Cabinet Meeting on Wednesday 15 November 2023

Half Yearly Treasury Management Report for the Period Ended 30 September 2023

Ian Parry, Cabinet Member for Finance and Corporate Matters said,

"*Staffordshire County Council is a well-run Council, and we continue to manage our finances prudently while doing and spending what is required. By using cash reserves rather than borrowing more, we have been able to achieve substantial savings in what remain challenging times. In addition to being prudent, our low-risk investment approach, which focuses on lending to low-risk institutions, means we have been well placed to deal with challenges arising from difficulties the current global economy presents. We remain committed to supporting local businesses along with providing access to funding, as we work to grow our economy. Like most Councils we face financial pressures, rising costs and uncertainty over the long-term funding of some services but 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 County 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 Director of Finance 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 County Council operated within the limits and Prudential Indicators set out in the County Council's Treasury Management Practices and Annual Treasury Management Strategy.

3. The County Council maintained a cautious approach to investments. The policy of using cash instead of borrowing continued to generate savings,

helping reduce the average interest the County Council pays on its debt despite the increase in interest rates.

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

5. The County Council made an early repayment of £50 million of PWLB loans on 3 July 2023, as allowed by the Treasury Management Strategy Statement, and is detailed in this report.

Local Members Interest If report is relevant to ALL Members, type 'N/A' into table and delete what is not required	
Insert Members Name	Insert Electoral Division

CABINET – 15 NOVEMBER 2023

Treasury Management Report for the Half-Year Ended 30 September 2023

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 2023.
2. That Cabinet note the early repayment of £50 million of PWLB debt as discussed in **Paragraph 30**.

Report of the Director of Finance

Reasons for Recommendations:

3. 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).

4. Treasury risk management at the County Council is conducted within the framework of the revised 2021 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 County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

5. This report provides a summary of the County Council's treasury management activities for the first half of 2023/24, in the context of the strategy for the year, which was agreed by Cabinet on 25 January 2023. 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

6. The first half of 2023/24 has seen increases in the bank base rate by most global central banks. UK base rates have risen by 1.00% since the start of 2022/23, from 4.25% to 5.25% by August 2023. It is possible that UK interest rates may have hit their peak at 5.25%, as projected by Link the County Council's independent treasury adviser, but other commentators predict further rises. Whilst interest rates are now not expected to reach as high as was thought earlier in 2022/23 (i.e., above 6% for the UK), the market now believes the current rates will be held for longer by central banks.

7. The direct effect of the UK interest rate rises is an increase in returns on investments. The link to borrowing is not as direct as PWLB rates are driven primarily by Gilt yields i.e., the cost of government borrowing. The strategy of using internal funding in lieu of borrowing adopted by the County Council still stands while investment returns are below short-term borrowing levels, known as the cost of carry. Increased interest rates may make early repayment of debt economically viable and officers within the Treasury Management function will monitor opportunities.

8. UK Gross Domestic Product (GDP) fell by 0.5% in July 2023, leading commentators to suggest that underlying growth has slowed since the beginning the year. The weakness in July was in part due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, it is believed that there is an underlying weakness in the economy. The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September is consistent with a 0.2% rise in real GDP in the period April to June, being followed by a projected contraction of up to 1% in the second half of 2023.

9. The labour market has eased in recent months, with employment in the three months to July 2023 falling by 207,000. The further decline in the number of job vacancies from 1.017 million in July to 0.989 million in August, the first time it has fallen below 1 million since July 2021, also suggest a slowing labour market. There was a 48,000 decline in the supply of workers in the three months to July offsetting some of the loosening in the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education.

10. Consumer Price Inflation (CPI) declined from 6.8% in July to 6.7% in August 2023, the lowest rate since February 2022. This was accompanied by an unexpected drop in core CPI (which excludes volatile sectors such as food and energy), which declined from 6.9% to 6.2% and reversed the rises since March 2023, meaning the gap between UK core inflation and other major economies has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Another recent positive development was the fall in services inflation from 7.4% to 6.8%, which takes it below the forecast of 7.2% the Bank of England published in early August 2023.

11. The FTSE 100 gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100’s relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood much higher at 7,914.

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

Borrowing strategy update

13. The Treasury Management Strategy Report for 2023/24 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”

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

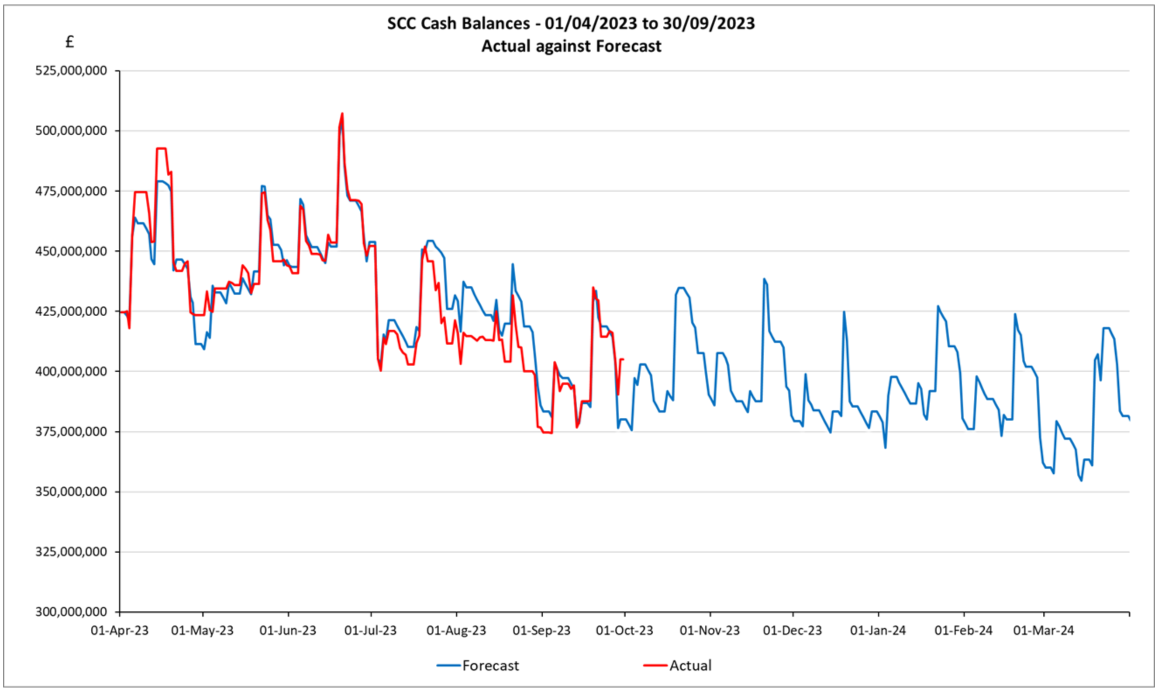
15. The strategy of using cash instead of borrowing has relied on two main factors; the Bank Rate (set by the Bank of England) remaining lower than borrowing rates, and cash balances being sufficient to meet the County Council’s day-to-day requirements.

16. The Bank of England (BoE) maintained Bank Rate of 0.1% from 19 March 2020 but since December 2021 has increased the rate incrementally to 5.25% as at 30 September 2023. This rate may continue to rise as the Bank of England attempts to reduce inflation.

17. In terms of the future, Link, the County Council’s treasury advisor, expects Bank Rate to remain at 5.25% until September 2024 when it predicts a fall back to 5.00%. A fall of 0.50% each quarter is projected thereafter until December 2025 when it will decrease by 0.25% and hold at 2.75%. As has been seen over the last 12 months, the financial markets are extremely volatile, and sentiment can change overnight impacting rates dramatically.

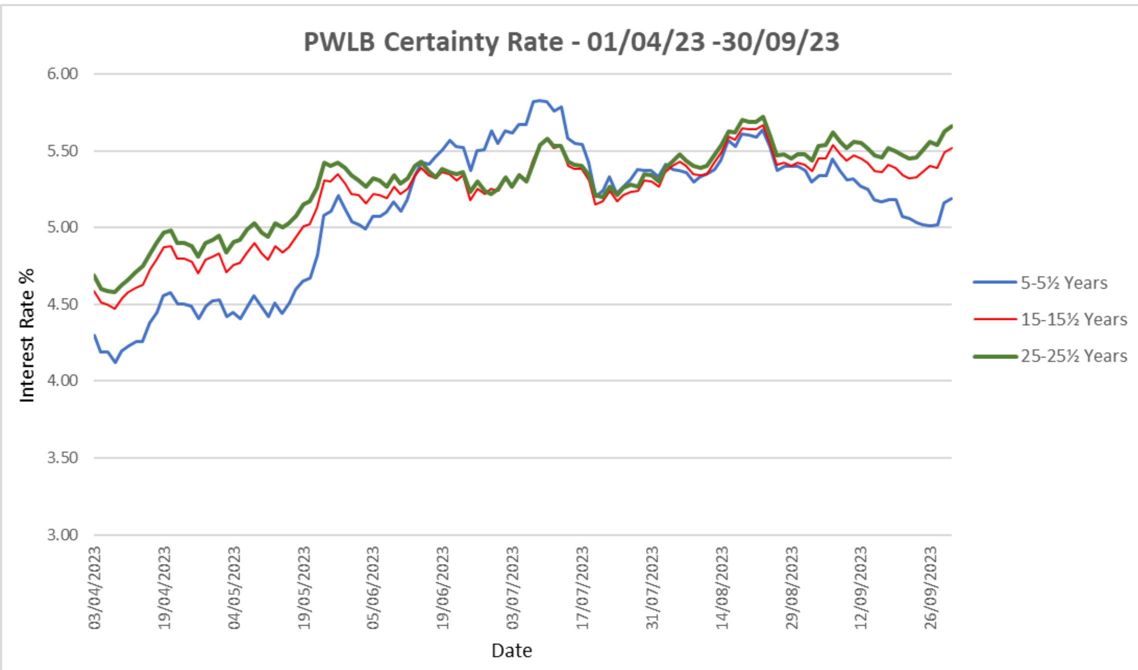
18. Currently interest rate returns are still lower than borrowing costs meaning that the strategy of using cash remains important and represents a cost-effective way of financing the capital programme. Overall, the short-term interest rate environment now and for future forecasts both still support the borrowing strategy adopted in 2023/24.

19. 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 red) against those forecast for the full year (in blue).



20. It can be seen that the actual cash balances the County Council have fairly closely followed the forecast for the first half of 2023/24.

21. Cashflow forecasts indicate the County Council will have sufficient balances to fund its debt for 2023/24, 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.



22. Gilt yields are very sensitive to the risk appetite of international investors and the yields at the beginning of the year reflected the uncertain global financial environment. As interest rates rose so did gilts yields, gradually increasing

borrowing costs incrementally for the first half of the year. If the market believes that inflation is coming under control and bank rates will remain steady then the yields may fall or stabilise for the second half of the year.

23. The County Council's external loans portfolio as at 30 September 2023 was £398.5 million and 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 County Council when their rates compared favourably to PWLB rates. It is unlikely that the holders of these loans will change rates unless base rate rises continue further.

24. The following table shows the interest rates incurred on the County Council's debt portfolio for 2022/23 and for this half year, including an adjustment reflecting the use of cash.

	2022/23 Full Year %	**2023/24 Half Year %**
Weighted average rate of interest for external loans	4.58	4.60
Adjusted for the use of cash	4.27	4.75

25. The average rate on external loans has risen slightly, as a PWLB loan repaid had a lower interest rate than the portfolio average. Once the utilisation of cash reserves is taken into account, the rate rises reflecting the increase in the current base rate and the opportunity cost of cash. Despite this, the County Council's policy of using cash instead of borrowing, while average borrowing rates are still 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 £0.557 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 2023 is provided at **Appendix 3**.

<u>Loan restructuring / repayment</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 2023/24 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 became financially viable in the first half of 2023/24:
    - gilt yields rose as borrowing became more expensive for the government as interest rates rose; and
    - Government policy, whereby a margin is applied to the early repayment of a PWLB loan, meant that some of the County Councils loan portfolio attracted a discount rather than a premium.

30. After review by treasury officers in conjunction with Link, the County Councils independent treasury advisers, opportunities to repay £50 million of PWLB loans were identified. The information was presented to, and agreed by, the Director of Finance through the Treasury Management Panel. This decision will save the County Council £199,000 p.a. based on current interest rates taking into account discount, interest savings and loss of investment income.

31. If interest rates continue to rise in the latter half of 2023/24 additional opportunities which may arise to repay debt. Any decision will continue to be taken in conjunction with the County Council's treasury advisers and take into account the availability of cash.

Investment Strategy update

32. The County Council holds cash, representing income received in advance of expenditure plus balances and reserves held. As shown in the chart at **paragraph 19**, the County Council's investment balances during the year have ranged between £374 million and £507 million, due to timing differences between income and expenditure.

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

34. The resulting investment 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 Collective Investment Schemes.

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

Treasury Investments

36. Approved investments stood at £405.097 million on 30 September 2023 (£413.710 million on 31 March 2023), these are analysed below:

	£m
Long-term local authority	
Derby City Council	15.000
Redcar and Cleveland Borough Council	15.000
Short-term UK Government	
Debt Management Office	126.500
UK Government T-Bills	4.933
Banks and building societies	
Lloyds Bank Plc (Commercial Banking)	0.864
Goldman Sachs	15.000
Lloyds Bank Corporate Markets	5.000
SMBC Bank International Plc	15.000
Standard Chartered Bank	15.000
Landesbanken Hessen-Thueringen Girozentrale	10.000
NatWest	15.000
Money Market Funds	
Aberdeen	23.350
Black Rock	16.050
Insight	37.000
Federated	27.000
State Street	14.400
Collective Investment Scheme	
Royal London Cash Plus Fund	20.000
AXA Sterling Credit Short Duration Bond	15.000
Royal London Investment Grade Short Dated Fund	15.000
TOTAL	**405.097**

37. Both the CIPFA Code and government guidance require the County Council to invest its funds prudently, and to have regard to security and liquidity before seeking a rate of return. The County Council's main objective when investing money is to minimise the risk of incurring losses from defaults. In the light of the global economic climate, the likelihood of unexpected calls on cash flow, further possibility of austerity measures and settlement uncertainty, the County Council has cash available at very short notice. Liquid cash is diversified over several counterparties and Money Market Funds, to manage both credit and liquidity risks. With interest rates rising the County Council has begun utilising term investments, by placing core cash into secure institutions as recommended by its treasury adviser (Link) for up to 6 months, to increase returns. With interest rates continuing to be lower than borrowing rates and many organisations holding onto cash the County Council has continued to utilise cash to realise savings on borrowing costs as reported in **paragraph 25**.

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

39. The following table shows the County Council's investment returns in 2022/23 and 2023/24 to date. It can be seen that the average return against the benchmark SONIA (sterling Overnight Investment Rate) is 0.54% lower in 2023/24 to date. This is due to base rate rising consistently since December 2021 and the financial markets adjusting at a slower rate. The County Council seeks to maximise interest returns where possible whilst ensuring the security of it funds.

	2022/23 Full Year	**2023/24 Half Year**
Average return on investments	1.34%	4.21%
SONIA Overnight (revised benchmark)	1.24%	4.75%
Additional return generated	0.10%	-0.54%

40. A copy of the counterparty list as at 30 September 2023 is provided at **Appendix 4**. Subject to undertaking further due diligence this list may be expanded in line with the County Council's Credit Management Strategy and approval from Treasury Management Panel.

41. The County Council has approval to use non-standard investments, which was granted by Cabinet on the 25 January 2023 via the Treasury Management Strategy Statement. Non-standard investments are all other types of approved investment counterparties that are not included in **Appendix 4.** These investments are used less frequently and require further approval from the Treasury Management Panel or Members. All approved investments that the County Council can make are shown in **Appendix 5**.

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. Enhanced cash MMF's are considered to be Collective Schemes; they typically have a 2-5-day liquidity notice period, as they invest further along the yield curve. The County Council's is invested in one of these funds (the Royal London Cash Plus Fund). In addition, the County Council also has investments in two Short Dated Bond Funds with investment time horizons of 2 -3 year (the AXA Sterling Credit Short Duration Bond and Royal London Investment Grade Short Dated Fund) These funds have been utilised to expand and diversify counterparties as the authority currently holds a large cash balance.

Non-treasury investments

43. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the County Council as well as other non-financial assets which the County 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.

44. The County 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 throughout the County. On 31 March 2023, the County Council's share in Entrust had a nil value.

Compliance with Treasury Limits and Prudential Indicators

45. It can be certified that for the half year ended 30 September 2023:

(i) in accordance with Financial Regulations, the Treasury Management Panel chaired by the Director of Finance 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.

(v) The Council has kept within its Prudential Indicators set for 2023/24 as part of the Treasury Management Strategy Statement.

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

Rob Salmon
Director of Finance

Background Documents

1. Treasury Management in the Public Services: Code of Practice (CIPFA) (2021)
2. Prudential Code for Capital Finance in Local Authorities (CIPFA) (2021)
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.

Contact Details

Report Author: Justin Madden
Job title: Senior Investment Accountant
Telephone Number: 01785 278146
Email Address: Justin.madden@staffordshire.gov.uk
Location: Treasury and Pensions, 1 Staffordshire Place

Report Commissioner: Melanie Stokes
Job Title: Assistant Director for Treasury and Pensions
Telephone No.: 01785 276330
E-Mail Address: melanie.stokes@staffordshire.gov.uk

Appendix 1

Staffordshire County Council

Cabinet
15 November 2023

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. Counterparties invested in by the County Council have ESG policies in place.

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

Appendix 2

Staffordshire County Council

Cabinet
15 November 2023

Prudential Indicators for Treasury Management

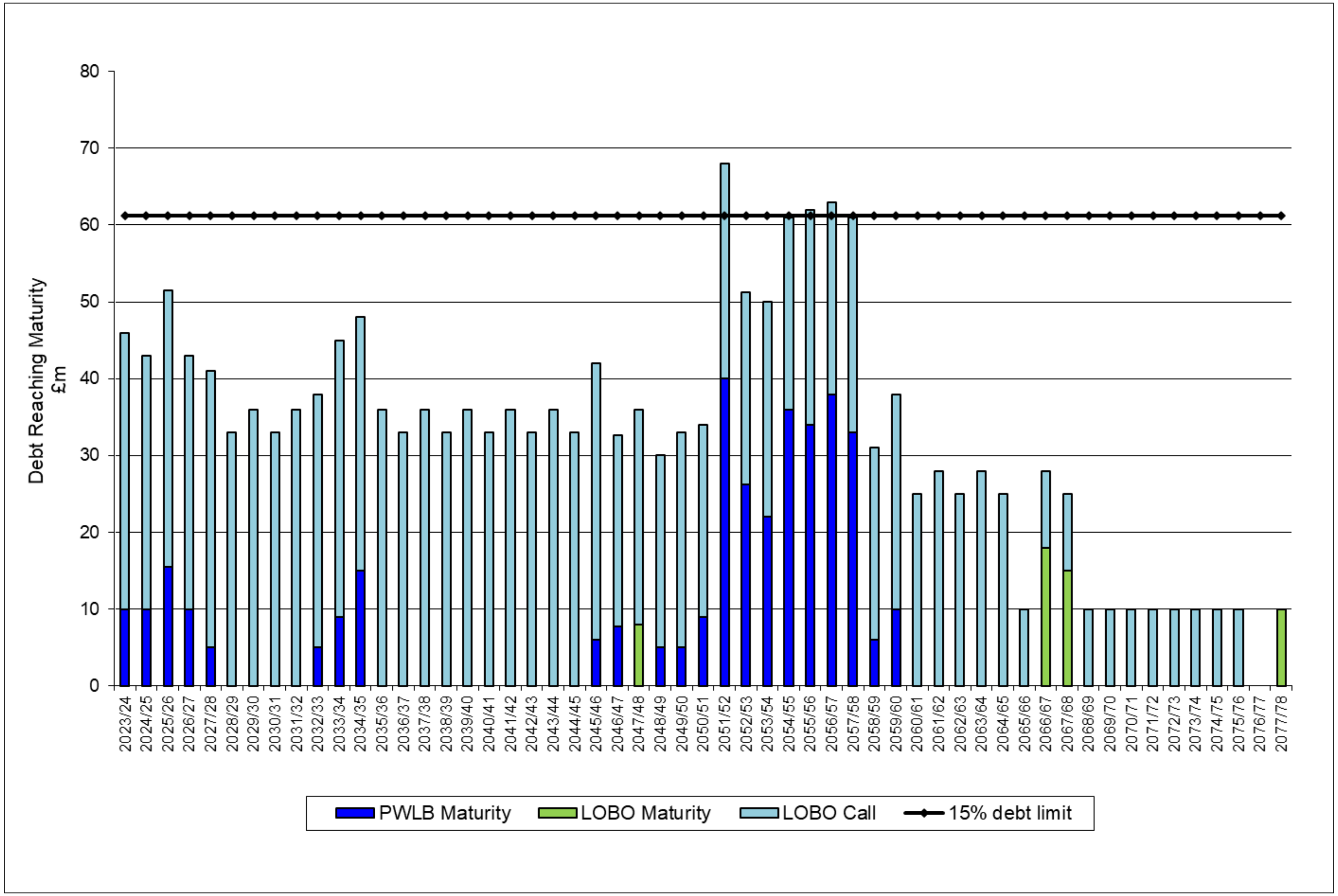
Indicator	Estimated Limit 2023/24	Actual Position at 30/09/23
1. External Debt		
Authorised Limit for borrowing	£621m	£399m
Authorised Limit for other liabilities	£118m	£117m
TOTAL	**£739m**	**£516m**
Operational Boundary for borrowing	£525m	£399m
Operational Boundary for other liabilities	£118m	£117m
TOTAL	**£643m**	**£516m**
External Loans	**£596.5m**	**£399m**
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. *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.* *"Other liabilities" relate to PFI schemes which are recorded in the County Council's accounts.*		
2. Interest Rate Exposures		
a. Upper Limit (Fixed)	£546.4m	£399m
b. Upper Limit (Variable)	(£470m)	(£405m)
The County 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 County 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 County 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. *Because this is a complex situation for the County Council, involving PWLB loans, LOBO loans with uncertain call dates and the use of internal cash, specific indicators have not been set. Instead the County 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	£245m	£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

Staffordshire County Council

Cabinet
15 November 2023

Debt Maturity Staffordshire County Council 2023/24



Appendix 4

Staffordshire County Council
Cabinet

Lending List
15 November 2023

Standard Investment Counterparty by Country	Maximum Investment Duration
Australia	**Not Applicable**
Australia and New Zealand Banking Group Ltd.	12 months
Commonwealth Bank of Australia	12 months
Macquarie Bank Ltd.	6 months
National Australia Bank Ltd.	12 months
Westpac Banking Corp.	12 months
Belgium	**Not Applicable**
BNP Paribas Fortis	6 months
KBC Bank N.V.	12 months
Canada	**Not Applicable**
Bank of Montreal	12 months
Bank of Nova Scotia	12 months
Canadian Imperial Bank of Commerce	12 months
National Bank of Canada	6 months
Royal Bank of Canada	12 months
Toronto-Dominion Bank	12 months
Denmark	**Not Applicable**
Danske A/S	6 months
Finland	**Not Applicable**
Nordea Bank Abp	12 months
France	**Not Applicable**
BNP Paribas	12 months
Credit Agricole Corporate and Investment Bank	12 months
Credit Agricole S.A.	12 months
Credit Industriel et Commercial	12 months
Societe Generale	6 months
Germany	**Not Applicable**
Bayerische Landesbank	6 months
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	12 months
Landesbank Baden-Wuerttemberg	6 months
Landesbank Berlin AG	12 months
Landesbank Hessen-Thueringen Girozentrale	12 months
Landwirtschaftliche Rentenbank	24 months
Norddeutsche Landesbank Girozentrale	100 days
NRW.BANK	24 months

Netherlands	**Not Applicable**
ABN AMRO Bank N.V.	6 months
Bank Nederlandse Gemeenten N.V.	24 months
Cooperatieve Rabobank U.A.	12 months
ING Bank N.V.	12 months
Nederlandse Waterschapsbank N.V.	24 months
Singapore	**Not Applicable**
DBS Bank Ltd.	12 months
United Overseas Bank Ltd.	12 months
Sweden	**Not Applicable**
Skandinaviska Enskilda Banken AB	12 months
Svenska Handelsbanken AB	12 months
Swedbank AB	12 months
Switzerland	**Not Applicable**
UBS AG	12 months
United Kingdom	**Not Applicable**
Collateralised LA Deposit*	60 months
Debt Management Office	60 months
Multilateral Development Banks	60 months
Supranationals	60 months
UK Gilts	60 months
Bank of Scotland PLC (RFB)	6 months
Barclays Bank PLC (NRFB)	6 months
Barclays Bank UK PLC (RFB)	6 months
Goldman Sachs International Bank	6 months
Handelsbanken Plc	12 months
HSBC Bank PLC (NRFB)	12 months
HSBC UK Bank Plc (RFB)	12 months
Lloyds Bank Corporate Markets Plc (NRFB)	6 months
Lloyds Bank Plc (RFB)	6 months
NatWest Markets Plc (NRFB)	6 months
Santander Financial Services plc (NRFB)	6 months
Santander UK PLC	6 months
SMBC Bank International Plc	6 months
Standard Chartered Bank	6 months
Coventry Building Society	6 months
Leeds Building Society	100 days
Nationwide Building Society	6 months
Skipton Building Society	6 months
Yorkshire Building Society	100 days
National Westminster Bank PLC (RFB)	12 months
The Royal Bank of Scotland Plc (RFB)	12 months
United States	**Not Applicable**
Bank of America N.A.	12 months
Bank of New York Mellon, The	24 months
Citibank N.A.	12 months

JPMorgan Chase Bank N.A.	12 months
Wells Fargo Bank, NA	12 months
Money Market Funds	
Aberdeen	Overnight
Black Rock	Overnight
Insight	Overnight
Federated	Overnight
State Street	Overnight

Appendix 5

Cabinet – 15 November 2023
Investment categories authorised for use 2023/24

Investment	Standard	Non-standard	Comments
UK Government - Debt Management Account Deposit Facility (DMADF) (regulation investment)	unlimited	✗	6 months maximum available
UK Government - Treasury Bills (T-Bills) (regulation investment)	unlimited	✗	6 months maximum available
UK local authorities term deposits (regulation investment) *	unlimited	£45m across these categories	Up to 40 years in duration (non-standard)
UK Government – Gilts	unlimited		
Money Market Funds	✓	✗	100% of total investments in this category. Individual MMF - Lower of 0.50% of individual MMF size or 25% of total forecast cash balances per MMF
Term deposits with banks and building societies	✓	✗	50% of total investments in this category. Lower of 5% (unsecured) or 10% (secured) of total forecast cash balances or £30m per counterparty
Certificates of deposit (banks / building societies)	✗	Maximum £100m per investment category and £200m in total across all categories	Up to 10 years in duration (non-standard)
Bonds issued by Multilateral Development Banks	✗		
Collective Investment Schemes	✗		
Covered Bonds	✗		
Real Estate Investment Trusts	✗		
Repos (repurchase agreement)	✗		

*Up to 12 months