North Norfolk District Council

Annual Treasury Outturn Report 2022/23

Contents

Annual Treasury Management Review 2022/23

Purpose

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

During 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 23/02/2022)
- a mid-year, (minimum), treasury update report (Council 20/12/2022)
- an annual review following the end of the year describing the activity compared to the strategy, (this report)

In addition, the Council has received quarterly treasury management update reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Overview & Scrutiny Committee before they were reported to the full Council.

Member training on treasury management was not undertaken during the 2022/23 year, but a session will be organised during the 2023/24 financial year order to support members' scrutiny role, with intentions for this session to run yearly to keep members updated with the Council's current portfolio.

Executive Summary

During 2022/23, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	31.3.22 Actual £m	2022/23 Forecast £m	31.3.23 Actual £m
Capital Expenditure	9.183	13.985	6.862
Capital Financial Requirement	**15.827**	**15.677**	**15.111**
Short-Term Borrowing Long-Term Borrowing **Gross Borrowing**	13.000 0.000 13.000	0.000 0.000 0.000	9.000 0 9.000
Short-Term Investments Long-Term Investments Non-Treasury Investments (Housing Loans) **Total Investments**	10.770 32.000 2.605 45.375	8.600 32.000 40.600	2.830 22.582 2.332 27.744
Net Investments	**32.375**	**40.600**	**18.744**
Net Borrowing	**(16.548)**	**(24.923)**	**(3.633)**

Other prudential and treasury indicators are to be found in the main body of this report. The Director of Finance also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, (the authorised limit), was not breached.

Recommendations

The Council is recommended to:

1. Approve the actual 2022/23 prudential and treasury indicators in this report
2. Note the annual treasury management report for 2022/23

Introduction and Background

This report summarises the following:-

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness, (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

1. The Council's Capital Expenditure and Financing

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund £m	31.3.22 Actual	2022/23 Forecast	31.3.23 Actual
Capital expenditure	**9.183**	**13.985**	**6.862**
Capital Receipts	0.999	6.035	2.516
Grants, Reserves & Capital Contributions	2.624	4.657	4.400
Revenue Contributions	1.319	3.293	0.00
Financed in year	**4.942**	**0.000**	**6.916**
Unfinanced capital expenditure (External Borrowing)	**4.241**	**0.000**	**(0.054)**

2. The Council's Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. The Council can borrow from multiple sources; two potential brokers (Tradition/King & Shaxson) to organise borrowing from other Government Bodies (Council's, Police Authorities, Fire Authorities), it can borrow through the Public Works Loan Board (PWLB), or it can borrow internally using temporary cash resources within the Council.

Reducing the CFR – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the Revenue Account borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources, (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2022/23 MRP Policy, (as required by DLUHC Guidance), was approved as part of the Capital Strategy Report for 2022/23 on 31/01/2022.

The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract *(if applicable).*

CFR (£m): General Fund	31.3.22 Actual	2022/23 Budget	31.3.23 Actual
Opening balance	**11.939**	**16.003**	**15.827**
Add unfinanced capital expenditure (as above)	4.241	0.000	(0.054)
Less MRP/VRP*	(0.353)	(0.326)	(0.662)
Less PFI & finance lease repayments	0.000	0.000	0.000
Closing balance	**15.827**	**15.677**	**15.111**

** Includes voluntary application of capital receipts*

Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

£m	31.3.22 Actual	2022/23 Budget	31.3.23 Actual
Gross borrowing position	13.000	0.000	9.000
CFR	15.827	15.677	15.111
(Under) / over funding of CFR	(2.527)	(15.677)	(6.111)

The Council does not have a gross borrowing position above its CFR.

The authorised limit - the authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2022/23
Authorised limit	£50m
Maximum gross borrowing position during the year	£15m
Operational boundary	£15m
Average gross borrowing position	£10m

3. Treasury Position as at 31st March 2023

The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2022/23 the Council's treasury, (excluding borrowing by PFI and finance leases), position was as follows:

DEBT PORTFOLIO £m	31.3.22 Principal	Average Rate/ Return	Average Duration (Days)	31.3.23 Principal	Average Rate/ Return	Average Duration (Days)
Fixed rate funding, Short-Term Borrowing:						
- Local Authority Borrowing	11.000	0.51%	208	7.000	4.23%	137
- Police Authority Borrowing	0.000			2.000	4.55%	85
- Fire Authority Borrowing	2.000	0.95%	184	0.000		
Variable rate funding:						
- None	0.000			0.000		
Total debt	**13.000**	**0.58%**		**9.000**	**4.30%**	**120**
CFR	**15.827**			**15.111**		
Over / (under) borrowing	**(3.520)**			**(6.858)**		
Total investments	**45.375**	**2.10%**		**27.744**	**5.21%**	
Net debt	**(41.855)**			**(20.886)**		

The maturity structure of the debt portfolio was as follows:

£m	31.3.22 actual	2022/23 original limits	31.3.23 Actual
Under 12 months	13.000	50.000	9.000
12 months and within 24 months	0.000	0.000	0.000
24 months and within 5 years	0.000	0.000	0.000
5 years and within 10 years	0.000	0.000	0.000
10 years and within 20 years	0.000	0.000	0.000
20 years and within 30 years	0.000	0.000	0.000
30 years and within 40 years	0.000	0.000	0.000
40 years and within 50 years	0.000	0.000	0.000

The Council has reduced it's short-term borrowing during the 2022-23 financial year by selling some it's long term-investments (Pooled Funds) in March 2023 as can be seen in the Executive Summary on page 7 above. The amount of long-term investments has decreased from £32m to £22.581m, £9.419m of investment was sold which generated a net investment return of £118,298 on the principal invested.

Mostly short-term deposit funds were repaid (Cash Plus and Short-Dated Funds) as these have a recommended investment duration of around 5 years and were bought in May 2015. These investments focus on a high-level of security with a low return yet can be repaid at same day notice. The below investment portfolio table reflects the balance of these two types of funds being reduced from a total of £6m to £1.012m.

Approximately 20% investment of the larger fund categories (equity and Multi-Asset Funds) were then repaid to keep diversification across the portfolio whilst ensuring these was no loss in recognition of principle on the total repayment (net investment return mentioned above). By keeping a diverse portfolio in different fund types, the Council is able to balance losses and gains on the capital values of investments so that a net gain is always realised when repaying long-term investments.

INVESTMENT PORTFOLIO	31.3.22 Actual £m	31.3.22 Actual % of Portfolio	31.3.23 Actual £m	31.3.23 Actual % of Portfolio
Treasury investments				
Money Market Funds	10.770	24%	2.830	11%
Total managed in house	**10.770**	**24%**	**2.830**	**11%**
Cash Plus Funds	3.000	7%	0	0%
Short-Dated Bond Funds	3.000	7%	1.012	4%
Strategic Bond Funds	5.000	12%	5.000	20%
Equity Income Funds	8.000	19%	5.570	22%
Property Funds	5.000	12%	5.000	20%
Multi-Asset Income Funds	8.000	19%	6.000	23%
Total managed externally (Pooled Funds)	**32.000**	**76%**	**22.582**	**89%**
TOTAL TREASURY INVESTMENTS	**42.770**	**100%**	**25.412**	**100%**

Non-Treasury investments				
Loan to Broadland Housing Association	2.422	93%	2.154	92%
Loan To Homes for Wells	0.186	7%	0.178	8%
TOTAL NON-TREASURY INVESTMENTS	**2.605**	**100%**	**2.332**	**100%**

Treasury investments	**42.770**	**94%**	**25.412**	**92%**
Non-Treasury investments	**2.605**	**6%**	**2.332**	**8%**
TOTAL OF ALL INVESTMENTS	**45,375**	**100%**	**27.744**	**100%**

The maturity structure of the investment portfolio was as follows:

COUNTERPARTY / INVESTMENT	Redemption Period	Investment Value 31.03.2023 (£m)
Aberdeen Standard / MMF	CALL	0.555
Blackrock / MMF	CALL	1.075
DWS / MMF	CALL	1.200
Federated Investors (UK) LLP / MMF	CALL	0.000
Goldman Sachs / MMF	CALL	0.000
Invesco AIM / MMF	CALL	0.000
CCLA (UK) Public Sector Deposit Fund / MMF	CALL	0.000
CCLA / Local Authorities Mutual Investment Trust	T + 6 months	5.000
Payden & Rygel / Sterling Reserve Fund	T + 2 days	1.012
M&G Securities / UK Income Distribution Fund	T + 3 days	2.000
M&G Securities / Global Dividend Fund	T + 3 days	1.570
Ninety-One / Diversified Income Fund	T + 3 days	3.000
Schroder Unit Trusts / Income Maximiser Fund	T + 4 days	2.000
Threadneedle / Strategic Bond Fund	T + 4 days	3.000
M&G Securities / Strategic Corporate Bond Fund	T + 3 days	2.000
Aegon Asset Management / Diversified Income Fund	T + 3 days	3.000
TOTAL		**25.412**

Note: CALL = Same day. T = Terms (date of notification to redeem/invest). Fixed = Long-term investment with set repayment dates. The CCLA (LAMIT) fund a Property Fund investment which has a long redemption period.

The Council has seven same day investment/redemption Money Market Funds (MMF) accounts to invest/redeem surplus cash for its daily operations. For MMF's there is no gain/loss on principal invested, therefore they are low risk but with lower interest rates. The cash balances invested in these counterparties fluctuate daily.

The Council has nine Pooled Fund investments as at 31/03/2023, these are intended for long-term investing generating a higher return that MMF's. The principal invested in these funds is at more risk that MMF's as they are subject to gain/loss dependant on the value of the shares owned by the Council. The Council has only invested in counterparties recommended by it's treasury advisors and with thorough credit checks. These are all income funds.

The Council sold all of its investments in Royal London Asset Management / Short-Term Income Fund, Royal London / Short-term Income Enhance Fund, Threadneedle / UK Equity Fund and the CCLA / Diversified Income Fund.

The Council currently has two outstanding loans with Housing Associations. One large loan with the Broadland Housing Association (original loan value £3.5m) and one smaller loan with Homes for Wells (original loan value £192,675).

To support the above investment portfolio, the below table summarises the interest earnt on the average amounts of the Council's investments during the last two financial years. The purpose of this table is to give members an idea of the rate of return on the Council's portfolio of each type of investment.

INVESTMENT INTEREST	31.3.22 Average Amount Invested £m	31.3.22 Interest Earnt £m	31.3.22 Average interest rate %	31.3.23 Average Amount Invested £m	31.3.23 Interest Earnt £m	31.3.23 Average interest rate %
Money Market Funds	10.770	0.006	0.06%	7.427	0.136	4.82%
Total managed in house	**10.770**	**0.006**	**0.06%**	**7.427**	**0.136**	**4.82%**
Cash Plus Funds	3.000	0.013	0.42%	2.679	0.048	1.80%
Short-Dated Bond Funds	3.000	0.014	0.48%	2.831	0.045	1.61%
Strategic Bond Funds	5.000	0.098	1.96%	5.000	0.155	3.11%
Equity Income Funds	8.000	0.277	3.46%	7.794	0.371	4.76%
Property Funds	5.000	0.254	5.08%	5.000	0.267	5.34%
Multi-Asset Income Funds	8.000	0.278	3.48%	7.830	0.334	4.26%
Total managed externally (Pooled Funds)	**32.000**	**0.934**	**2.92%**	**31.134**	**1.220**	**3.92%**
TOTAL TREASURY INVESTMENTS	**42.770**	**0.940**	**2.20%**	**38.561**	**1.356**	**3.99%**

Please note that for 31.3.23 figures, pooled funds investments were sold in March 2023, so principal values are different for the average amounts invested.

Non-Treasury Investments	31.3.22 Average Amount Invested £m	31.3.22 Interest Earnt £m	31.3.22 Average interest rate %	31.3.23 Average Amount Invested £m	31.3.23 Interest Earnt £m	31.3.23 Average interest rate %
Loan to Broadland Housing Association	2.423	0.092	3.80%	2.219	0.084	3.80%
Loan To Homes for Wells	0.182	0.005	3.00%	0.178	0.006	3.00%
Total Loans	**2.605**	**0.097**	**3.75%**	**2.397**	**0.090**	**3.75%**

AVERAGE OF ALL INVESTMENTS	31.3.22 Average Amount Invested £m	31.3.22 Interest Earnt £m	31.3.22 Average interest rate %	31.3.23 Average Amount Invested £m	31.3.23 Interest Earnt £m	31.3.23 Average interest rate %
Treasury Investments	42.770	0.940	2.20%	38.561	1.356	3.99%
Non-Treasury Investments	2.605	0.097	3.75%	2.397	0.09	3.75%
AVERAGE OF ALL INVESTMENTS	**45.375**	**1.037**	**2.29%**	**40.959**	**1.446**	**3.53%**

As can be seen from the above, interest rates in 2021/22 were low from the effects of COVID. In February 2022, the Russia-Ukraine war occurred which led to high levels of inflation in cost of goods. The MPC (Monetary Policy Committee) have increased interest rates consistently over the 2022/23 fiscal year to help control the rising inflation rate and prevent a recession. By making interest rates more expensive, consumers and businesses are less likely to borrow funds and therefore spending decreases, slowing down inflation.

4. The Investment Risk Strategy for 2022/23

4.1 Investment strategy and control of interest rate risk

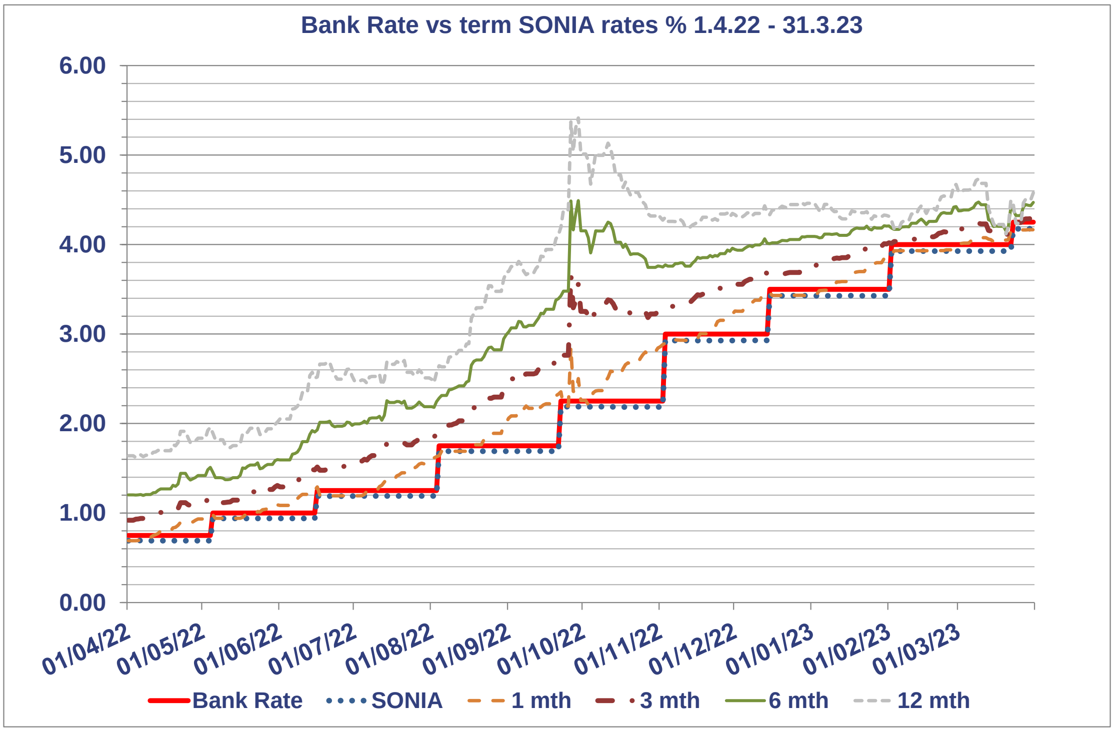
The Treasury managed the Council's interest rate risk in 2022/23 by minimalizing the amount of borrowing undertaken. This is achieved by investing surplus cash into Money Market Funds which have same day access, maintaining a cash flow record to track precited cash shortfalls in daily operations. When borrowing is necessary to be undertaken, interest rates and MPC (Monetary Policy Committee) meetings are taken into consideration and borrowing is undertaken earlier if it is deemed more financial beneficial to borrow earlier at a cheaper rate. This "forward borrowing" or a week or two was undertaken by the Council in 2022/23 to meet it's shortfalls in cash, and in doing so managed to borrow the required sums at more beneficial interest rate and balance the borrowing costs with the increase in interest rates of its long-term investments.

The effective borrowing management of the Council has been more difficult than in previous years. Before and during the COVID period, interest rates and borrowing rates averaged 0.5% and never exceeded 1% even on long-term borrowing (1 year +). After this period, with the changes in the UK's political leadership and the Ukrainian-Russia war, inflation and interest rates increased monthly to the point where even treasury advisors were uncertain of future interest rate forecasts.

In January 2023 year, the decision was made to reduce the Council's total long-term investment portfolio, with the redemption of just under £9.42m of its Pooled Fund investments. It was ensured that a balanced portfolio was kept minimizing risk of realising capital losses on investments during a turbulent financial period. By redeeming these long-term investments, the Council prevented its borrowing requirement being increased to figures of around £20m following a request from central government to repay COVID grants unspent in March 2023 to the value of £6m. The remaining value was used to reduce the Council's short-term borrowing amount at the end of the 2022/23 financial year.

Consideration to further borrowing and possibly withdrawing more Pooled Fund investments will be constantly monitored during the 2023/24 financial year. With interest rates predicted to rise further to 5% in June 2023, 5.25% in July 2023 and peaking at 5.5% in September 2023. The current bank of England rate is 4.5% (as at May 2023). It would not be unexpected for rates to reach 6% by December 2023. The Council will need to take careful consideration into its levels of expenditure over the 2023/24 year with the risk of overspending becoming more prevalent as the interest rates increase throughout the year.

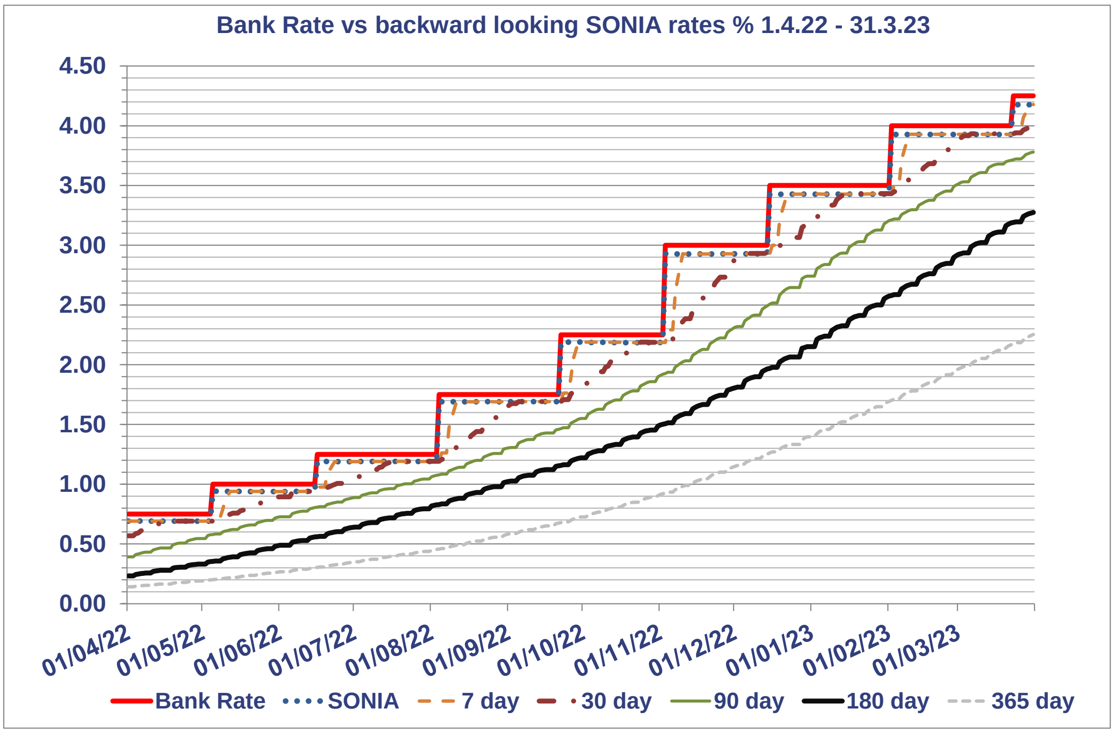
Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023

	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.25	4.18	4.17	4.30	4.49	5.41
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	2.30	2.24	2.41	2.72	3.11	3.53
Spread	3.50	3.49	3.48	3.38	3.29	3.79

Investment Benchmarking Data – Sterling Overnight Index Averages (Backward-looking) 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/03/2023

	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	4.25	4.18	4.18	4.00	3.78	3.27	2.25
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023	31/03/2023
Low	0.75	0.69	0.69	0.57	0.39	0.23	0.14
Low Date	01/04/2022	28/04/2022	29/04/2022	01/04/2022	01/04/2022	01/04/2022	01/04/2022
Average	2.30	2.24	2.20	2.09	1.81	1.42	0.90
Spread	3.50	3.49	3.49	3.43	3.39	3.04	2.11

4.2 Borrowing strategy and control of interest rate risk

During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were initially low and minimising counterparty risk on placing investments also needed to be considered.

A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and short-term borrowing (<1 year).

The policy of avoiding long-term borrowing has served well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Resources has monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks as outlined in section 4.1 above.

- It was realised that there was a significant risk of a sharp rise in long and short-term rates, (e.g., due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and so consideration into potential long-term fixed rate borrowing was avoided to prevent the Council being locked into a expensive long-term loan from the PWLB. Short term borrowing and the repayment of long-term investments was decided as the best management of the Council's Treasury.

- if it had been felt that there was a significant risk of a much sharper fall in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden recession, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

Forecasts at the time of approval of the treasury management strategy report for 2022/23 are as per the below table:

Link Group Interest Rate View	7.2.22											
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month ave earnings	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month ave earnings	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month ave earnings	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

The following table highlight the rapid bank rate increases over the 2022/23 financial year:

Link Group Interest Rate View	10.5.22												
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.25	1.50	1.75	2.00	2.00	2.00	2.00	2.00	1.75	1.75	1.75	1.75	1.75
3 month ave earnings	1.20	1.50	1.70	2.00	2.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70	1.70
6 month ave earnings	1.60	1.90	2.10	2.20	2.20	2.20	2.20	2.10	2.00	1.90	1.90	1.90	1.90
12 month ave earnings	2.00	2.20	2.30	2.40	2.40	2.30	2.30	2.20	2.20	2.10	2.10	2.10	2.10
5 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.50	2.50	2.50	2.50	2.50
10 yr PWLB	2.80	2.80	2.90	2.90	2.90	2.90	2.90	2.90	2.80	2.80	2.80	2.80	2.80
25 yr PWLB	3.00	3.10	3.10	3.20	3.20	3.20	3.10	3.10	3.00	3.00	3.00	3.00	3.00
50 yr PWLB	2.70	2.80	2.80	2.90	2.90	2.90	2.80	2.80	2.70	2.70	2.70	2.70	2.70

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

Link Group Interest Rate View	09.08.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	2.25	2.50	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25	2.25	2.00
3 month ave earnings	2.50	2.80	3.00	2.90	2.80	2.50	2.40	2.30	2.30	2.30	2.20	2.20	2.20
6 month ave earnings	2.90	3.10	3.10	3.00	2.90	2.80	2.70	2.60	2.50	2.50	2.40	2.30	2.30
12 month ave earnings	3.20	3.30	3.20	3.10	3.00	2.90	2.80	2.70	2.40	2.40	2.40	2.40	2.40
5 yr PWLB	2.80	3.00	3.10	3.10	3.00	3.00	2.90	2.90	2.80	2.80	2.80	2.70	2.70
10 yr PWLB	3.00	3.20	3.30	3.30	3.20	3.10	3.10	3.00	3.00	3.00	2.90	2.90	2.80
25 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.40	3.30	3.30	3.20	3.20	3.20	3.10
50 yr PWLB	3.10	3.20	3.20	3.20	3.20	3.10	3.10	3.00	3.00	2.90	2.90	2.90	2.80

Link Group Interest Rate View	27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

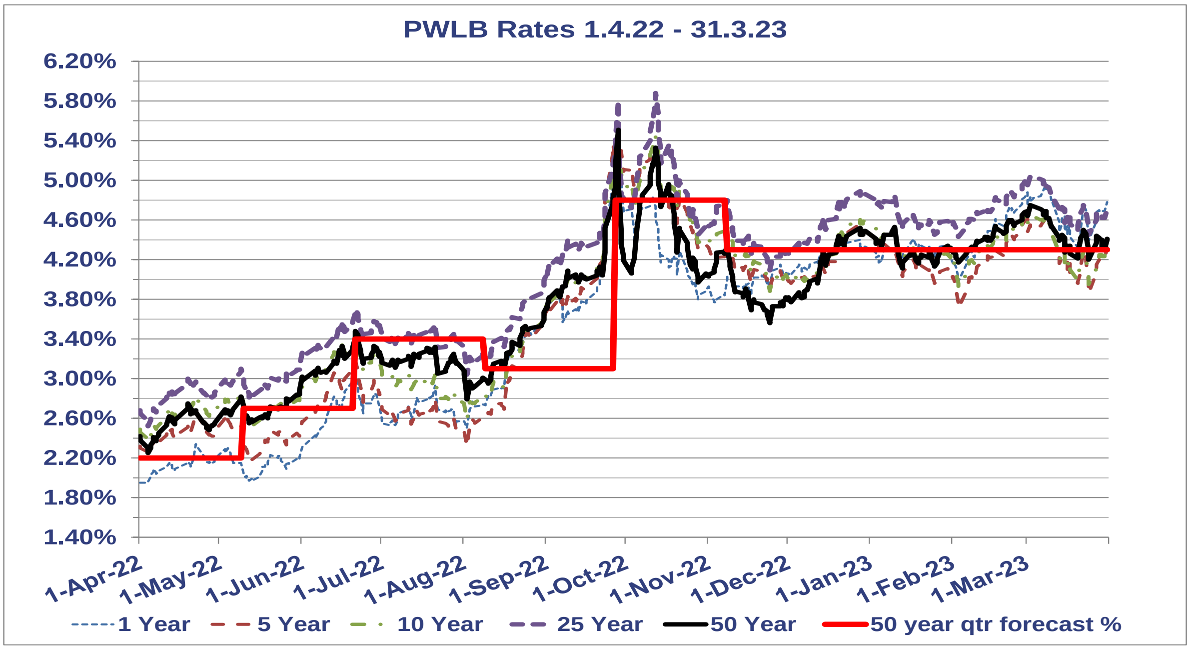
Link Group Interest Rate View	08.11.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.30	4.30	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.50	4.50	4.40	4.30	4.20	4.00	3.90	3.70	3.60	3.50	3.40	3.30	3.20
25 yr PWLB	4.70	4.70	4.60	4.50	4.40	4.30	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.40	4.30	4.20	4.10	4.00	3.80	3.70	3.60	3.40	3.30	3.20	3.20

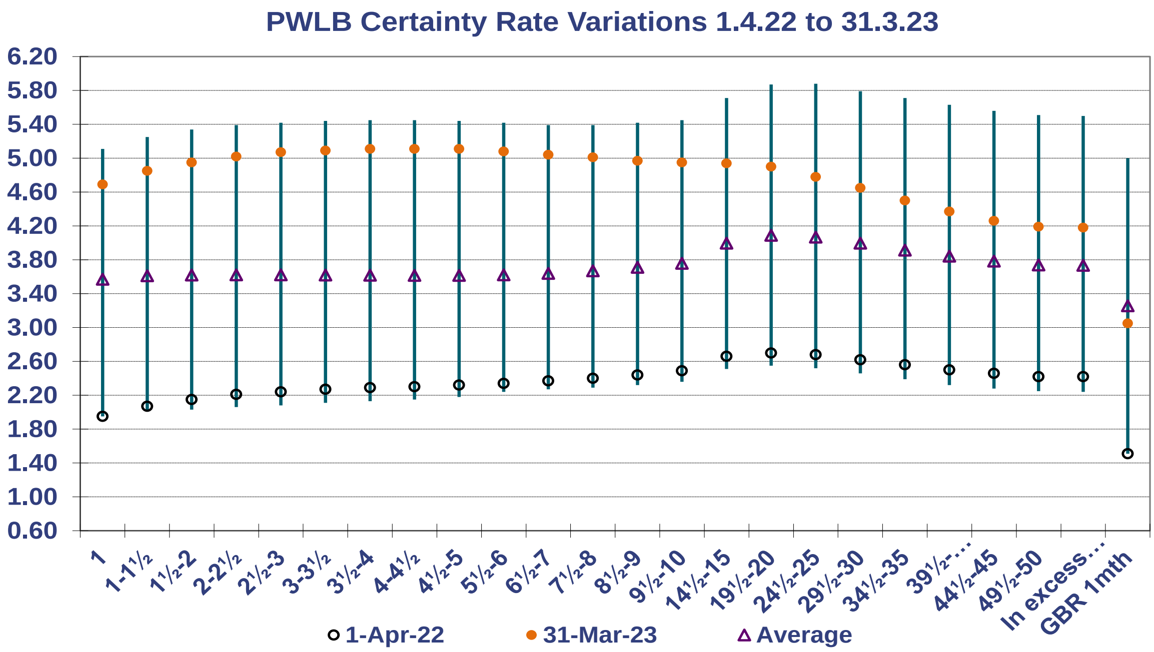
Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

Link Group Interest Rate View	07.02.23												
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

Link Group Interest Rate View	27.03.23											
	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.50	4.50	4.25	4.00	3.50	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.50	4.50	4.30	4.00	3.50	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.50	4.40	4.20	3.90	3.40	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.40	4.20	3.80	3.30	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.10	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.20	3.10
10 yr PWLB	4.20	4.20	4.00	3.90	3.80	3.70	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.50	4.40	4.20	4.10	4.00	3.80	3.70	3.60	3.50	3.50	3.40
50 yr PWLB	4.30	4.20	4.10	3.90	3.80	3.70	3.50	3.50	3.30	3.20	3.20	3.10

PWLB RATES 2022/23





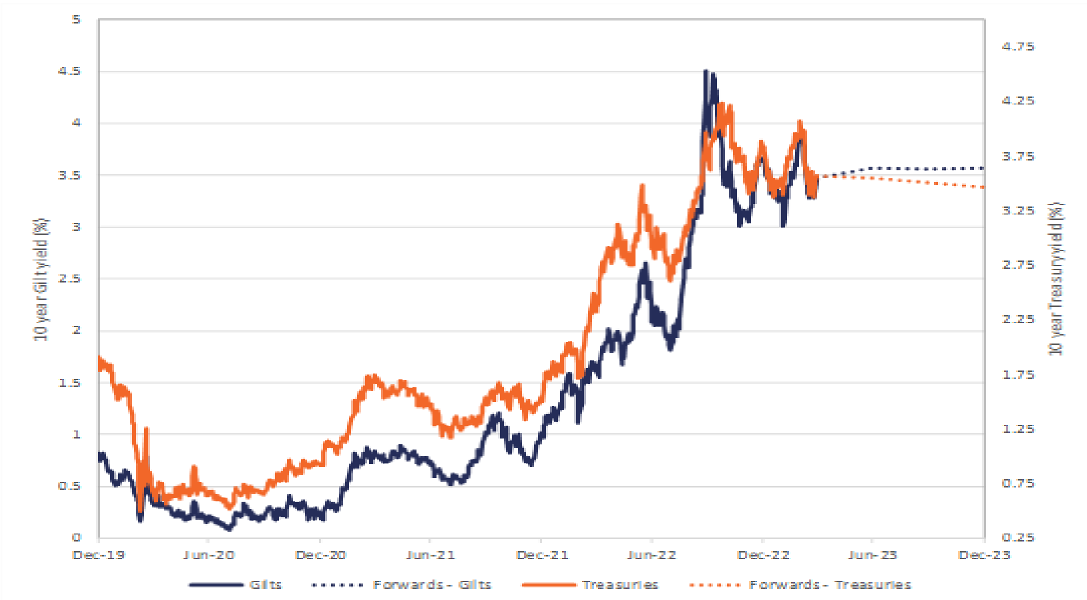
HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Graph of UK gilt yields v. US treasury yields



There is likely to be a fall in PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England’s 2% target.

5. Borrowing Outturn

Treasury Borrowing – *The following is record of all short-term borrowing undertook by the Council in 2022-23:*

Lender	Principal £m	Interest Rate Type	Interest Rate	Maturity days	Interest payable in 2022/23
West Midland Combined Authority	5.000	Fixed	0.10%	182	£821.92
Humberside Fire & Rescue Service	2.000	Fixed	0.95%	184	£9,005.48
North Hertfordshire District Council	2.000	Fixed	0.95%	184	£7,912.33
Tendring District Council	2.000	Fixed	0.95%	184	£9,005.48
Armagh City Banbridge and Craigavon Borough Council	2.000	Fixed	0.65%	99	£2,635.62
Northern Ireland Housing Executive	2.000	Fixed	1.30%	80	£5,698.63
Solihull Metropolitan Borough Council	5.000	Fixed	2.80%	181	£69,424.66
Fermanagh and Omagh District Council	2.000	Fixed	3.55%	182	£32,679.45
Erewash Borough Council	2.000	Fixed	3.45%	32	£6,049.32
Newport City Council	1.000	Fixed	3.85%	14	£1,476.71
Cambridgeshire & Peterborough Combined Authority	5.000	Fixed	4.50%	92	£14,178.08
Police & Crime Commissioner for Avon and Somerset	2.000	Fixed	4.55%	85	£5,734.25

The Five borrowed amounts highlighted in light grey were carried forward from the 2021/22 financial year, the above table reflects the amount of interest due in the 2022/23 year only.
The three borrowed amounts highlighted in dark grey were carried forward into the 2022/23 financial year, the above table reflects the amount of interest due in the 2022/23 year only.

The Council's borrowing budget for 2022/23 was £145,532, this was calculated on a forecast of interest rates being 2%, interest rates were 1% as at December 2021, and they were expected to only marginally rise by April 2022.

The actual cost of borrowing in 2022/23 was £164,621.93, £19,089.93 over the budgeted amount. This cost was covered the extra interest earnt above budget on the Council's investments.

The Council has taken no long-term borrowing from the Public Works Loans Board.

Borrowing in advance of need

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.
As outlined in section 4.1 The Council did borrow in advance of need when a forecasted cash deficit was known, and it was predicted borrowing rates were to be increased by the MPC soon. Therefore, borrowing was agreed ahead of the borrowing date to agree a lower interest rate.

6. Investment Outturn

Investment Policy – the Council's investment policy is governed by DLUHC investment guidance, which has been implemented in the annual investment strategy approved at Full Council. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.)

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties that were not managed by short-term borrowing. No overdraft charges were received.

Investments held by the Council

- The Council maintained an average balance of £40.959m of internally managed funds over the 2022/23 financial year.
- The internally managed funds earned an average rate of return of 3.53%.
- The comparable performance indicator is the average 12-month SONIA rate, which was also 3.53% as shown in the table on page 18.
- This compares with a budget assumption of £42.821m investment balances earning an average rate of 2.68%.
- Total investment income was £1.449m compared to a budget of £1.149m which is a total of £300k extra income earnt.

7. The Economy and Interest Rates

UK. Economy.

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
Inflation	10.4%y/y (Feb)	6.9%y/y (Mar)	6.0%y/y (Feb)
Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

8. Other Issues

1. IFRS 9 fair value of investments

English authorities: Following the consultation undertaken by the Department of Levelling Up, Housing and Communities DLUHC on IFRS 9, the Government has extended the mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds to 31st March 2025. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

Risk management will need to take account of the 2018/19 Accounting Code of Practice proposals for the valuation of investments. Whilst for many authorities, this may not be a significant issue, key considerations are included in our Technical Release, (TRA14, 29 August 2017), including:

- Expected credit loss model. Whilst this should not be material for vanilla treasury investments such as bank deposits, this is likely to be problematic for some funds e.g., property funds, (and also for non-treasury management investments dealt with in the capital strategy e.g., longer dated service investments, loans to third parties or loans to subsidiaries).
- The valuation of investments previously valued under the available for sale category e.g., equity related to the "commercialism" agenda, property funds, equity funds and similar, will be changed to Fair Value through the Profit and Loss (FVPL).

2. Changes in risk appetite

The Treasury has not changed its risk appetite during the 2022/23 year. The main focus of the treasury is to safeguard taxpayers money by investing in low risk counterparties and maintaining a diverse portfolio, and then secondly to generate a interest return on investments.

3. Counterparty limits

The counterparty limits were not changed at the end of the 2022/23 year, effective the 1st April 2023. This is to reflect a lower total investment value of the Council, and to ensure diversification is maintained across the investment portfolio to minimize risk. These limits are in the Treasury Strategy 2023/24, but are also highlighted again below:

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Local authorities & other government entities	25 years	£6m	Unlimited
Secured investments *	25 years	£6m	Unlimited
Banks (unsecured) *	13 months	£2m	£5m
Building societies (unsecured) *	13 months	£2m	£5m
Registered providers (unsecured) *	5 years	£2m	£10m
Money market funds *	n/a	£6m	£20m
Strategic pooled funds	n/a	£6m	Unlimited
Real estate investment trusts	n/a	£6m	£10m
Other investments *	5 years	£2m	£5m