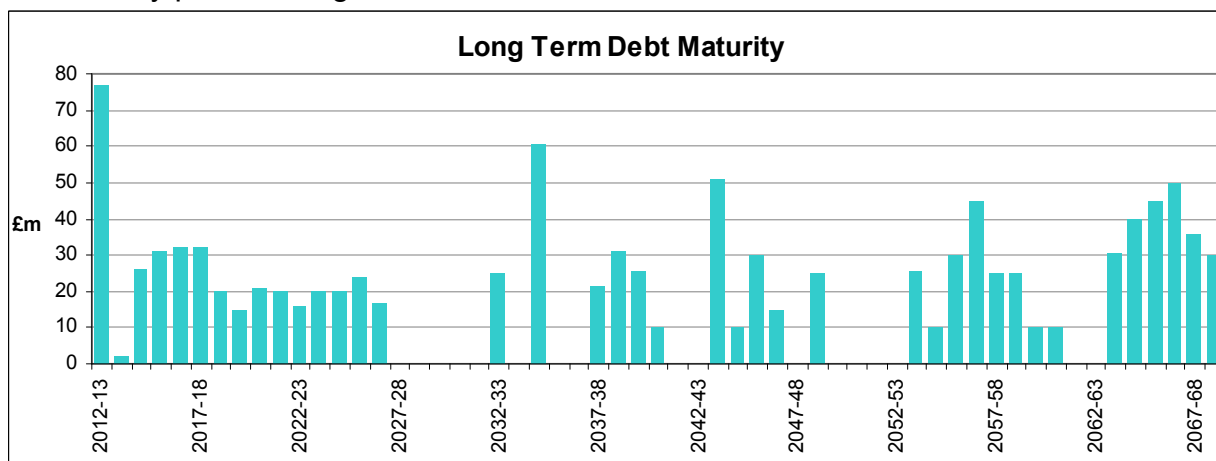


## Treasury Management Report for the month of June 2012

### 1. Long Term Borrowing

The Council's strategy continues to be to fund its capital expenditure from internal resources as well as consider borrowing at advantageous points in interest rate cycles. The total amount of debt outstanding at the end of the month was £1,089million, with the maturity profile being as follows.



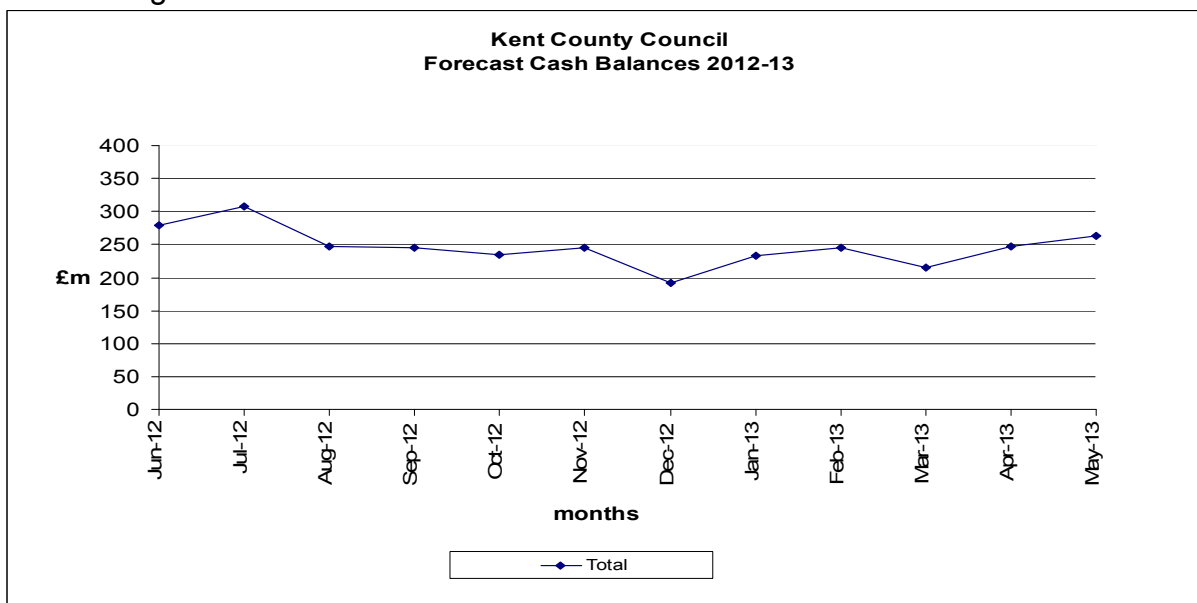
Total external debt managed by KCC includes £44.81m pre-LGR debt managed by KCC on behalf of Medway Council, pre-1990 debt managed on behalf of Further Education Funding Council (£1.76m), Magistrates Courts (£0.827m) and the Probation Service (£0.131m).

### 2. Investments

#### 2.1 Cash Balances

During June the total value of cash under management fell by £30.8m to £298.36m.

Cash balances are expected to rise in July then fall in August and again in December as maturing loans are financed from cash.

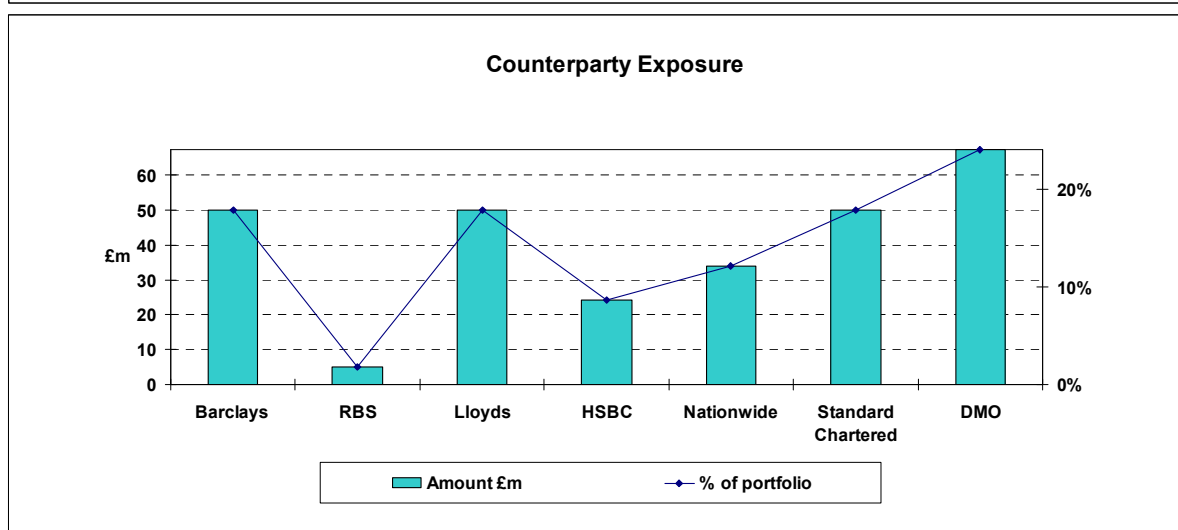
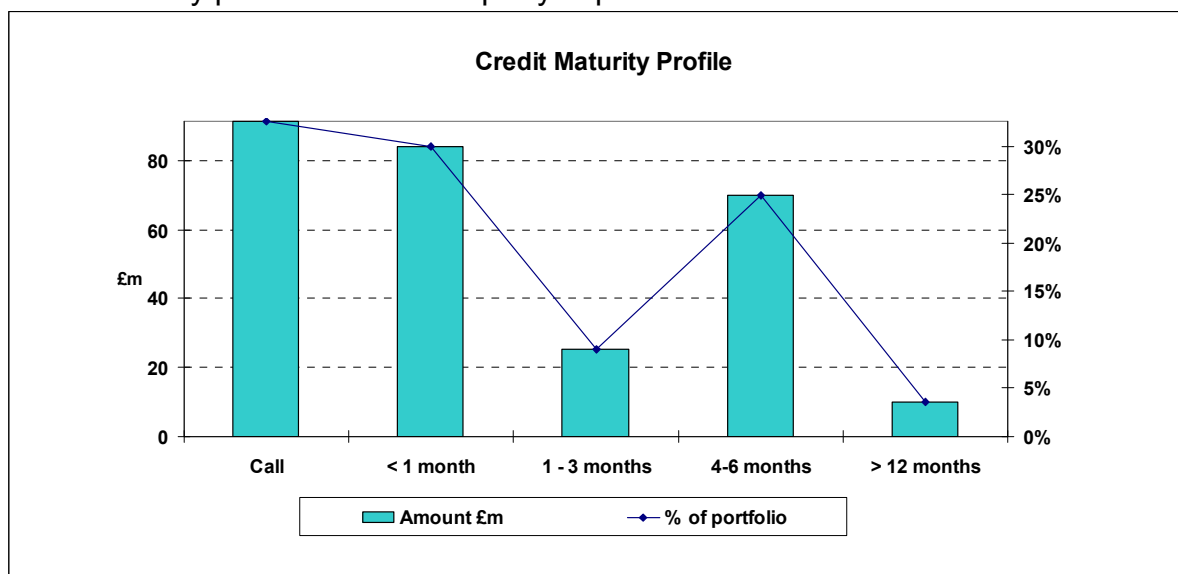


#### 2.2 Average return on new deposits

The average return on new deposits in June was 0.784% vs 7 day LIBID 0.4423%.

#### 2.3 Credit maturity profile and counterparty exposure

During June the RBS group was suspended and £70m held in the RBS and NatWest call accounts withdrawn. At the end of June £50m had been invested in 6 month Standard Chartered CDs and £20m in 6 month Tbills. The following charts show the credit maturity profile and counterparty exposure as at the month end.



### 2.4 Credit Score matrix

	May 2012		June 2012	
	Credit Rating	Credit Risk Score	Credit Rating	Credit Risk Score
<b>Value Weighted Average</b>	<b>A+</b>	<b>4.99</b>	<b>A+</b>	<b>4.52</b>
<b>Time Weighted Average</b>	<b>A+</b>	<b>5.07</b>	<b>A+</b>	<b>4.76</b>

Credit risk scored 1 – 10; 1 = strongest rating lowest risk, i.e. AAA, through to 15 = lowest credit rating, highest risk, i.e. D

### 3. Interest Rate Forecast

The June commentary provided by Arlingclose on the economy and outlook for interest is attached.

Alison Mings, 19 July 2012