From:	Peter Oakford, Deputy Leader and Cabinet Member for Finance, Traded and Corporate Services John Betts, Acting Corporate Director - Finance
To:	County Council – 28 March 2024
Subject:	Treasury Management Mid-Year Update
Classification:	Unrestricted

Summary: This report provides an overview of Treasury Management activity and developments in 2023-24 to the end of September 2023. There are no recommended changes to the approved strategy in this report.

Recommendation: County Council is asked to note the report.

1. Background

1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in accordance with the Council's priorities of security, liquidity and finally yield (in order).

1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.3 Accordingly, treasury management is defined as:

> "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. Introduction

2.1 This report covers Treasury Management activity up to the end of September 2023 and developments in 2023-24 up to the date of this report.

2.2 This report was noted by the Governance and Audit Committee at its meeting on 23 November 2023 prior to its submission to County Council.

2.3 The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). This report therefore ensures this Council is embracing best practice in accordance with CIPFA's recommendations.

2.4 The Council's Treasury Management Strategy for 2023-24 was approved by the County Council on 9 February 2023.

2.5 There are no recommended changes to the approved strategy in this report.

3. External context

Economic background:

3.1 The following economic commentary has been provided by the Council's retained treasury advisor, Link Group.

3.2 "The first half of 2023/24 saw:

- *Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.*
- *Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.*
- *A 0.5% m/m decline in real GDP in July, mainly due to more strikes.*
- *CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.*
- *Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.*
- *A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).*

3.3 The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was 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, there is an air of underlying weakness.

3.4 The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.

3.5 The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

3.6 As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

3.7 The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of 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. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

3.8 But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

3.9 CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.

3.10 In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have *convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.*

3.11 Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".

3.12 This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

3.13 The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

3.14 The pound weakened from its cycle high of $1.30 in the middle of July to $1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

3.15 The FTSE 100 has 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 at 7,914."

Interest rate forecast:

3.16 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

3.17 The latest forecast, dated 7th November, sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

Link Group Interest Rate View	07.11.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

4. Local context

4.1 The treasury management position on 31 March 2023 and the change over the 6 months to 30 September 2023 is shown in the following table. Borrowing and investment activity occurring over the first half of the year is discussed further in sections 6 and 7 below.

	31-Mar-23 Balance £m	2023-24 Movement £m	30-Sep-23 Balance £m	30-Sep-23 Average Rate %
Long-term borrowing	802.5	-15.4	787.0	4.42
Total borrowing	**802.5**	**-15.4**	**787.0**	**4.42**
Long-term investments	312.0	-28.7	283.3	4.72
Short-term investments	45.7	86.2	131.8	5.18
Cash and cash equivalents	134.7	-2.7	132.0	5.30
Total investments	**492.4**	**54.7**	**547.1**	**5.01**
Net borrowing	**310.1**	**-70.2**	**239.9**	

5. Capital Plans

5.1 The Council's borrowing requirement arises from the approved capital programme and represents the portion of cumulative and planned capital expenditure that is not immediately financed by capital grants, capital receipts, reserves and revenue. As shown in the table below, the Council's estimated capital financing requirement (CFR) for 2023/24 is £1,272.9m, and this is expected to remain broadly stable over the medium term.

	31-Mar-23 Actual £m	31-Mar-24 Estimate £m	31-Mar-25 Estimate £m	31-Mar-26 Estimate £m	31-Mar-27 Estimate £m
Capital Financing Requirement	1,292.4	1,272.9	1,330.1	1,315.7	1,274.5
External Borrowing	802.5	771.9	742.6	710.3	685.1
Other Long-Term Liabilities	222.4	222.4	222.4	222.4	222.4
Total Debt	1,024.9	994.3	965.0	932.7	907.5

Internal Borrowing	267.6	278.6	365.1	383.0	367.9

5.2 The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

6. Borrowing Strategy during the period

6.1 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low 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.

6.2 Interest rates rose over the first half of the financial year in both the long and short term, with rates at the end of September around 1% - 1.25% higher than those at the beginning of April. The PWLB 10-year maturity certainty rate stood at 5.28% at 30 September 2023, 20 years at 5.64% and 30 years at 5.63%.

6.3 As shown above, our treasury advisors forecast rates to fall back over the next two to three years as inflation dampens. The CPI measure of inflation is expected to fall below 2% in the second half of 2024, and Link forecast 50-year rates to stand at 4.00% by the end of September 2025. However, there is a high degree of uncertainty as to when, how far, rates will decline.

6.4 The Council's borrowing activity in the 6 months to 30 September is as follows:

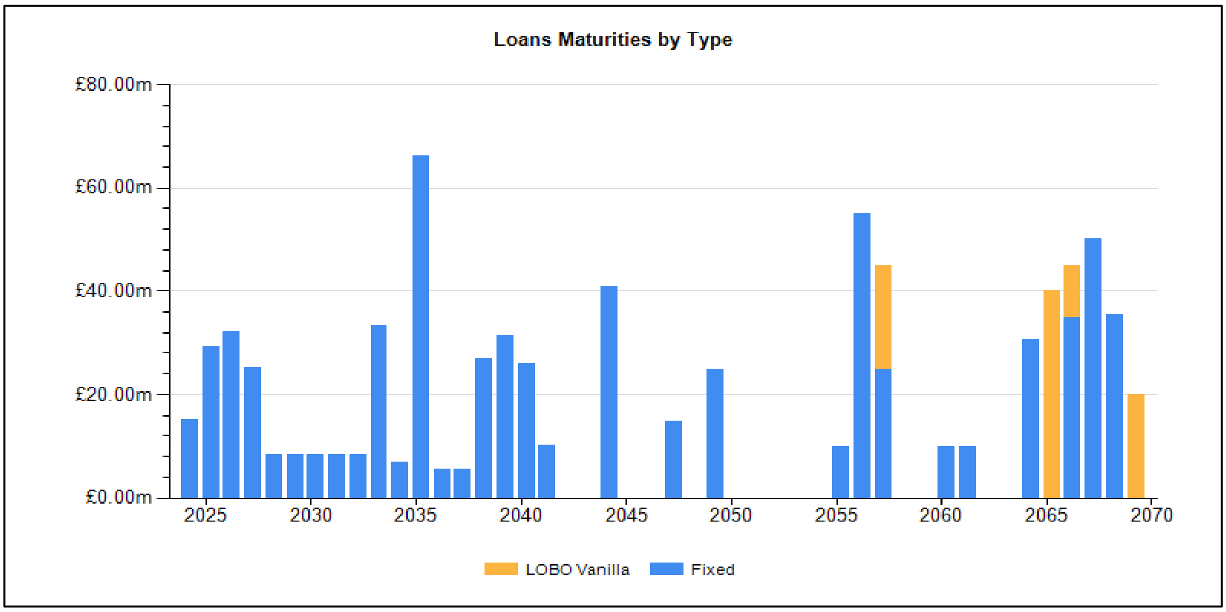
	31/03/2023	**2023-24**	**30/09/2023**	**30/09/2023**	**30/09/2023**
	Balance	**Movement**	**Balance**	**Average Rate**	**Value Weighted Average Life**
	£m	**£m**	**£m**	**%**	**yrs.**
Public Works Loan Board	484.0	-13.9	470.1	4.46%	15.05
Banks (LOBO)	90.0	0.0	90.0	4.15%	40.38
Banks (Fixed Term)	216.1	0.0	216.1	4.54%	38.73
Streetlighting project	12.4	-1.6	10.8	2.31%	13.75
Total borrowing	**802.5**	**-15.4**	**787.0**	**4.42%**	**24.43**

6.5 At 30 September 2023, the Council held £787.0m of loans as part of its strategy for funding the capital financing requirement. No new borrowing has been undertaken in the year to date and £15.4m of existing loans have been allowed to mature without replacement. This strategy enabled the Council to avoid locking in relatively high borrowing rates for the long term while rates remain elevated.

6.6 As shown in paragraph 5.1 above, the Council is expected to have external borrowing of £771.9m as at the 31 March 2024 (a slightly reduced balance from the position as at 30 September 2023 owing to maturities arising in the second half of the year) and expects to have utilised £278.6m of cash flow funds in lieu of borrowing. The interest rate applicable to the Council's external borrowing is fixed for the life of the loans (with the exception of the LOBO loan portfolio, discussed below). Having most of the borrowing requirement met by fixed rate loans is a prudent and cost-effective approach as it helps to provide cost certainty. It has also been beneficial in the current economic climate where the cost of the Council's external debt has remained relatively static in contrast to general market interest rates, which have risen. The balance between fixed rate and variable rate borrowing (or internal borrowing) will require ongoing monitoring to ensure it continues to remain suitable.

6.7 The Council continues to hold LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. Rising interest rates increases the likelihood of a lender exercising their option. The Council's LOBO loans are classed as "vanilla", which means they are standard LOBO instruments (as opposed to "exotic" loans with highly complex characteristics).

6.8 The maturity profile of the Council's outstanding debt on 30 September was as follows:



6.9 The following table shows the maturity profile of the debt portfolio in 5-year tranches. The debt portfolio is balanced with maturities spread out over the next 50 years which helps the Council to manage refinancing risk (i.e. reducing the risk of needing to replace a large amount of maturing debt in a period when interest rates are high) . Debt maturities remain within tolerance of the Council's defined limits, as set out in paragraph 11.5.

Loan Principal Maturity Period	**Total Loan Principal Maturing**	**Balance of Loan Principal Outstanding**
	£m	**£m**
Balance 30/09/2023		**787.0**

Maturity 0 - 5 years	73.1	713.9
Maturity 5 - 10 years	25.0	688.9
Maturity 10 - 15 years	181.8	507.1
Maturity 15 - 20 years	75.2	431.9
Maturity 20 - 25 years	55.8	376.1
Maturity 25 - 30 years	25.0	351.1
Maturity 30 - 35 years	110.0	241.1
Maturity 35 - 40 years	20.0	221.1
Maturity 40 - 45 years	201.1	20.0
Maturity 45 - 50 years	20.0	0.0
Total	**787.0**	

7. Treasury investment activity

7.1 The Council holds significant invested funds representing income received in advance of expenditure plus balances and reserves held. During the period, the Council's investment balance ranged between £470.8m and £641.4m due to timing differences between income and expenditure.

7.2 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 investments before seeking the highest 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.

7.3 The Council continues to hold significant cash balances in money market funds (£132.0m as at 30 September), where funds are diversified across a wide range of high credit quality counterparties, as well as in overnight deposits with the Debt Management Office, an agency of HM Treasury (£93.7m). These highly liquid investments help the Council to manage both credit and liquidity risks.

7.4 Investments in covered bonds amounted to £97.3m as at 30 September. Most of this allocation is held in floating (variable) rate bonds (£86.5m).[1] These instruments have been valuable in the current rising rate environment: as the interest rate on these investments is variable (it is linked to the SONIA rate), returns have increased in line with money market rates.

7.5 The allocation to treasury bills (issued by the UK Government) has increased over the first half of the year to £37.2m. These investments are relatively short term in nature (with terms of up to six months). They allow the authority to benefit from the high credit quality of the UK government and relatively high short term interest rates.

[1] Covered bonds are instruments issued by banks which are backed by a pool of assets such as mortgages (in contrast to unsecured bonds). The cash flows from the underlying pool of assets are used to make interest and principal repayments to investors. The types of covered bonds that KCC holds have a very strong credit standing (the bonds that KCC holds are all AAA-equivalent rated).

7.6 During the 6 months the Council loaned £4.8m to the no use empty loans programme. On 30 September, the Council had outstanding loans totalling £15.3m in the programme achieving a return of 4.0% which is available to fund general services. £19.5m of covered bonds matured in the 6 months bringing the total bond portfolio up to £97.3m. These instruments are negotiable, have the benefit of collateral cover and pay an about base rate return.

7.7 The Council's investments during the 6 months to the end of September are summarised in the table below and a detailed schedule of investments as at 30 September is in Appendix 1.

	31-Mar-23	**2023-24**	**30-Sep-23**	**30-Sep-23**	**30-Sep-23**
	Balance	**Movement**	**Balance**	**Rate of Return**	**Average Credit Rating**
	£m	**£m**	**£m**	**%**	
Call Deposits (Banks)	1.3	-0.3	1.0	1.92	A+
Money Market Funds	134.7	-2.7	132.0	5.30	AAA
Covered Bonds	116.7	-19.5	97.3	4.79	AAA
DMADF Deposits (DMO)	34.6	59.1	93.7	5.18	AA-
Treasury Bills (UK Government)	9.8	27.4	37.2	5.26	AA-
No Use Empty Loans	22.0	-6.7	15.3	4.00	
Equity	1.3	0.0	1.3		
Internally Managed Cash	**320.4**	**57.3**	**377.7**	**5.12**	
Strategic Pooled Funds	**172.0**	**-2.5**	**169.4**	**4.78**	
Total	**492.4**	**54.7**	**547.1**	**5.01**	

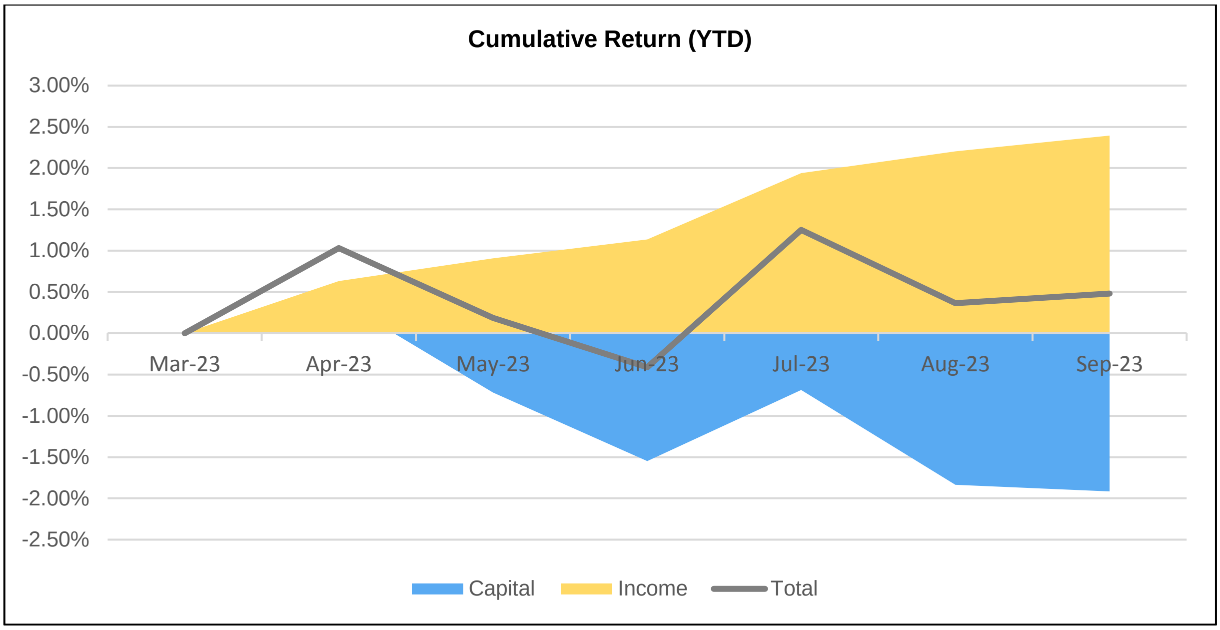
8. Externally managed investments

8.1 The Council is invested in equity, multi-asset and property funds. Because the pooled funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives are regularly reviewed.

8.2 Although expected returns are higher over the long term than comparable short term cash instruments, returns on pooled fund investments can be volatile from one year to the next, and therefore the Council only holds long term (strategic) cash balances in the strategic pooled funds portfolio.

Performance YTD:

8.3 The value of our holdings decreased to £169.4m at the end of September 2023, equating to an unrealised loss of £2.5m (-1.92%) over the period since the end of March 2023. This was offset by income earned over the period (2.39%), and the total return (comprised of both income and capital returns) on the pooled fund investments over the 6 months since 31 March 2023 is 0.48%, as shown in the table below.

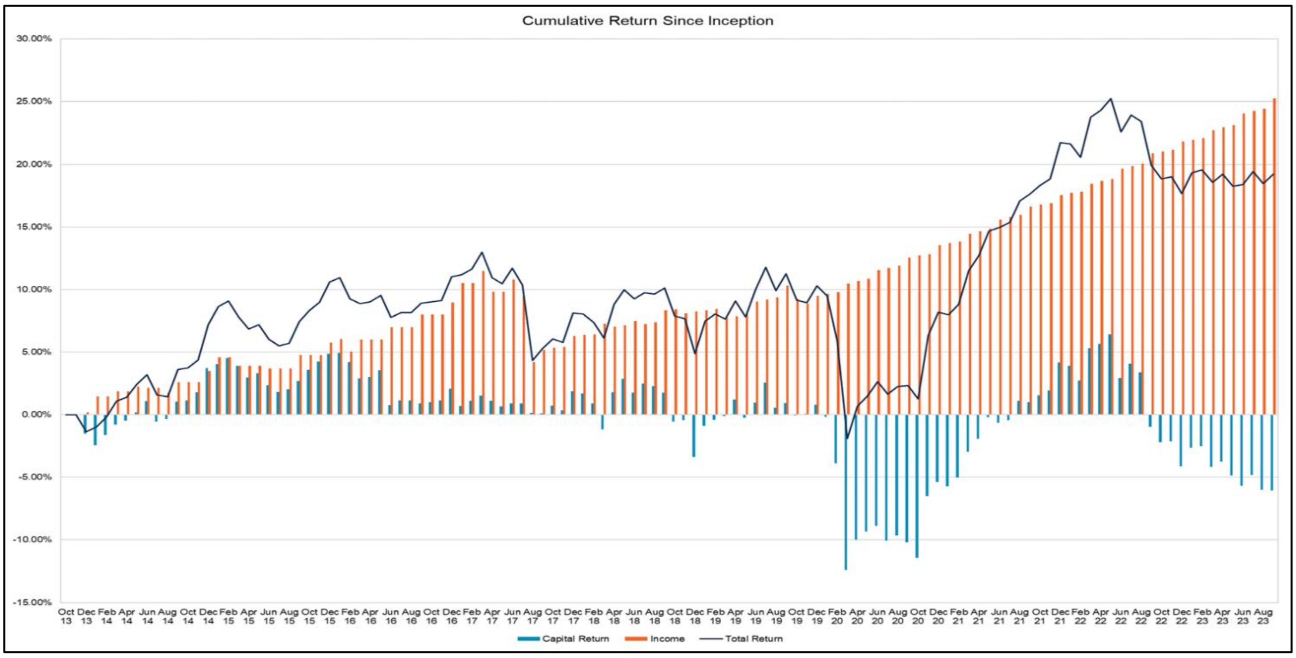


8.4 The market value of the pooled fund investments as at 30 September 2023 compared to the position as at 31 March 2023 is shown in the table below.

		31-Mar-23	2023-24	30-Sep-23	30-Sep-23	
Investment Fund	**Book cost**	**Market Value**	**Movement**	**Market Value**	**6 months return**	
					Income	**Total**
	£m	**£m**	**£m**	**£m**	**%**	**%**
Aegon (Kames) Diversified Monthly Income Fund	20.0	17.7	-0.2	17.5	3.38%	1.94%
CCLA - Diversified Income Fund	5.0	4.7	-0.1	4.6	1.65%	0.20%
CCLA – LAMIT Property Fund	60.0	56.4	-0.7	55.7	2.13%	0.90%
Fidelity Global Multi Asset Income Fund	25.0	22.7	-0.4	22.3	2.35%	-0.69%
M&G Global Dividend Fund	10.0	13.8	-0.2	13.6	2.76%	-2.49%
Ninety-One (Investec) Diversified Income Fund	10.0	9.1	-0.2	8.9	2.01%	-0.73%
Pyrford Global Total Return Sterling Fund	5.0	5.1	0.1	5.2	0.95%	-0.13%
Schroder Income Maximiser Fund	25.0	20.4	-0.5	19.8	3.19%	1.07%
Threadneedle Global Equity Income Fund	10.0	11.8	-0.3	11.5	1.89%	-0.80%
Threadneedle UK Equity Income Fund	10.0	10.3	0.1	10.4	1.71%	2.33%
Total Externally Managed Investments	**180.0**	**172.0**	**-2.5**	**169.4**	**2.39%**	**0.48%**

Performance since inception:

8.5 KCC initially invested in pooled funds in 2013. By the end of September 2023 they had achieved a total income return of £45.6m, 25.31%, with a fall in the capital value of the portfolio of £10.6m, -5.90%. Total returns since inception have been far in excess of the returns available from cash and these instruments are an effective way of managing the Council’s longer term cash balances. The following chart tracks the returns earned on the pooled funds over the period from inception.



9. Actual and forecast outturn

9.1 Forecast net debt costs are £6.5m lower than budget as yields from short-term and variable long-term cash investments have increased. Indications are that this position may improve further.

10. Compliance

10.1 The Corporate Director Finance reports that all treasury management activities undertaken during the quarter complied fully with the CIPFA Code of Practice and the Council’s approved Treasury Management Strategy.

11. Treasury Management Indicators

11.1 The Council measures and manages its exposures to treasury management risks using the following indicators:

11.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its internally managed 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.

Credit risk indicator	Actual 30/09/2023	Target

Portfolio average credit rating	AA	AA

11.3 **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.

Liquidity risk indicator	**Actual 30/09/2023**	**Minimum**
Total cash available within 3 months	£254.1m	£100m

11.4 **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 interest rates will be:

Interest rate risk indicator	**Actual 30/09/2023**	**Upper Limit**
One-year revenue impact of a 1% rise in interest rates	£1.3m	£10m
One-year revenue impact of a 1% fall in interest rates	-£1.3m	-£10m

11.5 **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

	Actual 30/09/2023	**Upper limit**	**Lower limit**
Under 12 months	1.27%	100%	0%
12 months and within 5 years	8.02%	50%	0%
5 years and within 10 years	3.18%	50%	0%
10 years and within 20 years	32.65%	50%	0%
20 years and within 40 years	26.78%	50%	0%
40 years and longer	28.09%	50%	0%

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.

11.6 **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 will be:

Price risk indicator	2023/24	2024/25	2025/26	No Fixed Date
Limit on principal invested beyond year end	£150m	£100m	£50m	£250m
Actual as at 30 September 2023	£88.8m	£53.1m	£32.1m	£184.7m

12. Recommendation

County Council is asked to endorse this report.

Appendices

Appendix 1 – Investments as at 30 September 2023
Appendix 2 – Glossary of Terms

James Graham – Pension Fund and Treasury Investments Manager

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