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| Agenda Item | **6(b).** |
| Report No | **RES/18/20** |

**THE HIGHLAND COUNCIL**

**Committee:** Corporate Resources Committee

**Date:** 12 August 2020

**Report Title:** Annual Treasury Management Report – 2019/20

**Report By:** Executive Chief Officer- Resources and Finance

## 1. Purpose/Executive Summary

1.1 This report on treasury management for the financial year 2019/20 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 Corporate Resources Committee on 27 March 2019.

1.3 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 2019/20.

## 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 applying to financial year 2019/20 onwards. 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 2019/20 considering the economy and interest rates position for the year and incorporating the professional views of the Council's external treasury management advisors (section 5).
- Performance measurement for the year including the Council's treasury position at 31 March 2020 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 2019/20

5.1 The expectation for interest rates within the strategy for 2019/20 was that investment yields were likely to remain low during 2019/20 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 The narrative in sections 5.3 to 5.8 of this report reflects information provided by Link Asset Services, the Council's treasury advisor.

PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. There was much speculation during the second half of 2019 that bond markets were in a bubble which was driving bond prices up and yields down to historically very low levels. The context for that was heightened expectations that the US could have been heading for a recession in 2020, and a general background of a downturn in world economic growth, especially due to fears around the impact of the trade war between the US and China, together with inflation generally at low levels in most countries and expected to remain subdued; these conditions were conducive to very low bond yields which meant low PWLB rates.

5.4 While inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have therefore seen, over the last year, many bond yields up to 10 years in the Eurozone turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities.

5.5 Gilt yields were on a generally falling trend during the last year up until the coronavirus crisis hit western economies. Since then, gilt yields have fallen sharply to unprecedented lows as investors have panicked in selling shares in anticipation of impending recessions in western economies and moved cash into safe haven assets i.e. government bonds. However, major western central banks also started quantitative easing purchases of government bonds which will act to maintain downward pressure on government bond yields at a time when there is going to be a huge and quick expansion of government expenditure financed by issuing government bonds; (this would normally cause bond yields to rise). At the close of the day on 31 March, all gilt yields from 1 to 5 years were between 0.12 – 0.20% while even 25-year yields were at only 0.83%.

5.6 However, HM Treasury has imposed **two changes in the margins over gilt yields for PWLB rates in** 2019-20 without any prior warning; the first on 9 October 2019, added an additional 1% margin over gilts to all PWLB rates. That increase was then partially reversed for some forms of borrowing on 11 March 2020, at the same time as the Government announced in the Budget a programme of increased spending on infrastructure expenditure. It also announced that there would be a consultation with local authorities on possibly further amending these margins; this ends on 31 July. It is clear that the Treasury intends to put a stop to local authorities borrowing money from the PWLB to purchase commercial property if the aim is solely to generate an income stream.

5.7 Following the changes on 11 March 2020 in margins over gilt yields, the current situation is as follows:

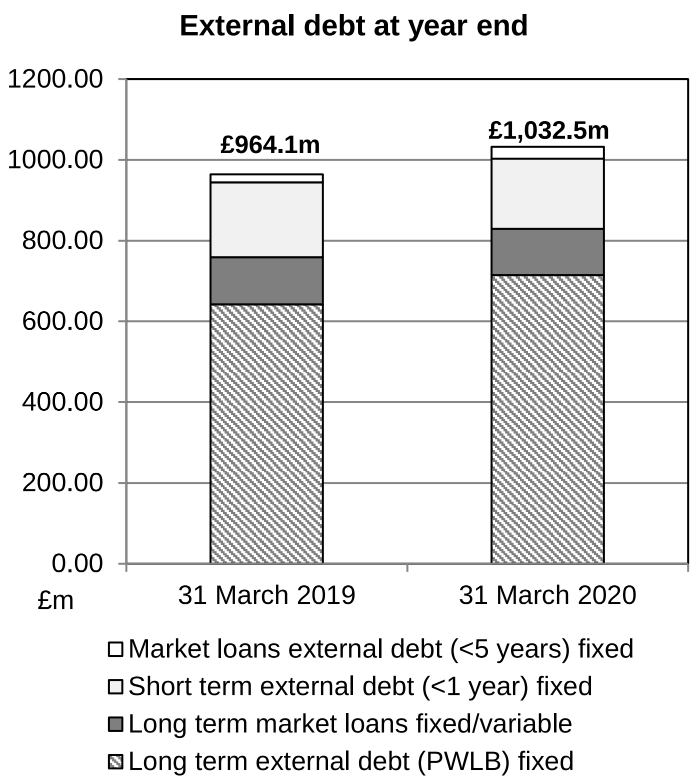
- **PWLB Standard Rate** is gilt plus 200 basis points (G+2%)
- **PWLB Certainty Rate** is gilt plus 180 basis points (G+1.8%)
- **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+1%)
- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+0.80%)
- **Local Infrastructure Rate** is gilt plus 60bps (G+0.60%)

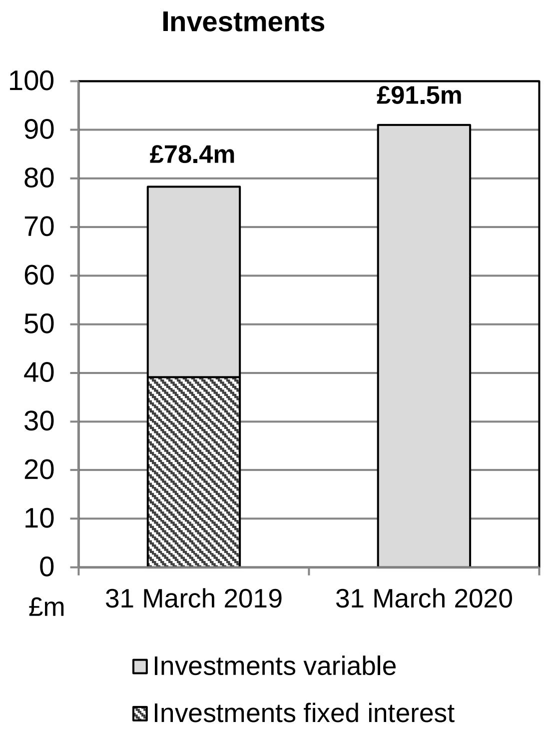
5.8 There is likely to be little upward movement in PWLB rates over the next two years as it will take national economies a prolonged period to recover all the momentum they will lose in the expected sharp recession that will be caused during the Covid-19 shut down period. Inflation is also likely to be very low during this period and could even turn negative in some major western economies during 2020-21.

5.9 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 2020 compared with the previous year is shown in the graphs below.



| Average interest rates comparison | 31/03/19 | 31/03/20 |
|---|---|---|
| Short term external debt (<1 year) fixed | 0.93% | 0.92% |
| Market loans fixed/variable | 4.31% | 4.04% |
| Long term external debt (PWLB) fixed | 4.72% | 4.26% |
| **Total debt** | **3.93%** | **3.67%** |
| Investments fixed interest | 0.94% | - |
| Investments variable | 0.77% | 0.36% |
| **Total investments** | **0.86%** | **0.36%** |

6.2 The figures show a decrease in the average interest rate on external debt borrowings from 3.93% at March 2019 to 3.67% at March 2020. 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 2019/20 was lower than the previous year with a bank rate decrease to 0.25% on 11 March 2020 followed by a further decrease on 19 March to 0.10%.

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 2020 was 0.92%.

6.4 When the Covid-19 pandemic resulted in emergency governance measures, with the approval of the Executive Officer, Resources and Finance borrowing was taken from the PWLB (£29.8m) towards the end of March due to various factors:

- Due to uncertainty there were few opportunities for borrowing from the short-term inter-authority lending market.
- There was uncertainty over the Council's future cashflows with the risk of reduced income from non domestic rates, council tax, housing rental and fee and charge income.
- Similarly, it was anticipated that the Council's future expenditure profile may change significantly including the potential early payment to third sector organisations of 20/21 grants.
- With staff working remotely and the potential for sickness absence there was a need to mitigate the risk that the daily treasury activity operation was directly impacted by Covid-19.

In view of all the factors above it was considered that by holding higher cash balances this would mitigate the above risks to ensure that the treasury function would operate during the Covid-19 emergency situation.

6.5 In order to meet any immediate cash requirement, the cash balance was held in liquid investments rather than being fixed so was spread across the Council's three existing Money Market Funds (MMFs). As higher levels of cash were being held, it meant the Council temporarily increased the counterparty limit for the MMFs from £20m to £30m. There was not considered to be any additional risks to the security of investments using the MMFs and the Executive Chief Officer, Resources and Finance approved this temporary increase.

6.6 Action was taken to set up another Money Market Fund which was operational from mid-June 2020 and the counterparty limit for MMFs has reverted to £20m.

6.7 The £29.8m of borrowing from the PWLB was taken for 49.6 years at the HRA Certainty rate (para 5.7) available from 11 March 2020 which on the date of borrowing (20 March 2020) was 1.48%. The standard PWLB rate on this date was 2.68%.

## 7. Treasury decisions taken and revenue effects

Borrowing requirement and debt

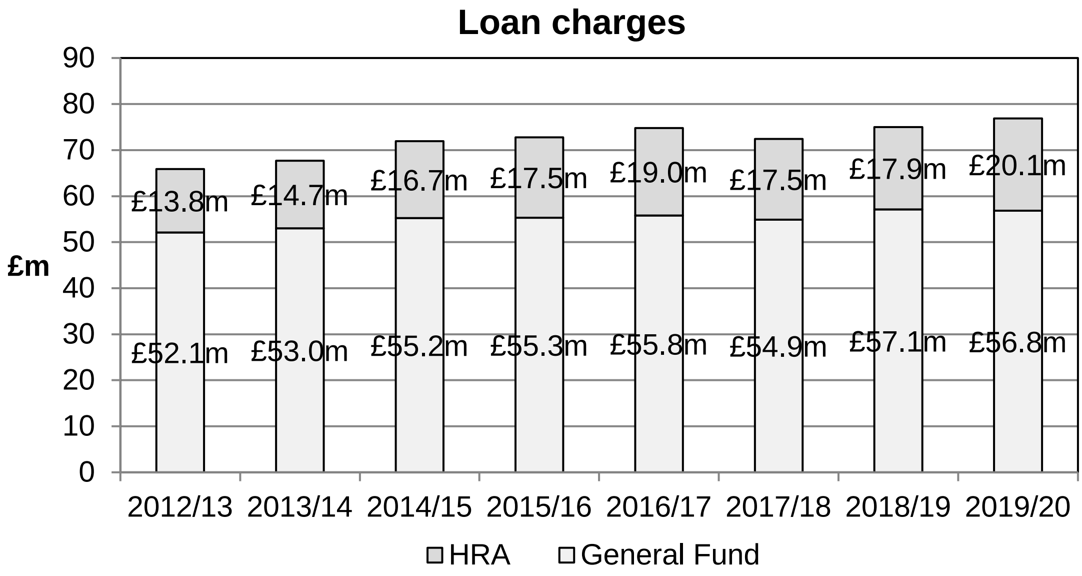
7.1 The Council undertakes capital expenditure on long-term assets which is funded as follows:

- 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 2019/20 was £49.8m (General Fund £26.0m and HRA £23.0m) against planned new borrowing of £59.3m (General Fund £32.6m and HRA £26.7m). Reasons for variations in Service and project capital expenditure for the year are reported to Strategic Committees as part of the final 2019/20 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 £68.4m (see graph at **para 6.1**) which is more than the borrowing requirement of £49.8m. However the Council is currently under-borrowed by £12.2m (1.17% of the underlying borrowing requirement of £1,044.7m). 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. 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 13.0% (estimate 13.3%) and 36.4% for HRA (estimate 36.5%) (**Appendix 1, prudential indicator 4**).

**Rescheduling**

7.6 There was no rescheduling completed during 2019/20. 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 2019** | **Incurred 2019/20** | **Written off 2019/20** | **Outstanding 31 Mar 2020** |
|---|---|---|---|---|
| | **£000** | **£000** | **£000** | **£000** |
| Premiums | **27,543** | - | (1,992) | 25,551 |
| Discounts | **(6,841)** | - | 40 | (6,801) |
| Net Deferred Revenue Costs | **20,702** | - | (1,952) | 18,750 |

**Overall performance**

7.8 The Council's average borrowing and investment rate for the year was 3.85% compared to 3.93% in 2018/19. 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 overspend for the General Fund loans charges (£0.061m) and an over spend of £0.701m 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 2019/20 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 £84.9m of internally managed funds which earned an average rate of return of 0.81%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.54% for 2019/20. 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 2020, 69% (£714.7m) 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 counter-parties and based on credit assessment).

8.4 The Council uses several 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 decreased from £186.0m (31/03/19) to £173.5m (31/03/20) 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**). For a short period in March 2020 additional borrowing for the reasons in outlined in para 6.4 meant external borrowing was over the authorised and operational limit.

## 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 2019/20.

10.2 Capital Financing Requirement (CFR)

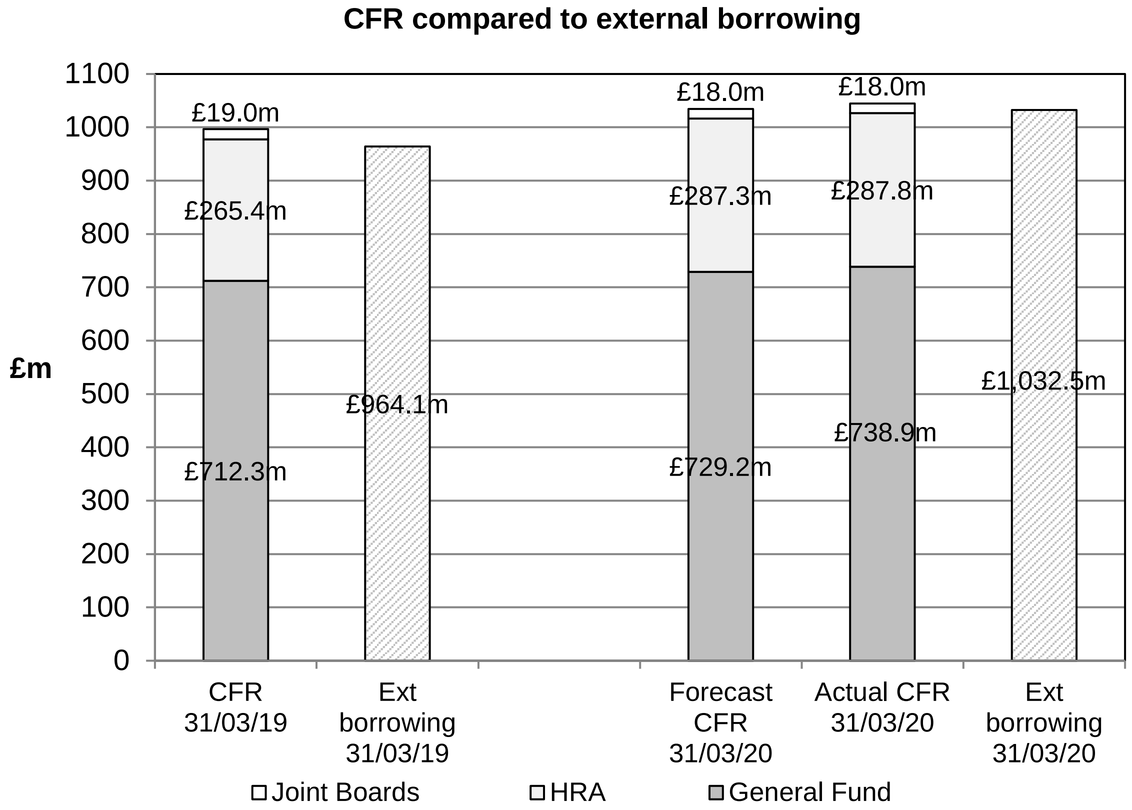
The CFR represents the accumulated net capital expenditure which the Council requires to fund by way of long term borrowing and other capital financing, until the capital projects, comprising the CFR, are fully written off to revenue (mainly by way of annual loan charges).

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 £12.2m as at 31 March 2020. 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 2019/20. 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 2019/20 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: 16 July 2020

Author: Catriona Stachan, Accountant

Background Papers: Treasury system and financial ledger reports
Treasury Strategy Statement and Investment Strategy 2019/20

**Appendix 1**

**Estimated and Actual Treasury Position and Prudential Indicators**

| | | 2019/20 Indicator £m | 2019/20 Actual £m |
|---|---|---|---|
| 1 | **Capital expenditure** | | |
| | **Gross capital expenditure** | | |
| | General Fund including PPP/NPD | 142.1 | 104.3 |
| | Housing Revenue Account | 47.3 | 50.7 |
| | **Total gross capital expenditure** | **189.4** | **155.0** |
| | **Income** | | |
| | General Fund | (78.9) | (48.0) |
| | HRA | (10.7) | (17.7) |
| | **Total income** | **(89.6)** | **(65.7)** |
| | **Net capital expenditure** | | |
| | General Fund | 63.2 | 56.3 |
| | HRA | 36.6 | 33.0 |
| | **Total net capital expenditure** | **99.8** | **89.3** |
| | **Loan charge instalments** | | |
| | General Fund | (30.6) | (30.3) |
| | HRA | (9.9) | (9.2) |
| | **Total instalments** | **(40.5)** | **(39.5)** |
| | **Net borrowing for new capital expenditure** | | |
| | General Fund | 32.6 | 26.0 |
| | HRA | 26.7 | 23.8 |
| | **Total net borrowing for new capital expenditure** | **59.3** | **49.8** |
| 2 | **Capital Financing Requirement (CFR) at 31 March** | | |
| | General Fund excluding PPP/NPD | 729.2 | 738.9 |
| | Housing Revenue Account | 287.3 | 287.8 |
| | PPP/NPD | 148.8 | 148.8 |
| | **Sub-total (as per HC annual accounts)** | **1,165.3** | **1,175.5** |
| | Joint Boards | 18.0 | 18.0 |
| | **Total** | **1,183.3** | **1,193.5** |
| | **Sub-total excluding PPP/NPD** | **1,034.5** | **1,044.7** |

| | | 2019/20 Indicator £m | 2019/20 Actual £m |
|---|---|---|---|
| 3 | **Treasury Position at 31 March** | | |
| | Borrowing – Long term | 758.5 | 859.0 |
| | Borrowing – Short term | 240.0 | 173.5 |
| | Other Long term Liabilities (PPP) | 148.8 | 148.8 |
| | **Total Debt** | **1,147.3** | **1,181.3** |
| | Investments | 50.0 | 91.5 |
| | **Net Borrowing** | **1,097.3** | **1,089.8** |
| 4 | **Ratio of financing costs to net revenue stream** | | |
| | General Fund including PPP | 13.3% | 13.0% |
| | Housing Revenue Account | 36.5% | 36.4% |

| | | 2019/20 Limit £m | 2019/20 Maximum £m |
|---|---|---|---|
| 5 | **Authorised Limit for Borrowing** | 1,049.7 | 1,054.6<br>March 2020 |
| 6 | **Operational Boundary for Borrowing** | 1,013.7 | 1,054.6<br>March 2020 |
| Both the above limits were breached temporarily on 30 March 2020 until repayments of £18.1m were made to the PWLB on 31 March 2020. | | | |
| 7 | **Interest rate exposures of debt net of investments** | | |
| | Upper Limit (Fixed) | 1,034.9 | 996.1<br>March 2020 |
| | Upper Limit (Variable) | 361.8 | 55.1 |
| 8 | **Maturity structure of fixed rate borrowing** | | |
| | Under 12 months | 30.0% | 22.1%<br>June 2019 |
| | 12 months to 2 years | 30.0% | 3.0%<br>Sept 2019 |
| | 2 years to 5 years | 40.0% | 5.5%<br>June 2019 |
| | 5 years to 10 years | 50.0% | 13.6%<br>March 2020 |
| | 10 years and above | 100.0% | 64.7%<br>Sept 2019 |

| | | | |
|---|---|---|---|
| 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% | 16.8%<br>June 2019 |
| | **Variable interest debt (net of investments) as a % of outstanding long term debt (maximum position)** | 35.0% | 4.1%<br>June 2019 |

**Appendix 2**

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

UK. Brexit. The main issue in 2019 was the repeated battle in the House of Commons to agree on one way forward for the UK over the issue of Brexit. This resulted in the resignation of Teresa May as the leader of the Conservative minority Government and the election of Boris Johnson as the new leader, on a platform of taking the UK out of the EU on 31 October 2019. The House of Commons duly frustrated that renewed effort and so a general election in December settled the matter once and for all by a decisive victory for the Conservative Party: that then enabled the UK to leave the EU on 31 January 2020. However, this still leaves much uncertainty as to whether there will be a reasonable trade deal achieved by the target deadline of the end of 2020. It is also unclear as to whether the coronavirus outbreak may yet impact on this deadline; however, the second and third rounds of negotiations have already had to be cancelled due to the virus.

Economic growth in 2019 has been very volatile with quarter 1 unexpectedly strong at 0.5%, quarter 2 dire at -0.2%, quarter 3 bouncing back up to +0.5% and quarter 4 flat at 0.0%, +1.1% y/y. 2020 started with optimistic business surveys pointing to an upswing in growth after the ending of political uncertainty as a result of the decisive result of the general election in December settled the Brexit issue. However, the three monthly GDP statistics in January were disappointing, being stuck at 0.0% growth. Since then, the whole world has changed as a result of the coronavirus outbreak. It now looks likely that the closedown of whole sections of the economy will result in a fall in GDP of at least 15% in quarter two. What is uncertain, however, is the extent of the damage that will be done to businesses by the end of the lock down period, when the end of the lock down will occur, whether there could be a second wave of the outbreak, how soon a vaccine will be created and then how quickly it can be administered to the population. This leaves huge uncertainties as to how quickly the economy will recover.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, Brexit uncertainty caused the MPC to sit on its hands and to do nothing until March 2020; at this point it was abundantly clear that the coronavirus outbreak posed a huge threat to the economy of the UK. Two emergency cuts in Bank Rate from 0.75% occurred in March, first to 0.25% and then to 0.10%. These cuts were accompanied by an increase in quantitative easing (QE), essentially the purchases of gilts (mainly) by the Bank of England of £200bn. The Government and the Bank wanted to prevent people losing their jobs during this lock down period. Accordingly, the Government introduced various schemes to subsidise both employed and self-employed jobs for three months while the country was locked down. It also put in place a raft of other measures to help businesses access loans from their banks, (with the Government providing guarantees to the banks against losses), to tide them over the lock down period when some firms may have reduced or no income. However, at the time of writing, this leaves open a question as to whether some firms will be solvent, even if they take out such loans, and some may also choose to close as there is, and will be, insufficient demand for their services. There may be further measures to come from the Bank and the Government in April and beyond. The measures to support jobs and businesses already taken by the Government will result in a huge increase in the annual budget deficit in 2020/21 from 2%, to nearly 11%. The ratio of debt to GDP is also likely to increase from 80% to around 105%. In the Budget in March, the Government also announced a large increase in spending on infrastructure; this will also help the economy to recover once the lock down is ended.

Provided the coronavirus outbreak is brought under control relatively swiftly, and the lock down is eased, then it is hoped that there would be a sharp recovery, but one that would take a prolonged time to fully recover previous lost momentum.

Inflation has posed little concern for the MPC during the last year, being mainly between 1.5 – 2.0%. It is also not going to be an issue for the near future as the world economy will be heading into a recession which is already causing a glut in the supply of oil which has fallen sharply in price. Other prices will also be under downward pressure while wage inflation has also been on a downward path over the last half year and is likely to continue that trend in the current environment. While inflation could even turn negative in the Eurozone, this is currently not likely in the UK.

Employment had been growing healthily through the last year, but it is obviously heading for a big hit in March – April 2020. The good news over the last year is that wage inflation has been significantly higher than CPI inflation which means that consumer real spending power had been increasing and so will have provided support to GDP growth. However, while people cannot leave their homes to do non-food shopping, retail sales will be impacted.

USA. Growth in quarter 1 of 2019 was strong at 3.1% but growth fell back to 2.0% in quarter 2 and 2.1% in quarters 3 and 4. The slowdown in economic growth resulted in the Fed cutting rates from 2.25-2.50% by 0.25% in each of July, September and October. Once coronavirus started to impact the US in a big way, the Fed took decisive action by cutting rates twice by 0.50%, and then 1.00%, in March, all the way down to 0.00 – 0.25%. Near the end of March, Congress agreed a $2trn stimulus package (worth about 10% of GDP) and new lending facilities announced by the Fed which could channel up to $6trn in temporary financing to consumers and firms over the coming months. Nearly half of the first figure is made up of permanent fiscal transfers to households and firms, including cash payments of $1,200 to individuals.

The loans for small businesses, which convert into grants if firms use them to maintain their payroll, will cost $367bn and 100% of the cost of lost wages for four months will also be covered. In addition, there will be $500bn of funding from the Treasury's Exchange Stabilization Fund which will provide loans for hard-hit industries, including $50bn for airlines.

However, all this will not stop the US falling into a sharp recession in quarter 2 of 2020; some estimates are that growth could fall by as much as 40%. The first two weeks in March of initial jobless claims have already hit a total of 10 million and look headed for a total of 15 million by the end of March.

EUROZONE. The annual rate of GDP growth has been steadily falling, from 1.8% in 2018 to only 0.9% y/y in quarter 4 in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in EZ 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. At its March 2019 meeting it announced a third round of TLTROs; this provided banks with cheap two-year maturity borrowing every three months from September 2019 until March 2021. However, since then, the downturn in EZ and world growth has gathered momentum so at its meeting in September 2019, it cut its deposit rate further into negative territory, from -0.4% to -0.5%

and announced a resumption of quantitative easing purchases of debt to start in November at €20bn per month, a relatively small amount, plus more TLTRO measures. Once coronavirus started having a major impact in Europe, the ECB took action in March 2020 to expand its QE operations and other measures to help promote expansion of credit and economic growth. What is currently missing is a coordinated EU response of fiscal action by all national governments to protect jobs, support businesses directly and promote economic growth by expanding government expenditure on e.g. infrastructure; action is therefore likely to be patchy.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium-term risks have also been increasing. The major feature of 2019 was the trade war with the US. However, this has been eclipsed by being the first country to be hit by the coronavirus outbreak; this resulted in a lock down of the country and a major contraction of economic activity in February-March 2020. While it appears that China has put a lid on the virus by the end of March, these are still early days to be confident and it is clear that the economy is going to take some time to recover its previous rate of growth. Ongoing economic issues remain, in needing to make major progress to eliminate excess industrial capacity and to switch investment from property construction and infrastructure to consumer goods production. It also needs 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. It appears to have missed much of the domestic impact from coronavirus in 2019-20 but the virus is at an early stage there.

WORLD GROWTH. The trade war between the US and China on tariffs was a major concern to financial markets and was depressing worldwide growth during 2019, as any downturn in China would spill over into impacting countries supplying raw materials to China. Concerns were particularly focused on the synchronised general weakening of growth in the major economies of the world. These concerns resulted in government bond yields in the developed world falling significantly during 2019. In 2020, coronavirus is the big issue which is going to sweep around the world and have a major impact in causing a world recession in growth in 2020.

## Appendix 3 – PWLB Borrowing undertaken and borrowing repaid 2019/20

### PWLB Borrowing undertaken during 2019/20

| Month | Amount | Purpose of borrowing | Duration | Rate |
|---|---|---|---|---|
| May 2019 | £5.0m | Capital programme | 49.5 years | 2.190% |
| June 2019 | £5.0m | Capital programme | 42.0 years | 2.180% |
| June 2019 | £5.0m | Capital programme | 49.5 years | 2.110% |
| July 2019 | £10.m | Capital programme | 43.0 years | 2.100% |
| July 2019 | £5.0m | Capital programme | 49.5 years | 2.010% |
| July 2019 | £5.0m | Capital programme | 49.0 years | 2.030% |
| August 2019 | £20.0m | Capital programme | 50.0 years | 1.940% |
| August 2019 | £10.m | Capital programme | 47.0 years | 1.840% |
| August 2019 | £10.m | Capital programme | 49.0 years | 1.740% |
| Sept 2019 | £10.m | Capital programme | 48.0 years | 1.580% |
| March 2020 | £5.0m | Capital programme | 49.6 years | 2.070% |
| March 2020 | £29.8m | Capital programme | 49.6 years | 1.480% |
| **Total** | **£119.8m** | | **Average rate** | **1.82%** |

### PWLB Borrowing repaid during 2019/20

| 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% |
| Sept 2019 | £1.3m | NHT | 6.5 years | 1.86% |
| March 2020 | £2.0m | Capital programme | 25 years | 8.00% |
| March 2020 | £10.0m | Capital programme | 9.9 years | 3.70% |
| March 2020 | £5.0m | Capital programme | 8.7 years | 3.89% |
| March 2020 | £1.1m | NHT | 6.1 years | 3.02% |
| **Total** | **£47.3m** | | | |

*As year end 31/03/2019 fell on a weekend these were repaid on 1 April 2020.

# Appendix 4 – Schedule of all borrowing as at 31/03/20

## 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 |
| M290063 | 03/04/19 | 02/10/20 | London Borough of Hounslow | Maturity | 1.20% | 10,000,000.00 |
| 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 | | 3.73% | 107,816,000.00 |

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

| Deal Ref | Start Date | Maturity Date | Counterparty | Profile | Rate | Principal O/S (£) |
|---|---|---|---|---|---|---|
| T503342 | 05/07/19 | 06/04/20 | Hampshire Police and Crime Commissioner | Maturity | 0.87% | 2,500,000.00 |
| T503343 | 05/07/19 | 06/04/20 | New Forest District Council | Maturity | 0.87% | 1,500,000.00 |
| T503344 | 05/07/19 | 06/04/20 | Hampshire Fire and Rescue Authority | Maturity | 0.87% | 1,000,000.00 |
| T503353 | 23/10/19 | 23/04/20 | Edinburgh City Council | Maturity | 0.85% | 5,000,000.00 |
| T503347 | 15/08/19 | 15/05/20 | Wychavon District Council | Maturity | 0.80% | 2,500,000.00 |
| T503386 | 02/03/20 | 15/05/20 | Orkney Islands Council | Maturity | 1.00% | 2,000,000.00 |
| T503383 | 21/02/20 | 20/05/20 | Skipton Building Society | Maturity | 0.85% | 5,000,000.00 |
| T503338 | 29/05/19 | 27/05/20 | Gloucestershire County Council | Maturity | 1.04% | 5,000,000.00 |
| T503356 | 28/11/19 | 27/05/20 | South Lanarkshire Council | Maturity | 0.82% | 5,000,000.00 |
| T503339 | 03/06/19 | 01/06/20 | Hampshire County Council | Maturity | 1.00% | 5,000,000.00 |
| T503340 | 03/06/19 | 01/06/20 | Lincolnshire County Council | Maturity | 1.00% | 5,000,000.00 |
| T503357 | 02/12/19 | 02/06/20 | South Lanarkshire Council | Maturity | 0.82% | 5,000,000.00 |
| T503380 | 11/03/20 | 11/06/20 | Middlesbrough Council | Maturity | 0.90% | 5,000,000.00 |
| T503367 | 16/12/19 | 16/06/20 | Merthyr Tydfil County Borough Council | Maturity | 0.85% | 5,000,000.00 |
| T503351 | 15/10/19 | 17/06/20 | North Yorkshire County Council | Maturity | 0.93% | 5,000,000.00 |
| T503358 | 11/11/19 | 29/06/20 | East Riding of Yorkshire Council | Maturity | 0.85% | 5,000,000.00 |
| T503354 | 31/10/19 | 01/07/20 | Warwick District Council | Maturity | 0.88% | 3,000,000.00 |
| T503355 | 01/11/19 | 01/07/20 | Tendring District Council | Maturity | 0.88% | 2,000,000.00 |
| T503370 | 06/01/20 | 08/07/20 | Renfrewshire Council | Maturity | 0.80% | 5,000,000.00 |
| T503382 | 21/02/20 | 17/07/20 | Skipton Building Society | Maturity | 0.92% | 5,000,000.00 |
| T503352 | 18/10/19 | 20/07/20 | Renfrewshire Council | Maturity | 0.90% | 5,000,000.00 |
| T503372 | 24/01/20 | 24/07/20 | Colchester Borough Council | Maturity | 0.84% | 2,500,000.00 |
| T503350 | 21/10/19 | 29/07/20 | East Riding of Yorkshire Council | Maturity | 0.95% | 5,000,000.00 |
| T503379 | 17/02/20 | 17/08/20 | Lincoln City Council | Maturity | 0.90% | 2,000,000.00 |
| T503363 | 22/11/19 | 24/08/20 | Ealing Council | Maturity | 0.89% | 5,000,000.00 |

## Appendix 4 – Schedule of all borrowing as at 31/03/20

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

| Deal Ref | Start Date | Maturity Date | Counterparty | Profile | Rate | Principal O/S (£) |
|---|---|---|---|---|---|---|
| T503381 | 02/03/20 | 26/08/20 | Middlesbrough Council | Maturity | 0.95% | 5,000,000.00 |
| T503362 | 02/12/19 | 02/09/20 | West of England Combined Authority | Maturity | 0.90% | 5,000,000.00 |
| T503388 | 06/03/20 | 03/09/20 | Broxbourne Borough Council | Maturity | 1.10% | 1,000,000.00 |
| T503378 | 05/03/20 | 04/09/20 | Vale of Glamorgan Council | Maturity | 0.92% | 3,000,000.00 |
| T503385 | 06/03/20 | 07/09/20 | Staffordshire County Council | Maturity | 1.06% | 3,000,000.00 |
| T503365 | 16/12/19 | 16/09/20 | London Borough of Redbridge | Maturity | 0.90% | 5,000,000.00 |
| T503359 | 11/11/19 | 09/11/20 | North Yorkshire County Council | Maturity | 0.95% | 5,000,000.00 |
| T503377 | 11/02/20 | 11/11/20 | Ealing Council | Maturity | 0.94% | 5,000,000.00 |
| T503360 | 19/11/19 | 17/11/20 | Edinburgh City Council | Maturity | 1.00% | 5,000,000.00 |
| T503366 | 25/11/19 | 25/11/20 | Bristol City Council | Maturity | 0.95% | 5,000,000.00 |
| T503369 | 27/11/19 | 25/11/20 | Mid Devon District Council | Maturity | 0.92% | 1,000,000.00 |
| T503371 | 04/12/19 | 02/12/20 | Waverley Borough Council | Maturity | 0.95% | 4,000,000.00 |
| T503387 | 06/03/20 | 07/12/20 | North Somerset District Council | Maturity | 1.15% | 2,000,000.00 |
| T503361 | 11/12/19 | 09/12/20 | London Borough of Wandsworth | Maturity | 0.95% | 10,000,000.00 |
| T503368 | 17/12/19 | 15/12/20 | Hyndburn Borough Council | Maturity | 0.92% | 1,000,000.00 |
| T503364 | 18/12/19 | 16/12/20 | London Borough of Wandsworth | Maturity | 0.95% | 5,000,000.00 |
| T503374 | 29/01/20 | 27/01/21 | Hyndburn Borough Council | Maturity | 0.93% | 1,000,000.00 |
| T503373 | 31/01/20 | 29/01/21 | Castle Point Borough Council | Maturity | 0.98% | 2,000,000.00 |
| T503375 | 10/02/20 | 08/02/21 | West Sussex County Council | Maturity | 0.98% | 4,500,000.00 |
| T503376 | 30/03/20 | 29/03/21 | Tendring District Council | Maturity | 0.97% | 2,000,000.00 |
| | | | | Average rate | 0.92% | 173,500,000.00 |

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

| Deal Ref | Start Date | Maturity Date | Counterparty | Profile | Rate | Principal O/S (£) |
|---|---|---|---|---|---|---|
| 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 | 4.58% | 36,490,000.00 |

## Appendix 4 – Schedule of all borrowing as at 31/03/20

## Long term external debt (PWLB) fixed

| Deal Ref | Start Date | Maturity Date | Counterparty | Profile | Rate | Principal O/S (£) |
|---|---|---|---|---|---|---|
| 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 |
| 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 |

## Appendix 4 – Schedule of all borrowing as at 31/03/20

## Long term external debt (PWLB) fixed (continued)

| Deal Ref | Start Date | Maturity Date | Counterparty | Profile | Rate | Principal O/S (£) |
|---|---|---|---|---|---|---|
| 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 |
| P509312 | 04/06/19 | 30/09/61 | PWLB | Maturity | 2.18% | 5,000,000.00 |
| P509461 | 04/07/19 | 31/03/62 | PWLB | Maturity | 2.10% | 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 |
| P509636 | 09/08/19 | 31/03/66 | PWLB | Maturity | 1.84% | 10,000,000.00 |
| 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 |
| P509848 | 05/09/19 | 31/03/67 | PWLB | Maturity | 1.58% | 10,000,000.00 |
| P509723 | 19/08/19 | 31/03/68 | PWLB | Maturity | 1.74% | 10,000,000.00 |
| P509506 | 09/07/19 | 30/09/68 | PWLB | Maturity | 2.03% | 5,000,000.00 |
| P169721 | 11/03/20 | 30/09/69 | PWLB | Maturity | 2.07% | 5,000,000.00 |
| P175073 | 24/03/20 | 30/09/69 | PWLB | Maturity | 1.48% | 29,800,000.00 |
| P509289 | 30/05/19 | 31/03/69 | PWLB | Maturity | 2.19% | 5,000,000.00 |
| P509372 | 18/06/19 | 31/03/69 | PWLB | Maturity | 2.11% | 5,000,000.00 |
| P509495 | 08/07/19 | 31/03/69 | PWLB | Maturity | 2.01% | 5,000,000.00 |
| P509629 | 08/08/19 | 31/03/69 | PWLB | Maturity | 1.94% | 20,000,000.00 |
| 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 |
| | | | | | 4.26% | 714,732,409.52 |
| **External borrowing average rate and total** | | | | **3.67%** | | **£1,032,538,409.52** |