

REVIEW OF TREASURY MANAGEMENT ACTIVITY 2015/16

REPORT OF: Peter Stuart, Head of Finance

Email: pamela.coppelman@adur-worthing.gov.uk Tel: 01903 221236

Wards Affected: All

Key Decision No

PURPOSE OF REPORT

1. The report sets out the Council's treasury management activity for the year ended 31 March 2016.

SUMMARY

2. All transactions are in order and the performance of the service has been in-keeping with the requirements of the Service Level Agreement (SLA) with our shared services provider.

RECOMMENDATIONS

3. The Committee is requested to note the contents of the report.
-

BACKGROUND

4. The Treasury Management function of this Council has been provided by Adur and Worthing Councils as a shared service since October 2010. This has enabled the cost of the service to be reduced whilst giving access to specialist advice and the administration skills of a larger authority. The SLA was extended for a further three years from 18th October 2013.
5. The 2015-16 Treasury Management Annual Report produced by the Group Accountant Strategic Finance is attached at Appendix 1. Members should note that this report format and level of detail is similar to that presented to the other authorities in the shared service and whilst it may appear to contain much in the way of industry knowledge, it would reward careful reading by those with an interest.
6. For those Members seeking a summary, paragraph 12.2 sets out the key points:

The actual outturn performance has exceeded the budgeted estimate due to the increase in available funds for investment during the year and the careful monitoring of the market to achieve the best possible interest rates. All counterparty lending limits approved at the start of the year were met and all Prudential Limits were adhered to.
7. The Group Accountant would welcome questions and queries from Members using the contact details above.

POLICY CONTEXT

8. The presentation of this report fulfils the requirements under the Council's treasury management policy to produce an annual report by 30 September after the year end.

OTHER OPTIONS CONSIDERED

9. None.

FINANCIAL IMPLICATIONS

10. None.

OTHER MATERIAL IMPLICATIONS

11. None.

BACKGROUND PAPERS

None.

1. SUMMARY

- 1.1 This report summarises the treasury management transactions for the financial year 2015/2016. The presentation of this report fulfils the requirements under the Council's treasury management policy.

2. INTRODUCTION AND BACKGROUND

- 2.1 Treasury management is defined as:

“The management of the local authority's cash flows and investments, 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”

- 2.2 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

- 2.3 For 2015/16 the Council's treasury management strategy and practices required that a minimum of three main reports be prepared, which incorporate a variety of policies, estimates and actuals. The CIPFA Code of Practice recommends the reports be scrutinised by the relevant committee before being recommended to the Council. Discretion to do this is exercised by the Head of Finance, and where this occurs the scrutiny role is undertaken by the Audit Committee. The reports so prepared are:

- The Annual Treasury Management and Annual Investment Strategy to be approved by full Council in advance of the year – this was submitted in July 2015.
- The mid-year treasury management operations update report – this was submitted in November 2015.
- An annual review (this report) to be presented to the Audit Committee following the end of the year, describing the activity compared to the strategy.

- 2.4 Accordingly, this report covers:

- ◆ treasury portfolio position 2015/16
- ◆ borrowing strategy and outturn for 2015/16
- ◆ interest rate movements for 2015/16
- ◆ investment strategy and outturn for 2015/16
- ◆ compliance with treasury limits and Prudential Indicators
- ◆ performance measures
- ◆ minimum revenue provisions (MRP) for repayment of debt
- ◆ incidence of other issues & matters

- 2.5 The regulatory environment places importance on Members for the review and scrutiny of treasury management policy and activities. This report supports such a review, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3. PORTFOLIO POSITION 2015/16

3.1 The Council's position at the beginning and end of year was as follows:-

	Balance at 01.04.15 £m	Raised in Year £m	Repaid in Year £m	Balance at 31.03.16 £m	% of Funds 31.03.16
<u>Borrowing</u>					
PWLB	(1.047)	-	0.111	(0.936)	100%
Temporary Borrowing	-	(4.140)	4.140	-	
TOTAL BORROWING	(1.047)	(4.140)	4.251	(0.936)	100%
<u>Investments:</u>					
Local Auth Property Fund	0.00	4.000	0.000	4.000	12%
In-house:					
Long Term	8.000	0.000	(5.000)	3.000	9%
Short Term	17.000	160.515	(151.215)	26.300	79%
TOTAL INVESTMENTS	25.000	164.515	(156.215)	33.300	100%
NET INVESTMENTS	23.953	160.375	(151.964)	32.364	

3.2 In the year gross borrowing reduced by £111k, and gross investments increased by £8.3m, resulting in an overall increase in funds of £8.411m. Please note that £4m was invested in the Local Authority Property Fund in July 2015, an investment approved in the Council's Treasury Management Strategy Statement. However this is a policy investment rather than a Treasury investment; the principal investment has been included in the table above for the purposes of disclosing the total capital, but it is not included within the interest figures and Prudential Indicator calculations which follow.

4. BORROWING STRATEGY AND OUTTURN FOR 2015/2016

4.1 The Council's net indebtedness, including finance leases, at 31 March for 2015 and 2016, was:

Comparison of Net Debt to Capital Financing Requirement (CFR)	2015 Actual £m	2016 Actual £m
Long Term Borrowing	1.047	0.936
Finance Leases	0.458	0.310
Gross Debt at 31 March	1.505	1.246
Less Capital Financing Requirement (CFR)	(1.542)	(1.283)
(Under)/ Over Borrowing	(0.037)	(0.037)
Total Investments at 31 March	(25.000)	(33.300)
Net (Investments)/Debt	23.495	32.054

- 4.2 The Table above compares the Gross Debt against the underlying need to borrow (the Capital Financing Requirement, CFR) thereby highlighting any over or under borrowing. This comparison is one of the Prudential Indicators of affordability under the Prudential Code to show that borrowing levels are prudent over the medium term, and sustained for capital investment purposes – i.e that the Council is not borrowing to support revenue expenditure.
- 4.3 Accordingly, the amount of borrowing should not exceed the CFR for 2015/16 (plus any expected changes to the CFR over 2016/17 and 2017/18) except in the short term. This requirement has been fully met in 2015/16 as the gross debt is below the CFR by £37k.
- 4.4 The debt movement for **2015/16** was as follows:

	Average Interest Rate	Balance at 01.04.15 £m	Raised in Year £m	Repaid in Year £m	Balance at 31.03.16 £m
<u>Long Term Indebtedness</u>					
PWLB - Fixed rate	4.55%	(1.047)	-	0.111	(0.936)
Finance Leases		(0.458)	-	0.148	(0.310)
<u>Short Term</u>					
Temporary Borrowing	0.40%	-	(4.140)	4.140	-
TOTAL INDEBTEDNESS		(1.505)	(4.140)	4.399	(1.246)

- 4.5 Although no new long term debt was raised in 2015/16, there were 3 instances of temporary borrowing from Adur and Worthing Councils at 0.40%, equivalent to the interest paid on the Councils' current accounts with Lloyds. These arose due to uncertainty in short term cash flows and enabled Mid Sussex District Council to place longer term fixed rate deposits despite a temporary dip in liquidity. Such borrowing for short term temporary cash flows is entirely permissible within the treasury management policy, and no prudential limits on borrowing were exceeded.
- 4.6 The Council's long term debt at the year end comprises one loan from the Public Works Loans Board (PWLB), being:

Loan Number	Start Date	End Date	Original Loan Amount £	Interest Rate	Balance at 31. 03. 2016
494369	06/03/2008	01/03/2023	1,700,000	4.55%	935,825

- 4.7 The total cost of interest on long term borrowing for 2015/16 was £46,295 (£50,900 for 2014-15) and is within the budgetary estimates provided for at the start of the year.

5. THE ECONOMY AND INTEREST RATES 2015/16

*The following commentary has been supplied by **Capita Asset Services Ltd**, the professional consultants for the Council's shared treasury management services provider. The context is significant as it describes the backdrop against which treasury management activity has been undertaken during the year.*

- 5.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.
- 5.2 These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.
- 5.3 The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.
- 5.4 The ECB commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015.
- 5.5 As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.
- 5.6 The UK elected a majority Conservative Government in May 2015, removing one potential concern but introducing another due to the promise of a referendum on the UK remaining part of the EU. The government maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

6. INVESTMENT STRATEGY AND OUTTURN FOR 2015/16

Investment Strategy

- 6.1 Bank Rate remained at its historic low of 0.5% throughout the year, it has now remained unchanged for seven years. Deposit rates remained depressed during the whole of the year.
- 6.2 The investment strategy aimed to secure investment interest for 2015/16 of £344,440 as contained in the Council's budget. This equated to expected average returns on all investments of 1.022%. This target was set against the overriding criteria of security of principal sums invested, and liquidity of funds to service the Council's operational cash flow requirements.

- 6.3 The Treasury investment returns (excluding returns from the Local Authority Property Fund) included in the reported income of the Council for 2015/16 amounts to £367,083, an increase of £22,643 over the budgeted investment estimate. The outturn in 2015/16 equates to an average return on Treasury investments of 1.035%. The variance between the actual outturn and budget estimate at the start of the year is analyzed as follows:

Investment Duration	2015/16 Estimate	2015/16 Actual	Variance (Under)/Over
	(£000)	(£000)	(£000)
0-12 Months	203	261	58
12 months or more	141	106	(35)
Total	344	367	23

- 6.4 The outturn performance compared to the budgeted estimate has overperformed due to the increase in available funds for investment during the year and the achievement of higher rates of return than budgeted. The average balance forecast for 2015/16 (based upon 2014/15 actual balances) was £33.695m. In fact the average balance for 2015/16 was £35.527m, some £1.832m higher than expected.
- 6.5 In all, 100 investments were placed in the year, 100 fewer than in 2014/15 and 72 of which were in respect of Money Market Funds. The Council's new Lloyds Bank account pays interest of 0.4% and, as an A+ rated institution, the Treasury Management Strategy Statement allows the Council to hold up to £4m with Lloyds. Combined with the transaction fee costs of placing money with the Money Market Funds for only a few days, and the very low rates on short term deposits, it has therefore been cost effective to use the Lloyds Bank account for liquidity in addition to the usual investments
- 6.6 The composition of investment transactions is shown below (the movement of these transactions during the year is shown in paragraph 3.1). No new long term investments were made due to the Council's decision to make a policy investment in the Local Authority Property Fund, and the poor interest rates available on fixed term deposits. Long term rates are checked regularly for quality of the counterparty and interest rates.

	No. of Transactions	Amount Invested £m	Average Deal Size £m	Minimum Deal Size £m	Maximum Deal Size £m
<u>Long-term (> 1 year)</u>					
Banks	0	0.000	0.000	0.000	0.000
Building Societies	0	0.000	0.000	0.000	0.000
Local Authorities	0	0.000	0.000	0.000	0.000
Total Long Term	0	0.000	0.000	0.000	0.000
<u>Short-term (< 1 year or less)</u>					
Council's own Bank	2	2.000	1.000	1.000	1.000
Other Banks	6	8.000	1.333	1.000	2.000
Building Societies	18	20.000	1.111	1.000	2.000
Local Authorities	2	3.000	1.500	1.000	2.000
Money Market Funds	72	127.515	1.771	0.300	3.000
Total Short-term	100	160.515	1.605	0.300	3.000
OVERALL	100	160.515	1.605	0.300	3.000

- 6.7 The long term Treasury investments were taken out in December 2013 and January 2014 and the interest rate is 2.3%. They comprised 10% of the portfolio as at 31 March 2016. However when the £4m investment in the Local Authority Property Fund is taken into account, longer term investment comprised 21% of capital invested.

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Lowest Long Term Rating
Barclays Bank	01.07.15	29.06.16	£1,000,000	0.99%	A
Barclays Bank	06.08.15	29.07.16	£2,000,000	1.01%	A
Barclays Bank	06.01.16	04.01.17	£1,000,000	1.01%	A
Coventry Building Society	03.11.15	01.11.16	£1,000,000	0.80%	A
Cheshire West & Chester C'cil	20.12.13	20.12.18	£2,000,000	2.30%	AA+
Lloyds Bank	29.09.15	28.09.16	£1,000,000	1.05%	A+
Lloyds Bank	14.10.15	13.10.16	£1,000,000	1.05%	A+
London Borough of Islington	31.01.14	31.01.19	£1,000,000	2.30%	AA+
National Counties B'ding Soc.	07.04.15	05.04.16	£1,000,000	1.12%	Not on Credit List
National Counties B'ding Soc.	13.04.15	11.04.16	£1,000,000	1.12%	Not on Credit List
Nationwide Building Society	03.09.15	01.09.16	£1,000,000	0.90%	A
Nationwide Building Society	29.09.15	29.09.16	£1,000,000	0.91%	A
Nationwide Building Society	03.11.15	01.11.16	£1,000,000	0.90%	A
Nottingham Building Society	14.04.15	12.04.16	£1,000,000	0.97%	Baa1
Nottingham Building Society	03.09.15	01.09.16	£1,000,000	1.02%	Baa1
Plymouth City Council	01.02.16	03.05.16	£1,000,000	0.45%	n/a
Principality Building Society	09.04.15	07.04.16	£1,000,000	0.95%	BBB-
Principality Building Society	02.09.15	31.08.16	£1,000,000	1.02%	BBB-
Progressive Building Society	21.10.15	19.10.16	£2,000,000	1.05%	Not on Credit List
Progressive Building Society	26.11.15	24.11.16	£1,000,000	1.02%	Not on Credit List
Salford City Council	27.01.16	27.04.16	£2,000,000	0.45%	n/a
Skipton Building Society	15.04.15	13.04.16	£1,000,000	1.00%	BBB
West Bromwich B'ding Soc.	13.04.15	11.04.16	£1,000,000	1.05%	B1
Federated Investors MMF	31.03.16	n/a	£2,300,000	Var.	AAA
TOTAL			£29,300,000		

7. COMPLIANCE WITH TREASURY MANAGEMENT LIMITS AND PRUDENTIAL INDICATORS

- 7.1 The Council operates to approved Prudential Indicators for treasury management as contained in the Treasury Management Strategy Statement (TMSS). The TMSS for 2015/16 was reported to Council in July 2015. The approved limits exist to regulate short-term borrowing for operational cash flow fluctuations, as well as long-term borrowing for financing capital investments. Additionally, the limits aim to mitigate risk against fluctuations in interest rates.
- 7.2 The Council's treasury management limits and indicators for 2015/16 are compared with the outturn position, and previous year's outturn in Appendix 3. Actual performance was within the limits determined at the start of the year.

8. PERFORMANCE MEASURES

- 8.1 The Council's return on all treasury investments is shown in the table below and exceeded the benchmark returns in a comparison of 91 non-metropolitan councils.

INVESTMENTS	Mid Sussex Average Balances Held in Year(£m)	Mid Sussex Rate of Return %	Benchmark Average Return %
Combined Balances	35.527	1.035%	0.74

9. AMENDMENTS TO INVESTMENT COUNTERPARTY LENDING LIST

- 9.1 The Counter Party Approved Lending List was last reviewed and reported as part of the Treasury Management Strategy and Annual Investment Strategy Report for 2015/16 which was approved by Council in July 2015.
- 9.2 No counterparties were added to or removed from the Counterparty lending during 2015/16.
- 9.3 The Council's investment exposure to counterparties during 2015/16 is reported in Appendix 2, and the limits of approved dealing for the Council's counterparties is reproduced at Appendix 4.

10. MINIMUM REVENUE PROVISIONS (MRP) FOR REPAYMENT OF DEBT

- 10.1 The Council, in accordance with legislation, makes a provision from revenue to enable the repayment of borrowing that has been undertaken to fund the capital programme. This provision is known as the Minimum Revenue Provision (MRP) and is charged to the General Fund Revenue Account each year. MRP is set aside each year at an amount equivalent to the value of debt repaid in the year.
- 10.2 For 2015/16 an amount of £259k has been set aside in the annual accounts as the MRP for repayment of debt.

11. OTHER ISSUES AND MATTERS

Shared Services Arrangements

- 11.1 The Council's treasury management services are provided under a shared services arrangement (SSA) performed by the in-house treasury management team formed out of partnership working between Adur District Council and Worthing Borough Council. The treasury management team is based at Worthing Town Hall, but services all three Councils' treasury management operations from this location utilising similar banking arrangements.
- 11.2 The SSA is provided under a Service Level Agreement that was renewed from 18th October 2013, and which defines the respective roles of the client and provider authorities for a period of three years.

12. CONCLUSION

- 12.1 This report fulfils the requirements under the CIPFA Code of Practice for Treasury Management, as well as the Council's own treasury management practices, to present an annual outturn report on treasury management activity before 30 September 2016.
- 12.2 The actual outturn performance has exceeded the budgeted estimate due to the increase in available funds for investment during the year and the careful monitoring of the market to achieve the best possible interest rates. All counterparty lending limits approved at the start of the year were met and all Prudential Limits were adhered to.

Principal Author and Contact Officer: Pamela Coppelman
Email: pamela.coppelman@adur-worthing.gov.uk
Telephone: 01903 221236

Background Papers:

- (1) Half-Year In-House Treasury Management Operations Report 2015/16 (Audit Committee, November, 2015)
- (2) Template Annual Treasury Report 2015/16 (Capita Asset Solutions)
- (3) CIPFA Treasury Management Code of Practice in the Public services and Cross Sectoral Guidance (Nov 2011)
- (4) CIPFA Prudential Code of Practice for Capital Finance in Local Authorities

MAXIMUM INVESTMENTS WITH EACH COUNTERPARTY IN 2015/2016

Name of Counterparty	Maximum Individual Investment	Maximum Holdings At Any Time	Balance at 31st March, 2016
	£m	£m	£m
<u>Fixed Term Cash Deposits</u>			
Banks			
Barclays Bank	2.000	4.000	4.000
Lloyds TSB	1.000	4.000	2.000
Building Societies			
Coventry	2.000	3.000	1.000
Leeds	1.000	1.000	-
National Counties	1.000	3.000	2.000
Nationwide	1.000	3.000	3.000
Newcastle	1.000	3.000	-
Nottingham	1.000	2.000	2.000
Principality	1.000	1.000	2.000
Progressive	2.000	3.000	3.000
Skipton	1.000	3.000	1.000
West Bromwich	1.000	3.000	1.000
<u>Commercial Money Markets</u>			
Invesco	3.000	3.000	2.300
Federated Prime Rate	3.000	3.000	-
Goldman Sachs	3.000	3.000	-
BlackRock	3.000	3.000	-
<u>Local Authorities</u>			
Cheshire West & Chester	2.000	2.000	2.000
London Borough of Islington	1.000	1.000	1.000
Plymouth City Council	1.000	1.000	1.000
Salford City Council	2.000	2.000	2.000
TOTAL INVESTMENTS AT 31ST MARCH, 2016			29.300

COMPLIANCE WITH PRUDENTIAL INDICATORS 2015/16

1. PRUDENTIAL INDICATORS	2014/15 Actual	2015/16 Full year Estimate	2015/16 Actuals
Extract from budget	£'000	£'000	£'000
Capital Expenditure	5,443	6,881	3,629
Ratio of financing costs to net revenue stream	-0.01%	-0.19 %	-1.34%
Borrowing Outstanding			
Brought forward 1 April	1,175	1,047	1,047
Carried forward 31 March	1,047	936	936
Net in year borrowing / (repayments)	(128)	(111)	(111)
Capital Financing Requirement at 31 March	1,542	1,262	1,283
Change in Cap. Financing Requirement	(250)	(280)	(259)
Incremental impact of capital investment decisions			
Increase in council tax (band D) per annum	(£0.23)	£0.04	(£1.34)

2. TREASURY MANAGEMENT INDICATORS	Limit £'000	Limit £'000	Actuals (£'000) at 31.03.16
Authorised Limit for external debt -			
Borrowing	5,000	5,000	936
Other long term liabilities	1,000	1,000	310
Total Authorised Limit for external debt	6,000	6,000	n/a
Operational Boundary for external debt			
Borrowing	3,000	3,000	936
Other long term liabilities	1,000	1,000	310
Total Operational Boundary for external debt	4,000	4,000	n/a
	Actuals at 31.03.15	2015/16 Limit	Actuals at 31.03.16
Upper limit for fixed interest rate exposure			
Investments net of Borrowing	100%	100%	92%
Upper limit for variable rate exposure			
Investments net of Borrowing	0%	25%	8%
Upper limit for total principal sums invested for over 364 days	32%	50%	10%

COMPLIANCE WITH PRUDENTIAL INDICATORS 2015/16

The Maturity structure of fixed rate borrowing at 31 March 2016 is :	Proportion of Total Fixed rate Borrowing =
under 12 months	12%
12 months and within 24 months	13%
24 months and within 5 years	43%
5 years and within 10 years	32%
10 years and above	0%

**APPROVED INVESTMENT INSTITUTIONS IN THE 2015/16 TREASURY MANAGEMENT
STRATEGY STATEMENT**

Specified Investments identified for use by the Council

New specified investments will be made within the following limits:

(a) **Banks (Approved Investment Regulation 2 (b))**

Major U.K. and European Banks and their wholly-owned subsidiaries meeting the Council's approved investment criteria.

	Counterparty	Group	Individual Sum and Maximum Period	
1	HSBC Bank Group: .HSBC Bank plc	£5m		
			£4m	5 years
2	The Royal Bank of Scotland Group: .The Royal Bank of Scotland plc .National Westminster Bank plc .Ulster Bank Belfast Limited	£5m		
			£4m	5 years
			£4m	5 years
			£1m	1 year
3	Lloyds TSB Group: .Lloyds TSB Bank plc .Halifax plc .Bank of Scotland plc .HBOS Treasury Services plc	£5m		
			£4m	5 years
			£4m	5 years
			£4m	5 years
			£4m	5 years
4	Barclays Group: .Barclays Bank plc	£5m		
			£4m	5 years
5	Santander Group: . Santander UK	£5m		
			£4m	5 years
6	Clydesdale Bank	N/a	£4m	5 years

(b) **Building Societies (Approved Investment Regulation 2 (c))****Building Societies (Assets in excess of £1 billion):**

Rank	Counterparty	Individual	
		Sum	Period
1	Nationwide	£3m	3 years
2	Yorkshire	£3m	3 years
3	Coventry	£3m	3 years
4	Skipton	£3m	3 years
5	Leeds	£3m	3 years
6	The Principality	£3m	3 years
7	West Bromwich	£3m	3 years
8	Newcastle	£3m	3 years
9	Nottingham	£3m	3 years
10	Cumberland	£3m	3 years
11	Progressive	£3m	3 years
12	National Counties	£3m	3 years

(c) **Money Market Funds (Approved Investment Regulation 2(2) and 2(3)(b))**

Counterparty	Sum	For Short Term Operational Cash Flow Purposes
Invesco Aim – Sterling	£3m	
BlackRock Institutional Sterling Liquidity Fund	£3m	
Ignis Sterling Liquidity Fund	£3m	
Goldman Sachs Sterling Liquidity Reserve Fund	£3m	
Henderson Liquid Assets Sterling Fund	£3m	
Fidelity Institutional Cash Fund plc – Sterling	£3m	
Federated Short-Term Sterling Prime Liquidity Fund	£3m	
RBS – Global Treasury Fund - Sterling	£3m	

The limit for investing in any one Money Market Fund is £3 million. Total investments in Money Market Funds shall not exceed the higher of £9m or 25% of the total investment portfolio, for more than one week at any one time.

(d) Local Authorities (Approved Investment Regulation 2 (i) and Schedule Part II)

All the following local authorities mentioned in the Regulations

Schedule Part II Ref	Details	Individual	
		Sum	Period
1	<i>County Councils (England and Wales)</i>	£3m	5 years
2	<i>District Councils in England and Wales (including Borough, City, Metropolitan Borough Councils and Unitary Councils)</i>	£3m	5 years
3	<i>London Borough Councils</i>	£3m	5 years
4	<i>The Common Council of the City of London</i>	£3m	5 years
5	<i>The Council of the Isles of Scilly</i>	£3m	5 years
7	<i>Combined police authorities</i>	£3m	5 years
16	<i>Regional, Islands, or District Councils in Scotland</i>	£3m	5 years
17	<i>Joint boards under s.235(1) of LG (Scotland) Act 1973</i>	£3m	5 years
28	<i>District Councils in Northern Ireland</i>	£3m	5 years
29	<i>Police Authorities under s.3 Police Act 1964 as substituted by s.2 Police & Magistrates Courts Act 1994</i>	£3m	5 years

NON-SPECIFIED INVESTMENTS DETERMINED FOR USE BY THE COUNCIL

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use.

	In-house use	Use by Fund Managers	Maximum Maturity	Maximum % of portfolio or £m	Capital Expenditure?
<ul style="list-style-type: none"> • Deposits with banks and building societies • Certificates of deposit with banks and building societies 	√		5 years	The higher of £10m or 50% of funds	No
Gilts and Bonds: <ul style="list-style-type: none"> • Gilts • Bonds issued by multilateral development banks • Bonds issued by financial institutions guaranteed by the UK government • Sterling denominated bonds by non-UK sovereign governments 	√ √ √ (on advice from treasury advisor)	√ √ √ √	5 years	The higher of £3m or 25% of funds	No
Money Market Funds and Collective Investment Schemes (pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No. 534 and SI 2007, No. 573), but which are not credit rated.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date.	The higher of £9m or 25% of funds	No
Government guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Subject to test
Property Funds approved by HM Treasury and operated by managers regulated by the Financial Conduct Authority – specifically the Local Authorities' Property Fund	√	√	These funds do not have a defined maturity date.	The higher of £4m or 25% of funds	No
Non-guaranteed bonds and debt instruments (e.g. floating rate notes) issued by corporate bodies	√ (on advice from treasury advisor)	√	5 years	The higher of £2m or 10% of funds	Subject to test
Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No. 534 or SI 2007, No. 573.	√ (on advice from treasury advisor)	√	These funds do not have a defined maturity date	The higher of £2m or 20% of funds	Subject to test