



To: The Executive Councillor for Finance & Resources:
Councillor George Owers

Report by: Caroline Ryba – Head of Finance & S151 Officer

Relevant scrutiny committee: Strategy & Resources
18/01/2016
Scrutiny
Committee

Wards affected: All Wards

ANNUAL TREASURY MANAGEMENT STRATEGY STATEMENT REPORT 2016/17 TO 2018/19

Key Decision

1. Executive summary

- 1.1 The Council is required by regulations issued under the Local Government Act 2003, to produce an Annual Treasury Management Strategy Report.
- 1.2 The Council has also adopted The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (revised 2011).
- 1.3 The Code requires as a minimum, receipt by full Council of an Annual Treasury Management Strategy Statement – including the Annual Investment Strategy and Minimum Revenue Provision Policy – for the year ahead, a half-year review report and an Annual Report (stewardship report) covering activities in the previous year.
- 1.4 This Treasury Management Strategy Statement Report has been prepared in accordance with CIPFA's Code of Practice on Treasury Management and covers the following:-
 - The Council's capital expenditure plans (prudential indicators):-
 - A statement of the Council's borrowing strategy;
 - The Annual Borrowing and Minimum Revenue Provision Statements;
 - The Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17; and;
 - An update on interest rate and economic forecasts.

1.5 In line with the Code of Practice, all treasury management reports have been presented to both Strategy & Resources Scrutiny Committee and full Council.

2. Recommendations

2.1 The Executive Councillor is asked to recommend to Council the Annual Borrowing Statement at paragraph 4, the Council's Minimum Revenue Provision (MRP) Policy at paragraph 5 and the Council's Annual Investment Strategy as contained within paragraphs 8 & 9.

2.2 Following a recent review, the Executive Councillor is asked to recommend to Council an amendment to the counterparty list to include Enhanced Cash Funds. A limit of £5m is recommended and has been updated within Appendix A, as follows

Name	Recommended Limit (£)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/V1)	5m (in each fund)

2.3 The Executive Councillor is also asked to recommend to Council changes to the estimated Prudential & Treasury Indicators for 2015/16 to 2018/19, inclusive, as set out in Appendix C.

3. Background

3.1 Treasury Management Activities

The Council is required to comply with CIPFA Prudential Code (May 2013 edition) and the CIPFA Treasury Management Code of Practice (Revised November 2011). The Council is required to set prudential and treasury indicators, including an authorised limit for borrowing, for a three year period and should ensure that its capital plans are affordable, prudent and sustainable. The Council also follows DCLG Investment Guidance as issued on 11th March 2010.

3.2 The Council is currently supported in its treasury management functions by specialist advisors who are Capita Asset Services. Capita's services include the provision of advice to the Council on developments and best practice in this area and provide information on the creditworthiness of potential counterparties, deposit and borrowing interest rates and the economy.

4. Borrowing Policy Statement

- 4.1 The Council is permitted to borrow under the Prudential Framework, introduced with effect from 1st April 2004.
- 4.2 At present the only debt held by the authority relates to the twenty loans from the PWLB for self-financing the HRA taken out in 2012 totalling £213,572,000.
- 4.3 The Council does not currently anticipate any new external borrowing for the period 2016/17 to 2018/19, inclusive.
- 4.4 In the event that external borrowing is undertaken the Council is able as an eligible local authority to access funds at the PWLB Certainty Rate (a 0.20% discount on loans) until 31st October 2016.
- 4.5 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

5. Minimum Revenue Provision (MRP) Policy Statement

- 5.1 Minimum Revenue Provision (MRP) is the revenue charge that the Council is required to make for the repayment of debt, as measured by the underlying need to borrow, rather than actual debt. The underlying debt is needed to finance capital expenditure which has not been fully financed by revenue or capital resources. As capital expenditure is generally expenditure on assets which have a life expectancy of over one year it is prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure.
- 5.2 The Local Authorities (Capital Finance and Accounting) regulations require local authorities to calculate for the financial year an amount of MRP which is considered to be 'prudent'.
- 5.3 There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year.

- 5.4 The Housing Revenue Account share of the CFR is not subject to an MRP charge.
- 5.5 There is no requirement to make a MRP charge on an asset until the financial year after that asset becomes operational.
- 5.6 The Government has issued guidance on the calculation of MRP. The Council is required to have regard to the guidance based on the underlying principle that the provision should be linked to the life of the assets for which the borrowing is required.
- 5.7 However, the guidance is clear that differing approaches can be considered as long as the resulting provision is prudent.
- 5.8 The Council has agreed to make a loan to a company (which is classed as capital expenditure) to enable it to let intermediate rent properties. This will be financed from internal borrowing.
- 5.9 As this loan is to a wholly owned subsidiary company, is secured on assets and there is a plan and evidence that there is an ability to repay the loan at the end of the short 3 year pilot period, no MRP will be set aside. However, to ensure that this policy is prudent, the Council will review this loan annually and at the end of the pilot period if the company continues and the loan is renegotiated. Where there is evidence which suggests that the full amount of the loan may not be repaid, it will be necessary to reassess the need to commence MRP to recover the impaired amounts from revenue.
- 5.10 The Council has agreed to finance an element of the capital cost of a new community centre at Clay Farm from internal borrowing. This element will in effect be repaid over the next 15 years (with interest) from receipts of rental incomes and subsidy from the site developer and a tenant. As there are sufficient revenues to repay the capital costs no MRP will be set aside.

6. The Council's Capital Expenditure and Financing 2015/16 to 2018/19

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, developer contributions, revenue contributions, reserves etc.), which has no resultant impact on the Council's borrowing need; or;

- If insufficient financing is available, or a decision is taken not to apply other resources, the funding of capital expenditure will give rise to a borrowing need.

6.1 Details of capital expenditure forms one of the required prudential indicators. The table below shows the proposed capital expenditure and how it will be financed. It also includes any re-phasing of 2014-15 budgets 2015/16 and is in line with the agreed Capital Plan.

	2015/16 Current Budget £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
General Fund Capital Expenditure	41,891	4,361	1,880	1,301
HRA Capital Expenditure	36,099	36,526	18,455	8,510
Total Capital Expenditure	77,990	40,887	20,335	9,811
Resourced by:				
• Capital receipts	-7,678	-6,189	-2,349	-532
• Other contributions	-61,007	-34,698	-17,986	-9,279
Total available resources for financing capital expenditure	-68,685	-40,887	-20,335	-9,811
Financed from cash balances	9,305	0	0	0

7. The Council's Prudential and Treasury Management Indicators

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

Capital Financing Requirement & Cumulative External Borrowing	2015/16 Probable Outturn £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000
General Fund Capital Financing Requirement	10,569	10,569	10,569	10,569
HRA Capital Financing Requirement	214,748	214,748	214,748	214,748
Total Capital Financing Requirement	225,317	225,317	225,317	225,317
Movement in the Capital Financing Requirement	9,305	0	0	0
Estimated External Gross Debt/Borrowing (Including HRA Reform)	213,572	213,572	213,572	213,572
Authorised Limit for External Debt	250,000	250,000	250,000	250,000
Operational Boundary for External Debt	225,317	225,317	225,317	225,317

7.2 During the above financial years the Council will operate within the 'authorised' and 'operational' borrowing limits contained within the Prudential Indicators set out in the Council's Treasury Management Strategy Statement. The anticipated Prudential & Treasury indicators are shown in Appendix C.

8. Annual Investment Strategy Statement

8.1 Introduction

The Council manages its deposits in-house and uses Capita as its independent Treasury Adviser. The Council recognises that responsibility for treasury management activities remains with the organisation. The Council will ensure that the terms of Capita's appointment are properly agreed and documented and regularly reviewed.

The Council's deposit priorities are (and in this order):-

1. The **S**ecurity of capital;
2. The **L**iquidity of deposits; and;
3. The **Y**ield or return on its deposits.

The Council takes a cautious approach within its Treasury Management Strategy. However, in order to ensure that the Council invests its funds in the most appropriate way, the Strategy is regularly reviewed taking into account the information available from Capita and wider developments.

- 8.2 The Council added Money Market Funds to its list of approved counterparties in 2013. These funds have enabled the Council to earn better rates of interest on overnight monies than in bank deposit accounts. The Council does not currently include Enhanced Money Market Funds on its list of approved counterparties. These are pooled investment vehicles which achieve a better rate of return than a traditional money market fund, particularly for periods over 3 months. These funds are all denominated in sterling and can include a number of instruments including government gilts, corporate bonds, government guaranteed bonds, supranational bonds and covered (secured) bonds.
- 8.3 These funds offer diversification from traditional bank deposits and enhanced yields as they have a longer weighted average maturity (the average time to maturity of the underlying bonds and gilts). Liquidity of these funds is good, typically allowing investors to receive proceeds from any sale of units 2 to 3 days after the trade date.
- 8.4 The Council's existing money market funds are valued on a constant net asset value basis, so the capital value does not fluctuate. Enhanced Cash Funds are valued using Variable Net Asset Value (VNAV) – the assets are marked to market (to record a change of value in an asset to reflect its current market fair value) on a daily basis and the unit price can go up or down, although the volatility has historically been very low. The Council could choose when to sell units in a fund. As with the Council's investment in the CCLA Property Fund any units held at each financial year end would be valued and a book profit or loss recorded in surplus or deficit on available for sale assets in the Comprehensive I&E account. However, as an unrealised loss this would not be borne by the General Fund. Unlike the Property Fund there is no bid-offer spread on prices.
- 8.5 It is recommended that the most highly credit-rated, lowest volatility rated funds (as rated by the credit rating agencies) are added to the approved counterparty list with a limit of £5m for each fund. The revised detailed counterparty list with limits is shown within Appendix A.

8.6 It is expected that our deposits will diminish over this 3 year period, due to factors including our investment in our commercial property portfolio and a loan to the General Fund housing company.

8.7 **Creditworthiness Policy**

This Council uses the creditworthiness service provided by Capita (which is highlighted within Appendix A – Current Counterparty List) which are updated daily for the authority to use. This service uses a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's. However, the Council does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:-

- Credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings i.e. akin to an insurance policy whereby counterparties enter into a contractual agreement; and;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Council will not place an investment contrary to Capita's credit methodology criteria which includes a maximum duration period (except for 'smaller' Building Societies).

8.8 **Training**

The CIPFA Code requires the responsible officer to ensure that Members and Officers are adequately trained in treasury management. Training is arranged as required and is regularly reviewed.

9. **Ethical Investment Statement**

9.1 Subject to the Executive Councillor's decision in respect of inclusion of an ethical investment policy in relation to an earlier agenda item at this meeting it is proposed that the following statement forms part of the Council's Treasury Management Strategy:

“Cambridge City Council notes the risks to both the planet and Cambridge from climate change and the need to show leadership in advocating a fossil-free future, including its investments. Where consistent with our fiduciary responsibilities the Council will avoid direct investment in institutions with

material links to environmentally harmful activities including fossil fuels.

Cambridge City Council, in making investments through its treasury management function, fully supports the ethos of socially responsible investments. We will actively seek to communicate this support to those institutions we invest in as well as those we are considering investing in by:

- Encouraging those institutions to adopt and publicise policies on socially responsible investments;
- Requesting those institutions to apply those deposits in a socially responsible manner.

Counterparties will be advised of this statement.”

10. Interest Rates & Interest Received

10.1 Capita Asset Services is the Council’s independent treasury advisor. In support of effective forecasting the Council needs to be aware of the potential influence of interest rates on treasury management issues for the Council. Capita’s opinion on interest rates is presented at Appendix B.

10.2 Total interest and dividends of £909,000 has been received on the Council’s deposits up to 30th November 2015 (for this financial year) at an average rate of 1.14%. This exceeds the budget to date of £799,000 by £110,000 and the average actual rate achieved in 2014/15 of 0.72%.

11. Implications

(a) Financial Implications

The prudential and treasury indicators have been amended to take account of known financial activities.

(b) Staffing Implications

None.

(c) Equal & Poverty Implications

No negative impacts identified.

(d) Environmental Implications

None.

- (e) **Procurement**
None.
- (f) **Consultation and communication**
None required.
- (g) **Community Safety**
No community safety implications.

12. Background Papers

12.1 None were used in preparing this report.

13. Appendices

- 13.1 Appendix A – The Council’s current Counterparty list
Appendix B – Capita’s opinion on UK Forecast Interest Rates
Appendix C – Prudential and Treasury Management Indicators
Appendix D – Glossary of Terms and Abbreviations

14. Inspection of Papers

14.1 If you have any queries about this report please contact:

Author’s Name: Stephen Bevis
Author’s Phone Number: 01223 - 458153
Author’s Email: stephen.bevis@cambridge.gov.uk

Treasury Management Annual Investment Strategy

Current Counterparty List

The full listing of approved counterparties is shown below, showing the category under which the counterparty has been approved, the appropriate deposit limit and current duration limits. These counterparties have also been shown under Specified and Non-Specified Investments (in line with DCLG Guidance). Recommended changes shown in bold:-

Name	Council's Current Deposit Period	Category	Limit (£)
Specified Investments:-			
All UK Local Authorities	N/A	Local Authority	20m
All UK Passenger Transport Authorities	N/A	Passenger Transport Authority	20m
All UK Police Authorities	N/A	Police Authority	20m
All UK Fire Authorities	N/A	Fire Authority	20m
Debt Management Account Deposit Facility	N/A	DMADF	Unlimited
Barclays Bank Plc	Using Capita's Credit Criteria	UK Bank	20m
HSBC Bank Plc	Using Capita's Credit Criteria	UK Bank	25m
Standard Chartered Bank	Using Capita's Credit Criteria	UK Bank	20m
Bank of Scotland Plc (BoS)	Using Capita's Credit Criteria	UK Bank	20m
Lloyds TSB Bank Plc	Using Capita's Credit Criteria	UK Bank	20m
National Westminster Bank Plc (NWB)	Using Capita's Credit Criteria	UK Nationalised Bank	20m
Santander UK Plc	Using Capita's Credit Criteria	UK Bank	5m
The Royal Bank of Scotland Plc (RBS)	Using Capita's Credit Criteria	UK Nationalised Bank	20m
Other UK Banks	Using Capita's Credit Criteria	UK Banks	20m

Name	Council's Current Deposit Period	Category	Limit (£)
Members of a Banking Group (BoS Group includes Lloyds, RBS Group includes NWB)	Using Capita's Credit Criteria	UK Banks and UK Nationalised Banks	30m
Deutsche Bank	Using Capita's Credit Criteria	Non-UK Bank	5m
Svenska Handelsbanken	Using Capita's Credit Criteria	Non-UK Bank	5m
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/V1)	Over 3 months and up to 1 year	Financial Instrument	5m (per single counterparty)
Money Market Funds	Liquid Rolling Balance	Financial Instrument	15m (per fund)
Custodian of Funds	Requirement for Undertaking Financial Instruments	Fund Managers	Up to 15m (per single counterparty)
UK Government Treasury Bills	Up to 6 months	Financial Instrument	15m
Other Specified Investments - UK Building Societies:-			
Name	Council's Current Deposit Period	Society Asset Value (£'m) – as at 10 th Nov 2015	Limit (£)
Nationwide Building Society	1 month or in line with Capita's Credit Criteria, if longer	194,821	Assets greater than £100,000m - £20m
Yorkshire Building Society		41,779	
Coventry Building Society		30,890	
Skipton Building Society		15,336	Assets between £50,000m and £99,999m - £5m
Leeds Building Society		12,220	
Principality Building Society		7,108	Assets between £5,000m and £49,999m - £2m
West Bromwich Building Society		5,570	
Non-Specified Investments:-			
Name	Council's Current Deposit Period	Category	Limit (£)
All UK Local Authorities – longer term limit	Over 1 year and up to 5 years	Local Authority	Up to 30m (in total)

Name	Council's Current Deposit Period	Category	Limit (£)
CCLA Local Authorities' Property Fund	Minimum of 5 years	Pooled UK Property Fund	Up to 10m
Certificates of Deposit (with UK Banking Institutions)	Liquid Rolling Balance	Financial Instrument	15m (per single counterparty)
Certificates of Deposit (with UK Building Societies)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Certificates of Deposit (with Foreign Banking Institutions)	Liquid Rolling Balance	Financial Instrument	2m (per single counterparty)
Enhanced Cash Funds (Standard & Poor's: AAAf/S1, Fitch: AAA/V1)	Over 1 year and up to 5 years	Financial Instrument	5m (per single counterparty)
Supranational Bonds – AAA	Using Capita's Credit Criteria	Multi-lateral Development Bank Bond	15m
UK Government Gilts	Over 1 year & up to 30 Years	Financial Instrument	15m

Capita's Opinion on Forecast UK Interest Rates – As Currently Predicted

Introduction

The paragraphs that follow reflect the views of the Council's Treasury Management advisors (Capita) on UK Interest Rates as currently predicted.

Interest rates

Members of the Bank of England Monetary Policy Committee (MPC) kept the bank rate at 0.50% and Quantitative Easing (QE) at £375bn during 2015/16 (to Nov 2015). Going-forward, the Council's treasury advisor, Capita, has provided the following interest rate forecasts issued on 10th November 2015:-

	Now	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%
3 month LIBID	0.52%	0.60%	0.70%	0.80%	0.90%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	1.90%	2.00%	2.00%
6 month LIBID	0.66%	0.80%	0.90%	1.00%	1.10%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.10%	2.20%	2.20%
12 month LIBID	0.98%	1.10%	1.20%	1.30%	1.40%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.40%	2.50%	2.50%
5yr PWLB rate	2.23%	2.30%	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%
10yr PWLB rate	2.88%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%
25yr PWLB rate	3.57%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%
50yr PWLB rate	3.43%	3.60%	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%

Capita's interest rate forecast is for the first increase in the bank rate to be in June 2016. With higher growth predictions and lower unemployment forecasts for the U.K, these are the main reasons for this change in interest rates overall.

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Current 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000
PRUDENTIAL INDICATORS				
Capital expenditure				
- General Fund	41,891	4,361	1,880	1,301
- HRA	36,099	36,526	18,455	8,510
Total	77,990	40,887	20,335	9,811
Incremental impact of capital deposit decisions on:				
Band D Council Tax (City element)	0.15	0.07	0.01	0.01
Average weekly housing rent	-1.06	0.79	0.77	-0.10
Capital Financing Requirement (CFR) as at 31 March				
- General Fund	10,569	10,569	10,569	10,569
- HRA	214,748	214,748	214,748	214,748
Total	225,317	225,317	225,317	225,317
Change in the CFR	9,305	0	0	0
Deposits at 31 March	99,400	81,600	81,400	102,200
External Gross Debt	213,572	213,572	213,572	213,572
Ratio of financing costs to net revenue stream				
-General Fund	-3.15%	-5.62%	-7.70%	-11.80%
-HRA	17.52%	17.54%	13.48%	11.10%
Total	14.37%	11.92%	5.78%	-0.70%

PRUDENTIAL & TREASURY MANAGEMENT INDICATORS

	Current 2015/16 £'000	Estimate 2016/17 £'000	Estimate 2017/18 £'000	Estimate 2018/19 £'000
TREASURY INDICATORS				
Authorised limit				
for borrowing	250,000	250,000	250,000	250,000
for other long term liabilities	0	0	0	0
Total	250,000	250,000	250,000	250,000
HRA Debt Limit	230,839	230,839	230,839	230,839
Operational boundary				
for borrowing	225,317	225,317	225,317	225,317
for other long term liabilities	0	0	0	0
Total	225,317	225,317	225,317	225,317
Upper limit for total principal sums deposited for over 364 days	40,000	40,000	40,000	40,000
Upper limit for fixed & variable interest rate exposure				
Net interest on fixed rate borrowing/deposits	6,610	6,627	6,744	6,744
Net interest on variable rate borrowing/deposits	-23	-23	-23	-23
Maturity structure of new fixed rate borrowing		Upper Limit	Lower Limit	
10 years and above (PWLB borrowing for HRA Reform)		100%	100%	

Treasury Management – Glossary of Terms and Abbreviations

Term	Definition
Authorised Limit for External Borrowing	Represents a control on the maximum level of borrowing
Capital Expenditure	Expenditure capitalised in accordance with regulations i.e. material expenditure either by Government Directive or on capital assets, such as land and buildings, owned by the Council (as opposed to revenue expenditure which is on day to day items including employees' pay, premises costs and supplies and services)
Capital Financing Requirement	A measure of the Council's underlying borrowing need i.e. it represents the total historical outstanding capital expenditure which has not been paid for from either revenue or capital resources
Certificates of Deposit (CDs)	Low risk certificates issued by banks which offer a higher rate of return
CIPFA	Chartered Institute of Public Finance and Accountancy
Corporate Bonds	Financial instruments issued by corporations
Counter-parties	Financial Institutions with which funds may be placed
Credit Risk	Risk of borrower defaulting on any type of debt by failing to make payments which it is obligated to do
DCLG	Department for Communities & Local Government
Enhanced Cash Funds	Higher yielding funds typically for investments exceeding 3 months
Eurocurrency	Currency deposited by national governments or corporations in banks outside of their home market
External Gross Debt	Long-term liabilities including Private Finance Initiatives and Finance Leases
HRA	Housing Revenue Account - a 'ring-fenced' account for local authority housing account where a council acts as landlord

Term	Definition
HRA Self-Financing	A new funding regime for the HRA introduced in place of the previous annual subsidy system
London Interbank Offered rate (LIBOR)	A benchmark rate that some of the leading banks charge each other for short-term loans
London Interbank Bid Rate (LIBID)	The average interest rate which major banks London banks borrow Eurocurrency deposits from other banks
Liquidity	A measure of how readily available a deposit is
MPC	Monetary Policy Committee - The Bank of England Committee responsible for setting the UK's bank base rate
Non-Specified Investments	These are investments that do not meet the conditions laid down for Specified Investments and potentially carry additional risk, e.g. lending for periods beyond 1 year
Operational Boundary	Limit which external borrowing is not normally expected to exceed
PWLB	Public Works Loans Board - an Executive Government Agency of HM Treasury from which local authorities & other prescribed bodies may borrow at favourable interest rates
Security	A measure of the creditworthiness of a counter-party
Specified Investments	Those investments identified as offering high security and liquidity. They are also sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' credit rating criteria where applicable
Supranational Bonds	Multi-lateral Development Bank Bond
UK Government Gilts	Longer-term Government securities with maturities over 6 months and up to 30 years
UK Government Treasury Bills	Short-term securities with a maximum maturity of 6 months issued by HM Treasury
Yield	Interest, or rate of return, on an investment