Agenda Item	**10.b**
Report No	**RES/42/18**

Committee: Corporate Resources Committee

Date: 29 August 2018

Report Title: Annual Treasury Management Report – 2017/18

Report By: Depute Chief Executive/Director of Corporate Resources

1. Purpose/Executive Summary

1.1 This report on treasury management for the financial year 2017/18 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 Resources Committee on 8 February 2017.

1.3 This Annual Treasury Management Report - 2017/18 is submitted to the Committee for consideration. The Report will then be submitted to Council for approval in September 2018.

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 2017/18.

3. Background

3.1 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.

3.2 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.

3.3 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*".

3.4 This report sets out:

- An overview of the strategy agreed for 2017/18 considering the economy and interest rates position for the year (section 4)
- Performance measurement for the year including the Council's treasury position at 31 March 2018 compared to the previous financial year (section 5)
- A summary of treasury decisions taken and effects on the revenue budget (section 6)
- A commentary on performance and risk (section 7)
- A review of compliance with the Council's procedures and Prudential Indicators (sections 8 and 9)

4. The strategy agreed for 2017/18

4.1 The expectation for interest rates within the strategy for 2017/18 was that investment yields were likely to remain low during 2017/18 and beyond with an increase in Public Works Loan Board (PWLB) rates forecast for quarter 1 of 2018. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period.

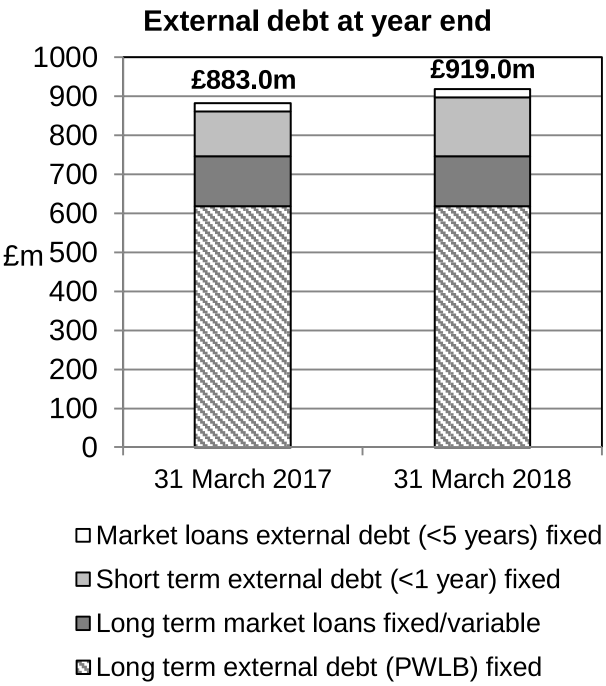
4.2 The treasury strategy was to continue to use short term borrowing to fund the capital programme but also give consideration to a strategy of de-risking by taking slightly longer term borrowing (up to 5 years) with the aim of mitigating the risk of increased borrowing cost as interest rates start to rise.

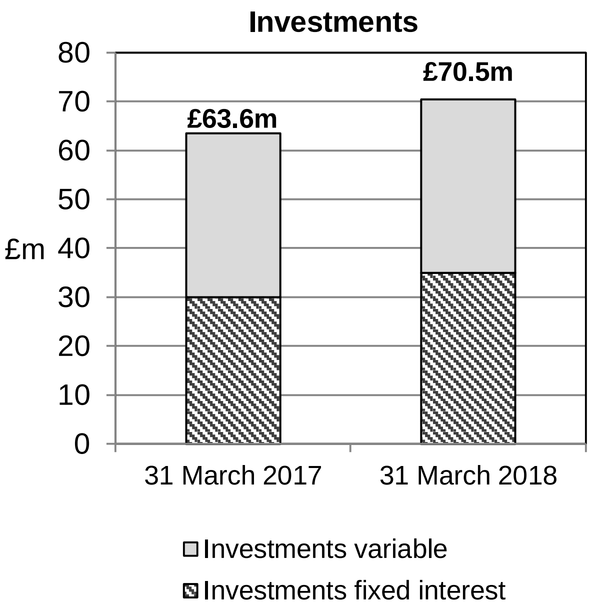
4.3 During 2017/18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.

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

5. Performance measurement

5.1 The treasury position at the 31 March 2018 compared with the previous year is shown in the graphs below.





Average interest rates comparison	**31/03/17**	**31/03/18**
Market loans (< 5years) fixed	1.02%	1.11%
Short term external debt (<1 year) fixed	0.39%	0.52%
Long term market loans fixed/variable	4.79%	4.79%
Long term external debt (PWLB) fixed	4.87%	4.87%
Total debt	**4.13%**	**4.02%**
Investments fixed interest	0.74%	0.61%
Investments variable	0.27%	0.53%
Total investments	**0.49%**	**0.57%**

5.2 The figures show a decrease in the average interest rate on external debt borrowings from 4.13% at March 2017 to 4.02% at March 2018. This was due to the Council using short term borrowing to fund capital expenditure for which lower rates are paid. The investment return for 2017/18 was higher than the previous year due to the bank rate being increased from 0.25% to 0.50% in November 2017.

5.3 Details of all PWLB long term borrowing repaid (there was no PWLB borrowing undertaken during 2017/18), is in **Appendix 3** and all external borrowing is in **Appendix 4.** The average rate for temporary loans at 31 March 2018 was 0.52%.

6. Treasury decisions taken and revenue effects

Borrowing requirement and debt

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

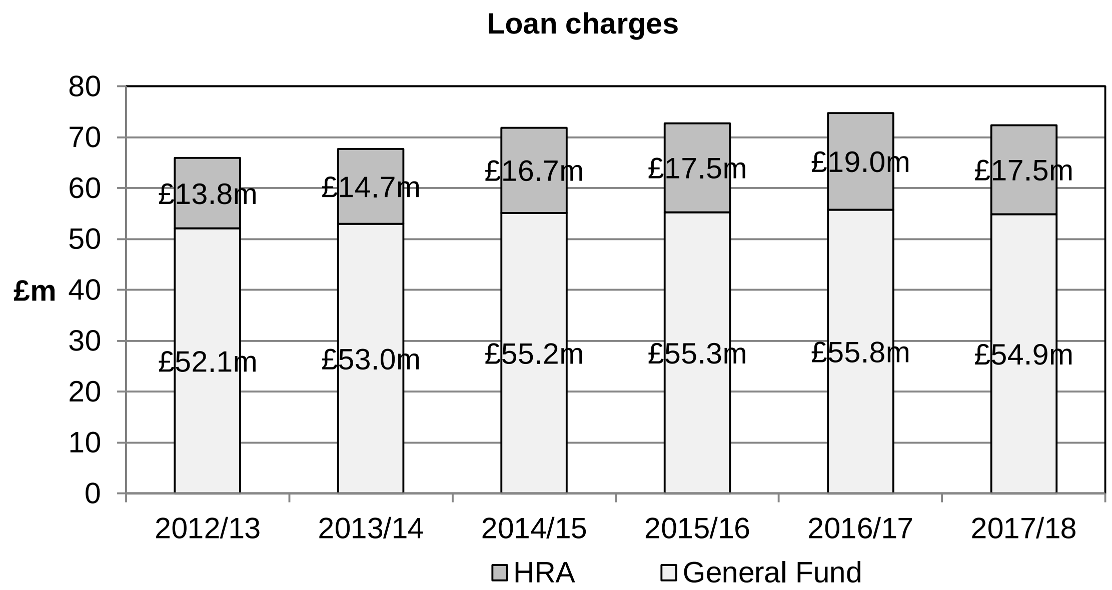
- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing requirement.

6.2 The total new borrowing requirement for 2017/18 was £24.8m (General Fund £15.4m and HRA £9.4m) against planned new borrowing of £40.3m (General Fund £28.4m and HRA £11.9m). Reasons for variations in Service and project capital expenditure for the year are reported to Strategic Committees as part of the final 2017/18 out-turn capital monitoring process. Details of gross and net capital spend for the year, as well as the borrowing requirement against the estimated position are in **Appendix 1**.

6.3 The above borrowing requirement was funded by short term borrowing.

6.4 There has been an increase in external debt of £36.0m (see graph at **para 5.1**) which is more than the borrowing requirement of £24.8m. This is because the Council is currently under-borrowed by £36.0m (3.77% the underlying borrowing requirement of £955.0m). 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 9.5**).

6.5 In terms of the impact on revenue budgets, the increased capital expenditure increases the level of loan charges the Council incurs with the risk that a rise in interest rates would increase costs in future years. However, accounting adjustments in 2017/18 have meant a slight decrease in loan charges as illustrated by the graph below.



6.6 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 is 13.7% (estimate 13.0%) and 33.5% for HRA (estimate 36.6%) (**Appendix 1, prudential indicator 6**).

Rescheduling

6.7 There was no rescheduling completed during 2017/18. While refinancing rates were closely monitored throughout the year no significant opportunities arose to make savings due to breakage costs.

6.8 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 2017	**Incurred 2017/18**	**Written off 2017/18**	**Outstanding 31 Mar 2018**
	£000	**£000**	**£000**	**£000**
Premiums	31,527	-	(1,992)	29,535
Discounts	(6,921)	-	40	(6,881)
Net Deferred Revenue Costs	24,606	-	(1,952)	22,654

Overall performance

6.9 The Council's calculated loans fund interest rate for the year was 4.02% compared to 4.29% in 2016/17. As stated above (**para 6.2**), all capital expenditure was funded using short term borrowing at lower rates than forecast.

6.10 Revenue effect: The final position shows a budget saving of £1.8m (General Fund) and £1.4m (HRA) in loan charges compared to budget for the year. This is partly a result of the Council having been able to take advantage of sustained and historically low short-term borrowing rates and partly as a result of capital spend being less than planned.

Investments held by the Council

6.11 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.).

6.12 The Council's policy states the maximum investment period is 2 years. However during 2017/18 deposits were placed for periods of 1 year or less than 1 year to reflect credit risk.

6.13 The Council maintained an average end of month balance of £89.1m of internally managed funds which earned an average rate of return of 0.41%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.22% for 2017/18. No institutions in which investments were made showed any difficulty in repaying the investment and interest in full during the year.

7. Performance and risk

7.1 In the current debt portfolio at 31 March 2018, 67% (£618.7m) of the total gross debt is at fixed long-term rates with the PWLB.

7.2 All major borrowing and capital financing requirement (CFR) decisions taken by officers were discussed with the Council's external treasury management advisors.

7.3 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 risk assessment).

7.4 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.

7.5 Short term borrowing increased from £115m (31/03/17) to £151m (31/03/18) and will remain at higher levels as the policy is to continue using short term borrowing in order to make savings. This has resource implications as the short term borrowing must be refinanced on an ongoing basis and there are risks that appropriate borrowing is unavailable and/or rates rise.

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

8.1 The Council has 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 (**Appendix 1, indicator 10**). The Council complied with these limits throughout the year.

8.2 Going forward, the indicators relating to short term borrowing were reviewed when the Treasury Management Strategy Statement 2018/19 was approved. There is now a maximum limit of £200m set on short term borrowing in order to manage refinancing risks.

9. The Prudential Code – Indicators

9.1 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 2017/18.

9.2 Capital Financing Requirement (CFR)

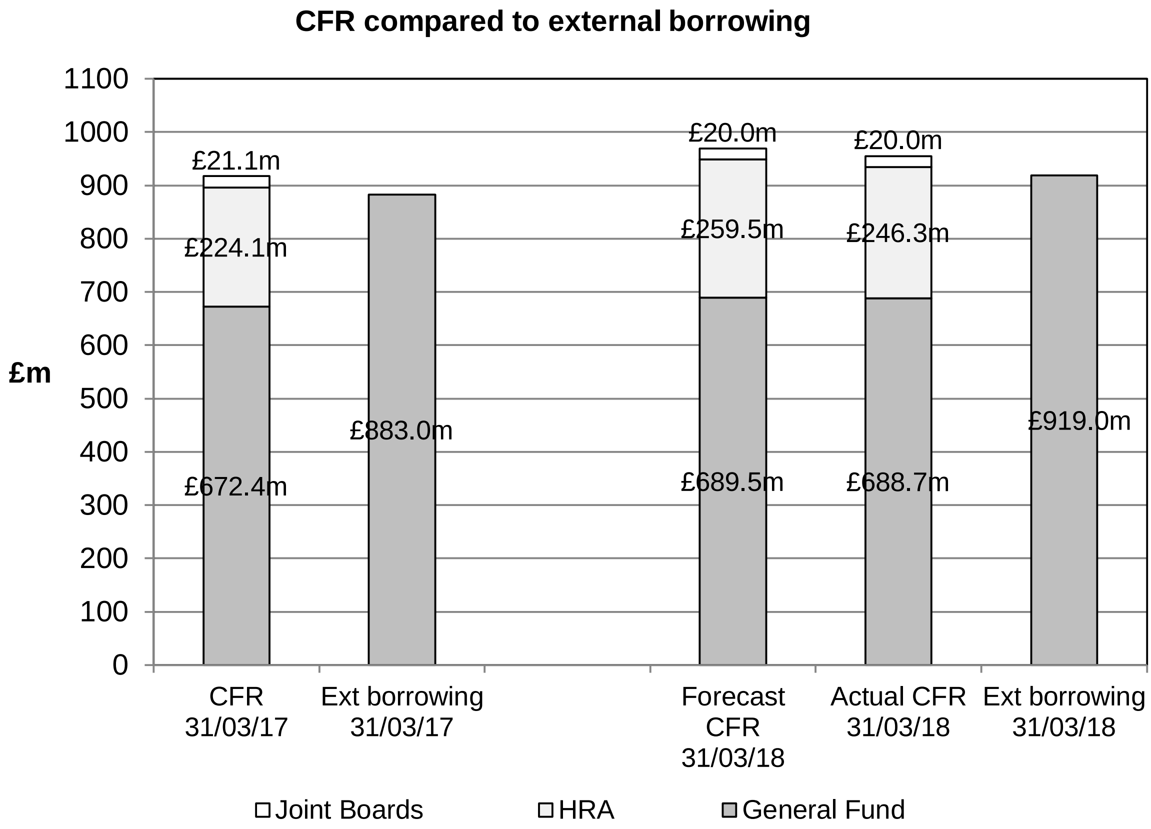
The CFR represents the accumulated net capital expenditure which the Council requires to fund by way of long term borrowing and other capital financing, until the capital projects, comprising the CFR, are fully written off to revenue (mainly by way of annual loan charges).

9.3 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.

9.4 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.

9.5 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 £36.0m as at 31 March 2018. This position will be kept under regular review as part of the Council's on-going treasury management.

9.6 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 2017/18. The graph below shows that the Council has complied with this requirement.



Borrowing Limits

9.7 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.

9.8 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 2017/18 the Council complied with both the Authorised Limit and Operational Boundaries and the maximum is reported at **Appendix 1 indicator 4.**

10. Implications

10.1 Resource – borrowing undertaken at favourable interest rates, as detailed above has contributed to an under-spend in the loans charge budget. The resource implications of increased capital expenditure, resulting in increasing loan charges is set out in **para 6.5 and 6.6**.

10.2 As highlighted in **para 7.5**, risks of short term borrowing are that appropriate borrowing is not available which meets the Council's cash-flow requirements and short term borrowing rates increase.

10.3 There are no Legal, Communities, Climate change/carbon clever, Risk or Gaelic implications arising as a direct result of this report.

Designation: Depute Chief Executive/Director of Corporate Resources

Date: 13 August 2018

Author: Catriona Stachan, Accountant

Background Papers: Treasury system and financial ledger reports
Treasury Strategy Statement and Investment Strategy 2017/18

Appendix 1

Estimated and Actual Treasury Position and Prudential Indicators

Figures are for financial year unless otherwise titled in italics		2017/18 Indicator £m	2017/18 Actual £m
1	**Capital expenditure**		
	Gross capital expenditure		
	General Fund including PPP	106.0	88.3
	Housing Revenue Account	30.7	38.0
	Total gross capital expenditure	**136.7**	**126.3**
	Income		
	General Fund	(40.7)	(44.7)
	HRA	(6.8)	(20.8)
	Total income	**(47.5)**	**(65.5)**
	Net capital expenditure		
	General Fund	65.3	43.6
	HRA	23.9	17.2
	Total net capital expenditure	**89.2**	**60.8**
	Loan charge instalments		
	General Fund	(31.3)	(28.2)
	HRA	(8.4)	(7.8)
	Total instalments	**(39.7)**	**(36.0)**
	Net borrowing for new capital expenditure		
	General Fund	34.0	15.4
	HRA	15.5	9.4
	Total net borrowing for new capital expenditure	**49.5**	**24.8**
2	**Capital Financing Requirement (CFR) at 31 March**		
	General Fund excluding PPP	689.5	688.7
	Housing Revenue Account	259.5	246.3
	Joint Boards	20.0	20.0
	Sub-total excluding PPP	**969.0**	**955.0**
	PPP	165.6	161.5
	Total	**1,134.6**	**1,116.5**
	General Fund including PPP	855.1	850.2
3	**Treasury Position at 31 March**		
	Borrowing	916.6	919.0
	Other Long Term Liabilities (PPP)	165.6	161.5
	Total Debt	**1,082.2**	**1,080.5**
	Investments	50.0	70.6
	Net Borrowing	**1,032.2**	**1,009.9**

Figures are for financial year unless otherwise titled in italics		2017/18 Indicator £m	2017/18 Actual £m
4	**Authorised Limit for Borrowing** (against maximum position)	1,055.7	934.0 (14/03/18)
5	**Operational Boundary for Borrowing**	937.4	934.0 (14/03/18)
6	**Ratio of financing costs to net revenue stream**		
	General Fund including PPP	13.0%	13.6%
	Housing Revenue Account	36.6%	33.4%
7	**Interest rate exposures of debt net of investments**		
	Upper Limit (Fixed)	969.0	767.6
	Upper Limit (Variable)	339.1	90.3
8	**Maturity structure of fixed rate borrowing (against maximum position**)		
	Under 12 months	30.0%	28.2%
	12 months to 2 years	30.0%	6.2%
	2 years to 5 years	30.0%	10.7%
	5 years to 10 years	50.0%	14.5%
	10 years and above	100.0%	52.9%
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%	10.8%
	Variable interest debt (net of investments) as a % of outstanding long term debt (maximum position)	35.0%	11.8%

In addition to the above the Council is required as a Prudential Indicator to:

• Adopt the CIPFA Code of Practice.

• Ensure that over the medium term borrowing will only be for a capital purpose (i.e. net external borrowing is less than the CFR).

The compliance for these indicators is highlighted in the body of the report.

Appendix 2

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

The outcome of the EU referendum in June 2016 resulted in a pessimistic outlook and economic forecasts from the Bank of England based around an expectation of a major slowdown in UK GDP growth, particularly during the second half of 2016, which was expected to push back the first increase in Bank Rate for at least three years. Consequently, the Bank responded in August 2016 by cutting Bank Rate by 0.25% to 0.25% and making available over £100bn of cheap financing to the banking sector up to February 2018. Both measures were intended to stimulate growth in the economy. Howver, in 2016 the UK economy turned in a G7 leading growth rate of 1.8% in 2016, (actually joint equal with Germany), and followed it up with another 1.8% in 2017, (although this was a comparatively weak result compared to the US and EZ).

During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start to rise. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year; quarter 1 came in at +0.3% (+1.7% y/y) and quarter 2 was +0.3% (+1.5% y/y), which meant that growth in the first half of 2017 was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up in quarter 3 to 0.5% before dipping slightly to 0.4% in quarter 4.

Market expectations during the autumn rose significantly that the Monetary Policy Committee (MPC) would raise the Bank Rate. The MPC meeting of 14 September provided a shock to the markets with a sharp increase in tone in the minutes where the (MPC) considerably hardened their wording in terms of needing to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered on this warning by withdrawing the 0.25% emergency rate cut which had been implemented in August 2016. The MPC minutes from that meeting were viewed as being dovish, i.e. there was now little pressure to raise rates by much over that time period. In particular, the GDP growth forecasts were pessimistically weak while there was little evidence of building pressure on wage increases despite remarkably low unemployment. The MPC forecast that CPI would peak at about 3.1% and chose to look through that breaching of its 2% target as this was a one off result of the devaluation of sterling caused by the result of the EU referendum. The inflation forecast showed that the MPC expected inflation to come down to near the 2% target over the next two to three years indicating no further action to raise Bank Rate over the next two years.

However, GDP growth in the second half of 2017 came in stronger than expected, while in the new year there was evidence that wage increases had started to rise. The 8 February MPC meeting minutes therefore revealed another sharp hardening in MPC warnings focusing on a reduction in spare capacity in the economy, weak increases in productivity, higher GDP growth forecasts and a shift of their time horizon to focus on the 18 – 24 month period for seeing inflation come down to 2%. (CPI inflation ended the year at 2.7% but was forecast to still be just over 2% within two years.) This resulted in a marked increase in expectations that there would be another Bank Rate increase in May 2018 and a bringing forward of the timing of subsequent increases in Bank Rate. This shift in market expectations resulted in investment rates from 3 – 12 months increasing sharply during the spring quarter.

PWLB borrowing rates increased in line with these developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to US treasuries. During the second half of the year, there was a noticeable trend in treasury yields rising with the Fed raising rates by 0.25% in June, December and March, making six increases in all. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

As for equity markets, the FTSE 100 hit a new peak near to 7,800 in early January before there was a sharp selloff in a number of stages during the spring, reflecting similar developments in US equity markets.

The major UK landmark event of the year was the inconclusive result of the general election on 8 June, but this had relatively little impact on financial markets. However, sterling did suffer a sharp devaluation against most other currencies, although it has recovered about half of that fall since then. Brexit negotiations have been a focus of much attention and concern during the year but so far, there has been little significant hold up to making progress.

The manufacturing sector has been the bright spot in the economy, seeing stronger growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year. However, the manufacturing sector only accounts for around 11% of GDP so expansion in this sector has a much more muted effect on the average total GDP growth figure for the UK economy as a whole.

Appendix 3 – PWLB Borrowing undertaken and borrowing repaid 2017/18

PWLB Borrowing undertaken during 2017/18

There was no PWLB borrowing undertaken during 2017/18. All new capital expenditure was financed by short term borrowing.

PWLB Borrowing repaid during 2017/18

Due to the 31 March 2018 maturity date of the following loans being a non-business day, these were repaid on 3 April 2018.

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%

Appendix 4 – Schedule of all borrowing as at 31/03/18

Market loans (< 5 years) fixed

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
M290055	12/04/16	12/04/18	Derbyshire County Council	Maturity	1.04%	5,000,000.00
M290057	14/04/16	16/04/18	Stevenage Borough Council	Maturity	0.98%	1,000,000.00
M290059	18/11/16	03/12/18	London Borough of Islington	Maturity	0.57%	5,000,000.00
M290053	06/04/16	01/02/19	Oxfordshire County Council	Maturity	1.26%	10,000,000.00
M290058	19/04/16	20/04/20	London Borough of Hackney	Maturity	1.30%	3,000,000.00
M290054	01/04/16	01/04/21	Waverley Borough Council	Maturity	1.25%	4,000,000.00
M290056	14/04/16	14/04/21	Guildford Borough Council	Maturity	1.25%	5,000,000.00
				Average rate	1.11%	33,000,000.00

Short term external debt (< 1 year) fixed

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	0.5000 %	Principal O/S (£)
T503236	10/11/17	09/05/18	Renfrewshire Council	Maturity	0.52%	5,000,000.00
T503237	22/11/17	23/05/18	London Borough of Havering	Maturity	0.41%	5,000,000.00
T503230	13/10/17	13/04/18	Shropshire Fire and Rescue Service	Maturity	0.42%	1,000,000.00
T503231	26/10/17	25/04/18	Basildon Borough Council	Maturity	0.52%	2,000,000.00
T503192	27/04/17	26/04/18	London Borough of Camden	Maturity	0.37%	5,000,000.00
T503213	30/06/17	30/04/18	West Yorkshire Combined Authority	Maturity	0.35%	5,000,000.00
T503215	08/08/17	29/06/18	Comhairle nan Eilean Siar	Maturity	0.35%	2,500,000.00
T503218	01/09/17	02/07/18	South Derbyshire District Council	Maturity	0.35%	3,000,000.00
T503219	23/08/17	25/06/18	South Derbyshire District Council	Maturity	0.40%	2,000,000.00
T503224	05/10/17	05/04/18	Elmbridge Borough Council	Maturity	0.60%	5,000,000.00
T503251	02/02/18	02/08/18	London Borough of Havering	Maturity	0.60%	5,000,000.00
T503252	29/01/18	30/07/18	Liverpool City Region Combined Authority	Maturity	0.60%	5,000,000.00
T503254	30/01/18	01/08/18	Hampshire County Council	Maturity	0.60%	1,000,000.00
T503253	30/01/18	01/08/18	Winchester City Council	Maturity	0.64%	1,000,000.00
T503255	16/02/18	21/11/18	West of England Combined Authority	Maturity	0.56%	5,000,000.00
T503256	19/02/18	11/06/18	Teesside Pension Fund	Maturity	0.65%	10,000,000.00
T503257	14/03/18	17/09/18	West Yorkshire Combined Authority	Maturity	0.63%	5,000,000.00
T503258	13/02/18	13/08/18	Essex County Council	Maturity	0.65%	5,000,000.00
T503259	22/02/18	16/07/18	London Borough of Tower Hamlets	Maturity	0.66%	5,000,000.00
T503260	02/03/18	05/09/18	Cambridgeshire and Peterborough Combined Authority	Maturity	0.75%	5,000,000.00
T503261	23/02/18	24/08/18	Greater London Authority	Maturity	0.70%	5,000,000.00
T503262	16/02/18	16/08/18	Wychavon District Council	Maturity	0.75%	2,000,000.00
T503264	01/03/18	03/09/18	Edinburgh City Council	Maturity	0.72%	5,000,000.00
T503265	15/03/18	12/09/18	Teesside Pension Fund	Maturity	0.72%	5,000,000.00
T503267	05/03/18	05/09/18	Teesside Pension Fund	Maturity	0.75%	5,000,000.00

Appendix 4 – Schedule of all borrowing as at 31/03/18

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	0.5000 %	Principal O/S (£)
T503263	21/02/18	21/08/18	Devon and Somerset Fire and Rescue Authority	Maturity	0.70%	3,000,000.00
T503268	14/03/18	15/06/18	Greater London Authority	Maturity	0.52%	5,000,000.00
T503240	27/11/17	08/05/18	Teesside Pension Fund	Maturity	0.56%	5,000,000.00
T503241	06/12/17	06/06/18	London Borough of Havering	Maturity	0.60%	5,000,000.00
T503242	19/12/17	18/12/18	Hyndburn Borough Council	Maturity	0.58%	1,000,000.00
T503245	17/01/18	17/07/18	Cambridgeshire and Peterborough Combined Authority	Maturity	0.45%	5,000,000.00
T503246	15/01/18	16/04/18	Renfrewshire Council	Maturity	0.48%	5,000,000.00
T503247	19/01/18	21/05/18	Castle Point Borough Council	Maturity	0.62%	2,500,000.00
T503249	01/02/18	03/09/18	Derbyshire Pension Fund	Maturity	0.50%	5,000,000.00
T503248	24/01/18	24/04/18	Oxfordshire County Council	Maturity	0.50%	5,000,000.00
T503250	01/02/18	01/05/18	Greater Manchester Pension Fund	Maturity	0.50%	5,000,000.00
				Average rate	0.57%	151,000,000.00

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
M290050	03/08/04	03/02/65	Barclays Bank plc	Maturity	5.05%	11,900,000.00
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
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	4.79%	116,306,000.00

Long term external debt (PWLB) fixed

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
P495649	30/06/09	31/03/18	PWLB	Maturity	3.57%	15,000,000.00*
P496155	02/11/09	31/03/18	PWLB	Maturity	3.62%	7,500,000.00*
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

*Due to the way year end fell over a weekend, these loans were repaid on 3 April 2018.

Appendix 4 – Schedule of all borrowing as at 31/03/18

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
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

Appendix 4 – Schedule of all borrowing as at 31/03/18

Deal Ref	Start Date	Maturity Date	Counterparty	Profile	Rate	Principal O/S (£)
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
P501208	26/04/12	30/09/18	PWLB – for NHT	Maturity	2.46%	1,000,000.00
P501491	26/07/12	30/09/18	PWLB – for NHT	Maturity	1.93%	1,500,000.00
P501576	07/09/12	30/09/18	PWLB – for NHT	Maturity	1.89%	1,360,000.00
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
						618,658,648.47

External borrowing average rate and total	**4.02%**	**918,964,648.47**