

Appendix C

Investment Activities from 1 April 2018 to 30 September 2018

The Council gives priority to security and liquidity and aims to achieve a yield commensurate with these principles.

	Balance on 01/04/2018 £M	Investments Made / Capital Appreciation £M	Investments Repaid / Capital Depreciation £M	Balance on 30/09/2018 £M
Short Term Investments	6.0	48.1	49.1	5.0
Money Market Funds	4.0	170.6	167.4	7.2
Investments in Pooled Funds (Lime Fund)	5.5	0.1	0.0	5.6
TOTAL INVESTMENTS	15.5	218.8	216.5	17.8

Security of capital has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19. New investments were made with the following classes of institutions:

- BBB+ rated banks and building societies;
- AAA rated Money Market Funds.

Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating of BBB+ or equivalent across rating agencies Fitch, Standard & Poors and Moody's), share prices, credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

The average cash balance the Council held was £21.1M over the 6-month period to 30 September 2018, compared to £22.9M for the comparable period in the previous year. Currently, the Council has money market funds and bank deposits placed on varying interest rates ranging between 0.5% and 1.0%.

The Council continues to adhere to its long-standing strategy of holding low cash balances to reduce investment counterparty risk and contain its borrowing costs by utilising cash balances in lieu of borrowing externally.

The Council may invest its surplus funds with any of the counterparties in the table below:

Approved Investment Counterparties

Counterparty	
Banks and other organisations and securities whose lowest published long-term credit rating from Fitch, Moody's and Standard & Poor's is:	AAA
	AA+
	AA
	AA-
	A+
	A
	A-
	BBB+
UK Central Government (irrespective of credit rating)	
UK Local Authorities, Police Authorities, Police & Crime Commissioners and Fire Authorities (irrespective of credit rating)	
Money Market Funds and other pooled funds	

In addition, the Council may invest with organisations and pooled funds without credit ratings, following an external credit assessment and advice from its treasury management advisers, Arlingclose Ltd.

Counterparty Investment Limits

The cash limit for any single organisation or any group of organisations under the same ownership is outlined in the following table.

	Cash limit
Any single organisation, except the UK Central Government	£7M each
UK Central Government	unlimited
UK Local Authorities	unlimited
Any group of organisations under the same ownership	£7M per group
Any group of pooled funds under the same management	£10M per manager
Negotiable instruments held in a broker's nominee account	£10M per broker
Foreign countries	£10M per country
Registered Providers	£10M in total
Unsecured investments with Building Societies	£10M in total
Loans to small businesses	£10M in total
Money Market Funds	70% in total

Budgeted Income and Outturn

The investment interest receivable in the year is forecast to be in line with the budget at £0.3M.