CABINET – 17 November 2020

TREASURY MANAGEMENT MID-TERM REVIEW 2020/21

Report by the Director of Finance

RECOMMENDATION

1. **Cabinet is RECOMMENDED to:**

   (a) note the report, and
   (b) recommend Council to note the Council's Mid-Term Treasury Management Review 2020/21.

Executive Summary

2. This report covers the treasury management activity for the first 6 months of 2020/21 in compliance with the CIPFA Code of Practice.

3. During the first 6 months of the year £6m of external debt was repaid bringing the total debt down to £335.38m by 30 September 2020.

4. The average daily balance of temporary surplus cash invested in-house in the six months to 30 September was £383.95m. The Council achieved an average in-house return for that period of 0.93%, above the budgeted rate of 0.85% set in the strategy. This has produced gross interest receivable of £1.80m for the six months to 30 September compared to budget of £1.22m, due to an increase in the long term lending limit, higher than forecast cash balances and an increase of the weighted average maturity of investments. This is £0.58m or 48% more than budgeted.

5. During the first 6 months of 2020/21 the Council maintained it's holding in external funds. Weighted by original purchase price, pooled fund investments produced an annualised income return of 3.20% for the period compared to the target return of 3.75% as set out in the Financial Strategy. Forecast returns for the year are £3.06m compared to the original budget of £3.81m. The shortfall of £0.75m is included in the Council's £50.9m forecast financial impact of Covid-19 in 2020/21 and as part of the Revised Budget agreed by Council in September 2020, a virement for this sum has been approved to reduce the budget to £3.06m .The value of the funds increased from £89.97m at 31 March to £94.07m as at 30 September, recovering a proportion of the losses sustained as a result of the pandemic from the original purchase cost of £101.0m. These investments are held with a long-term view and performance is assessed accordingly.

Introduction

6. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice on Treasury Management 2017 recommends that members are informed of Treasury Management activities at least twice a year. This report ensures this

authority is embracing Best Practice in accordance with CIPFA's recommendations.

7. The following annexes are attached

Annex 1	Lending List Changes
Annex 2	Debt Financing 2020/21
Annex 3	PWLB Debt Maturing
Annex 4	Prudential Indicator Monitoring
Annex 5	Arlingclose Quarter 2 Benchmarking
Annex 6	Specified & Non-Specified Investments 2020/21

Strategy 2020/21

8. The approved Treasury Management Strategy for 2020/21 was based on an average base rate forecast of 0.75%.

9. The Strategy for borrowing provided an option to fund new or replacement borrowing up to £100m through internal borrowing.

10. The Strategy included the continued use of pooled fund vehicles with variable net asset value.

External Context – Provided by Arlingclose

11. **Economic backdrop:** The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing transmission of the virus while easing lockdown measures and getting their populations and economies working again. After a relatively quiet few months of Brexit it was back in the news with continued uncertainty over what terms the UK will trade with EU from 1st January 2021.

12. The Bank of England (BoE) maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

13. GDP growth contracted by a massive -19.8% (revised from first estimate -20.4%) in Q2 2020 (Apr-Jun) according to the Office for National Statistics, pushing the annual growth rate down to -21.5% (first estimate -21.7%). Construction output fell by -35% over the quarter, services output by almost -20% and production by -16%. Recent monthly estimates of GDP have shown growth recovering, with the latest rise of almost 7% in July, but even with the two previous monthly gains this still only makes up half of the lost output.

14. The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% year/year in August, increasing to 0.5% year/year in September, still below the Bank of England's 2% target, with the largest downward contribution coming from

restaurants and hotels influenced by the EOHO scheme. The Office for National Statistics' preferred measure of CPIH which includes owner-occupied housing was 0.5% year/year.

15. In the three months to July, labour market data showed the unemployment rate increased from 3.9% to 4.1% while wages fell -1% for total pay in nominal terms (-0.2% regular pay) and was down -1.8% in real terms (-0.7% regular pay). Despite only a modest rise in unemployment over the period, the rate is expected to pick up sharply in the coming months as the furlough scheme ends in October. On the back of this, the BoE has forecast unemployment could hit a peak of between 8% and 9%.

16. **Financial markets:** Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak, albeit that performance being driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of their losses at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

17. Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%. 1-month, 3-month and 12-month bid rates averaged 0.02%, 0.06% and 0.23% respectively over the period.

18. At the end of September, the yield on 2-year US treasuries was around 0.13% while that on 10-year treasuries was 0.69%. German bund yields remain negative across most maturities

19. **Credit background:** Credit default swap spreads eased over most of the period but then started to tick up again through September. In the UK, the spreads between ringfenced and non-ringfenced entities remains, except for retail bank Santander UK whose CDS spread remained elevated and the highest of those we monitor at 85bps while Standard Chartered was the lowest at 41bps. The ringfenced banks are currently trading between 45bps and 50bps.

20. After a busy second quarter of the calendar year, the subsequent period has been relatively quiet for credit changes for the names on our counterparty list. Fitch assigned a AA- deposit rating to Netherlands lender Rabobank with a negative outlook and prior to that, while not related to our counterparty list but quite significant, revised the outlook on the US economy to Negative from Stable while also affirming its AAA rating.

21. There continues to remain much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like. The institutions on Arlingclose's counterparty list and recommended duration remain under constant review, but at the end of the period no changes

had been made to the names on the list or the recommended maximum duration of 35 days.

Treasury Management Activity

Debt Financing

22. The Council's cumulative total external debt has decreased from £341.38m on 1 April 2020 to £335.38m by 30 September 2020, a net decrease of £6m. No new debt financing has been arranged during the year. The total forecast external debt as at 31 March 2021 is £335.38m. The forecast debt financing position for 31 March 20210 is shown in Annex 2.

23. At 30 September 2020, the authority had 53 PWLB[1] loans totalling £285.38m, nine LOBO[2] loans totalling £45m and one long-term fixed Money Market loan totalling £5m[3]. The combined weighted average interest rate for external debt as at 30 September 2020 was 4.46%.

Maturing Debt

24. The Council repaid £6m of maturing PWLB loans during the first half of the year. The details are set out in Annex 3.

Debt Restructuring

25. The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Authority's portfolio and therefore unattractive for debt restructuring activity. No PWLB debt restructuring activity was undertaken during the first half of the year. Opportunities to restructure debt remain under regular review.

LOBOs

26. At the beginning of the financial year the Council held £45m of 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 Authority has the option to either accept the new rate or to repay the loan at no additional cost. £15m of these LOBOs had options during 2020/21, to the 30 September 2020 none had been exercised by the lender. The Council acknowledges there is an element of refinancing risk associated with LOBOs although in the current interest rate environment lenders are unlikely to exercise their options.

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[1] PWLB (Public Works Loans Board) is a Government agency operating within the United Kingdom Debt Management Office and is responsible for lending money to Local Authorities.

[2] LOBO (Lender's Option/Borrower's Option) Loans are long-term loans which include a re-pricing option for the bank at predetermined intervals.

[3] In June 2016, the Councils LOBO with Barclays PLC was converted to a fixed rate loan at its current interest rate of 3.95% to mature on the 29th May 2065 with Barclays waiving their right to change the interest rate on the loan in the future.

Investment Strategy

27. The Council holds deposits and invested funds representing income received in advance of expenditure plus balances and reserves. The guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles. The Council continued to adopt a cautious approach to lending to financial institutions and continuously monitored credit quality information relating to counterparties.

28. During the first half of the financial year term fixed deposits have been placed with other Local Authorities as per the approved lending list, whilst Call Accounts and Money Market Funds have been utilised for short-term liquidity. The PWLB continues to charge borrowers 100 basis points over Gilts. As a result, inter Local Authority lending rates have remained attractive. The Council has been able to benefit from these inflated rates with a combination of short and longer term deposits.

29. The Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21 included the use of external fund managers and pooled funds to diversify the investment portfolio through the use of different investment instruments, investment in different markets, and exposure to a range of counterparties. It is expected that these funds should outperform the Council's in-house investment performance over a rolling three-year period. The strategy permitted up to 50% of the total portfolio to be invested with external fund managers and pooled funds (excluding Money Market Funds). The performance of the pooled funds will continue to be monitored by the Treasury Management Strategy Team (TMST) throughout the year against respective benchmarks and the in-house portfolio.

30. In May 2020, after an analysis of cash balances, the long-term lending limits of £200m for 2020/21 and £170m for 2021/22 were increased to £215m and £175m respectively.

31. The UK Bank Rate has remained at 0.10% for the 6 months to 30 September 2020. Arlingclose currently forecast the bank rate to remain at 0.10% for the medium term, but with significant near term downside risk. The TMST view is that there will not be another increase in base rate this financial year, with a significant risk that base rate could be cut to 0.00% or lower.

32. If base rate were to go into negative territory, it would have little impact on the 2020/21 interest receivable forecast, as the majority of the investments are pre-arranged and fixed interest. Instant access deposits would likely produce a negative yield, however it is probable that short term inter local authority deposits would remain positive. The Treasury team would seek to move money held on instant access to very short term deposits with other local authorities, or call accounts with suitable financial institutions at 0.00% or above.

33. Negative interest rates would begin to have a greater impact for the Council in 2021/22 as the majority of fixed term deposits are due to mature in 2021/22 and would require refinancing.

The Council's Lending List

34. The Council's in-house cash balances were deposited with institutions that meet the Council's approved credit rating criteria. The approved Lending List is updated to reflect changes in counterparty credit quality with changes reported to Cabinet on a bi-monthly basis. Changes to the lending list in the first 6 months of 2020/21 are set out in Annex 1.

35. In the six months to 30 September 2020 there were no instances of breaches in policy in relation to the Council's Lending List. Any breaches in policy will be reported to Cabinet as part of the bi-monthly Business Strategy and Financial Monitoring report.

Investment Performance

36. Security of capital has remained the Authority's main investment objective. This has been maintained by following the Authority's counterparty policy as set out in its Treasury Management Strategy Statement and Annual Investment Strategy for 2020/21 and by purposefully reducing exposure to "bail in" banks and favouring deposits with other Local Authorities. As at 30 September 2020, the Council had £294.5m deposited with 29 other Local Authorities with an average deposit total of £10.16m per authority.

37. The average daily balance of temporary surplus cash invested in-house in the six months to 30 September 2020 was £383.85m. The Council achieved an average in-house return for that period of 0.93%, above the budgeted rate of 0.85% set in the strategy. This has produced gross interest receivable of £1.80m for the six months to 30 September compared to budget of £1.22m. This was achieved by increasing the weighted average maturity of in-house investments from 214 days at 31 March to 255 days as at 30 September and taking advantage of higher interest rates payable for longer deposits.

38. Temporary surplus cash includes; developer contributions; council reserves and balances; trust fund balances; and various other funds to which the Council pays interest at each financial year end, based on the average three month London Interbank Bid (LIBID) rate.

39. The Council uses the three month inter-bank sterling bid rate as its benchmark to measure its own in-house investment performance. During the first half of 2020/21 the average three month inter-bank sterling rate was 0.23%. The Council's average in-house return of 0.93% exceeded the benchmark by 0.70%. The Council operates a number of call accounts and instant access Money Market Funds to deposit short-term cash surpluses. The average balance held on overnight deposit in money market funds or call accounts in the 6 months to 30 September was £82.14m.

External Fund Managers and Pooled Funds

40. During the first 6 months of 2020/21 the Council maintained it's holding in external funds. The value of the funds was £94.07m as at 30 September compared to

£89.97m at 31 March, recovering a proportion of the losses sustained as a result of the pandemic from the original purchase cost of £101.0m. Weighted by original purchase value, pooled fund investments produced an annualised income return of 3.20% for the period. These investments are held with a long-term view and performance is assessed accordingly.

41. Gross distributions from pooled funds have totalled £1.61m in the first six months of the year.

Prudential Indicators for Treasury Management

42. The Authority confirms compliance with its Prudential Indicators for 2020/21, which were set as part of the Authority's Treasury Management Strategy Statement. The position as at 30 September 2020 for the Prudential Indicators is shown in Annex 4.

External Performance Indicators and Statistics

43. Arlingclose benchmark the Council's investment performance against its other clients on a quarterly basis. The results of the quarter 2 benchmarking to 30 September 2020 are shown in Annex 5.

44. The benchmarking results show that the Council was achieving significantly higher than average interest on inhouse investments, and just under average income on externally managed funds at 30 September 2020, when compared with a group of 128 other local authorities. This has been achieved by placing deposits over a longer than average duration with institutions that are of higher than average credit quality.

45. Oxfordshire had a higher than average allocation to fixed and local authority deposits when compared with other local authorities in the benchmarking exercise. Oxfordshire also had a notably lower than average exposure to money market funds and call accounts.

Training

46. Individuals within the Treasury Management Team continue to keep up to date with the latest developments and attend external workshops and conferences where relevant

Financial and Legal Implications

47. Interest payable and receivable in relation to Treasury Management activities are included within the overall Strategic Measures budget. In house interest receivable for 2020/21 is currently forecast as £3.00m, exceeding the budgeted figure of £2.34m by £0.66m. Of the forecast £3.00m interest receivable, £1.80m had been realised as at the 30 September 2020. The increased interest received is due to the achievement of higher than forecast average cash balances.

48. Dividends payable from external funds in 2020/21 are forecast as £3.06m, which is £0.75m below the original budget. However the budget has been reset to take account of this shortfall as part of the Revised Budget for 2020/21 agreed by

Council in September 2020 reflecting the financial impact of Covid-19. Future assumptions for the return on external fund are being incorporated into the Business & Budget Planning Process.

49. Interest payable is currently forecast to be in line with the budgeted figure of £14.99m.

50. There are no direct legal implications arising from this report save for the need for ongoing collaborative working between the S.151 Officer and the Monitoring Office. CIPFA guidance promotes the need for consultative working and collaboration between these respective roles to promote good organisational governance.

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Director of Finance

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November 2020

Annex 1

Lending List Changes from 1 April 2020 to 30 September 2020

Counterparty	Lending Limit	Maximum Maturity
Counterparties added/reinstated		
CCLA Public Sector Deposit Fund	£4m	O/N
Deutsche Sterling Money Market Fund	£25m	O/N
Counterparties suspended		
Close Brother Ltd		
Coventry Building Society		
Handlesbanken UK		
Lending limits & Maturity limits increased		
Morgan & Stanley Sterling Liquidity Fund	£5m to £12.5m	O/N

Pension Fund Lending list changes

None

Annex 2

OXFORDSHIRE COUNTY COUNCIL DEBT FINANCING 2020/21

Debt Profile		£m
1. PWLB	82%	291.38
2. Other Long Term Loans	14%	50.00
3. Sub-total External Debt		341.38
4. Internal Balances		15.21
5. Actual Debt at 31 March 2020	**100%**	**356.59**
6. Prudential Borrowing		37.98
7. Borrowing in Advance		0.00
8. Minimum Revenue Provision		-6.55
9. Forecast Debt at 31 March 2021		**388.03**
Maturing Debt		
10. PWLB loans maturing during the year		6.00
11. PWLB loans repaid prematurely in the course of debt restructuring		0.00
12. Total Maturing Debt		**-6.00**
New External Borrowing		
13. PWLB Normal		0.00
14. PWLB loans raised in the course of debt restructuring		0.00
15. Money Market LOBO loans		0.00
16. Total New External Borrowing		**0.00**
Debt Profile Year End		
17. PWLB	74%	285.38
18. Money Market loans (incl £45m LOBOs)	13%	50.00
19. Forecast Sub-total External Debt		335.38
20. Forecast Internal Balances		52.65
21. Forecast Debt at 31 March 2021	**100%**	**388.30**

Line

1 – 5 This is a breakdown of the Council's debt at the beginning of the financial year (1 April 2020). The PWLB is a government agency operating within the Debt Management Office. LOBO (Lender's Option/ Borrower's Option) loans are long-term loans, with a maturity of up to 60 years, which includes a re-pricing option for the bank at predetermined time intervals. Internal balances include provisions, reserves, revenue balances, capital receipts unapplied, and excess of creditors over debtors.

6 'Prudential Borrowing' reflects Prudential Borrowing taken by the authority whereby the associated borrowing costs are met by savings in the revenue budget.

7 'Borrowing in Advance' is the amount the Council borrowed in advance to fund future capital finance costs.

8 The amount of debt to be repaid from revenue. The sum to be repaid annually is laid down in the Local Government and Housing Act 1989, which stipulates that the repayments must equate to at least 4% of the debt outstanding at 1 April each year.

9 The Council's forecast total debt by the end of the financial year, after taking into account new borrowing, debt repayment and movement in funding by internal balances.

10 The Council's normal maturing PWLB debt.

11 PWLB debt repaid early during the year.

12 Total debt repayable during the year.

13 The normal PWLB borrowing undertaken by the Council during 2020/21.

14 New PWLB loans to replace debt repaid early.

15 The Money Market borrowing undertaken by the Council during 2020/21

16 The total external borrowing undertaken.

18-22 The Council's forecast debt profile at the end of the year.

Annex 3

Long-Term Debt Maturing 2020/21

Public Works Loan Board: Loans Matured during first half of 2020/21

Date	Amount £m	Rate %
01/06/2020	5.000	3.540%
13/07/2020	0.500	2.35%
31/07/2020	0.500	2.35%
Total	**6.000**	

Annex 4

<u>Prudential Indicators Monitoring at 30 September 2020</u>

The Local Government Act 2003 requires the Authority to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. To demonstrate that the Authority has fulfilled the requirements of the Prudential Code the following indicators must be set and monitored each year.

Authorised and Operational Limit for External Debt

Actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt below. The Operational Boundary is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. The council confirms that the Operational Boundary has not been breached during 2020/21.

The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements. The Authority confirms that the Authorised limit was not breached in the first half of 2020/21.

Authorised limit for External Debt	£410,000,000
Operational Limit for External Debt	£390,000,000
Capital Financing Requirement for year	£388,303,000

	Actual 30/09/2020	**Forecast 31/03/2021**
Borrowing	£335,382,618	£335,382,618
Other Long-Term Liabilities	£ 52,920,382	£ 52,920,382
Total	**£388,303,000**	**£388,303,000**

Interest Rate Exposures

These indicators are set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest exposures. Fixed rate investments are borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Fixed Interest Rate Exposure	
Fixed Interest Net Borrowing limit	£350,000,000
Actual at 30 September 2020	£60,382,618
Variable Interest Rate Exposure	
Variable Interest Net Borrowing limit	£0
Actual at 30 September 2020	-£11,341,353

Principal Sums Invested over 365 days

Total sums invested for more than 364 days limit	£215,000,000
Actual sums invested for more than 364 days	£ 72,500,000

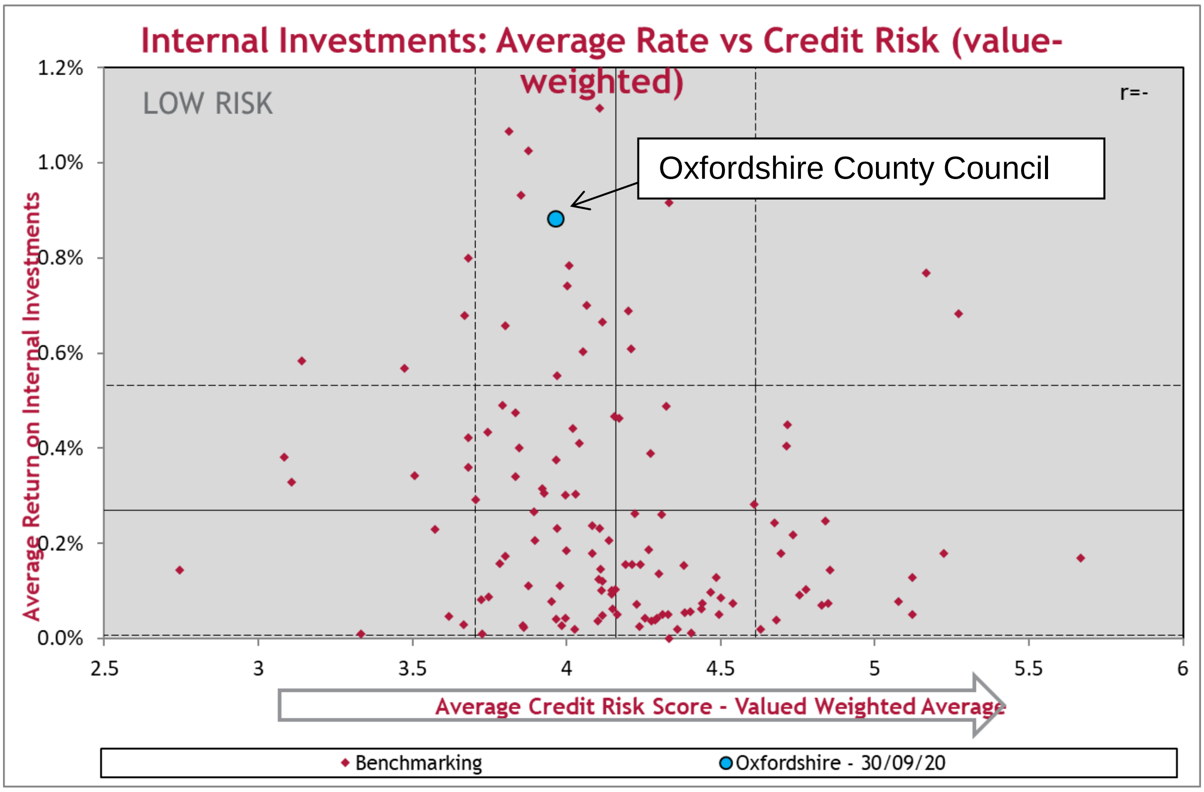
Maturity Structure of Borrowing

This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing and the actual structure at 30 September 2019, are shown below. 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.

	Limit %	**Actual %**
Under 12 months	0 - 20	10.44
12 – 24 months	0 - 25	6.56
24 months – 5 years	0 - 35	10.14
5 years to 10 years	5 - 40	25.46
10 years +	40 - 95	47.41

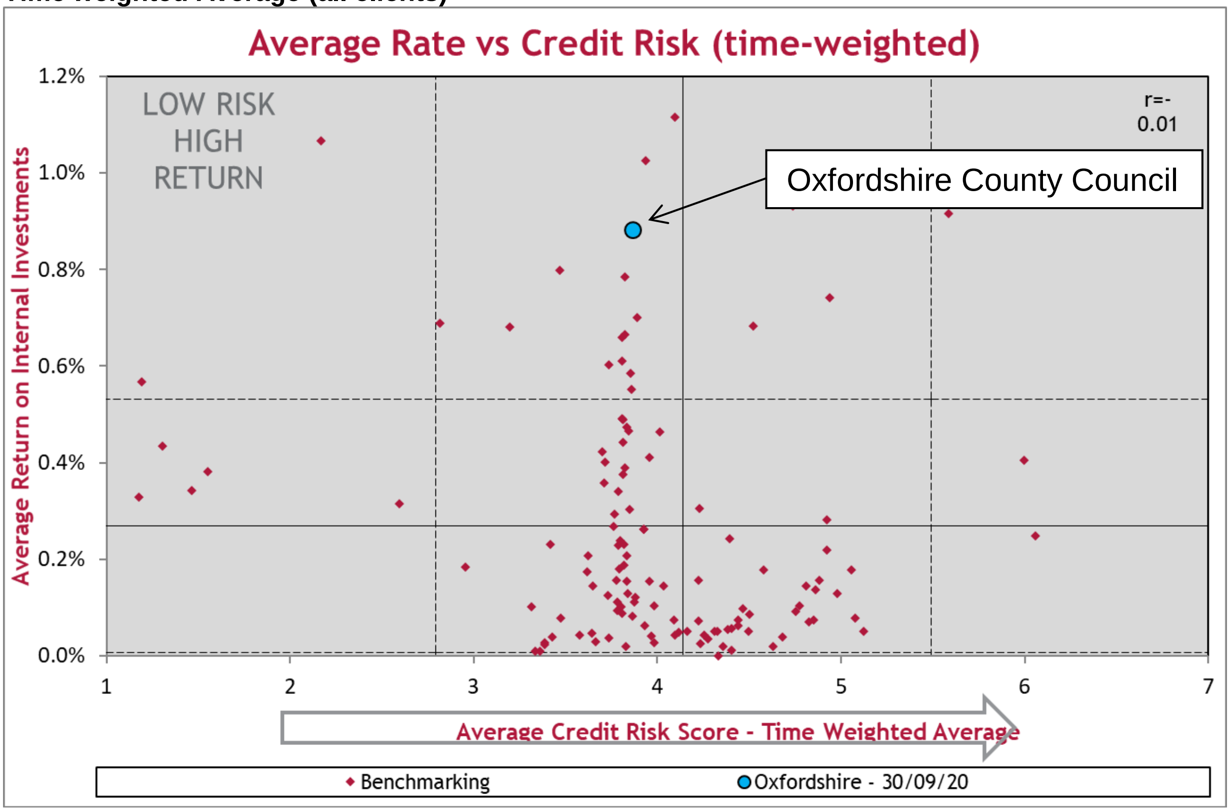
Annex 5

Value weighted average (all clients)



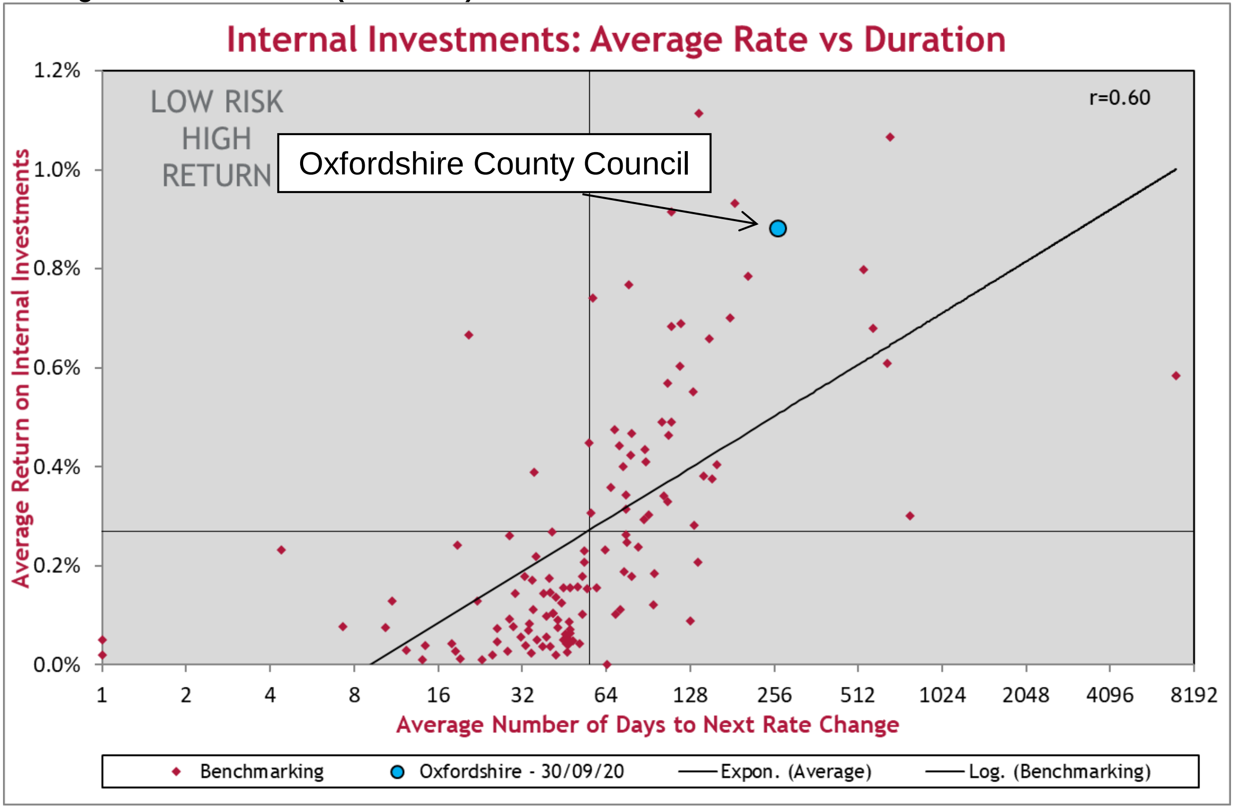
This graph shows that, at 30 September 2020, Oxfordshire achieved significantly higher than average return for lower than average credit risk, weighted by deposit size.

Time weighted Average (all clients)



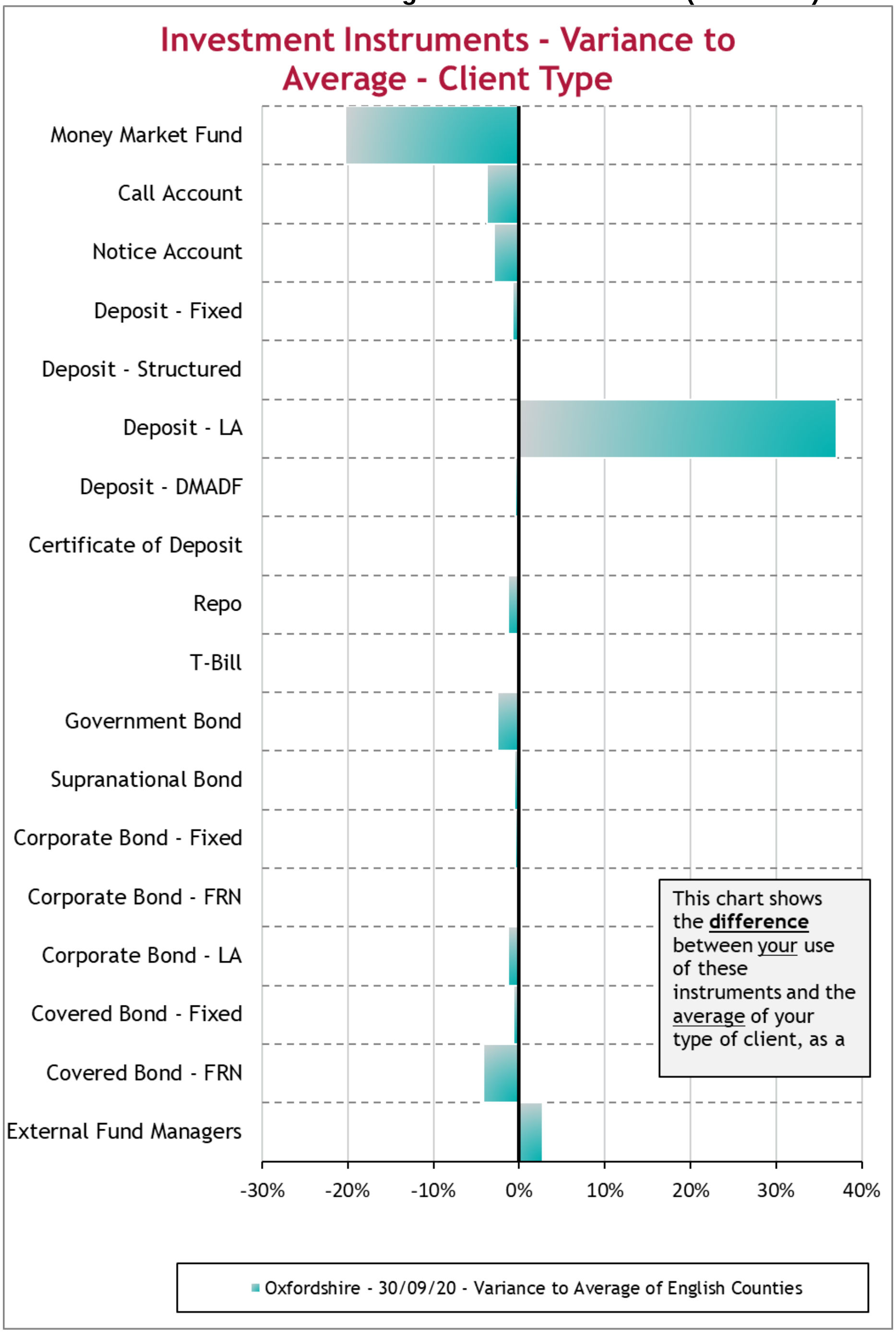
This graph shows that, at 30 September 2020, Oxfordshire achieved significantly higher than average return for lower than average credit risk, weighted by duration.

Average Rate vs Duration (all clients)



This graph shows that, at 30 September 2020, Oxfordshire achieved a higher than average return by placing deposits for longer than average duration.

Investment Instruments – Variance to Average of Local Authorities (all clients)



This graph shows that, at September 2020, Oxfordshire had notably higher than average local authority deposits, and lower than average deposits in money market funds when compared with other local authorities. Oxfordshire also had notably lower exposures to money market funds and call accounts.

Annex 6

Specified and Non Specified Investments 2020/21

Specified Investments

Investment Instrument	Minimum Credit Criteria	Use
Debt Management Agency Deposit Facility	N/A	In-house and Fund Managers
Term Deposits – UK Government	N/A	In-house
Term Deposits – other Local Authorities	N/A	In-house
Term Deposits – Banks and Building Societies	Short-term F1, Long-term BBB+, Minimum Sovereign Rating AA+	In-house and Fund Managers
Certificates of Deposit issued by Banks and Building Societies	A1 or P1	In-house on a buy and hold basis and Fund Managers
Money Market Funds	AAA	In-house and Fund Managers
Other Money Market Funds and Collective Investment Schemes[4]	Minimum equivalent credit rating of A+. These funds do not have short-term or support ratings.	In-house and Fund Managers
UK Government Gilts	N/A	In-house on a buy and hold basis and Fund Managers
Treasury Bills	N/A	In-house and Fund Managers
Reverse Repurchase Agreements - maturity under 1 year from arrangement and counterparty is of high credit quality (not collateral)	Long Term Counterparty Rating A-	In-house and Fund Managers
Covered Bonds – maturity under 1 year from arrangement	Minimum issue rating of A-	In-house and Fund Managers

[4] I.e., credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

Non-Specified Investments

Investment Instrument	Minimum Credit Criteria	Use	Max % of total Investments	Max Maturity Period
Term Deposits – other Local Authorities (maturities in excess of 1 year)	N/A	In-house	50%	3 years
Term Deposits – Banks and Building Societies (maturities in excess of 1 year)	Short-term F1+, Long-term AA-	In-house and Fund Managers	50% in-house; 100% External Funds	3 years
Structured Products (e.g. Callable deposits, range accruals, snowballs, escalators etc.)	Short-term F1+, Long-term AA-	In-house and Fund Managers	50% in-house; 100% External Funds	3 years
UK Government Gilts with maturities in excess of 1 year	N/A	In-house and Fund Managers	50% in-house; 100% External Funds	5 years in-house, 10 years fund managers
Bonds issued by Multilateral Development Banks	AAA	In-house and Fund Managers	50% in-house; 100% External Fund	25 years
Bonds issued by a financial institution which is guaranteed by the UK Government	AA	In-house and Fund Managers	50% in-house; 100% External Fund	5 years in-house
Collective Investment Schemes[5] but which are not credit rated	N/A	In-house and Fund Managers	50% In-house; 100% External Funds	Pooled Funds do not have a defined maturity date
Sovereign Bond Issues	AAA	In-house on a buy and hold	50% in-house;	5 year in-house, 30

[5] Pooled funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

		basis. Fund Managers	100% External Funds	years fund managers
Reverse Repurchase Agreements - maturity in excess of 1 year, or/and counterparty not of high credit quality.	Minimum long term rating of A-	In-house and Fund Managers	50% in-house; 100% External Funds	3 years
Covered Bonds	AAA	In-house and Fund Managers	50% in-house; 100% External Funds	20 years
Registered Providers	As agreed by TMST in consultation with the Leader and the Cabinet Member for Finance	In-house	50% In-house	5 years

The maximum limits for in-house investments apply at the time of arrangement.