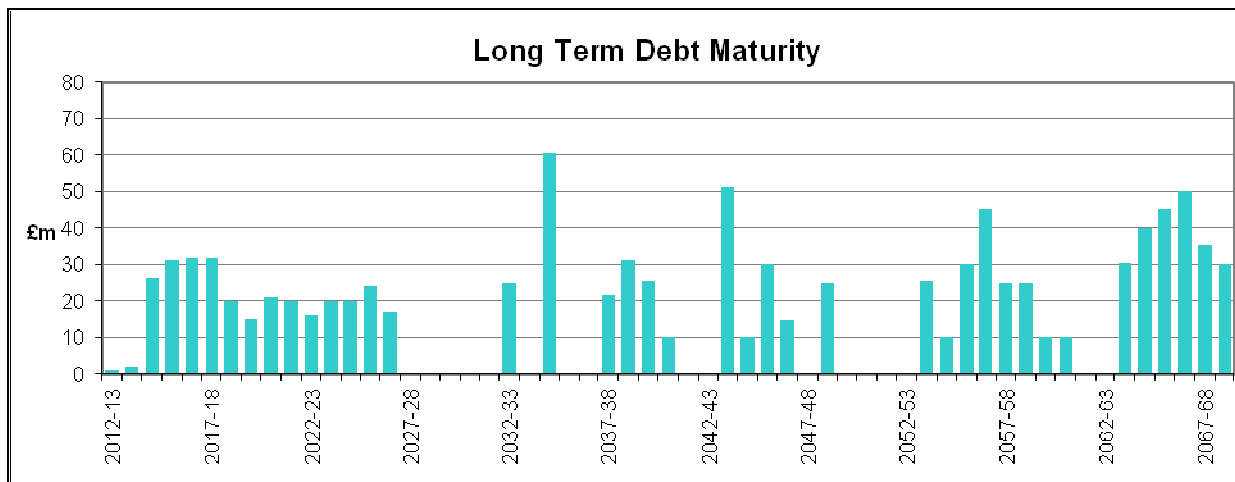


Treasury Management Report for the month of February 2013

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 February was unchanged at £1,013.29million, with the maturity profile being as follows.

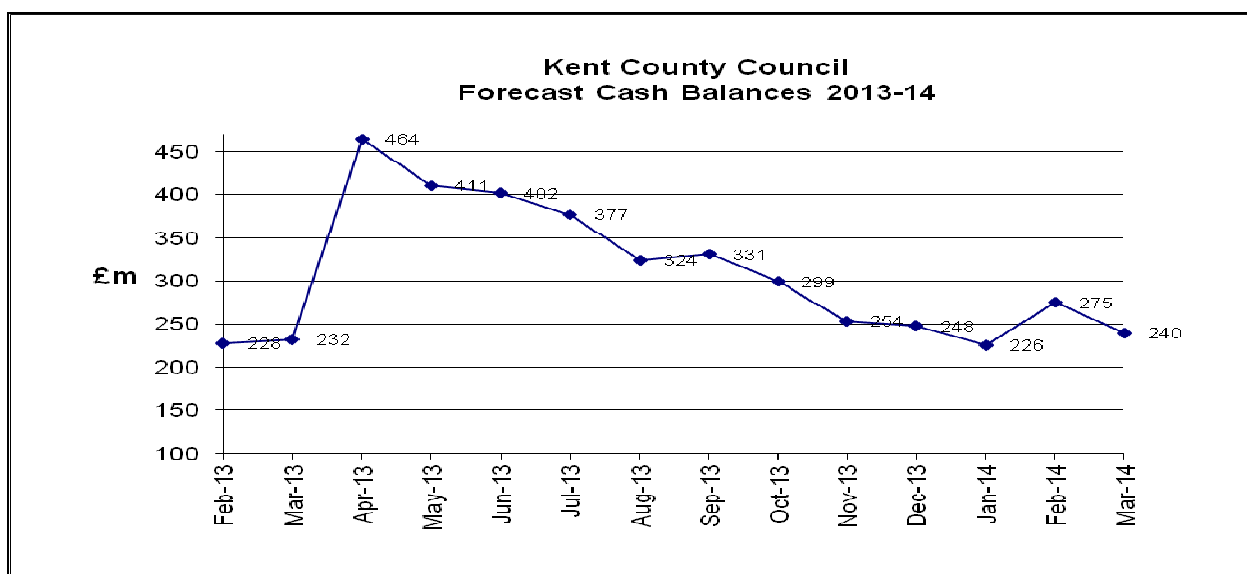


Total external debt managed by KCC includes £43.9m pre-LGR debt managed by KCC on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding Council (£1.76m), Magistrates Courts (£0.827m).

2. Investments

2.1 Cash Balances

During February the total value of cash under management fell to £228.29m. Overall during 2012-13 total cash balances are expected to have fallen by £50m mainly as the result of the repayment of maturing PWLB loans (£77m). Forecast cash balances are now expected to rise significantly in April due to the front loading of government grants.

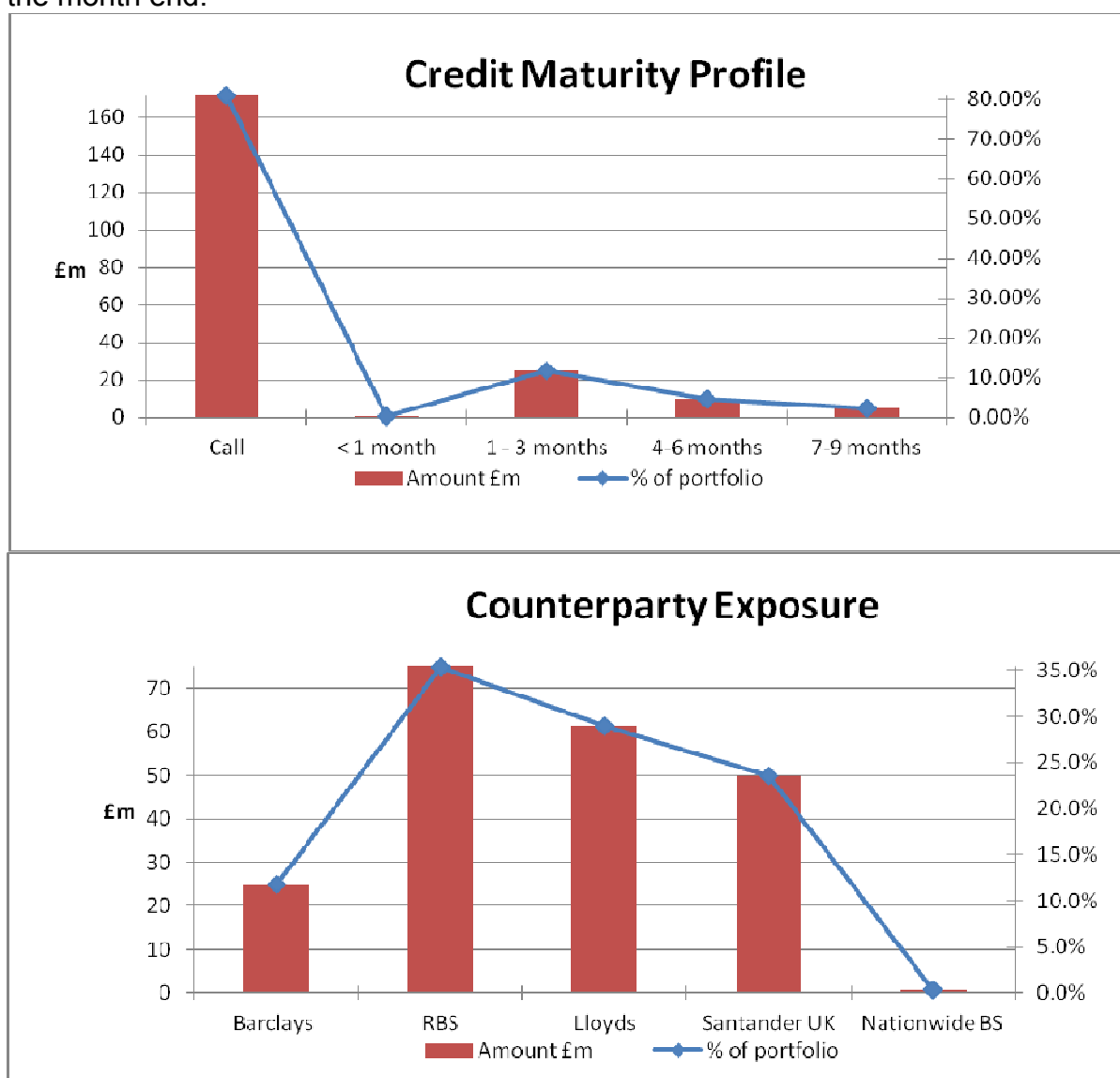


2.2 Average return on new deposits

The average return on new deposits in February was 0.8194% vs 7 day LIBID 0.3582%. Interest rates on call accounts and short term deposits are falling as banks have access to cheaper sources of finance.

### 2.3 Credit maturity profile and counterparty exposure

The following charts show the credit maturity profile and counterparty exposure as at the month end.



### 2.4 Credit Score matrix

	January 2013		February 2013	
	Credit Rating	Credit Risk Score	Credit Rating	Credit Risk Score
<b>Value Weighted Average</b>	<b>A</b>	<b>6.07</b>	<b>A</b>	<b>6.08</b>
<b>Time Weighted Average</b>	<b>A</b>	<b>6.03</b>	<b>A</b>	<b>6.05</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 on Cash Balances / Debt Charges for 2012-13

The forecast underspend remains unchanged at £4.272m largely due to the reinstatement of previously suspended counterparties and some lengthening of deposit duration leading to an improvement in interest returns, together with an earlier than expected full repayment of an outstanding loan balance from the Probation Service.

Alison Mings, 11 March 2013