	Full Council 13 September 2010 **Report from the Director of Finance and Corporate Resources**
For Action	Wards Affected: None

The Treasury Management Annual Report 2009/10

1. SUMMARY

The purpose of this report is to provide information to members on borrowing and investment activity, and performance compared to prudential indicators during 2009/10. It also sets out revised requirements in the 2009 Treasury Management Code of Practice. The Code requires that the Treasury Management Annual Report should be agreed by Full Council.

2. RECOMMENDATIONS

Full Council is asked to:

2.1 Adopt the 2009 Treasury Management Code of Practice (paras 3.3 – 3.5)

2.2 Approve the Treasury Management Annual Report (section 3); and Annual Investment Strategy Report (section 4)

2.3 Note the outturn for prudential indicators (section 5)

2.4 Note the updated position in 2010/11 (para.3.25).

3. TREASURY MANAGEMENT ANNUAL REPORT

3.1 Full Council adopted the 2002 CIPFA Code of Practice on Treasury Management in Local Authorities in September 2002. The Code stipulates that the Chief Financial Officer should set out in advance to Full Council the treasury strategy for the forthcoming financial year, and subsequently report the treasury management activities during that year. The report will also go to the Audit Committee. This section of the report details:-

a) The economic background for 2009/10 (paras 3.6 to 3.7)

b) The agreed treasury strategy (para 3.8)
c) Borrowing activity during 2009/10 (paras 3.9 to 3.12)
d) Lending activity during 2009/10 (paras 3.13 to 3.21)
e) Overall interest paid and received (para 3.22)
f) Developments since the year end (paras 3.23 – 3.24)

3.2 Treasury management in this context is defined as 'the management of the local authority's cash flows, its banking, money market (mainly short term borrowing and lending) and capital market (long term borrowing) transactions; the effective control of the risks associated with those activities; and the pursuit of the optimum performance consistent with those risks.' This means that the pursuit of additional returns must be placed within the framework of the prudent protection of the council's cash balances and a rigorous assessment of risk.

2009 REVISED TREASURY MANAGEMENT CODE OF PRACTICE

3.3 CIPFA issued a revised Code of Practice in December 2009 to improve procedures in the light of the Icelandic banking crisis. This report is the first opportunity for the Full Council to approve the Code. The revised Code follows previous Codes that have been adopted by the Council. Public sector organisations are required to adopt the following four clauses as part of their standing orders, financial regulations, or other formal policy documents appropriate to their circumstances:-

a) This organisation will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement (TMPS) stating the policies and objectives of its treasury management activities
- suitable treasury management practices (TMP), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and the TMPs will follow the recommendations contained in Sections 6 and 7 of the Code.

b) The full council will receive reports on its treasury management policies, practices and activities including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

c) This organisation delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Executive, and for the execution and administration of treasury management decisions to the Director of Finance. The Director will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.

d) This organisation nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3.4 CIPFA also recommends that an organisation's treasury management policy statement adopts the following forms of words to define the policies and objectives of its treasury management activities:-

1 Treasury management is 'the management of the organisation's cash flows, its banking, money market and capital market transactions: the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

2 Brent Council regards the successful identification, monitoring and control of risk to be the prime criterion by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the authority.

3 Brent Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

3.5 The detailed treasury management practices set out in the Code also seek to address some of the perceived shortcomings in treasury management in local government, as follows:-

a) Improved reporting arrangements. It is proposed that there should be a mid-year review, and regular monitoring reports on treasury management activities and risks. Additional reporting will be supported by training for members to assist them in the scrutiny of activities. The Audit Committee already receives regular reports on treasury management, and a mid-year report will be presented in the autumn.
b) Where credit ratings are used, authorities should have regard to the ratings issued by all three main agencies, and make their decisions on the basis of the lowest rating. Ratings should be kept under regular review and 'ratings watch' notices acted upon. Other information sources should also be used. The Brent Lending List is consists of very high quality UK financial institutions. The new treasury Adviser, Arlingclose, undertakes its own credit research as well as supplying data from the credit agencies.
c) Use of external service providers, such as advisers, should be subject to regular review and the terms of appointment should be clear. Brent has recently reviewed its adviser and appointed Arlingclose.

ECONOMIC AND MARKET BACKGROUND DURING 2009/10

3.6 The world economy began the financial year in recession, though the Chinese and Indian economies continued to grow rapidly. UK GDP shrank by 4.9% in 2009, USA by 2.4%, Euro area 4.0% and World by 0.8%. Although the UK did not return to growth until Q4 2009, the USA and Europe emerged from recession earlier. However, as the year progressed any growth remained slow as banks were unable / unwilling to lend and borrowers were unwilling to increase existing debts. In both UK and USA, quantitative easing (governments buying back debt and increasing the money supply) supported activity and reduced longer term interest rates. Inflation initially fell sharply (RPI fell to -1.6%) but rose towards the end of the year as VAT returned to 17.5%, energy prices recovered and the long term effects of the 2008 fall in the value of sterling (around 25%) increased prices (RPI +5.3% at year end). However, bank rate remained at 0.5% as monetary policy sought to encourage economic activity and assumed that inflation would fall to reflect low economic activity. Overnight interest rates remained very low, at 0.25% - 0.4%. Fiscal policy has also been very loose, with the government running a large payments deficit. Although the UK returned to growth in Q4 2009, it appears that recovery will be slow.

3.7 As indicated in Table 1, very long-term (50 year) interest rates were fairly stable, with a trough in early autumn. Shorter periods have risen from the extreme levels following the bank collapses in 2008, but have remained relatively low reflecting bank rate, quantitative easing and poor economic prospects. The interest rate yield (return) curve remained 'normal', with rates rising up to around 15 year duration, then almost stable through to 50 years..

Table 1 – PWLB Interest rates during 2009/10

	1st April 2009 %	30 June %	30 Sept. %	31 March 2010 %
10 year	3.36	3.68	3.80	4.19
25 year	4.28	4.47	4.19	4.47
50 year	4.57	4.48	4.25	4.70

STRATEGY AGREED FOR 2009/10

3.8 On the basis of advice and research from Butlers (then our treasury adviser), Capital Economics and managers, it was anticipated that bank rate would fall to 1% or less, and that long term rates would fall under the pressures from declining economic activity and quantitative easing. The Treasury Management Strategy emphasised security – a reduced lending list until credit conditions improved, and lending for short periods. Whereas previously Brent has maintained borrowing at the Capital Financing Requirement – defined as the difference between the authority's total liabilities in respect of capital expenditure financed by borrowing and the provision that has been made to meet those liabilities in the revenue accounts - it was agreed that the strategy would be flexible and recognise that short term rates may remain low for a considerable period. It was envisaged that less borrowing would also reduce the level of deposits with banks and other borrowers. Finally, it was agreed that officers would look for opportunities to restructure debt, but that low rates may make this uneconomic.

BORROWING ACTIVITY DURING **2009/10**

3.9 The split of the council's treasury portfolio between fixed interest and variable loans and investments, as at 31 March 2010, is set out in Table 2.

Table 2 – Treasury portfolio at 31st March 2010 – loans and investments

	31.03.09	31.03.2010	
	Actual £m	Planned £m	Actual £m
Fixed rate loans – PWLB	512.0	574.5	522.0
Variable rate loans – PWLB	-	-	-
Variable rate loans – Market	85.5	85.5	85.5
Short-term loans – Market	69.5	-	52.0
Total Debt	**667.0**	**660.0**	**659.5**
INVESTMENTS	**97.2**	**74.0**	**69.0**
NET DEBT	**569.8**	**586.0**	**590.5**

3.10 The average rate of interest payable by Brent Council on its loans has fallen from 5.09% in 2007/08, to 4.87% in 2008/09, and to 4.6% in 2009/10. A debt restructuring was undertaken in March 2009, repaying £64.8m of PWLB loans and taking advantage of cheaper short term debt. In 2009/10 Brent Council did not undertake any debt restructuring, but took two new PWLB £10m loans at 4.2% (50 years) and 3.55% (10 years) respectively.

3.11 The PWLB has revised its policy on the calculation of premia / discounts for the early repayment of debt. The PWLB now issues rate notices twice a day, and has marginally reduced the premia payable / discounts receivable for early repayment. This may help with debt restructuring.

3.12 The duration and average interest rate, of loans in the treasury portfolio at 31st March 2010 is set out in Table 3.

Table 3 – Treasury portfolio at 31st March 2010 – duration/interest rates

Maturing Within	£m 31.03.09	31.03.10	Share of total debt %	Average Interest Rate 2009/10 %
1 Year	79.5	52.0	7.9	0.45
1 – 2 Years	-	-	-	-
2 – 3 years	-	-	-	-
3 – 4 years	-	-	-	-
4 – 5 years	-	-	-	-
5 – 6 years	-	-	-	-
6 – 10 Years	-	10.0	1.5	3.55
10 – 15 Years	5.0	5.0	0.7	8.88
Over 15 Years	497.0	507.0	76.9	4.94
Variable – PWLB	-	-	-	-
Variable – Market	85.5	85.5	13.0	4.58
TOTAL	**667.0**	**659.5**	**100.0**	**4.60**

LENDING ACTIVITY DURING 2009/10

3.13 The council's investments averaged £86m during 2009/10 (£126m during 2008/09) and earned £2.2m in interest. Returns were assisted by the portfolio of long term deposits (deposited in 2007 and 2008 for up to three years), a number of which continued to generate returns in excess of 5% per annum when overnight rates had fallen to 0.25%. The amount invested varied from day to day depending on cash-flow and the Council's borrowing activity. Responsibility for investing funds was split between the in-house team, which manages approximately 75% of the investments and an external house managing approximately 25% of the investments.

3.14 Investments by the in-house team were made primarily with the intentions of achieving security and liquidity, and were all placed with call accounts (for money market funds) or for periods up to one month. A total of £396m was lent during 2009/10 (£624m 2008/09). Rates achieved ranged between 0.25% and 0.5%, with the average rate being 2.54% (2008/09 5.25%). Loans were made to high quality counterparties included on the Treasury Lending list. Appendix 1 lists the deposits outstanding at 31st March 2010.

3.15 The financial tsunami following the bankruptcy of Lehman brothers forced a number of banks into administration in the autumn of 2008, and the collapse of the main Icelandic banks (7th October 2008). Brent Council has two deposits outstanding with Icelandic banks, as follows:-

Heritable	£10m	5.85%	Lent 15.08.08	Due back 14.11.08
Glitnir	£5m	5.85%	Lent 15.09.08	Due back 12.12.08

3.16 The Council continues to work with the Local Government Association and other authorities to recover the loans. All other deposits have been repaid on time. The most recent advice from CIPFA, the Department for Communities and Local Government (DCLG) and the Local Government Association (LGA) states that authorities are likely to be treated as preferred creditors to Glitnir. It was hoped that Brent would recover both deposit and interest during 2009/10. However, the Winding Up Board for Glitnir has proposed that local authority deposits be treated as ordinary creditors (only likely to recover around 30% of their losses), meaning that legal action will continue – our legal advisers, Bevan Brittan, believe that the deposit will be recovered. The administrators for Heritable have repaid £3.5m in 2009/10, a further £633,000 in July 2010, and state that creditors should receive 80% / 85% of deposit plus interest to October 2008, by instalments to 2012.

3.17 Regular reports have been made to the Audit Committee during 2009/10 on loans outstanding, the House of Commons Select Committee Report on loans to Icelandic Banks and revised treasury procedures.

3.18 External cash managers were initially appointed in 1998 to manage two portfolios with the aim of achieving an improved return at an acceptable level of risk. Aberdeen Asset Management has managed a portfolio throughout the period. The value of the Aberdeen's portfolio was £23.3m as at 31st March 2010 (£22.8m 2009). Actual performance for 2009/10 (2008/09 in brackets), and the three and five years to 2009/10 are set out in Table 4.

Table 4 - Performance of Aberdeen Asset Management and the In-House team against benchmark

	Aberdeen %		Brent in-house %	7 Day LIBID Benchmark %
2009/10	1.9 (7.0)		2.8 (5.25)	0.4 (3.8)
Three Years	4.9		4.4	3.3
Five Years	4.8		4.6	3.8

3.19 Aberdeen outperformed the benchmark in 2009/10 by using longer dated certificates of deposit of up to twelve months duration with financial institutions on the Brent lending list.

3.20 The in-house team did not have access to the same wider range of lending instruments as the managers (gilts or CDs), but was able to add value by using money market funds (pooled funds managed by city finance houses) and benefiting from previous long term deposits. The Brent strategy had previously identified that core balances of £60m would not be needed for immediate cash flow purposes, so that £60m could be lent for periods up to three years. The 2009 debt repayment has reduced the core balance.

3.21 The three and five year records indicate that Aberdeen has achieved their out-performance target (+0.5% per annum). Aberdeen is among the best managers over all periods (there are around ten in the market).

TOTAL INTEREST PAID AND RECEIVED

3.22 Total interest paid and received in 2009/10 is shown in Table 5. The reduced interest paid on external debt reflects the restructuring in March 2009 and short term borrowing at lower rates. The reduced interest received on deposits reflects lower market rates and lower cash balances.

Table 5 – Overall interest paid and received in 2009/10

	Budget £m	**Actual £m**
Interest paid on external debt	33.2	29.8
Interest received on deposits	3.0	2.2
Debt management expenses	0.3	0.3

By way of comparison, interest received on deposits was £6.2m in 2007/08 (budget £3m) and £7.0m in 2008/09 (budget £3.5m).

OTHER DEVELOPMENTS

3.23 Following a review, the treasury adviser Butlers was replaced by Arlingclose in March 2010. It was felt that Arlingclose were very strong in the area of credit management and risk – the house spotted the Icelandic and other banking problems very early, and they have different ideas from the norm on the composition of a lending list. The team is very experienced, and it is expected that the house will give Brent a more individual service.

3.24 In response to concerns raised about scrutiny of treasury management, a training seminar for members was held in May 2009. The seminar covered such topics as the regulatory framework, sources of advice, lending and borrowing policies, debt restructuring and reporting, and was attended by around 20 members. It is planned that a second seminar will be held in autumn 2010.

DEVELOPMENTS SINCE THE END OF THE YEAR

3.25 Although the UK financial markets have been fairly calm since the end of the financial year, European, share and foreign exchange markets have been turbulent in response to concerns about credit worthiness and debt. Short term interest rates remain very low, and long term rates have fallen in response to ‘flight to safety’ concerns and the growing belief that economic recovery will be very slow and monetary conditions loose. If financial stability continues to improve, it is expected that a revised Brent Lending List - that has previously been scrutinised by the Audit Committee – will be implemented so that lending recommences to high quality overseas banks, but only if security concerns are met. The list of loans outstanding as at 30th June 2010 is attached as Appendix 2.

4 ANNUAL INVESTMENT STRATEGY

4.1 Regulations issued under the 2003 Local Government Act require that councils agree an Annual Investment Strategy (AIS) before the beginning of each year, setting out how investments will be prudently managed with close attention to security and liquidity. The AIS for 2009/10 was agreed by Full Council in March 2009. The AIS sets out the security of investments used by the authority analysed between Specified (offering high security and liquidity, with a maturity of no more than one year) and Non-Specified (entailing more risk or complexity, such as gilts, certificates of deposit or commercial paper) investments. The AIS also sets out the maximum duration of deposits.

4.2 To discourage the use of investments that may be considered speculative, the acquisition of share or loan capital in any body corporate (such as a company) is defined as capital expenditure. On this basis, the Council does not invest treasury balances in shares, corporate bonds or floating rate notes issued by companies, though there is authority to invest through pooled schemes which are not considered capital expenditure.

4.3 Treasury activity has complied with the AIS in 2009/10. The approach has been to lend for short periods to high quality counterparties, reducing risk. As loans have matured, receipts have been used to minimise borrowing.

5. PRUDENTIAL INDICATORS – 2009/10 OUTTURN

5.1 The introduction of the new prudential system of borrowing in the 2003 Local Government Act (LGA) gave new opportunities for councils to assess their requirements for capital spending, and not have them restricted by nationally set approvals to borrow money (credit approvals), as previously. The new system also brought new responsibilities on councils to ensure that:

a) capital expenditure plans are affordable;

b) all external borrowing and other long term liabilities are within prudent and sustainable levels;

c) treasury management decisions are taken in accordance with good professional practice.

5.2 Under regulations issued under the 2003 LGA councils are required to follow the Prudential Code issued by CIPFA which sets out how councils ensure responsible use of new freedoms. The Code details indicators that councils are required to set before the beginning of each year, to monitor during the year, and to report on at the end of each year.

5.3 The outturn for prudential indicators measuring affordability is set out in Table 6. General Fund and HRA capital financing charges as a proportion of total budget were lower than the original estimates principally because the average borrowing rate fell to 4.60%. There was no unsupported borrowing in 2009/10.

Table 6 – Prudential indicators measuring affordability

	2009/10 (estimates)	**2009/10 (actual)**
Capital financing charges as a proportion of net revenue stream:		

- General Fund	8.69%	8.41%
- HRA	34.71%	32.59%
Impact of unsupported borrowing on: - Council tax at Band D	£2.10	£0.00
- Weekly rent	-	-

5.4 The outturn for prudential Indicators for capital spending is set out in Table 7. Movements within the capital programme, including slippage between years and resources becoming available during the year, were reported in the Performance and Finance Outturn report to the Executive in July 2010. Capital spending is funded from a variety of resources, including government grants, capital receipts, revenue contributions, Section 106 contributions and borrowing. This means that movements in capital spending are not directly reflected in movements in the Capital Financing Requirement (CFR), which principally reflects borrowing requirements. Total borrowing in 2009/10 was lower than anticipated which meant a reduction in the overall CFR. However, due to the introduction of International Financial Reporting Standards it has become necessary to include two Private Finance Initiative schemes on the council's balance sheet, adding approximately £30m to the CFR.

Table 7 – Prudential indicators measuring capital spending and CFR

	2009/10 Estimates £m	**2009/10 Actual £m**
Planned capital spending: - General Fund	106.211	79.666
- HRA	28.352	24.671
- Total	134.573	104.337
Estimated capital financing requirement for[1]: - General Fund	304.558	333.057
- HRA	330.693	330.241
- Total	635.251	663.298

5.5 The Council also sets prudential indicators for external debt which are shown in Table 8. This is to ensure that the council's overall borrowing is kept within prudent limits. The authorised limit for external borrowing is set flexibly above the CFR to allow for opportunities to restructure debt or borrow early when interest rates are favourable. The Operational Boundary sets out the expected maximum borrowing during the year, again allowing for cash flow, interest rate opportunities and possible restructuring. In 2009/10 the council did not undertake any debt restructuring, and did not exceed the Operational Boundary for external debt.

[1] The Capital Financing Requirement estimates in this table are at 31st March of each year.

Table 8 – Prudential indicators for external debt

Indicator	Limit	Status
Authorised limit for external debt	£810m	Met
Operational boundary for external debt	£710m	Met
Net borrowing	Below CFR	Met

5.6 The prudential indicators for treasury management, which are included in Table 9 below, were all met. These are set to ensure that interest rate exposures are managed to avoid financial difficulties if interest rates rise sharply. Although borrowing at variable rates can be advantageous if rates are falling, a sharp rise can cause budget difficulties, and force the Council to fix rates at an inopportune time. Again, managing loan durations ensures a variety of maturity dates to avoid all re-financing happening when rates may be high. Finally, the upper limit on investments of more than one year allows flexibility to lend for longer periods if interest rates make this advantageous, particularly by external managers investing in gilts, but also ensures that a minimum level of balances is available for cash flow purposes. Deposits have been short term, and long term loans have been run down during the year.

Table 9 – Prudential indicators for treasury management

Indicator	Limit	Outcome
Treasury Management Code		Adopted
Exposure to interest rate changes		
- fixed rate upper limit	100%	100%
- variable rate upper limit	40%	8%
Maturity of fixed interest loans		
Under 12 months		
- upper limit	40%	8%
- lower limit	0%	2%
12 months – 24 months		
- upper limit	20%	0%
- lower limit	0%	0%
24 months – 5 years		
- upper limit	20%	0%
- lower limit	0%	0%
5 years – 10 years		
- upper limit	60%	2%
- lower limit	0%	0%
Above 10 years		
- upper limit	100%	96%
- lower limit	30%	92%
Upper limit on investments of more than one year	**£60m**	**£40m**

6. MINIMUM REVENUE PROVISION

6.1 The Local Authorities (Capital Finance and Accounting) Regulations 2003 set out the requirement that councils set aside a minimum of 4% of their General Fund capital financing requirement to repay principal on debt, regardless of the length of life of the asset that was being financed.

6.2 Revised regulations which amend this requirement were issued in 2008.[2] Under the new regulations councils are required to set an amount of Minimum Revenue Provision which is 'prudent'. The definition of what counts as 'prudent' is set out in statutory guidance which has been issued by the Secretary of State for Communities and Local Government and which authorities are required to 'have regard' to.

6.3 Under the guidance councils are required to prepare an annual statement of their policy on making Minimum Revenue Provision to Full Council. The purpose of this is to give Members the opportunity to scrutinise use of the additional freedoms and flexibilities under the new arrangements. This Policy Statement was submitted and approved by the Full Council at its meeting in March 2010 within section 10 of the Budget Setting report.

[2] Local Authorities (Capital Finance and Accounting) (Amendment) Regulations 2008 – SI 2008/404

7. FINANCIAL IMPLICATIONS

7.1 Financial implications are set out within the report.

8. DIVERSITY IMPLICATIONS

8.1 The proposals in this report have been subject to screening and officers believe that there are no diversities implications arising from it.

9. LEGAL IMPLICATIONS

9.1 Guidance has been issued under s21 (IA) of the Local Government Act 2003 (the '2003 Act') on how to determine the level of prudent provision. Authorities are required by Section 21 (B) to have regard to this guidance.

9.2 Under regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) authorities have significant discretion in determining their Minimum Revenue Provision but, as a safeguard, the guidance issued under the 2003 Act recommends the formulation of a plan or strategy which should be considered by the whole Council. This mirrors the existing requirement to report to Council on the prudential borrowing limit and investment policy. The Local Authorities (Functions and Responsibilities) (England) (Amendment) Regulations 2000 have been amended to reflect that the formulation of such a plan or strategy should not be the sole responsibility of the Executive.

10. BACKGROUND INFORMATION

1. Loans Register.
2. Logotech Loans Management System.
3. Butler quarterly and special reports on treasury management.
4. Aberdeen Asset Management quarterly reports.
5. 2009/10 Budget and Council Tax report – March 2009
6. Reports to Audit Committee on The Audit Commission report on Icelandic Banks (16th June 2009), the House of Commons Select Committee on local authority investment in Icelandic Banks (24th September 2009), Treasury Management (17th December 2009) and The Treasury Strategy for 2010/11.

11. CONTACT OFFICERS

1. Martin Spriggs, Head of Exchequer and Investments – 020 8937 1472
2. Paul May, Capital Accountant – 020 8937 1568

DUNCAN McLEOD
Director of Finance and
Corporate Resources

APPENDIX 1

Brent treasury lending list

1 The current loans outstanding **as at 31st March 2010** are:

Name	**Amount £m**	**Yield %**	**Lending Date**	**Maturity Date**
Global Treas. Fund (RBS)	3.8	Var.	Call	
Gartmore cash reserve	0.1	Var.	Call	
Cheshire BS	5.0	Var.	07.05.08	07/05/10
Heritable bank	6.5	5.85	15.08.08	14/11/08
Glitnir	5.0	5.85	15.09.08	12/12/08
Northern Trust global fund	0.1	Var.	Call	
Newcastle BS	5.0	6.05	28.04.08	28/04/10
Derbyshire BS	5.0	6.4	16.06.08	16/06/10
Dunfermline BS	5.0	5.9	01.07.08	01/07/10
Skipton BS	5.0	6.48	01.07.08	01/07/11
RBS	5.0	7.0	22.09.08	22/09/11
Total	**45.5**			

Brent has also invested £23.3m with an external manager, Aberdeen Asset Manager, which has placed the fund in a mixture of certificates of deposit (CDs) and cash. The list of investments held by Aberdeen is as follows:-

Abbey National CD	2.3	0.49	10.05.10
Lloyds TSB CD	1.25	0.66	03.08.10
Barclays Bank CD	2.7	0.67	04.08.10
RBOS CD	2.0	0.67	04.08.10
Clydesdale Bank CD	2.5	0.96	24.11.10
Barclays Bank CD	1.5	0.96	25.11.10
Nationwide BS CD	2.2	0.97	29.11.10
Lloyds TSB CD	2.0	0.99	06.12.10
Lloyds TSB CD	1.0	1.13	03.02.11
RBOS CD	2.25	1.14	07.02.11
Nationwide BS CD	2.2	1.25	28.03.11
Santander Deposit account	1.1		
Accrued interest	0.3		
	23.3		

APPENDIX 2

Brent treasury lending list

2 The current loans outstanding **as at 30th June 2010** are:

Name	**Amount £m**	**Yield %**	**Lending Date**	**Maturity Date**
Global Treas. Fund (RBS)	4.1	Var.	Call	
Gartmore cash reserve	0.1	Var.	Call	
Heritable bank	6.5	5.85	15.08.08	14/11/08
Glitnir	5.0	5.85	15.09.08	12/12/08
Northern Trust global fund	0.1	Var.	Call	
Dunfermline BS	5.0	5.9	01.07.08	01/07/10
Skipton BS	5.0	6.48	01.07.08	01/07/11
RBS	5.0	7.0	22.09.08	22/09/11
Nationwide BS	10.0	0.46	03.06.10	05.07.10
Santander UK	10.0	0.81	03.06.10	01.07.10
Barclays	4.0	0.40	24.06.10	26.07.10
Total	**54.8**			

Brent has also invested £23.4m with an external manager, Aberdeen Asset Manager, which has placed the fund in a mixture of certificates of deposit (CDs) and cash. The list of investments held by Aberdeen is as follows:-

Lloyds TSB CD	1.25	0.66		03.08.10
Barclays Bank CD	2.7	0.67		04.08.10
RBOS CD	2.0	0.67		04.08.10
Clydesdale Bank CD	2.5	0.96		24.11.10
Barclays Bank CD	1.5	0.96		25.11.10
Nationwide BS CD	2.2	0.97		29.11.10
Lloyds TSB CD	2.0	0.99		06.12.10
Lloyds TSB CD	1.0	1.13		03.02.11
RBOS CD	2.25	1.14		07.02.11
Nationwide BS CD	2.2	1.25		28.03.11
Santander Deposit account	3.5			
Accrued interest	0.3			
	23.4			