## Cabinet Meeting on Wednesday 17 November 2021

## Half Yearly Treasury Management Report for the Period Ended 30 September 2021

**Cllr Ian Parry, Cabinet Member for Finance and Resources said,**

"The UK economy continues to face an uncertain environment in 2021/22, with the on-going Covid-19 pandemic and an uncertain financial environment. The County Council continues to adhere to its Treasury Management Policy of using internal cash balances instead of borrowing money. We also continue to provide advice and support along with access to funding for local businesses, as we work to get our economy back on track. Like many other councils we continue to face financial pressures and uncertainty over long term funding of some services. We will continue to spend and invest where necessary, focusing our efforts and resources on where they are most needed."

**Report Summary:**

1. This report provides a summary of the Council's borrowing and investment activities during the first six months of the year.

2. An analysis of the first half-year activities is set out in the report, but the key points to note are that;
   - the Treasury Management Panel, chaired by the County Treasurer and comprising other senior finance officers, met regularly to consider treasury matters;
   - all transactions were undertaken by authorised officers and within the limits approved;
   - all investments were to counterparties on the approved counterparty list and fully met the requirements of the relevant regulations; and
   - the Council operated within the limits and Prudential Indicators set out in the Council's Treasury Management Practices and Annual Treasury Management Strategy, with the exception of the Upper Limit for variable rate interest exposure and the External Loan limit, the reasons for which will be addressed in this report.

3. The Council maintained a cautious approach to investments. The policy of using cash instead of borrowing continues to generate

savings, helping reduce the average interest the Council pays on its debt.

4. Overall, the report demonstrates that the Council's borrowing and investment activities are being undertaken prudently and in line with agreed strategies in a very challenging environment.

| Local Members Interest | |
|---|---|
| N/A | N/A |

**CABINET – 17 NOVEMBER 2021**

**Treasury Management Report for the half-year ended 30 September 2021**

**Recommendation of the Cabinet Member for Finance and Corporate Matters**

1. That Cabinet note the treasury management activities for the half-year ended 30 September 2021.
2. That Cabinet note the Prudential Indicators detailed in **Appendix 2** and approve the increase to the Upper Limit of variable rate interest exposure as detailed in **paragraph 47** of this report.
3. That Cabinet note and approve the proposed revision to the Non-Standard Investment limits detailed in **paragraphs 40-43** and **Appendix 5** of this report.

**Report of the County Treasurer**

**Reasons for Recommendations:**

4. At their meeting on 18 January 2012, Cabinet adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code).

5. Treasury risk management at the County Council is conducted within the framework of the revised 2017 Edition of the CIPFA Code. This requires the County Council to approve a treasury management strategy before the start of each financial year and, as a minimum, provide a semi-annual and annual treasury outturn report. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

6. This report provides a summary of the County Council's treasury management activities for the first half of 2021/22, in the context of the strategy for the year, which was agreed by Cabinet on 27 January 2021. It considers both the borrowing and investment decisions taken within the specified period in view of the interest rates and economic conditions prevailing at the time.

**External Context**

7. The coronavirus pandemic dominated news during the first half of 2021, as countries around the world tried to contain transmission of the virus whilst easing lockdown measures and getting their populations and economies working again. UK Government initiatives continued to support the economy, with furlough (Coronavirus Job

Retention) and other additional schemes. The UK's vaccination programme saw a greater opening of the economy as many areas returned to normal. This, coupled with other global factors, saw a strain on the supply chain, shortages of materials and increased inflation.

8. The Bank of England projects UK GDP to have risen by 4% in Q2 2021, leaving it around 4% below its pre-pandemic level. GDP is expected to grow by around 3% in Q3 and is projected to recover further over the remainder of the year, reaching its pre-pandemic level in Q4 2021, with demand growth boosted by a waning impact from Covid-19. Further out, the pace of GDP growth is expected to slow towards more normal rates, partly reflecting the gradual tightening in the stance of fiscal policy. The Labour Force Survey unemployment rate stood at 4.6% in the three months to July, while HMRC payroll data shows employee numbers (which include furloughed jobs) surpassed their Q4 2019 level in August. There have been few signs of increased redundancies, and the stock of vacancies has increased further, as have indicators of recruitment difficulties, although any effect from the ending of furlough is yet to be felt. The Bank of England estimate of underlying pay growth has also surpassed its pre-pandemic rate.

9. Twelve-month CPI inflation rose from 2.0% in July to 3.2% in August. CPI inflation is expected to rise further in the near term, to slightly above 4% in Q4 2021, owing largely to developments in energy and goods prices. The material rise in spot and forward wholesale gas prices since the August Inflation Report represents an upside risk to inflation. Most other indicators of cost pressures have also remained elevated. The Bank of England expects that current elevated global cost pressures will prove transitory but note that they are lasting longer than initially anticipated.

10. Globally, further progress on vaccine rollouts, continued policy support, and the re-opening of most major economies should mean that global GDP growth in 2021 will grow at its fastest rate since 1973. The spread of the Delta variant poses the greatest risk to this view, particularly in large parts of the emerging world where vaccination coverage is typically lower than in advanced economies. Continued strong recovery will be accompanied by higher inflation. While most of the principal reasons for the increases in inflation in recent months have receded except gas prices, goods shortages may last into 2022 as order backlogs are worked through. There is mounting evidence that the rapid re-opening of economies generates labour shortages, exerting further upward pressure on firms' costs. So, global inflation is unlikely to drop back until later next year.

11. The economic context in which the Council operates remains volatile and uncertain and the measured approach the Council takes with its treasury activity in the financial markets reflects this.

## Borrowing strategy update

12. The Treasury Management Strategy Report for 2021/22 outlined the long-term borrowing strategy for the year stating that it was:

    "more cost effective for the County Council to use its internal cash resources in lieu of borrowing"

13. In accordance with this, cash has continued to be used in lieu of borrowing and the Council did not require new, or replacement loans, to be taken out in the first half of the year.

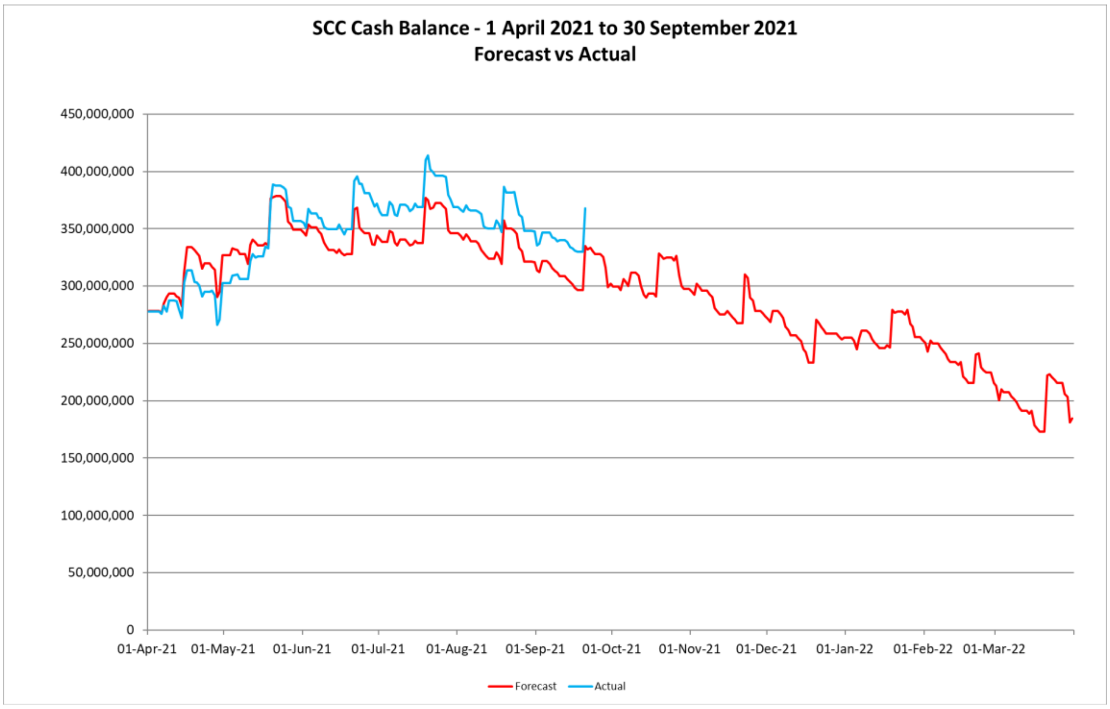
14. The strategy of using cash instead of borrowing has relied on two main factors; the Bank Rate (set by the Bank of England) remaining low, and cash balances being sufficient to meet the Council's day to day requirements.

15. The Bank of England (BoE) has maintained Bank Rate at 0.1% since 19 March 2020 and held its Quantitative Easing (QE) programme at £895 billion. An increase interest rates has not been ruled in, or out, by BoE policymakers in the medium term.

16. In terms of the future, Link, the Council's treasury advisor, expects Bank Rate to remain at the current 0.1%, with three increases; one in Q2 2022 to 0.25%, then Q2 2023 to 0.50% and finally one in Q 1 2024 to 0.75%. It is believed that no further Quantitative Easing will occur to ease monetary policy.

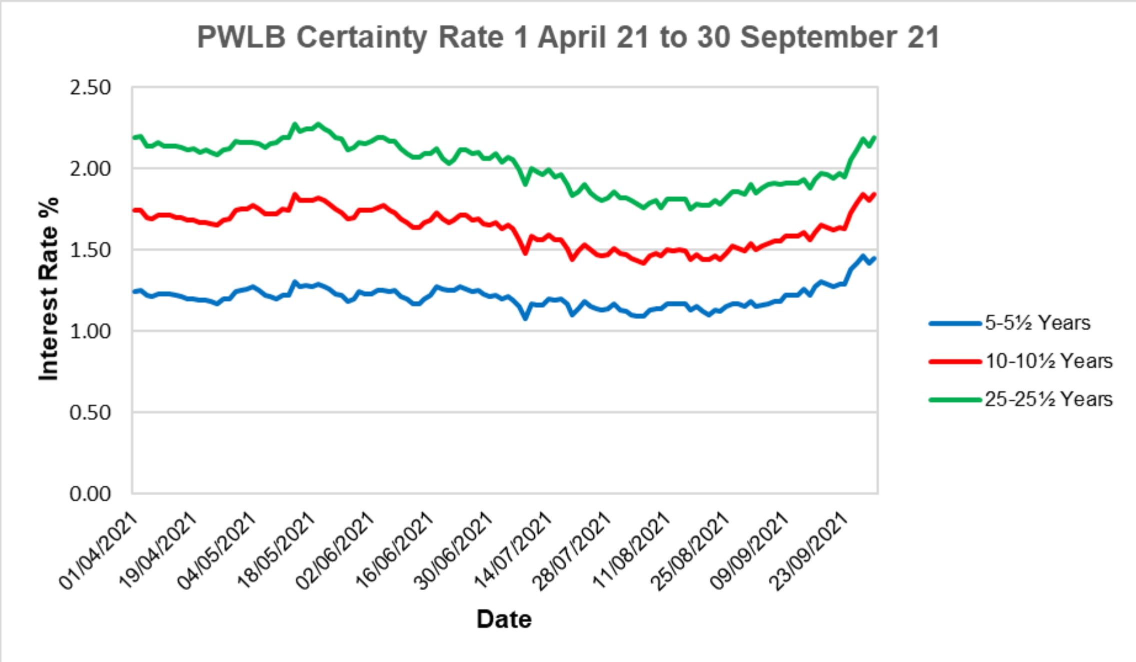
17. Current low interest rates mean that the strategy of using cash remains important and represents a cheap way of financing the capital programme. Overall, the short-term interest rate environment now and for future forecasts both still support the borrowing strategy adopted in 2021/22.

18. Cash balances have been sufficient to allow day to day cash management in the first half of the year. The following graph shows total actual cash balances for the first half of the year (in blue) against those forecast for the full year (in red).




19. Whilst the actual cash balances the Council hold reflect the trendline of the forecast, the balance held is higher than forecast. This reflects the remaining balance of Covid-19 grant not yet spent by the council and slippage across the budgeted capital programme in the first half of the year.

20. Cashflow forecasts indicate the Council will have sufficient balances to fund its debt for 2021/22, without the need to take out further long-term loans. When loans are taken-up these are mainly sourced from the Public Works Loan Board (PWLB), whose loan interest rates reflect changes in Gilt yields in the UK Government bond market. The following chart shows three typical loan periods where rates have been adjusted to reflect the "certainty-rate" reduction of 0.20% which is available to all local authorities who register with the Government.




21. Gilt yields are very sensitive to the risk appetite of international investors and the current low yields reflect the uncertain global financial environment. Ultra-low interest rates and the 'flight to quality' have continued, keeping gilts yields low, but volatile, over the period. Rates dipped in August but have started to rise, the main driver of the increases was investors becoming progressively more concerned at the way that inflation was expected to rise. Repeated assurances by the Fed in the US, and by other major world central banks, that inflation increases would only be transitory, have only partially allayed investor fears. As per the forecasts, at some point there is likely to be an unwinding of the currently depressed levels of PWLB rates and a steady rise of interest rates over the medium term. The Treasury Services team will monitor this and inform the Treasury Management Panel for discussion and action.

22. A consultation has been carried out by the government in respect Local Authorities using PWLB borrowing to fund commercial activity. The result of the consultation has strengthened governance and processes to prevent this behaviour in future.

23. The Council's current external loans portfolio includes £51 million Lender Option Borrower Option (LOBO) loans. LOBO loans are long term loans where the lender has the option to increase the interest rate at pre-determined intervals; if the lender exercises its option to change the rate, the borrower's option is triggered. The borrower must either accept the revised rate or they can repay the loan without penalty. LOBO loans were initially taken out by the Council when their rates compared favourably to PWLB rates. It is unlikely that the holders of these loans will change rates in the current environment.

24. The following table shows the interest rates incurred on the Council's debt portfolio for 2020/21 and for this half year, including an adjustment reflecting the use of cash.

| | **2020/21 Full Year %** | **2021/22 Half Year %** |
|---|---|---|
| Weighted average rate of interest for external loans | 4.64 | 4.64 |
| Adjusted for the use of cash | 3.83 | 3.89 |

25. The average rate on external loans has remained the same as last year, as only a minimal amount of PWLB loans have been repaid. When the utilisation of cash reserves is taken into account, the rate falls considerably. This illustrates that the Council's policy of using cash instead of borrowing, while average borrowing rates are much higher than the interest rates paid on investments, is of real benefit and continues to generate significant savings. This policy is also helping to reduce the average interest paid on County Council debt and is estimated to have saved £0.842 million in interest payments in the first half of the financial year.

26. A graph illustrating the maturity profile of the long-term loans at 30 September 2021 is provided at **Appendix 3**.

<u>Loan restructuring</u>

27. Movements in interest rates over time may provide opportunities to restructure the loan portfolio in one of two ways:
    - to replace existing loans with new loans at a lower rate (known as loan rescheduling); or
    - repay loans early, without replacing the loans. This would increase the use of cash.

28. The Treasury Strategy for 2021/22 approved loan rescheduling where this re-balances risk and approved repayment of loans with no replacement, where deemed appropriate.

29. A combination of factors has meant that PWLB loan restructuring has not been financially viable so far in 2021/22:
    - Low gilt yields mean that a large penalty would be payable; and
    - Government policy, whereby a margin is applied to the early repayment of a PWLB loan, increases the penalty payable.

**<u>Investment Strategy update</u>**

30. The Council holds invested cash, representing income received in advance of expenditure plus balances and reserves held. As shown in the chart at **paragraph 18**, the Council's investment balances during the year have ranged between £277 million and £414 million, due to timing differences between income and expenditure. The increased level of cash reflects additional funding received by the County Council. This includes unspent Covid-19 grant, additional Local Enterprise Partnership funding for the 'Getting Building' scheme, Local Growth Fund grant for the 'Etruria Valley' project and all cash backed reserves.

31. The Annual Investment Strategy (AIS) forms part of the Treasury Management Strategy and sets out those parties the Council will lend its money to. The AIS details the requirements of government guidance and the CIPFA Code, with both documents requiring the Council to invest its funds prudently and to have regard to the following two prime risk issues over return:
    - The security of capital.
    - The liquidity of investments.

32. The resulting strategy adopted is characterised by:
    - the use of selected counterparties (high level of security);
    - the use of diversified sterling "AAA" money market funds (high level of security and liquidity);
    - a maximum duration of 12 months (high level of security);
    - the use of same day liquidity accounts (high level of liquidity); and
    - the use of a Collective Investment Scheme.

33. The Council has the ability to place unlimited funds with the UK Government, including Local Authorities (LAs) although investment in LAs have been limited to £5 million per counterparty to ensure investment diversification by the Treasury Management Panel.

<u>Treasury Investments</u>

34. Approved investments stood at £337.269 million on 30 September 2021 (£279.549 million on 31 March 2021), these are analysed by type and term below:

| ***Long-term local authority*** | **£m** | **Term** |
|---|---|---|
| Derby City Council | 7.500 | 28/11/2030 |
| Derby City Council | 7.500 | 28/11/2031 |
| Redcar and Cleveland Borough Council | 7.500 | 29/11/2032 |
| Redcar and Cleveland Borough Council | 7.500 | 29/11/2033 |
| ***Short-term UK Government*** | | |
| Debt Management Office | 0.000 | 14/10/2020 |
| ***Banks and building societies*** | | |
| Lloyds Bank Plc | 2.909 | Instant Access |

| | | |
|---|---|---|
| ***Money Market Funds*** | | |
| Aberdeen | 96.000 | Instant Access |
| Black Rock | 96.000 | Instant Access |
| Insight | 62.800 | Instant Access |
| Federated | 20.550 | Instant Access |
| State Street | 9.010 | Instant Access |
| ***Collective Investment Scheme*** | | |
| Royal London Cash Plus Fund | 20.000 | 3-day notice |
| **TOTAL** | **337.269** | |

35. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to its security and liquidity before seeking a rate of return. The Council's main objective when investing money is to minimise the risk of incurring losses from defaults. In the light of the pandemic, the likelihood of unexpected calls on cash flow, further possibility of austerity measures and settlement uncertainty, the Council has kept more cash available at very short notice. Liquid cash was diversified over several counterparties and Money Market Funds, to manage both credit and liquidity risks. With interest rates continuing to be ultra-low and many organisations holding onto cash there is currently very little value across the market for returns on investments. Rather than income returns from interest the Council has continued to utilise cash to realise savings on additional borrowing costs as reported in **paragraph 25**.

36. Given the current circumstances, the Council is principally utilising its MMF's (for daily liquidity) and Government held Debt Management Office Account (for periods longer than overnight).

37. The following table shows the Council's investment returns in 2020/21 and 2021/22 to date.

| | **2020/21 Full Year** | **2021/22 Half Year** |
|---|---|---|
| **Average return on investments** | 0.68% | 0.37% |
| **7-day LIBID * (benchmark)** | (0.02%) | (0.08%) |
| **Additional return generated** | 0.70% | 0.45% |
| **Adjusted without long-term local authority investments** | 0.15% | 0.001% |

** LIBID (London Interbank BID interest rate)*

38. Returns on investments have benefited from the four long-term local authority investments detailed in **paragraph 34**, as these were entered into at an average rate of around 4.0%. The average return in

2021/22 has outperformed the benchmark, although this is lower than the return achieved in 2020/21 due to the extremely low interest environment.

39. A copy of the counterparty list as at 30 September 2021 is provided at **Appendix 4**. Subject to undertaking further due diligence, the Council can invest with more names than those listed in line with the Annual Investment Strategy.

40. The Council has approval to use non-standard investments, which was granted by Cabinet on the 27 January 2021 via the Treasury Management Strategy Statement. Non-standard investments are all other types of approved investment counterparties that are not included in **paragraph 34** excluding the Collective Investment Scheme i.e. those investments that are used less frequently and may require further approval from the Treasury Management Panel or Members.

41. The non-standard investments approved for use are listed below. These cover a range of potential options, which would need be considered on a case by case basis by the Treasury Management Panel as to whether they were suitable for the Council in terms of the risk / return metrics:

- Covered Bonds
- Repurchase Agreements
- UK Government Gilts
- Multilateral Development Bonds
- Collective Schemes
- Real Estate Investment Trusts

42. Collective Schemes can offer better risk adjusted returns than deposits in either Money Market Funds or term deposits with banks with similar risk levels. Examples of Collective Schemes also include property and equity funds, but these have very different risk and return profiles to a same day notice cash MMF and are not considered suitable for the Council at this time. Although similar to same day access MMF's, enhanced cash MMF's are also considered to be Collective Schemes; they typically have a 2-5-day liquidity notice period, as they invest further along the yield curve. The Council's only investment in a non-standard investment is in one of these funds, where the money is invested for a longer period to accrue greater yield benefit for slightly reduced liquidity.

43. Currently, non-standard investments have an individual investment cap amount per asset class of £20 million (up to 10 years duration) with an overall cap of £50 million for this group. These limits were set when the Council held around £100 million in cash balances and these limits were considered to be a relevant and sensible proportion of that amount. It is proposed, given the levels of cash the Council now holds, that the limits are revised to £50 million per asset class and

£150 million for this group in total. The revised investments authorised for use are shown at **Appendix 5**. Non-standard investments may then be considered more widely by the Treasury Management Panel for use where suitable.

Non-treasury investments

44. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. The revised Investment Guidance from MHCLG (now Department for Levelling Up, Housing and Communities - DLUHC) broadened this definition further to include loans and investments for service purposes.

45. The Council currently has one non-treasury investment. This non-treasury investment, which was made for service purposes, is a 49% share in the company Entrust which provides education support services to schools. At 31 March 2021, the Council's share in Entrust had a nil value.

Compliance with Treasury Limits and Prudential Indicators

46. It can be certified that for the half year ended 30 September 2021:

    (i) in accordance with Financial Regulations, the Treasury Management Panel chaired by the County Treasurer and comprising other senior finance officers, met regularly to consider treasury matters;

    (ii) all treasury related transactions were undertaken by authorised officers and within the limits approved by the County Council;

    (iii) all investments were to counterparties on the Lending List current at the time and fully met the requirements of relevant legislation, and

    (iv) all work carried out in respect of treasury management is subject to independent review and is programmed into external and internal audit plans.

47. As previously discussed in this report the Council is holding larger than forecast cash balances for the financial year 2021/22. This has been regularly discussed by the Treasury Management Panel, to ensure the continued secure deposit of these cash balances, in line with the Annual Investment Strategy. The other impact of larger cash balances has been that the variable interest rate prudential limit was exceeded. This indicator is calculated based on the highest expected cash balance in the year which, because of additional grant and money received at the end of 2020/21 such as Covid-19 pandemic support, Local Enterprise Partnership funds and the Midland Engine , has been higher

than forecast. The result of this is that approval is required to revise the indicator from £259 million to £340 million.

48. The External Loans indicator, set at £464 million for the whole of 2021/22, represents a full year of activity and, therefore, the outturn estimate. Currently the actual loan figure is £468 million, exceeding the estimate by £4 million. A loan is due to be repaid on 21/02/22 which will bring the indicator in line for year end.

49. The latest position for Treasury Management Prudential Indicators is shown in **Appendix 2**.

**Rob Salmon**
**County Treasurer**

<u>Background Documents</u>

1. Treasury Management in the Public Services: Code of Practice (CIPFA) (2017)
2. Prudential Code for Capital Finance in Local Authorities (CIPFA) (2017)
3. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003
4. Statutory Guidance on Local Government Investments – Issued under Section 15(1) (a) of the Local Government Act 2003 (2018)
5. Statutory Guidance on Minimum Revenue Provision – Issued under section 21 (1A) of the Local Government Act 2003 (2018)
6. Localism Act 2011 – Guidance on the General Power of Competence in sections 1 to 6.

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**Appendix 1**

**Equalities Implications –** There are no equalities implications arising from this report.

**Legal Implications –** There are no legal implications arising from this report.

**Resource and Value for Money Implications –** The resource and value for money implications are contained within the body of the report.

**Risk Implications –** Counterparty and interest rate risk arising as a result of Treasury Management activity have been considered in the body of this report.

**Climate Change Implications –** There are no climate change implications arising from this report.

**Health Impact Assessment screening** – There are no health impact assessment implications arising from this report.

**Appendix 2**

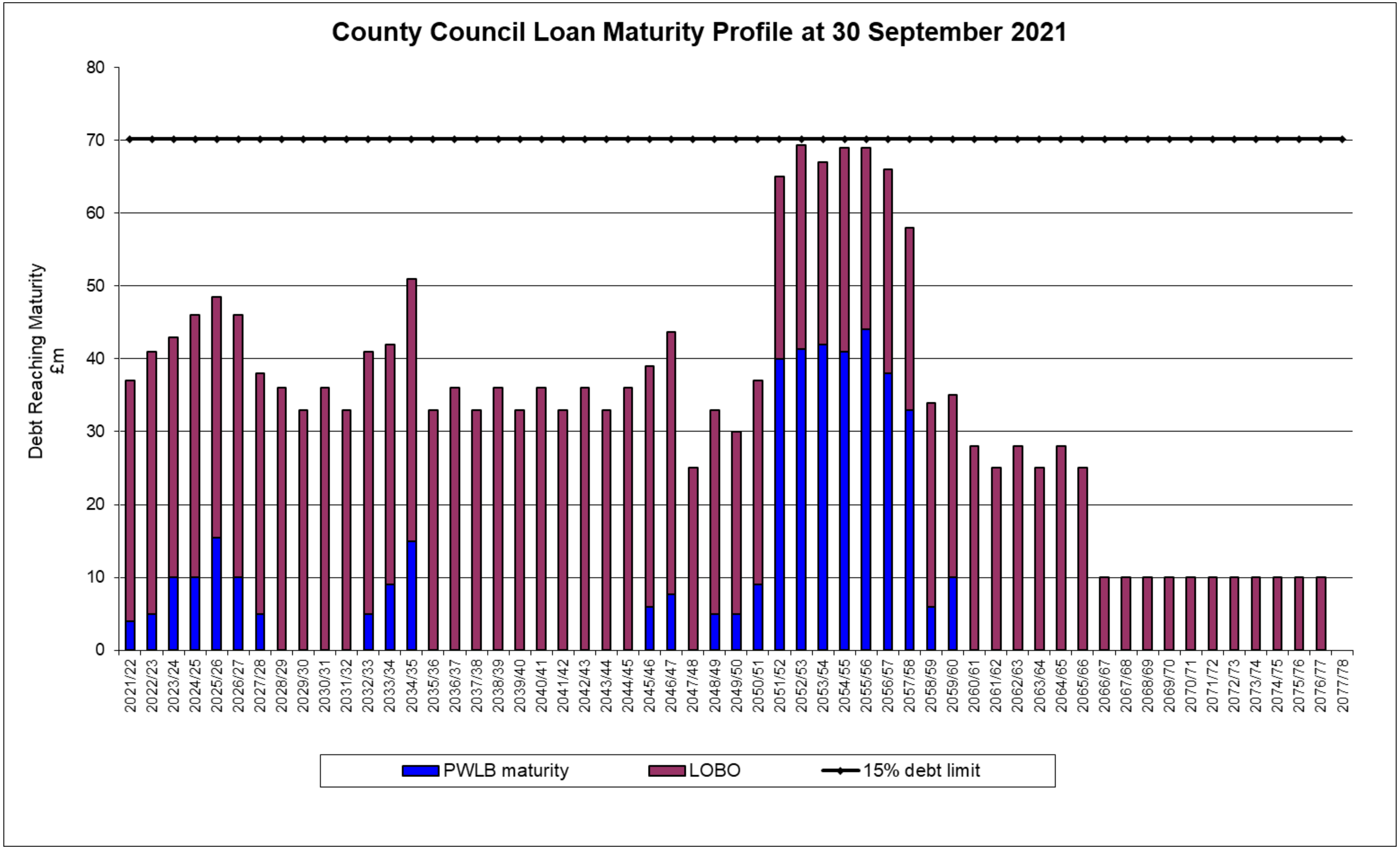
## Staffordshire County Council

## Cabinet
## 17 November 2021

## Prudential Indicators for Treasury Management

| Indicator | Estimated Limit 2021/22 | Actual Position at 30/09/21 |
|---|---|---|
| | | |
| **1. External Debt** | | |
| Authorised Limit for borrowing | £667m | £468m |
| Authorised Limit for other liabilities | £258m | £258m |
| **TOTAL** | **£925m** | **£726m** |
| | | |
| Operational Boundary for borrowing | £522m | £468m |
| Operational Boundary for other liabilities | £258m | £258m |
| **TOTAL** | **£780m** | **£726m** |
| | | |
| **External Loans** | **£464m** | **£468m** |
| *The Authorised Limit is the maximum level of external borrowing which should not be exceeded. It is linked to the estimated level of borrowing assumed in the Capital Programme.*<br>*The Operational Boundary represents the County Treasurer's estimate of the day to day limit for treasury management activity based on the most likely i.e. prudent but not worst-case scenario.*<br>*"Other liabilities" relate to PFI schemes which are recorded in the Council's accounts.* | | |
| | | |
| **2. Interest Rate Exposures** | | |
| a. Upper Limit (Fixed) | £582m | £468m |
| b. Upper Limit (Variable) | (£340m) | (£337m) |
| | | |
| *The Council sets upper limits of fixed and variable borrowing and investments. The effect of setting these upper limits is to provide ranges within which the Council will manage its exposure to fixed and variable rates of interest. Negative figures are shown in brackets; these relate to the" high-point" of investments at a variable rate which are not offset by variable borrowings. The exposure to variable rate movements has been reduced by the use of cash in lieu of borrowing.* | | |
| | | |
| **3. Maturity Structure of Borrowing** | | |
| See Graph at **Appendix 3** | | |
| | | |
| *This indicator relates to the amount of loans maturing in specified periods. The overarching principle is that steps should be taken from a risk management point of view to limit exposure to significant refinancing risk in any short period of time. The Council currently applies the practice of ensuring that no more than 15% of its total gross fixed rate loans mature in any one financial year.*<br>*Because this is a complex situation for the Council, involving PWLB loans, LOBO loans with uncertain call dates and the use of internal cash, specific indicators have not been set. Instead the Council will manage its exposures within the limits shown on the graph at **Appendix 3**. This graph shows all LOBO call options on a cumulative basis; in fact the actual pattern of repayment, although uncertain, will not be of this magnitude.* | | |
| | | |
| **4. Total principal sums invested for periods longer than a year** | £95m | £30m |
| *Any investments made for over longer than a year will be in accordance with the County Council's limits on non-standard investments.* | | |
| | | |

**Appendix 3**


County Council Loan Maturity Profile at 30 September 2021
Debt Reaching Maturity £m
80
70
60
50
40
30
20
10
0
2021/22
2022/23
2023/24
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
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2068/69
2069/70
2070/71
2071/72
2072/73
2073/74
2074/75
2075/76
2076/77
2077/78
PWLB maturity
LOBO
15% debt limit

**Appendix 4**

| Counterparty List - September 2021 | |
|---|---|
| | **Time Limit** |
| ***Regulation Investments*** | |
| Debt Management Office | 12 months |
| UK Government T-bills | 6 months |
| UK Local Authority | 12 months |
| | |
| ***Banks and Building Societies*** | |
| Barclays | 35 days |
| Lloyds | 35 days |
| HSBC | 35 days |
| Nationwide | 35 days |
| Santander | 35 days |
| | |
| ***MMFs*** | |
| Black Rock | same day |
| Insight | same day |
| Federated | same day |
| Aberdeen | same day |
| State Street (SSGA) | same day |
| | |
| ***Enhanced MMF*** | |
| Royal London Cash Plus | 3-day notice |

**Appendix 5**

## Cabinet – 17 November 2021
## Investment categories authorised for use 2021/22

<table>
<tr><th>Investment</th><th>Standard</th><th>Non-standard</th><th>Comments</th></tr>
<tr><td>UK Government - Debt Management Account Deposit Facility (DMADF) (regulation investment)</td><td>unlimited</td><td>✗</td><td>6 months maximum available</td></tr>
<tr><td>UK Government - Treasury Bills (T-Bills) (regulation investment)</td><td>unlimited</td><td>✗</td><td>6 months maximum available</td></tr>
<tr><td>UK local authorities term deposits (regulation investment)*</td><td>unlimited</td><td rowspan="2">£45m across these categories</td><td rowspan="2">Up to 40 years in duration (non-standard)</td></tr>
<tr><td>UK Government – Gilts</td><td>unlimited</td></tr>
<tr><td>Money Market Funds</td><td>✓</td><td>✗</td><td>100% of total investments in this category.<br>Individual MMF - Lower of 0.50% of individual MMF size or 25% of total forecast cash balances per MMF</td></tr>
<tr><td>Term deposits with banks and building societies</td><td>✓</td><td>✗</td><td>50% of total investments in this category.<br>Lower of 5% (unsecured) or 10% (secured) of total forecast cash balances or £30m per counterparty</td></tr>
<tr><td>Certificates of deposit (banks / building societies)</td><td>✗</td><td rowspan="6">Maximum £50m per investment category and £150m in total across all categories</td><td rowspan="6">Up to 10 years in duration (non-standard)</td></tr>
<tr><td>Bonds issued by Multilateral Development Banks</td><td>✗</td></tr>
<tr><td>Collective Investment Schemes</td><td>✗</td></tr>
<tr><td>Covered Bonds</td><td>✗</td></tr>
<tr><td>Real Estate Investment Trusts</td><td>✗</td></tr>
<tr><td>Repos (repurchase agreement)</td><td>✗</td></tr>
</table>

** Up to 12 months*