APPENDIX A

Investments at:	16/03/2010									
Institution	Principal	Effective Maturity	Days to Maturity	Rate	Moody's Credit Rating (source Bloomberg)	Fitch Credit Rating (source Bloomberg)	S&P Credit Rating (source Bloomberg)	Lowest Credit Rating (*equivalent rating*), source Bloomberg	Avergage Credit Risk Score	Type of investment
Santander UK PLC	£3,022,000.00	17/03/2010	1	0.80%	Aa3	AA-	AA	AA-	3.7	Call Account
Santander UK PLC	£1,018,000.00	17/03/2010	1	0.80%	Aa3	AA-	AA	AA-	3.7	Call Account
Santander UK PLC	£9,711,000.00	17/03/2010	1	0.80%	Aa3	AA-	AA	AA-	3.7	Call Account
Santander UK PLC	£3,054,413.00	17/03/2010	1	0.80%	Aa3	AA-	AA	AA-	3.7	Call Account
Lloyds TSB	£5,000,000.00	06/04/2010	21	1.32%	Aa3	AA-	A+	A+	4.3	Fixed Deposit
Lloyds TSB	£5,000,000.00	30/04/2010	45	1.33%	Aa3	AA-	A+	A+	4.3	Fixed Deposit
Lloyds TSB	£5,000,000.00	06/04/2010	21	0.50%	Aa3	AA-	A+	A+	4.3	Fixed Deposit
Barclays Bank	£4,524,000.00	29/04/2010	44	0.53%	Aa3	AA-	AA-	AA-	4.0	Fixed Deposit
Nationwide Building Society	£6,100,000.00	10/05/2010	55	0.67%	Aa3	AA-	A+	A+	4.3	Fixed Deposit
Nationwide Building Society	£3,252,346.00	06/04/2010	21	0.40%	Aa3	AA-	A+	A+	4.3	Fixed Deposit
Goldman Sachs	£4,100,000.00	17/03/2010	1	0.50%	Aaa	AAA	AAA	AAA	1.0	Money Market Fund
Goldman Sachs	£767,854.00	17/03/2010	1	0.50%	Aaa	AAA	AAA	AAA	1.0	Money Market Fund
Goldman Sachs	£1,153,050.00	17/03/2010	1	0.50%	Aaa	AAA	AAA	AAA	1.0	Money Market Fund
Goldman Sachs	£5,132,863.00	17/03/2010	1	0.50%	Aaa	AAA	AAA	AAA	1.0	Money Market Fund
Total	£ 56,835,526		**03/04/2010**	**0.749%**						
Number of deposits	14									
Value Weighted Average	£ 4,059,680							**AA**	**3.5**	
Time Weighted Average			19					**AA-**	**4.2**	

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

Non-rated, non-guaranteed institutions score 11

Above target (AAA to AA+ Score 0-2)

Target (AA to A= Score 3-5)

Anything less than A+, Score above 5

On this basis Haringey is in the middle of its target range

Economic and Interest Rate Forecast – March 2010

Underlying assumptions :

- The Bank of England paused its Quantitative Easing (QE) program in January having purchased £200bn of assets to insure against the downside risks to growth. We estimate that QE has depressed gilt yields by around 70bps (0.7%).
- The Bank's February Inflation Report forecasts a slow recovery with an uncertain outlook for corporate and consumer spending. UK growth (GDP) rose by a revised 0.3% in Q4 2009, much of this impetus from government spending. Q1 growth is looking fragile.
- Looming bank regulation, including liquidity and capital requirements, will curb bank lending activity. The Bank retains the option to reduce the rate on commercial banks' deposits to encourage them to lend. But FSA regulations will force banks to buy more Gilts which could help slow the rise in yields in 2010/11, a QE by proxy.
- The employment outlook remains uncertain. Pay freezes, short hours, job cuts and a migration toward part time employment will continue into 2010 keeping the headline unemployment number down, but aggregate earnings too.
- Recent increases in the savings ratio, reduction in net consumer credit and weak consumer confidence are consistent with a lower future trend rate of growth.
- Commodity prices and VAT reverting to 17.5% have pushed inflation to 3.5%, prompting a letter from the Bank's Governor to the Chancellor. We believe that inflation will rise further, before moderating in the second half of the year.
- The UK fiscal deficit remains acute. Cuts in public spending and tax increases are now inevitable and a credible plan to reduce the deficit is urgently required, the absence of which increases the potential of a sovereign downgrade. The likelihood of a hung parliament has grown and this has and will be disruptive to financial markets.
- All this at a time when the markets are being asked to absorb unprecedented levels of government debt.
- The US Federal Reserve will maintain rates at low levels but begin to withdraw the additional liquidity and stimulus provided during the financial crisis.
- One benefit of the current weakness of Sterling may be that the UK's export economy might enjoy a boost, however our trading partners are also suffering low demand.

	Jun-10	Sep-10	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13
Official Bank Rate												
Upside risk		+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	0.50	0.50	0.75	1.00	1.50	2.00	2.50	2.75	3.00	3.00	3.00	3.00
Downside risk			-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
1-yr LIBID												
Upside risk		+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	1.25	1.50	1.75	2.25	3.00	3.50	4.00	4.00	4.00	4.00	4.00	4.00
Downside risk			-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5-yr gilt												
Upside risk	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	2.80	2.90	3.00	3.25	3.50	3.75	4.00	4.25	4.25	4.25	4.25	4.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
10-yr gilt												
Upside risk	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.50	+0.50	+0.50	+0.50
Central case	4.00	4.00	4.00	4.25	4.25	4.50	4.50	4.75	5.00	5.00	5.00	5.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
20-yr gilt												
Upside risk	+0.50	+0.50	+0.50	+0.25	+0.25	+0.25	+0.25	+0.25	+0.25	+0.50	+0.50	+0.50
Central case	4.60	4.75	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
50-yr gilt												
Upside risk	+0.25	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50	+0.50
Central case	4.50	4.50	4.50	4.75	4.75	4.75	4.75	4.75	5.00	5.00	4.75	4.75
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

- The recovery in growth is likely to be slow and uneven, more "W" than "V" shaped. The Bank of England will stick to its lower-for-longer stance on policy rates.
- Gilt yields will remain volatile. Yields were compressed by Quantitative Easing and will rise as the markets grapple with the wall of gilt supply in 2010 and 2011. FSA regulations forcing banks to buy gilts will initially slow this increase in yields.
- The path of base rates reflects the fragile state of the recovering economy and the severe fiscal correction that will be required post General Election which will dampen aggregate demand and cut household cashflow. Expectations of central bank exit strategies and their timing will increase volatility in sovereign bond yields and equities.
- There are significant threats to the forecast from potential downgrades to sovereign ratings and/or political instability.

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