



Glasgow City Council

Report to the Finance and Audit Scrutiny Committee

Report by the Executive Director of Finance

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Item 3

20th November 2024

Treasury Management and Investment Annual Report 2023/24 and Treasury Management and Investment Strategy Mid-year Review 2024/25

Purpose of report:

To advise members of the treasury management and investment activity for 2023/24, in comparison to the approved strategy, and to provide an update on the 2024/25 position.

Recommendations:

The committee is invited to note:

- (a) The Treasury Management and Investment Annual Report 2023/24; and
- (b) The Treasury Management and Investment Strategy Mid-year Review 2024/25.

Ward No(s):

Citywide: ☐

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

Finance and Audit Scrutiny Committee

Treasury Management and Investment Annual Report 2023/24 and Treasury Management and Investment Strategy Mid-year Review 2024/25

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 2023/24 final outturn and 2024/25 mid-year position for treasury activities and highlights compliance with the previously approved strategies. Member training on treasury management issues was undertaken during February 2023 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 2023/24

4. The Treasury Management Strategy and Annual Investment Strategy 2023/24 was approved by the City Administration Committee on 9 March 2023, whilst a mid-year review report was considered by the Finance and Audit Scrutiny Committee on 29 November 2023.

Capital expenditure and financing requirement 2023/24

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 2023/24 actual capital expenditure, and how it was financed, is outlined in the table overleaf.
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Capital expenditure and sources of finance	2023/24 £000
Capital expenditure	108,092
Sources of finance:	
Asset sales	5,856
Government grants and other capital contributions	64,139
Revenue contributions	6,136
Net borrowing	31,961

6. The above net borrowing is reflected in the Capital Financing Requirement (CFR), which represents the council's underlying need to borrow for 2023/24 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 2024

7. At 31 March 2024 the council had total debt of £1,580m and investments of £76m. A summary debt and investment position is outlined in Appendix 1.

The economic outlook and interest rates

8. The outlook for 2023/24 suggested further tightening of monetary policies would be required to tackle high levels of inflation as a result of the issues in the past couple of years. The continued easing of supply chain pressures and favourable base effects in goods prices would however help to bring this down across the year. Nevertheless, it was forecast that the UK would enter a recession during the year with negative economic growth predicted. Cost of borrowing remained high and continued to rise across the year from 4.61% to 5.21% (using PWLB 50 year rates as an example).
9. In response to the continued high rates of inflation, the Monetary Policy Committee (MPC) continued to increase the bank rate from 4.25% in April 2023 to 5.25% in August 2023. This represented an unprecedented 14 consecutive increases from 2022/23 to 2023/24. The rate remained stable at 5.25% for the remainder of 2023/24.

2023/24 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 2023/24 before beginning to fall 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
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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.

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 2023/24 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 2023/24 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 lower than borrowing costs and minimising counterparty risk on placing investments also needed to be considered.
 18. During the year, the council repaid PWLB loans of £66m on maturity, with an average interest rate of 5.57%. Short-term PWLB and internal borrowing were utilised during the year. Although short and long-term PWLB rates were comparable in the year, forecasts suggested that these rates would begin to fall in the future and therefore short-term borrowing was preferred to long-term borrowing. To address forecast shortfalls in cash balances across the year and refinance maturing and repaid debt within the year, new PWLB borrowing of £350 million was taken out in 2023/24. Appendix 2 provides details of new PWLB borrowing and PWLB loans repaid during 2023/24.
 19. The strategy of deferring new borrowing by utilising cash balances has served the council well over a number of years. However, due to reducing cash balances over the past few years, the council is now in a position that requires regular new borrowing to finance capital expenditure and/or refinance maturing debt. With PWLB borrowing rates forecast to drop in 2024/25 and 2025/26 new borrowing has been taken on a short-term basis with the aim of replacing this with more favourable long-term borrowing when the rates drop.
 20. Opportunities for debt restructuring in order to generate revenue savings and improve the debt maturity profile were monitored throughout the year. During 2023/24, there were no such opportunities for debt restructuring.
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Investment activity

21. During the year, all investment activity was in line with the approved strategy. 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 2024, the council held investments of £38.6m with investment brokers, Ruffer Limited Liability Partnership (LLP) in respect of Sundry Trusts (£16.3m), the Insurance Fund (£3.6m) and Common Good Fund (£18.7m).

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 2022/23 Annual and 2023/24 Update Report, the forecast interest rate for 2023/24 was 3.34%. The final outturn rate achieved for 2023/24 was higher than expected at 3.92%.
 25. The average rate of return for internally managed investments was forecast at 2.95%, reflecting reducing cash balances and continuing uncertainty in financial markets and counterparty concerns, with priority given to security and liquidity of investments. The final outturn rate achieved for 2023/24 was higher than expected at 3.92% mainly as a result of the increase in bank rates across the year.
 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: 5.06% for Sundry Trusts and 10.33% for the City Funds. During 2023/24, the rate of return achieved in respect of Sundry Trusts and the City Funds was -5.94% and -4.80% respectively. The negative rates of return in the year were due to the protective approach adopted by Ruffer ahead of an expected recession. The 5-year returns on both are still well above the target returns but this will be closely monitored due to the recent drop in performance.
 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
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- Investment properties.

28. As at 31 March 2024, the council held shareholdings in a number of its Arm's Length External Organisations and these are reported within the statutory 2023/24 Annual Accounts. The council also has a number of loans to third parties. Such loans are primarily granted in order to support the fulfilment of council objectives, rather than as a treasury investment decision. The value of such loans totalled £1.1m as at 31 March 2024.

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 2023/24, the council complied with its legislative and regulatory requirements and adhered to the limits set out in the council's 2023/24 Treasury Management Strategy. The 2023/24 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 2024/25

30. The Treasury Management Strategy and Annual Investment Strategy for 2024/25 was approved by the City Administration Committee on 7 March 2024. 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 2024, in comparison to the approved strategy.

Treasury position as at 30 September 2024

31. At 30 September 2024 the council had total debt of £1,528m and investments of £140m. A summary debt and investment position is outlined in Appendix 5.

The economic outlook and interest rate update

32. Following on from the mini recession and high inflation rates of last year, the UK economy has performed better than expected in 2024 and continues to show marginal signs of growth with GDP increasing by a further 0.2% in August 2024. Following the first budget of the new UK Government in October 2024, the economy is now expected to grow faster in the next 2 years before slowing down again from year 3. Despite inflation falling to 1.7% in September 2024, it is still forecast to remain above the MPC target level of 2.0% for the year. Major global conflicts, trade tensions and the impact of the recent US election are all likely to limit growth in the near future.

33. Bank rates fell to 5.00% in August 2024 from their peak of 5.25% at the start of the year and are expected to continue to fall throughout the remainder of 2024 & 2025 before levelling off around 3.0% in 2026.

34. The 2024/25 strategy included market assumptions for long-term 5, 10, 25 and 50 year PWLB interest rates marginally decreasing to 4.7%, 4.7%, 4.9% and 4.7% respectively

during 2024/25, with short-term interest rates (Bank Rate of 5.25%) forecast to decrease to 5.00% during 2024/25.

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 2024/25 to 2026/27:

PWLB rates	2024/25	2025/26		2026/27	
	Current %	Low %	High %	Low %	High %
5 year	4.6	3.7	4.1	3.6	3.7
10 year	4.8	3.9	4.2	3.7	3.9
25 year	5.3	4.2	4.6	4.1	4.2
50 year	5.1	4.0	4.4	3.9	4.0

(b) Short-term borrowing

Bank rates	2024/25	2025/26		2026/27	
	Current %	Low %	High %	Low %	High %
BoE	5.00	3.00	4.50	3.00	3.00

Capital expenditure and financing requirement update

36. The 2024/25 strategy estimated gross capital expenditure at £280m with a borrowing requirement of £140m for the year. In addition, there would be a refinancing requirement in respect of PWLB loans maturing in the year totalling £18m. These estimates have now 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 £490m and £70m 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 2024/25, the committee noted an estimated CFR of £2,820m as at 31 March 2025. The current projected CFR as at 31 March 2025 has been revised to £3,230m to reflect the movement in the current capital programme and the impact of IFRS16 on the CFR.

Borrowing activity

38. So far this financial year, no new long-term borrowing has been secured however a borrowing need has been identified due to a reduction in internal balances, the repayment of PWLB loans and the decision to repay a number of LOBO (Lender option, borrower option) loans in the year-to-date. Long-term borrowing rates are still above our weighted average rate for current debt and therefore, with the forecast of falling interest rates in the next year, any new borrowing will be taken on a short-term basis to limit the exposure to the current high interest rates.

39. PWLB loans totalling £18m have been repaid on maturity in the 6 month period to 30 September 2024 with a further £25m due to be repaid by 31 March 2025 (note: this is in relation to a 1 year PWLB loan that was taken out after the original strategy had been approved by committee). LOBO loans totalling £40m have been repaid in the 6 month period to 30 September 2024 due to “calls” being made by the loan providers with proposed rate increases which were not acceptable to the council. These LOBOs have been repaid in full at the call dates. No further calls are anticipated before the financial year-end. All of these loans will require replacement borrowing to maintain the Council’s cashflow position. 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 prioritising the 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, are 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 27 September 2024 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.
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Performance indicators

44. The estimated pooled interest rate for 2024/25, as outlined in the 2024/25 strategy, was 3.44%. The current forecast is slightly above this at 3.81% and is reflective of the reducing cash balances and the need to borrow, LOBO repayments and maturing PWLB in the year-to-date.
45. For internally managed investments it was anticipated that the rate of return would be limited in 2024/25 to the prevailing Bank Rate forecast of 5.00% and the over-riding principle of risk aversion. As at 30 September 2024 the actual rate of return on internally managed investments is 5.14%.
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 2024 was 4.40% in respect of both Sundry Trusts and City Funds. This is a significant improvement on the negative returns in the previous year and indicates the longer term protective approach adopted by Ruffer appears to be working.

Compliance with prudential and treasury indicators

47. During 2024/25 to date, the council complied with all other legislative and regulatory requirements and adhered to the limits set out within the 2024/25 Treasury Management Strategy and Annual Investment Strategy.

Policy and resource impacts framework

48. Resource implications:

Financial:	Financial implications of this report are reflected in the revenue estimates for 2024/25.
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
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Equality impacts:	Prudent treasury management and investment will support the council to deliver its strategic plan commitments
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Sustainability impacts:	No impact
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Privacy and Data Protection impacts	No impact
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Recommendations

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

- (a) The Treasury Management and Investment Annual Report 2023/24; and
- (b) The Treasury Management and Investment Strategy Mid-year Review 2024/25.

Glasgow City Council

Summary debt and investment position as at 31 March 2024

	Nominal amount at 31/3/24 £000	Annual average interest rate %	Share of total debt %
Debt			
Public Works Loans Board	1,147,572	4.33%	72.65%
Market loans	423,632	4.57%	26.82%
Temporary loans (note 1)	8,308	3.92%	0.53%
Total Debt	1,579,512	4.39%	100.00%

	Nominal amount or valuation at 31/3/24 £000	Rate of return %
Investments		
Internally managed investments (note 2)	37,880	3.92%
Externally managed investments:		
Ruffer LLP - City Funds (note 3)	22,238	-4.80%
Ruffer LLP - Sundry Trusts	16,324	-5.94%
Total Investments	76,442	-0.72%

Notes:

- (1) This represents short-term borrowing from various institutions (mainly public bodies). It also includes investments totalling £0.417.m, held with the loans fund in respect of Sundry Trust Funds (£0.164m) and Common Good Fund (£0.253m).
- (2) This represents short-term investments held with various financial institutions as at 31 March 2024.
- (3) This represents investments held in respect of Insurance Fund (£3.567m) and Common Good Fund (£18.671m).

Glasgow City Council

PWLB loans raised and repaid 2023/24

New loans raised:

Loan reference	Amount £	Interest rate %
683058	25,000,000	5.48
680427	25,000,000	5.43
681131	25,000,000	5.36
682522	25,000,000	5.36
697324	25,000,000	4.62
698052	25,000,000	4.63
705814	25,000,000	4.81
706301	25,000,000	4.79
706660	25,000,000	4.85
710117	25,000,000	4.82
707147	25,000,000	4.86
707813	25,000,000	4.75
714342	25,000,000	4.81
715204	25,000,000	4.71
Total new loans raised 2023/24	350,000,000	4.95

Loans repaid on maturity:

Loan reference	Amount £	Interest rate %
9000478115	12,894,138	8.13
9000473978	2,760,265	7.00
604637	50,000,000	4.83
Total loans repaid on maturity 2023/24	65,654,403	5.57

Glasgow City Council

2023/24 Prudential Indicators Final Outturn

Prudential Indicators	2023/24 Actual	2023/24 Estimate
1) Gross capital expenditure	£108m	£130m
2) Capital Financing Requirement (CFR) as at 31/03/24	£2751m	£2,720m
3) Authorised limit for external debt:	Within limit	£2,810m
Authorised limit for borrowing	Within limit	£1,770m
Authorised limit for long-term liabilities	Within limit	£1,040m
4) Operational boundary for external debt:	Within limit	£2,710m
Operational boundary for borrowing	Within limit	£1,710m
Operational boundary for long-term liabilities	Within limit	£1,000m
5) Gross debt and the CFR as at 31/03/2024		
Gross debt	£2425m	£2,240m
CFR	£2751m	£2,720m
Gross debt less the CFR	£-326m	-£480m
6) Ratio of financing costs to net revenue stream	7.10%	8.70%

Treasury indicators - borrowing limits

			<u>Upper</u>	<u>Lower</u>
7) Maturity structure of fixed rate borrowing				
a) Under 12 months	3.34%	52,700	20%	0%
b) 12 months and within 24 months	8.17%	128,973	20%	0%
c) 24 months and within 5 years	9.65%	152,470	50%	0%
d) 5 years and within 10 years	21.68%	342,478	75%	0%
e) 10 years and above	57.16%	902,891	90%	15%
		<u>1,579,512</u>		
f) Analysis of borrowing 10 years and above				
10 years and within 20 years	3.55%	56,080	n/a	n/a
20 years and within 30 years	6.33%	100,000	n/a	n/a
30 years and within 40 years	29.63%	468,000	n/a	n/a
40 years and within 50 years	15.94%	251,811	n/a	n/a
50 years and within 60 years	1.71%	27,000	n/a	n/a
		<u>902,891</u>		

Treasury indicator - investment

8) Principal sums invested for over 365 days	£nil	£100m
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Liability Benchmark

The Treasury Management Code 2021 set out a requirement for a new Liability Benchmark (LB) prudential indicator to be included in the Treasury Management Strategy from 2023/24. The Code requires Glasgow City Council (GCC) to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum, however CIPFA strongly recommends that the LB is produced for at least 10 years. The GCC indicator therefore includes the LB for the next 10 years in line with the CIPFA recommendation.

The Purpose of the Liability Benchmark is to:

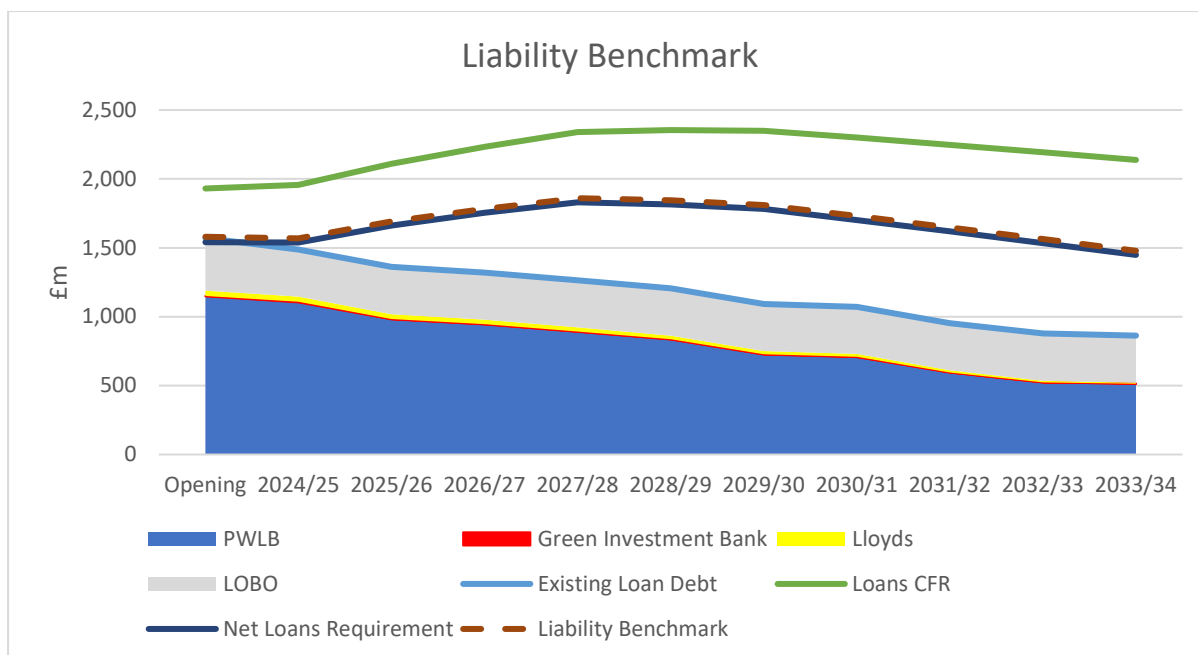
Compare an Authority's existing loan portfolio to its future need for loan debt

There are four components to the LB: -

- 1 **Existing loan debt outstanding:** the Authority's existing loans that are still outstanding in future years.
- 2 **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned Loans Fund advances/Loans Fund principal repayments.

Note: the Loans CFR peaks after five years as only approved prudential borrowing is included whereas all other inputs are projected forward for 10 years.

- 3 **Net loans requirement:** this will show the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
- 4 **Liability benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance. Short-term liquidity allowance means an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed (due to short-term cash flow variations, for example).



Analysis of Liability Benchmark

The chart above details the Liability Benchmark forecast for GCC over the next 10 years.

Mismatches between actual loan debt outstanding and the liability benchmark can be explained as follows...

- Any years where actual loans are less than the benchmark indicate a future borrowing requirement.
- Any years where actual loans outstanding exceed the benchmark represent an overborrowed position, which will result in excess cash requiring investment (unless any currently unknown future borrowing plans increase the benchmark loan debt requirement).

The treasury strategy explains how the treasury risks inherent in these mismatched positions will be managed

Glasgow City Council

Summary debt and investment position as at 30 September 2024

	Nominal amount at 30/09/24 £000	Annual average interest rate %	Share of total debt %
Debt			
Public Works Loans Board	1,129,937	4.22%	73.96%
Market loans	382,755	4.69%	25.05%
Temporary loans (note 1)	15,000	5.00%	0.98%
Total debt	1,527,692	4.35%	100.00%

	Nominal amount or valuation at 30/09/24 £000	Rate of return %
Investments		
Internally managed investments	100,690	5.14%
Externally managed investments:		
Ruffer LLP - City Funds (notes 2 and 3)	22,926	4.40%
Ruffer LLP - Sundry Trusts (note 3)	16,834	4.40%
Total investments	140,450	4.93%

Notes

- (1) This represents short-term borrowing from various institutions (mainly public bodies).
- (2) This represents investments held in respect of the Insurance Fund and Common Good Fund.
- (3) The rate of return has been presented as the rate of return achieved in the 12 months to 30 September 2024.

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	25
Other permitted investments:	
Money market funds	25
Government liquidity funds	30
Securities issued or guaranteed by governments	30

Glasgow City Council

Counterparty investment list

Weekly credit list: Friday, 27/09/24	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.	AA-	F1+	Aa2	P-1	O
Commonwealth Bank of Australia	AA-	F1+	Aa2	P-1	O
Macquarie Bank Ltd.	A+	F1	Aa2	P-1	O
National Australia Bank Ltd.	AA-	F1+	Aa2	P-1	O
Westpac Banking Corp.	AA-	F1+	Aa2	P-1	O
Belgium	AA-		Aa3		
BNP Paribas Fortis	A+	F1	A1	P-1	R
KBC Bank N.V.	A+	F1	Aa3	P-1	O
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	O
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	A1	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		
Bayerische Landesbank	A+	F1+	Aa2	P-1	O
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	F1+	Aa2	P-1	O
Landesbank Baden-Wuerttemberg	A+	F1+	Aa2	P-1	O
Landesbank Berlin AG			Aa3	P-1	O
Landesbank Hessen-Thuringen Girozentrale	A+	F1+	Aa2	P-1	O
Landwirtschaftliche Rentenbank	AAA	F1+	Aaa	P-1	P
Norddeutsche Landesbank Girozentrale	A+	F1+	Aa2	P-1	O
NRW.BANK	AAA	F1+	Aa1	P-1	P
Netherlands	AAA		Aaa		
ABN AMRO Bank N.V.	A	F1	Aa3	P-1	R
BNG Bank N.V.	AAA	F1+	Aaa	P-1	P
Coöperatieve 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			Aa1	P-1	O
Qatar	AA		Aa2		
Qatar National Bank	A+	F1	Aa3	P-1	O

Weekly credit list: Friday, 27/09/24	Fitch		Moody's		Suggested duration (CDS adjusted)
	Long-term	Short-term	Long-term	Short-term	
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	A+	F1	Aa2	P-1	O
United Kingdom	AA-		Aa3		
Al Rayan Bank Plc			A2	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+			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			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
Nationwide Building Society	A	F1	A1	P-1	R
United States	AA+		Aaa		
Bank of America N.A.	AA	F1+	Aa1	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 and the Debt Management Office for investments, the council also currently utilises 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