

Agenda Item	11b
Report No	RES/31/19

HIGHLAND COUNCIL

Committee: Corporate Resources Committee

Date: 28 August 2019

Report Title: Annual Treasury Management Report – 2018/19

Report By: Head of Corporate Finance and Commercialism

1. Purpose/Executive Summary

- 1.1 This report on treasury management for the financial year 2018/19 is prepared in compliance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) revised Code of Practice on Treasury Management in Local Authorities.
- 1.2 The report highlights the Council's treasury management activities undertaken, provides a commentary on the year and compares activity to the expected activities contained in the annual Treasury Strategy Statement and Investment Statement which was approved by the Highland Council on 8 March 2018.
- 1.3 This Annual Treasury Management Report - 2018/19 is submitted to the Committee for consideration. The Report will then be submitted to Council for approval in September 2019.
- 1.4 The Prudential Code also requires the Council to report the actual prudential indicators after the financial year end and these are shown in **Appendix 1**.

2. Recommendations

- 2.1 Members are asked to:
 - i. Consider the Annual Treasury Management report for 2018/19.

3. Implications

- 3.1 Resource implications include the cost of borrowing to fund the capital programme and are covered in section 7 and Risk implications are covered in section 8.
- 3.2 There are no Legal, Community (Equality, Poverty and Rural), Climate Change/Carbon Clever or Gaelic implications arising as a direct result of this report.

4. Background

- 4.1 The Local Government in Scotland Act 2003 (the Act) and supporting regulations requires the Council to have regard to the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice. The CIPFA Code of Practice on Treasury Management (November 2009) was adopted by the Council on 4 March 2010. The Code was further updated in December 2017 with changes due to take effect in 2019/20. The Council fully complies with the Code requirements.
- 4.2 The primary requirements of the Code are the:
- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by the Council of an Annual Strategy Report for the year ahead, a mid-year report and an Annual Review Report of the previous year.
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - Delegation by the Council of the role of scrutiny of treasury management policies to a specific named body, which in this Council is the Corporate Resources Committee.
- 4.3 Treasury Management is defined as: *"The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks"*.
- 4.4 This report sets out:
- An overview of the strategy agreed for 2018/19 considering the economy and interest rates position for the year (section 5)
 - Performance measurement for the year including the Council's treasury position at 31 March 2019 compared to the previous financial year (section 6)
 - A summary of treasury decisions taken and effects on the revenue budget (section 7)
 - A commentary on performance and risk (section 8)
 - A review of compliance with the Council's procedures and Prudential Indicators (sections 9 and 10)

5. The strategy agreed for 2018/19

- 5.1 The expectation for interest rates within the strategy for 2018/19 was that investment yields were likely to remain low during 2018/19 but to be on a gently rising trend over the next few years and beyond with gradually increasing Public Works Loan Board (PWLB) rates forecast. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

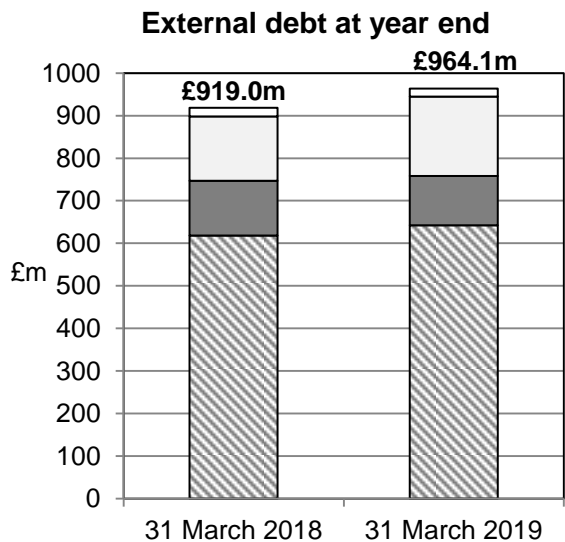
5.2 The treasury strategy was to continue to use short term borrowing to fund the capital programme but to consider a strategy of de-risking by taking longer term borrowing PWLB borrowing with the aim of mitigating the risk of increased borrowing cost as interest rates start to rise.

5.3 During 2018/19, longer term PWLB rates peaked in October 2018 and spiked again in December but have been on a general downward trend and reached lows for year at the end of March.

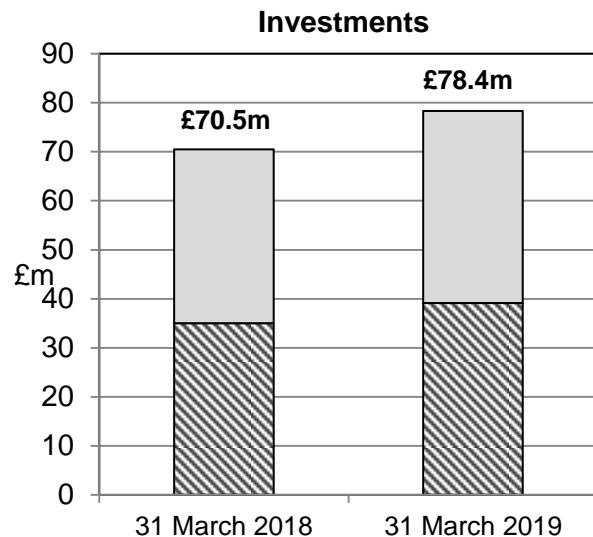
5.4 Further information on the economy and interest rates during the year can be found at **Appendix 2**.

6. Performance measurement

6.1 The treasury position at the 31 March 2019 compared with the previous year is shown in the graphs below.



- Market loans external debt (<5 years) fixed
- Short term external debt (<1 year) fixed
- Long term market loans fixed/variable
- ▨ Long term external debt (PWLB) fixed



- Investments variable
- ▨ Investments fixed interest

Average interest rates comparison

	31/03/18	31/03/19
Market loans (< 5years) fixed	1.11%	1.44%
Short term external debt (<1 year) fixed	0.52%	0.93%
Long term market loans fixed/variable	4.79%	4.79%
Long term external debt (PWLB) fixed	4.87%	4.72%
Total debt	4.02%	3.93%
Investments fixed interest	0.61%	0.94%

Investments variable	0.53%	0.77%
Total investments	0.57%	0.86%

6.2 The figures show a decrease in the average interest rate on external debt borrowings from 4.02% at March 2018 to 3.93% at March 2019. This was due to the Council using short term borrowing to fund capital expenditure for which lower rates are paid and replacing PWLB with lower rate borrowing. The investment return for 2018/19 was higher than the previous year due to the bank rate being increased from 0.50% to 0.75% in August 2018.

6.3 Details of all PWLB long term borrowing undertaken and repaid, is in **Appendix 3** and all external borrowing is in **Appendix 4**. The average rate for temporary loans at 31 March 2019 was 0.93%.

7. Treasury decisions taken and revenue effects

Borrowing requirement and debt

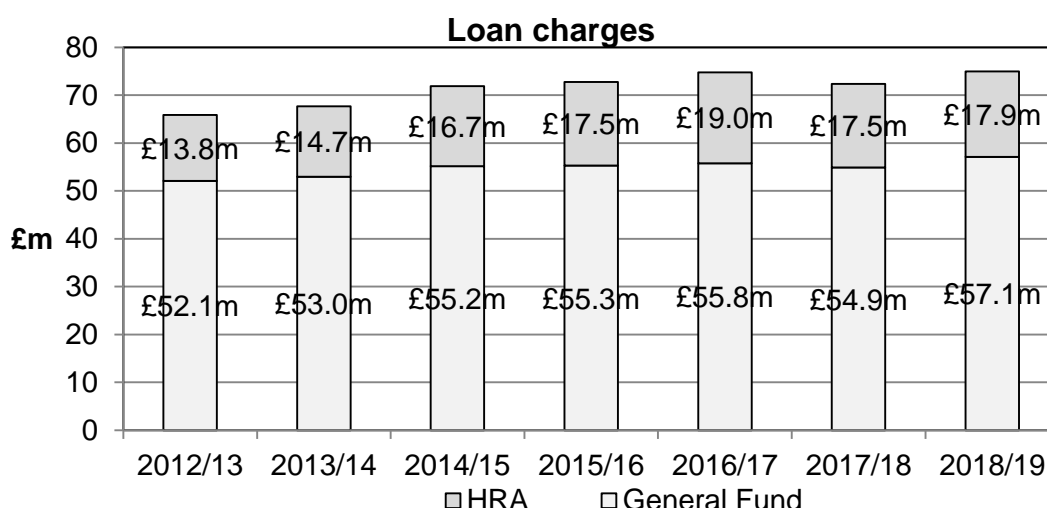
7.1 The Council undertakes capital expenditure on long-term assets which is funded as follows:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions 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 resources, the capital expenditure will give rise to a borrowing requirement.

7.2 The total new borrowing requirement for 2018/19 was £34.6m (General Fund £14.7m and HRA £19.9m) against planned new borrowing of £47.7m (General Fund £36.1m and HRA £11.6m). Reasons for variations in Service and project capital expenditure for the year are reported to Strategic Committees as part of the final 2018/19 out-turn capital monitoring process. Details of gross and net capital spend for the year and the borrowing requirement against the estimated position are in **Appendix 1**.

7.3 There has been an increase in external debt of £45.1m (see graph at **para 6.1**) which is more than the borrowing requirement of £34.6m. This is because the Council is currently under-borrowed by £32.6m (3.27% the underlying borrowing requirement of £996.7m). This means that the underlying borrowing requirement is also funded by internal borrowing as well as the external borrowing noted above (explained in more detail at **para 10.5**).

7.4 In terms of the impact on revenue budgets, the increased capital expenditure has increased the level of loan charges the Council has incurred. Albeit loan charges have remained in line with budget during 2018/19. The graph below shows the changes in loans charges over the last 7 years.



7.5 Due to the level of capital expenditure, financing costs (loan charges) are a significant proportion of the Council's net revenue stream. The ratio of financing costs to net revenue stream for the general fund including PPP/NPD is 13.3% (estimate 13.5%) and 34.1% for HRA (estimate 33.7%) (**Appendix 1, prudential indicator 4**).

Rescheduling

7.6 There was no rescheduling completed during 2018/19. While refinancing rates were closely monitored throughout the year no significant opportunities arose to make savings due to breakage costs.

7.7 A summary of outstanding deferred revenue costs attributable to debt rescheduling exercises undertaken in years to date, is provided in the table below. These represent early debt repayment costs (premiums) and discounts, associated with debt rescheduling. It is accounting practice for these to be written off over the periods of the new loans taken as part of the rescheduling and included as part of the annual loan charges.

	Outstanding 31 Mar 2018	Incurred 2018/19	Written off 2018/19	Outstanding 31 Mar 2019
	£000	£000	£000	£000
Premiums	29,535	-	(1,992)	27,543
Discounts	(6,881)	-	40	(6,841)
Net Deferred Revenue Costs	22,654	-	(1,952)	20,702

Overall performance

7.8 The Council's average borrowing and investment rate for the year was 3.93% compared to 4.00% in 2017/18. As stated above (**para 6.2**), all capital expenditure was funded using short term borrowing at lower rates than forecast and replacing PWLB maturities with lower rate borrowing.

7.9 Revenue effect: The final position shows a slight underspend for the General Fund loans charges (£0.007m) and an over spend of £0.826m for HRA compared to budget for the year. The overspend for HRA was due to increased levels of borrowing to fund

the capital programme.

Investments held by the Council

- 7.10 The Council's investment policy is governed by the Scottish Government Investment Regulations, which were adopted in the Annual Investment Strategy 2010/11 and approved by the Council on 24 June 2010. This policy sets out the approach for choosing investment categories and counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).
- 7.11 The Council's policy states the maximum investment period is 2 years. However during 2018/19 deposits were placed for periods of 1 year or less than 1 year to reflect credit risk.
- 7.12 The Council maintained an average end of month balance of £73.8m of internally managed funds which earned an average rate of return of 0.77%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.51% for 2018/19. No institutions in which investments were made showed any difficulty in repaying the investment and interest in full during the year.

8. Performance and risk

- 8.1 In the current debt portfolio at 31 March 2019, 67% (£642.3m) of the total gross debt is at fixed long-term rates with the PWLB.
- 8.2 All major borrowing and capital financing requirement (CFR) decisions taken by officers were discussed with the Council's external treasury management advisors.
- 8.3 Returns on the Council's investments are predominantly determined by short-term variable rates. Whilst this can introduce an element of volatility to returns, it is minimal in terms of the total debt portfolio. Risk, in relation to the potential loss of principal, is minimised through the Council's restricted lending list (using a diversified list of counterparties and based on credit assessment).
- 8.4 The Council uses three firms of money market brokers to facilitate short-term borrowing and investment deals. This ensures competitive market rates are obtained. All brokers charged the same level of commission per transaction and performed satisfactorily. In addition, the Council's treasury management officers have direct lines to some major banks to facilitate direct investment with suitably rated institutions.
- 8.5 Short term borrowing increased from £151m (31/03/18) to £186m (31/03/19) and levels of short term borrowing are likely to remain high. However, in order to mitigate exposure to interest rate risk, PWLB rates will be monitored and longer term borrowing undertaken where rates are favourable.

9. Compliance with the Council's procedures and Prudential Indicators

- 9.1 The Council complied with its internal procedures and the requirements of the CIPFA Code of Practice on Treasury Management. The Council is bound by best practice requirements, which involve limits to be set and adhered to in relation to short-term

borrowing and exposure to variable interest rates and complied with these throughout the year (**Appendix 1, indicator 10**).

10. The Prudential Code – Indicators

10.1 The Council is required by the Prudential Code to report the actual treasury position compared to the prudential indicators at the year-end. **Appendix 1** provides details of all the mandatory, estimated and actual prudential indicators for the year 2018/19.

10.2 Capital Financing Requirement (CFR)

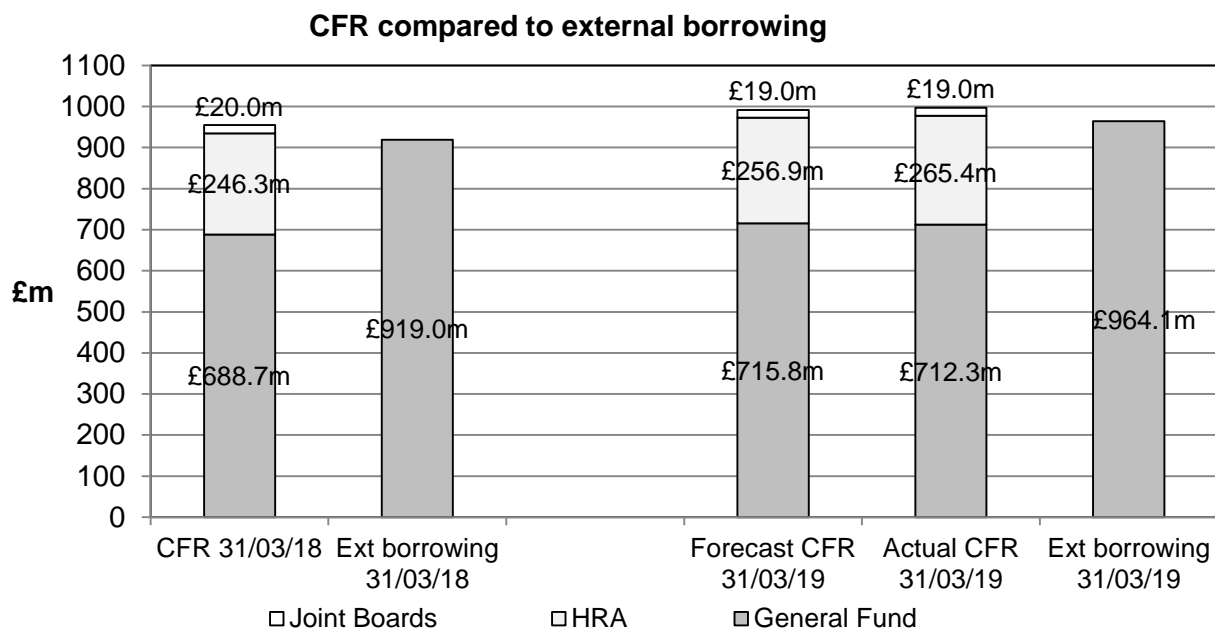
The CFR represents the accumulated net capital expenditure which the Council requires to fund by way of long term borrowing and other capital financing, until the capital projects, comprising the CFR, are fully written off to revenue (mainly by way of annual loan charges).

10.3 In recent years the Council has been in a position whereby its CFR is greater than its long-term borrowing. This results from the Council using internal cash sources, as well as long-term borrowing to finance the CFR. The use of internal cash sources can represent a more effective and low cost option for financing, compared to long-term borrowing, given the low returns available on short-term deposits when compared to PWLB rates, even in the current low borrowing rate environment.

10.4 However, the Council must keep the CFR and long-term borrowing position under regular review, as the use of internal cash sources can result in increased re-financing risk i.e. if internal cash sources are utilised, and the Council has no choice but to borrow, and not necessarily at a time of its choosing, borrowing costs could be impacted.

10.5 The CFR is kept under regular review, and in recent years part of the annual treasury strategy has been to take steps to manage the CFR versus long-term borrowing position to an acceptable level. As shown in the graph below the difference between CFR and external borrowing stood at £32.6m as at 31 March 2019. This position will be kept under regular review as part of the Council's on-going treasury management.

10.6 In order to ensure that over the medium term borrowing net of investments will only be for a capital purpose, net borrowing should not, except in the short term, exceed the CFR for 2018/19. The graph below shows that the Council has complied with this requirement.



Borrowing Limits

- 10.7 The Council is required to agree an Authorised Limit for borrowing for the year. This figure provides for estimated contingencies which may require to be funded in the year in addition to planned capital expenditure.
- 10.8 The Operational Boundary, also approved by the Council in compliance with the Code, is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary are acceptable subject to the Authorised Limit not being breached.

During 2018/19 the Council complied with both the Authorised Limit and Operational Boundaries and the maximum is reported at **Appendix 1 indicator 5 and 6**.

Designation: Head of Corporate Finance and Commercialism

Date: 5 August 2019

Author: Catriona Stachan, Accountant

Background Papers: Treasury system and financial ledger reports
Treasury Strategy Statement and Investment Strategy 2018/19

Appendix 1

Estimated and Actual Treasury Position and Prudential Indicators

		2018/19 Indicator £m	2018/19 Actual £m
1	Capital expenditure		
	Gross capital expenditure		
	General Fund including PPP/NPD	112.2	96.2
	Housing Revenue Account	35.3	42.0
	Total gross capital expenditure	147.5	138.2
	Income		
	General Fund	(46.5)	(52.0)
	HRA	(16.2)	(14.5)
	Total income	(62.7)	(66.5)
	Net capital expenditure		
	General Fund	65.7	44.2
	HRA	19.1	27.5
	Total net capital expenditure	84.8	71.7
	Loan charge instalments		
	General Fund	(29.6)	(29.5)
	HRA	(7.5)	(7.6)
	Total instalments	(37.1)	(37.1)
	Net borrowing for new capital expenditure		
	General Fund	36.1	14.7
	HRA	11.6	19.9
Total net borrowing for new capital expenditure	47.7	34.6	
2	Capital Financing Requirement (CFR) at 31 March		
	General Fund excluding PPP/NPD	715.8	712.3
	Housing Revenue Account	256.9	265.4
	PPP/NPD	157.2	154.8
	Sub-total (as per HC annual accounts)	1,129.9	1,132.5
	Joint Boards	19.0	19.0
	Total	1,148.9	1,151.5
	Sub-total excluding PPP/NPD	991.7	996.7

		2018/19 Indicator £m	2018/19 Actual £m
3	Treasury Position at 31 March		
	Borrowing	955.3	964.1
	Other Long Term Liabilities (PPP)	157.2	154.8
	Total Debt	1,112.5	1,118.9
	Investments	50.0	78.4
	Net Borrowing	1,062.5	1,040.5
4	Ratio of financing costs to net revenue stream		
	General Fund including PPP	13.5%	13.3%
	Housing Revenue Account	33.7%	34.1%

		2018/19 Limit £m	2018/19 Maximum £m
5	Authorised Limit for Borrowing	1,003.7	966.1
6	Operational Boundary for Borrowing	967.3	966.1
7	Interest rate exposures of debt net of investments		
	Upper Limit (Fixed)	990.2	823.6
	Upper Limit (Variable)	346.6	75.7
8	Maturity structure of fixed rate borrowing		
	Under 12 months	30.0%	25.3%
	12 months to 2 years	30.0%	5.1%
	2 years to 5 years	40.0%	8.1%
	5 years to 10 years	50.0%	12.3%
	10 years and above	100.0%	54.5%
9	Upper limit for the maturing of investments made for periods longer than 364 days (against maximum position)	£20.0m	Nil
10	Short term borrowing (net of investments) as a % of outstanding long term debt (maximum position)	25.0%	19.3%
	Variable interest debt (net of investments) as a % of outstanding long term debt (maximum position)	35.0%	12.9%

Appendix 2

Economic update provided by the Council's Treasury Advisor (Link Asset Services)

UK. After weak economic growth of only 0.2% in quarter one of 2018, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. However, some recovery in the rate of growth is expected going forward. The annual growth in Q4 came in at 1.4% y/y confirming that the UK was the third fastest growing country in the G7 in quarter 4.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a disorderly exit, it is likely that Bank Rate would be cut to support growth. Nevertheless, the MPC has been having increasing concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling only marginally to 3.4% in the three months to January. British employers ramped up their hiring at the fastest pace in more than three years in the three months to January as the country's labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

As for CPI inflation itself, this has been on a falling trend since peaking at 3.1% in November 2017, reaching a new low of 1.8% in January 2019 before rising marginally to 1.9% in February. However, in the February 2019 Bank of England Inflation Report, the latest forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1.5%, i.e. a real terms increase. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

Brexit.

A "flexextension" from the EU provides until 31 October for the UK to agree a deal. However, if something can be agreed beforehand, then the UK is free to leave at that point. Markets and commentators, though, still suggest that there is little near term prospect of any consensus being formed.

As such there remain numerous potential options, including (but not limited to) some form of "deal", "disorderly"/"orderly" no-deal Brexit, second referendum or even a General Election.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the strong rate of growth; this rose from 2.2%, (annualised rate) in quarter 1 of 2018 to 4.2% in quarter 2, 3.5% in quarter 3 and then back to 2.2% in quarter 4. The annual rate came in at 2.9% for 2018, just below President Trump's aim for 3% growth. The strong growth in

employment numbers has fed through to an upturn in wage inflation which hit 3.4% in February, a decade high point. However, CPI inflation overall fell to 1.5% in February, a two and a half year low, and looks to be likely to stay around that number in 2019 i.e. below the Fed's target of 2%. The Fed increased rates another 0.25% in December to between 2.25% and 2.50%, this being the fourth increase in 2018 and the ninth in the upward swing cycle. However, the Fed now appears to be edging towards a change of direction and admitting there may be a need to switch to taking action to cut rates over the next two years. Financial markets are now predicting two cuts of 25 bps by the end of 2020.

EUROZONE. The European Central Bank (ECB) provided massive monetary stimulus in 2016 and 2017 to encourage growth in the EZ and that produced strong annual growth in 2017 of 2.3%. However, since then the ECB has been reducing its monetary stimulus measures and growth has been weakening - to 0.4% in quarters 1 and 2 of 2018, and then slowed further to 0.2% in quarters 3 and 4; it is likely to be only 0.1 - 0.2% in quarter 1 of 2019. The annual rate of growth for 2018 was 1.8% but is expected to fall to possibly around half that rate in 2019. The ECB completely ended its programme of quantitative easing purchases of debt in December 2018, which means that the central banks in the US, UK and EU have all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in growth, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), prompted the ECB to take new measures to stimulate growth. With its refinancing rate already at 0.0% and the deposit rate at -0.4%, it has probably reached the limit of cutting rates.

At its March 2019 meeting it said that it expects to leave interest rates at their present levels "at least through the end of 2019", but that is of little help to boosting growth in the near term. Consequently, it also announced a third round of TLTROs; this provides banks with cheap borrowing every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Equity markets are currently concerned about the synchronised general weakening of growth in the major economies of the world: they fear there could even be a recession looming up in the US, though this fear is probably overdone.

Appendix 3 – PWLB Borrowing undertaken and borrowing repaid 2018/19

PWLB Borrowing undertaken during 2018/19

Month	Amount	Purpose of borrowing	Duration	Rate
April 2018	£25.0m	Capital programme	50 years	2.27%
May 2018	£10.0m	Capital programme	50 years	2.25%
March 2019	£7.5m	Capital programme	10 years	1.90%
March 2019	£7.5m	Capital programme	10 years	1.82%
Total	£50.0m			

PWLB Borrowing repaid during 2018/19

Month repaid	Amount	Purpose of borrowing	Duration	Rate
April 2018	£15.0m	Capital programme	8 years	3.57%
April 2018	£7.5m	Capital programme	8 years	3.62%

Due to the 31 March 2019 maturity date for the following loans being a non-business day, these were repaid on 3 April 2019 and are included as outstanding debt as at 31 March 2019.

Month repaid	Amount	Purpose of borrowing	Duration	Rate
April 2019	£25.0m	Capital programme	9 years	4.12%
April 2019	£2.9m	Capital programme	20 years	9.37%

Appendix 4 – Schedule of all borrowing as at 31/03/19

Market loans fixed

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
M290062	03/04/18	03/04/20	Portsmouth City Council	Maturity	1.30%	2,500,000.00
M290060	12/04/18	14/04/20	London Borough of Wandsworth	Maturity	1.30%	2,500,000.00
M290061	12/04/18	14/04/20	Portsmouth City Council	Maturity	1.30%	2,500,000.00
M290058	19/04/16	20/04/20	London Borough of Hackney	Maturity	1.60%	3,000,000.00
M290054	01/04/16	01/04/21	Waverley Borough Council	Maturity	1.50%	4,000,000.00
M290056	14/04/16	14/04/21	Guildford Borough Council	Maturity	1.50%	5,000,000.00
M290050	03/08/04	03/02/65	Barclays Bank plc	Maturity	5.05%	11,900,000.00
M290048	02/12/03	02/12/65	Barclays Bank plc	Maturity	5.00%	25,200,000.00
M290049	02/12/03	02/12/65	Barclays Bank plc	Maturity	5.00%	25,000,000.00
M290052	23/03/06	23/03/66	Barclays Bank plc	Maturity	3.80%	16,216,000.00
				Average rate	1.44%	97,816,000.00

Short term external debt (< 1 year) fixed

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
T503324	26/02/19	22/11/19	North West Leicestershire District Council	Maturity	1.05%	2,000,000
T503325	15/03/19	15/04/19	Gateshead Metropolitan Borough Council	Maturity	0.89%	2,500,000
T503326	15/03/19	15/04/19	Shropshire Fire and Rescue Service	Maturity	0.90%	1,500,000
T503327	15/03/19	15/04/19	Erewash Borough Council	Maturity	0.85%	1,000,000
T503329	01/03/19	02/12/19	London Borough of Camden	Maturity	1.05%	5,000,000
T503330	01/03/19	02/09/19	East Renfrewshire Council	Maturity	1.05%	3,000,000
T503331	20/03/19	18/10/19	Renfrewshire Council	Maturity	1.05%	5,000,000
T503332	28/03/19	06/01/20	Kent County Council	Maturity	1.05%	5,000,000
T503333	22/03/19	23/10/19	Kent County Council	Maturity	1.05%	5,000,000
T503313	01/02/19	02/09/19	Barnsley Metropolitan Borough Council	Maturity	0.95%	5,000,000
T503314	01/02/19	04/09/19	Oxfordshire County Council	Maturity	0.95%	5,000,000
T503315	15/01/19	15/10/19	Warwickshire County Council	Maturity	0.95%	5,000,000
T503316	21/01/19	21/10/19	Cambridgeshire & Peterborough Combined Authority	Maturity	0.95%	5,000,000
T503317	28/01/19	31/10/19	Durham County Council	Maturity	1.00%	5,000,000
T503318	01/02/19	01/08/19	Castle Point Borough Council	Maturity	0.93%	2,000,000
T503319	31/01/19	29/07/19	Lichfield District Council	Maturity	0.93%	2,000,000
T503320	31/01/19	28/08/19	Ealing Council	Maturity	0.95%	3,000,000
T503321	13/02/19	13/08/19	Solihull Metropolitan Borough Council	Maturity	0.98%	5,000,000
T503322	20/02/19	27/01/20	West of England Combined Authority	Maturity	1.08%	5,000,000
T503323	22/02/19	19/09/19	Chichester District Council	Maturity	1.01%	2,000,000
T503300	15/11/18	14/06/19	London Borough of Havering	Maturity	0.95%	5,000,000
T503301	19/11/18	20/05/19	Hartlepool Borough Council	Maturity	0.92%	5,000,000
T503302	01/11/18	01/05/19	Royal Borough of Kensington and Chelsea	Maturity	0.85%	5,000,000
T503303	19/11/18	22/05/19	Stoke-On-Trent and Staffordshire Fire Authority	Maturity	0.92%	3,000,000
T503304	19/11/18	22/05/19	Durham County Council	Maturity	0.92%	5,000,000

Appendix 4 – Schedule of all borrowing as at 31/03/19

Short term external debt (< 1 year) fixed (continued)

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
T503305	29/11/18	29/05/19	Wiltshire County Council	Maturity	0.92%	7,000,000
T503307	27/11/18	30/08/19	South Lanarkshire Council	Maturity	0.95%	5,000,000
T503308	30/11/18	29/11/19	Renfrewshire Council	Maturity	1.05%	5,000,000
T503298	18/10/18	18/07/19	South Ayrshire Council	Maturity	0.95%	5,000,000
T503309	18/12/18	17/12/19	Hyndburn Borough Council	Maturity	1.00%	1,000,000
T503310	20/12/18	20/06/19	West Dunbartonshire Council	Maturity	0.83%	4,000,000
T503311	15/01/19	14/06/19	Bedford Borough Council	Maturity	0.88%	2,000,000
T503312	15/01/19	17/06/19	Wakefield Council	Maturity	0.90%	5,000,000
T503276	11/06/18	10/04/19	Teesside Pension Fund	Maturity	0.70%	10,000,000
T503278	02/07/18	01/07/19	Comhairle nan Eilean Siar	Maturity	0.78%	5,000,000
T503282	24/07/18	24/04/19	Hampshire County Council	Maturity	0.67%	5,000,000
T503287	13/08/18	15/07/19	Merseyside Fire and Rescue Authority	Maturity	0.96%	2,000,000
T503288	16/08/18	15/08/19	Fylde Borough Council	Maturity	0.98%	2,000,000
T503289	14/08/18	13/08/19	Harlow District Council	Maturity	0.97%	3,000,000
T503290	24/08/18	19/07/19	Greater London Authority	Maturity	0.95%	5,000,000
T503291	28/08/18	24/07/19	Lincolnshire County Council	Maturity	0.95%	3,000,000
T503292	03/09/18	02/09/19	South Ayrshire Council	Maturity	0.95%	5,000,000
T503293	24/08/18	24/06/19	Ealing Council	Maturity	0.90%	5,000,000
T503294	10/09/18	12/08/19	Cambridgeshire and Peterborough Combined Authority	Maturity	0.95%	5,000,000
T503295	19/09/18	19/06/19	West of England Combined Authority	Maturity	0.98%	5,000,000
				Average rate	0.93%	186,000,000

Long term market loans fixed/variable (Lender Option Borrower Option)

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
M360004	19/11/84	20/11/19	Prudential M & G	Maturity	11.75%	500,000.00
M240004	07/03/85	09/03/20	Prudential M & G	Maturity	11.37%	500,000.00
M240005	07/03/85	09/03/20	Prudential M & G	Maturity	11.37%	500,000.00
M290045	30/09/02	30/09/42	Bank of Scotland plc	Maturity	4.50%	5,000,000.00
M240007	12/12/90	12/12/50	Coventry Building Society Superannuation Fund	Maturity	11.12%	1,000,000.00
M290051	26/10/04	26/10/54	Dexia Public Finance Bank	Maturity	4.34%	8,750,000.00
M290046	14/03/03	16/03/65	Dexia Public Finance Bank	Maturity	4.40%	10,000,000.00
M290047	14/03/03	16/03/65	Dexia Public Finance Bank	Maturity	4.40%	11,740,000.00
				Average rate	4.79%	37,990,000.00

Appendix 4 – Schedule of all borrowing as at 31/03/19

Long term external debt (PWLB) fixed

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
P496803	03/03/10	30/03/19	PWLB	Maturity	4.12%	25,000,000.00*
P467093	24/07/89	31/03/19	PWLB	Maturity	9.37%	2,966,238.95*
P476093	13/06/95	31/03/20	PWLB	Maturity	8.00%	2,000,000.00
P497334	25/05/10	31/03/20	PWLB	Maturity	3.70%	10,000,000.00
P498766	14/07/11	31/03/20	PWLB	Maturity	3.89%	5,000,000.00
P476580	13/11/95	30/09/20	PWLB	Maturity	8.25%	9,832,477.90
P459314	04/04/86	31/03/21	PWLB	Maturity	9.12%	3,000,000.00
P467454	07/09/89	31/03/21	PWLB	Maturity	9.37%	400,000.00
P472856	25/03/93	30/09/21	PWLB	Maturity	9.37%	1,000,000.00
P450549	18/10/82	30/09/22	PWLB	Maturity	10.50%	1,053,479.77
P479600	24/06/97	30/09/22	PWLB	Maturity	7.12%	13,800,000.00
P498767	14/07/11	30/09/22	PWLB	Maturity	4.35%	15,000,000.00
P505331	31/08/16	31/03/23	PWLB	Maturity	1.21%	1,200,000.00
P452310	06/06/83	31/03/23	PWLB	Maturity	10.37%	700,000.00
P469054	18/01/91	30/09/23	PWLB	Maturity	11.25%	400,000.00
P479824	07/08/97	31/03/24	PWLB	Maturity	6.87%	8,793,583.00
P479831	07/08/97	31/03/24	PWLB	Maturity	7.12%	766,648.00
P468141	01/03/90	30/09/24	PWLB	Maturity	10.87%	800,000.00
P499029	27/09/11	30/09/25	PWLB	Maturity	3.92%	20,000,000.00
P479272	01/05/97	31/03/27	PWLB	Maturity	7.75%	25,000,000.00
P479704	17/07/97	31/03/27	PWLB	Maturity	7.00%	25,000,000.00
P508923	22/03/19	30/09/28	PWLB	Maturity	1.90%	7,500,000
P509002	28/03/19	30/09/28	PWLB	Maturity	1.82%	7,500,000
P501784	11/12/12	30/09/27	PWLB	Maturity	3.19%	10,000,000.00
P480402	13/01/98	30/09/27	PWLB	Maturity	6.12%	5,000,000.00
P501996	15/03/13	31/03/30	PWLB	Maturity	3.70%	7,500,000.00
P502022	22/03/13	31/03/30	PWLB	Maturity	3.58%	7,500,000.00
P499165	23/11/11	30/09/30	PWLB	Maturity	3.93%	20,000,000.00
P478594	11/12/96	30/09/31	PWLB	Maturity	7.75%	11,135,901.00
P501895	26/02/13	25/07/32	PWLB	Maturity	3.94%	15,000,000.00
P454211	30/03/84	30/09/33	PWLB	Maturity	10.25%	700,000.00
P488282	02/12/03	30/09/33	PWLB	Maturity	5.00%	3,600,000.00
P502832	07/02/14	31/03/34	PWLB	Maturity	4.17%	10,000,000.00
P503806	10/03/15	30/09/34	PWLB	Maturity	3.30%	10,000,000.00
P464213	25/03/88	30/09/37	PWLB	Maturity	9.12%	702,319.85
P475185	16/02/95	30/09/44	PWLB	Maturity	9.00%	500,000.00
P476150	29/06/95	31/03/45	PWLB	Maturity	8.37%	1,000,000.00
P475184	16/02/95	30/09/45	PWLB	Maturity	8.620%	500,000.00
P475052	26/01/95	30/09/48	PWLB	Maturity	8.75%	500,000.00
P474807	24/10/94	30/09/51	PWLB	Maturity	8.62%	1,000,000.00
P492695	15/01/07	31/03/52	PWLB	Maturity	4.25%	13,500,000.00
P474808	24/10/94	30/09/52	PWLB	Maturity	8.62%	1,000,000.00

*Due to the way year end fell over a weekend, these loans were repaid on 1 April 2019.

Appendix 4 – Schedule of all borrowing as at 31/03/19

Long term external debt (PWLB) fixed (continued)

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
P492696	15/01/07	31/03/53	PWLB	Maturity	4.25%	23,300,000.00
P474817	26/10/94	30/09/53	PWLB	Maturity	8.62%	1,000,000.00
P493071	08/03/07	30/09/53	PWLB	Maturity	4.25%	5,000,000.00
P492697	15/01/07	31/03/54	PWLB	Maturity	4.25%	20,000,000.00
P493070	08/03/07	31/03/54	PWLB	Maturity	4.25%	8,600,000.00
P474785	14/10/94	30/09/54	PWLB	Maturity	8.87%	1,000,000.00
P474818	26/10/94	30/09/54	PWLB	Maturity	8.62%	1,000,000.00
P493626	02/08/07	30/09/54	PWLB	Maturity	4.55%	10,000,000.00
P493835	23/08/07	30/09/54	PWLB	Maturity	4.45%	5,000,000.00
P476656	30/11/95	30/09/55	PWLB	Maturity	8.00%	1,000,000.00
P476790	21/12/95	30/09/55	PWLB	Maturity	7.87%	4,000,000.00
P476823	21/12/95	30/09/55	PWLB	Maturity	7.87%	1,000,000.00
P476824	21/12/95	30/09/55	PWLB	Maturity	7.87%	1,000,000.00
P477578	02/05/96	31/03/56	PWLB	Maturity	8.37%	10,000,000.00
P477622	08/05/96	31/03/56	PWLB	Maturity	8.37%	10,000,000.00
P477985	30/08/96	31/03/56	PWLB	Maturity	8.25%	3,000,000.00
49342	05/07/07	30/09/56	PWLB	Maturity	4.80%	60,000,000.00
P502887	05/03/14	30/09/57	PWLB	Maturity	4.20%	20,000,000.00
P498092	13/10/10	31/03/59	PWLB	Maturity	4.09%	10,000,000.00
P497853	06/09/10	31/03/60	PWLB	Maturity	4.03%	10,000,000.00
P503717	05/02/15	31/03/63	PWLB	Maturity	2.84%	20,000,000.00
P502921	18/03/14	30/09/63	PWLB	Maturity	4.19%	20,000,000.00
P505126	21/06/16	31/03/64	PWLB	Maturity	2.51%	25,000,000.00
P503301	12/09/14	31/03/64	PWLB	Maturity	3.95%	20,000,000.00
P507215	05/04/18	30/09/67	PWLB	Maturity	2.27%	25,000,000.00
P507444	31/05/18	31/03/67	PWLB	Maturity	2.25%	10,000,000.00
P502136	03/04/13	30/09/19	PWLB – for NHT	Maturity	1.86%	1,300,000.00
P502845	17/02/14	31/03/20	PWLB – for NHT	Maturity	3.02%	1,100,000.00
P503110	26/06/14	30/09/20	PWLB – for NHT	Maturity	3.15%	870,000.00
P503170	31/07/14	30/09/20	PWLB – for NHT	Maturity	3.02%	430,000.00
P503338	29/09/14	30/09/20	PWLB – for NHT	Maturity	2.89%	920,000.00
P503795	05/03/15	31/03/21	PWLB – for NHT	Maturity	2.31%	600,000.00
P503844	26/03/15	30/09/21	PWLB – for NHT	Maturity	2.09%	1,300,000.00
P504159	28/05/15	30/09/21	PWLB – for NHT	Maturity	2.36%	1,300,000.00
P504233	08/07/15	30/09/21	PWLB – for NHT	Maturity	2.46%	928,000.00
P504313	17/08/15	31/03/22	PWLB – for NHT	Maturity	2.47%	700,000.00
P504373	14/09/15	31/03/22	PWLB – for NHT	Maturity	2.36%	750,000.00
P504530	08/12/15	31/03/22	PWLB – for NHT	Maturity	2.31%	1,350,000.00
						642,298,648.47
External borrowing average rate and total				3.93%	964,104,648.47	