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Appendix A

Overview

The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on these activities.

- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act.

- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. A Revised edition of this code was published in late December 2021.

- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services. A Revised edition of this code was also published in late December 2021.

- Under the Act the Department for Levelling Up, Housing, and Communities (DLUHC) has issued Investment Guidance to structure and regulate the Council's investment activities. This was updated in February 2018, effective from 1st April 2018.

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Treasury Management Policy Statement

Introduction and Background

1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the code), as described in Section 5 of the Code

1.2 Accordingly, the Council will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- Suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

1.3 The Council (i.e. Full Council Members) will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close, in the form prescribed in its TMPs.

1.4 The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Cabinet, and for the execution and administration of treasury management decisions to the Chief Finance Officer as Section 151 Officer, who will act in accordance with the organisation's policy statement and TMPs and, if they are a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

1.5 The Council nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

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Policies and Objectives of Treasury Management Activities

2.1 The Council defines its treasury management activities as:

> *"The management of the organisation's 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."*

2.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

2.3 The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

2.4 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken, and the type of borrowing should allow the Council transparency and control over its debt.

2.5 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Council's investments followed by the yield earned on investments remain important but are secondary considerations.

Appendix B

Statistical Reporting Limitations

SCC no longer subscribes to the CIPFA Treasury Management Benchmarking Club. CIPFA Treasury Management Benchmarking Club produced detailed reports of Local Authority performance, and also compared with other authorities. Whilst these headline figures have been a useful guide in assessing performance in the past, it has become more important to assess performance against the stated objectives and specific needs of SCC during the year, and to take a wider view in relation to timeframes and overall risk management.

In view of the declining numbers that had been using the service, the increasing difficulty of straightforward comparison, and the cost of membership of the Benchmarking Club, it was decided not to participate from 2016-17 forward.

Many Authorities are using more esoteric means of 'investing' cash making it increasingly difficult to compare levels of risk tolerance, as well as returns. Some recent 'investments' by other Local Authorities include:

- Loans to local Football Club
- Buy and Leaseback of BP Corporate HQ
- 33% Stake in new start-up bank
- Setting up own energy company
- Direct property investment

The many factors that affect treasury performance that were not apparent from the CIPFA reports, and thereby made direct comparison increasingly difficult included:

- The CIPFA reports look at one year in isolation. With the introduction of the Prudential Code in 2004, Authorities have been able to invest for longer periods. Performance of investments in particular, needs to be viewed over a longer timeframe to see the full impact of decisions. A further issue regarding timeframes is that LOBOs can be taken and reported with a reduced rate initially, but with a big increase after an initial period that is not apparent in the reporting period.

- Each authority will have different needs during any given year. For example, a large capital requirement in a year when borrowing rates are high can have an enormous adverse effect on the overall portfolio performance for years to come. Conversely, a high rate loan that drops out of a small portfolio can make performance look extremely impressive in a year when no activity was undertaken, or if new borrowing is being undertaken in the present low rate environment.

- Individual decisions are taken to suit a Council's particular circumstances, return aspirations, overall policy, and risk tolerances, and these will affect outcomes. The techniques and tools used to achieve objectives, and as part of risk management will also have an effect. For example, District Councils with housing stock receipts can invest in longer-dated Government and Supranational Bonds or place a greater percentage of investments with longer maturities.

- Investment returns compare rates achieved and give a general indication of length of deposits, but comparisons of the different levels of risk from counterparties and duration of loans is not available.

- The size of an Authority's cash balances will affect returns. An Authority with larger balances may be forced to use counterparties paying a lower rate to satisfy diversification needs and maintain minimum counterparty criteria.

- Conversely, an Authority with larger balances may be able to invest a greater proportion of funds in the longer-term, thereby generating better returns.

- Use of Advisors. Authorities' lending lists will be heavily influenced by their Treasury advisors. Who each Authority's advisor is, and therefore their investment and counterparty advice, is not apparent from CIPFA reports.

Appendix C

Long-Term Borrowing

The rate at which the Council can borrow from its main source, the PWLB, is directly affected by Market movements in Gilts (PWLB rates are set with a direct correlation to Gilt yields). They are set twice daily and fluctuate according to market sentiment.

Gilt yields rise and fall with interest rates. Gilt yields fall when the Bank of England cuts the base interest rate and rise when the base rate goes up.

Gilts yields are also affected by political, economic, financial, and a myriad of other factors. Yields generally decrease when negative factors or sentiment is felt (uncertainty caused by Wars and geopolitical tensions, fears caused by high energy prices, and continued concerns over the economic effect of Coronavirus). Greater demand = higher price = lower yield = lower PWLB rates. The opposite holds true, i.e. positive sentiment or over supply translates into higher yields.

PWLB rates across all durations inevitably ended the year higher than in March 2021 due to the 3 rises in base rate during the year. Rates had been trading within a fairly narrow band up until September, when there were rises in the shorter end of the yield curve. They fell again in November, but after the first base rate rise in December, continued their ascent across all maturities.
As a result of the above, 5-year, 10-year and 50-year maturity rates averaged 1.65%, 1.98%, and 2.04% respectively for 2021-22, and at 31st March 2022 were 2.45%, 2.63%, and 2.58%.

Spreads across all shorter maturities were most volatile, the five-year Maturity rate showing a maximum of 2.57% and a minimum of 1.25%, and the 10-year Maturity rate a maximum of 2.72% and a minimum of 1.59%, producing spreads of 1.32% and 1.13% respectively during the year.

When yields increase, it becomes cheaper to repay debt prematurely. To give an example, to repay the entire PWLB portfolio at March 31st 2021 a premium of £101.9m would have been payable (64% of principal). At 31st March 2022 a premium of £78.8m would have been payable (49.5% of principal). Any decision to reschedule or repay debt would need to be taken in this dynamic environment, but as SCC is likely to be adding to its current debt in the near future, it is improbable rescheduling would happen.

The table and graph below summarise PWLB borrowing rates during the year.

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PWLB Rates 2021-22 (Maturity rates unless stated)

	5 Year	5 Year EIP	10 Year	15 Year EIP	30 Year	50 Year
01/04/2021	1.40	1.16	1.93	1.71	2.41	2.22
30/04/2021	1.40	1.16	1.91	1.70	2.34	2.13
31/05/2021	1.30	1.15	1.90	1.69	2.34	2.15
30/06/2021	1.36	1.15	1.81	1.62	2.25	2.07
31/07/2021	1.30	1.14	1.65	1.50	2.00	1.80
31/08/2021	1.32	1.18	1.66	1.51	2.01	1.80
30/09/2021	1.61	1.39	2.01	1.84	2.37	2.16
31/10/2021	1.77	1.63	2.03	1.92	2.15	1.90
30/11/2021	1.56	1.43	1.81	1.70	1.88	1.56
31/12/2021	1.80	1.66	2.00	1.90	2.17	1.88
31/01/2022	2.08	1.98	2.28	2.19	2.42	2.15
28/02/2022	2.19	2.10	2.44	2.31	2.63	2.42
31/03/2022	2.45	2.36	2.63	2.53	2.78	2.58
Average 2021-22	**1.65**	**1.50**	**1.98**	**1.84**	**2.27**	**2.04**
Minimum	1.25	1.09	1.59	1.44	1.80	1.45
Maximum	2.57	2.49	2.72	2.64	2.90	2.68
Spread	1.32	1.40	1.13	1.20	1.10	1.23
Average 2020-21	**1.70**	**1.64**	**2.01**	**1.86**	**2.51**	**2.33**
Difference in average	**-0.05**	**-0.14**	**-0.03**	**-0.02**	**-0.24**	**-0.29**

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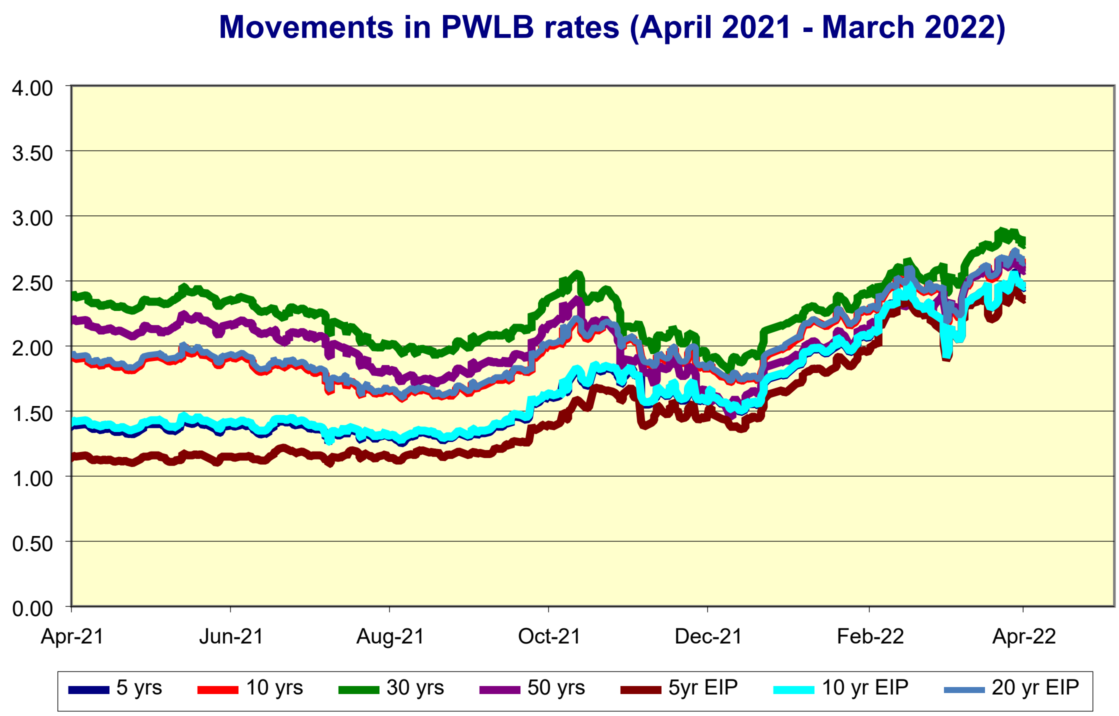

During 2021-22, there were no scheduled debt maturities, and due to the elevated premiums, rescheduling of existing debt was not cost effective.

The year-end average rate of the PWLB portfolio remained at 4.59%.

The Council has £113m of loans that are LOBO loans (Lender's Option Borrower's Option) of which £83m were in their option state during 2021-22. None of the lenders exercised their option to request an increase in the rate applied. As stated in the 2021-22 Treasury Management Strategy Statement, it is SCC policy not to accept any option to pay a higher rate of interest on LOBO loans and would invoke its own option to repay the loan.

Note that the £57.5m of loans with Barclays are now effectively long-term fixed loans after they contractually ceded the right to their options.

The year-end average rate of the LOBO/Market Loan portfolio for SCC for the year was 4.74%.

With no debt activity during the year, the weighted average term for SCC market loans at 31st March was 30.0 years, whilst the PWLB loans average was 22.2 years.

Appendix D

Lending

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.

Security: Security of capital remained the Council's main investment objective. This was maintained by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices. Current approved counterparties are listed below. Those used during the year are denoted with a star.

Bank or Building Society			
Australia & NZ Bank	*	National Westminster	*
Bank of Scotland		Nationwide BS	*
Bank of Montreal	*	Nordea Bank	*
Bank of Nova Scotia		OP Corporate Bank	
Barclays Bank Plc		Oversea-Chinese Banking Corporation	
Canadian Imperial Bank of Commerce		Rabobank	
Close Brothers Ltd		Royal Bank of Scotland	
Commonwealth Bank of Australia		Santander UK	*
DBS Bank Ltd	*	Standard Chartered Bank	*
DZ Bank	*	Handelsbanken Plc	*
Goldman Sachs International Bank		Toronto-Dominion Bank	*
HSBC Bank	*	United Overseas Bank	
Landesbank Hessen-Thuringen	*		
Lloyds Bank	*		
National Australia Bank			

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Sterling CNAV Money Market Funds			
Goldman Sachs MMF		Insight MMF	*
Deutsche MMF	*	Aberdeen Standard MMF	*
Invesco Aim MMF	*	LGIM MMF	*
Federated Prime MMF	*	SSGA MMF	*
JP Morgan MMF		Aviva MMF	*

Other Counterparties	
Other Local Authorities	* (49 Deals)
Debt Management Office	*
CCLA Property Fund	*
RLAM Credit Fund	*
M&G Corporate Bond Fund	*

SCC has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment. Other indicators considered have been:

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions i.e. bail-in.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

Fitch and Moody's revised upward the outlook on a number of UK banks and building societies on the Council's counterparty list to 'stable', recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK. Fitch also revised the outlook for Nordea, Svenska Handelsbanken and Handelsbanken plc to stable.

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In the first half of FY 2021-22 credit default swap (CDS) spreads were flat over most of the period and are broadly in line with their pre-pandemic levels. The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

While the UK and Non-UK banks on the Arlingclose counterparty list remained in a strong and well-capitalised position, the duration advice on all these banks remained at 35 days until the end of September for UK Banks, and December for Non-UK Banks. At these points, duration was extended to 100 days maximum, and some previously excluded banks were returned to the lists.

As duration advice has been limited to 35-days on new bank lending (and the number of counterparties recommended has been significantly reduced by Arlingclose) for most of the year, there have been minimal opportunities to use banks, as they are either not in the market in this period, or rates have been negligible or even negative. In order to place deposits for longer maturities, and to pick up a better yield, more deposits have been placed with UK Local Authorities. At times, this too has been difficult, as the deluge of money from Central Government has increased liquidity and reduced the number of Local Authorities looking to borrow money. At times there have been no Local Authorities looking to borrow money, and this has kept rates suppressed.

Outside of Arlingclose advice, SCC did continue to hold £15m in a 95-day notice account with Santander UK, and an Instant Access account with Handelsbanken Plc, the UK arm of one of the strongest commercial banks in the world, although they were added to the Arlingclose list during the year.

Another means of assessing inherent risk in an investment portfolio is to monitor the duration, the average weighted time to maturity of the portfolio. As the revenue element of lending is generally instant access or short-term lending, it is more appropriate to monitor the Comfund element of lending. The Comfund portfolio started the year with a duration of 155 days. This fell month on month to 91 days by September as banks were severely restricted, and relatively few Local Authorities were looking for cash. The average duration at the year-end was 120 days, with the average for the year being 3.75 months.

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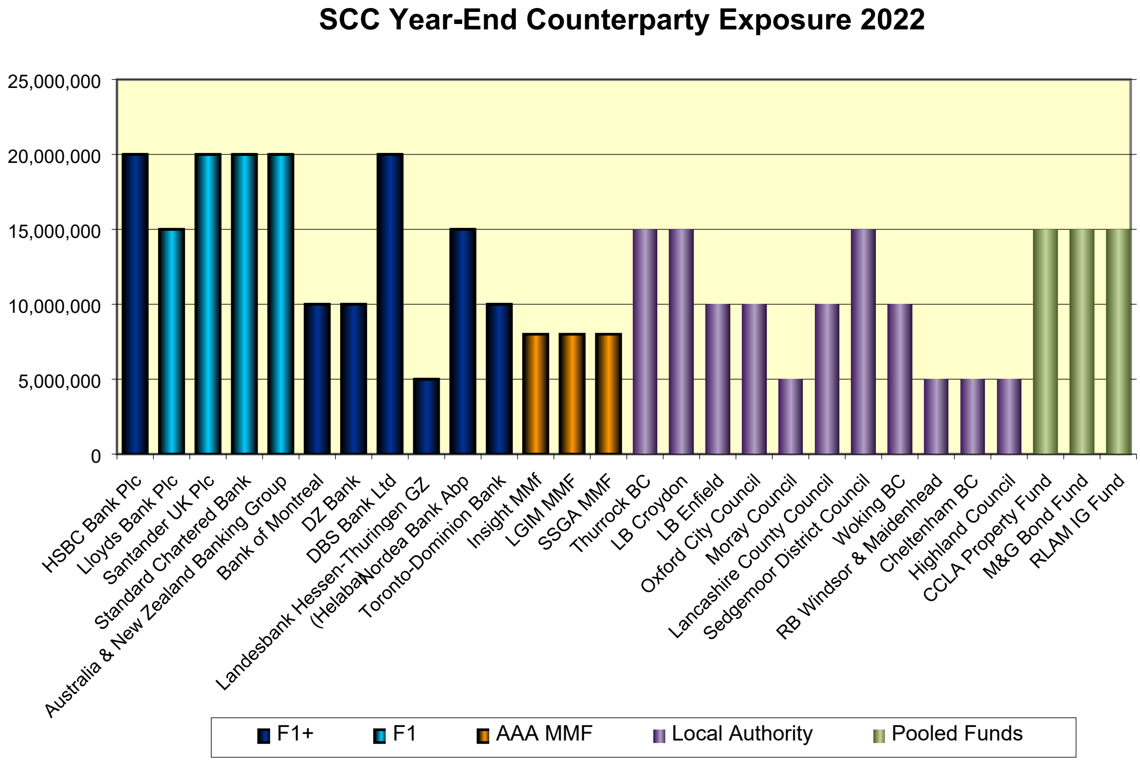
In order to increase diversification of the portfolio and to increase duration where possible, more deposits were placed with UK Local Authorities. Forty-nine loans were placed with Local Authorities during the year (37 in 2020-21). This allowed for longer-dated maturities with excellent creditworthiness and an appropriate yield.

The chart below shows the names of approved counterparties with deposit exposures as at 31st March 2022.



Liquidity: In keeping with the DLUHC guidance, the Council maintained enough liquidity through the use of call accounts, money market funds (MMFs), and short-term deposits. Some call accounts and MMFs offered yields in excess of those on offer for time deposits up to 3-months, which meant that it was beneficial to use these facilities. This was beneficial not just for liquidity and yield, but in mitigating counterparty and interest rate risk. During the year, identified core balances and reserves have been lent for longer periods when deemed appropriate, via the Comfund. The Comfund aim is to create a portfolio of deposits with a rolling maturity providing sufficient liquidity, whilst enabling advantage to be taken of the extra yield offered in longer periods.

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Pooled Funds: The decision to invest further into Pooled Funds was driven by 2 key factors. Firstly, by diversifying away from unsecured Bank deposits, it would help to mitigate the increased risk posed by unsecured bank bail-in, and secondly, to mitigate the risk of negative returns (real negative returns, or inflation adjusted returns) posed by the low interest rate environment.

During 2021-22, SCC increased investment into Pooled Funds by £5m, to £45m. £15m was maintained in the CCLA Property Fund, whilst £15m was invested in the Royal London Investment Grade Short-Dated Credit Fund (RLAM), and a further £5m into the M&G Strategic Corporate Bond Fund (M&G), bringing investment in that Fund to £15m.

CCLA Property Fund: This Fund is an actively managed, diversified portfolio of UK Commercial Property with a stated investment objective "to provide investors with a high level of income and long-term capital appreciation".

As at 31st March 2022 the Net Asset Value of the SCC holding was £16,554,117 and a Bid Price (value at which investment could be sold) of £16,295,647. The value of the fund had steadily increased throughout the year. In the meantime, the average Property Fund yield of circa 3.65% net for the past 4 quarters, was circa 3.21% above average cash yields, and provided approximately £547,000 of income during the year.

RLAM: This Fund is an actively managed, diversified Investment Grade Short-Dated Credit Fund. As at 31st March 2022 the Bid value (value at which investment could be sold) of the SCC holding was £14,253,076. Income of £328k has been received, and at year-end it was yielding 2.22%.

M&G: This Fund is an actively managed, diversified Strategic Corporate Bond Fund. As at 31st March 2022 the Bid value (value at which investment could be sold) of the SCC holding was £13,815,321. Income of £241k has been received, and at year-end it was yielding 2.24%.

The combined yield of all 3 Pooled Funds as at 31st March was 2.70%.

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Yield: The Council sought to optimise returns commensurate with its objectives of security and liquidity. In March 2021, England began a phased withdrawal from the latest lockdown as the vaccination programme continued. The market anticipated an upturn in the economy, and with supply side issues and rising energy prices stoking the spectre of inflation, bank rate rises began to be talked about in the Autumn. The historically low base rate of 0.10% had prevailed throughout most of the year, but there were 3 consecutive rises in December, February, and March as inflation took hold. The year began with negative overnight rates and a return of only 0.15% for a 1-year deposit with a bank. Local Authority rates were less than this, with 1-year money trading as low as 0.06%. During the year 1-month, 3-month, 6-month and 12-month Money Market rates were at lows of 0.02%, 0.00%, 0.05%, and 0.15% respectively. 1-month, 3-month, 6-month and 12-month Money Market rates averaged 0.12%, 0.23%, 0.37% and 0.50% respectively for 2021-22, 0.17%, 0.22%, 0.30%, and 0.33% more than the averages for 2020-21.

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As at 31st March 2022 1-month, 3-month, 6-month and 12-month Money Market rates were 0.61%, 1.17%, 1.33% and 1.57% respectively. A table of rates is shown below.

Money Market Rates 2021-2022 Source = Bloomberg

	O/N	7-Day	1-Month	3-Month	6-Month	12-Month	2-Yr SWAP
01/04/2021	-0.06	0.05	0.02	0.00	0.09	0.15	0.28
30/04/2021	-0.06	0.05	0.04	0.00	0.05	0.15	0.31
31/05/2021	0.01	0.05	0.04	0.00	0.05	0.15	0.31
30/06/2021	-0.06	0.05	0.04	0.05	0.10	0.15	0.37
31/07/2021	-0.06	0.05	0.04	0.05	0.11	0.17	0.43
31/08/2021	-0.06	0.05	0.04	0.05	0.10	0.19	0.48
30/09/2021	-0.06	0.05	0.03	0.11	0.16	0.19	0.72
31/10/2021	-0.06	0.08	0.10	0.21	0.45	0.70	1.23
30/11/2021	0.01	0.02	0.04	0.16	0.31	0.52	1.06
31/12/2021	0.06	0.20	0.14	0.35	0.22	0.52	1.19
31/01/2022	0.06	0.22	0.32	0.48	0.66	1.02	1.19
28/02/2022	0.40	0.41	0.48	0.78	1.08	1.40	1.19
31/03/2022	0.75	0.70	0.61	1.17	1.33	1.57	1.19
Average 2021-22	**0.05**	**0.15**	**0.12**	**0.23**	**0.37**	**0.50**	**0.76**
Minimum	-0.08	0.01	-0.50	-0.01	0.05	0.15	0.26
Maximum	0.75	0.70	0.89	1.18	1.52	1.57	1.23
Spread	0.83	0.69	1.39	1.19	1.47	1.42	0.97
Average 2020-21	**-0.08**	**-0.07**	**-0.05**	**0.01**	**0.07**	**0.17**	**0.17**
Difference in average	**+0.13**	**+0.22**	**+0.17**	**+0.22**	**+0.30**	**+0.33**	**+0.59**

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Comfund: Comfund investment increased to £245m at year-end 2022, by £85.0m from the £160m at year-end 2021, driven mainly by holding extra CCG prepayments, and an element of reduced capital expenditure due to COVID.

The average balance of the Comfund throughout 2021-22 was £189.5, a £40.6m increase on the previous years' average.

The Comfund vehicle, with an annual return of 0.30% outperformed the benchmark for base rate of 0.19% for the year, by 0.11%. It can be difficult to maintain a positive performance when the comparator rate is moving up, particularly with quick successive rises.

A total of approximately £562,000 was earned in interest in the year, despite low rates, and a restricted choice of bank counterparties. However, it was a decrease of £358,000 on the figure for 2020-21 of £920,000.

Revenue: Revenue balances averaged £84.3m during the year, with an average yield of 0.11%. This is above the Money Market average overnight benchmark of 0.05%. This income stream earned interest of over £94,000.

Pooled Funds: Further investment of £5m was made into Pooled Funds during 2021-22. For the year to 31st March 2022 Pooled Funds delivered an average net income yield of 2.73%, and £1,191,792 of income.

Combined: The combined average daily balance of the Council's investments during 2020-21 was £317m against £239m for 2020-21. The overall weighted investment return of combined investments was 0.58% against a return of 0.70% for 2020-21. Excluding the Pooled Funds, cash returns were 0.24% compared to 0.46% for 2020-21. Total income generated was £1,848,642

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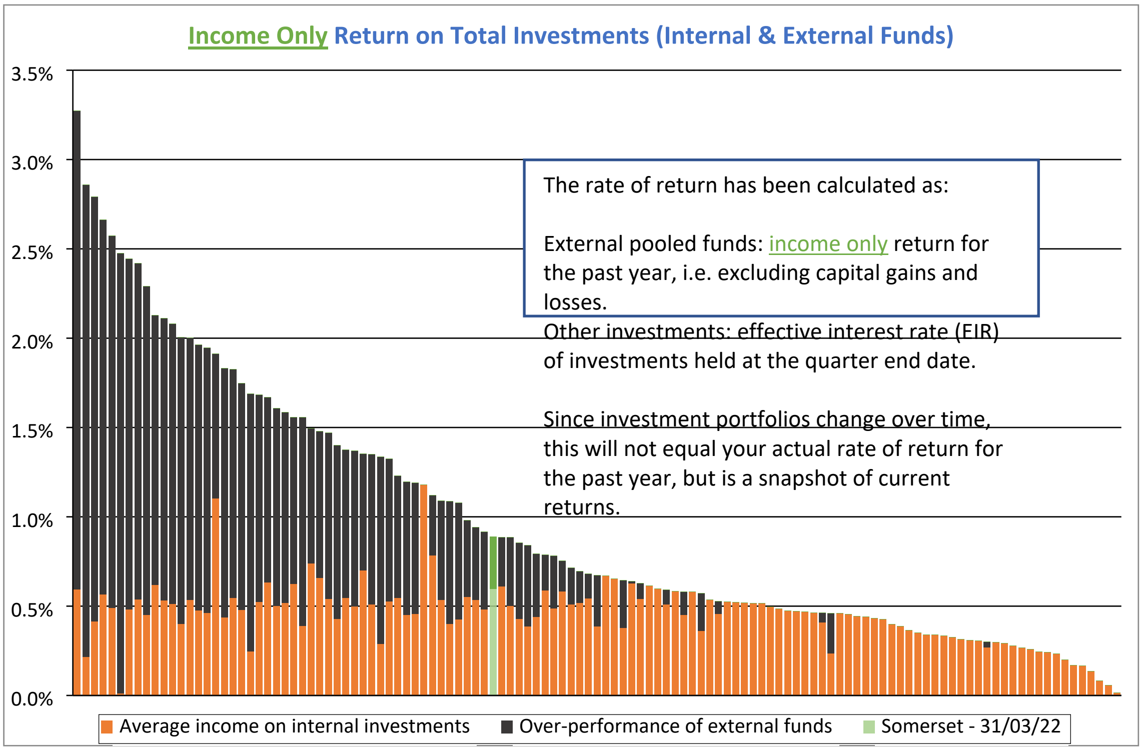
Comparison against other Local Authorities clients of Arlingclose

2021-22 was the twelfth complete year that SCC had the services of retained Treasury advisors, Arlingclose. It would therefore seem appropriate to look at SCC performance compared with other Authorities that use Arlingclose, i.e. that share much of the same investment advice, particularly regarding counterparties. However, many of the caveats mentioned in appendix B may apply.



Returns as at 31st March 2022 can be seen in the graph above (if in black & white, SCC is the bar 3rd to the left of the black square before 'Over-performance of external funds' in the graph legend).

A comparison of internally managed investments only is included below, showing performance on a returns v credit risk basis. Note: The Arlingclose report compares quarter-end figures only.

This graph shows that SCC has a return that is better than the average, with the average credit risk score marginally higher than other comparators.

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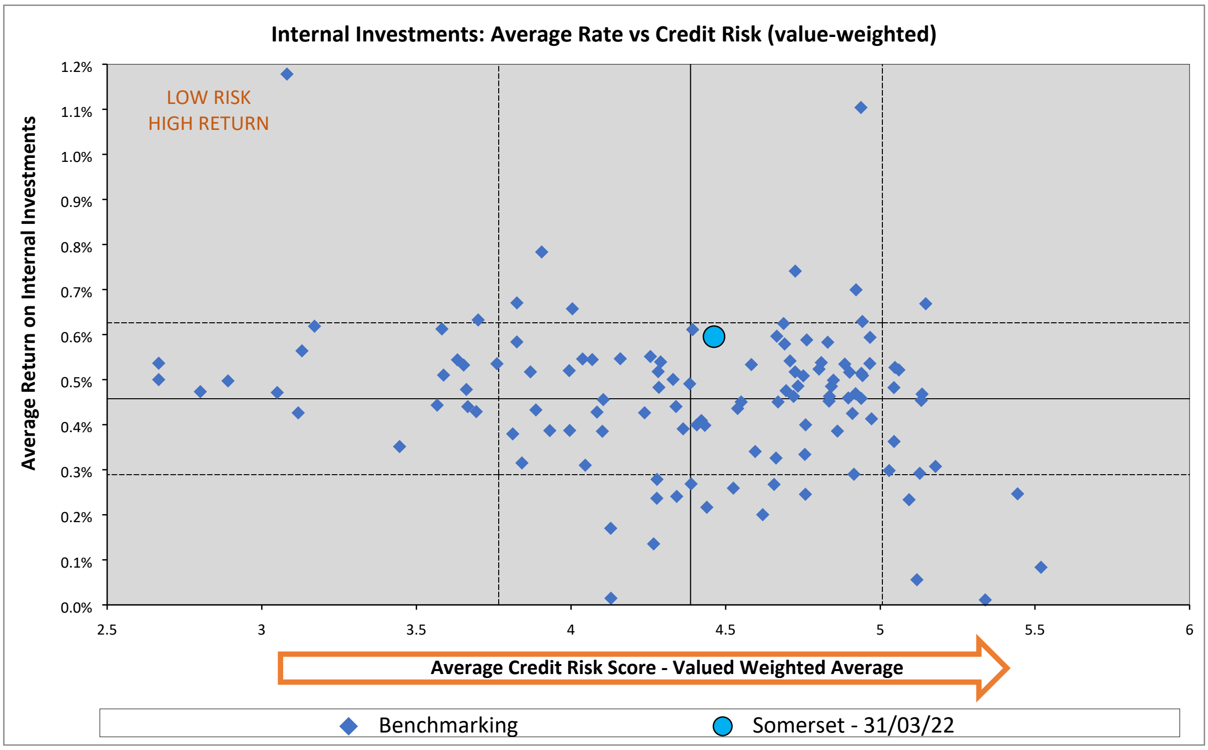

When comparing the year-end average days to maturity the SCC average is 98 (74 in 2019-20) days, all other Local Authorities just 14 (20), and 983 (644) days for other County Councils. The SCC average is more than **2.4 years** (1.5 in 2019-20) below that of other County Councils. This in part reflects the fact that SCC has been holding an average of approximately £44.5m of LEP money on behalf of its partners, so has needed to retain more liquidity, and that a much more cautious approach is taken with regard to interest rate risk, and perhaps more esoteric investments.

The Arlingclose report compares quarter-end figures only, and comparisons can be seen below.

	Rate		Balance (£m)	
	SCC	Others	SCC	Others
June 2021	0.20%	0.11%	285	83
September 2021	0.17%	0.08%	279	73
December 2021	0.19%	0.10%	257	82
March 2022	0.60%	0.46%	294	80
Average	**0.29%**	**0.19%**	**279**	**79.5**

Using this methodology, SCC performance has been above that of comparators. This has been achieved with an average investment balance of more than 3 times that of the average for the universe.

Security and liquidity have been achieved while returning an overall rate in excess of average cash rates for all periods up to 3-months (see table above), on investments with an average duration of around 3 months (Excluding Pooled Funds), in a rising interest rate market.

The overall return has produced a total income of £1.849m, up by £184,000 from 2020-21 on a higher average balance but reduced average rates.

All treasury management activities have mitigated risk to SCC to permit the achievement of objectives and including a fee for the management of the LEP money, have brought in income and benefits of approximately £140k.

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Appendix E

Prudential Indicators

Prudential Indicators are agreed and set by Council prior to each financial year. The key objectives are to ensure, within a clear framework, that the Capital Investment plans of the Council are affordable, prudent, and sustainable.

The indicators are regularly monitored, with actuals reported to the Director of Finance monthly.

The Council can confirm that it has complied with its Prudential Indicators for 2021-22. Those indicators agreed by Full Council and actual figures as at 31st March are included below:

Borrowing	Limit for 2021-22	As at 31-03-22
Authorised Limit	508	336
Operational Boundary	463	336

Maturity Structure of Borrowing	Upper	Lower	Actual
Under 12 months	50%	15%	28.2%
>12 months and within 24 months	25%	0%	1.5%
>24 months and within 5 years	25%	0%	15.1%
>5 years and within 10 years	20%	0%	3.4%
>10 years and within 20 years	20%	5%	8.9%
>20 years and within 30 years	20%	0%	5.9%
>30 years and within 40 years	45%	15%	37.0%
>40 years and within 50 years	15%	0%	0.0%
>50 years and above	5%	0%	0.0%

Limit for Principal sums invested > 365 days £75m **Actual** £45m

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Credit Risk Indicator

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk (in conjunction with Arlingclose) and will be calculated quarterly.

Credit risk indicator (to be below target)	**Target**	**Actual**
Portfolio average credit rating (score)	A (6)	AA- (4.46)