

REQUEST FOR MAYORAL DECISION – MD1325

Title: Treasury Management Strategy Statement, Policy and Minimum Revenue Provision Policy for 2014-15

Executive Summary:

This report sets out the GLA's Treasury Management Strategy for 2014-15 (including Treasury Management Policy and Minimum Revenue Provision Policy), prepared in accordance with the Treasury Management in the Public Services Code of Practice (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Decision:

That the Mayor:

- (i) approves the Treasury Management Strategy for 2014-15 including the Treasury Management Policy and Minimum Revenue Provision Policy, respectively attached as **Appendices 1, 2 and 3**; and
- (ii) notes the Treasury Management mid-year review for 2013-14.

Mayor of London

I confirm that I do not have any Disclosable Pecuniary Interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature

Date

24 March 2014

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

The Treasury Management function is responsible for the management of the GLA's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities, the pursuit of optimum performance consistent with those risks and the paramount issue of preserving capital.

The increased scale of the GLA's operations, assets and liabilities (including borrowings) on consolidation of London Development Agency (LDA) and Homes and Communities Agency (HCA) activities from 1 April 2012, together with the ongoing delivery of the Crossrail funding package and being responsible for the financing of the proposed Northern Line Extension (NLE) mean effective treasury management is central to the GLA's financial standing.

The GLA has entered into arrangements to undertake the treasury management functions of the London Fire and Emergency Planning Authority (LFEPA), London Legacy Development Corporation (LLDC), London Pension Fund Authority (LPFA) and the Mayor's Office for Policing and Crime (MOPAC) (ie. All of the GLA Group, excluding TFL).

This Treasury Management Strategy Statement (TMSS) has been prepared with regard to the Code and other relevant guidance from DCLG.

2. Issues for consideration

- a) Links to strategies and Mayoral and corporate priorities
This strategy is intrinsic to supporting the GLA element of the Mayor's Budget and Capital Spending Plan for 2014-15 and the long term affordability of the Crossrail Project and the NLE.
- b) Impact assessments and Consultation
No impact assessments apply. Consultation with the London Assembly in respect of borrowing limits has occurred as part of the 2014-15 budget process. Further consultation is not required.
- c) Risk
The primary objective of the TMSS is to create a framework for the management of risks associated with borrowing investment and cash flow management; the discussion of risk is therefore integrated with the document.

3. Financial Comments

Financial considerations are addressed throughout.

4. Legal Comments

Part I of the Local Government Act 2003 introduced a new statutory regime to regulate the borrowing and capital expenditure of local authorities. Section 23(1)(d) and (e) provides that the GLA and the functional bodies are local authorities for this purpose.

Section 3(1) of the 2003 Act provides that all local authorities are to determine and keep under review how much money they can borrow. Section 3(2) of the Act is more specific in relation to the Mayor and functional bodies by providing that the determination is to be made by the Mayor following consultation with the Assembly, in the case of the GLA, or the relevant functional body. The GLA, its functional bodies and other bodies covered by the 2003 Act have powers to borrow and

make investments for any purpose relevant to their functions under any enactment, or for the purposes of the prudent management of their financial affairs

Under section 127 of the Greater London Authority Act 1999 the Authority has a duty to make arrangements for the proper administration of its financial affairs. Responsibility for the administration of those affairs lies with the Executive Director of Resources as the statutory chief finance officer of the Authority under section 127(2)(b) of the Act. The management of the authority's Treasury function and the setting and monitoring of the Treasury strategy fall within this responsibility of the chief finance officer.

The approval of the 2014-15 Treasury Management Strategy, the Treasury Management Policy Statement, the Minimum Revenue Provision (MRP) Policy and the Specified and Non Specified Investments directly discharge and facilitate the Mayor's and Section 127 Officer's duties under the above legalisation.

5. Investment & Performance Board

The approved Treasury Management Strategy Statement, which governs the production of this report, does not require this item to be considered by the IPB.

6. Background/supporting papers

- MD 1187 - Approval of Treasury Management Strategy Statement, Treasury Management Policy and Minimum Revenue Provision Policy for 2013-14.
- Mayor's final draft consolidated budget for 2014-15 published on 6 February 2014.
- MD 1321 – Capital Spending Plan 2014-15.

Appendices to this Report:

Appendix 1 – TMSS for 2014-15

Appendix 2 – Treasury Management Policy Statement

Appendix 3 – Minimum Revenue Provision Policy

Appendix 4 – GIS Investment Strategy

Appendix 5 – Sample Operational Counterparty Lending List

Appendix 6 – Mid-year review for 2013-14

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOI Act) and other legislation. Part 1 of this form will be made available on the GLA website within 1 working day of approval. Any facts and advice that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this approval to be deferred? NO

If yes, for what reason:

Until what date:

Is there a part 2 form - NO

ORIGINATING OFFICER DECLARATION:

	Tick to indicate approval (✓)
Drafting officer: David Gallie has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.	✓
Assistant Director/Head of Service: David Gallie has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.	✓
Sponsoring Director: Martin Clarke has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
Mayoral Adviser: Sir Edward Lister has been consulted about the proposal and agrees the recommendations.	✓
Advice: The Finance and Legal teams have commented on this proposal.	✓

OFFICER APPROVAL**Executive Director, Resources**

I have been consulted about the proposal and confirm that financial and legal advice have been taken into account in the preparation of this report.

Signature

Date

Chief of Staff

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date

TMSS for 2014-15

- 1.1 This Treasury Management Strategy Statement (TMSS) has been prepared with regard to the Code and other relevant guidance.
- 1.2 The GLA formally adopts the Code through the following provisions:
- I. The GLA will create and maintain as the cornerstones for effective treasury management:
 - A Treasury Management Policy Statement stating the policies, objectives and approach to risk management of its treasury management activities; and
 - Suitable Treasury Management Practices (TMPs) 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 proposed policy statement and TMPs follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the GLA. Such amendments do not result in the GLA materially deviating from the Code's key principles.
 - II. The Mayor and Assembly 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.
 - III. The Mayor holds responsibility for the implementation and regular monitoring of its treasury management policies and practices, and delegates responsibility for the execution and administration of treasury management decisions to the Executive Director of Resources. The Executive Director of Resources will act in accordance with the organisation's policy statement and TMPs and, if this officer is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.
 - IV. The Assembly has delegated to an appropriate committee of the Assembly the responsibility for ensuring effective scrutiny of the treasury management strategy and policies.
- 1.3 The Executive Director of Resources is required to report an annual Treasury Management Strategy to the Mayor for approval. The Executive Director of Resources is responsible for maintaining the TMPs and monitoring and managing the strategy, with day-to-day management of this function delegated to his staff.
- 1.4 The indicators and limits governing the GLA's borrowing and investment activities for 2014-15 are being prepared in a separate MD.

Relevant Economic Background

- 1.5 The GLA has appointed Capita Asset Services – Treasury Solutions, formerly known as Sector, as its external treasury advisor. Part of the service is to assist the GLA in formulating a view on interest rates. The most relevant data for the GLA's borrowing strategy are UK Gilt rates as these translate, currently with the addition of 80bps, to the rates offered by the GLA's benchmark lender, the Public Works Loan Board (PWLb).
- 1.6 A summary of Capita's central view is presented below. These forecasts inform the GLA's borrowing and investment decisions:

Capital Asset Services - Interest Rate Forecasts

	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%
10yr PWLB rate	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%
25yr PWLB rate	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.78%
50yr PWLB rate	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%

- 1.7 The general growth of the UK economy is of great significance to the GLA in determining the borrowing strategy: confidence in commercial property (hence commercial rental value) and the number of successfully operating businesses in London will have a significant impact on receipts used to finance the Crossrail and the NLE.

Borrowing Strategy

- 1.8 In 2010-11 the GLA commenced its major programme of borrowing as a core element of its £4.1 billion commitment to the Crossrail funding package, as agreed with the Government and TfL, with the original plan of borrowing £3.5bn and making a direct contribution of £0.6bn.
- 1.9 As at 31 March 2014 the GLA has secured £3bn of fixed rate borrowing from a combination of the PWLB and the capital markets. The GLA has forward funded borrowing of £309m for 2014-15 and anticipates that it will no longer be required to borrow up to £3.5bn to fully finance its £4.1bn commitment to Crossrail. This is principally due to the fact that the GLA has been able to borrow £3bn at some 3.78%, whereas the original planned £3.5bn assumed a borrowing rate of 6%.
- 1.10 The GLA's priorities in constructing this debt portfolio are to ensure:
- The costs of servicing such debt are wholly sustainable by the BRS income stream and that any financial risks to the GLA, hence the wider London Taxpayer, are actively managed so that core GLA activity is maintained whilst financing its commitments to Crossrail;
 - The £4.1 billion cash flow commitments are met in full;
 - The total cash commitment of servicing and, in time, redeeming the portfolio is as low as practically possible, in order to limit the duration of the BRS levy and minimise costs to London's businesses; and
 - That in a manner consistent with the above, the portfolio's borrowing and maturity profiles are structured in such a way as to maximise flexibility for restructuring, either in the event of BRS receipts exceeding current forecasts and enabling the repayments to be concluded earlier or in the event of an unforeseen, material reduction in BRS receipts making the cash burden of servicing the debt more difficult than envisaged.
- 1.11 The postponement of the 2013 business rates valuation resulted in a revision to the forecasts for annual BRS income, with no material change now expected until 2017. This highlighted the benefit of the GLA's cautious approach to portfolio construction. However, the fact that the GLA has now secured virtually all of its borrowing related to Crossrail at a rate significantly below the levels assumed in the prospectus, mean that officers will use short term or variable rate borrowing subject to the prevailing net limit of 20% for any residual financing required. Currently, the GLA is able to

access a good supply of short term borrowing from other Local Authorities, however, given the liquidity requirements of the Crossrail portfolio, officers plan to establish the ability to issue Commercial Paper as a more affordable liquidity backstop than the PWLB.

- 1.12 In addition to borrowing for Crossrail, the GLA has borrowed £300m from the PWLB to refinance the Olympic Park debt inherited from the London Development Agency. The repayment profile of this portfolio is based on anticipated capital receipts due to GLA Land and Property Limited (GLAP) under the Localism Act 2013. The repayment and service of these borrowings are covered by matching receipts from a loan agreement with GLAP (see MD 1180). The London Settlement agreed with the Government does not permit further borrowing in 2014-15 in respect of this inherited liability. In 2013-14, in light of greater clarity around medium term cash balances, the GLA transferred £45m of the original £300m borrowing into the Crossrail debt portfolio, accompanied by an equal cash transfer to the BRS account. £255m remains as core debt to be repaid from General Fund resources.
- 1.13 The GLA has entered into an arrangement with the Treasury to borrow up to £1bn to finance the Northern Line Extension (NLE). This borrowing is to be financed by developer contributions and the establishment of an Enterprise Zone and includes a Treasury guarantee, with the option to extend the EZ for a further 5 years. Subject to the statutory processes to allow the NLE to commence and TfL's receipt of tenders, GLA officers will propose the optimal method of undertaking the borrowing for the NLE. The 2014-15 budget indicates that borrowing of £135m may be undertaken by 31 March 2015. The NLE borrowing, like Crossrail, is ring-fenced and will be accounted for on a similar basis as a Tax Increment Financing (TIF) scheme.
- 1.14 TIF borrowing and other borrowing requirements are quite distinct and are subject to separate Minimum Revenue Provision (MRP) treatments. To ensure equity for those paying business rates (who principally bear the risks associated with TIF borrowing) and those paying Council Tax (who, through the Authority's General Fund, bear the principal risks of non-TIF borrowings), the GLA has maintained two distinct pools of loans and apportion interest and other debt management costs accordingly. As the NLE reaches a point where borrowing decisions will be required the GLA's MRP policy for such TIFs will be reviewed and discussed with the External Auditor.
- 1.15 In the event of any need to borrow on a temporary basis, a temporary borrowing limit can be determined to exceed the Authorised Limit by the amount of any delayed payment which is due to the GLA and has not been received on the due date, provided the Authorised Limit does not already make provision for such a delay (as set out in section 5 of the Local Government Act 2003).
- 1.16 Temporary borrowing within the affordable limit is also permissible where this represents prudent management of the GLA's affairs. As an example, where a cash flow requirement is very short-lived, the opportunity cost of withdrawing or otherwise liquidating investments may exceed that of temporary borrowing. In such a circumstance, borrowing may be the prudent action.
- 1.17 The arrangements for borrowing, including the selection of the type and structure of debt instruments, are delegated to the Executive Director of Resources, provided no decision contravenes the limits set out in the prevailing TMSS.

Policy on Gross and Net Debt

- 1.18 The Prudential Code requires the GLA to explain its policy on gross and net debt (i.e. debt before and after deducting cash balances). The GLA may not borrow purely to profit from the investment of the proceeds and acknowledges that credit risk and short term net financing costs may be reduced through the use of cash balances in lieu of borrowing. This principle is tempered by the following considerations:
- The GLA must maintain sufficient liquidity to be certain of meeting existing borrowing and other obligations;
 - The measures set out in the investment strategy section below substantially control credit risk;
 - The materiality of such risks should be considered in light of the long term financial consequences of sub-optimal borrowing decisions;
 - The need to avoid cross subsidies between the General Fund and any separate TIF accounts; and

- Agreements with central government specifying particular levels of borrowing.

Policy on Borrowing in Advance of Need

- 1.19 The GLA shall not borrow more than or in advance of need purely to profit from the investment of the surplus borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the GLA can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the GLA will:

- Ensure that there is a clear link between the financing requirements of TIFs and the maturity profile of the existing debt portfolio which supports the need to take funding in advance of need;
- Ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets are considered to be affordable;
- Evaluate the economic and market factors that might influence the manner and timing of any decision to borrow;
- Consider the merits and demerits of alternative forms of funding; and
- Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

In particular, where such borrowing in advance of need relates to TIFs, the GLA will as an overriding principle:

- Ensure that, to within all reasonable certainty, the financing costs arising will not exceed the cash resources hypothecated to meet those costs (i.e. there will be no impact on the GLA's core activity from financing TIFs).

- 1.20 Over the next 18 months the economic consensus is that investment rates are expected to remain significantly below borrowing rates. However, short-term avoidance of costs by postponing borrowing in 2014-15 will also be weighed against the potential for incurring additional long-term costs by having to enter into new external borrowing in later years, when long-term rates are expected to be higher.

Debt Restructuring

- 1.21 The Executive Director of Resources may take decisions to restructure the debt portfolio, such as the early redemption or replacement of loans, where doing so may either increase long term affordability or adjust maturity profiles for the purposes of managing liquidity and interest rate risks. Such decisions will be reported to the Mayor and Assembly at the first opportunity within the treasury management reporting cycle.
- 1.22 Another impact of the changes to PWLB pricing has been to exaggerate the spread between the rate of new loans and the rate used to calculate premiums or discounts on early redemption. This means that there are far fewer opportunities for restructuring than was historically the case, due to prohibitively expensive premia in relation to achievable savings. This emphasises the importance of attempting to optimise maturity profiles at the point of entering into borrowings.

Investment Strategy

- 1.23 The GLA maintains a low risk appetite consistent with good stewardship of public funds. Cash flow forecasts determine the maximum possible maturities for investments and credit considerations are used to select counterparties with whom to transact. Investments should be managed in a way to make losses at the portfolio level extremely unlikely while capturing the optimum return within these constraints. The GLA will continually develop its investment risk methodologies with regard to advice from external advisors, relevant developments in the market and academia and approaches employed by the Ratings Agencies.
- 1.24 It is proposed that the GLA's short-term cash balances will be invested through the GLA Group Investment Syndicate (GIS). The GIS is an operation jointly controlled by the participants for the

investment of pooled monies belonging to those participants and operated by the GLA as Investment Manager under the supervision of the Syndics (i.e. the participants' respective chief financial officers). The participants are the GLA, LFEPA, LLDC, LPFA and MOPAC.

- 1.25 Pooling resources allows the Group Treasury team to make larger individual transactions and exploit the greater stability of pooled cash flows to obtain better returns. A risk sharing agreement ensures risk and reward relating to each instrument within the jointly controlled portfolio are shared in direct proportion to each participants' investment.
- 1.26 The GIS Investment Strategy including creditworthiness policy and permitted instruments, as agreed between the syndics, is attached as **Appendix 4**.
- 1.27 Additionally, the GLA may invest sums independently of the GIS, for instance if the Authority identifies balances which are available for longer term investment. Such investments shall also remain within the parameters of Appendix 4, except that there shall be no requirement to maintain a weighted average maturity of less than three months. However, total exposure to instruments maturing in more than 364 days shall not exceed 50% of the minimum forecast balance for the next 12 months (as at the date of investment).
- 1.28 Where funds are placed in pooled vehicles such as Money Market Funds (MMFs), each MMF is only an approved counterparty while the underlying investments are instruments of the kinds listed in Appendix 4. Variation between an MMF's list of approved counterparties and the approved counterparties of a member of the GIS is permissible, at the discretion of the Executive Director of Resources, providing the MMF's own rating meets the criteria of **Appendix 4**.
- 1.29 This strategy is being considered and agreed by members of the GIS. A common approach is essential for maximum efficiency of the shared group treasury service, with the views of all participants reflected in the ongoing development of the shared strategy.
- 1.30 The strategy permits only small allocations of the overall cash portfolio to individual institutions, with the exception of the UK government and banks in a significant level of UK government ownership. This reflects the view that as a UK public authority, their existence and financial position is subordinate to that of the State, therefore for practical purposes these institutions represent zero risk. However, the strategy sets out the approach to diversifying the portfolio as the Government further divests its interests, particularly in Lloyds. This includes the wider use of corporate bonds but with no increase in overall credit risk taken and taking advantage of a deposit protection scheme offered by German banks.
- 1.31 The additional transaction costs and potential restriction of investment duration are likely to have a significant negative impact on returns, however, the pooled arrangements within the GLA group will reduce the total number of transactions required and facilitate a level of diversification that would not otherwise be possible.
- 1.32 In the interests of preventing cross subsidy, cash flows relating to TIFs, such as Crossrail and the NLE, shall continue to be separately identified and the investment returns relating to the relevant balances shall be attributed to the relevant TIF account.
- 1.33 The GLA currently manages all of its investments in-house but recognises there might be benefits in using External Managers to assist with the management of a portion of core balances in terms of benchmarking the performance of the internal team, benefiting from managers' often extensive credit risk and economic modelling resources and the resources necessary to hold liquid instruments for trading. This Strategy empowers the Executive Director of Resources to appoint such managers, should he feel this would be advantageous, to manage a proportion of the GLA's investment portfolio.

Policy on the use of external service providers

- 1.34 The GLA uses Capital Asset Services – Treasury Solutions as its external treasury management advisor. Whilst recognising the specialist skills and resources such advisors can provide, the GLA recognises that responsibility for treasury management decisions remains wholly with the organisation and will ensure that undue reliance is not placed upon external service providers.

- 1.35 The GLA does not currently employ any external fund managers, however in the event of such an appointment, appointees will comply with this and subsequent Treasury Strategies.
- 1.36 RBS have been the Authority's bankers since 2000 and continue to provide a competitive service under an annual rolling contract.
- 1.37 The GLA uses King and Shaxson Limited as a custodian of the Authority's tradable instruments (such as Treasury Bills) with HSBC as the sub-custodian. The GLA's policy is that any custodian (or, instead, sub-custodian) shall meet the GLA's credit criteria for 12 month investments (prior to CDS or other temporary adjustments).

Role of the Chief Financial Officer

- 1.38 The Executive Director of Resources (the responsible officer) shall be responsible for:
- recommending the TMSS for approval, reviewing the same regularly, and monitoring compliance;
 - Approving the means and structure of borrowing and investment with regard to the provisions of the TMSS
 - submitting regular treasury management reports;
 - under delegation, approving Treasury Management Practices prepared in accordance with the TMSS approved by the Mayor;
 - submitting budgets and budget variations;
 - receiving and reviewing management information reports;
 - reviewing the performance of the treasury management function;
 - ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
 - ensuring the adequacy of internal audit, liaising with external audit;
 - the appointment of external service providers; and
 - ensuring the treasury management function meets its obligations under functional delegation from other members of the GLA group.

Treasury Management Policy Statement (form recommended by the CIPFA Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes)

1. The GLA defines its treasury management activities as: “The management of the authority’s investments and 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. The GLA regards the successful identification, monitoring and control of risk to be the prime criteria 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 organisation.
3. The GLA 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 value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

MRP Policy

- i. MRP is a statutory accounting charge to spread the cost of capital expenditure over several years.
- ii. Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) provides that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”
- iii. The natures of funding the GLA’s core Capital Financing Requirement (CFR) and that arising from Tax Increment Financing deals, such as Crossrail and the Northern Line Extension, are different and require separate consideration.
- iv. The proposed policy for the MRP relating to the Crossrail CFR is “equal to the excess of BRS receipts over financing and other revenue costs borne by the General Fund, including the making good of prior year BRS account deficits”.
- v. This is a prudent provision, since it will fully fund the liability over a period of time reasonably commensurate with the benefits of the project: It is therefore permissible under the revised MRP regulations. Essentially it is an amortisation of the costs with an unusually flexible profile. Other bases would cause accounting complications, inequitable to the General Fund.
- vi. For the MRP element arising from the GLA’s non-Crossrail CFR, if any, the amount shall be calculated as “the principal amount of an annuity payment based on the outstanding non-Crossrail CFR at 31 March of the preceding financial year, amortised over the weighted average remaining period of benefit of the capital expenditure funded by borrowing, using the GLA’s aggregate rate of interest for non-Crossrail loans at 31 March of the preceding financial year”. “Period of Benefit” is defined as “asset life” (consistent with the GLA’s depreciation policies) where an asset exists or, where the expenditure relates to a grant made to another body treated as capital expenditure under statute, the expected period of benefit of the capital programme the grant, to the best of the GLA’s knowledge, is used to support.
- vii. This annuity method will provide prudent provision for capital expenditure over a period commensurate with the benefits of that expenditure in a manner which, ceteris paribus and assuming parity between CFR and external debt, would ensure equal total revenue impact (sum of MRP and interest payable) over the years in question.
- viii. In the exceptional case of the GLA incurring statutory capital expenditure as a result of making a loan to another entity for purposes that, had the GLA undertaken these directly, would be treated as capital expenditure, then the CFR element arising from such loans shall be excluded from MRP calculations to reflect the policy that the capital receipt arising from the repayment of the loan will be applied in full to meet the initial expenditure. The Executive Director of Resources may override this exemption on the grounds of prudence, directing a provision to be made in accordance with the methodology of vi, however the impact of such direction on the revenue account shall be accounted for as a voluntary revenue provision (VRP). Any impairment to such loans shall be treated in accordance with proper practice.
- ix. An MRP policy for the NLE will be proposed before the GLA enters into any borrowing decisions for this project.

GIS Investment Strategy

The Investment Manager (the GLA) will generally use call accounts and short-dated or highly liquid instruments in order to maintain liquidity and will target maintaining the weighted average maturity of the short term portfolio arising from investing GIS balances at less than 3 months.

Performance benchmarks may be set from time to time by unanimous agreement of the Syndics.

The following instruments are permissible within the GIS. The investment manager may delegate the management of a portion, not exceeding the forecast minimum GIS balance for the next 12 months, of the GIS to external fund managers if this is deemed prudent. As a result of very large scale pooling, such managers may be able to engage in trading which is impractical for the GLA. Therefore a slightly broader range of instruments are available to those managers. However, any delegation would be within the agreed investment strategy and would give a fund manager no greater discretion than the GLA treasury team presently have.

The Investment Manager shall, at minimum, implement the credit methodology agreed with Capita Asset Services – Treasury Solutions, the Participants’ common treasury advisor. Counterparties are banded corresponding to maximum investment duration, described subsequently.

Specified and Non-Specified Investments¹

Specified Investments				
Investment	Minimum Credit Criteria (Expressed as Capita’s durational band or raw ratings)	Managed: Internally (I) or Externally (E)	Maximum percentage of total investments	Maximum Duration (months)
DMADF	--	I	100%	12
Term Deposit – UK public body (e.g. Local, Police or Fire Authority)	Eligible for PWLB or National Loans Fund finance	I/E	100%	12
Term Deposits, Call Accounts and Certificates of Deposit – Rated Bank or Building Society	Green; domicile long term sovereign rating equivalent to Fitch AA or better	I/E	100%	12

¹ The subsequent definition of “bond” includes all transferrable rated securities e.g. Medium Term Notes, Floating rate notes. Where a specific term is used it is to highlight a particular set of limits

Term Deposits, Call Accounts and Certificates of Deposit –Financial Institution in significant part owned by UK Government	Blue	I/E	100%	12
Term deposits, Call Accounts and Certificates of Deposit– Institutions not meeting general criteria but instruments explicitly guaranteed by sovereign national Government rated AA+ or above (Fitch long term)	None	I/E	100%	12
UK Government Gilts held to maturity	--	I/E	100%	12
UK Treasury Bills held to maturity	--	I/E	100%	12
Bonds issued by multilateral development banks (e.g. The European Investment Bank) held to maturity	Long term AAA (Fitch or S&P) or Aaa (Moody's)	I/E	100%	12
Corporate bonds explicitly guaranteed by UK Government held to maturity	Long term AAA (Fitch or S&P) or Aaa (Moody's)	I/E	100%	12
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -				
Government Liquidity Funds	Fitch AAmmf; or S&P AAAm; or Moody's Aaa.	I/E	100%	12
Money Market Funds	Fitch AAmmf; or S&P AAAm; or Moody's Aaa.	I/E	100%	12

Forward term deposits may be negotiated with institutions meeting the criteria above with the sum of the forward period and duration of the deal subject to a maximum of 12 months. Total forward dealt exposure may not exceed 20% of the forecast average daily balance at the time. The GIS defines 'forward' as negotiated more than 4 banking days in advance of deposit. Shorter forward periods are viewed as normal cash management practice providing cash resources are certain. The Investment Manager may make exceptions to this limit where the counterparty is a member of the GLA Group.

Non- Specified Investments				
Aggregate exposure to non-specified investment shall not exceed 50% of total forecast daily average balances.				
Investment	Minimum Credit Criteria (Expressed as Sector durational band or raw ratings)	Use: Internal (I) or Externally (E) managed	Maximum percentage of total investments	Maximum Duration (months)
Term Deposits, Call Accounts and Certificates of Deposit – institutions eligible for specified investments	Defined as per specified investments	I/E	50%	24
Term Deposits, Call Accounts and Certificates of Deposit – unrated institutions covered by explicit and unconditional parental guarantee from institution meeting criteria as above.	For parental guarantor: Green; domicile long term sovereign rating, equivalent to Fitch AA or better.	I/E	50%	24
UK Government Gilts held to maturity	--	I/E	50%	240
UK Government Gilts held for trading	--	E	50%	600
UK Treasury Bills held for trading	--	E	50%	12
Corporate bonds explicitly guaranteed by UK Government held to maturity	Long term AAA (Fitch or S&P) or Aaa (Moody's)	I/E	50%	240
Corporate bonds explicitly guaranteed by UK Government held for trading	Long term AAA (Fitch or S&P) or Aaa (Moody's)	E	50%	300
Bonds issued by multilateral development banks held to maturity	Long term AAA (Fitch or S&P) or Aaa (Moody's)	I/E	10%	120
Bonds issued by multilateral development banks held for trading	Long term AAA (Fitch or S&P) or Aaa (Moody's)	E	10%	300

Floating Rate Notes (multi lateral development banks [MDB] issuances only)	Long term AAA (Fitch or S&P) or Aaa (Moody's)	I/E	10%	120
Corporate Bonds or commercial paper held to maturity	Green or Fitch credit factor <10.0	I/E	20% [previously 10%]	13 [previously 12]

Creditworthiness Policy: Rated Financial Institutions (Type A counterparties)

The Investment Manager makes use of the sophisticated creditworthiness methodology developed and maintained by Capita Asset Services – Treasury Solutions. The methodology uses an average of the ranked ratings from all three² of the Ratings Agencies to arrive at a score which places the institution into the following recommended durational bands for investment:

Yellow	5 years
Purple	2 years
Orange	1 year
Red	6 months
Green	100 days [previously 3 months]
No Colour	not to be used

An exception is made for those banks with significant share capital in UK public ownership (i.e. >20%).

Blue 1 year (applies only to nationalised or semi-nationalised UK Banks)

Following this initial classification, the score (hence, potentially, the band) is adjusted downwards to account for negative rating watches or outlooks (i.e. indications by the Agencies that a downgrade is being considered). Scores are further adjusted downwards if Credit Default Swap spreads exceed certain barrier levels. UK banks in the Blue band are excepted from these further steps due to the security offered by their nationalised or semi-nationalised status.

It is the opinion of the Participants and their advisors that divestment of Government shareholdings in RBS to below the 20% threshold is unlikely over the next 12 month horizon. However, further divestment of the Government shareholdings in the Lloyd's Banking Group may occur by October 2014 and is likely before May 2015. Therefore, Participants have reduced the duration of Lloyds exposure so that it would be possible to significantly reduce exposure by October 2014. Nevertheless, in light of the additional security³ provided by

² Organisations with incomplete ratings are progressively penalised in the scoring system, consistent with the reduction in assurance arising from only one or two opinions.

³ The Participants consider the UK government as a zero-risk counterparty for practical treasury management purposes, since the Participants' individual viability, in common with all UK public bodies, depends on the ability of central government to meet its obligations.

effective sovereign backing and the continuing perceived risks in the rest of the financial sector, exposure limits proposed are currently comparatively high.

In addition to organisations placed in the Blue band under Capita Asset Services – Treasury Solution’s methodology, the Investment Manager may, in exceptional circumstances include organisations that fall short of ratings criteria but are backed by an explicit and credible sovereign guarantee.

German Banks

The Association of German Banks (bankenverband) operates a deposit protection scheme for non banking customers (including public bodies) which is essentially a cross-guarantee. The membership of the association spans the majority of commercial banking institutions in Germany including systemically important domestic institutions such as Deutschebank and a large number of important foreign institutions such as RBS, Barclays and Bank of Scotland, either directly or through German subsidiaries. The guarantee extends to each depositor’s aggregate exposure up to a cap computed as a proportion of each bank’s tier 1 capital as at the latest balance sheet date. For the following years the proportions are as follows:

Up to 31 Dec 2014: 30%

Up to 31 Dec 2019: 20%

Up to 31 Dec 2024: 15%

Beyond 1 Jan 2025: 8.75%

A default by the scheme would amount to a total failure of the German commercial banking system and therefore a very high likelihood of sovereign intervention is implied. To the extent that deposits made with counterparties covered by the scheme remain below the guaranteed limit, the investment manager may treat those counterparties as “Purple” subject to the overall aggregate cap for exposure to Germany.

Construction of Lending Lists

The process by which the Investment Manager will construct the lending list of rated organisations will consist of:

- taking the range of organisations placed by Capita Asset Services – Treasury Solutions in the Green band and above, prior to outlook and CDS adjustments;
- excluding those domiciled in foreign countries with a Fitch long-term sovereign rating below AA (or equivalent from another agency); and
- including organisations backed by an explicit and credible sovereign guarantee.

Such a list shall be termed the Approved List and will be monitored on a daily basis by the Investment Manager. The Investment Manager will suspend organisations falling short of the criteria immediately.

Corporate Bonds and non-financial institutions (Type B counterparties)

Following regulatory change to the status of corporate bonds held by local authorities (previously such purchases constituted statutory capital expenditure) opportunity exists for exposure to corporate borrowers other than financial institutions. In the Participants view the overall use of corporate bonds will not increase the overall risk taken by the GIS. The use of corporate bonds increases the potential for diversification, liquidity and yield although there is additional risk arising from potentially less complete ratings information for certain bonds (for which reason these institutions do not appear in the ratings service from Sector). For this reason the overall exposure to instruments of this type is set at 20% (excluding guaranteed or MDB issues). Exposure to counterparties not covered by the Capita Asset Services – Treasury Solutions methodology shall be governed as follows:

Maximum exposure to single Type B (eg. National Grid) counterparty (or group): 5%

For all corporate bonds, excluding guaranteed or MDB issues and including securities issued by Type A counterparties but carrying a lower rating than the issuer’s individual rating, the following apply:

Maximum Duration: 397 days (13mths)

Maximum credit factor of any single security: 10.00

Maximum portfolio credit factor (PCF)⁴: 5

Credit Factors are defined with reference to the approach suggest by Fitch for rated MMFs:

Credit Risk Factors by Security Rating and Maturity

Days	'AAA'	'AA+'	'AA/F1+'	'AA-'	'A+'	'A/F1'	'A-'	'BBB+'	'BBB'/'F2'
Overnight	0.01	0.01	0.01	0.01	0.02	0.03	0.04	0.07	0.10
2-7	0.02	0.04	0.06	0.10	0.15	0.20	0.30	0.50	0.80
8-30	0.10	0.15	0.25	0.40	0.60	0.75	1.30	2.10	3.50
31-60	0.20	0.30	0.50	0.80	1.20	1.50	2.60	4.20	7.00
61-90	0.25	0.50	0.75	1.25	1.50	2.50	5.00	7.50	10.00
91-120	0.35	0.65	1.00	1.50	2.30	3.30	6.60	10.00	13.50
121-150	0.40	0.80	1.25	2.10	2.90	4.20	8.30	12.50	16.50
151-180	0.50	1.00	1.50	2.50	3.50	5.00	10.00	15.00	20.00
181-210	0.60	1.20	1.75	3.00	4.00	5.80	11.70	17.50	23.50
211-240	0.70	1.30	2.00	3.30	4.70	6.60	13.30	20.00	27.00
241-270	0.75	1.50	2.25	3.75	5.25	7.50	15.00	22.50	30.00
271-300	0.80	1.70	2.50	4.20	5.80	8.30	16.70	25.00	33.50
301-330	0.90	1.85	2.75	4.60	6.50	9.20	18.50	27.50	37.00
331-397	1.00	2.00	3.00	5.00	7.00	10.00	20.00	30.00	40.00
398-730	2.70	5.30	8.00	13.00	19.00	27.00	43.00	69.00	106.00

Where no Fitch ratings exist, the following mapping will be used:

Long term			Short term		
Fitch	Moody's	S&P	Fitch	Moody's	S&P
AAA	Aaa	AAA			
AA+	Aa1	AA+			
AA	Aa2	AA	F1+	-	A- 1+
AA-	Aa3	AA-			

⁴ Average for all corporate bonds held, weighted by nominal value

A+	A1	A+			
A	A2	A	F1+	P-1	A-1
A-	A3	A-			
BBB+	Baa1	BBB+			
BBB	Baa2	BBB	F2	P-2	A-2

Furthermore, securities issued by “blue” counterparties will be treated as AAA if and only if the Investment Manager and Capita Asset Services – Treasury Solutions believes the counterparty will remain in the Blue category until the instrument matures. All Local Authority bonds will be treated as AAA.

In addition to these high level principles, the Group Treasury team may apply a variety of additional market data and media due diligence measures prior to committing funds to a Type B counterparty. These will be detailed in the Group TMPs.

Policy for the Inclusion of Un-rated Organisations (Type C counterparties)

The Investment Manager may add organisations without credit ratings to the Approved List in the following circumstances only:

- The organisation has an explicit, financially credible guarantee from a foreign sovereign state of at least Fitch AA (or equivalent) rating:
 - Treated in *the Purple (AAA) or Orange (AA and AA+)* band, subject to the duration of deals not exceeding the term of the guarantee;
- The organisation is explicitly guaranteed by a parent company meeting Approved List criteria:
 - Treated in the same band as its parent, subject to the duration of deals not exceeding the term of the guarantee; and
- The organisation is a UK Public Body meeting criteria for loans from the PWLB or National Loans Fund (e.g. Local Authorities, Police and Fire Authorities):
 - Treated as UK government securities⁵.

Deposit facility of last resort

In the circumstance of being unable to place funds with counterparties on the operational list within approved limits, the Investment Manager will attempt to place the surplus funds with the Debt Management Agency Deposit Facility (DMADF). This facility may, of course, also be used in other circumstances if it offers rates above equivalent market levels, though in past experience this is unlikely. Where the sums to be invested were large or durations significant, officers would investigate the use of UK government securities held to maturity (or MMFs investing solely in these instruments) and within the parameters of the overall strategy adopt the financially preferable course.

⁵ The rationale for this is that the LPFA would not generally take an alternative view on the credit quality of another Public Body to that taken by HM Treasury acting through the PWLB. However, officers may ask of such bodies’ statutory chief finance officers whether their borrowing falls within their affordable limit as defined by the LGA 2003 and may restrict investments with individual counterparties where there may be a risk that any delay in repayment could disadvantage the LPFA’s operations.

In the instance of technical failures or unexpected monies being received after the cut-off time for sending payments, the Investment Manager will have no choice but to leave the funds with the GLA's bankers, RBS. In such circumstances, the funds will be moved to the GLA's call account at RBS. At present, however, the quasi-governmental security of RBS arising from the high level public ownership means it ranks as a 'blue' counterparty and enjoys a 100% overnight limit.

Determining the Operational List of Approved Counterparties and Investment Limits (Type A and Type C counterparties)

The Approved List shall form the basis of the Operational List used by the Investment Manager when making investments. For the further control of risk, the Operational List may be subject to temporary restrictions to higher levels of credit worthiness or suspension of countries or individual counterparties on the basis of professional external advice or the due diligence of the Investment Manager. This list will be monitored in exactly the same way as the Approved List, with reference to any additional criteria.

Limits for short term balances

The durational band AFTER adjustment for outlook and CDS data, where available, determines the limits on acceptable exposure in terms of both total invested and duration as follows:

		Cash exposure limits			
Band	Max. Tenor	Overnight	> 1 day	> 3 months	> 6 months
Yellow	5 years	100%	30%	15%	5%
Purple	2 years	100%	20%	10%	5%
Blue	1 year	100%	50%	50%	25%
Orange	1 year	50%	15%	10%	5%
Red	6 months	25%	10%	5%	n/a
Green	3 months	10%	5%	n/a	n/a
UK Sovereign	5 years	100%	No more than 50% >12months		
		Percentages applied to daily balance	Percentages are applied to forecast annual average balance and are cumulative		

The limits above are overlaid with the following considerations:

- Companies within the same group shall be subject to group limits, defined as the limits applying the highest rated member of the group; and
- When placing new investments, other than overnight, exposure to organisations domiciled in any one state, excepting the United Kingdom, exposure relative to the forecast average balance shall not exceed 25% for AAA rated states, 15% for AA+ rated states or 5% for AA rated states.

- The 5 year limit for "Yellow" counterparties may be reduced depending on the type of instrument and the trading status. For term deposits, the maximum tenor is 2 years.

APPENDIX 5 SAMPLE OPERATIONAL COUNTERPARTY LENDING LIST

GLA List of Approved Counterparties

Last updated: 28/02/2014 By: Freddie Coggles			Approved Countries (Limits will automatically be enforced by the Counterparty Exposure report)																																																																																																																																																																																																																													
Approved Counterparties			<table border="1"> <thead> <tr> <th></th> <th>Rating</th> <th>Agency</th> <th>Limit</th> <th colspan="3"></th> </tr> </thead> <tbody> <tr><td>Abu Dhabi</td><td>AA</td><td>Fitch</td><td>5%</td><td colspan="3"></td></tr> <tr><td>Australia</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Belgium</td><td>AA</td><td>Fitch</td><td>5%</td><td colspan="3"></td></tr> <tr><td>Canada</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Finland</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>France</td><td>AA+</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Germany</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Hong Kong</td><td>AA+</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Luxembourg</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Netherlands</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>New York</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Qatar</td><td>AA</td><td>S&P</td><td>5%</td><td colspan="3"></td></tr> <tr><td>Singapore</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Sweden</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>Switzerland</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> <tr><td>UK</td><td>AA+</td><td>Fitch</td><td>100%</td><td colspan="3"></td></tr> <tr><td>U.S.A</td><td>AAA</td><td>Fitch</td><td>25%</td><td colspan="3"></td></tr> </tbody> </table> <p>The country limit is applied to the forecast average balance to calculate the gross aggregate limit for investments with counterparties domiciled in that state, other than overnight investments.</p>							Rating	Agency	Limit				Abu Dhabi	AA	Fitch	5%				Australia	AAA	Fitch	25%				Belgium	AA	Fitch	5%				Canada	AAA	Fitch	25%				Finland	AAA	Fitch	25%				France	AA+	Fitch	25%				Germany	AAA	Fitch	25%				Hong Kong	AA+	Fitch	25%				Luxembourg	AAA	Fitch	25%				Netherlands	AAA	Fitch	25%				New York	AAA	Fitch	25%				Qatar	AA	S&P	5%				Singapore	AAA	Fitch	25%				Sweden	AAA	Fitch	25%				Switzerland	AAA	Fitch	25%				UK	AA+	Fitch	100%				U.S.A	AAA	Fitch	25%																																																																																													
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APPENDIX 6 MID YEAR REVIEW FOR 2013-14

- 1.1 Treasury Management has been conducted within the terms of the agreed TMSS for 2013-14. Details of investments held at 31 October 2013 are set out at Annex 1.
- 1.2 Set out below are the relevant indicators and performance for treasury operations to 31 October 2013. The forecast overachievement of core GLA interest receivable against budget is largely due to the favourable cash profile obtained as a result of negotiations following the London Settlement, but also assisted by outperformance on investment returns within tight risk constraints.
- 1.3 Short term interest rates have remained low over the period reflecting the readily availability of funding to the wholesale banking market. The impact of this has been incorporated into the forecasts at **Appendix 1**.
- 1.4 The GIS was able to deliver a cumulative yield of 0.81% on daily balances, against a benchmark of 0.39%, whilst maintaining its liquidity target of weighted average maturity of not more than 3 months. Up to this point the GIS has invested almost exclusively with Lloyds and RBS reflecting the attractive rates offered by the institutions and the view that while they remain in significant public ownership, these institutions offer quasi-sovereign risk. As discussed in **Appendix 1** the GLA has developed a strategy for diversifying its investments.
- 1.5 As at 31 October the GLA has secured £652.5m of its £800m requirement for long term borrowing to fund capital grants to TfL in respect of Crossrail for 2013-14. No further long term borrowing has been undertaken in respect of core GLA functions. The maturity structure of existing GLA and Crossrail borrowing is shown in the table below.

External Borrowing Maturity Structure	Crossrail	GLA
	31-Oct-13	31-Oct-13
under 12 months	-	-
12 months and within 24 months	-	-
24 months and within 5 years	-	£35.0m
5 years and within 10 years	£515.0m	£215.0m
10 years and above	£2,337.5m	£50.0m
Total	£2,852.5m	£300.0m

- 1.6 All long term borrowing in 2013-14 up to 31 October has been taken from the PWLB as a result of a highly risk-averse approach in a volatile rate environment. The £652.5m borrowed so far this year averaged 9.2 years in maturity at an average rate of 2.87. Crossrail BRS receipts, which finance the borrowing in respect of Crossrail have been collected without any issues at a level slightly in excess of the prospectus assumptions.

ANNEX 1 - INVESTMENTS OUTSTANDING AT 31 OCTOBER 2013**SHORT TERM**

Investment ref		Amount	Maturity Date
Comingled			
TI 10/12	GIS	5,000,000.00	29-Nov-13
TI 11/12	GIS	5,000,000.00	9-Dec-13
TI 13/12	GIS	5,000,000.00	19-Dec-13
TI 14/12	GIS	5,000,000.00	20-Dec-13
TI 15/12	GIS	5,000,000.00	9-Jan-14
TI 16/12	GIS	25,000,000.00	15-Jan-14
TI 17/12	GIS	25,000,000.00	21-Jan-14
TI 18/12	GIS	5,000,000.00	13-Feb-14
TI 19/12	GIS	5,000,000.00	13-Nov-13
TI 20/12	GIS	5,000,000.00	14-Feb-14
TI 21/12	GIS	5,000,000.00	17-Feb-14
TI 22/12	GIS	75,000,000.00	11-Mar-14
TI 22/12	GLA	25,000,000.00	11-Mar-14
TI 1/13	GLA	50,000,000.00	9-Apr-14
TI 1/13	GLA	50,000,000.00	9-Apr-14
TI 2/13	GLA	25,000,000.00	14-Apr-14
FRN 1/13	GLA	5,037,618.43	20-Jan-14
TI 3/13	GLA	40,000,000.00	13-May-14
MMF 1/13	GLA	1,000,000.00	14-May-14
CB 1/13	GLA	3,913,240.85	29-Apr-14
CB 2/13	GLA	4,930,822.84	29-Apr-14
TI 4/13	GLA	50,000,000.00	31-Jul-14
CB 3/13	GLA	10,051,517.67	7-Mar-14
CB 4/13	GLA	9,156,071.07	15-Apr-14
TI 5/13	GIS	20,000,000.00	29-Oct-14
TI 6/13	GIS	10,000,000.00	30-Oct-14
TI 7/13	GIS	25,000,000.00	1-Oct-14
TI 8/13	GIS	25,000,000.00	3-Oct-14
TI 9/13	GIS	10,000,000.00	30-Oct-14
TI 10/13	GIS	10,000,000.00	30-Oct-14
TI 11/13	GIS	10,000,000.00	9-Jan-14
TI 12/13	GIS	10,000,000.00	10-Oct-14
TI 13/13	GIS	10,000,000.00	11-Apr-14
TI 14/13	GIS	20,000,000.00	14-Apr-14
TI 15/13	GIS	50,000,000.00	15-Apr-14
TI 16/13	GIS	50,000,000.00	15-Oct-14
TI 17/13	GIS	10,000,000.00	17-Jan-14
TI 18/13	GIS	5,000,000.00	22-Oct-14
TI 19/13	GIS	25,000,000.00	23-Jan-14
TI 20/13	GIS	25,000,000.00	24-Jan-14
TI 21/13	GIS	50,000,000.00	24-Apr-14
TI 22/13	GIS	50,000,000.00	24-Oct-14

		<u>859,089,270.86</u>	
CASH AT BANK			
SIBA	GIS	94,633,916.00	ON CALL
95 Day Notice	GIS	581,373,402.00	
Lloyds Call	GIS	385,000,000.00	ON CALL
Total outstanding at 31/10/2013			
as per investment ledger		<u><u>1,920,096,588.86</u></u>	