

1. **GENERAL FINANCIAL MARKET CONDITIONS**

The bank base rate began the year at 4.50% and has increased by 0.25% to 4.75% on 3rd August 2006.

2. **EXTERNAL BORROWING/INVESTMENT TRANSACTIONS**

Treasury Management Cash Transactions 1 st April to 31 st October 2006	Number of Transactions	Amount £million
<u>Outward Transactions</u>		
Investments made	70	322.14
Call account additions	48	152.32
Borrowing repaid	-	-
TOTAL	118	474.46
<u>Inward Transactions</u>		
Borrowing undertaken	1	0.72
Investments repaid	65	314.14
Call account withdrawals	71	152.07
TOTAL	137	466.93
Net Cash (outflow) for period		7.53

	30/6/06	31/10/06	Reduction in Period
	£	£	£
Total value of investments	40.15m	36.90m	3.25m

3. **PRUDENTIAL INDICATORS – 2006/07**

	£	Actual at 31/10/06 £
(i) Operational Boundary	378,937,000	368,312,781
(ii) Authorised Limit	397,900,000	368,312,781
(iii) Fixed Rate Exposure Limit	376,868,000	368,312,781
(iv) Variable Rate Exposure Limit	10,000,000	0

The Council's policy was to borrow only at fixed rates of interest.

(v) Maturity Structure for new borrowing

<u>Proposed for 06/07</u>	<u>Upper Limit</u>	<u>Lower Limit</u>	<u>Actual</u>
	%	%	%
Under 12 months	0	0	0
12 months and within 24 months	0	0	0
24 months and within 5 years	50	0	0
5 years and within 10 years	50	0	0
10 years and above	100	50	0

4. **COMPARISON OF INVESTMENT RATES**

The average rate of interest for the period 1st April to 31st October 2006 on temporary investments, has been compared the 7 day notice rate (bid rate) for the same period as published in the Financial Times.

The average interest rate obtained on all temporary investment was 4.67% which is slightly above the published 7 day notice rate as per the Financial Times (bid rate) 4.61%.

5. **CREDIT RATING**

Monthly data on credit ratings produced by Fitch Ratings are used to check the status of the organisations on the approved investment list.

Fitch Ratings provides ratings as follows: -

- (a) The Individual Rating (A to E) is an assessment of the organisation's financial strength. (A being the strongest).
- (b) The Support Rating (1 to 5) assesses the potential for central bank and/or owners support in the event that liquidity problems occur. (1 being the most potential for support).
- (c) Short Term rating (F1+ to D) considers an organisation's obligations and assesses its capacity for timely repayment over a period up to 12 months. (F1+ being most capacity for timely repayment).

The October 2006 Fitch Ratings of the organisations on the Authority's approved list have been compared to the June 2006 ratings.

	<u>JUNE 2006</u>			<u>OCTOBER 2006</u>		
	<u>Individual Rating</u>	<u>Support Rating</u>	<u>Short Term Rating</u>	<u>Individual Rating</u>	<u>Support Rating</u>	<u>Short Term Rating</u>
<u>Clearing Banks</u>						
Barclays	A/B	1	F1+	A/B	1	F1+
Co-operative Bank	B	3	F1	B	3	F1
HBOS	A/B	1	F1+	A/B	1	F1+
Lloyds TSB Bank	A	1	F1+	A	1	F1+
HSBC	A/B	1	F1+	A/B	1	F1+
Royal Bank of Scotland	A/B	1	F1+	A/B	1	F1+
<u>Non Clearing Banks</u>						
Alliance & Leicester	B	3	F1+	B	3	F1+
<u>Building Societies</u>						
Nationwide	A/B	2	F1+	A/B	2	F1+
Britannia	B	3	F1	B	3	F1
Chelsea	B	3	F1	B	3	F1
Coventry	B	3	F1	B	3	F1
Newcastle	B	3	F1	B	3	F1
Portman	B	3	F1	B	3	F1
Principality	B	3	F1	B	3	F1
Yorkshire	B	3	F1	B	3	F1
Skipton	B	3	F1	B	3	F1
West Bromwich	B	3	F1	B	3	F1

There are no changes in the ratings of the organisations on the approved investment list.

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