Glasgow City Council

Report to the Finance and Audit Scrutiny Committee

Report by the Executive Director of Finance

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Item 4

2nd November 2022

Treasury Management and Investment Annual Report 2021/22 and Treasury Management and Investment Strategy Mid-year Review 2022/23

Purpose of report:

To advise members of the treasury management and investment activity for 2021/22, in comparison to the approved strategy, and to provide an update on the 2022/23 position.

Recommendations:

The committee is invited to note:

(a) The Treasury Management and Investment Annual Report 2021/22; and
(b) The Treasury Management and Investment Strategy Mid-year Review 2022/23.

Ward No(s): Citywide: ☐

Local member(s) advised: Yes ☐ No ☐ Consulted: Yes ☐ No ☐

Finance and Audit Scrutiny Committee

Treasury Management and Investment Annual Report 2021/22 and Treasury Management and Investment Strategy Mid-year Review 2022/23

Introduction

1. The Local Government in Scotland Act 2003, and supporting regulations, requires the council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) and the CIPFA Code of Practice on Treasury Management (the Treasury Management Code). The reporting requirements in this respect include an annual treasury management strategy statement, including the annual investment strategy, for the year ahead; a mid-year update report; and an annual report following the year end, outlining activity compared to the approved strategy.

2. The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of both the 2021/22 final outturn and 2022/23 mid-year position for treasury activities and highlights compliance with the previously approved strategies. Also, member training on treasury management issues was undertaken during October 2022 in order to support members' scrutiny role.

3. Prudential and Treasury Indicators are designed to ensure capital investment plans are affordable, prudent and sustainable. In addition, the clear linkages between the council's capital plan and treasury management strategy are evident within financial planning models, with the affordability of financing costs arising from capital investment plans controlled as part of the overall revenue budget forecasts.

Treasury Management and Investment Annual Report 2021/22

4. The Treasury Management Strategy and Annual Investment Strategy 2021/22 was approved by the City Administration Committee on 25 March 2021, whilst a mid-year review report was considered by the Finance and Audit Scrutiny Committee on 3 November 2021.

Capital expenditure and financing requirement 2021/22

5. The Prudential Code defines capital expenditure as expenditure on the creation or enhancement of fixed assets which includes relevant long-term liabilities, such as, leases. Capital expenditure undertaken by the council may be financed through the application of capital and revenue resources, including capital grants and other capital receipts. The balance of funding requires to be met through borrowing. The 2021/22 actual capital expenditure, and how it was financed, is outlined in the table overleaf.

Capital expenditure and sources of finance	2021/22 £000
Capital expenditure	145,030
Sources of finance:	
Asset sales	3,504
Government grants and other capital contributions	111,859
Revenue contributions	4,425
Net borrowing	**25,242**

6. The above net borrowing is reflected in the Capital Financing Requirement (CFR), which represents the council's underlying need to borrow for 2021/22 along with prior years' capital expenditure. Part of the treasury activities of the council is to fund this borrowing requirement, and to ensure that cash is available to meet capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, such as, the government, through the Public Works Loan Board (PWLB), money markets or internal borrowing by utilising council reserve balances.

Treasury position as at 31 March 2022

7. At 31 March 2022 the council had total debt of £1,378m and investments of £239m. A summary debt and investment position is outlined in Appendix 1.

The economic outlook and interest rates

8. The economic outlook in 2021/22 was significantly influenced by the recovery from the Covid-19 pandemic. The successful rollout of the vaccination programme allowed for the majority of restrictions to be eased or removed within all sectors and a return to 'normal life' or a 'new normal life' for all. Support from the UK and Scottish governments was scaled back, and the economy was effectively restarted. GDP rose by 7.5% across the year as a result however this was somewhat subdued by the large increases in global energy and tradable goods prices towards the end of the year, and further still following the invasion of Ukraine by Russia in March 2022.

9. In response to the global energy crisis and rising inflation at the end of the year, the Monetary Policy Committee (MPC) increased the bank rate to 0.50% in February 2022 and again to 0.75% in March 2022.

2021/22 strategy

11. The key priorities of the overall strategy were to minimise debt interest costs, safeguard investments and meet cash flow requirements.

12. The expectation that short-term borrowing would be the cheaper form of borrowing over the period continued. For longer-term borrowing, PWLB rates were expected to increase during 2021/22 and in future years.

13. Continued uncertainty in financial markets promoted a cautious approach, whereby investments would continue to be dominated by counterparty risk considerations, with

priority given to security of investments. The council would aim to achieve the optimum return on its investments, commensurate with the proposed risk strategy and liquidity requirements, however, this was expected to result in relatively low returns compared to borrowing rates.

14. Against this backdrop, consideration was to be given to deferring external borrowing by utilising internal council reserve fund balances, thereby both avoiding the cost of holding higher levels of investments and reducing counterparty risk. However, as with short-term borrowing, short-term savings from delaying long-term borrowing would require to be balanced with potential additional long-term costs.

15. Investments would be managed both internally and externally, with external fund managers managing the investment of specific fund balances. In respect of internally managed investments, used principally to manage day-to-day cash flow requirements, a number of investment instruments, with specified limits, and within a defined creditworthiness policy, may be utilised, as outlined in the 2021/22 strategy. The performance of external fund managers in respect of specific fund balances would be regularly reported to the Executive Director of Finance.

16. The Executive Director of Finance, in conjunction with the treasury advisors, would continue to monitor interest rate forecasts and the economic environment, and adopt a pragmatic approach to changing circumstances.

Borrowing activity

17. During 2021/22 the council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt as cash supporting the council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.

18. During the year, the council repaid PWLB loans of £17m on maturity, with an average interest rate of 6.85%. Short-term market and internal borrowing continued to be utilised, as short-term borrowing rates were significantly lower than longer-term borrowing rates throughout the year. The council, however, took advantage of discounted PWLB project rates in March 2022, securing new long-term PWLB borrowing of £8.2 million at a rate of 2.21%. Appendix 2 provides details of new PWLB borrowing and PWLB loans repaid during 2021/22.

19. The strategy of deferring new borrowing by utilising cash balances has served the council well over a number of years. This will continue to be reviewed to avoid incurring higher borrowing costs in the future when the council may not be in a position to avoid new borrowing to finance capital expenditure and/or refinance maturing debt.

20. Opportunities for debt restructuring in order to generate revenue savings and improve the debt maturity profile were monitored throughout the year. During 2021/22, there were no such opportunities for debt restructuring.

Investment activity

21. During the year, all investment activity was in line with the approved strategy, and the council had no liquidity difficulties. No institutions, with which investments were held, had any difficulty in repaying principal and accrued interest in full during the year.

22. In light of continuing uncertainty in financial markets and counterparty risk concerns, priority was given to security and liquidity of investments. As outlined in paragraph 14, the opportunity was also taken to limit new external borrowing throughout the year by utilising internal resources in order to further reduce exposure to counterparty risk and provide interest savings.

23. In addition to internally managed investments, the council also holds externally managed investments in respect of Sundry Trusts and the City Funds (Insurance Fund and Common Good Fund). As at 31 March 2022, the council held investments of £43.8m with investment brokers, Ruffer Limited Liability Partnership (LLP) in respect of Sundry Trusts (£18.4m), the Insurance Fund (£5.0m) and Common Good Fund (£20.4m).

Performance indicators

24. Whilst debt performance is difficult to measure, the traditional average debt portfolio interest rate or Loans Fund Pooled Interest Rate acts as the main guide. In the 2020/21 Annual and 2021/22 Update Report, the forecast interest rate for 2021/22 was 3.74%. The final outturn rate achieved for 2021/22 was less than expected at 3.71%.

25. The average rate of return for internally managed investments was forecast at 0.1%, reflecting limited opportunity for higher returns in light of low bank rates and continuing uncertainty in financial markets and counterparty concerns, with priority given to security and liquidity of investments. The final outturn rate achieved for 2021/22 was less than expected at 0.03%.

26. The rate of return on externally managed investments can be compared to appropriate industry benchmarks. The benchmark rate of return in respect of investments managed by Ruffer LLP is related to the prevailing Bank Rate: 0.18% for Sundry Trusts and 0.39% for the City Funds. During 2021/22, the rate of return achieved in respect of Sundry Trusts and the City Funds was 10.30% and 9.60% respectively.

27. Non-treasury investments are defined in the following categories:

    - All shareholding, unit holdings and bond holdings, including those in a local authority owned company

    - Loans to a local authority company or other entity formed by a local authority to deliver services

    - Loans made to third parties, and

    - Investment properties.

28. As at 31 March 2022, the council held shareholdings in a number of its Arm's Length External Organisations and these are reported within the statutory 2021/22 Annual Accounts. The council also has a number of loans to third parties. Such loans are primarily granted in order to support the fulfillment of council objectives, rather than as a treasury investment decision. The value of such loans totalled £1.2m as at 31 March 2022.

Compliance with prudential and treasury indicators

29. The Local Government in Scotland Act 2003 requires the council to prepare Prudential and Treasury Indicators to ensure that the council's capital investment plans are affordable, prudent and sustainable. During 2021/22, the council complied with its legislative and regulatory requirements and adhered to the limits set out in the council's 2021/22 Treasury Management Strategy. The 2021/22 actual prudential and treasury management indicators, detailing the impact of capital expenditure activities during the year are outlined in Appendix 3. The purpose of each indicator is outlined in Appendix 4 for information.

Treasury Management and Investment Strategy Mid-year Review 2022/23

30. The Treasury Management Strategy and Annual Investment Strategy for 2022/23 was approved by the City Administration Committee on 10 March 2022. It is considered that the approved strategy remains fit for purpose with no policy changes required at this time. This mid-year report will now provide an update on the economic position, and treasury management activities to 30 September 2022, in comparison to the approved strategy.

Treasury position as at 30 September 2022

31. At 30 September 2022 the council had total debt of £1,319m and investments of £401m. A summary debt and investment position is outlined in Appendix 5.

The economic outlook and interest rate update

32. The first half of 2022 has seen a great deal of volatility in the markets, principally because of the invasion of Ukraine by Russia adding further pressure to the global energy and other commodity costs, leading to increased rates of inflation as well as the market reaction to the proposed budgetary measures from the UK Government to tackle these. Considerable uncertainty remains around these areas, with slow or even negative growth forecast for the UK economy due to being a net energy importer. There will be additional supply pressures on materials and labour and further substantial fuel cost increases impacting in October and again in April next year.

33. To combat the ongoing cost-of-living crisis and in an attempt to bring the inflation rate back down to the 2% target set by the MPC, the bank rate has increased steadily from 0.75% at the start of 2022/23 to the current level of 2.25% with further increases proposed before March 2023. The expectation is that these rates will continue to increase throughout 2023 to a peak of 5.0% in order for them to have the desired impact on the levels of inflation and bring these back towards the 2% target.

34. The 2022/23 strategy included market assumptions for long-term 5, 10, 25 and 50 year PWLB interest rates marginally increasing to a maximum of 1.7%, 1.9%, 2.2% and 2.0% respectively during 2022/23, with short-term interest rates (Bank Rate of 0.25%) forecast to increase to 0.75% during 2022/23.

35. The current position for long-term PWLB rates and short-term borrowing is noted below. The PWLB rates quoted take account of the application of the certainty rate.

    (a) Long-term PWLB rates 2022/23 to 2024/25:

	2022/23	2023/24		2024/25	
PWLB rates	Current %	Low %	High %	Low %	High %
5 year	4.9	3.7	4.7	3.3	3.7
10 year	4.8	3.8	4.6	3.3	3.6
25 year	5.0	4.1	4.8	3.6	3.9
50 year	4.5	3.8	4.5	3.3	3.6

    (b) Short-term borrowing

	2022/23	2023/24		2024/25	
Bank rates	Current %	Low %	High %	Low %	High %
BoE	2.25	4.00	5.00	2.75	3.75

Capital expenditure and financing requirement update

36. The 2022/23 strategy estimated gross capital expenditure at £190m with a borrowing requirement of £110m for the year. In addition, there would be a refinancing requirement in respect of PWLB loans maturing in the year totalling £46m. This has been updated to reflect revised assumptions within the council's current capital investment plan. The probable outturn gross capital expenditure (including leases) and new net borrowing requirement has been revised to £150m and £30m respectively. This position is monitored on an ongoing basis, as part of the investment programme monitoring reported to committee, and reflected in the probable pooled interest rate outlined at paragraph 44.

37. The level of projected capital expenditure also impacts on the CFR, the underlying need to borrow for capital purposes. In approving its strategy for 2022/23, the committee noted an estimated CFR of £2,440m as at 31 March 2023. The current projected CFR as at 31 March 2023 has been revised to £2,400m as a result of actual capital expenditure incurred during 2021/22 and the projected 2022/23 capital expenditure position outlined above.

Borrowing activity

38. So far this financial year, no new long-term borrowing has been secured. This position is kept under review in light of the overall economic situation and the council's operational requirements. Although long-term borrowing is anticipated to be more expensive in the short-term, it is more cost effective in the longer-term and introduces a significant element of budget certainty for future years. With opportunities within the

short-term financial markets, the council has continued to secure temporary market borrowing at relatively low interest rates to fund capital plans in the short-term, and to manage cash flow.

39. PWLB loans totalling £33m have been repaid on maturity in the 6 month period to 30 September 2022. There has been no opportunity for debt restructuring during this period due to the current economic climate and consequential interest rate structure. The council will continue to actively monitor potential restructuring opportunities in order to generate cash savings at a minimum risk and improve the balance of the loan debt maturity profile.

40. Whilst there is an overall net need to borrow to fund the movement on the CFR and the replacement of maturing debt, this may involve arranging short or long-term loans from external PWLB or market sources, or borrowing from internal reserve fund balances on a temporary basis, dependent on fund balance forecasts, in lieu of external borrowing. As outlined within the approved strategy, consideration will be given to forward contracts for long-term fixed rate market loans, where available. This may allow new borrowing to be secured and drawn down at a specified date in the future. This has the advantage of providing an element of future budget certainty, with no cost of carry (in respect of the differential between borrowing and investment rates for the period of advance borrowing) or investment risk.

Investment activity

41. The council's approved Annual Investment Strategy outlines the key investment priorities as security of capital and liquidity, and to obtain the optimum level of return, commensurate with these priorities. The risk appetite of the council is low in order to give priority to security of investments. The limit of investments will reflect the level of available council reserve balances and borrowing in advance to meet capital financing requirements, together with provision for managing the council's day to day cash flow requirements. The Executive Director of Finance confirms that the principles of the investment strategy have been adhered to.

42. Investments are only made in line with the approved limits for specific investment instruments, and in accordance with the council's creditworthiness strategy. Investment limits for specific investment instruments, commensurate with risk, were set out in the approved strategy, in order to provide flexibility to deliver best value in terms of interest costs, and to assist with day-to-day cash flow management. The counterparty investment criteria and specified limits for all investment instruments, identified for use in the financial year, are outlined in Appendix 6. The counterparty investment list is updated on a daily basis, however, a snapshot of this list as at 30 September 2022 is outlined in Appendix 7 for information.

43. In addition to internally managed investments, externally managed investments continue to be held in respect of Sundry Trusts and the City Funds. Investments in respect of these funds are managed by Ruffer Limited Liability Partnership. These funds are all invested on a longer-term basis, with performance monitored throughout the year.

Performance indicators

44. The estimated pooled interest rate for 2022/23, as outlined in the 2022/23 strategy, was 3.79%. The current forecast is in line with the estimated pooled interest rate and is reflective of a continued strategy to utilise both temporary short-term borrowing and longer-term PWLB borrowing at low rates.

45. For internally managed investments it was anticipated that the rate of return would be limited in 2022/23 to the prevailing Bank Rate forecast of 0.75% and the over-riding principle of risk aversion. As at 30 September 2022 the actual rate of return on internally managed investments is 1.92%.

46. The rate of return on externally managed investments can be compared to appropriate industry benchmarks. In respect of investments managed by Ruffer LLP, the benchmark rate of return is related to the prevailing Bank Rate. The investment strategy is essentially the same for all funds, with security of the principal investment being the key priority. The fund manager's key objective is the preservation of the principal investment over a 12 month rolling period. The rate of return achieved in the 12 months to 30 September 2022 was 3.4% and 9.4% in respect of Sundry Trusts and City Funds respectively.

Compliance with prudential and treasury indicators

47. During 2022/23 to date, the council complied with all other legislative and regulatory requirements and adhered to the limits set out within the 2022/23 Treasury Management Strategy and Annual Investment Strategy.

48. Policy and resource impacts framework

Resource implications:

Financial:	Financial implications of this report are reflected in the revenue estimates for 2022/23.
Legal:	No new legal issues
Personnel:	No direct personnel issues
Procurement	No relevant procurement issues
Council Strategic Plan:	Prudent treasury management and investment will support the council to deliver its strategic plan commitments
Equality impacts:	Prudent treasury management and investment will support the council to deliver its strategic plan commitments
Sustainability impacts:	No impact
Privacy and Data Protection impacts	No impact

Recommendations

49. The Finance and Audit Scrutiny Committee is invited to note

    (a) The Treasury Management and Investment Annual Report 2021/22; and
    (b) The Treasury Management and Investment Strategy Mid-year Review 2022/23.

Appendix 1

Glasgow City Council

Summary debt and investment position as at 31 March 2022

	Nominal amount at 31/3/22 £000	Annual average interest rate %	Share of total debt %
Debt			
Public Works Loans Board	858,919	3.91%	62.35%
Market loans	494,110	4.58%	35.87%
Temporary loans (note 1)	24,655	0.04%	1.79%
Total Debt	**1,377,684**	**4.08%**	**100.00%**

	Nominal amount or valuation at 31/3/22 £000	Rate of return %
Investments		
Internally managed investments (note 2)	194,930	0.03%
Externally managed investments:		
Ruffer LLP - City Funds (note 3)	25,426	9.60%
Ruffer LLP - Sundry Trusts	18,412	10.30%
Total Investments	**238,768**	**1.84%**

Notes:

(1) This represents short-term borrowing from various institutions (mainly public bodies). It also includes investments totalling £0.412m, held with the loans fund in respect of Sundry Trust Funds (£0.078m) and Common Good Fund (£0.334m).

(2) This represents short-term investments held with various financial institutions as at 31 March 2022.

(3) This represents investments held in respect of Insurance Fund (£5.037m) and Common Good Fund (£20.389m).

Appendix 2

Glasgow City Council

PWLB loans raised and repaid 2021/22

New loans raised:

Loan reference	Amount £	Interest rate %
9000497451	8,240,000	2.21
Total new loans raised 2021/22	**8,240,000**	**2.21**

Loans repaid on maturity:

Loan reference	Amount £	Interest rate %
9000495875	5,000,000	3.93
9000476773	9,481,833	7.88
9000475130	2,760,265	8.63
Total loans repaid on maturity 2021/22	**17,242,099**	**6.85**

Glasgow City Council

2021/22 Prudential Indicators Final Outturn

		2021/22 Actual		2021/22 Estimate	
Prudential Indicators					
1)	Gross capital expenditure	£178m		£140m	
2)	Capital Financing Requirement (CFR) as at 31/03/22	£2,386m		£2,360m	
3)	Authorised limit for external debt:	Within limit		£2,520m	
	Authorised limit for borrowing	Within limit		£1,770m	
	Authorised limit for long-term liabilities	Within limit		£750m	
4)	Operational boundary for external debt:	Within limit		£2,420m	
	Operational boundary for borrowing	Within limit		£1,700m	
	Operational boundary for long-term liabilities	Within limit		£720m	
5)	Gross debt and the CFR as at 31/03/2022				
	Gross debt	£2,032m		£2,080m	
	CFR	£2,386m		£2,360m	
	Gross debt less the CFR	£-355m		-£280m	
6)	Ratio of financing costs to net revenue stream	7.53%		9.20%	
Treasury indicators - borrowing limits					
7)	Maturity structure of fixed rate borrowing			Upper	Lower
	a) Under 12 months	5.21%	71,727	20%	0%
	b) 12 months and within 24 months	1.24%	17,034	20%	0%
	c) 24 months and within 5 years	7.99%	110,096	50%	0%
	d) 5 years and within 10 years	11.93%	164,410	75%	0%
	e) 10 years and above	73.63%	1,014,417	90%	15%
			1,377,684		
	f) Analysis of borrowing 10 years and above				
	10 years and within 20 years	5.85%	80,606	n/a	n/a
	20 years and within 30 years	2.18%	30,000	n/a	n/a
	30 years and within 40 years	36.87%	508,000	n/a	n/a
	40 years and within 50 years	24.81%	341,811	n/a	n/a
	50 years and within 60 years	3.92%	54,000	n/a	n/a
			1,014,417		
Treasury indicator - investment					
8)	Principal sums invested for over 365 days	£nil		£100m	

Prudential and Treasury Indicators

The Local Government in Scotland Act 2003 requires the council to prepare prudential indicators to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Prudential Code 2021 also requires that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the council. The prudential and treasury indicators, reported initially as an estimate, and later as an actual, are as follows:

Prudential indicators

1. Total capital expenditure

A prudential indicator that estimates the total capital expenditure and other relevant long-term liabilities to be incurred during the forthcoming financial year and at least the following two financial years.

2. Capital financing requirement (CFR)

A prudential indicator that estimates the total financing requirement at the end of the forthcoming financial year and following two financial years. Taken directly from the balance sheet, it represents the underlying level of long-term debt required to finance the total value of past and anticipated capital investment.

3. Authorised limit for external debt

The authorised limit should be regarded as an upper limit for combined borrowing for capital and temporary cash flow purposes. Although set at a level that can be afforded, it would be expected that actual borrowing will not reach the authorised limit on a regular basis. To do so may represent an indication of a variation from underlying budgetary assumptions.

4. Operational boundary for external debt

The operational boundary is set at a level below the authorised limit, at a level that provides a realistic and credible warning of underlying variations from budgetary assumptions.

5. Gross debt and the CFR

Gross debt includes all external borrowing as well as outstanding liabilities in connection with PPP and finance leases. The CFR is calculated directly from the balance sheet and represents the underlying level of long-term debt required to finance the total value of past capital investment. Comparison of the CFR to external debt should ensure that, over the medium term, external borrowing is only used for capital purposes.

6. Ratio of financing costs to net revenue stream

An indicator of affordability that focuses on the extent to which the council's net budget is used for servicing debt, expressed as a percentage.

Treasury indicators

7. Maturity structure of borrowing – fixed and variable

These indicators are designed to be a control over large concentrations of fixed and variable rate debt needing to be replaced at times of uncertainty. The indicator is in effect a limit on longer term interest rate exposure and provides more transparency on the need and opportunities for debt rescheduling.

8. Upper limits on sums invested for periods of more than 365 days

This indicator sets limits on amounts that can be invested for a period of 1 year or more. The purpose is to limit exposure to the possibility of loss that may arise as a result of having to seek early redemption. In other words, it seeks to ensure that money is available when required and not tied up for lengthy periods.

Glasgow City Council

Summary debt and investment position as at 30 September 2022

	Nominal amount at 30/09/22 £000	Annual average interest rate %	Share of total debt %
Debt			
Public Works Loans Board	825,469	3.89%	62.60%
Market loans	493,245	4.72%	37.40%
Total debt	**1,318,714**	**4.20%**	**100.00%**

	Nominal amount or valuation at 30/09/22 £000	Rate of return %
Investments		
Internally managed investments	357,201	1.92%
Externally managed investments:		
Ruffer LLP - City Funds (notes 1 and 2)	26,130	9.40%
Ruffer LLP - Sundry Trusts (note 2)	17,969	3.40%
Total investments	**401,300**	**2.48%**

Notes

(1) This represents investments held in respect of the Insurance Fund and Common Good Fund.

(2) The rate of return has been presented as the rate of return achieved in the 12 months to 30 September 2022.

Glasgow City Council

Counterparty investment criteria

Fitch rating (minimum)

Long-term	A and above (i.e. A+, AA-)
Short-term	F1

Moody's rating (minimum)

Long-term	A2 and above (i.e. A1, Aa3)
Short-term	P-1

Link Asset Services – Creditworthiness services overlay

A sophisticated modelling approach with credit ratings from all three rating agencies (Fitch, Moody's and Standard and Poor's) forming the core element, supplemented by Credit Default Swap (CDS) spreads, sovereign ratings and other market information, providing suggested duration of investments.

Maximum investment period

Based on Link Asset Services creditworthiness services suggested duration bands.

Maximum investment limit	**£m**
Debt Management Agency deposit facility	Unlimited
Deposits with counterparties in receipt of government support / ownership	50
Non-government backed deposits	20
Other permitted investments:	
Money market funds	20
Government liquidity funds	30
Securities issued or guaranteed by governments	30

Glasgow City Council

Counterparty investment list

Weekly credit list: Friday, 30/09/22	Fitch		Moody's		Suggested duration (CDS adjusted)
	Long-term	Short-term	Long-term	Short-term	
United Arab Emirates	**AA**		**Aa2**		
First Abu Dhabi Bank PJSC	AA-	F1+	Aa3	P-1	O
Australia	**AAA**		**Aaa**		
Australia and New Zealand Banking Group Ltd.	A+	F1	Aa3	P-1	O
Commonwealth Bank of Australia	A+	F1	Aa3	P-1	O
Macquarie Bank Ltd.	A	F1	A2	P-1	R
National Australia Bank Ltd.	A+	F1	Aa3	P-1	O
Westpac Banking Corp.	A+	F1	Aa3	P-1	O
Belgium	**AA-**		**Aa3**		
BNP Paribas Fortis	A+	F1	A1	P-1	R
KBC Bank N.V.	A+	F1	A1	P-1	R
Canada	**AA+**		**Aaa**		
Bank of Montreal	AA-	F1+	Aa2	P-1	O
Bank of Nova Scotia	AA-	F1+	Aa2	P-1	O
Canadian Imperial Bank of Commerce	AA-	F1+	Aa2	P-1	O
National Bank of Canada	A+	F1	Aa3	P-1	R
Royal Bank of Canada	AA-	F1+	Aa1	P-1	O
Toronto-Dominion Bank	AA-	F1+	Aa1	P-1	O
Denmark	**AAA**		**Aaa**		
Danske A/S	A	F1	A2	P-1	R
Finland	**AA+**		**Aa1**		
Nordea Bank Abp	AA-	F1+	Aa3	P-1	O
France	**AA**		**Aa2**		
BNP Paribas	A+	F1	Aa3	P-1	O
Credit Agricole Corporate and Investment Bank	A+	F1	Aa3	P-1	O
Credit Agricole S.A.	A+	F1	Aa3	P-1	O
Credit Industriel et Commercial	A+	F1	Aa3	P-1	O
Germany	**AAA**		**Aaa**		
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+	Aa2	P-1	O
Landesbank Berlin AG			Aa3	P-1	O
Landesbank Hessen-Thueringen Girozentrale	A+	F1+	Aa3	P-1	O
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	P
NRW.BANK	AAA	F1+	Aa1	P-1	P
Netherlands	**AAA**		**Aaa**		
ABN AMRO Bank N.V.	A	F1	A1	P-1	R
Bank Nederlandse Gemeenten N.V.	AAA	F1+	Aaa	P-1	P
Cooperatieve Rabobank U.A.	A+	F1	Aa2	P-1	O
ING Bank N.V.	AA-	F1+	Aa3	P-1	O
Nederlandse Waterschapsbank N.V.			Aaa	P-1	P
Norway	**AAA**		**Aaa**		
DNB Bank ASA			Aa2	P-1	O
Qatar	**AA-**		**Aa3**		
Qatar National Bank	A	F1	Aa3	P-1	R

Weekly credit list: Friday, 30/09/22	Fitch		Moody's		
	Long-term	Short-term	Long-term	Short-term	Suggested duration (CDS adjusted)
Singapore	**AAA**		**Aaa**		
DBS Bank Ltd.	AA-	F1+	Aa1	P-1	O
Oversea-Chinese Banking Corp. Ltd.	AA-	F1+	Aa1	P-1	O
United Overseas Bank Ltd.	AA-	F1+	Aa1	P-1	O
Sweden	**AAA**		**Aaa**		
Skandinaviska Enskilda Banken AB	AA-	F1+	Aa3	P-1	O
Svenska Handelsbanken AB	AA	F1+	Aa2	P-1	O
Swedbank AB	AA-	F1+	Aa3	P-1	O
Switzerland	**AAA**		**Aaa**		
UBS AG	AA-	F1+	Aa2	P-1	O
United Kingdom	**AA-**		**Aa3**		
Al Rayan Bank Plc			A1	P-1	R
Bank of Scotland PLC (RFB)	A+	F1	A1	P-1	R
Barclays Bank PLC (NRFB)	A+	F1	A1	P-1	R
Barclays Bank UK PLC (RFB)	A+	F1	A1	P-1	R
Goldman Sachs International Bank	A+	F1	A1	P-1	R
Handelsbanken Plc	AA	F1+	0	0	O
HSBC Bank PLC (NRFB)	AA-	F1+	A1	P-1	O
HSBC UK Bank Plc (RFB)	AA-	F1+	A1	P-1	O
Lloyds Bank Corporate Markets Plc (NRFB)	A+	F1	A1	P-1	R
Lloyds Bank Plc (RFB)	A+	F1	A1	P-1	R
National Bank Of Kuwait (International) PLC	A+	F1	0	0	R
NatWest Markets Plc (NRFB)	A+	F1	A1	P-1	R
Santander Financial Services plc (NRFB)	A+	F1	A1	P-1	R
Santander UK PLC	A+	F1	A1	P-1	R
Standard Chartered Bank	A+	F1	A1	P-1	R
SMBC Bank International Plc	A	F1	A1	P-1	R
Nationwide Building Society	A	F1	A1	P-1	R
United States	**AAA**		**Aaa**		
Bank of America N.A.	AA	F1+	Aa2	P-1	O
Bank of New York Mellon, The	AA	F1+	Aa1	P-1	P
Citibank N.A.	A+	F1	Aa3	P-1	O
JPMorgan Chase Bank N.A.	AA	F1+	Aa1	P-1	O
Wells Fargo Bank, NA	AA-	F1+	Aa1	P-1	O
Debt Management Office	**AA-**		**Aa3**		Y
Government Supported/Owned Banks					
National Westminster Bank PLC (RFB)	A+	F1	A1	P-1	B
The Royal Bank of Scotland Plc (RFB)	A+	F1	A1	P-1	B

Notes:

1) RFB and NRFB refers to 'Ringfenced' and 'Non-ringfenced' banks
2) In addition to utilising Money Market Funds for investments, the council also currently utilises Bank of Scotland and Royal Bank of Scotland for cash flow purposes

Key to suggested maximum investment periods:

Y (Yellow) - 60 months
P (Purple) - 24 months
B (Blue) - 12 months and government backed
O (Orange) - 12 months
R (Red) - 6 months
G (Green) - 3 months