

1. Treasury Management Indicators

1.1. The Councils measure and manage their exposure to treasury management risks using the following indicators:

1.2. **Security:** Babergh and Mid Suffolk have adopted a voluntary measure of their exposure to credit risk by monitoring the value-weighted average credit score of their investment portfolios. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk. These are shown in Table 11 that follows.

1.3. **Table 11: Credit Scores**

Credit Scores	31.3.20 Actual	2019/20 Target	Complied
Babergh Portfolio average Credit Score	4.92	7.00	✓
Mid Suffolk Portfolio average Credit Score	4.79	7.00	✓

1.4. **Interest Rate Exposures:** This indicator is set to control the Councils' exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed are shown in Table 12 that follows.

1.5. **Table 12: Fixed Interest rate exposure**

Fixed Interest rate exposure	31.3.20 Actual £m	2019/20 Limit £m	Complied
Babergh Upper limit on fixed interest rate exposure	96.02	136.00	✓
Babergh Upper limit on variable interest rate exposure	16.50	35.00	✓
Mid Suffolk Upper limit on fixed interest rate exposure	90.94	154.00	✓
Mid Suffolk Upper limit on variable interest rate exposure	24.40	40.00	✓

1.6. Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

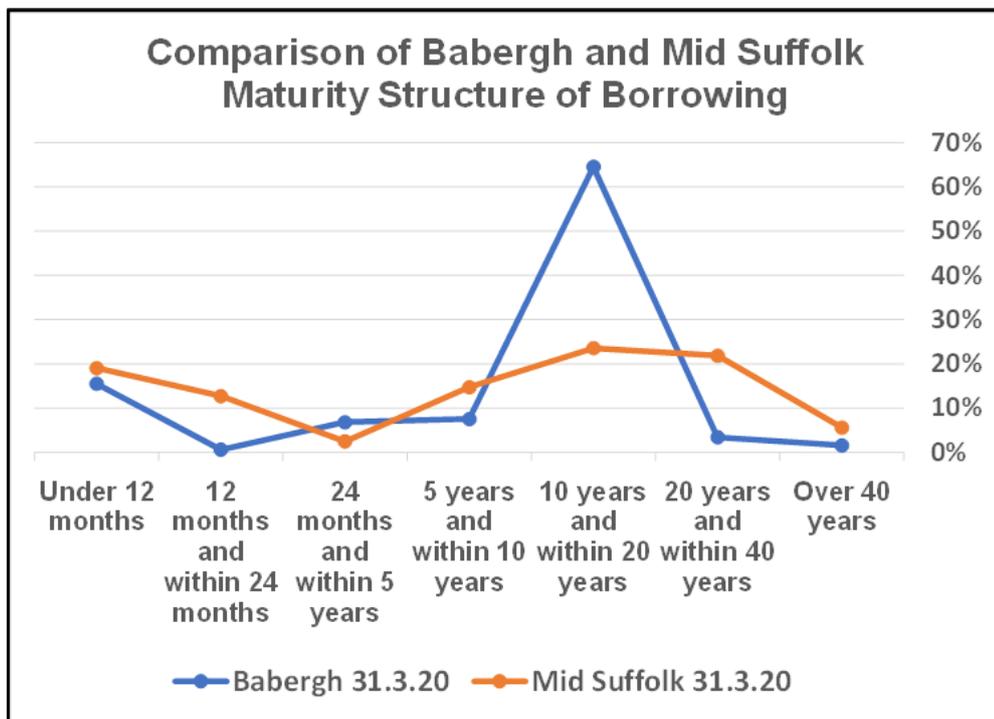
1.7. **Maturity Structure of Borrowing:** This indicator is set to control the Councils' exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing are shown in Table 13 as follows.

1.8. **Table 13: Maturity Structures**

Age Profile of Maturity	Babergh 31.3.20 Actual	Mid Suffolk 31.3.20 Actual	Lower Limit	Upper Limit	Complied
Under 12 months	15.49%	19.04%	0%	50%	✓
12 months and within 24 months	0.62%	12.74%	0%	50%	✓
24 months and within 5 years	6.83%	2.50%	0%	50%	✓
5 years and within 10 years	7.54%	14.75%	0%	100%	✓
10 years and within 20 years	64.49%	23.53%	0%	100%	✓
20 years and within 40 years	3.43%	21.84%	0%	100%	✓
Over 40 years	1.60%	5.61%	0%	100%	✓

1.9. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

1.10. **Table 13 Chart: Maturity Structures**



1.11. **Principal Sums Invested for Periods Longer than 365 days:** The purpose of this indicator is to control the Councils' exposure to the risk of incurring losses by seeking early repayment of investments. The limits on the long-term principal sum invested to final maturities beyond the period end are shown in Table 14 that follows.

1.12. **Table 14: Principal Sums**

Babergh	2019/20	2020/21	2021/22
Actual principal invested beyond year end	£0	£0	£0
Limit on principal invested beyond year end	£2m	£2m	£2m
Complied	✓	✓	✓

Mid Suffolk	2019/20	2020/21	2021/22
Actual principal invested beyond year end	£0	£0	£0
Limit on principal invested beyond year end	£2m	£2m	£2m
Complied	✓	✓	✓

- 1.13. Whilst the investments that have been made in CCLA, UBS, Schroder, Investec and Funding Circle are intended to benefit from longer term higher returns, they can be redeemed on a short-term basis.