REPORT REFERENCE NO.	**RC/21/6**
MEETING	**RESOURCES COMMITTEE**
DATE OF MEETING	**10 FEBRUARY 2021**
SUBJECT OF REPORT	**TREASURY MANAGEMENT PERFORMANCE 2020-21 – QUARTERS 2 & 3**
LEAD OFFICER	**Director of Finance and Resourcing (Treasurer)**
RECOMMENDATIONS	***That the performance in relation to the treasury management activities of the Authority for 2020-21 (to December 2020) be noted.***
EXECUTIVE SUMMARY	The Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Code of Practice for Treasury Management. The Code suggests that members should be informed of Treasury Management activities at least twice a year, but preferably quarterly. This report therefore ensures this Authority is embracing Best Practice in accordance with CIPFA's Code of Practice. Due to the timing of the Resources Committee meetings, this is a combined report for quarters 2 & 3 of 2020/21 financial year.
RESOURCE IMPLICATIONS	As indicated within the report.
EQUALITY IMPACT ASSESSMENT	An initial assessment has not identified any equality issues emanating from this report.
APPENDICES	Appendix A – Investments held as at 30 September 2020 and 31 December 2020.
BACKGROUND PAPERS	Treasury Management Strategy (including Prudential and Treasury Indicators) as approved at the meeting of the Fire & Rescue Authority held on the 18 February 2020 – Minute DSFRA/38c refers.

1. INTRODUCTION

1.1 The Treasury Management Strategy for Devon and Somerset Fire & Rescue Authority has been underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management in Public Services Code of Practice (the Code) and the CIPFA Prudential Code. The Code recommends that members be updated on treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Authority is implementing best practice in accordance with the Code and includes:

- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Authority's treasury management activities;
- The creation and maintenance of Treasury Management Practices, which set out the manner in which the Authority will seek to achieve those policies and objectives;
- The receipt by the full Authority 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; and
- The delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

1.2 Treasury management in this context is defined as:

"The management of the local authority's 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. "

1.3 The preparation of this report demonstrates that the Authority is implementing best practice in accordance with the code.

2. ECONOMIC BACKGROUND

2.1 **UK.** The key quarterly meeting of the Bank of England's Monetary Policy Committee (MPC) kept **Bank Rate** unchanged on 5 November 2020. However, it revised its economic forecasts to take account of a second national lockdown from 5 November 2020 to 2 December 2020 which is obviously going to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of **quantitative easing (QE) of £150bn**, to start in January 2021 when the current programme of £300bn of QE, announced in March to June 2020, runs out. It did this so that "announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target".

Its forecasts appeared, at that time, to be rather optimistic in terms of three areas:

- The economy would recover to reach its pre-pandemic level in Q1 2022;

- The Bank also expected there to be excess demand in the economy by Q4 2022; and
- Consumer Price Index (CPI) inflation was therefore projected to be a bit above its 2% target by the start of 2023 and the "inflation risks were judged to be balanced".

2.2 Significantly, there was no mention of **negative interest rates** in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it "stands ready to adjust monetary policy", the MPC this time said that it will take "whatever additional action was necessary to achieve its remit". The latter seems stronger and wider and may indicate the Bank's willingness to embrace new tools.

2.3 One key addition to the Bank's forward guidance in August 2020 was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 of 2024. There could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. Inflation is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.

2.4 **COVID-19 vaccines.** We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public. The Pfizer announcement on 9 November 2020 was very encouraging as its 90% effectiveness was much higher than the 50-60% rate of effectiveness of flu vaccines which might otherwise have been expected. However, this vaccine has demanding cold storage requirements of minus 70c that impairs the speed of application to the general population. It has therefore been particularly welcome that the Oxford University/AstraZeneca vaccine has now also been approved which is much cheaper and only requires fridge temperatures for storage. The Government has 60 million doses on order and is aiming to vaccinate at a rate of 2 million people per week starting in January 2021, though this rate is currently restricted by a bottleneck on vaccine production; (a new UK production facility is due to be completed in June 2021)

2.5 These announcements, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence. Life could largely return to normal during the second half of 2021, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for these services.

2.6 A comprehensive roll-out of vaccines might take into late 2021 to fully complete. If these vaccines prove to be highly effective, then there is a possibility that restrictions could start to be eased, beginning possibly in Quarter 2 of 2021 once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered. It may allow Gross Domestic Product (GDP) to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%.

2.7 Overall, the pace of recovery was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Quarter 4 of 2019. It is likely that the one month national lockdown that started on 5 November 2020 will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.

2.8 **December 2020 / January 2021**. Since then, there has been rapid back-tracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5 January 2021 to national lockdowns of various initial lengths in each of the four nations, as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months. This means that the near-term outlook for the economy is grim. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions should allow GDP to rebound rapidly in the second half of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

2.9 **Brexit.** The final agreement on 24 December 2020 has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

2.10 **Monetary Policy Committee meeting of 17 December 2020.** All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks but they were still sufficiently concerned that they voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for another six months from 30 April 2021 until 31 October 2021. (The MPC had assumed that a Brexit deal would be agreed.)

2.11 **US.** The Democrats won the presidential election in November 2020, and now that they have won two Senate seats in Georgia in early January 2021, they have effective control of both Congress and the Senate, although power is more limited in the latter. This is likely to enable the Democrats to provide more fiscal stimulus to the economy and so help the speed of economic recovery.

2.12 **The economy** had been recovering quite strongly from its contraction in 2020 of 10.2% due to the pandemic with GDP only 3.5% below its pre-pandemic level and the unemployment rate dropping below 7%. However, the rise in new cases during quarter 4, to the highest level since mid-August, suggests that the US could be in the early stages of a fourth wave - impacting widely across the US this time. This latest upturn poses a threat that the recovery in the economy could stall. This is the single biggest downside risk to the shorter term outlook – a more widespread and severe wave of infections over the winter months, which is compounded by the impact of the regular flu season and, as a consequence, threatens to overwhelm health care facilities. Under those circumstances, states might feel it necessary to return to more draconian lockdowns.

2.13 The restrictions imposed to control the spread of the virus are once again weighing on the economy with employment growth slowing sharply in November 2020 and retail sales dropping back. The economy is set for further weakness in December 2020 and into the spring. However, a $900bn fiscal stimulus deal passed by Congress in late December 2020 will limit the downside. GDP growth is expected to rebound markedly from the second quarter of 2021 onwards as vaccines are rolled out on a widespread basis and restrictions are loosened.

2.14 After Chair Jerome Powell unveiled the Federal Bank's (the Fed's) adoption of a flexible average inflation target in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed by a majority to a toned down version of the new inflation target in his speech - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. There is now some expectation that where the Fed has led in changing its inflation target, other major central banks will follow. The increase in tension over the last year between the US and China is likely to lead to a lack of momentum in progressing the initial positive moves to agree a phase one trade deal.

2.15 The Fed's meeting on 16 December 2020 tweaked the guidance for its monthly asset quantitative easing purchases with the new language implying those purchases could continue for longer than previously believed. Nevertheless, with officials still projecting that inflation will only get back to 2.0% in 2023, the vast majority expect the fed funds rate to be still at near-zero until 2024 or later. Furthermore, officials think the balance of risks surrounding that median inflation forecast are firmly skewed to the downside. The key message is still that policy will remain unusually accommodative – with near-zero rates and asset purchases – continuing for several more years. This is likely to result in keeping

Treasury yields low – **which will also have an influence on gilt yields in this country.**

2.16 **EU.** In early December 2020, the figures for Quarter 3 for GDP confirmed that the economy staged a rapid rebound from the first lockdowns. This provides grounds for optimism about growth prospects for next year. In Quarter 2, GDP was 15% below its pre-pandemic level. But in Quarter 3 the economy grew by 12.5% q/q leaving GDP down by "only" 4.4%. That was much better than had been expected earlier in the year. However, growth is likely to stagnate during Quarter 4 and in Quarter 1 of 2021, as a second wave of the virus has affected many countries: it is likely to hit hardest those countries more dependent on tourism.

2.17 With inflation expected to be unlikely to get much above 1% over the next two years, the ECB (European Central Bank) has been struggling to get inflation up to its 2% target. It is currently unlikely that it will cut its central rate even further into negative territory from -0.5%, although the ECB has stated that it retains this as a possible tool to use. The ECB's December meeting added a further €500bn to the PEPP scheme, (purchase of government and other bonds), and extended the duration of the programme to March 2022 and re-investing maturities for an additional year until December 2023. Three additional tranches of TLTRO, (cheap loans to banks), were approved, indicating that support will last beyond the impact of the pandemic, implying indirect yield curve control for government bonds for some time ahead. The Bank's forecast for a return to pre-virus activity levels was pushed back to the end of 2021, but stronger growth is projected in 2022. The total PEPP scheme of €1,850bn of QE which started in March 2020 is providing protection to the sovereign bond yields of weaker countries like Italy. There is therefore unlikely to be a euro crisis while the ECB is able to maintain this level of support. However, as in the UK and the US, the advent of highly effective vaccines will be a game changer, although growth will struggle before later in quarter 2 of 2021.

2.18 China. After a concerted effort to get on top of the virus outbreak in Quarter 1, economic recovery was strong in Quarter 2 and then into Quarter 3 and Q4; this has enabled China to recover all of the contraction in Quarter 1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth.

2.19 Japan. A third round of fiscal stimulus in early December took total fresh fiscal spending this year in response to the virus close to 12% of pre-virus GDP. That's huge by past standards, and one of the largest national fiscal responses. The budget deficit is now likely to reach 16% of GDP this year. Coupled with Japan's relative success in containing the virus without draconian measures so far, and the likelihood of effective vaccines being available in the coming months, the government's latest fiscal effort should help ensure a strong recovery and to get back to pre-virus levels by Quarter 3 2021 – around the same time as the US and much sooner than the Eurozone.

2.20 World growth. World growth will have been in recession in 2020. Inflation is unlikely to be a problem for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.

Interest Rate Forecasts

2.21 The Authority's treasury advisor, Link Asset Services, has provided the following forecast:

Link Group Interest Rate View 9.11.20													
These Link forecasts have been amended for the reduction in PWLB margins by 1.0% from 26.11.20													
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90	1.00	1.00	1.00	1.00
10 yr PWLB	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.30	1.30
25 yr PWLB	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80
50 yr PWLB	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50	1.60	1.60	1.60	1.60

2.22 The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected within the forecast horizon ending on 31 March 2024 as economic recovery is expected to be only gradual.

3. <u>TREASURY MANAGEMENT STRATEGY STATEMENT</u>

<u>ANNUAL INVESTMENT STRATEGY</u>

3.1 The Authority's Annual Investment Strategy, which is incorporated in the Treasury Management Strategy Statement (TMSS) was approved by the Authority on the 18 February 2020. It outlines the Authority's investment priorities as follows:

- Security of Capital;
- Liquidity; and
- Yield.

3.2 The Authority will also aim to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to keep a significant proportion of investments short term. This will not only cover short term cash flow needs but will also seek out value available in significantly higher rates in periods up to 12 months with highly credit rated financial institutions using the Link suggested creditworthiness matrices, including Credit Default Swap (CDS) overlay information provided by Link.

3.3 A full list of investments held as at 30 September 2020 and 31 December 2020 are shown on Tables 1 and 1a within Appendix A.

3.4 The average level of funds available for investment purposes during quarter 2 was £46.856m, quarter 3 was £46.876m (£42.117m at the end of quarter 1 2020/21). These funds were available on a temporary basis and the level of funds was dependent on the level of reserves, timing of precept payments, receipt of grants and progress on the Capital Programme. A summary of the performance for both quarters can be found in Tables 2 and 2a of Appendix A.

3.5 As illustrated within Table 2 and Table 2a of Appendix A, the Authority outperformed the 3 month LIBID benchmark by 0.38bp in quarter 2 and by 0.28bp in quarter 3. It is anticipated that the actual investment return for the whole of 2020-21 will match the Authority's budgeted investment target of £0.201m. Moving forward, a more suitable benchmark such as the Sterling Overnight Index Average (SONIA) might be used as interest rates start to move into negative territory.

3.6 Within Appendix A, Table 3 illustrates the performance of the Authority for the past four quarters against quoted benchmark rates of 3 month LIBID, 7 days LIBID and also against the level of calculated risk associated with the investments known as the Weighted Average Credit Risk. We currently don't use all of these comparators against our performance but, they do demonstrate how well we have performed against a suite of comparators.

3.7 Finance officers have been prioritising liquidity of funds in the lead up to a potential No Deal Brexit which may have a short term detrimental impact on returns.

Negative investment rates

3.8 While the Bank of England has said that it is unlikely to introduce a negative Bank Rate, (at least in the next 6 -12 months), some deposit accounts are already offering negative rates for shorter periods. As part of the response to the pandemic and lockdown, the Bank and the Government have provided financial markets and businesses with plentiful access to credit, either directly or through commercial banks. In addition, the Government has provided large sums of grants to local authorities to help deal with the COVID crisis; this has caused some local authorities to have sudden large increases in investment balances searching for an investment home, some of which was only very short-term until those sums were able to be passed on. Meanwhile, uncertainty among corporate investors has also heightened their preference for the very short end of the yield curve. This, combined with a glut of monies which was particularly acute in the run up to the calendar year end, lead to some financial entities offering yet deeper negative yields or simply closing their books to new monies until 2021 began.

3.9 As for money market funds (MMFs), yields drifted lower through to the close of the calendar year. In response, managers continued to trim fee levels to ensure that net yields for investors remained in positive territory through the final quarter of the year.

3.10 Inter-local authority lending and borrowing rates have also declined due to elevated cash levels seeking a short-term home at a time when many local authorities are probably having difficulties over accurately forecasting when disbursements of funds received will occur, or when further large receipts will be received from the Government. In addition, the impact of the change in the Public Works Loan Board (PWLB) margin has had a marked impact on rates being offered.

BORROWING STRATEGY

Prudential Indicators:

3.11 It is a statutory duty for the Authority to determine and keep under review the "Affordable Borrowing Limits". The Authority's' approved Prudential Indicators (affordability limits) are outlined in the approved TMSS.

3.12 A full list of the approved limits (as amended) are included in the Financial Performance Report 2020-21, considered elsewhere on the agenda, which confirms that no breaches of the Prudential Indicators were made in the period to September 2020 and that there are no concerns that they will be breached during the financial year.

Current external borrowing

3.13 The Authority has not taken any external loans since June 2012 and has been using cash resources to meet any capital expenditure. The amount of outstanding external borrowing as at 30 September 2020 was £25.397m and 31st December it was the same at £25.397m. This is forecast to reduce to £24.851m by the end of the financial year as a result of standard loan repayments. All of this debt is at fixed rate with the remaining principal having an average rate of 4.24% and average life of 24.9 years for quarter 2. For quarter 3, the average rate was also 4.24% with an average life of 24.7 years.

Loan Rescheduling

3.14 No debt rescheduling was undertaken during either quarter. The Authority will continue to work closely with our treasury advisors to explore any opportunities to repay existing loans, however current Public Works Loan Board early repayment rates mean there is no financial benefit in undertaking premature loan repayment at this time.

New Borrowing

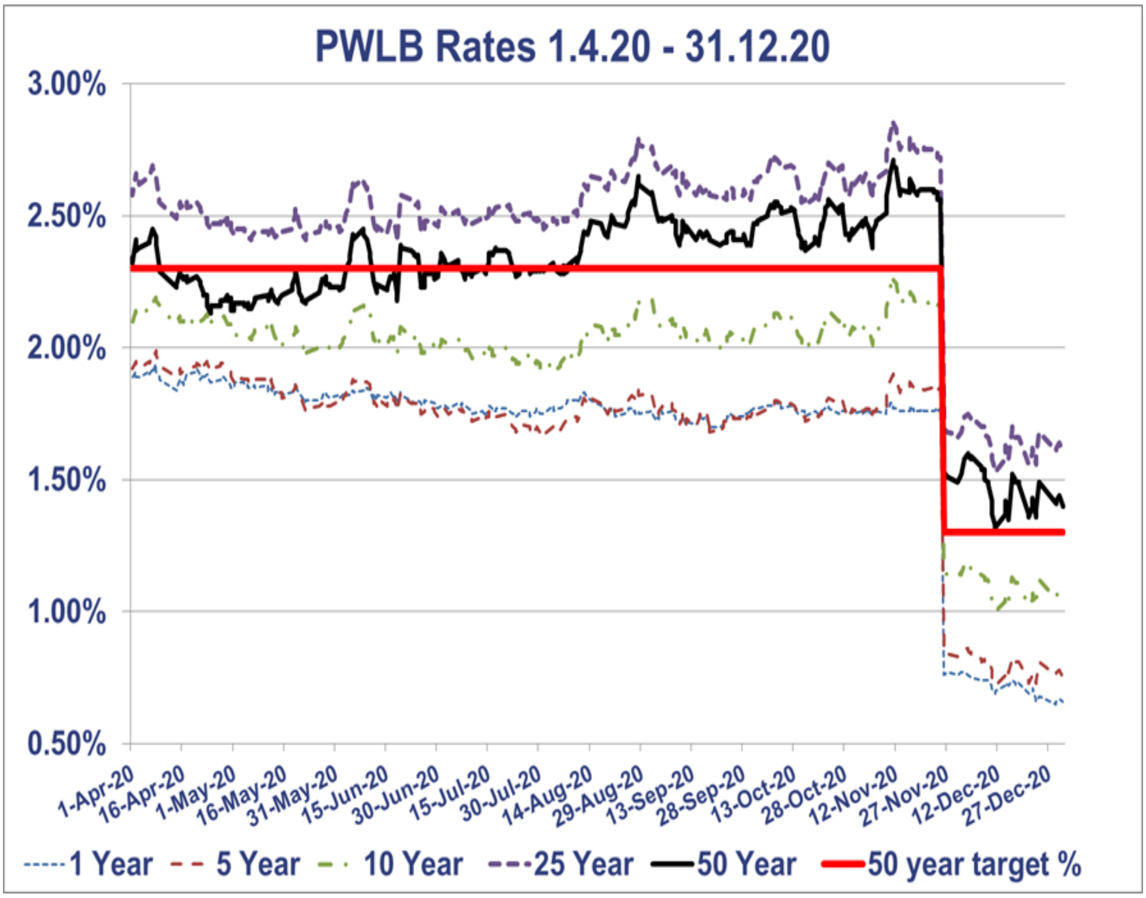
3.15 PWLB rates have not been on any consistent trend in this quarter. During the 2nd quarter, the 50 year PWLB target (certainty) rate for new long term borrowing was marginally increased to 2.30%. For quarter 3, they reduced by 100bps to 1.30% following an announcement on 25th November 2020, by the Chancellor where he announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

3.16 No new borrowing was undertaken during either quarter 2 or quarter 3 and none is planned during the remainder of 2020-21 as a result of the Authority's adopted financial strategy to utilise revenue funds (revenue budget and reserves) to finance capital investment needs for the medium term.

PWLB rates quarter ended 31 December 2020

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.65%	0.72%	1.00%	1.53%	1.32%
Low date	29/12/2020	11/12/2020	11/12/2020	11/12/2020	11/12/2020
High	1.94%	1.99%	2.28%	2.86%	2.71%
High date	08/04/2020	08/04/2020	11/11/2020	11/11/2020	11/11/2020
Average	1.66%	1.68%	1.94%	2.46%	2.26%

3.17 Borrowing rates for this quarter are shown below.



Borrowing in Advance of Need

3.18 The Authority has not borrowed in advance of need during either the 2nd or 3rd quarter.

4. SUMMARY AND RECOMMENDATION

4.1 In compliance with the requirements of the Chartered Institute of Public Finance and Accountancy Code of Practice of Treasury Management, this report provides the Committee with the second and third quarter report on treasury management activities for 2020-21 to December 2020. As is indicated in this report, none of the Prudential Indicators have been breached, and a prudent approach has been taken in relation to investment decisions taken so far, with priority being given to liquidity and security over yield. Whilst investment returns are recovering as a result of the increase in interest rates, the Authority is still anticipating that investment returns will meet the budgeted target, as rates were forecast to rise when the budget was set.

AMY WEBB
Director of Finance and Resourcing (Treasurer)

APPENDIX A TO REPORT RC/21/6

TABLE 1

Investments as at 30 September 2020					
Counterparty	**Maximum to be invested**	**Amount Invested**	**Call or Term**	**Period invested**	**Interest rate(s)**
	£m	£m			
Standard Chartered	7.000	-4.000	T	6 mths	1.06%
Standard Chartered	7.000	-3.000	T	6 mths	0.27%
Belfast City Council	5.000	-5.000	T	10 mths	0.90%
Blackpool Borough Council	5.000	-5.000	T	6 mths	0.80%
Liverpool City Council	5.000	-5.000	T	12 mths	0.50%
Lancashire City Council	5.000	-5.000	T	12 mths	0.40%
Mid & East Antrim Borough Council	5.000	-2.000	T	12 mths	0.40%
Cheshire East Council	5.000	-5.000	T	8 mths	0.50%
Black Rock	7.000	-2.010	C	Instant Access	Variable
Aberdeen Standard	7.000	-7.000	C	Instant Access	Variable
Barclays Bank	7.000	-0.001	C	Instant Access	Variable
Total Amount Invested		**-43.011**			

TABLE 1a

Investments as at 31 December 2020					
Counterparty	**Maximum to be invested**	**Amount Invested**	**Call or Term**	**Period invested**	**Interest rate(s)**
	£m	£m			
Bank of Scotland	7.000	-5.000	T	12 mths	0.20%
Cheshire East Council	5.000	-5.000	T	8 mths	0.50%
Liverpool City Council	5.000	-5.000	T	12 mths	0.46%
Lancashire County Council	5.000	-5.000	T	12 mths	0.40%
Mid & East Antrim Borough Council	5.000	-2.000	T	12 mths	0.40%
Standard Chartered Bank	5.000	-3.000	T	6 mths	0.27%
Standard Chartered Bank	5.000	-4.000	T	6 mths	0.08%
Redcar & Cleveland	5.000	-3.000	T	12 mths	0.30%
Aberdeen Standard	7.000	-2.644	C	Instant Access	Variable
Federated	7.000	-7.000	C	Instant Access	Variable
Barclays Bank	8.000	-£0.02	C	Instant Access	Variable
Total Amount Invested		**-41.665**			

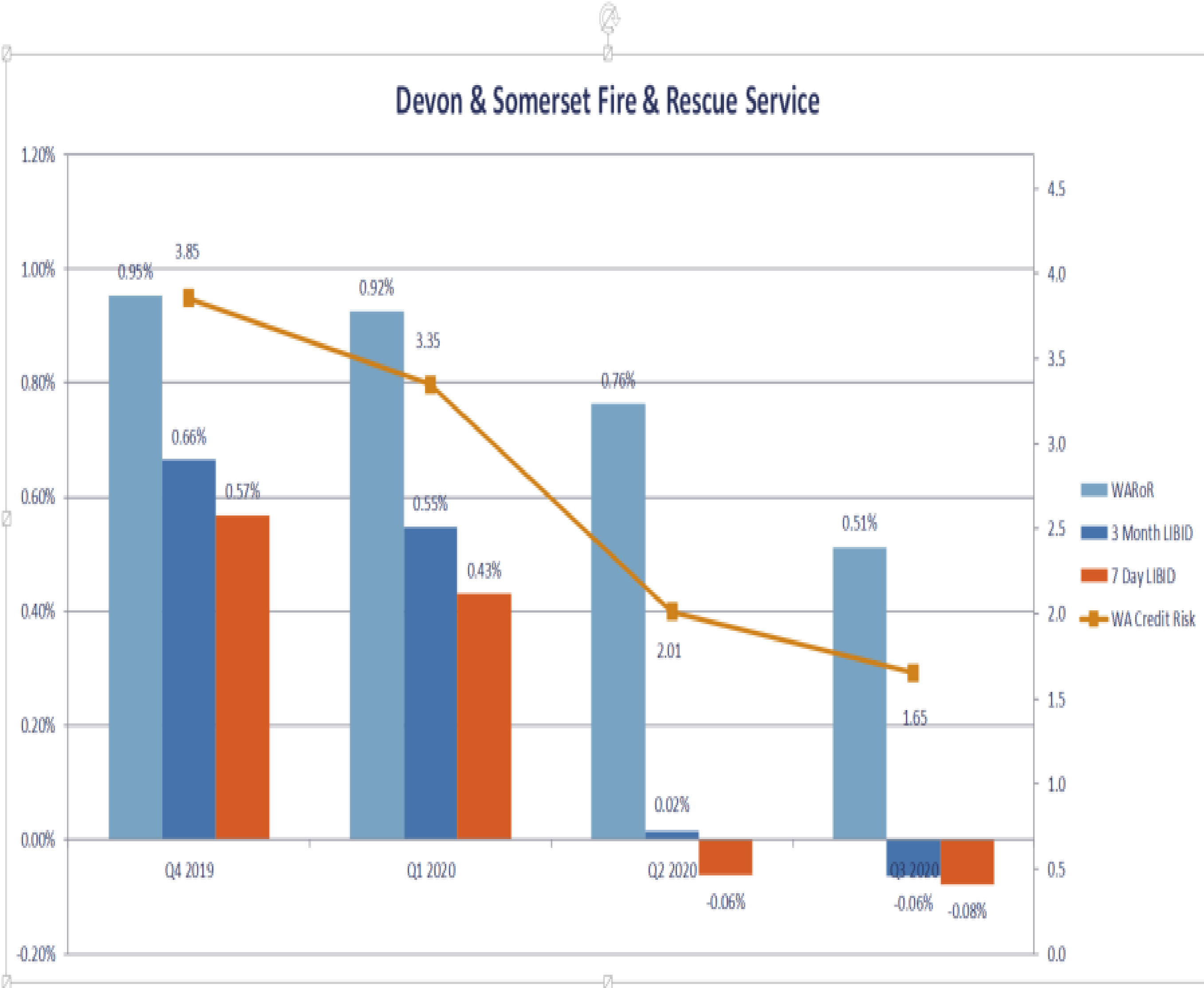
TABLE 2 – Performance for Quarter 2 2020/21

Benchmark	Benchmark Return	Authority Performance	Investment interest to Quarter 2
3 Month LIBID	-0.05%	0.33%	£0.051m.

TABLE 2a – Performance for Quarter 3 2020/21

Benchmark	Benchmark Return	Authority Performance	Investment interest to Quarter 3
3 Month LIBID	-0.08%	0.20%	£0.102m.

TABLE 3 – Performance for previous four Quarters



Please see paragraph 3.6 for some context regarding this table.

Key: WaRor – Weighted Average Rate of Return – the performance of the Authority
3 Month LIBID – the current benchmark used
7 Day LIBID – an alternative benchmark option
WA Credit Risk – Weighted Average