TELFORD & WREKIN COUNCIL

AUDIT COMMITTEE – 14 JULY 2020

TREASURY MANAGEMENT - 2019/20 ANNUAL REPORT AND 2020/21 UPDATE

REPORT OF THE DIRECTOR:FINANCE & HR (CHIEF FINANCIAL OFFICER)

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

This report updates members on the outcome of Treasury Management activities for 2019/20 and details the position for 2020/21 to date.

1.1 2019/20 Treasury Outturn

The treasury portfolio ended the year with net indebtedness of £245.7m (excluding NuPlace Share capital) which was a reduction of £5.5m over the year. In response to the coronavirus pandemic, Base rate was reduced twice in March 2020 by the Bank of England's Monetary Policy Committee as part of a range of measures to keep domestic and global economies operating, firstly from 0.75% to 0.25% and then to 0.1% where it remained for the rest of 2019/20. Given the scale of the crisis, low rates are likely to remain for a considerable period and the possibility that Bank Rate will be cut to zero/negative cannot be ruled out.

The borrowing strategy for 2019/20 was to borrow temporarily to take advantage of low interest rates where possible and review opportunities for new longer term borrowing as appropriate. Maintaining high levels of very cheap temporary borrowing has contributed to surplus treasury management returns of more than £20m since 2015/16 which has reduced the impact of Government cuts and therefore helped to protect front line services.

Borrowing was £9.3m higher at 31 March 2020 compared to 31 March 2019 however, investments were £14.8m higher (excluding NuPlace share capital). Short term borrowing was used during the year at favourable interest rates generating a significant benefit for the Council's budget. Following advice from Arlingclose, the Council's external treasury advisors, some longer, fixed term borrowing was also taken to manage exposure to interest rate fluctuations.

The investment strategy for 2019/20 was to gain maximum benefit with security of capital being the key consideration. The average return on investments for the year was 0.57% against a benchmark of 0.44%

Overall, treasury delivered a net over-achievement of £3.837m against budget during 2019/20. The majority of the saving relates to the benefit of low interest rates on the levels of temporary borrowing we held during the year and the active approach of maintaining short-term funding rather than locking into longer-term funding options at higher interest rates.

1.2 **<u>2020/21 Update</u>**

The strategy for 2020/21 remains consistent with that of the previous year. Investment opportunities will be reviewed as they arise and we will seek to gain maximum benefit within the agreed risk parameters. There are currently no long term investments, which reduces counter-party risk and also reduces net interest costs as longer-term borrowing costs tend to be greater than we are able to earn on new investments.

Arlingclose, the Council's treasury advisors, are providing regular investment and borrowing updates during this unprecedented period, including updated counterparty advice, which is being followed.

As anticipated, the Council is facing extreme financial pressure as a result of coronavirus. Pressures include increased costs, particularly relating to the provision of Social Care and safeguarding the most vulnerable in our community and income shortfalls relating to closed facilities and services and Council Tax and Non Domestic Rates which are key funding streams. Further information is available in the Financial Monitoring Report presented to Cabinet on 9 July 2020. As a result of these financial pressures, more focus has been placed on monitoring cash flow to ensure that sufficient funds are available to meet financial obligations. The provision of emergency government funding has assisted and short-term funding has been available to cover cash flow requirements. If temporary funds become unavailable, there may be a need to take more expensive longer-term PWLB borrowing. As mentioned above, there is also the possibility of zero or negative interest rates, which would impact on investment returns and borrowing costs. The position will be closely monitored and will clearly be influenced by the easing of lock-down and the speed of economic recovery.

Based on the capital programme, borrowing will be required during the year and consideration will be given to the maturity profile of current debt, interest rates and refinancing risks as well as the source, which is primarily expected to be the Public Works Loans Board.

Total borrowing was £276.2m at 31 March 2020 and has reduced to £262.8m as at 31 May 2020. Investments were £19.1m at 31 May 2020.

2. RECOMMENDATIONS

Audit Committee Members are asked to:-

2.1 note the contents of the report

2.2 note the performance against Prudential Indicators.

3. *SUMMARY IMPACT ASSESSMENT*

COMMUNITY IMPACT	Do these proposals contribute to specific priority plan objectives?	
	Yes/~~No~~	Efficient Community Focussed Council

	Will the proposals impact on specific groups of people? ~~Yes~~/No	
TARGET COMPLETION / DELIVERY DATE	Part of ongoing Treasury Management Activities within the Treasury Management Strategy and Policy approved by Council.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes/~~No~~	Where appropriate these are detailed in the body of the report**.**
LEGAL ISSUES	Yes/~~No~~	The Director: Finance & HR (Section 151 Officer), has responsibility for the administration of the financial affairs of the Council. In providing this report the Section 151 Officer is meeting one of the responsibilities of the post contained within the Council's Constitution at Part 2, Article 12, paragraph 12.04(f) which states "The Chief financial Officer will contribute to the promotion and maintenance of high standards of governance, audit, probity and propriety, risk management and the approval of the statement of accounts through provision of support to the Audit Committee**.**"
OTHER IMPACTS, RISKS AND OPPORTUNITIES	Yes/~~No~~	The key opportunities and risks associated with treasury management activities are set out in the body of the report and in the Treasury Management Strategy and Policy approved by Council and will be regularly monitored throughout the year.
IMPACT ON SPECIFIC WARDS	~~Yes~~/No	

4. **PREVIOUS MINUTES**

Council - 5th March 2020
Audit Committee – 28th January 2020

PART B) – ADDITIONAL INFORMATION

5. **BACKGROUND**

5.1 Treasury Management in local government is regulated by the CIPFA Treasury Management in Public Services: Code of Practice (the Code). This Council has adopted the Code and fully complies with its requirements. The primary requirement of the Code is the formulation and agreement by full Council of a Treasury Policy Statement, which states the policies and objectives of its treasury management activities. The Authority's treasury management strategy for 2019/20 was approved at Full Council on 28 February 2019 and the Strategy for 2020/21 at Full Council on 5 March 2020

5.2 A requirement of the Council's Treasury Management Practices is the reporting to the Council of both the expected treasury activity for the forthcoming financial year (the annual treasury strategy statement) and subsequently the results of the Council's treasury management activities in that year (this annual treasury report).

5.3 The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

6. 2019/20

6.1 The annual report is covered in paragraphs 6-15 and deals with: -

- 2019/20 Portfolio position;
- the current economic climate;
- the borrowing strategy for 2019/20;
- the borrowing outturn for 2019/20;
- investments strategy for 2019/20;
- investments outturn for 2019/20;
- Shropshire Council debt;
- overall outturn position;
- leasing; and
- compliance with treasury limits

7. 2019/20 PORTFOLIO POSITION

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

	31 March 2020		**31 March 2019**	
	Principal £m	**Rate %**	**Principal £m**	**Rate %**
Borrowing	276.185	2.46	266.924	2.41
Investments (excluding NuPlace share capital)	30.455	0.57	15.685	0.51
Net Indebtedness (ex NuPlace)	**(245.730)**		**(251.239)**	
Investment in NuPlace	13.300		11.600	
Net Indebtedness	**(232.430)**		**(239.639)**	

There was continued use of temporary borrowing through 2019/20, temporary borrowing was £67.1m at 31 March 2020 (including £7.6m PWLB due to mature in 2020/21). £7.9m of PWLB loans were repaid in 2019/20 the year and new PWLB borrowing of £25.0m was raised. The capital programme was funded from a combination of borrowing, capital receipts, grants and other external contributions. This would normally result in an increase to net indebtedness during the year. However the Council received significant grant payments from the Government in late March as part of the response to the COVID-19 pandemic therefore a higher than forecast investment holding was recorded as at 31 March 2020 which has resulted in a reduction net indebtedness.

Prudential borrowing increased in 2019/20 due to planned capital expenditure approved as part of the capital programme.

Investments at 31 March 2020 included £13.3m share capital in NuPlace.

The Adopted Treasury Strategy was to:-

- Monitor borrowing opportunities determined by the prevailing markets.
- Only investing short term in line with cashflow requirements.
- Reduce the volatility of investment returns while maintaining adequate flexibility in arrangements.
- To achieve optimum return on investments commensurate with proper levels of security and liquidity.

8. COUNCILS RESPONSE TO ECONOMIC CLIMATE

8.1 **Economic background:** The UK's exit from the European Union and future trading arrangements, had remained one of the major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April, then to 31st October and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of December's General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.

The headline rate of UK Consumer Price Inflation UK Consumer Price Inflation fell to 1.7% y/y in February, below the Bank of England's target of 2%. Labour market data remained positive. The ILO unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis as part of a flight to quality into sovereign debt and other perceived ‘safe’ assets.

In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.

The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

The US economy grew at an annualised rate of 2.1% in Q4 2019. After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely impacted sentiment and production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August. Following a series of five cuts, the largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also unleashed a raft of COVID-19 related measures and support for its economy including a $2 trillion fiscal stimulus package. With interest rates already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.

Financial markets: Financial markets sold off sharply as the impact from the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30% at its worst point with stock markets in other countries seeing similar huge falls. In March sterling touched its lowest level against the dollar since 1985. The measures implemented by central banks and governments helped restore some confidence and financial markets have rebounded in recent weeks but remain extremely volatile. The flight to quality caused gilts yields to fall substantially. The 5-year benchmark falling from 0.75% in April 2019 to 0.26% on 31st March 2020. The 10-year benchmark yield fell from 1% to 0.4%, the 20-year benchmark yield from 1.47% to 0.76% over the same period. 1-month, 3-month and 12-month bid rates averaged 0.61%, 0.72% and 0.88% respectively over the period.

Since the start of the calendar year 2020, the yield on 2-year US treasuries had fallen from 1.573% to 0.20% and from 1.877% to 0.61% for 10-year treasuries. German bund yields remain negative.

Credit review: In Q4 2019 Fitch affirmed the UK’s AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a negative outlook. Fitch then affirmed UK banks’ long-term ratings, removed the RWN and assigned a stable outlook. Standard & Poor’s also affirmed the UK sovereign AA rating and revised the outlook to stable from negative. The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity

Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.

After remaining flat in January and February and between a range of 30-55bps, Credit Default Swap spreads rose sharply in March as the potential impact of the coronavirus on bank balance sheets gave cause for concern. Spreads declined in late March and through to mid-April but remain above their initial 2020 levels. NatWest Markets Plc (non-ring-fenced) remains the highest at 128bps and National Westminster Bank Plc (ring-fenced) still the lowest at 56bps. The other main UK banks are between 65bps and 123bps, with the latter being the thinly traded and volatile Santander UK CDS.

While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the duration advice on all these banks was cut to 35 days in mid-March.

Fitch downgraded the UK sovereign rating to AA- in March which was followed by a number of actions on UK and Non-UK banks. This included revising the outlook on all banks on the counterparty list to negative, with the exception of Barclays Bank, Rabobank, Handelsbanken and Nordea Bank which were placed on Rating Watch Negative, as well as cutting Close Brothers long-term rating to A-. Having revised their outlooks to negative, Fitch upgraded the long-term ratings on Canadian and German banks but downgraded the long-term ratings for Australian banks. HSBC Bank and HSBC UK Bank, however, had their long-term ratings increased by Fitch to AA-.

9. **<u>BORROWING 2019/20</u>**

9.1 Original Economic Projections

The Expectation for Interest Rates – When the budget was set for 2019/20 it was anticipated that the Interest Rate would rise from 0.75% by two 0.25% increases during 2019 to take the official rate to 1.25%. The Bank of England's MPC had maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continued to have a bias towards tighter monetary policy but was reluctant to push interest rate expectations too strongly.

9.2 Outturn 2019/20

On 9th October 2019 the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. The Chancellor's March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction.

In response to the COVID-19 pandemic, the Bank of England moved in March to cut rates from 0.75%, which had held policy rates steady at 0.75% through most of 2019/20, to 0.25% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

Borrowing and Investment Rates in 2019/20

The overnight investment rate fell in March 2020 in line with the Bank Rate.

Treasury Borrowing

The borrowing strategy for the current year was to borrow temporarily to take advantage of low interest rates where possible and review opportunities for new longer term borrowing as appropriate.

During the year we borrowed new PWLB loans totalling £25.0m at the discounted certainty rate, prior to the PWLB interest rate increase, and we had maturities totalling £7.9m. These new loans were a mixture of Equal Instalments of Principal, Annuity and Maturity loans.

PWLB Repayments

No loans were repaid early or rescheduled during the year.
An analysis of the maturity structure of our debt is shown on page 8. The maturing in less than 1 year includes £7.6m of PWLB loans.

Lenders Option Borrowers Option Redemption

The Authority has £25m of Lenders Option Borrowers Option loans, as at 31 March 2020, where the lender has the option to propose an increase in the interest rate as at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year and current expectations are that calls in the foreseeable future are unlikely.

Analysis of Debt Maturity as at 31st March

	2020 £'000	%	**2019 £'000**	%
Maturing in less than 1 year	67,149	24.3	75,101	28.1
Maturing in 1-2 years	7,128	2.6	7,226	2.7
Maturing in 2-5 years	21,549	7.8	20,318	7.6
Maturing in 5-10 years	29,751	10.8	30,115	11.3
Maturing in more than 10 years*	150,608	54.5	134,164	50.3
	276,185	100.0	**266,924**	100.0

* this includes £25m LOBO (Lenders Option Borrowers Option) loans that are potentially callable at certain points before the maturity date.

Debt Performance

As highlighted in section 7 the average interest rate for borrowing has risen over the course of the year from 2.41% to 2.46%. This is due to the reduction in use of temporary borrowing being undertaken in 2019/20 (£59.5m as at 31 March 2020 compared to £67.4m as at 31 March 2019).

10. INVESTMENTS 2019/20

10.1 Strategy

The authority currently manages the majority of its investments in-house and invests within the institutions complying with its counterparty limits and credit rating requirements. All investments are short term related to cash flows in order to minimise counterparty risk and to minimise overall treasury management costs. Investments include £4.980m in Money Market Funds (MMFs) which provide greater diversification of credit risk and achieve a slightly higher return than our call accounts.

Investment Strategy - The agreed short term investment strategy for 2019/20 was to achieve optimum return on investments commensurate with proper levels of security and liquidity.

The Council has continued to maintain short duration and relatively low level of investments during 2019/20. This reduces exposure to investment risk.

We have closely followed investment guidance issued by our Treasury Advisors in relation to credit ratings, financial standing and duration and take advice on borrowing strategies and options.

10.2 Outturn 2019/20

Detailed below are the results of the investment strategy undertaken by the Council, based on the average investment during the year.

	Average Investment	Rate of Return (gross of fees)	Rate of Return (net of fees)	Benchmark Return *
Investments	£23.292m	0.57%	0.57%	0.44%

*DMO Overnight rate

No institutions in which investments were made showed any difficulty in repaying investments and interest in full during the year.

11. SHROPSHIRE COUNCIL DEBT

11.1 The Council makes an annual contribution (£1.268m in 2019/20) towards Shropshire Council costs on pre disaggregation debt (i.e. pre unitary inception) - interest paid averaged 5.1% last year. The rate of interest paid on this is managed by Shropshire and is considerably higher than the rate payable by Telford & Wrekin Council on its borrowing.

12. OVERALL OUTTURN FOR 2019/20

12.1 The net overall position is summarised in the table below. The sound overall position has resulted from a mix of cash flow benefits plus pro-active treasury management activities. The budget reflected the position when the budget was set, the underspend has been achieved through active management of borrowing and the low interest rates prevailing for the year. Overall a net saving of £3.837m was made against budget for the year.

13. LEASING

13.1 Each year the Council arranges operating leases for assets such as vehicles, computers and equipment. This helps spread the cost over a number of years in line with the anticipated life of the equipment.

Only two leasing drawdown were completed for 2019/20 both in January 2020. These were reported in the last update to members in January.

14. COMPLIANCE WITH TREASURY LIMITS

14.1 During the financial year the Council operated within the Treasury Limits and Prudential Indicators set out in the Council's Treasury Policy Statement and annual Treasury Strategy Statement.

15. 2020/21 UPDATE

The remainder of this report deals with the current financial year based largely on information to 31 May 2020.

15.1 **Strategy**
The strategy for 2020/21 was approved by Full Council 5th March 2020. The strategy is to continue to keep investments as short term, where possible, to reduce the need to borrow thus reducing investment exposure and maximising overall returns to the revenue account. We will review investment opportunities if they arise and also review borrowing opportunities as we progress through the year and look to take advantage of advantageous interest rates where appropriate. 2020/21 and 2021/22 will see the Council continue to invest in significant regeneration projects including highways and building homes and commercial property for rent as part of the approved Housing Investment Programme. In order to comply with MiFID II the Council will maintain a minimum investment balance of £10m.

15.2 **Interest Rates**
Base rate began the year at 0.75% and has remained there until March when there were two cuts the base rate in quick succession, firstly to 0.25% secondly to 0.1% following the global outbreak of the COVID-19 pandemic. Given the scale of the crisis, low rates are likely to remain for a considerable period and the possibility that Bank Rate will be cut to zero/negative cannot be ruled out. This would impact on investment returns and borrowing costs. The position will be closely monitored and will depending on the easing of lock-down and speed of economic recovery.

15.3 **Prudential Regime**
This Council agreed its required indicators at Council on 5th March 2020. There have been no breaches of the indicators and none have been amended. The Council set itself an Operational Limit for external debt of

£490m for 2020/21 and an Authorised limit of £514m. Our total borrowing outstanding as at 31 May 2020 (including PFI) is £327.5m which is within both limits.

15.4 **Borrowing**

We have taken no new PWLB loans so for during in 2020/21. In total we have £7.9m of PWLB Loans maturing during the year. Temporary borrowing has been used to cover cash flow requirements. As a result of financial pressures caused by the coronavirus pandemic, more focus has been placed on monitoring cash flow to ensure that sufficient funds are available to meet financial obligations. The provision of emergency government funding has assisted and loans from other local authorities have so far been available to cover cash flow requirements. If temporary funds become unavailable, there may be a need to take more expensive longer-term PWLB borrowing.

15.5 **Investments**

The strategy for the year is to gain maximum benefit at minimum risk whilst achieving as a minimum, the overnight deposit rate. For the period to 31 May 2020 some £1,959m worth of investments have been made in our overnight call accounts or with the Debt Management Office (DMO). Rates have ranged from 0.00% to 0.06%. As at 31 May 2020 internal investments stood at £19.1m including Money Market Funds.

Potentially the Council can place up to £15.0m with any Counterparty, with the exception of Treasury's DMO facility which is Government backed and therefore considered to be very secure so no limit is placed on investments with the DMO. At the end of May the greatest exposure with a single counterparty was £8.0m (41.9% of the portfolio) with the DMO. A detailed breakdown of the investment portfolio is shown in Appendix 2.

The Council also has investments in money market funds which gives increased diversification of counter-party risk and slightly higher yield whilst retaining a high degree of liquidity. The amount invested in money market funds at 31st May 2020 is £4.98m. This investment is held solely in one diversified fund.

15.6 **Projected Performance 2020/21**

Senior Finance Officers are closely monitoring the Treasury position, particularly in light of the COVID-19 financial pressures. Updates will be provided in future financial monitoring reports taken to Cabinet.

16. <u>BACKGROUND PAPERS</u>

16.1 CIPFA Code of Practice for Treasury Management in Local Authorities; Fund Manager Valuations; Temporary Borrowing records; PWLB records; Investment records.

Report prepared by:
Ed Rushton, Group Accountant (Corporate & Capital Finance) – Tel. (01952) 383750

PRUDENTIAL INDICATORS

PRUDENTIAL INDICATOR	2018/19 Actual Outturn	2019/20 Original Estimate	2019/20 Actual Outturn
(1). EXTRACT FROM BUDGET SETTING REPORT	**£m**	**£m**	**£m**
Capital Expenditure			
TOTAL	57.6	77.8	41.8
Ratio of financing costs to net revenue stream			
General fund	4.62%	7.89%	5.3%
Net borrowing requirement			
brought forward 1 April	256.7	287.7	266.9
carried forward 31 March	266.9	322.1	276.2
in year borrowing requirement	+9.2	+34.4	+9.3
Capital Financing Requirement as at 31 March			
TOTAL	445.0	482.0	460.1
Annual change in Cap. Financing Requirement			
TOTAL	+24.2	+31.1	+15.1
Incremental impact of capital investment decisions	**£ p**	**£ p**	**£ p**
Increase in council tax (band D) per annum (not cumulative)	0.05	1.03	0.29

PRUDENTIAL INDICATOR	2018/19 final	2019/20 original	2019/20 final
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	**£m**	**£m**	**£m**
Authorised limit for external debt -			
Borrowing	440	440	440
other long term liabilities	61	64	64
TOTAL	**501**	**504**	**504**
Operational boundary for external debt -			
Borrowing	420	420	420
other long term liabilities	59	60	60
TOTAL	**479**	**480**	**480**
Upper limit for fixed interest rate exposure			
Net principal re fixed rate borrowing / investments	100	100	100
Upper limit for variable rate exposure			
Net principal re variable rate borrowing / investments:-	30%	30%	30%
Upper limit for total principal sums invested for over 364 days			
(per maturity date)	95%	95%	95%

Maturity structure of fixed rate borrowing during 2019/20	lower limit	upper limit
under 12 months	0%	70%
12 months and within 24 months	0%	30%
24 months and within 5 years	0%	50%
5 years and within 10 years	0%	75%
10 years and above	25%	100%

Summary of Investments at 31 May 2020

	Sovereign Credit Rating	Individual credit Rating	Total £m	%
Call Accounts				
Lloyds	UK AA	F1 A+ support 5	6.078	31.9
Debt Management Office (DMO)	Government		8.000	42.0
Other Investments				
Money Market Funds	N/A	AAA	4.980	26.1
Total			**19.058**	**100.0**

Call Accounts Non UK holding £0.0m (Limit £15m)
Please note - part of the Money Market Funds are invested in non UK sovereigns, at 31st May 2020 this amounted to 92.2% of the funds.