

## 8. REVIEW OF TREASURY MANAGEMENT ACTIVITY 2016/17

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**Wards Affected:** All

**Key Decision** No

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### PURPOSE OF REPORT

1. The report sets out the Council's treasury management activity for the year ended 31 March 2017.

### 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.
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### 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 2016.
5. The 2016-17 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 13.2 sets out the key points:  
  
*The actual outturn performance for investment income was lower than the budgeted estimate due to the low Base Rate, which resulted in a decrease in interest rates available in the market. The shared service will continue to monitor the market carefully for the best possible interest rates. All counterparty lending limits approved at the start of the year were met and all Prudential Limits, as revised in November 2016, to enable the purchase of the Orchard Shopping Centre headlease, 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. Providing transparency and approval of the strategies contained in this report is an important part of the Council's statutory role. Treasury Management has become increasingly topical given the nature of the world's financial markets in recent years, and Members are expected to have a basic understanding of how the Council uses its reserves and cash flows which are in the stewardship of the Head of Corporate Resources.

## **OTHER OPTIONS CONSIDERED**

9. None – this report is statutorily required.

## **FINANCIAL IMPLICATIONS**

10. This report has no quantifiable financial implications. Interest payable and interest receivable arising from treasury management operations, and annual revenue provisions for repayment of debt, form part of the revenue budget but are not required to support the provision of services.

## **RISK MANAGEMENT IMPLICATIONS**

11. This report has no specific implications for the risk profile of the Authority.

## **EQUALITY & CUSTOMER SERVICE IMPLICATIONS**

12. None

## **BACKGROUND PAPERS**

- Treasury Management Strategy Statement & Annual Investment Strategy 2016/17 to 2018/19 (March 2016), and Review of Treasury Management Activity 1 April – 30 September 2016 (Nov. 2016).
- Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA, November 2011).
- The Prudential Code for Capital Finance in Local Authorities (CIPFA, May 2013). Department for Communities & Local Government Investment Guidance (Revised April 2010)
- Capita Asset Services report template (April 2017)

## 1. SUMMARY

- 1.1 This report summarises the treasury management transactions for the financial year 2016/2017. 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 2016/17. 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 The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report therefore provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

- 2.4 For 2016/17 the minimum reporting requirements were that the Council should receive the following reports, which incorporate a variety of policies, estimates and actuals:

- The Annual Treasury Management Strategy Statement and Annual Investment Strategy to be approved by full Council in advance of the year (Council – 23 March 2016)
- The mid-year treasury management operations update report (Audit Committee – 16 November 2016)
- 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.

## 3. THE ECONOMY AND INTEREST RATES

- 3.1 *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.*

- 3.2 The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016.

### 3. THE ECONOMY AND INTEREST RATES

- 3.3 The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.
- 3.4 In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum.

### 4. OVERALL TREASURY POSITION AS AT 31 MARCH 2017

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

	Principal at 31.03.16 £m	Average Rate of Return	Average Life in Years	Principal at 31.03.17 £m	Average Rate of Return	Average Life in Years
<u>Borrowing</u>						
PWLB	(0.936)	4.55%	7	(0.819)	4.55%	6
Other Borrowing	-	n/a	n/a	(22.000)	0.82%	1.75
Finance lease	(0.310)			(0.158)		
<b>TOTAL BORROWING</b>	<b>(1.246)</b>			<b>(22.977)</b>		
<b>CFR</b>	<b>1.283</b>			<b>25.736</b>		
<b>(Over)/under borrowing</b>	<b>0.037</b>			<b>2.759</b>		
<u>Investments:</u>						
Local Authority Property Fund	4.000	4.73%	n/a	6.000	4.30%	n/a
In-house:						
Long Term	3.000	2.30%	2.78	5.000	1.99%	1.47
Short Term	26.300	0.90%	< 1 year	29.620	0.74%	< 1 year
<b>TOTAL INVESTMENTS</b>	<b>33.300</b>			<b>40.620</b>		
<b>NET INVESTMENTS</b>	<b>32.054</b>			<b>17.643</b>		

- 4.2 The Council's debt comprises one loan from the Public Works Loan Board (PWLB), which matures on 1 March 2023 and several loans with other local authorities, totalling £22m, for between 7 months and 5 years, to fund the purchase of the Orchard Shopping Centre head lease. The local authority loans are at rates lower than those available from the PWLB, ranging from 0.35% to 1.1%, and they will be repaid using capital receipts and maturing investments. The finance lease is in respect of capital assets acquired.

## 5. THE STRATEGY FOR 2016/2017

5.1 The expectation for interest rates within the Treasury Management Strategy for 2016/17 anticipated that Bank Rate would remain at 0.25% throughout the year. Borrowing rates were expected to rise gradually for medium and longer term fixed rate borrowing. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

### 5.2 Change in Strategy during the year

The Strategy did not anticipate a need to borrow. However the purchase of the Orchard Shopping Centre head lease in November necessitated an increase in the Council's Capital Financing Requirement of £25m. Consequently, the revision of some of the Prudential Indicators, such as the authorised borrowing limit, was approved in November 2016. The borrowing comprised £22m from other Local Authorities and the balance from internal funds. During 2016/17 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during quarter 3, and then partially easing back towards the end of the year. The Council is due to receive significant capital receipts and has considerable short term investments, due to mature within 12 months. Consequently it was decided that it would be cheaper to borrow at short term rates rather than from the PWLB.

## 6. THE BORROWING REQUIREMENT and DEBT

6.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement

	31 March 2016 Actual	31 March 2017 Budget	31 March 2017 Actual
	£m	£m	£m
CFR (£m)	1.283	1.015	25.736
External Debt	(0.936)	(0.820)	(22.819)
Finance Lease	(0.310)	(0.157)	(0.158)
Total Borrowing	(1.246)	(0.977)	(22.977)
(Over)/under borrowing	0.037	0.038	2.759

6.2 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.

6.3 Accordingly, the amount of borrowing should not exceed the CFR for 2016/17 (plus any expected changes to the CFR over 2017/18 and 2018/19) except in the short term. This requirement has been fully met in 2016/17 as the gross debt is below the CFR by £2.759m.

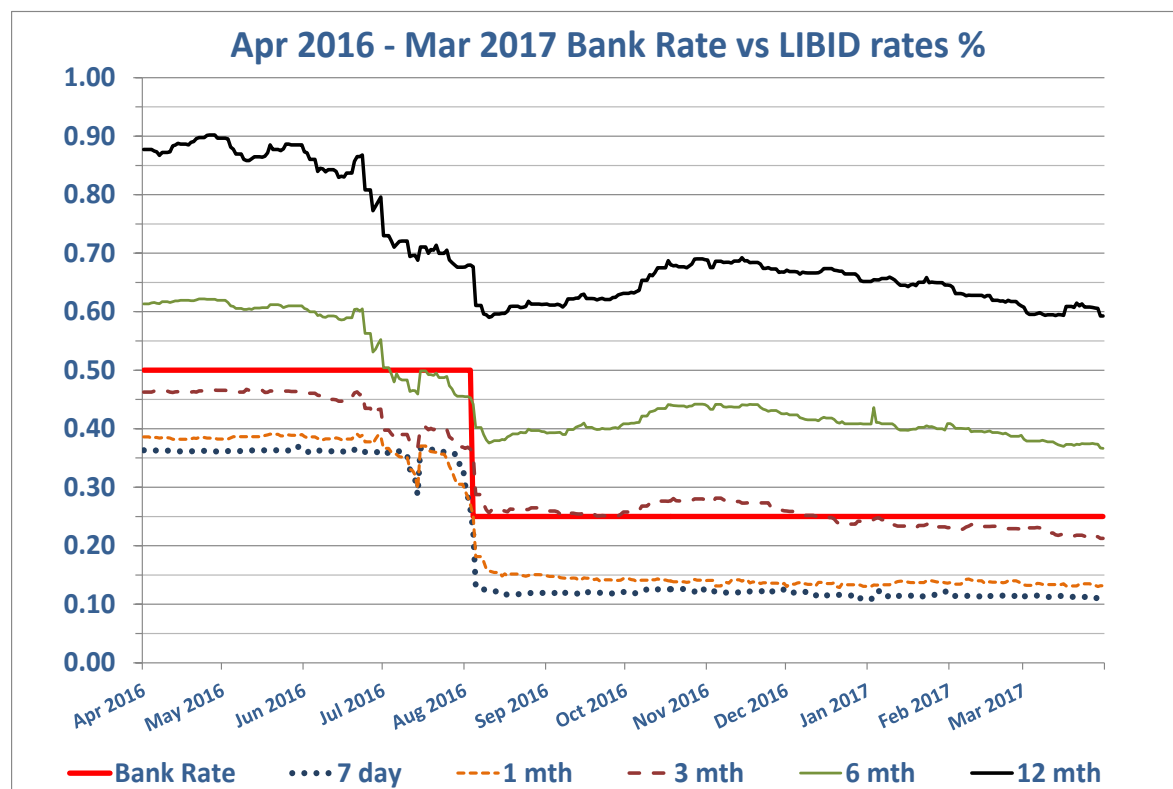
## 7 BORROWING OUTTURN for 2016/17

The following loans were taken during the year:

Lender	Principal	Type	Interest Rate	Maturity
London Borough of Ealing	£5m	Fixed interest rate	0.38%	14/08/2017
Derbyshire County Council	£5m	Fixed interest rate	0.35%	30/06/2017
London Borough of Croydon	£5m	Fixed interest rate	0.42%	20/11/2017
Cotswold District Council	£2m	Fixed interest rate	1.0%	20/11/2020
Gloucestershire CC	£5m	Stepped interest rate (0.9% to 1.3%)	0.90%	22/11/2021

## 8 INVESTMENT RATES IN 2016/17

After the EU referendum, Bank Rate was cut from 0.5% to 0.25% on 4 August and remained at that level for the rest of the year. Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4 August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.



## 9 INVESTMENT OUTTURN FOR 2016/17

- 9.1 **Investment Policy** – the Council’s investment policy is governed by CLG guidance, which has been implemented in the Annual Investment Strategy approved by the Council on 23 March 2016. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.). The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 9.2 **Investments held by the Council** - the Council maintained an average balance of £39.571m of internally managed funds, which earned an average rate of return of 0.852%. The comparable performance indicator is the average 3 month LIBID rate, which was 0.315%. This compares with a budget assumption of £33.523m investment balances earning an average rate of 0.994%. The Treasury investment returns (excluding returns from the Local Authority Property Fund) included in the reported income of the Council for 2016/17 amount to £337,251, £8,999 below the budgeted investment estimate. This was due to the lower than projected interest rates available for investments. The Weighted Average Rate of Return of the Council’s investments at 31 March 2017, as benchmarked by the Shared Service advisors (Capita) was 0.92%, which compares favourably to the benchmark group of 87 Non-Metropolitan Districts which had a Weighted Average Rate of Return of 0.57%.
- 9.3 **Local Authority Property Fund** – the Council has invested £6m with the Local Authority Property Fund and earned £244,626 in dividend interest in 2016/17.
- 9.4 Investments held at 31 March 2017 (excluding the Local Authority Property Fund):

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Barclays Bank	29.11.16	28.11.17	£1,000,000	0.74%	A
Cambridge Building Society	10.01.17	09.01.17	£2,000,000	0.75%	Not on Credit List
Cambridge Building Society	17.01.17	16.01.18	£1,000,000	0.75%	Not on Credit List
Cheshire West & Chester C’cil	20.12.13	20.12.18	£2,000,000	2.30%	n/a
Lancashire County Council	27.05.16	26.05.17	£2,000,000	0.60%	n/a
Lloyds Bank	04.01.17	03.01.18	£1,000,000	0.90%	A+
Lloyds Bank	10.02.17	09.02.18	£1,000,000	0.90%	A+
Lloyds Bank	21.02.17	20.02.18	£1,000,000	0.90%	A+
London Borough of Islington	31.01.14	31.01.19	£1,000,000	2.30%	n/a
National Counties B’ding Soc.	19.04.16	19.04.18	£2,000,000	1.50%	Not on Credit List
National Counties B’ding Soc.	05.04.16	04.04.17	£1,000,000	1.12%	Not on Credit List
Newcastle Building Society	06.07.16	05.07.17	£3,000,000	1.02%	Not on Credit List
Nottingham Building Society	02.08.16	01.08.17	£1,000,000	0.80%	Baa1
Principality Building Society	27.02.17	26.02.18	£1,000,000	0.75%	BBB+
Principality Building Society	13.03.17	12.03.18	£1,000,000	0.75%	BBB+
Progressive Building Society	07.12.16	06.12.17	£1,000,000	0.75%	Not on Credit List
Progressive Building Society	04.01.17	03.01.18	£1,000,000	0.75%	Not on Credit List
Skipton Building Society	10.03.17	09.03.18	£1,000,000	0.75%	A-
Skipton Building Society	14.03.17	13.03.18	£1,000,000	0.75%	A-
West Bromwich B’ding Soc.	29.06.16	28.06.17	£2,000,000	1.00%	B1
West Bromwich B’ding Soc.	06.07.16	05.07.17	£1,000,000	0.92%	B1
Worthing BC	03.05.16	02.05.17	£2,000,000	0.60%	n/a
Blackrock MMF	n/a	n/a	£195,000	Var.	AAA
Invesco MMF	n/a	n/a	£3,000,000	Var.	AAA
Federated Investors MMF	n/a	n/a	£1,425,000	Var.	AAA
TOTAL			£34,620,000		

## **10. COMPLIANCE WITH TREASURY MANAGEMENT LIMITS AND PRUDENTIAL INDICATORS**

- 10.1 The Council operates to approved Prudential Indicators for treasury management as contained in the Treasury Management Strategy Statement (TMSS). The TMSS for 2016/17 was reported to Council in March 2016. 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.
- 10.2 The Council's treasury management limits and indicators for 2016/17 are compared with the outturn position, and previous year's outturn in Appendix 2. Actual performance was within the limits determined at the start of the year, with the exception of the borrowing for the purchase of the Orchard Shopping Centre head lease, which was approved by the Council in November 2016.

## **11. MINIMUM REVENUE PROVISIONS (MRP) FOR REPAYMENT OF DEBT**

- 11.1 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.
- 11.2 For 2016/17 an amount of £269k has been set aside in the annual accounts as the MRP for repayment of debt.

## **12. OTHER ISSUES AND MATTERS**

### **Shared Services Arrangements**

- 12.1 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.
- 12.2 The SSA is provided under a Service Level Agreement that was renewed from 18<sup>th</sup> October 2016, and which defines the respective roles of the client and provider authorities for a period of three years.

## **13. CONCLUSION**

- 13.1 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 2017.
- 13.2 The actual outturn performance for investment income was lower than the budgeted estimate due to the low Base Rate, which resulted in a decrease in interest rates available in the market. The shared service will continue to monitor the market carefully for the best possible interest rates. All counterparty lending limits approved at the start of the year were met and all Prudential Limits, as revised in November 2016, to enable the purchase of the Orchard Shopping Centre headlease, were adhered to.



**COMPLIANCE WITH PRUDENTIAL INDICATORS 2016/17**

<b>1. PRUDENTIAL INDICATORS</b>	<b>2015/16 Actual</b>	<b>2016/17 Full year Estimate</b>	<b>2016/17 Actuals</b>
<b>Extract from budget</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure</b>	3,629	2,344	28,631
<b>Ratio of financing costs to net revenue stream</b>	-1.34%	-1.87 %	-1.76%
<b>Borrowing Outstanding</b>			
Brought forward 1 April	1,047	936	936
Carried forward 31 March	936	820	22,819
Net in year borrowing / (repayments)	(111)	(116)	21,883
<b>Capital Financing Requirement at 31 March</b>	1,283	1,015	25,736
<b>Change in Cap. Financing Requirement</b>	(259)	(268)	24,453
<b>Incremental impact of capital investment decisions</b>			
Increase in council tax (band D) per annum	(£0.29)	£0.07	1.20

<b>2. TREASURY MANAGEMENT INDICATORS</b>	<b>2015/16 Actual £'000</b>	<b>2016/17 Original £'000</b>	<b>2016/17 Actual £'000</b>
<b>Authorised Limit for external debt -</b>			
Borrowing	5,000	5,000	30,000
Other long term liabilities	1,000	1,000	1,000
<b>Total Authorised Limit for external debt</b>	6,000	6,000	31,000
<b>Operational Boundary for external debt</b>			
Borrowing	3,000	3,000	28,000
Other long term liabilities	1,000	1,000	1,000
<b>Total Operational Boundary for external debt</b>	4,000	4,000	29,000
	<b>Actuals at 31.03.16</b>	<b>2016/17 Limit</b>	<b>Actuals at 31.03.17</b>
<b>Upper limit for fixed interest rate exposure</b>			
Debt only	100%	100%	100%
Investments only	92%	100%	87%
<b>Upper limit for variable rate exposure</b>			
Debt only	0%	25%	0%
Investments only	8%	100%	13%
<b>Upper limit for total principal sums invested for over 364 days</b>	10%	50%	14%

**COMPLIANCE WITH PRUDENTIAL INDICATORS 2016/17**

**The maturity structure of the debt portfolio was as follows:**

	31-Mar-16 actual	2016/17 original limits	2016/17 original limits	2016/17 revised limits	2016/17 revised limits	31-Mar-17 actual
Under 12 months	116,338.4	22%	1,100,000	50%	11,409,744	10,121,692
12 months and within 24 months	121,692.00	22%	1,100,000	40%	9,127,795	5,127,292
24 months and within 5 years	399,718.48	32%	1,600,000	70%	15,973,641	7,418,113
5 years and within 10 years	298,076.38	24%	1,200,000	10%	2,281,949	152,390

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. As explained previously, the purchase of the Orchard Shopping Centre head lease necessitated the amendment of the borrowing limits (from £5m to £30m) and Prudential Indicators in November 2016.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Gross borrowing and the Capital Financing Requirement - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2016/17.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

**APPROVED INVESTMENT INSTITUTIONS IN THE 2016/17 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.

	<b>Counterparty</b>	<b>Group</b>	<b>Individual Sum and Maximum Period</b>	
<b>1</b>	<b>HSBC Bank Group:</b>	<b>£5m</b>		
	• HSBC Bank plc		£4m	5 years
<b>2</b>	<b>The Royal Bank of Scotland Group:</b>	<b>£5m</b>		
	• The Royal Bank of Scotland plc		£4m	5 years
	• National Westminster Bank plc		£4m	5 years
	• Ulster Bank Belfast Limited		£1m	1 year
<b>3</b>	<b>Lloyds TSB Group:</b>	<b>£5m</b>		
	• Lloyds TSB Bank plc		£4m	5 years
	• Halifax plc		£4m	5 years
	• Bank of Scotland plc		£4m	5 years
	• HBOS Treasury Services plc		£4m	5 years
<b>4</b>	<b>Barclays Group:</b>	<b>£5m</b>		
	• Barclays Bank plc		£4m	5 years
<b>5</b>	<b>Santander Group:</b>	<b>£5m</b>		
	• Santander UK		£4m	5 years
<b>6</b>	<b>Clydesdale Bank</b>	N/A	£4m	5 years
<b>7</b>	<b>Svenska Handelsbanken AB</b>	N/A	£4m	1 year
<b>8</b>	<b>Close Brothers Ltd</b>	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	£4m	3 years
2	Yorkshire	£4m	3 years
3	Coventry	£4m	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
13	Saffron	£3m	3 years
14	Cambridge	£3m	3 years
15	Monmouthshire	£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 &amp; 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"> <li>Deposits with banks and building societies</li> <li>Certificates of deposit with banks and building societies</li> </ul>	√		5 years	The higher of £10m or 50% of funds	No
<b>Gilts and Bonds:</b> <ul style="list-style-type: none"> <li>Gilts</li> <li>Bonds issued by multilateral development banks</li> <li>Bonds issued by financial institutions guaranteed by the UK government</li> <li>Sterling denominated bonds by non-UK sovereign governments</li> </ul>	√ √ √ (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