Appendix A

Treasury Management Activity Report Quarter 2 2024/25

1. Introduction

1.1 The Council has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

1.2 This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1 April 2023, of quarterly reporting of the treasury management prudential indicators.

1.3 The Council's treasury management strategy for 2024/25 was approved at the Council meeting on 22 February 2024. The Council has invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. External Context (provided by Arlingclose)

2.1 **Economic background**: UK headline consumer price inflation remained around the Bank of England (BoE) target later in the period, falling from an annual rate of 3.2% in March to 2.0% in May and then rebounding marginally to June to 2.2% in July and August, as was expected, due to base effects from energy prices. Core and services price inflation remained higher at 3.6% and 5.6% respectively in August.

2.2 The UK economy continued to expand over the period, albeit slowing from the 0.7% gain in the first calendar quarter to 0.5% (downwardly revised from 0.6%) in the second. Of the monthly figures, the economy was estimated to have registered no growth in July.

2.3 Labour market data was slightly better from a policymaker's perspective, showing an easing in the tightness of the job market, with inactivity rates and vacancies declining. However, a degree of uncertainty remains given ongoing issues around the data collected for the labour force survey by the Office for National Statistics. Figures for the three months to July showed the unemployment rate fell to 4.1% (3mth/year) from 4.4% in the previous three-month period while the employment rate rose to 74.8% from 74.3%.

2.4 Over the same period average regular earnings (excluding bonuses) was 5.1%, down from 5.4% in the earlier period, and total earnings (including bonuses) was 4.0% (this figure was impacted by one-off payments made to NHS staff and civil servants in June and July 2023). Adjusting for inflation, real regular pay rose by 2.2% in May to July and total pay by 1.1%.

2.5 With headline inflation lower, the BoE cut Bank Rate from 5.25% to 5.00% at the August Monetary Policy Committee (MPC) meeting. The decision was finely balanced, voted by a 5-4 majority with four members preferring to hold at 5.25%. At the September MPC meeting, committee members voted 8-1 for no change at 5.00%, with the lone dissenter preferring Bank Rate to be cut again to 4.75%. The meeting minutes and vote suggested a reasonably hawkish tilt to rates, with sticky inflation remaining a concern among policymakers.

2.6 The latest BoE Monetary Policy Report, published in August, showed policymakers expected GDP growth to continue expanding during 2024 before falling back and moderating from 2025 to 2027. Unemployment was forecast to stay around 4.5% while inflation was shown picking up in the latter part of 2024 as the previous years' energy price declines fell out of the figures before slipping below the 2% target in 2025 and remaining there until early 2027.

2.7 Arlingclose, the Council's treasury adviser, maintained its central view that Bank Rate would steadily fall from the 5.25% peak, with the first cut in August being followed by a series of further cuts, with November 2024 the likely next one, taking Bank Rate down to around 3% by the end of 2025.

2.8 The US Federal Reserve (the Fed) also cut interest rates during the period, reducing the Federal Funds Rate by 0.50% to a range of 4.75%-5.00% at its policy meeting in September. The forecasts released at the same time by the central bank suggested a further 1.00% of easing is expected by the end of the calendar year, followed by the same amount in 2025 and then a final 0.50% of cuts during 2026.

2.9 Having first reduced interest rates in June, the European Central Bank (ECB) held steady in July before cutting again in September, reducing its main refinancing rate to 3.65% and its deposit rate to 3.50%. Unlike the Fed, the ECB has not outlined a likely future path of rates, but inflation projections remain in line with the central bank's previous forecasts where it will remain above its 2% target until 2026 on an annual basis.

2.10 **Financial markets**: Sentiment in financial markets continued to mostly improve over the period, but the ongoing trend of bond yield volatility remained. The general upward trend in yields in the early part of the period was reversed in the later part, and yields ended the half-year not too far from where they started. However, the volatility in response to economic, financial and geopolitical issues meant it was a bumpy ride for bond investors during that time.

2.11 Over the period, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.00% but hit a high of 4.41% in May and a low of 3.76% in mid-September. While the 20-year gilt started at 4.40% and ended at 4.51% but hit a high of 4.82% in May and a low of 4.27% in mid-September. The Sterling Overnight Rate (SONIA) averaged 5.12% over the period to 30th September.

2.12 **Credit review**: Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

2.13 Having had its outlook increased by Fitch and ratings by S&P earlier in the period, Moody's upgraded Transport for London's rating to A2 from A3 in July.

2.14 Moody's also placed National Bank of Canada on Rating Watch for a possible upgrade, revising the outlook on Standard Chartered to Positive, the outlook to Negative on Toronto Dominion Bank, and downgrading the rating on Close Brothers to A1 from Aa3.

2.15 S&P upgraded the rating on National Bank of Canada to A+ from A, and together with Fitch, the two rating agencies assigned Lancashire County Council with a rating of AA- and A+ respectively.

2.16 Credit default swap prices were generally lower at the end of the period compared to the beginning for the vast majority of the names on UK and non-UK lists. Price volatility over the period was also generally more muted compared to previous periods.

2.17 Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

3. Local Context

3.1 On 31 March 2024, the Council had net borrowing of £26.3m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.24 Estimated £m	31.3.25 Estimated £m
General Fund CFR	45.5	44.0
HRA CFR	50.5	53.0
Total CFR	**96.0**	**97.0**
External borrowing	56.3	55.0
Internal borrowing	39.7	42.0
Total Borrowing	**96.0**	**97.0**

3.2 The treasury management position as at the 30 September 2024 and the change over the six months is detailed in Table 2 below.

Table 2: Treasury Management Summary

	31.3.24 Balance £m	Movement £m	30.09.24 Balance £m	30.09.24 Rate %
Long-term borrowing	55.1	0.0	55.1	3.50%
Short-term borrowing	1.2	-0.6	0.6	2.25%
Total borrowing	**56.3**	**-0.6**	**55.7**	**3.48%**
Long-term investments	0.0	0.0	0.0	0.00%
Short-term investments	25.0	-15.0	10.0	4.84%
Cash and cash equivalents	5.0	11.8	16.8	5.25%
Total investments	**30.0**	**-3.2**	**26.8**	**5.09%**
Net borrowing	**26.3**	**2.6**	**28.9**	

4.0 Borrowing

4.1 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council.

4.2 Public Works Loan Board (PWLB) loans are no longer available to local authorities planning to buy investment assets primarily for yield and the Council intends to avoid this activity to retain its access to PWLB loans.

4.3 The Council currently holds £8.9m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. These commercial investments are primarily for local regeneration and growth with a secondary objective of financial return. Before undertaking further additional borrowing the Council will review the options for exiting these investments.

4.4 As shown in table 1 the Council has internally borrowed £39.7m. This internal borrowing foregoes a potential interest income rate of 5.09%. Current one-year external borrowing rates with the PWLB are 5.15% as of 30 September 2024. An additional rate for HRA specific borrowing has been implemented from June 2023 which is 0.4% lower than standard PWLB rates.

5 Borrowing Strategy and Activity

5.1 As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. At the present time short-term interest rates are higher than long term interest rates.

5.2 After substantial rises in interest rates since 2021 many central banks have now begun to reduce rates, albeit slowly. Gilt yields were volatile over the six-month period and have reduced slightly between April and September 2024. Much of the downward pressure from lower inflation figures was counteracted by upward pressure from positive economic data. Data from the US continues to impact global bond markets including UK gilt yields.

5.3 The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the half year and 4.79% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.01% to 5.57% during the half year, and 50-year maturity loans from 4.88% to 5.40%.

5.4 Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.00% - 5.25%.

5.5 On 30 September 2024, the Council held £55.7m of loans, there has been a decrease of £0.6m since 31 March 2024 due to principal repayments. A breakdown of outstanding loans is shown below in table 3.

5.6 **Table 3: Borrowing Position**

	31.3.24 Balance £m	Net Movement £m	30.09.24 Balance £m	30.09.24 Weighted Average Rate %	30.09.24 Weighted Average Maturity (years)
Public Works Loan Board	52.4	-0.6	51.8	3.38%	14.1
Banks (LOBO)	0.0	0.0	0.0	0.00%	0.0
Banks (fixed term)	3.9	0.0	3.9	4.74%	2.1
Local authorities (long-term)	0.0	0.0	0.0	0.00%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.0
Total borrowing	**56.3**	**-0.6**	**55.7**	**3.48%**	**16.2**

5.7 There remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

6. Treasury Investment Activity

6.1 The CIPFA Treasury Management Code defines treasury management investments as those investments which arise from the Council's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

6.2 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances have ranged between £26.3m and £45.9m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.24 Balance £m	Net Movement £m	30.09.2024 Balance £m	30.09.2024 Income Return %	30.09.2024 Weighted Average Maturity days
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0
Government (incl. local authorities)	30.0	-15.0	15.0	5.14%	115
Money Market Funds	0.0	11.8	11.8	5.04%	1
Total investments	**30.0**	**-3.3**	**26.8**	**5.09%**	**116**

6.3 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

6.4 As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds (money market funds) will be maintained to diversify risk into different sectors and boost investment income.

6.5 Bank Rate reduced from 5.25% to 5.00% in August 2024, with the prospect of further reductions in November 2024 and sometime in early 2025. Short-dated cash rates have remained steady at about 4.95%.

6.6 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house*

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
30/06/2024	5.08	A+	40%	51	5.43%
Similar Las	4.76	A+	62%	52	5.54%
All Las	4.66	A+	62%	10	5.24%

**From last available benchmarking data*

6.7 The first six months of 2024/25 were marked by ongoing market volatility, with global bond yields remaining elevated, although trending downward as policymakers kept rates at a restrictive level in light of persistent core inflation until nearly the end of the period, when the MPC, Federal Reserve, and ECB began to deliver rate cuts and signal a shift towards loosening monetary policy.

6.8 The Council has budgeted £696,200 in interest income from investments after deductions in 2024/25. Actual income received by 30 September 2024 was £976,221. We are now forecasting the risk adjusted interest received by the end of March 2025 to be £1.316m and after deductions income to be £1.043m.

6.9 Interest rates can and have been extremely volatile over the financial year and are likely to be similarly volatile in the upcoming months. Therefore, for the purpose of budget setting these forecasts are reduced by 20% to ensure that there is not an overreliance placed on interest return for creating a balanced budget.

6.10 The updated forecast of £1.043m will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 37.4% to the GF and 62.6% to HRA. The percentage split is worked using the investment balances for both funds throughout the year as a percentage of the overall investment fund. This is subject to change.

6.11 Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment.

7. Non-Treasury Investments

7.1 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and/or for commercial purposes (made primarily for financial return).

7.2 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and the Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

7.3 The Council held £8.9m of investments made for commercial purposes. This consisted entirely of directly owned property and land. A full list of the Council's non-treasury investments is available in the Investment Strategy 2024-25 document. These investments are forecast to generate £410,000 in investment income in 2024/25 for the Council after taking account of direct costs.

7.4 The main purpose of these investments is regeneration of the local area rather than investment income. All commercial investments are located within the district.

8. Treasury Performance

8.1 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

8.2 As discussed in section 6.8 investment interest income during the reporting period was £976,221 before deductions. The Councils Investment interest return percentage on 30 September 2024 was 5.09%. For comparison purposes the Daily Sterling Overnight Index Average (SONIA) which is used for benchmarking purposes was 4.95%. For similar local authorities the most recent benchmarking data, which is from 30 June 2024 showed an investment return of 5.54%. This is shown in Appendix 1.

8.3 Since the beginning of the reporting period the Council has paid £630,829 in interest on borrowing. The forecast amount to be spent on interest on loans for the financial year 2024/25 in total is £1.98m. The weighted average interest rate on borrowing is 3.48%. For comparison purposes the current PWLB Maturity Loan rate for new 10-year borrowing is 4.99%. This represents a good rate of borrowing in the current environment.

8.4 During the reporting period the Council has paid back £0.6m in principle on its PWLB loans. It is forecast to repay £1.26m in PWLB loan principle by the end of the year. £1.26m is for the annuity loans whereby regular payments are made throughout the lifetime of the loan. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this.

8.5 The Council has forecast to undertake new borrowing of £3.8m for the HRA in the 2024/25 financial year, however, none has so far been undertaken and borrowing will be delayed as long as possible to minimize debt interest costs.

8.6 On 10 April 2024, amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7 May 2024 sufficient MRP must be charged so that the outstanding Capital Financing Requirement (CFR) in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

8.7 The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

9. Compliance

9.1 The S151 Officer reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice.

9.2 Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 6 below.

Table 6: Debt Limits

	2024/25 Maximum During Q2 £m	30.09.24 Actual	2024/25 Operational Boundary	2024/25 Authorised Limit	Complied?
Borrowing	56.3	55.7	99.2	110.2	**YES**

9.3 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However, there were no days in the reporting period in which the operational boundary was breached.

Table 7: Investment Limits

	Q2 Maximum £m	30.09.24 Actual £m	2024/25 Limit £m	Complied?
The UK Government	15.0	10.0	Unlimited	**YES**
Local authorities & other government entities	20.0	5.0	60.0	**YES**
Secured investments	0.0	0.0	60.0	**YES**
Banks (unsecured)	1.7	0.5	60.0	**YES**
Building societies (unsecured)	0.0	0.0	5.0	**YES**
Registered providers (unsecured)	0.0	0.0	12.5	**YES**
Money market funds	22.0	11.8	60.0	**YES**
Strategic pooled funds	0.0	0.0	25.0	**YES**
Real estate investment trusts	0.0	0.0	12.5	**YES**
Other investments	0.0	0.0	2.5	**YES**
Totals	**58.7**	**27.3**		

10. Treasury Management Prudential Indicators

10.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

10.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 8: Security

	30.06.24 Actual	2024/25 Target	Complied?
Portfolio average credit rating	A+	A-	**Yes**

**From last available benchmarking data*

10.3 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Table 9: Liquidity

	30.09.24 Actual £m	2024/25 Target £m	Complied?
Total cash available within 3 months	£11.8	£2.5	**YES**

10.4 **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was as follows:

Table 10: Interest Rate Exposures

Interest rate risk indicator	30.09.24 Actual	2024/25 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	317,432	600,000	**YES**
Upper limit on one-year revenue impact of a 1% fall in interest rates	-317,432	-600,000	**YES**

10.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. Due to all Council investments maturing in year and the majority of the Council's borrowing maturing in later years this means that the Council would benefit from an increase in Interest rates (as the Council replaces investments with higher rates but not borrowing) but are negatively impacted by a decrease in interest rates for the same reason.

10.6 This is demonstrated in the above figures which show a positive return from an increase and a negative return from a decrease in interest rates. Both impacts are within reasonable limits for the revenue budget. The Council also takes further precautions by reducing its interest forecast by a risk adjusted amount of 20% as discussed in paragraph 6.9.

10.7 For context, the changes in interest rates during the quarter were:

Table 11: Interest Rate Changes

	31/3/24	30/9/24
Bank Rate	5.25%	5.00%
1-year PWLB certainty rate, maturity loans	5.36%	4.95%
5-year PWLB certainty rate, maturity loans	4.68%	4.55%
10-year PWLB certainty rate, maturity loans	4.74%	4.79%
20-year PWLB certainty rate, maturity loans	5.18%	5.27%
50-year PWLB certainty rate, maturity loans	5.01%	5.13%

10.8 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. [This indicator covers the risk of replacement loans being unavailable, not interest rate risk.] The upper and lower limits on the maturity structure of all borrowing were:

Table 12: Maturity Structure of Debt

	30.09.24 Actual £m	30.09.24 Actual %	Lower Limit	Upper Limit	Complied?
Under 12 months	0.6	1%	0%	70%	**YES**
12 months and within 24 months	1.3	2%	0%	30%	**YES**
24 months and within 5 years	2.5	4%	0%	30%	**YES**
5 years and within 10 years	1.8	3%	0%	30%	**YES**
10 years and within 20 years	43.8	80%	0%	90%	**YES**
20 years and above	5.7	10%	0%	30%	**YES**
Totals	**55.7**	**100%**			

10.9 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

10.10 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 13: Long Term Investments

	2024/25 £M	2025/26 £M	2026/27 £M	No Fixed Date £M
Actual principal invested beyond year end	£0	£0	£0	£0
Limit on principal invested beyond year end	£60	£10	£10	£10
Complied?	**YES**	**YES**	**YES**	**YES**

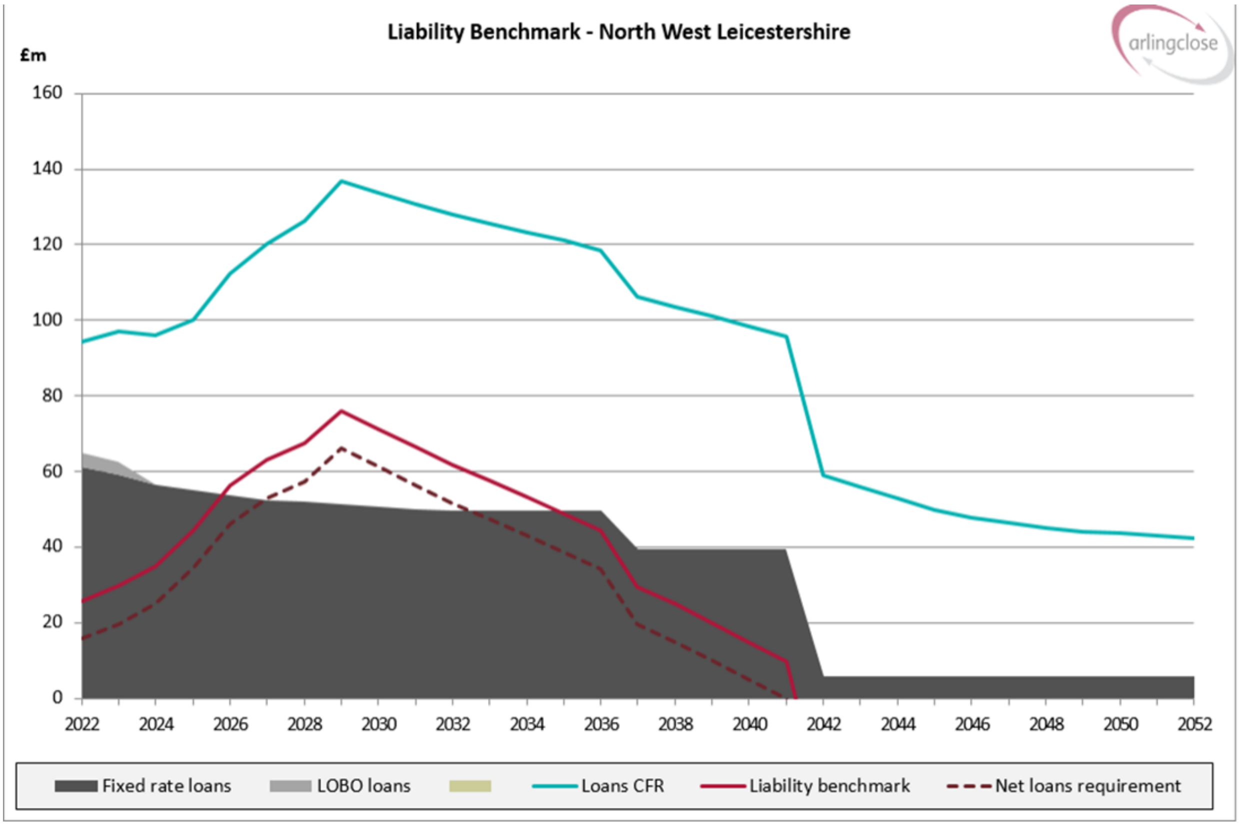
10.11 **Liability Benchmark**: This indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

10.12 **Table 14: Liability Benchmark**

	31.3.24 Estimate	31.3.25 Forecast	31.3.26 Forecast	31.3.27 Forecast
Loans CFR	96.0	97.0	101.6	103.8
Less: Balance sheet resources	-70.0	-67.0	-68.0	-69.3
Net loans requirement	**26.0**	**30.0**	**33.6**	**34.5**
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	**36.0**	**40.0**	**43.6**	**44.5**
Existing external borrowing	**56.3**	**55.1**	**53.8**	**52.5**

*The 31.3.24 position is an estimate due to statement of accounts not yet being published

10.13 Following on from the medium-term forecast above, the long-term liability benchmark assumes no capital expenditure funded by borrowing before 2025/26, minimum revenue provision on new capital expenditure based on a variable asset life depending on asset type (This can vary from five – 50 years) and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.

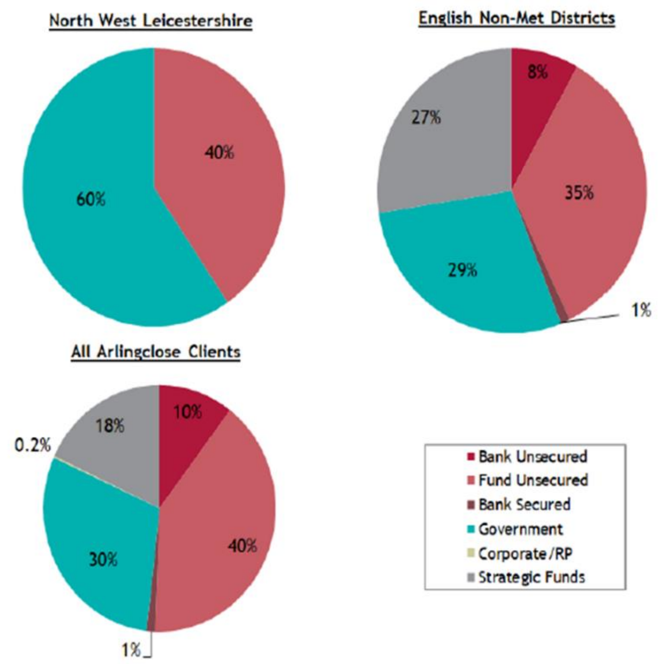


10.14 The Liability Benchmark shows the underlying need to borrow (Loans CFR) in the blue line at the top of the graph, the grey shaded area as existing loans and the strong red line as the requirement for external borrowing. This graph demonstrates that by using internal resources the Council is likely to not have an external borrowing requirement in 2024/25. However, there is little room for adjustment and the Liability Benchmark graph is an estimate and subject to significant change. This situation may evolve and create a borrowing requirement in the next couple of years.

Appendix 1

Investment Benchmarking
30 June 2024

	North West Leicestershire	42 English Non-Met Districts Average	118 LAs Average
Internal Investments	£33.6m	£29.6m	£63.9m
Cash Plus & Short Bond Funds	£0.0m	£1.0m	£0.7m
Strategic Pooled Funds	£0.0m	£12.1m	£11.5m
TOTAL INVESTMENTS	£33.6m	£42.8m	£76.1m
Security			
Average Credit Score	5.08	4.76	4.66
Average Credit Rating	A+	A+	A+
Average Credit Score (time-weighted)	5.00	4.44	4.41
Average Credit Rating (time-weighted)	A+	AA-	AA-
Number of Counterparties / Funds	8	12	12
Proportion Exposed to Bail-in	40%	62%	62%
Liquidity			
Proportion Available within 7 days	40%	42%	52%
Proportion Available within 100 days	85%	61%	71%
Average Days to Maturity	51	52	10
Market Risks			
Average Days to Next Rate Reset	69	70	48
Strategic Fund Volatility	-	2.8%	3.3%
Yield			
Internal Investment Return	5.43%	5.06%	5.07%
Cash Plus Funds - Income Return	-	3.75%	3.94%
Strategic Funds - Income Return	-	5.16%	5.16%
Total Investments - Income Return	5.43%	5.02%	5.06%
Cash Plus Funds - Capital Gain/Loss	-	1.97%	1.96%
Strategic Funds - Capital Gain/Loss	-	0.34%	-0.40%
Total Investments - Total Return	5.43%	5.54%	5.24%



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Pooled fund returns are 1-year to the end of the quarter.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.

*Data from last available benchmarking on 30 June 2024