

## **Pension Fund Committee**

**12 March 2020**



## **Short Term Investments for the period ended 31 December 2019**

### **Ordinary Decision**

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## **Report of John Hewitt, Corporate Director of Resources**

### **Purpose of the Report**

1. To provide the Committee with information on the performance of the Pension Fund's short-term investments as at 31 December 2019.

### **Recommendation**

2. Members are asked to note the position at 31 December 2019 regarding the Pension Fund's short-term investments where the Pension Fund's surplus cash holding was £39.426 million and £70,530 net interest was earned in the three month period.

### **Short Term Investments**

3. Durham County Council (the Council) invests the short-term cash balances on behalf of the Pension Fund; this is done in line with the Council's Treasury Management Policy and Annual Investment Strategy. This investment strategy sets out the maximum amounts and time limits in respect of deposits that can be placed with each financial institution.
4. The Pension Fund's surplus cash holding as at 31 December 2019 was £39.426 million, which was held in the institutions listed in the following table, alongside their credit rating at 31 December 2019.

<b>Financial Institution</b>	<b>Short-term Rating</b>	<b>Amount Invested £m</b>
Bank Deposit Accounts Handelsbanken	F1+	0.000
Fixed Term Deposits Bank of Scotland	F1	5.781
Close Brothers	F1	2.569
Goldman Sachs	F1	3.083
Landesbank Hessen Thueringen Girozentrale	F1+	1.285
Santander UK Plc	F1	6.423
UK Local Authorities Building Societies	N/A	10.342
	N/A	5.203
National Savings & Investments	N/A	0.128
Money Market Funds	N/A	4.612
<b>Total</b>		<b>39.426</b>

5. The following table provides information on the net interest earned during the three month period to 31 December 2019, the average daily investment balance and the average return earned in comparison to the average bank base rate. The interest paid to the Pension Fund is based upon the average three month rate of return earned by the Council and is net of the fees of £2,650 paid for the Council undertaking the Treasury Management function for the Pension Fund.

	<b>Total</b>
Net Interest Earned	£70,530
Average Return Earned	0.79%
Average Bank of England base rate	0.75%
Average Daily Balance of Investments	£36.721m