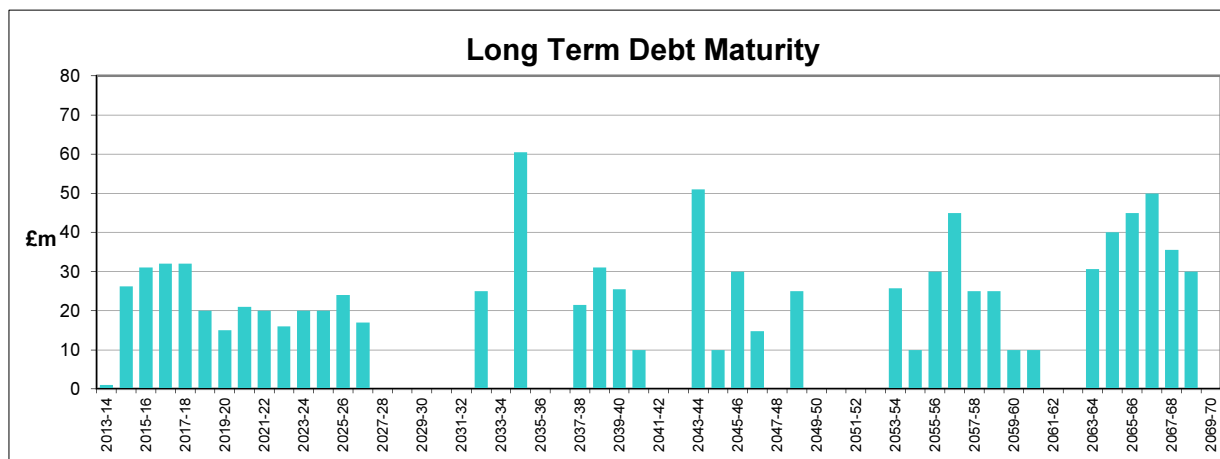


Treasury Management Report for the month of February 2014

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 £1,011.28 million, with the maturity profile being as follows.

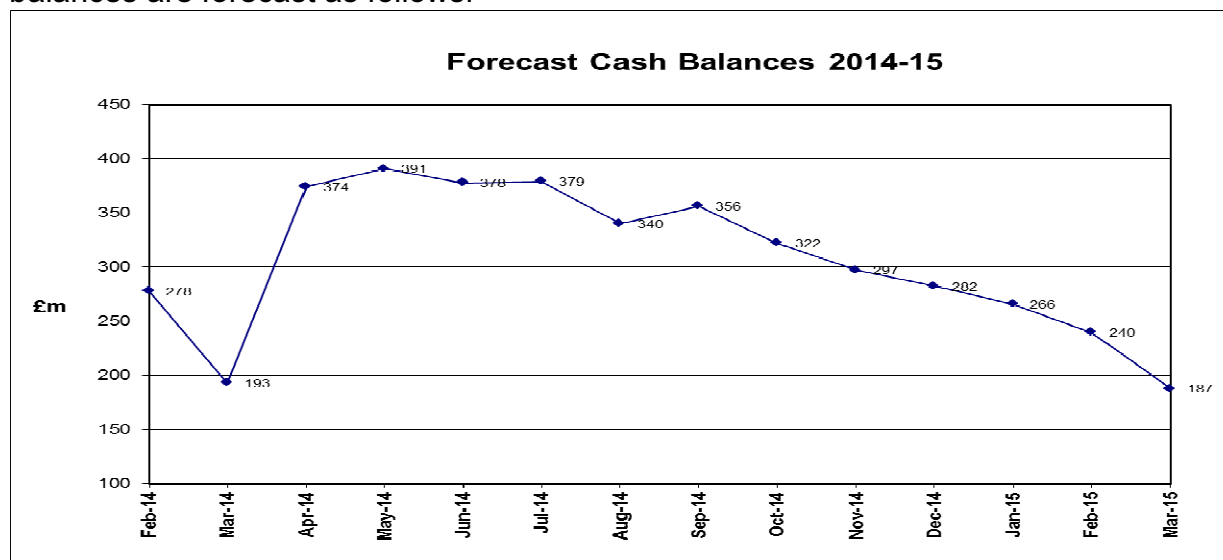


Total external debt managed by KCC includes £41.83m pre-LGR debt managed by KCC on behalf of Medway Council. Also included is pre-1990 debt managed on behalf of the Further Education Funding Council (£1.76m) and Magistrates Courts (£0.745m).

2. Investments

2.1 Cash Balances

During February the total value of cash under management fell to £277.72m. Future balances are forecast as follows:



2.2 Type of investment at month end

Type of Investment	Total	
Call Account	£137,360,000	50.0%
Certificate of deposit	£32,000,000	11.7%
Fixed deposit	£81,340,000	29.6%
Iceland deposits	£9,270,107	3.4%
Internally managed cash	£259,970,107	94.7%
External Investment	£10,000,000	3.6%
Equity / loan notes	£4,593,000	1.7%
Total	£274,563,107	100.0%

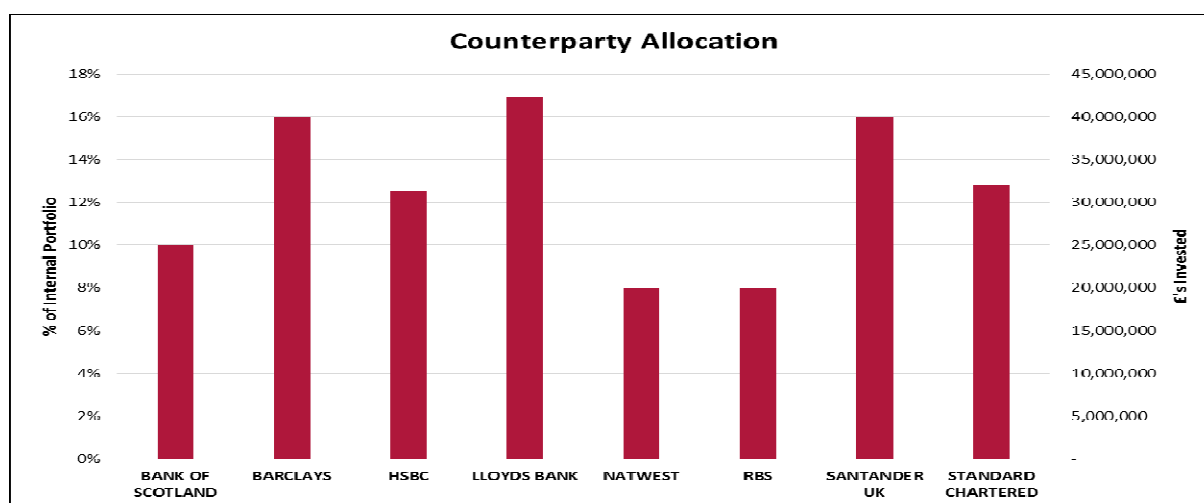
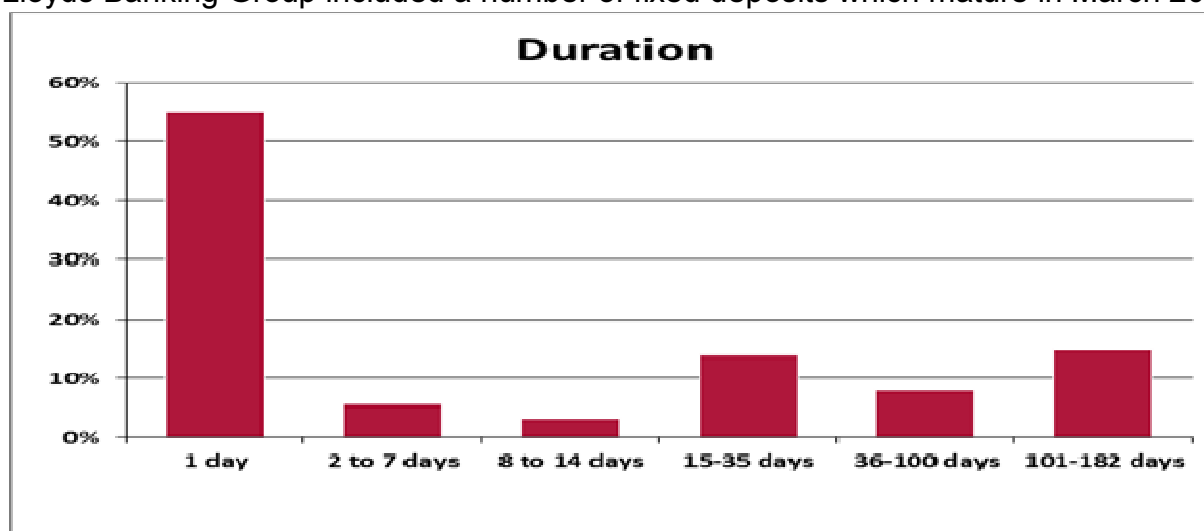
2.3 Internally managed cash

2.3.1 Average return on new deposits

The average rate of interest on cash deposits placed during the month was 0.5696% vs 7 day LIBID 0.3429%.

2.2.2 Credit maturity profile and counterparty exposure at month end

Following Council's approval of the 2014-15 Treasury Management Strategy arrangements are being made to bring counterparty exposures into line with the lower maximum per bank / banking group of £40m. At the month end investments with the Lloyds Banking Group included a number of fixed deposits which mature in March 2014.



2.2.3 Credit Score matrix

	January 2014		February 2014	
	Credit Rating	Credit Risk Score	Credit Rating	Credit Risk Score
Value Weighted Average	A	6.03	A	5.64
Time Weighted Average	A	5.67	A+	5.37

3. Interest on Cash Balances / Debt Charges for 2013-14

The forecast under spend is unchanged at £1.763m. This comprises a £1.553m shortfall in interest on cash balances due to lower than anticipated interest rates on deposits, offset by savings of £3.316m on debt charges as no new borrowing is planned.

Alison Mings, 12 March 2014