additional capital and as such has been added to our counterparty lending list.

2.4 The total level of investment balances held by the Council stood at £98.4m as at 30th January 2015 compared with £110.0m as at 31st January 2014 and £118.7m reported to Audit and Procurement Committee as at 3rd October 2014. The breakdown of these balances is shown below.

	31/01/2014	03/10/2014	30/01/2015
	£m	£m	£m
Bank Deposits	41.7	60.0	62.0
Local Authority Deposits	37.8	13.0	18.0
Money Market Funds	13.4	28.5	2.5
Long Term Investments	17.1	17.2	15.9
Total	110.0	118.7	98.4

2.5 It is expected that some significant amounts of cash will be paid out in this financial year as part of the Friargate development.


2.6 Since the last report, £5m of short term borrowing has been undertaken partly to cover temporary troughs in short term cash-flows and partly to ensure that lines of credit remain open in the future should the need for more borrowing arise because counterparties are more likely to lend to us, and at better rates of interest, if we enter the borrowing market reasonably regularly.

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Resources Directorate

2nd February 2015

Appendix 1

 COVENTRY CITY COUNCIL LENDING LIST							26 January 2015			Position number in 'Investment Grade'			
USING MINIMUM ACCEPTABLE CREDIT QUALITY 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	6 Mths	4	4	4			
Lloyds Bank Group													
Bank of Scotland plc (** See note below)		UK	A	A1	A	£4.4m	6 Mths	6	5	6			
Barclays Bank plc		UK	A	A2	A	£8m	100 Days	6	6	6			
Coventry BS		UK	A	A3		£8m	100 Days	6	7				
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	6 Mths	6	5	6			
Nationwide BS		UK	A	A2	A	£8m	6 Mths	6	6	6			
Santander UK Plc (Abbey)		UK	A	A2	A	£8m	6 Mths	6	6	6			
Standard Chartered Bank		UK	AA-	A1	A+	£8m	6 Mths	4	5	5			
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	100 Days						
FURNESS BUILDING SOCIETY		UK				£1m	100 Days						
HARPENDEN BUILDING SOCIETY		UK				£1m	100 Days						
HINCKLEY & RUGBY BUILDING SOCIETY		UK				£1m	100 Days						
LEEK UNITED BUILDING SOCIETY		UK				£1m	100 Days						
LOUGHBOROUGH BUILDING SOCIETY		UK				£1m	100 Days						
MANSFIELD BUILDING SOCIETY		UK				£1m	100 Days						
MARKET HARBOUROUGH BUILDING SOCIETY		UK				£1m	100 Days						
MARSDEN BUILDING SOCIETY		UK				£1m	100 Days						
MELTON MOWBRAY BUILDING SOCIETY		UK				£1m	100 Days						
NATIONAL COUNTIES BUILDING SOCIETY		UK				£1m	100 Days						
NEWBURY BUILDING SOCIETY		UK				£1m	100 Days						
SCOTTISH BUILDING SOCIETY		UK				£1m	100 Days						
TIPTON & COSELEY BUILDING SOCIETY		UK				£1m	100 Days						
VERNON BUILDING SOCIETY		UK				£1m	100 Days						
Australia and New Zealand Banking Group Ltd		AU	AA-	Aa2	AA-	£8m	6 Mths	4	3	4			
Commonwealth Bank of Australia		AU	AA-	Aa2	AA-	£8m	6 Mths	4	3	4			
Westpac Banking Corporation		AU	AA-	Aa2	AA-	£8m	6 Mths	4	3	4			
Bank of Montreal		CA	AA-	Aa3	AA-	£8m	6 Mths	4	4	4			
Bank of Nova Scotia		CA	AA-	Aa2	AA-	£8m	6 Mths	4	3	4			
Canadian Imperial Bank of Commerce		CA	AA-	Aa3	AA-	£8m	6 Mths	4	4	4			
Royal Bank of Canada		CA	AA	Aa3	AA	£8m	6 Mths	3	4	3			
Toronto Dominion Bank		CA	AA-	Aa1	AA-	£8m	6 Mths	4	2	4			
Pohjola Bank PLC-A Shs		FI	A+	Aa3	A+	£8m	6 Mths	5	4	5			
Deutsche Bank AG - Registered		GE	A+	A3	A	£8m	100 Days	5	7	6			
LANDESBANK HESSEN-THURINGEN		GE	A+	A2	A	£8m	100 Days	5	6	6			
Bank Nederlandse Gemeenten		NE	AAA	Aaa	AA+	£8m	6 Mths	1	1	2			
Cooperative Centrale Raiffe (Rabobank)		NE	AA-	Aa2	A+	£8m	6 Mths	4	3	5			
ING Bank NV		NE	A+	A2	A	£8m	100 Days	5	6	6			
DBS Bank Ltd		SI	AA-	Aa1	AA-	£8m	6 Mths	4	2	4			
Oversea-Chinese Banking Corp		SI	AA-	Aa1	AA-	£8m	6 Mths	4	2	4			
United Overseas Bank Ltd		SI	AA-	Aa1	AA-	£8m	6 Mths	4	2	4			
Nordea Bank AB		SW	AA-	Aa3	AA-	£8m	6 Mths	4	4	4			
Svenska Handelsbanken AB		SW	AA-	Aa3	AA-	£8m	6 Mths	4	4	4			
Credit Suisse		SZ	A	A1	A	£8m	100 Days	6	5	6			
JP Morgan Chase Bank		US	A+	Aa3	A+	£8m	6 Mths	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										

Appendix 2

TEMPORARY LOANS BOOK

Balances as at the 30/01/15

<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>
<u>TEMPORARY LOAN OUT (DEPOSIT)</u>								
200004026	POLICE & CRIME COMMISSIONER	BT	5,000,000.00	30/01/15	06/02/15	0.510000	7	489.04
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
200004022	NATIONWIDE B/SOCIETY	LCB	5,000,000.00	16/01/15	16/03/15	0.460000	59	3,717.81
200003991	NATIONAL COUNTIES B SOC	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
200004024	CUMBERLAND BUILDING SOC	MARB	1,000,000.00	22/01/15	22/04/15	0.520000	90	1,282.19
200004025	LEEDS BUILDING SOCIETY	CDB	5,000,000.00	23/01/15	01/05/15	0.510000	98	6,846.58
200004007	LANCASHIRE COUNTY COUNCIL	MARB	5,000,000.00	05/11/14	05/05/15	0.600000	181	14,876.71
200004018	LLOYDS TSB BANK	N/A	4,000,000.00	09/12/14	09/06/15	0.700000	182	13,961.64
200004021	SANTANDER UK PLC	FP	8,000,000.00	15/01/15	15/07/15	0.700000	181	27,769.86
			<u>51,000,000.00</u>					<u>158,480.27</u>
<u>TEMPORARY LOAN OUT (CALL DEPOSITS)</u>								
200003868	BARCLAYS	N/A	8,000,000.00	08/07/13		0.606940		35 Day Notice
200003948	SVENSKA HANDELSBANKEN	N/A	8,000,000.00	14/04/14		0.450000		Call Money
			<u>16,000,000.00</u>					
<u>COVERED FLOATING RATE NOTE</u>								
	COVENTRY BUILDING SOCIETY	KS	5,005,062.00	19/01/15	10/02/15	0.475000	22	1,432.96
			<u>5,005,062.00</u>					<u>1,432.96</u>
<u>TEMPORARY INVESTMENT (CERTIFICATE OF DEPOSIT)</u>								
1600000006	CDS STANDARD CHARTERED	KS	8,001,192.85	12/01/15	13/07/15	0.650000	182	25,932.63
			<u>8,001,192.85</u>					<u>25,932.63</u>
<u>MMF DEPOSITS</u>								
2400000002	IGNIS STERLING LIQUIDITY	N/A	2,450,000.00	04/09/12		0.424276		
2400000003	HSBC STERLING LIQUIDITY	N/A	0.00	04/09/12		0.413500		
2400000004	FEDERATED PRIME RATE	N/A	0.00	17/09/12		0.404091		
2400000005	DEUTSCHE MANAGED STERLING	N/A	0.00	19/07/13		0.404858		
			<u>2,450,000.00</u>					
<u>COLLECTIVE INVESTMENT FUNDS</u>								
2600000004	PAYDEN & RYGEL	N/A	7,730,360.71	01/02/12				
2600000005	FEDERATED PRIME RATE C+	N/A	5,044,629.56	27/03/13				
2600000006	CCLA INVESTMENT MGT LTD	N/A	3,000,000.00	28/11/13				
			<u>15,917,341.05</u>					
<u>TEMPORARY LOAN IN (BORROWING)</u>								
100001884	POLICE & CRIME COMMISSIONER	CDB	5,000,000.00	31/10/14	08/04/15	0.500000	159	10,890.41
			<u>5,000,000.00</u>					<u>10,890.41</u>