

**APPENDIX A**

# Treasury Management Strategy Statement and Annual Investment Strategy

**Mid-Year Review Report  
2023/24**

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## **1. Background**

### **1.1 Capital Strategy**

In December 2021, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

The capital strategy for 2023/24 was approved by Council at its meeting on the 23 February 2023.

### **1.2 Treasury management**

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 low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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.

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**

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Code of Practice on Treasury Management (revised 2021).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

3. Receipt by the full Council of an annual Treasury Management Strategy Statement
  - including the Annual Investment Strategy and Minimum Revenue Provision Policy
  - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year. (Quarterly reports are also required for the periods ending April to June and October to December but may be assigned to a designated committee or panel as deemed appropriate to meet the Treasury Management governance and scrutiny aspects of the Council.)
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council, Cabinet is the delegated body.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2023/24 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2023/24;
- A review of the Council's borrowing strategy for 2023/24;
- A review of any debt rescheduling undertaken during 2023/24;
- A review of compliance with Treasury and Prudential Limits for 2023/24.

### **3. Economics and Interest Rates**

#### **3.1 Economics Update – commentary provided by LINK Asset Services**

- 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 3m growth of average earnings rose to 7.8% in August, excluding bonuses).

- 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.
- 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.
- 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.
- 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.
- 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 3m<sup>yy</sup> 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% 3m<sup>yy</sup> in June to 8.1% 3m<sup>yy</sup>, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.
- 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.

- 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.
- 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”.
- 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.
- 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).
- 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 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.
- 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 21<sup>st</sup> April the FTSE 100 stood at 7,914.

### **3.2 Interest Rate Forecasts**

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 1<sup>st</sup> November 2012.

The latest forecast on 25<sup>th</sup> September 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.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

Link Group Interest Rate View 25.09.23		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	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings		5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings		5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings		5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB		5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB		5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB		5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB		5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

### **4. Treasury Management Strategy Statement and Annual Investment Strategy Update**

The Treasury Management Strategy Statement, (TMSS), for 2023/24 was approved by this Council on 23<sup>rd</sup> February 2023.

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved

Prudential Indicator 2023/24	Original £'000	Revised Prudential Indicator £'000
Authorised Limit	46,000	46,000
Operational Boundary	34,000	34,000
Capital Financing Requirement	31,777	31,527

### **5. The Council's Capital Position (Prudential Indicators)**

This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

## 5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2023/24 Original Estimate £'000	2023/24 Revised Estimate £'000	2023/24 Forecast £'000
Great Council	38	201	201
People	345	360	360
Place	632	15,331	15,068
<b>Total General Fund</b>	<b>1,015</b>	<b>15,892</b>	<b>15,629</b>
HRA	2,592	5,763	5,697
<b>Total capital expenditure</b>	<b>3,607</b>	<b>21,655</b>	<b>21,326</b>

The revised budget includes carry forwards from 2022/23 of £3.631m plus some new additions in year for projects such as the Levelling Up Fund Stockyard (£11.1m), Levelling Up Fund Campus Theatre (£2m)

## 5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2023/24 Original Estimate £'000	2023/24 Revised Estimate £'000	2023/24 Forecast £'000
<b>Total capital expenditure</b>			
<b>Financed by:</b>			
Capital receipts	<b>968</b>	<b>3,523</b>	<b>3,531</b>
Capital grants	<b>684</b>	<b>360</b>	<b>13,978</b>
Major Repairs Reserve	<b>1912</b>	<b>15,391</b>	<b>1,765</b>
Development and Regeneration Reserve	<b>0</b>	<b>1,049</b>	<b>1,055</b>
Repairs and Renewal Funds	<b>38</b>	<b>553</b>	<b>540</b>
Third Party Contributions	<b>0</b>	<b>529</b>	<b>457</b>
Revenue	<b>5</b>	<b>0</b>	<b>0</b>
<b>Total financing</b>	<b>3,607</b>	<b>21,405</b>	<b>21,326</b>
<b>Borrowing requirement</b>	<b>0</b>	<b>250</b>	<b>0</b>

### **5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary**

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

#### **Prudential Indicator – Capital Financing Requirement**

The planned borrowing to fund the LCC Education Infrastructure capital contribution has been pushed back due to the latest announcement by the highways authority with regard to progressing the scheme to which this contribution is linked. The CFR has therefore reduced by £250k.

#### **Prudential Indicator – the Operational Boundary for external debt**

	<b>2023/24 Original Estimate £'000</b>	<b>2023/24 Revised Estimate £'000</b>
<b>Prudential Indicator – Capital Financing Requirement</b>		
CFR – non housing	293	43
CFR – housing	31,484	31,484
<b>Total CFR</b>	<b>31,788</b>	<b>31,527</b>
<b>Net movement in CFR</b>	<b>238</b>	<b>11</b>
<b>Prudential Indicator – the Operational Boundary for external debt</b>		
Borrowing	31,663	31,413
Other long-term liabilities	43	43
<b>Total debt (year end position)</b>	<b>31,706</b>	<b>31,456</b>

### **5.4 Limits to Borrowing Activity**

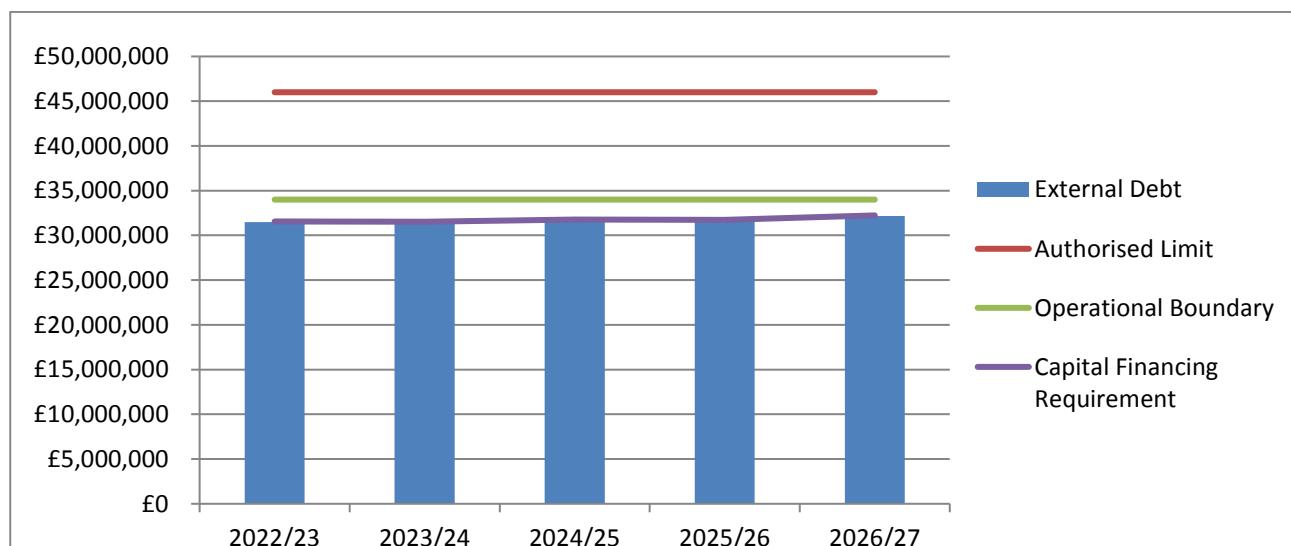
The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

	2023/24 Original Estimate £'000	2023/24 Revised Estimate £'000
Borrowing	31,663	31,413
Other long-term liabilities*	43	43
<b>Total debt</b>	<b>31,706</b>	<b>31,456</b>
<b>CFR* (year end position)</b>	<b>31,788</b>	<b>31,527</b>

A further prudential indicator controls the overall level of borrowing. This is the **Authorised Limit** which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2023/24 Original Indicator £'000	2023/24 Revised Indicator £'000
Borrowing	45,950	45,950
Other long-term liabilities	50	50
<b>Total</b>	<b>46,000</b>	<b>46,000</b>

## Comparison of borrowing parameters to actual external borrowing



## 6. Borrowing

The Council's capital financing requirement (CFR) for 2023/24 is £31.527m. 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. Table 5.4 shows the Council has

borrowings of £31.456m and has utilised £0.071m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if further upside risk to gilt yields prevails.

The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, to achieve optimum value and risk exposure in the long-term.

It is anticipated that further borrowing will not be undertaken during this financial year.

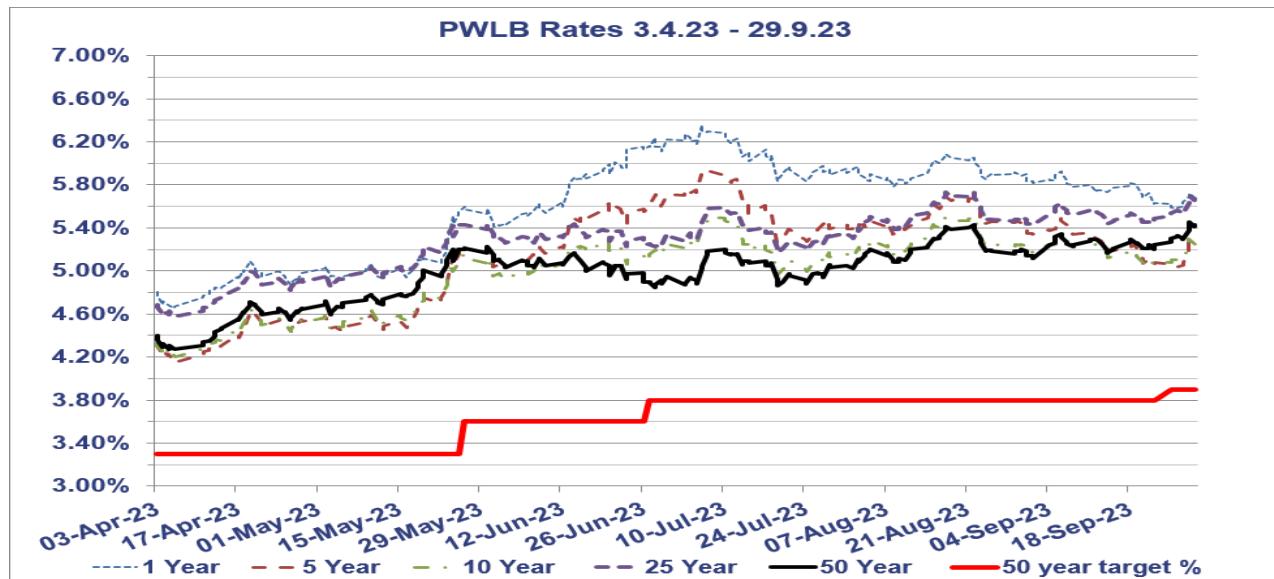
### **PWLB maturity certainty rates (gilts plus 80bps) year to date to 29th September 2023**

Gilt yields and PWLB certainty rates were on a generally rising trend throughout the first half of 2023/24. At the beginning of April, the 5-year rate was the cheapest part of the curve and touched 4.14% whilst the 25-year rate was relatively expensive at 4.58%.

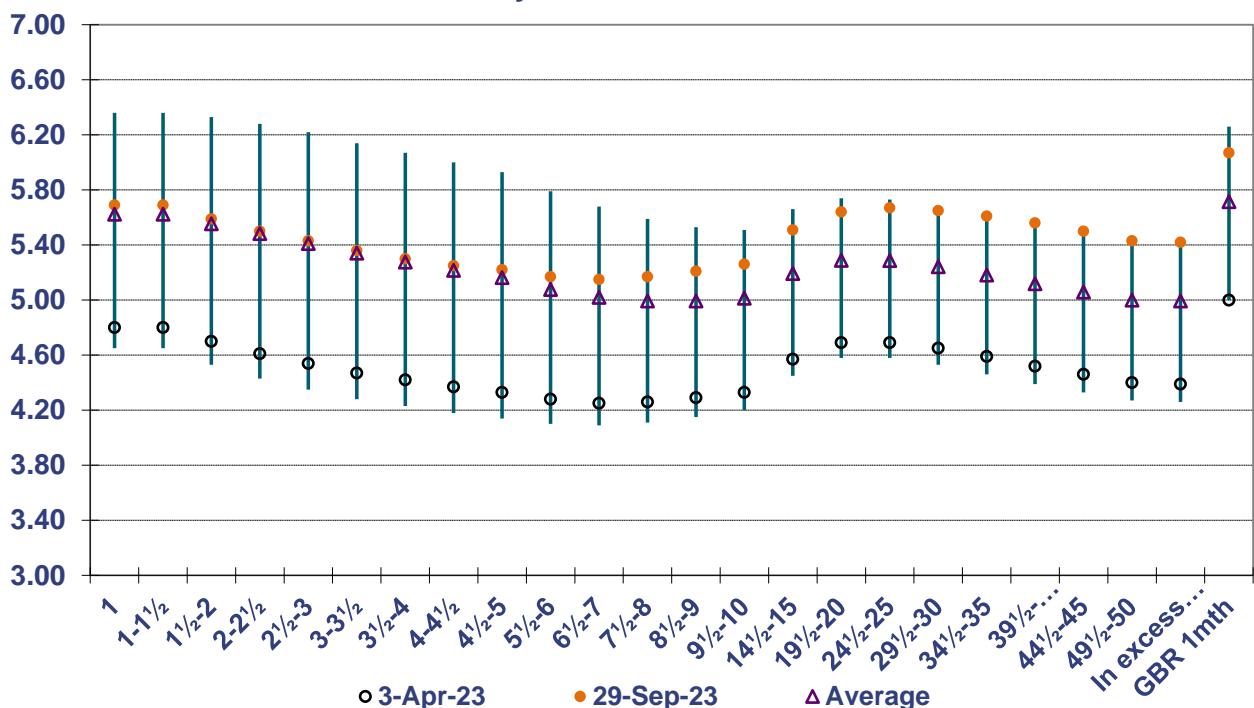
July saw short-dated rates peak at their most expensive. The 1-year rate spiked to 6.36% and the 5-year rate to 5.93%. Although, in due course, short-dated rate expectations fell, the medium dates shifted higher through August and the 10-year rate pushed higher to 5.51% and the 25-year rate to 5.73%. The 50-year rate was 4.27% on 5<sup>th</sup> April but rose to 5.45% on 28<sup>th</sup> September.

We 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 we forecast 50-year rates to stand at 3.90% by the end of September 2025. However, there is considerable gilt issuance to be digested by the market over the next couple of years, as a minimum, so there is a high degree of uncertainty as to whether rates will fall that far.

### **PWLB RATES 01.04.23 - 29.09.23**



### PWLB Certainty Rate Variations 3.4.23 to 29.9.23



### HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.23 – 29.09.23

	1 Year	5 Year	10 Year	25 Year	50 Year
<b>Low</b>	4.65%	4.14%	4.20%	4.58%	4.27%
<b>Date</b>	06/04/2023	06/04/2023	06/04/2023	06/04/2023	05/04/2023
<b>High</b>	6.36%	5.93%	5.51%	5.73%	5.45%
<b>Date</b>	06/07/2023	07/07/2023	22/08/2023	17/08/2023	28/09/2023
<b>Average</b>	5.62%	5.16%	5.01%	5.29%	5.00%
<b>Spread</b>	1.71%	1.79%	1.31%	1.15%	1.18%

- The current PWLB rates are set as margins over gilt yields as follows: -
  - PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
  - PWLB Certainty Rate (GF)** is gilt plus 80 basis points (G+80bps)
  - PWLB Local Infrastructure Rate** is gilt plus 60 basis points (G+60bps)
  - PWLB Certainty Rate (HRA)** is gilt plus 40bps (G+40bps)
- The **UK Infrastructure Bank** will lend to local authorities that meet its scheme criteria at a rate currently set at gilt plus 40bps (G+40bps).

### 7. Debt Rescheduling

Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

## **8. Compliance with Treasury and Prudential Limits**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30<sup>th</sup> September 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2023/24. The Director of Corporate Services reports that no difficulties are envisaged for the current or future years in complying with these indicators.

All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

## **9. Annual Investment Strategy**

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council on 23<sup>rd</sup> February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

### **Creditworthiness.**

Following the Government's fiscal event on 23<sup>rd</sup> September 2022, both S&P and Fitch placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings in light of expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in the first half of 2023/24.

### **Investment Counterparty criteria**

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

### **CDS prices**

It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

### **Investment balances**

The average level of funds available for investment purposes during the first half of the financial year was £24.4m. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds £2m core cash balances for investment purposes (i.e., funds available for more than one year).

## Investment performance year to date as of 29<sup>th</sup> September 2023

The Council's gross budgeted investment return for 2023/24 is £589k, and performance for the year is currently anticipated to be £533k above budget. This is due to both cash levels and interest rates being higher than anticipated.

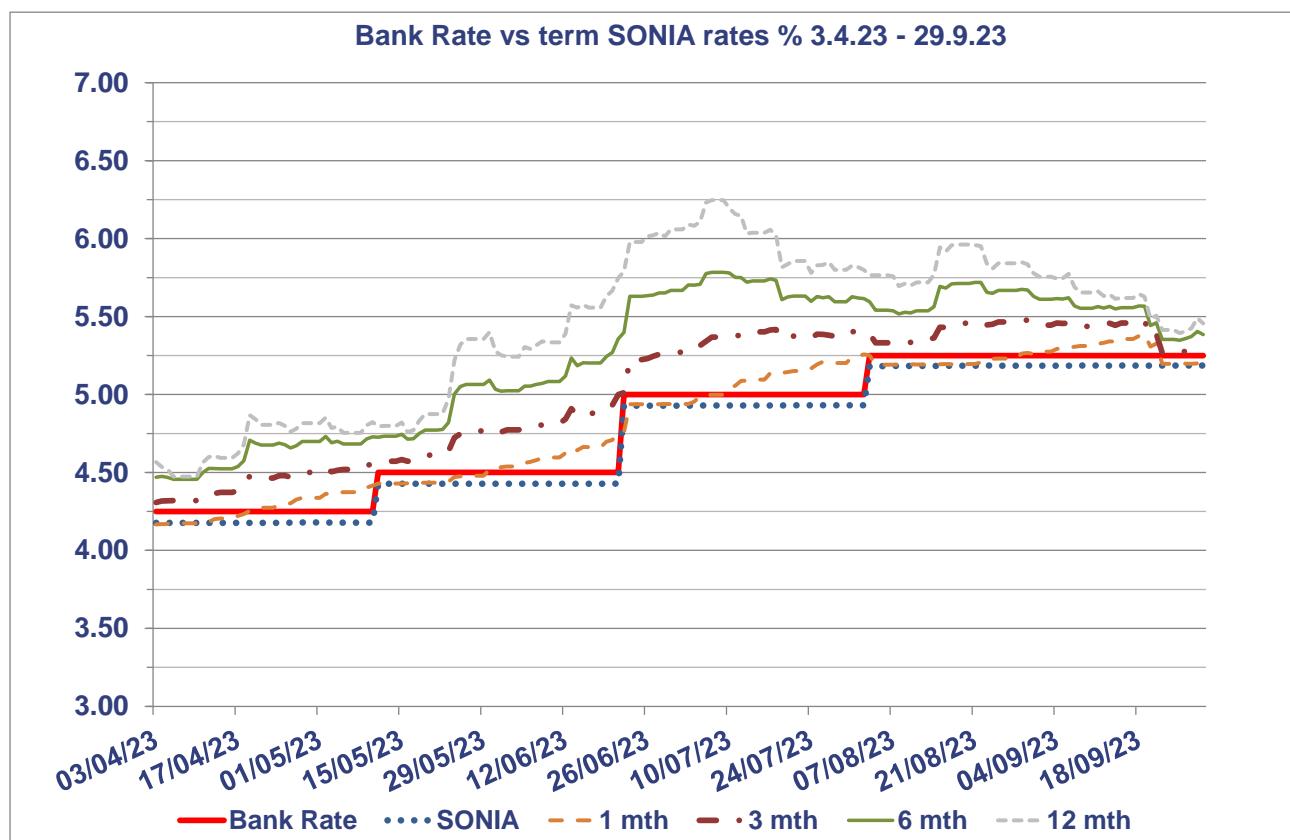
The investment portfolio yield for the first six months of the year is 5.66% against the seven day money market rate of 4.73%.

The average level of funds available during the first six months of the year is £24.379m compared with the annual budgeted figure of £15.4m.

## Approved limits

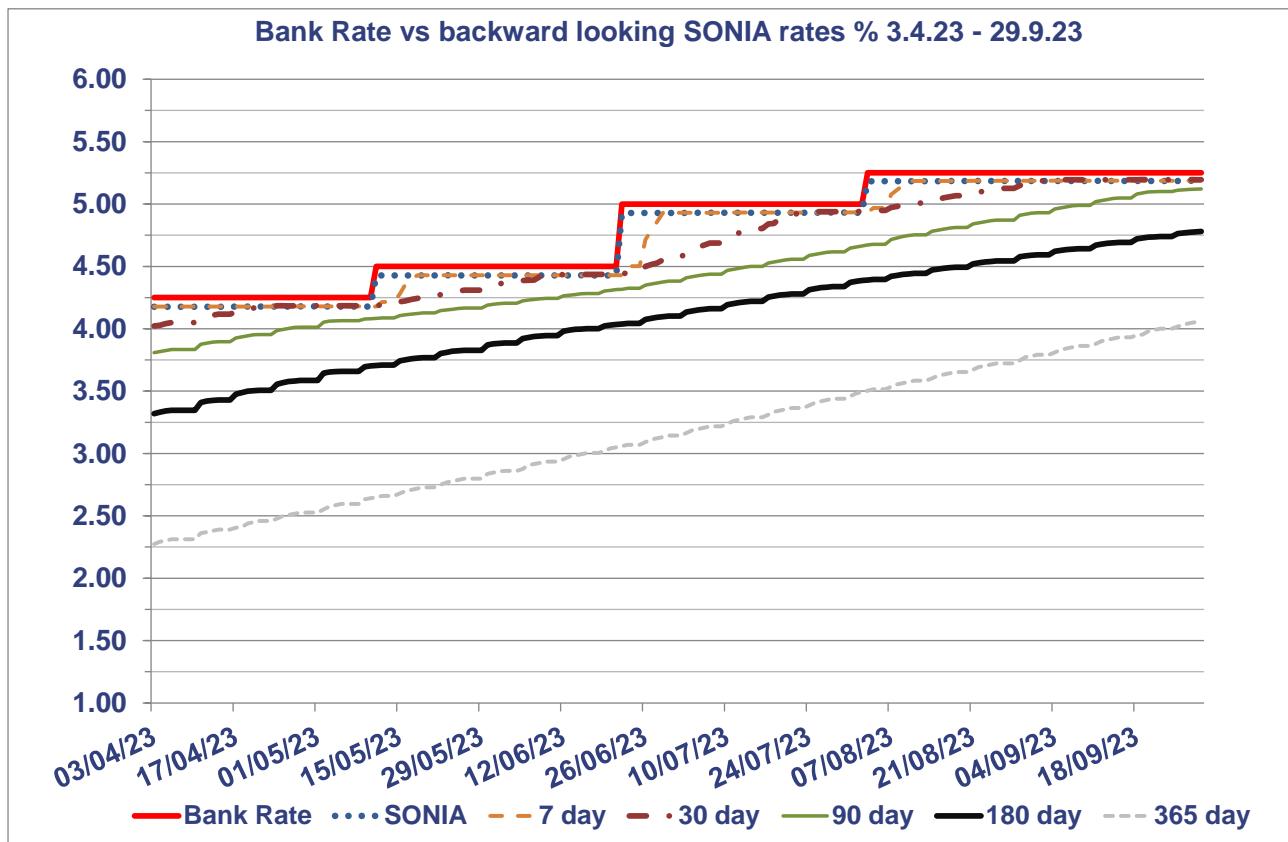
Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the period ended 30th September 2023.

## Investment rates during half year ended 30<sup>th</sup> September 2022



	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	29/09/2023	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	4.81	4.74	4.83	5.03	5.26	5.45
Spread	1.00	1.01	1.22	1.17	1.33	1.77

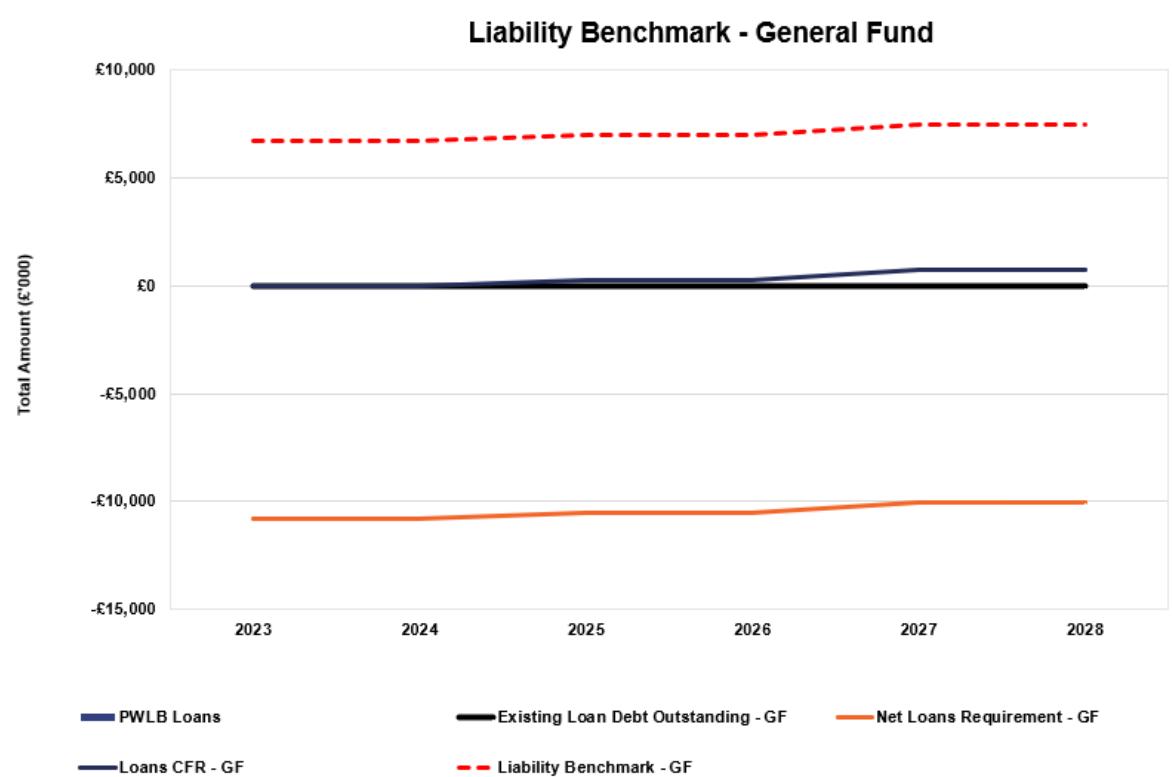
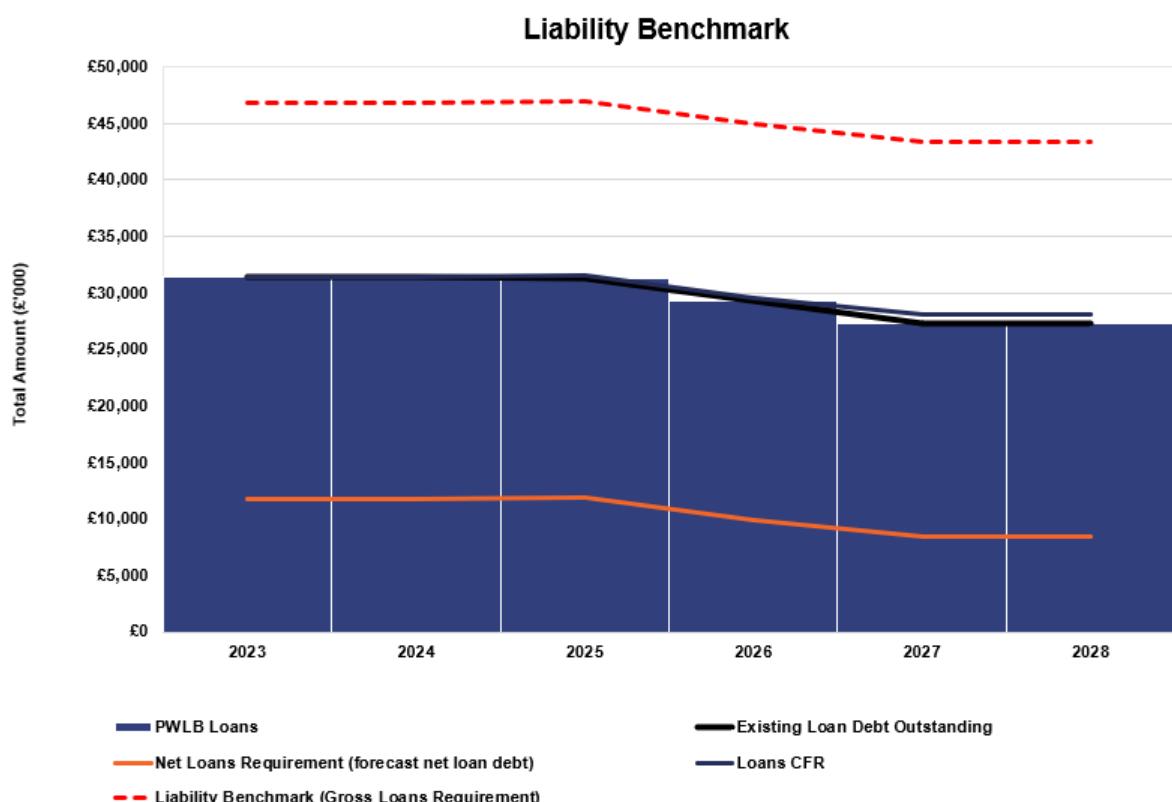
The table above covers the first half of 2023/24.

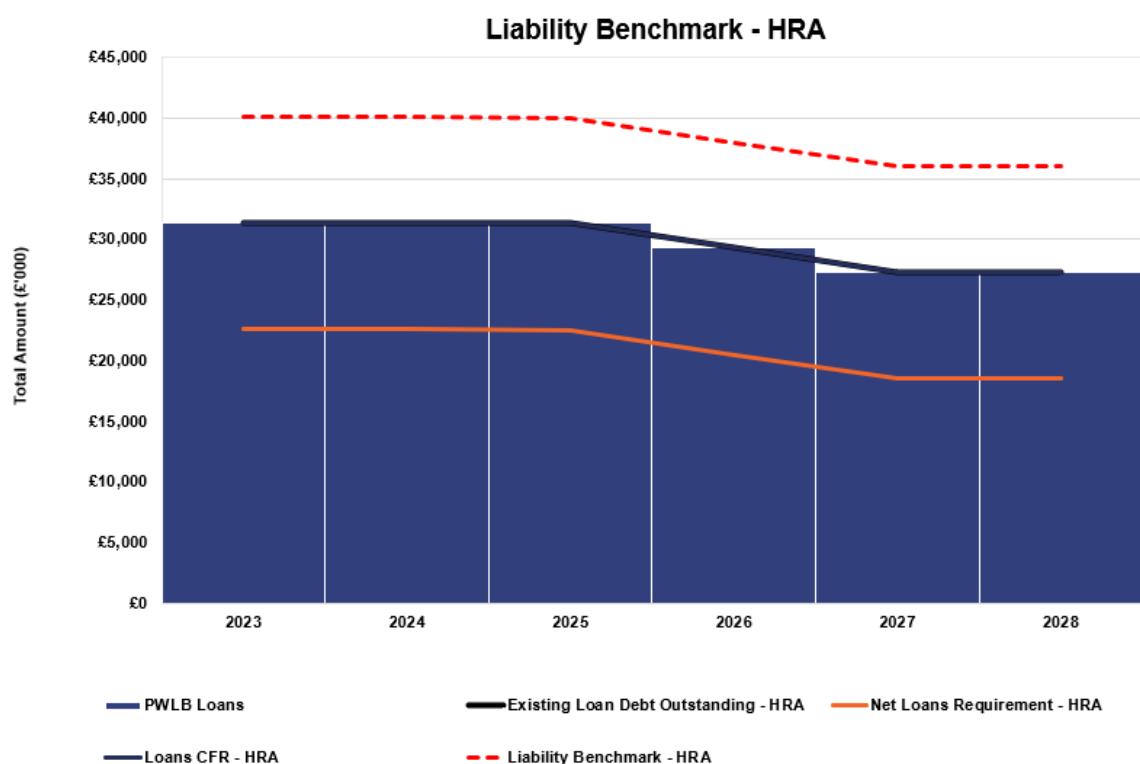


	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
<b>High</b>	5.25	5.19	5.19	5.20	5.12	4.78	4.06
<b>High Date</b>	03/08/2023	29/09/2023	04/09/2023	27/09/2023	29/09/2023	29/09/2023	29/09/2023
<b>Low</b>	4.25	4.18	4.18	4.02	3.81	3.32	2.27
<b>Low Date</b>	03/04/2023	04/04/2023	11/04/2023	03/04/2023	03/04/2023	03/04/2023	03/04/2023
<b>Average</b>	4.81	4.74	4.71	4.64	4.44	4.10	3.16
<b>Spread</b>	1.00	1.01	1.01	1.17	1.31	1.46	1.79

The table above covers the first half of 2023/24.

## APPENDIX 1: the CFR, Liability Benchmark and Borrowing





## APPENDIX 2: Investment Portfolio

Investments held as of 30th September 2023 compared to our counterparty list:

### Melton Borough Council

#### Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
MMF Insight	400,000	5.24%		MMF	AAAm	
MMF Invesco	3,000,000	5.33%		MMF	AAAm	
Qatar National Bank	1,000,000	4.75%	04/10/2022	03/10/2023	A	0.000%
Standard Chartered Bank (ESG)	1,000,000	5.14%	04/10/2022	03/10/2023	A+	0.000%
National Bank of Kuwait (International) PLC	3,000,000	5.87%	17/07/2023	17/01/2024	A	0.013%
Standard Chartered Bank (ESG)	1,000,000	6.21%	01/08/2023	01/02/2024	A+	0.015%
Qatar National Bank	1,000,000	6.57%	12/06/2023	12/03/2024	A	0.020%
Lloyds Bank Plc (RFB)	2,000,000	5.14%	20/03/2023	19/03/2024	A+	0.021%
Qatar National Bank	1,500,000	6.04%	28/06/2023	28/03/2024	A	0.022%
National Bank of Kuwait (International) PLC	1,000,000	5.12%	03/04/2023	02/04/2024	A	0.023%
Qatar National Bank	1,000,000	5.27%	03/04/2023	02/04/2024	A	0.023%
Qatar National Bank	3,000,000	5.92%	12/04/2023	11/04/2024	A	0.024%
Lloyds Bank Plc (RFB)	1,500,000	5.66%	31/05/2023	30/05/2024	A+	0.030%
Qatar National Bank	1,000,000	6.29%	27/06/2023	26/06/2024	A	0.033%
Standard Chartered Bank (ESG)	1,000,000	6.15%	01/08/2023	31/07/2024	A+	0.038%
<b>Borrower - Funds</b>						
CCLA Local Authorities Property Fund	2,000,000					
<b>Total Investments</b>	<b>£24,400,000</b>					
<b>Total Investments - excluding Funds</b>	<b>£22,400,000</b>	<b>5.66%</b>				<b>0.020%</b>
<b>Total Investments - Funds Only</b>	<b>£2,000,000</b>					

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.