(PUBLIC)

Agenda Item 5.2

Board Meeting

Date	Friday 10 June 2016
Report title	2016-2017 Combined Authority Treasury Management Strategy
Accountable Chief Executive	Jan Britton, Chief Operating Officer to the Combined Authority Tel 0121 569 3501 Email Jan_Britton@sandwell.gov.uk
Accountable Employee	James Aspinall, Section 151 Officer to the Combined Authority Email JamesAspinall@centro.org.uk Tel 0121 214 7690
Report to be/has been considered by	West Midlands Finance Directors 26 May 16 WMCA Management Board 26 May 16

Recommendation(s) for action or decision:

The Combined Authority Board is recommended to:

Approve:

1. The Minimum Revenue Provision (MRP) Statement set out in Section 10.

2. Delegate authority to the West Midlands Combined Authority Section 151 Officer to undertake borrowing in accordance with this Strategy.

Note and Endorse:

3. The West Midlands Combined Authority Treasury Management and Investment Strategy for 2016-2017 as previously approved by the ITA now updated for the actual outturn as at 31 March 16 and the planned West Midlands Combined Authority Investment Programme.

4. The prudential and treasury management indicators and limits described in section 12 and as detailed in Appendix 2.

1.0 Purpose

1.1 The report outlines the West Midlands Combined Authority's Treasury Management and Investment Strategy for 2016-2017.

1.2 It sets out the approved prudential and treasury management indicators for the period to 31 March 2019 and sets out the expected treasury operations for this period.

2.0 Impact on delivery of the Strategic Transport Plan

The Treasury Management Strategy details the expected activities of the treasury function in the forthcoming year 2016-2017. The publication of the strategy is a statutory requirement.

3.0 Main Principles of Treasury Management

3.1 The overall aim of the Treasury Management Policy is to manage the Authority's cash resources so that sufficient money is available to deliver its services whilst at the same time minimising the costs of debt and maximising investment returns taking into account an acceptable level of risk.

3.2 No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral elements to treasury management activities and include credit and counterparty risk, liquidity / market or interest rate risk, refinancing risk, and legal & regulatory risk. In addition future stability and predictability are also important considerations to be assessed.

In summary the Combined Authority's Policy objectives are:-

3.2.1 Borrowing:

- To maintain adequate liquidity
- To manage revenue costs at an appropriate level of risk.
- To undertake funding in any year at the best rates available, taking into account existing commitments and future needs
- To manage the total debt maturity profile to ensure a fairly even spread of future repayments
- To review actively, opportunities to redeem (i.e. repay early) and reschedule debt (i.e. replace one debt with another) as interest rates change, to reduce revenue costs

3.2.2 Investment:

The fundamental principles governing the Combined Authority's investment criteria are the security of its investments, taking into account investment return. The Combined Authority will ensure:

- Maintenance of capital security,
- Maintenance of adequate liquidity
- Maximum revenue benefit subject to appropriate risk

3.3 As in all Local Authorities the Authority is required to abide by the Prudential Code and The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management (The CIPFA TM Code of Practice (revised 2012)). The guidance arising from these codes has been incorporated within this report

3.4 All treasury activity will comply with relevant statute, guidance and accounting standards.

4.0 Treasury Management

4.1 The guidance to the CIPFA TM Code of Practice (2012) and the Prudential Code (revised November 2011) highlighted the need to reinforce organisational reporting, clarity and segregation of responsibilities as well as counterparty credit ratings.

4.2 The key implications were as follows;

Minimum Reporting Requirements

The Combined Authority will receive a minimum of three reports throughout the year as follows;

- An annual report on the strategy and plan to be pursued in the coming year
- A mid-year review
- An annual report on the performance of the treasury management activities

In addition to the above, the Prudential Indicators are currently included within the regular Financial Monitoring Reports to Committee and these will continue to be included and reported during the year.

Scrutiny and Approval

The Combined Authority will approve any changes required to the Treasury Management Strategy due to changes resulting from regulatory, economic, market or other factors affecting its treasury management activities, following

the approval by a responsible member body. This is currently the Section 151 Officer to Combined Authority in conjunction with the Combined Authority Head of Finance and other West Midlands Combined Authority officers responsible for Treasury Management activities (referred to as Treasury Management Group).

Officer and Member Training

The Section 151 Officer to Combined Authority must ensure that appropriate training is available so that those responsible for treasury management can effectively discharge their duties. This includes those responsible for governance to ensure that they have the necessary skills to complete their role effectively.

5. 0 Treasury Management Strategy

5.1 The Authority's treasury activities are regulated by statutory requirements. The CIPFA Code of Practice for Treasury Management in Public Services (the TM Code of Practice), and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and the Prudential Indicators (PI's) on an annual basis. The TMSS also includes the Annual Investment Strategy (AIS) that is a requirement of the Department for Communities Local Government (CLG's) Investment Guidance.

5.3 The Combined Authority are supported by professional advisors Arlingclose limited in order to ensure that up to date market advice and information on the most appropriate investment / borrowing options is obtained. This arrangement is jointly funded between the Combined Authority and Coventry City Council who also use Arlingclose.

6.0 External Climate

6.1 The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before.

6.2 CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil, the appreciation of sterling since 2013 and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year on year in February, but this was still well below the Bank of England's 2% inflation target.

6.3 The labour market continued to improve through 2015 and in quarter 1 2016, the latest figures show the employment rate at 74.1% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.2% excluding bonuses.

6.4 The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole.

6.5 As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU.

6.6 The Bank of England's made no change to policy, maintaining the Bank Rate at 0.5% and Quantitative Easing at £375bn. In its Inflation Reports and monthly monetary policy meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.

7.0 Internal Climate

7.1 As at 31st March 2016, the Integrated Transport Authority had £163m of borrowing (excluding inherited debt administered by Dudley MBC) and £28.15m of investments which relate to the WMITA legacy financing.

7.2 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Combined Authority's strategy will be to maintain borrowing below the underlying levels by minimising cash investments at the level needed to provide sufficient liquidity; known as internal borrowing.

7.3 The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level. The Authority is likely to only borrow in advance of need if it is felt that the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.

7.4 The forecasted movement in the CFR is one of the Prudential Indicators (PI's) and is covered in Appendix 2 paragraph 4.5.

8.0 Interest Rates

8.1 At the start of 2016 the Base Rate stood at 0.50%, and no change has been made to the base rate since 2009. The Authority's treasury management advisor Arlingclose forecasts the first rise in official interest rates in the latter half of 2016 and a gradual pace of increases thereafter. Arlingclose forecasts show the level of the Bank Rate post-crisis to range between 0.5% and 2.0% by March 2019.

8.2 Longer term borrowing rates, such as those obtainable from the PWLB are currently relatively low but are expected to increase marginally during 2016-2017. The interest rates offered by PWLB on 31st March 2016 are shown in table 1 below, along with the economic and interest rate forecast.

Table 1 - PWLB Rates as at 31st March 2016

	Annual Interest Rate %	
	Maturity Loan	Annuity Loan
1 Year	1.32	N/A
1 - 2 Years	1.36 - 1.40	1.34
2 - 5 Years	1.46 - 1.81	1.36 - 1.49
5 - 10 Years	1.88 - 2.47	1.52 - 1.85
10- 20 Years	2.53 - 3.22	1.89 - 2.56
20 - 30 Years	3.24 - 3.31	2.59 - 3.06
30 - 40 Years	3.31 - 3.17	3.08 - 3.30
40 - 50 Years	3.17 - 3.13	3.31 - 3.31
In excess of 50 Years	3.13	3.31

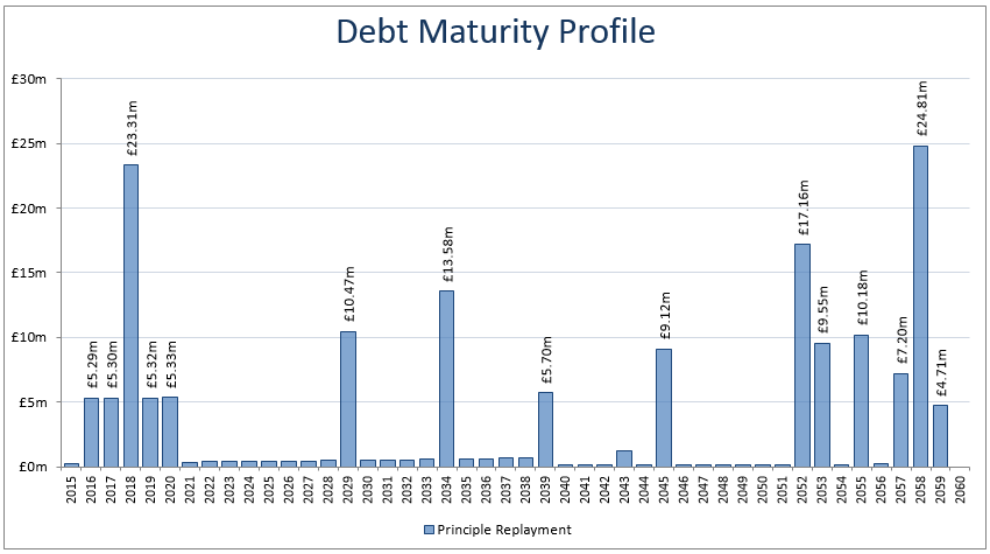
8.3 Based on current estimated levels of Capital Expenditure it is likely that borrowing of up to £29.7m (see table, paragraph 8.7) of project related borrowing may be required between 2016-2017 and 2018-2019 to fund the Transport Delivery Programme and year 1 of the Investment Programme. Due to the uncertainty around borrowing powers, years 2 and 3 will be reflected in the future strategy.

8.4 The current debt position inherited from WMITA as at 31 May 2016, (excluding debt administered by Dudley MBC) is £163.01m. This is made up of a number of loans, details of which are shown in Table 2, with the maturity profile highlighted in the corresponding graph.

Table 2 - Borrowing as at 31 January 2016

Institution	Loan Type	Loan Value (£)	Loan Start Date	Loan Maturity Date	Interest Rate (%)	Annual Interest Charge (£)
PWLB	Maturity	5,000,000	21 Dec 1995	21 Dec 2016	7.875	393,750
PWLB	Maturity	5,000,000	21 Dec 1995	21 Dec 2017	7.875	393,750
PWLB	Maturity	1,067,916	20 Sep 1993	30 Apr 2018	7.875	84,098
PWLB	Maturity	21,934,712	11 Jul 1996	11 Jul 2018	8.375	1,837,032
PWLB	Maturity	5,000,000	21 Dec 1995	21 Dec 2019	7.875	393,750
PWLB	Maturity	5,000,000	21 Dec 1995	21 Dec 2020	7.875	393,750
PWLB	Maturity	10,000,000	15 Jul 2029	15 Jul 2029	3.910	391,000
PWLB	Maturity	13,000,000	16 Jun 2004	21 Jun 2034	4.950	643,500
PWLB	Maturity	5,000,000	23 Dec 2009	23 Jun 2039	4.340	217,000
PWLB	Annuity	9,631,768	15 Jul 2014	15 Jul 2039	3.870	379,966
PWLB	Maturity	1,067,916	21 Sep 1993	30 Apr 2043	7.875	84,098
PWLB	Maturity	9,000,000	02 May 2006	06 Sep 2045	4.450	400,500
PWLB	Maturity	7,000,000	02 Oct 2006	06 Mar 2052	4.100	287,000
PWLB	Maturity	4,000,000	06 Nov 2006	30 Apr 2052	4.050	162,000
PWLB	Maturity	6,000,000	23 May 2007	22 Nov 2052	4.600	276,000
PWLB	Maturity	4,800,000	06 Nov 2006	30 Apr 2053	4.050	194,400
PWLB	Maturity	4,583,380	23 May 2007	22 May 2053	4.600	210,835
PWLB	Maturity	7,000,000	22 May 1997	22 May 2057	7.375	516,250
PWLB	Maturity	4,300,000	06 Mar 1998	06 Mar 2058	6.000	258,000
PWLB	Maturity	4,300,000	06 Mar 1998	06 Mar 2058	6.125	263,375
PWLB	Maturity	16,000,000	30 Apr 1998	30 Apr 2058	5.625	900,000
PWLB	Annuity	4,325,034	23 Dec 2009	23 Dec 2059	4.340	188,764
Barclays	LOBO	10,000,000	23 Jun 2005	23 Jun 2055	4.030	401,896
Totals		**163,010,726**				**9,270,714**

The average rate of interest is 5.69% reflecting the prevailing fixed interest at the time the borrowing was taken out.



8.5 The Authority will review the portfolio for potential early repayment / debt rescheduling benefits; however the penalty costs for early redemption are likely to make this too expensive to undertake.

8.6 The main borrowing sources likely to be used by the Combined Authority are:

- The Public Works Loans Board (PWLB) and its successor body which is in effect, the government. Although loans may be obtained at variable rates of interest they are normally at fixed rates.

- Money Market - these are loans obtained from financial institutions, such as banks. These have generally been less competitive than PWLB loans. The Authority holds a £10m LOBO loan where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The full £10m has options during 2016-2017 and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so.

- Other Local Authorities – these are an important source of short term borrowing.

- European Investment Bank (EIB) – discussions with EIB are taking place regarding a major loan facility for the Combined Authority. This is likely to be significantly cheaper than PWLB.

- In conjunction with advice from our treasury advisors, Arlingclose Ltd, the Authority will keep under review additional borrowing sources.

  - Commercial banks

  - Capital markets (stock issues, commercial paper and bills)

- Structured finance
- Leasing

Capital Expenditure Estimates

8.7 The forecast Capital expenditure funding requirement to 2018-2019 is summarised in table 3 below. This represents the forecast borrowing requirement and therefore for prudent reasons this has been used throughout this report.

	2015-16 Actual	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast
BASE PROGRAMME	**£50,222,450**	**£173,442,401**	**£42,515,641**	**£34,971,930**
FUNDING				
Local Growth Fund	£14,178,885	£15,214,281	£786,970	£0
Enterprise Zone	£2,271,063	£4,446,054	£5,130,884	£157,585
DFT - Integrated Transport Block and Other Grants	£12,214,962	£27,191,247	£15,948,187	£23,219,401
3rd Party	£842,328	£2,530,000	£4,759,279	£516,945
Productivity Fund	£0	£36,200,000	£0	£0
Revenue	£204,097	£2,452,203	£0	£0
Local Authority Borrowing (Non Transport)	£0	£65,000,000	£0	£0
HS2	£0	£2,700,000	£0	£0
European Union	£11,613	£680,000	£0	£0
TOTAL FUNDING AVAILABLE	**£29,722,948**	**£156,413,785**	**£26,625,320**	**£23,893,931**
BALANCE TO BE FUNDED BY WMCA	**£20,499,502**	**£17,028,616**	**£15,890,321**	**£11,078,000**
WMCA FUNDING				
BORROWING	£13,343,502	£12,363,977	£11,225,682	£6,263,361
USE OF MRP	£7,156,000	£4,664,639	£4,664,639	£4,814,639
TOTAL WMCA FUNDING	**£20,499,502**	**£17,028,616**	**£15,890,321**	**£11,078,000**

8.8 The table illustrates that using internal funds and the cash investments, no actual borrowing was undertaken in 2015-2016 (compared to a theoretical requirement of £13.3m). It is expected there will be a need to borrow an additional £12.4m in 2016-2017. The borrowing term will depend upon the predicted capital and investment programmes thereafter, but capital repayments of £5m are due in 2016-2017 and 2017-2018, with £23m due in 2018-2019 which will have to be rescheduled.

8.9 Borrowing in advance of need: The Combined Authority has some flexibility to borrow funds in year for use in future years. The Section 151 Officer to the West Midlands Combined Authority may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed rates will be economically beneficial to meet budgetary constraints. Whilst the Section 151 Officer to West Midlands Combined Authority will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities. Timing and actual borrowing levels undertaken in year will depend on cash flows and working capital requirements.

8.10 Risks associated with any advance borrowing activity will be subject to appraisals in advance and subsequent reporting through the mid-year or annual reporting.

8.11 In 2016-2017, it is proposed that the Combined Authority would be likely to borrow at least some of its emerging borrowing needs on a short term or variable rate basis to take advantage of current low short term rates. This strategy and its implementation will remain flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Section 151 Officer to the West Midlands Combined Authority and reported through regular monitoring reports.

9.0 Investments

9.1 Base rates have remained at 0.50% since 2009 and therefore, returns on existing investments have been low.

9.2 In relation to the WMITA inherited position Investment returns to March 2016 were very low with rates ranging from 0.3% to 0.8%, depending upon the individual institutions need for cash. There has been very little movement on investments ranging from 3 months to 12 months hence during 2015-2016 all surplus cash was required to be invested in in short-term unsecured bank deposits.

9.3 Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and / or higher yielding asset classes during 2016-2017 where prudently able to do so.

10.0 Minimum Revenue Provision

10.1 The Combined Authority is required to provide for the repayment of long term capital programme borrowing through a revenue charge (the Minimum Revenue Provision or MRP). Capital Finance Regulations require the approval of an MRP Statement setting out the authority's approach. The proposed MRP statement is:

- *"For capital expenditure incurred before 1st April 2009 or which in future will be financed by supported borrowing, the Combined Authority will follow previous practice, with MRP broadly based as being 2% of the underlying Capital Financing Requirement.*

- *From 1st April 2009 for all capital expenditure met from unsupported or prudential borrowing, MRP will be based on the estimated life of the asset or a depreciation calculation."*

- *For the existing Transport Delivery Programme MRP will continue to commence in the year after the scheme becomes operational.*

- *In relation to the Combined Authority wider Devolution Investment Programme MRP will be charged over the 30 years to 2046-2047 in order to repay all the Investment Plan borrowing.*

11.0 Use of Reserves

11.1 The Authority has minimal reserves set aside for funding the capital programme, however the timing of the application of these reserves will depend on the overall requirements of the capital programme and borrowing decisions

12.0 Prudential Code

12.1 The Local Government Act 2003 and associated CIPFA Prudential Code for Capital Finance in Local Authorities has set the framework for the new local government capital finance system. From the 2004-2005 financial year, Authorities can borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. This is a fundamental feature of the current system and requires that the Authority sets and monitors a number of Prudential Indicators (PIs) relating to capital, affordability, external debt and treasury management.

12.2 These indicators will be used by the Treasury Management Group to monitor against the CIPFA requirements and can be split into the following categories:

- Affordability
- Prudence
- Capital expenditure, external debt and treasury management.

12.3 Appendix 2 details the Prudential and Treasury Management Indicators for the period.

13.0 West Midlands Combined Authority – Wider Devolution Investment Programme

13.1 The West Midlands Combined Authority will be responsible for consolidating and reporting the progress of the Devolution Deal from central government in addition to undertaking the necessary borrowing to facilitate scheme delivery.

13.2 The Devolution deal enables the Combined Authority to create an investment fund of over £1 billion through a 30 year revenue stream and locally raised finance. Delivery of the devolution deal will commence from 2016-2017. Following this, an incoming Mayor would have the option, on the basis of support from business, to raise up a business rate supplement to fund the programme of works.

13.3 The West Midlands Combined Authority will be the recipient of the 30 year revenue grant, £36.5m pa, upon which, the borrowing required to fund the investment is secured. During 2016-2017, however, the CA is only expected to have borrowing powers related to Transport.

13.4 A detailed financial model has been assembled which shows that the investment from Government, together with supplementary funding both generated by the Combined Authority and secured at a local level by project sponsors (in most cases, Local Authorities) is sufficient to fund the overall programme of works over a 30 year period.

13.5 As detailed within this strategy, any borrowing undertaken by the West Midlands Combined Authority will be based on the availability of cash resources available to the Authority at the time so as to avoid un-necessary interest charges.

13.6 The 2016-2017 current estimated programme spend is shown below along with the assumed funding:

WEST MIDLANDS COMBINED AUTHORITY: INVESTMENT PROGRAMME

Financial Year Ending March 2017

Infrastructure Programme Spend	Current estimate £000	Funded By (£000)						
		WMCA Devolution	CIF Fund	European Union	3rd Party/ Other	Enterprise Zone	Local Growth Fund	High Speed 2
HS2 UKC Interchange	900	900						
UKC Infrastructure Package	2,400	1,600		700	100			
HS2 Curzon Street Masterplan	500					500		
HS2 Wider Connectivity Package	910	800			110			
HS2 Curzon (Bull St to Curzon / Adderley)	2,200						2,200	
HS2 Metro Birmingham Interchange	1,500							1,500
Brierley Hill Metro	1,200							1,200
HS2 Programme Governance	600	600						
High Speed Supply Chain	36,200				36,200			
National College - Development Team	70	70						
HS2 Growth Strategy	**46,480**	**3,970**	**-**	**700**	**36,410**	**500**	**2,200**	**2,700**
Coventry UK Central Plus	440	440						
Coventry City Centre Regeneration	780	780						
Collective Investment Fund	35,000		35,000					
Land Reclamation Fund	40,000	40,000						
Business Innovation	25,000	25,000						
Combined Authority Total	**147,700**	**70,190**	**35,000**	**700**	**36,410**	**500**	**2,200**	**2,700**

13.7 As set out in the 2016-2017 Budget report, also to this meeting, the projected borrowing requirement for the programme in year is £70.19m, however, as the CA is expected only to have borrowing powers for transport during 2016-2017, the split of the Transport and Non-Transport requirement is shown below.

WMCA Financing Budget 2016/17	Borrowing £000	Transport £000	Non Transport £000
HS2 UKC Interchange	900	-	900
UKC Infrastructure Package	1,600	1,600	-
HS2 Curzon Street Masterplan	-	-	-
HS2 Wider Connectivity Package	800	800	-
HS2 Curzon (Bull St to Curzon / Adderley)	-	-	-
HS2 Metro Birmingham Interchange	-	-	-
Brierley Hill Metro	-	-	-
HS2 Programme Governance	600	-	600
High Speed Supply Chain	-	-	-
National College - Development Team	70	-	70
HS2 Growth Strategy	3,970	2,400	1,570
Coventry UK Central Plus	440	440	-
Coventry City Centre Regeneration	780	-	780
WM Revolving Housing Fund	-	-	-
Collective Investment Fund	-	-	-
Land Reclamation Fund	40,000	-	40,000
Business Innovation	25,000	-	25,000
EZ Expansion (excluding Curzon Street)	-	-	-
Combined Authority Total	70,190	2,840	67,350

13.8 The Combined Authority is therefore expected to borrow a projected £2.84m in 2016-2017 to finance the Transport element of this programme.

13.9 Excluding the Land Reclamation and Business Innovation Programmes, a balance of £2.35m non-transport borrowing is also required in year and this is small enough to be funded direct from the Devolution Grant itself in year without borrowing. This approach eliminates the need for complex inte-authority borrowing arrangements for this smaller requirement during the interim period when the CA does not have the necessary non-transport borrowing powers.

13.10 In relation to the Land Reclamation and Business Innovation Funds, until non-transport powers are granted to the Combined Authority, it is proposed that the lead Authority for each undertakes the borrowing and the Combined Authority reimburse in full via an interim agreement from the £36.5m Devolution Grant as financing costs. This would result in the same financial impact for the Combined Authority.

13.11 All 2016-2017 spend will however be incurred at risk until finalisation of the Devolution Agreement.

14.0 Monitoring

14.1 Officers will monitor the Performance Indicators on a monthly basis, in particular the Authorised Limit, before any new borrowing is carried out. The monitoring of the Performance Indicators will be reported in the Authority's mid-year Treasury Management Monitoring Report, Financial Monitoring reports and also the out-turn report for the year.

15.0 Financial Implications

15.1 These are included in the body of this report

16.0 Legal Implications

16.1 Legal requirements are referred to in the body of this report.

17.0 Equalities Implications

17.1 There are no Equalities Implications

APPENDIX 1

WEST MIDLANDS COMBINED AUTHORITY INVESTMENT STRATEGY AND POLICY

Investment Strategy

1.1 The Authority holds invested funds representing income received in advance of expenditure plus balances and reserves held. Due to planned capital investment in 2016-2017 against the ITA legacy Programme, a reduction in investment balances will occur but this will be off-set by additional grant received as part of the West Midlands Combined Authority Investment Programme / Devolution Deal.

1.2 **Objectives:** Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

1.3 **Strategy:** Given the increasing risk and continued low returns from short-term unsecured bank investments, the Authority aims to diversify into more secure and/or higher yielding asset classes during 2016-2017. The Authorities surplus cash is currently invested in short-term unsecured bank deposits. This diversification will therefore represent a substantial change in strategy over the coming year.

1.4 The proposed Investment Policy is:

1.5 **Approved Counterparties:** The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 1: Approved Investment Counterparties and Limits

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<table>
<tr><td rowspan="2">Credit Rating of Institution or Product</td><td colspan="2">Banks and Building Societies</td><td rowspan="2">Government</td><td rowspan="2">Corporates</td></tr>
<tr><td>Unsecured</td><td>Secured</td></tr>
<tr><td>UK Govt</td><td>N/A</td><td>N/A</td><td>£ Unlimited
50 Yrs Max</td><td>N/A</td></tr>
<tr><td>AAA</td><td rowspan="7">£4m (12 Months Max)</td><td>£50m (5 Yrs) Max</td><td rowspan="4">£10m (3 Yrs) Max</td><td>£10m (2 Yrs) Max</td></tr>
<tr><td>AA+</td><td rowspan="6">£20m (3 Yrs Max)</td><td rowspan="2">£5m (1 Yr) Max</td></tr>
<tr><td>AA</td></tr>
<tr><td>AA-</td><td rowspan="5">£1m (1 Yr) Max</td></tr>
<tr><td>A+</td></tr>
<tr><td>A</td><td rowspan="3">£5m (2yrs) Max</td></tr>
<tr><td>A-</td></tr>
<tr><td>BBB+</td><td>£4m (100 Days)</td><td>£5m (2 Yrs Max)</td></tr>
<tr><td>BBB OR BBB-</td><td colspan="2">£1m (Call)</td><td>N/A</td><td>N/A</td></tr>
<tr><td>Pooled Funds & Money Market</td><td colspan="4">£10m Per Fund</td></tr>
</table>

This table must be read in conjunction with the notes below:

1.6 **Credit Rating:** Investment decisions are made by reference to the lowest published long-term credit rating from any two from, Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

1.7 **Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits at the Authority's current account bank (HSBC) should the rating be reduced.

1.8 **Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

1.9 **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

1.10 **Corporates:** Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

1.11 **Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Money Market Funds that offer same-day liquidity and aim for a constant net asset value will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

1.12 Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

1.13 **Risk Assessment and Credit Ratings**: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an

entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

1.14 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

1.15 **Other Information on the Security of Investments**: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations, in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

1.16 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

1.17 **Specified Investments**: The CLG Guidance defines specified investments as those:

- Denominated in pound sterling,
- Due to be repaid within 12 months of arrangement,
- Not defined as capital expenditure by legislation, and
- Invested with one of:
  - The UK Government
  - A UK local authority, parish council or community council, or
  - A body or investment scheme of "high credit quality".

1.18 The Authority defines "high credit quality" organisations and securities as those having a credit rating of BBB+ or higher that are domiciled in the UK or a foreign country with a

sovereign rating of AA+ or higher. For money market funds and other pooled funds "high credit quality" is defined as those having a credit rating of A- or higher.

1.19 **Non-specified Investments**: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 2 below.

Table 2: Non-Specified Investment Limits

	Cash Limit
Total Long Term Investments	£8m
Total Investments without credit rating or rated below BBB+	£4m
Total non-specified investments	£12m

Investment Limits:

1.20 To ensure that the Authorities reserves are not exposed in the case of a single default, deposits will be placed in secured investments where possible. All investments will be managed within the parameters detailed below in Table 3 and Table 2 above.

Table 3: Investment Limits

	Cash Limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£20m per broker
Unsecured investments with Banks / Building Societies	£40m in total
Money Market Funds	£40m in total

APPENDIX 2

WEST MIDLANDS COMBINED AUTHORITY PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

1. Prudential Code

1.1 The Local Government Act 2003 and associated CIPFA Prudential Code for Capital Finance in Local Authorities have set the framework for the new local government capital finance system. From the 2004-2005 financial year, Authorities can borrow whatever sums they see fit to support their capital programmes, subject to them being able to afford the revenue costs. This is a fundamental feature of the new system and requires that the Authority sets and monitors a number of Prudential Indicators (PIs) relating to capital, affordability, external debt and treasury management.

1.2 The prudential indicators to be reported are split into the following categories:

- Affordability
- Prudence
- Capital expenditure, external debt and Treasury Management.

1.3 The following indicators take account of the ITA's approved prudential indicators together with the effect of the Combined Authority's new plans and finances for 2016-2017. Years 2 and 3 of the indicators should be regarded as indicative only and are likely to be substantially reviewed in the Combined Authority's future budgets to take account of its developing investment plans. The prudential limit in paragraph 4.12 and the operational boundary in 4.9 include significant allowance for additional prudential borrowing in the event that the Combined Authority requires this.

2. Affordability

2.1 The fundamental objective in the consideration of the affordability of the Authority's capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the Authority remains within sustainable limits, and in particular to consider its impact on the levy. Affordability is ultimately determined by an acceptable levy increase.

2.2 Indicators should be provided for the forthcoming year and the following 2 years and should take into account all of the resources currently available and estimated for the future together with the totality of the Authority's capital plans, revenue income and revenue expenditure forecasts.

2.3 The Authority is to estimate for the forthcoming financial year and the following 2 financial years the ratio of financing costs to net revenue stream.

2.4 Table 4 summarises the impact on the net financing ratio on net revenue Streams, which shows a range 9.72% to 8.96% over the strategy period.

Table 4 - Ratio of Financing Costs to Net Revenue Stream

		Actual 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000
PWLB Interest Charges - Base		8,625	8,756	8,363	6,766
LOBO Interest Charges		403	403	403	403
Interest on new borrowing	Project Related Borrowing	0	588	898	1,160
	Debt Rescheduling	0	41	191	695
Inherited Debt Interest Charges		607	586	569	528
Total Interest Charges		**9,635**	**10,374**	**10,424**	**9,552**
Investment Income		(142)	(225)	(225)	(200)
MRP		7,156	4,665	4,665	4,815
Net Financing Costs		**16,649**	**14,814**	**14,863**	**14,166**
Transport Services Levy		131,400	124,830	123,042	121,619
Devoloution Grant		0	27,500	36,500	36,500
Ratio of net financing costs to net revenue streams		12.67%	9.72%	9.32%	8.96%

2.5 As detailed in Table 4, the annual interest cost is predicted to increase over the first 3 years due to borrowing to fund new infrastructure projects; after-which, between 2017-2018 and 2018-2019, the annual interest charge is forecast to decrease by £0.083m following the replacement of historic debt (obtained at 8.375%, maturing in 2018/19) with debt obtained at a cheaper rate, subject to year 2 and 3 investment programme financing and funding strategy.

2.6 The overall net financing cost is further reduced from April 2016 following the revisions to the MRP charge approved by WMITA on 15th September 2015.

2.7 In terms of the ratio of financing costs against net revenue streams over the period however, this remains relatively constant at around 10.0% as these savings are being countered by assumptions regarding a declining Transport Levy.

2.8 Table 5 below shows the impact of the changing finance cost as a proportion of the annual income, with values ranging from favourable 0.10% to adverse 1.2% over the period. The main contributors influencing the change resulting from the revised MRP charge, the rescheduling of debt detailed above and borrowing for new projects.

Table 5 - Incremental impact of capital investment decisions

	2015/16 Actual £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Transport Levy	131,400	124,830	123,042	121,619
Devoloution Grant	0	27,500	36,500	36,500
Movement in financing cost	126	(1,835)	50	(697)
Levy and Transport Grant plus effect of capital investment decisions	**131,526**	**150,495**	**159,592**	**157,422**
Change in financing as a Percentage of Income	0.10%	(1.20%)	0.03%	(0.44%)

3. Prudence

3.1 The prudential indicator in respect of external debt must be set and revised taking into account affordability. It is through this means that the objective of ensuring that external debt is kept within sustainable, prudent limits is addressed year on year.

3.2 Indicator Requirement – Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that gross debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

3.3 The Combined Authority Plan – Based on the planned capital programme the gross borrowing requirement for the Authority over the next 3 years is calculated as follows:

Table 6 - Net Borrowing Requirement

Borrowing Position		2015/16 Actual £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Borrowing at start		163,289	163,009	175,081	186,004
Loan Repayment		(280)	(5,291)	(5,303)	(23,317)
Forecast New Borrowing	Project Related Borrowing*	-	12,364	11,226	6,263
	Debt Rescheduling	-	5,000	5,000	23,003
Gross Borrowing		163,009	175,081	186,004	191,953

* 2015/16 Forecast borrowing funded from effective use of cash balances.

3.4 As detailed above, there is a requirement in the Code to ensure that the estimate for the CFR at the end of 2018-2019 is not exceeded by the gross debt estimate at the end of 2016-2017. This requirement seeks to ensure that over the medium term, debt will only be for a capital purpose.

3.5 The gross borrowing at the end of 2016-2017 totals £175m as shown above and is less than the CFR comparator detailed within the code of £213m Table 8).

4. Capital Expenditure, External Debt and Treasury Management.

4.1 The Authority is required to set and monitor against specified prudential indicators for capital expenditure, external debt and Treasury Management.

4.2 Indicator Requirement - The Authority make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following 2 years.

4.3 West Midland Combined Authority Plan - The Capital and Investment Programmes and funding assumptions can be summarised as follows:

Table 7 - Estimates of Capital Expenditure

	2015-16 Actual	2016-17 Forecast	2017-18 Forecast	2018-19 Forecast
CAPITAL PROGRAMME	**£50,222**	**£173,442**	**£42,516**	**£34,972**
FUNDING				
Local Growth Fund	£14,179	£15,214	£787	£0
Enterprise Zone	£2,271	£4,446	£5,131	£158
DFT - Integrated Transport Block and Other Grants	£12,215	£27,191	£15,948	£23,219
3rd Party	£842	£2,530	£4,759	£517
National Stations Improvement Programme	£0	£0	£0	£0
Revenue	£204	£2,452	£0	£0
European Union	£12	£680	£0	£0
Prudential Borrowing	£13,344	£12,364	£11,226	£6,263
Productivity Fund	£0	£36,200	£0	£0
Local Authority Borrowing (Non Transport)	£0	£65,000	£0	£0
HS2	£0	£2,700	£0	£0
Available Resources	£7,156	£4,665	£4,665	£4,815
TOTAL FUNDING	**£50,222**	**£173,442**	**£42,516**	**£34,972**

4.4 Indicator Requirement - The Authority has to make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following 2 years.

4.5 The Combined Authority Plan – Based upon the Transport Delivery Capital Programme set out in table 8 the capital financing requirement is calculated as follows:

Table 8 - Capital Financing Requirement

	2015/16 Actual £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Capital Financing Requirement B/F	171,646	184,789	196,937	207,934
Less MRP	(7,077)	(4,590)	(4,590)	(4,740)
Annuity Debt Principal Repayment	(280)	(291)	(303)	(316)
Government and Other Grants	(29,723)	(156,414)	(26,625)	(23,894)
Capital expenditure	50,222	173,442	42,516	34,972
Closing CFR	**184,789**	**196,937**	**207,934**	**213,957**

4.6 The estimate of capital financing requirement at the end of each year relates to all capital expenditure including previous years. The capital financing requirement reflects the Authority's underlying need to borrow. The code requires that the gross borrowing position as at 31st March 2017 (£175m as per table 6) should not be greater than the CFR on 31st March 2019 (£214m as shown above).

4.7 Due to the uncertainty over borrowing powers the investment programme for years 2 and 3 have not been included in this current strategy and this will be revisited for next years budget. However as assurance, CA Cashflows are considered such that borrowings will not exceed the CFR over the 3 year period.

4.8 Indicator Requirement - The Authority is to set for the forthcoming financial year and the following two years an operational boundary for its external debt.

4.9 The Combined Authority Plan – Based on the agreed Capital Programme only this is calculated as follows:

Table 9 - Operational Boundary

		2015/16 Actual £000	**2016/17 Forecast £000**	**2017/18 Forecast £000**	**2018/19 Forecast £000**
Long term debt as start of year		163,289	163,009	175,081	186,004
New borrowing requirement	Project Borrowing	-	12,364	11,226	6,263
	Debt Rescheduling	-	5,000	5,000	23,003
Loan maturities		(280)	(5,291)	(5,303)	(23,317)
Headroom		13,000	78,000	78,000	78,000
Operational boundary		**176,009**	**253,081**	**264,004**	**269,953**

4.10 The operational boundary should be based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario. Risk analysis and risk management strategies should be taken into account. The operational boundary should equate to the maximum level of external debt projected by this estimate. The operational boundary links directly to the Authority's plans for capital expenditure, capital financing estimate and the estimate of cash flow requirement for the year for all purposes.

4.11 Indicator Requirement - The Authority is to set for the forthcoming financial year and the following 2 years an authorised limit for its total external debt, gross of investment, separately identifying borrowing from other long term liabilities. The authorised limit provides headroom over and above the operational boundary sufficient for example for unusual cash movements.

4.12 The Combined Authority plan – Using the proposed Capital Programme and headroom of £83m to allow for short term borrowing and possible loan rescheduling the authorised limit is proposed to be set as follows:

Table 10 - Authorised Limit

		2015/16 Actual £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Long term debt as start of year		163,289	163,009	175,081	186,004
New borrowing requirement	Project Borrowing	-	12,364	11,226	6,263
	Debt Rescheduling	-	5,000	5,000	23,003
Loan maturities		(280)	(5,291)	(5,303)	(23,317)
Headroom		18,000	83,000	83,000	83,000
Authorised Limit		**181,009**	**258,081**	**269,004**	**274,953**

4.13 Both the authorised limit and the operational boundary need to be consistent with the Authority's plans for capital expenditure and financing and with its Treasury Management Policy Statement and practices.

4.14 Both the operational boundary and authorised limit are based on the Authority's plans and the Authorised limit includes significant and sufficient headroom in the statutory limit to allow for the possibility that the Combined Authority could be given full borrowing powers from Government at some point.

4.15 Other Indicator Requirements - The Authority has to set for the forthcoming financial year and the following two financial year's upper limits to its exposures to the effects of changes in interest rates. These prudential indicators relate to both fixed interest rates and variable interest rates.

4.16 The Combined Authority Plan - The indicators are set to ensure that the Authority has clarity over interest rate exposure rather than risk.

Table 11 - Interest Rate Exposure

Maximum Exposure Permitted	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19
Fixed Rate exposure	100%	100%	100%
Variable Rate exposure	30%	30%	30%

4.17 The Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The purpose of the code to ensure the Authority satisfies eight main purposes:

i. To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities and thereby to add to their credibility in the public eye.

ii. To emphasise the overriding importance of effective risk management as the foundation for treasury management in all public service bodies.

iii. To encourage the pursuit of best value in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.

iv. To enable CIPFA members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the members' charter, "to maintain and develop the professional competence of both themselves and those they supervise.

v. To help facilitate a standardisation and codification of treasury management policies and practices in the public services.

vi. To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same.

vii. To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.

viii. To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.

4.18 The Authority has to set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing.

Where the periods in question are:

- Under 12 months
- 12 months and within 24 months
- 24 months and within 5 years
- 5 years and within 10 years
- 10 years and above

Table 12 - Maturity structure of Loans

	Lower Limit %	Upper Limit %	Current Level %
Under 12 Months	0%	20%	3.07%
12 months and within 24 months	0%	30%	3.07%
24 months & within 5 years	0%	40%	20.25%
5 years & within 10 years	0%	60%	0.00%
10 years & within 20 years	0%	100%	14.11%
20 years & within 30 years	0%	100%	15.15%
30 years & within 40 years	0%	100%	22.32%
40 years & within 50 years	0%	100%	22.04%
TOTAL			100.00%

4.19 Where the Authority invests, or plans to invest, for periods longer than 364 days an upper limit for each forward financial year period for the maturing of such investments is set.

4.20 The Combined Authority plan - With the current market conditions it is not envisaged that any investments will be placed for over 364 days. However, to give the Fund Managers flexibility a limit of £10m has been set.

APPENDIX 2 - Summary Prudential Indicators

Measure	2016/17 Forecast £000's	2017/18 Forecast £000's	2018/19 Forecast £000's
Affordability			
Ratio of financing costs to net revenue stream:			
(a) financing costs	14,814	14,863	14,166
(b) net revenue stream	152,330	159,542	158,119
Percentage	9.72%	9.32%	8.96%
Estimates of Capital Investment on Income (%)	(1.20%)	0.03%	(0.44%)
Prudence			
Gross borrowing and the capital financing requirement:			
Gross Borrowing (excludes inhereted debt)	**175,081**	186,004	191,953
Capital Financing Requirement (Gross borrowing in year 2016/17 must not exceed year CFR in 2018/19)	196,937	207,934	**213,957**
Capital Expenditure, External Debt and Treasury Management			
Capital Expenditure	173,442	42,516	34,972
Operational boundary for external debt			
Operational boundary for borrowing	253,081	264,004	269,953
Authorised limit for external debt			
Authorised limit for borrowing	258,081	269,004	274,953
Interest rate exposures			
Upper limit on fixed rate exposures	100%	100%	100%
Upper limit on variable rate exposures	30%	30%	30%
Investments longer than 364 days			
Upper limit	8,000	8,000	8,000

CIPFA Treasury Management Code? Has the authority adopted the TM Code?	**Yes**

Maturity structure of borrowing - limits	Upper Limit '%	Current Level '%
Under 12 Months	20%	3%
12 months and within 24 months	30%	3%
24 months & within 5 years	40%	20%
5 years & within 10 years	60%	0%
10 years & within 20 years	100%	14%
20 years & within 30 years	100%	15%
30 years & within 40 years	100%	22%
40 years & within 50 years	100%	22%

These Indicators will be updated for approval during the year should the onward refinement of the West Midlands Combined Authority Wider Devolution Investment Programme spend estimates require it.

Appendix 3: Current Lending list

Institution	Country	Long term Rating			Limit £m	Term Limit £m
		Fitch	Moody's	S & P		
Debt Management Office	UK				unlimited	12 Months
Local Authorities (a)	UK				£10m	12 Months
Local Authorities (b)	UK				£10m	12 Months
HSBC Bank plc	UK	AA-	Aa2	AA-	£10m	13 Months
Lloyds Bank Plc	UK	A+	A1	A	£10m	13 Months
Santander UK Plc	UK	A	Aa3	A	£10m	6 Months
Barclays Bank Plc	UK	A	A2	A-	£10m	100 days
Nationwide Building Society	UK	A	A2	A	£10m	6 Months
Royal Bank of Scotland	UK	BBB+	A3	BBB+	£10m	35 days