

**TOTAL INVESTMENTS PLACED DURING THE PERIOD**  
**1 APRIL 2017 TO 31 MARCH 2018**

	<b>Cumulative No. Of Investments In Year</b>		<b>Total Value Invested in Year £ 000's</b>
<b>British Clearing Banks</b>			
National Westminster Bank plc	143		54,544
<b>Local Authorities</b>			
Thurrock Borough Council	4		5,750
Blackpool Borough Council	1		1,000
Stirling Council	1		1,000
Salford City Council	1		1,000
	<b>150</b>		<b>63,294</b>

**SCHEDULE OF PWLB LOANS (HRA SELF-FINANCING SETTLEMENT)**

<b>Principal (£)</b>	<b>Rate of Interest (%)</b>	<b>Date of Maturity</b>
1,006,333	1.99	20/03/2020
1,006,333	2.21	20/03/2021
1,006,333	2.40	20/03/2022
1,006,333	2.56	20/03/2023
1,006,333	2.70	20/03/2024
1,006,333	2.82	20/03/2025
1,006,333	2.92	20/03/2026
1,006,333	3.01	20/03/2027
1,006,333	3.08	20/03/2028
1,006,333	3.15	20/03/2029
1,006,333	3.21	20/03/2030
1,006,333	3.26	20/03/2031
1,006,333	3.30	20/03/2032
1,006,333	3.34	20/03/2033
1,006,333	3.37	20/03/2034
1,006,333	3.40	20/03/2035
1,006,333	3.42	20/03/2036
1,006,333	3.44	20/03/2037
18,113,994	<b>Total</b>	

**SCHEDULE OF PWLB LOANS (GENERAL FUND)**

<b>Principal (£)</b>	<b>Rate of Interest (%)</b>	<b>Date of Maturity</b>
500,000	4.10	29/03/2052
500,000	3.50	20/09/2018
5,000,000	2.66	29/06/2055
6,000,000	<b>Total</b>	

## **INVESTMENTS STRATEGY 2017/18 – 2018/19**

### **1.0 Introduction**

This strategy is written in accordance with guidance issued under section 15 (1) (a) of the Local Government Act 2003, the Department of Communities and Local Government (DCLG) Guidance on Local Authority Investments issued in April 2010, any revisions of that guidance, the Audit Commission's report on Icelandic investments and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (2011).

The objectives of this strategy are to:

- facilitate investment decisions which ensure that the Council's investment sums remain secure
- ensure the liquidity of investments so that the Council has sufficient cash resources available to carry out its functions at all times
- achieve the maximum return on investments after taking into account security and liquidity

### **2.0 Current Investments**

At present the Council has no fixed investments.

Surplus funds arising from day to day operations are invested based on the most up to date forecasts of interest rates and in accordance with the Council's cash flow requirements in order to gain maximum benefit from the Council's cash position throughout the year. In the current financial climate only specified investments will be considered as set out below.

### **3.0 Investments**

In accordance with relevant guidance, all investments will be placed for a maximum of 364 days and amounts will only be invested with counterparties included on the Council's approved list. Institutions with which specified investments will be made include:

- UK government institutions and other local authorities
- institutions which have been awarded a high credit rating by a credit rating agency

The Council's Treasury Management Practice note 1 (3) states that 'The Section 151 Officer will be responsible for preparing for the Council a list of institutions in which the Council's funds may be invested. This list will be supported by details of the criteria employed to assess the various credit standings of counterparties'. The following credit ratings will be considered:

- Long-term ratings – these range from the highest rating of AAA to the lowest rating of D. As the title suggests, this indicator reflects the long-term stability of the institution.
- Short-term ratings - These have a time horizon of less than 12 months and therefore place greater emphasis on the liquidity necessary to meet financial commitments in a timely manner. As all of the Council's investments are expected to be for less than 364 days, this is of particular importance. The ratings are F1 (highest credit quality), F2 (good credit quality), F3 (fair credit quality) and B to D (representing various levels of potential default).
- Individual ratings – These range from the highest of A to the lowest of F. This rating is only assigned to banks and attempts to assess how it would be viewed if it were entirely independent and could not rely upon external support.
- Support ratings – These range from 1 to 5 with 1 being the highest. It is a judgement on whether a bank would receive support should this become necessary. It is assumed that any such support would come from the sovereign state or institutional owners.

The Council's counterparty list needs to provide security for the amounts invested whilst containing a sufficient number of institutions with which to place funds. For the purpose of this strategy in respect of Categories 1 and 2 below, only counterparties that meet all of the following criteria will be considered for investment.

- UK banks
- Building societies with asset bases in excess of £6 billion.
- By reference to all three major credit rating agencies (Fitch, Standard and Poor's, Moody's) only those that reach the minimum standard for the lowest agency rating set out.

### **Category 1**

The minimum ratings that will be considered for all agencies are set out below:

	<b>Credit Agency</b>		
<b>Term</b>	<b>Fitch</b>	<b>Moody's</b>	<b>S &amp; P</b>
<b>Short</b>	F1	P1	A1
<b>Long</b>	AA-	AA3	AA-
<b>Individual</b>	C	D	
<b>Support</b>	3		

For any organisation that meets the above criteria, up to £1.5m may be invested at any one time for a maximum duration of 364 days.

**Any building society that meets the above criteria must also have an asset base in excess of £6 billion.**

## **Category 2**

The minimum ratings that will be considered for all agencies are set out below:

	<b>Credit Agency</b>		
<b>Term</b>	<b>Fitch</b>	<b>Moody's</b>	<b>S &amp; P</b>
<b>Short</b>	F1	P1	A1
<b>Long</b>	A	A2	A1
<b>Individual</b>	C	D	
<b>Support</b>	3		

For any organisation that meets the above criteria, up to £1m may be invested at any one time for a maximum duration of 6 months.

**Any building society that meets the above criteria must also have an asset base in excess of £6 billion.**

Other counterparties that can be used and any restrictions applicable are set out below.

### Debt Management Office

Investments of a maximum duration of 6 months can be made with this Government department.

### Public Authorities in England, Scotland and Wales

Investments of up to £5m at any one time with a maximum duration of 364 days can be made with these bodies. These include local government, fire and police authorities.

### Money Market Funds

Investments of up to £1.5m per fund at one time can be made provided they are AAA rated.

Credit ratings are monitored on a daily basis using Sector's credit rating service by the Section 151 Officer who will determine the amendments to be made to the counterparty list when credit ratings change.

The proposed counterparty list for investments is given at Annex 3.1.

## **4.0 Liquidity of Investments**

The period for which investments are placed will be based on the Council's cash flow forecasts and estimates of movements in interest rates. The Council does not expect to place investments for longer than 364 days although this situation will be kept under review by the Section 151 Officer. Long-term investments will only be made where it is clear that surplus cash resources are not required for the day to day financing of the Council's activities. The maximum period for

any long-term investments will be the three-year planning cycle covered by this strategy.

The maximum amount which may be held in investments lasting more than 364 days will be 25% of the average annual investments.

## **5.0 Policy on the Use of External Service Providers**

External investment managers will not be used, except to the extent that a Money Market Fund can be considered an external manager.

The Authority uses Sector as an external treasury advisor but still recognise that responsibility for treasury management decisions remains with the Council at all times. Whilst it is recognised that undue reliance should not be placed on external advisors, it is valuable to be able to access specialist skills and resources.

## **6.0 Scheme of Delegation**

Policy, Finance and Development Committee

- Approval of annual strategy
- Approval of annual treasury outturn report
- Approval of mid year treasury management updates
- Mid year treasury management updates
- Review of treasury management policy and procedures, including making recommendations to responsible body
- Scrutiny of Treasury Management Strategy and Plan, Investment Strategy and Annual Outturn Report

Chief Financial Officer (Section 151 Officer)

- Day to day management of treasury management, within agreed policy
- Appointment of external advisors, within existing Council procurement procedures and standing orders.

## **7.0 Role of Section 151 Officer**

The Section 151 Officer has day to day responsibility for running the treasury management function.

## **8.0 Ethical Investment Strategy**

The Council aims to be aware of ethical issues within its investment strategy. Where any member of the Council becomes concerned about such issues, these matters should be reported to the Section 151 Officer. Where necessary, the Section 151 Officer will then present a response to the concerns raised to the next meeting of the Policy, Finance and Development Committee.

**EXTERNAL INVESTMENT OF FUNDS - APPROVED INSTITUTIONS****Category 1**

<b>Restrictions</b>	
<b>Max Amount £m</b>	1.5
<b>Duration</b>	364 days
<b>Asset Base (Building Societies Only)</b>	£6 bn

	Long-term Rating	Short-term Rating
HSBC Bank plc	AA-	F1+

**Category 2**

<b>Restrictions</b>	
<b>Max Amount £m</b>	1
<b>Duration</b>	6 months
<b>Asset Base (Building Societies Only)</b>	£6 bn

	Long-term Rating	Short-term Rating
Bank of Scotland plc	A	F1
Barclays Bank plc	A	F!
Lloyds Bank plc	A	F1
Nationwide Building Society	A	F1
Royal Bank of Scotland plc	A	F1

Santander UK plc	A	F1
Standard Chartered Bank	AA-	F1+

### **Debt Management Office**

Restrictions	
<b>Max Amount £m</b>	N/A
<b>Duration</b>	6 months

Operated by a National Government Department

### **Public Authorities in England, Scotland and Wales**

Restrictions	
<b>Max Amount £m</b>	5
<b>Duration</b>	364 days

All public authorities (including local government, fire and police authorities) in England, Wales and Scotland

### **Money Market Funds**

Restrictions	
<b>Max Amount £m</b>	1.5
<b>Duration</b>	N/A

Funds must be AAA-rated and operated by a company regulated by the Financial Services Authority. The Section 151 Officer, under delegated powers, will choose the appropriate fund(s).