

The City of Edinburgh Council

10.00am, Thursday 24 November 2016

Treasury Management: Mid-Term Report 2016/17 – referral report from the Finance and Resources Committee

Item number	8.9
Report number	
Executive/routine	
Wards	

Executive Summary

On the 3 November 2016 the Finance and Resources Committee considered a report that provided an update on Treasury Management Activity in 2016/17. The report has been referred to the City of Edinburgh Council for approval of the Treasury Management Strategy.

Links

Coalition Pledges	See attached report
Council Priorities	See attached report
Single Outcome Agreement	See attached report

Terms of Referral

Treasury Management: Mid-Term Report 2016/17

Terms of Referral

- 1.1 In accordance with the Treasury Management Strategy that was set in March 2016, the Council had completed no borrowing during the first half of the financial year and continued to fund capital expenditure temporarily from cash deposits. This approach generated significant short-term savings in Loans Charges for the Council. In following this Strategy, account was also being taken of the likely movement in interest rates in the medium and longer term and the Council's future estimated borrowing requirement.
- 1.2 The investment return for 2016/17 continued to show out-performance against the Fund's benchmark, although very low in absolute terms, while maintaining the security of investments as a priority.
- 1.3 The Finance and Resources Committee agreed:
 - 1.3.1 To note the mid-term report on Treasury Management for 2016/17.
 - 1.3.2 To refer the report to the City of Edinburgh Council for approval and subsequent referral by the City of Edinburgh Council to the Governance, Risk and Best Value Committee for scrutiny.

For Decision/Action

- 2.1 The City of Edinburgh Council is asked to approve the Treasury Management Strategy and refer the report to the Governance, Risk and Best Value Committee for scrutiny.

Background reading/external references

Minute of the Finance and Resources Committee, 3 November 2016

Kirsty-Louise Campbell

Interim Head of Strategy and Insight

Contact: Veronica MacMillan, Committee Clerk

E-mail: veronica.macmillan@edinburgh.gov.uk | Tel: 0131 529 4283

Links

Coalition Pledges	See attached report
Council Priorities	See attached report
Single Outcome Agreement	See attached report
Appendices	See attached report

Finance and Resources Committee

10.00am, Thursday, 3 November 2016

Treasury Management: Mid-Term Report 2016/17

Item number	7.7
Report number	
Executive/routine	
Wards	

Executive summary

The purpose of this report is to give an update on Treasury Management activity in 2016/17.

In accordance with the Strategy set in March 2016 the Council completed no borrowing during the first half of the financial year and continued to fund capital expenditure temporarily from cash deposits. This approach generates significant short-term savings in Loans Charges for the Council. In following this Strategy, account is also being taken of the likely movement in interest rates in the medium and longer term and the Council's future estimated borrowing requirement.

The investment return for 2016/17 continues to show out-performance against the Fund's benchmark, although very low in absolute terms, while maintaining the security of the investments as a priority.

Links

Coalition pledges	P30
Council priorities	CP13
Single Outcome Agreement	SO1

Treasury Management: Mid-Term Report 2016/17

1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 notes the mid-term report on Treasury Management for 2016/17; and
 - 1.1.2 refers the report to City of Edinburgh Council for approval and subsequent referral by City of Edinburgh Council to the Governance Risk and Best Value Committee for scrutiny.

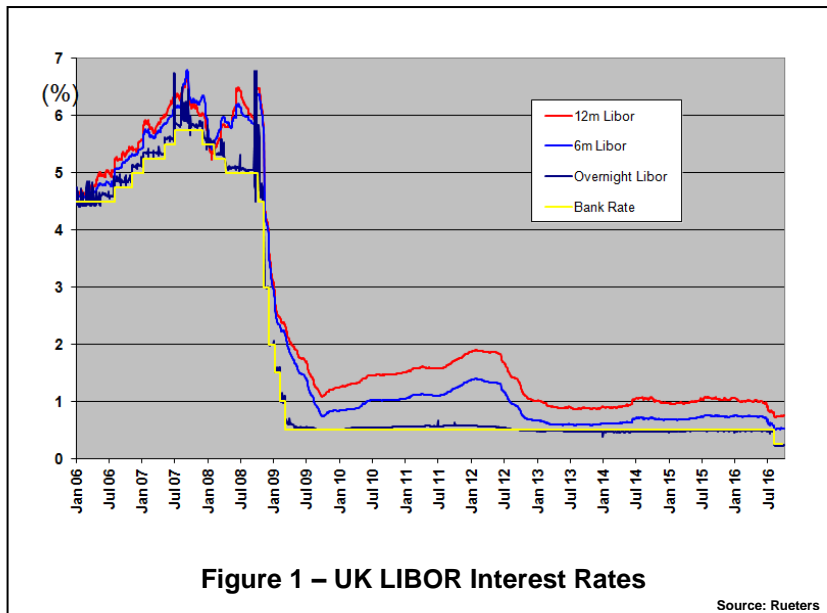
2. Background

- 2.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, the mid-term report has been prepared setting out activity undertaken.

3. Main report

3.1 Interest Rate Background

- 3.1.1 During the six months, the Bank of England's Monetary Policy Committee (MPC) reduced UK Bank Rate and increased Quantitative Easing (QE) as part of a package to stimulate the economy after the result of the EU referendum. At the MPC's meeting of the 4 August 2016, UK Bank Rate was reduced for the first time since March 2009 to 0.25% and QE increased by £60bn to £435bn. The Bank of England also announced at its 4 August 2016 meeting, that it would be buying up to £10bn of Corporate Bonds and has introduced a scheme, 'The Term Funding Scheme', which will encourage banks to pass on cuts in Bank Rate to customers by providing funding for banks at interest rates close to Bank Rate.



3.1.2 Figure 1 details Inter-Bank Lending Rates since the start of 2006 and shows that the overnight rate continues to follow the Bank Rate. All interest rates dropped in line with the reduction in Bank Rate to 0.25% at the beginning of August.

3.2 Interest Rate Forecast

3.2.1 Table 1 gives a Reuters poll of up to 56 economists, taken 15 September, showing their forecasts for UK Bank Rate until Quarter 4, 2017. This shows most economists polled believe that the UK Bank Rate will be at 0.1% from Quarter 4, 2016.

	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17
Median	0.25	0.1	0.1	0.1	0.1	0.1
Mean	0.25	0.13	0.11	0.11	0.12	0.12
Mode	0.25	0.1	0.1	0.1	0.1	0.1
Min	0.25	0	0	0	0	0
Max	0.25	0.25	0.25	0.25	0.5	0.5
Count	56	56	53	53	53	52

Table 1 – Economists’ Forecasts for UK Bank Rate

3.2.2 This reflects the MPC’s August minutes which said that “*If the incoming data prove broadly consistent with the August Inflation Report forecast, a majority of members expect to support a further cut in Bank Rate to its effective lower bound at one of the MPC’s forthcoming meetings during the course of the year. The MPC currently judges this bound to be close to, but a little above, zero*”. There is therefore a danger that the MPC have talked themselves into a further reduction in Bank Rate in November, although it is not seen that this is as likely as the market expectations would suggest.

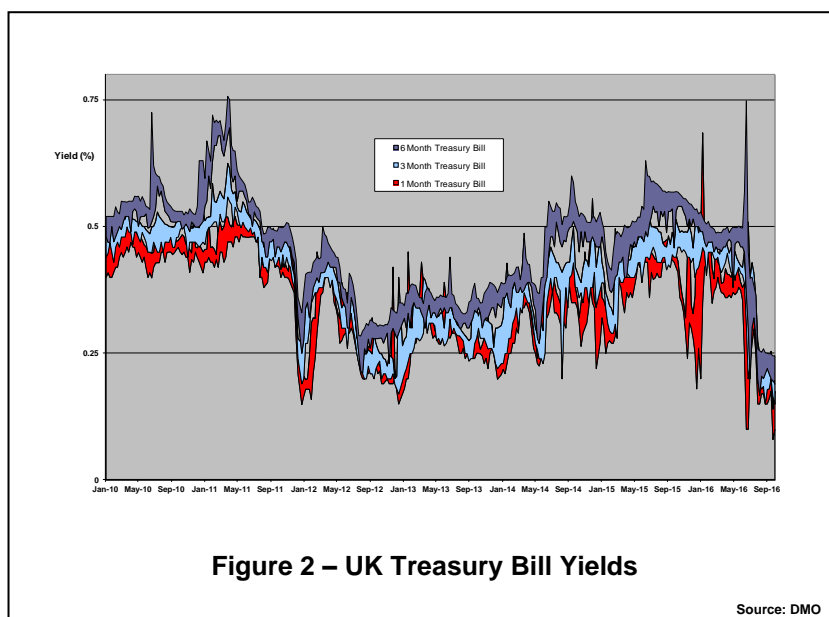
3.2.3 The annual rate of inflation (CPI) remains well below the Bank of England’s lower limit. The minutes of the Bank of England’s September

meeting noted that inflation was expected to pick up further over the remainder of 2016. This is mainly due to the waning influence of past falls in energy and food prices and the sharp depreciation in Sterling beginning to drive up imported material costs. According to the minutes CPI is expected to rise to around its 2% target in the first half of 2017.

3.3 Investment Out-turn

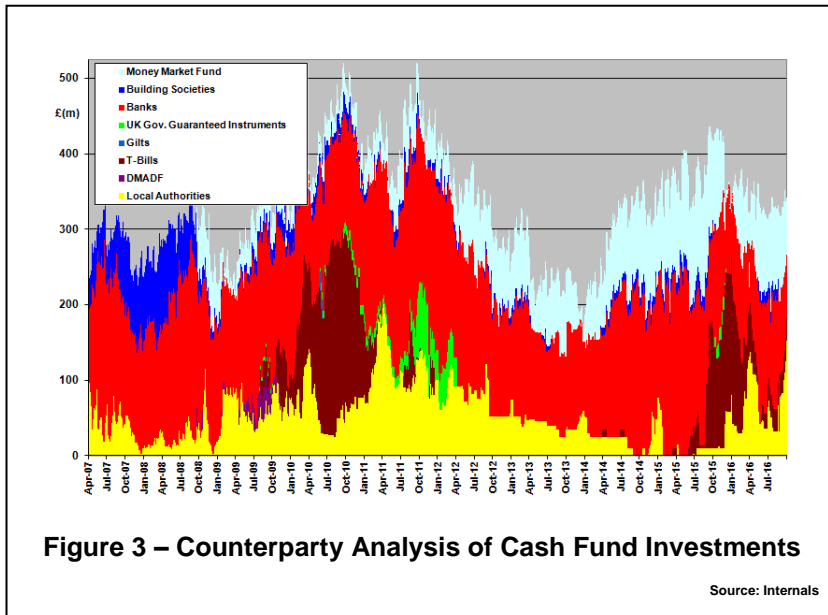
3.3.1 The Treasury Management strategy is to ensure that surplus funds are invested in accordance with the list of approved organisations for investment, minimising the risk to the capital sum and optimising the return on these funds consistent with those risks. The Cash Fund's Investment Strategy continues to be based around security of the investments.

3.3.2 The rates on the Council's call accounts with Banks fell following the reduction in UK Bank Rate in August. Some of the rates were linked to UK Bank Rate and fell immediately whereas others had a notice period before the reduction took effect. As an example, the Council's transactional banker has intimated that the interest rate on the Council's overnight deposits will reduce from 0.25% to 0.01% in December. The interest rate which can be achieved by investing in UK Treasury Bills has also reduced significantly. Figure 2 below shows the rates achieved in the Friday auctions of UK Treasury Bills.

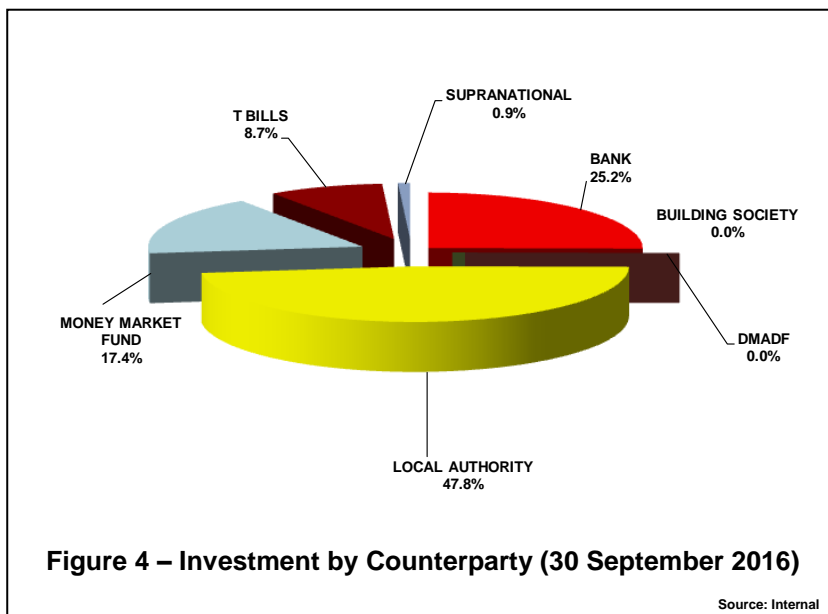


3.3.3 A sign of how low rates have fallen was that the lowest accepted yield for a one month UK Treasury Bill at the auction on the 30 September was only 0.08%.

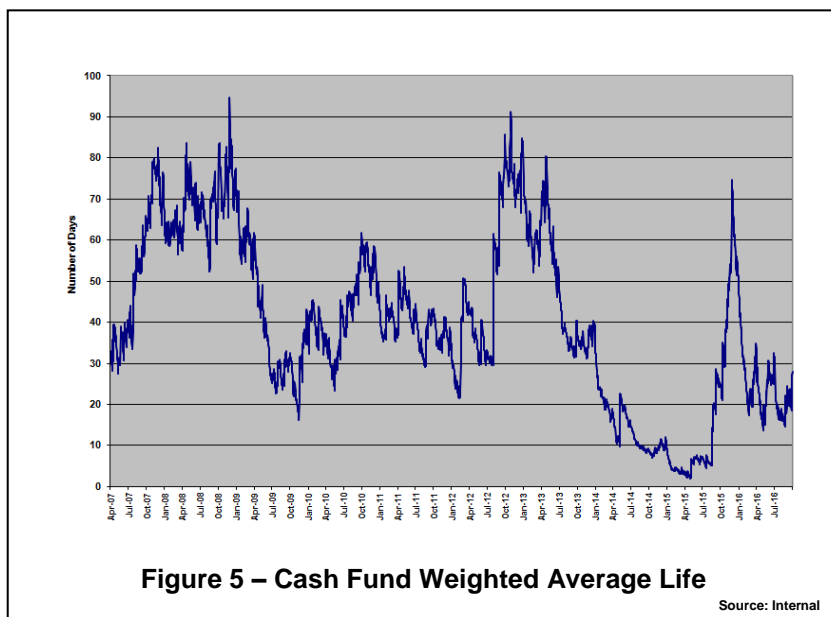
3.3.4 Figure 3 below shows the distribution of Cash Fund deposits since inception. Appendix 2 shows the detail of cash fund investments as at 30 September 2016.



3.3.5 Earlier in the year slightly longer Treasury Bills were purchased and local authority deposits was placed as a small risk mitigation against the EU Referendum result. Most of the local authority deposits matured in September but there was a shortage of cash in the inter Local Authority market in September. Treasury were able to agree fixed deposits at an increased yield to Bank Rate, although at significantly lower rates than those maturing. It remains a challenging environment for cash investment in striking the balance between high levels of security and achieving an adequate return. Figure 4 below shows the investments by counterparty at the end of the half year.



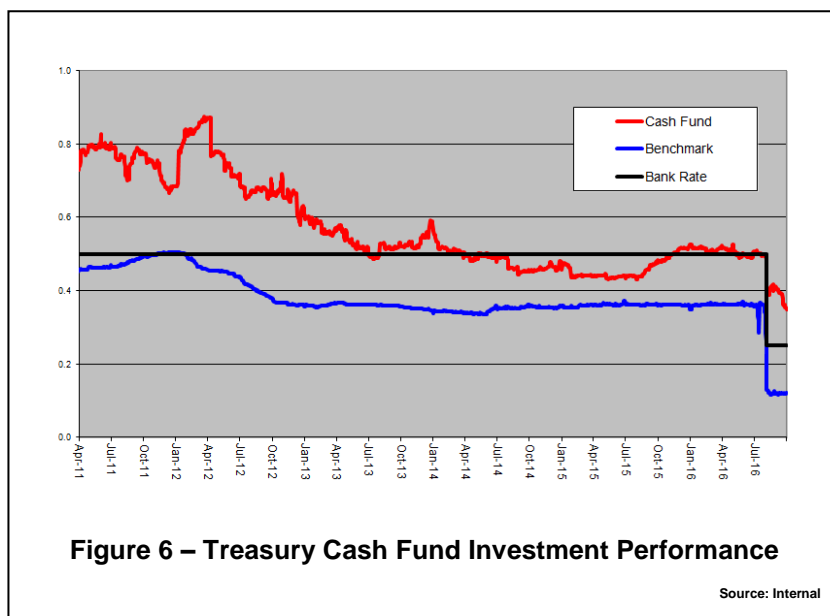
- 3.3.6 Over half of the cash fund is invested in Local Authority deposits and UK Treasury Bills. A further quarter is invested with Banks, including higher rated institutions such as HSBC and Svenska Handelsbanken. At the end of the six months, all Bank deposits were held in instant access call accounts. The Treasury team has remained in dialogue with these institutions to attempt to reduce the impact of the reduction in Bank Rate and maintain the best interest rates.
- 3.3.7 Figure 5 below shows the Weighted Average Life (WAL) – i.e. the average time to maturity of the Cash Fund investments since inception.



- 3.3.8 The WAL (weighted average time to the final maturity of investments) was 31 days at the start of the financial year. This was mainly due to some six month fixed deposits with a Local Authority at an attractive rate locked in before the Euro referendum to mitigate interest rate risk. UK Treasury bills with six month maturities and a six month deposit with a Local Authority kept the WAL close to 30 days at points during May and June. The WAL then reduced before increasing to 27 days towards the end of the six months due to three month Local Authority deposits.

3.4 Cash Fund Performance

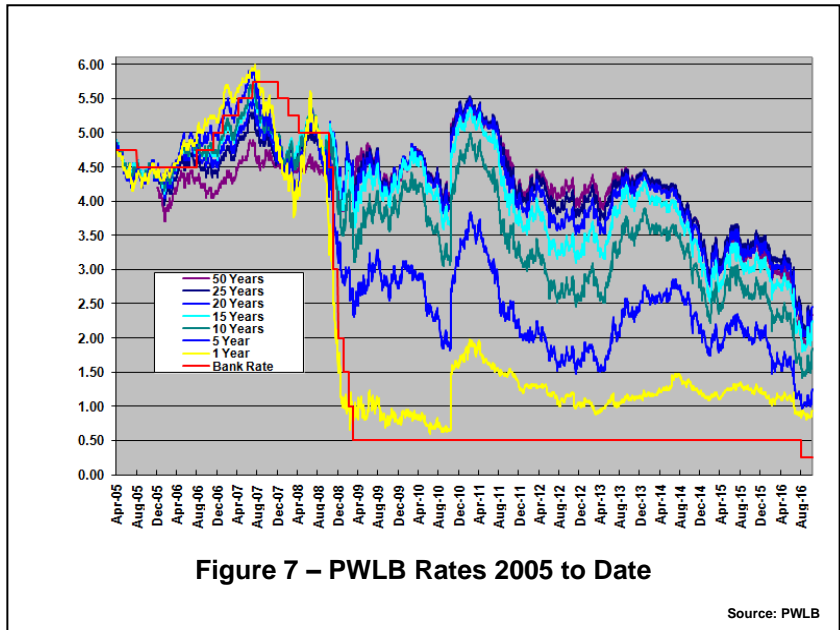
3.4.1 The annualised rate of return for the Cash Fund for the six months to September 2016 was 0.47% against the benchmark of 0.28%. The rate of return on the cash fund will reduce due to the effect of the reduction in Bank Rate and the cash fund rate as at the 30 September was 0.35% against the seven day Libid benchmark of 0.12%. Figure 6 below shows the daily investment performance of the Cash Fund against its benchmark since April 2011.



3.5 Debt Management Activity

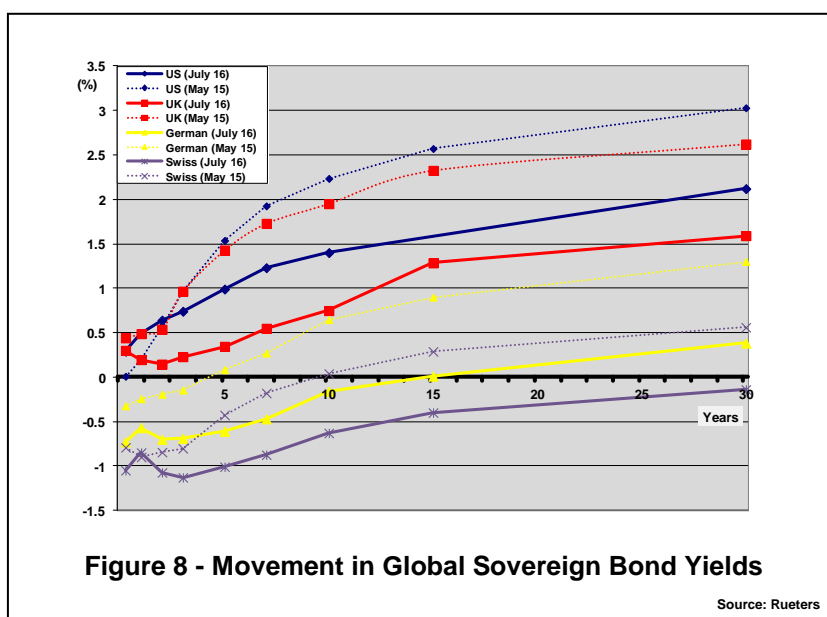
3.5.1 The Debt Management strategy for 2016/17 is to continue to use the Council’s investment balances to fund capital expenditure. The Council has undertaken no PWLB borrowing since December 2012, despite £131m in PWLB debt maturing over this period. Appendix 1 shows the current debt portfolio.

3.5.2 Figure 7 below shows the PWLB borrowing interest rates since the start of the 2005/06 financial year.



3.5.3 Following the referendum result, Gilt yields fell sharply across all maturities on the view that the Bank Rate would remain extremely low for the foreseeable future. The yield on the 10 year Gilt fell from 1.37% on 23 June to a low of 0.52% in August; a quarter of what it was at the start of 2016. The 10 year Gilt yield has subsequently risen to 0.69% at the end of September and up to 1% in early October. The yield on the two and three year Gilts briefly dipped into negative territory intra-day on 10 August as prices were driven higher by the Bank of England’s bond repurchase programme. The programme had failed to meet its targets on 9 August when pension funds and insurance companies failed to sell enough Gilts to the central bank to meet its target. The next reverse auction was back on track when the Bank of England successfully bought £1.17bn of UK Gilts. The fall in Gilt yields was reflected in the fall in PWLB borrowing rates as can be seen in figure 7 above.

3.5.4 The result of the UK’s EU Referendum has created significant uncertainties for the UK economy. Although the fall in Sterling will boost the UK in the short term, it is likely that UK GDP will falter in the medium term and inflation will be higher than it otherwise would have been. Bond yields have fallen significantly, and the magnitude of the movement in sovereign bond yields between May 2015 and July 2016 is shown in Figure 8 below.



3.5.5 The following table shows the revised comparison of cumulative capital expenditure funded by borrowing (the Council's underlying need to borrow) and the actual external debt which the Council has.

SUMMARY OF CAPITAL FUNDING V EXTERNAL DEBT

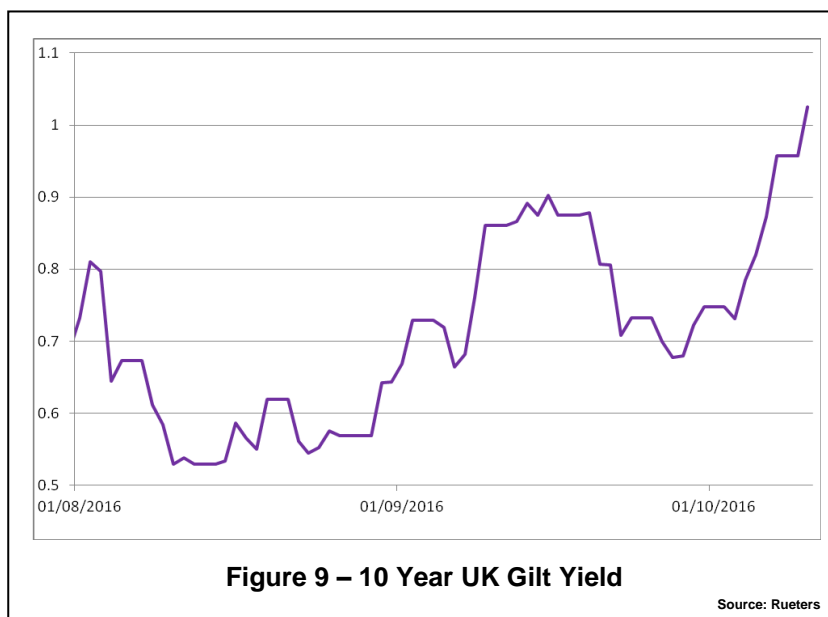
Capital Funding v. External Debt	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	£000	£000	£000	£000	£000	£000
Debt b/fd	1,412,998	1,369,745	1,317,761	1,293,406	1,268,446	1,294,865
Cumulative capital expenditure b/fd	1,510,154	1,424,417	1,430,588	1,449,554	1,416,492	1,450,200
Over / under borrowed b/fd	-97,156	-54,672	-112,827	-156,148	-148,046	-155,335
GF capital financed by borrowing	-14,151	63,272	69,853	5,934	58,837	1,500
HRA capital financed by borrowing	16,705	23,030	30,929	42,477	56,491	65,226
less scheduled repayments by GF	-57,883	-60,584	-61,068	-59,553	-58,195	-61,059
less scheduled repayments by HRA	-27,156	-16,585	-18,267	-20,345	-22,908	-26,066
less scheduled repayments by Former Joint Boards	-3,252	-2,962	-2,481	-1,575	-517	-544
Underlying Need to Borrow	-85,737	6,171	18,966	-33,062	33,708	-20,943
Plus total maturing debt	43,605	51,984	54,355	54,960	53,581	55,567
Total borrowing requirement	-42,132	58,155	73,321	21,898	87,289	34,624
Planned PWLB or short borrowing for year	352	0	30,000	30,000	80,000	30,000
Debt at end of the year	1,369,745	1,317,761	1,293,406	1,268,446	1,294,865	1,269,298
Cumulative capital expenditure	1,424,417	1,430,588	1,449,554	1,416,492	1,450,200	1,429,257
Cumulative over / under borrowed	-54,672	-112,827	-156,148	-148,046	-155,335	-159,959

3.5.6 The main difference from the Treasury Management Strategy approved in March is that the cumulative capital expenditure funded by borrowing at the end of the 2015/16 financial year was significantly lower than forecast. This was a result of the reduction in capital advances due to the receipt of the monies for Atria One at the end of the financial year and additional repayment of HRA advances. Although the receipt for Atria One was unbudgeted for in 2015/16 due to uncertainty over the timing of the receipt, it had been allowed for in the longer term Treasury Management and Capital planning. More detail including updated prudential indicators are included in the month five capital monitoring report also included on the agenda.

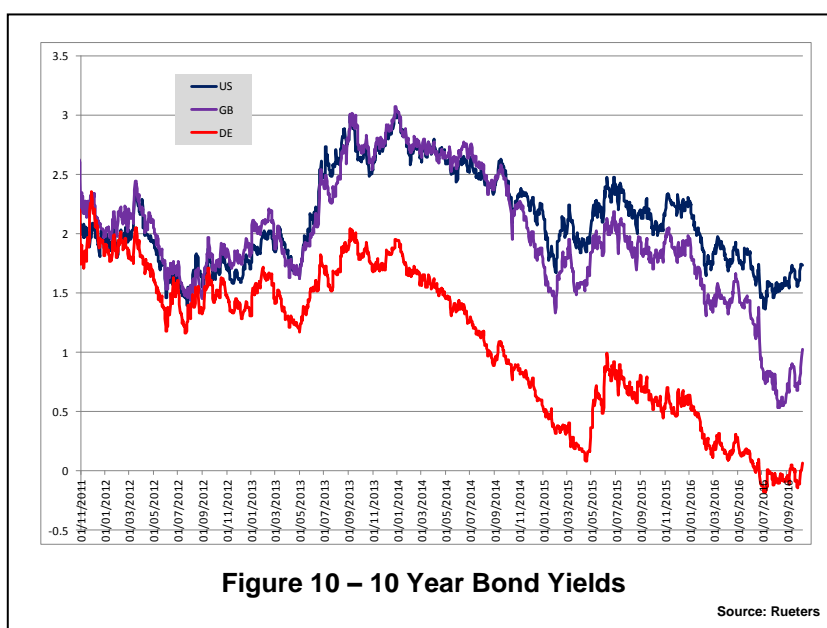
3.5.7 The table above shows no need to undertake borrowing this financial year, and at present, it is intended to continue the current strategy of reducing investments to temporarily fund capital expenditure. However, there are a number of major projects which may result in an increase in the Council's borrowing requirement, including:

- negotiations on the City Deal are on-going but may result in a substantial borrowing requirement for the Council;
- the Edinburgh Homes project may result in a significantly increase in the borrowing requirement for housing; and
- the business case for extensions of the Trams line is still being developed.

3.5.8 As noted above, when an extension of the QE programme was announced by the MPC at the start of August, Gilt yields fell to historic lows. However, since then they have edged back up as shown in Figure 9 below.



3.5.9 Some consideration was given pre-EU Referendum and again in August to locking in the historically low borrowing rates. However, there is no certainty on the quantum and timing of the borrowing required for the major projects above if they go ahead. Given the uncertainty and the additional cost of carry of borrowing it was decided to continue the current strategy rather than undertake what might be considered somewhat speculative pre-borrowing. Figure 10 below puts the movement since August into a slightly longer perspective, and shows the equivalent US and German 10 year yields. Consideration will also continue to be given to alternative funding sources to the PWLB.



3.5.10 Since the start of the financial year £34.3m of debt has matured at an average rate of 7.25% and has not been re-financed. For the financial year 2016/17 £52.0m of debt is due to mature in total at an average rate of 7.53%.

3.5.11 In June Barclays Bank informed the Council of its decision to permanently waive its rights under the lender's option of the LOBO feature of the Loans to change the applicable interest rate in the future. This effectively converts the Authority's Barclays LOBO loans to fixed rate loans removing uncertainty on both interest cost and maturity date. Barclays stated they had been exploring ways to create more certainty in respect of the interest rate arrangements they have with clients. This will help reduce the sensitivity of unpredictable market conditions to Barclays and improve core capital which is a publicly stated strategic objective of theirs.

4. Measures of success

- 4.1 The success of the Treasury Section can be measured by the out-performance of the Treasury Cash Fund against its benchmark and managing the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

5. Financial impact

- 5.1 The Council continues to manage its debt portfolio so as to minimise the medium term cost of funding its capital projects.
- 5.2 The Treasury Cash Fund has generated significant additional income for the Council.

6. Risk, policy, compliance and governance impact

- 6.1 The Council complies with the relevant CIPFA code of practice whilst undertaking Treasury Management activities. The significant financial risks associated with Treasury Management activities have been successfully managed during the first half of 2016/17.

7. Equalities impact

- 7.1 There are no adverse equality impacts arising from this report.

8. Sustainability impact

- 8.1 There are no adverse sustainability impacts arising from this report.

9. Consultation and engagement

- 9.1 None.

10. Background reading / external references

- 10.1 None.

Hugh Dunn

Acting Executive Director of Resources

Contact: Innes Edwards, Principal Treasury and Banking Manager

E-mail: innes.edwards@edinburgh.gov.uk | Tel: 0131 469 6291

Links

Coalition pledges	P30 - Continue to Maintain a sound financial position including long-term financial planning
Council priorities	CP13 – Deliver lean and agile Council services
Single Outcome Agreement	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all
Appendices	1: Outstanding Debt at 30 September 2016 2: Outstanding Investments at 30 September 2016

Appendix 1

Outstanding Debt at 30 September 2016

Market Debt (non LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)
Maturity	30/03/1992	30/03/2017	1,000,000	10.25
Maturity	21/08/1992	21/08/2017	500,000	9.75
Maturity	21/08/1992	21/08/2017	500,000	9.75
Maturity	30/06/2005	30/06/2065	5,000,000	4.4
Maturity	07/07/2005	07/07/2065	5,000,000	4.4
Maturity	21/12/2005	21/12/2065	5,000,000	4.99
Maturity	28/12/2005	24/12/2065	12,500,000	4.99
Maturity	14/03/2006	15/03/2066	15,000,000	5
Maturity	18/08/2006	18/08/2066	10,000,000	5.25
Maturity	01/02/2008	01/02/2078	10,000,000	3.95
			64,500,000	

Market Debt (LOBO)

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)
Maturity	12/11/1998	13/11/2028	3,000,000	4.75
Maturity	15/12/2003	15/12/2053	10,000,000	5.25
Maturity	18/02/2004	18/02/2054	10,000,000	4.54
Maturity	28/04/2005	28/04/2055	12,900,000	4.75
Maturity	01/07/2005	01/07/2065	10,000,000	3.86
Maturity	24/08/2005	24/08/2065	5,000,000	4.4
Maturity	07/09/2005	07/09/2065	10,000,000	4.99
Maturity	13/09/2005	14/09/2065	5,000,000	3.95
Maturity	03/10/2005	05/10/2065	5,000,000	4.375
Maturity	23/12/2005	23/12/2065	10,000,000	4.75
Maturity	06/03/2006	04/03/2066	5,000,000	4.625
Maturity	17/03/2006	17/03/2066	10,000,000	5.25
Maturity	03/04/2006	01/04/2066	10,000,000	4.875
Maturity	03/04/2006	01/04/2066	10,000,000	4.875
Maturity	03/04/2006	01/04/2066	10,000,000	4.875
Maturity	07/04/2006	07/04/2066	10,000,000	4.75
Maturity	05/06/2006	07/06/2066	20,000,000	5.25
Maturity	05/06/2006	07/06/2066	16,500,000	5.25
Maturity	26/02/2010	26/02/2060	5,000,000	8.2
Maturity	26/02/2010	26/02/2060	10,000,000	8.2
Maturity	25/02/2011	25/02/2060	15,000,000	8.245
Maturity	25/02/2011	25/02/2060	10,000,000	8.245
			212,400,000	

PWLB

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)
Maturity	15/08/1991	15/11/2016	10,000,000.00	10.875
Maturity	10/12/2008	10/12/2016	5,000,000.00	3.61
Maturity	02/12/2011	02/06/2017	5,000,000.00	2.28
Maturity	27/03/1992	25/09/2017	10,000,000.00	10.625
Maturity	09/10/2008	09/10/2017	5,000,000.00	4.39
Maturity	03/04/1992	25/03/2018	30,000,000.00	10.875
Maturity	23/04/2009	23/04/2018	15,000,000.00	3.24
Maturity	17/09/1992	15/05/2018	8,496,500.00	9.75
Maturity	09/06/2009	09/06/2018	5,000,000.00	3.75
Maturity	17/09/1993	15/11/2018	5,000,000.00	7.875
Maturity	23/03/1994	15/11/2018	5,000,000.00	8
Maturity	14/03/1994	11/03/2019	2,997,451.21	7.625
Maturity	18/10/1993	25/03/2019	5,000,000.00	7.875
Maturity	30/03/2009	30/03/2019	5,000,000.00	3.46
Maturity	21/04/2009	21/04/2019	10,000,000.00	3.4
Maturity	23/04/2009	23/04/2019	5,000,000.00	3.38
Annuity	12/11/2008	12/11/2019	1,830,151.84	3.96
Maturity	23/03/1994	15/11/2019	5,000,000.00	8
Maturity	07/12/1994	15/11/2019	10,000,000.00	8.625
Annuity	01/12/2008	01/12/2019	1,811,267.42	3.65
Maturity	01/12/2009	01/12/2019	5,000,000.00	3.77
Maturity	14/12/2009	14/12/2019	10,000,000.00	3.91
Maturity	15/02/1995	25/03/2020	5,000,000.00	8.625
Maturity	21/04/2009	21/04/2020	10,000,000.00	3.54
Maturity	12/05/2009	12/05/2020	10,000,000.00	3.96
Maturity	21/10/1994	15/05/2020	5,000,000.00	8.625
Maturity	07/12/1994	15/05/2020	5,000,000.00	8.625
Maturity	21/11/2011	21/05/2020	15,000,000.00	2.94
Maturity	16/08/1995	03/08/2020	2,997,451.21	8.375
Maturity	09/12/1994	15/11/2020	5,000,000.00	8.625
Annuity	10/05/2010	10/05/2021	2,482,373.05	3.09
Maturity	21/10/1994	15/05/2021	10,000,000.00	8.625
Maturity	10/03/1995	15/05/2021	11,900,000.00	8.75
Maturity	12/06/1995	15/05/2021	10,000,000.00	8
Maturity	02/06/2010	02/06/2021	5,000,000.00	3.89
Maturity	16/08/1994	03/08/2021	2,997,451.21	8.5
Maturity	28/04/1994	25/09/2021	5,000,000.00	8.125
Maturity	23/04/2009	23/04/2022	5,000,000.00	3.76
Maturity	12/06/1995	15/05/2022	10,200,000.00	8
Maturity	14/06/2010	14/06/2022	10,000,000.00	3.95
Maturity	31/03/1995	25/09/2022	6,206,000.00	8.625
Maturity	16/02/1995	03/02/2023	2,997,451.21	8.625
Maturity	24/04/1995	25/03/2023	10,000,000.00	8.5

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)
Maturity	05/12/1995	15/05/2023	5,200,000.00	8
Maturity	20/09/1993	14/09/2023	2,997,451.21	7.875
Maturity	20/09/1993	14/09/2023	584,502.98	7.875
Maturity	08/05/1996	25/09/2023	10,000,000.00	8.375
Maturity	13/10/2009	13/10/2023	5,000,000.00	3.87
Maturity	05/12/1995	15/11/2023	10,000,000.00	8
Maturity	10/05/2010	10/05/2024	10,000,000.00	4.32
Maturity	28/09/1995	28/09/2024	2,895,506.10	8.25
Maturity	14/05/2012	14/11/2024	10,000,000.00	3.36
Annuity	14/12/2009	14/12/2024	6,322,600.62	3.66
Maturity	17/10/1996	25/03/2025	10,000,000.00	7.875
Maturity	10/05/2010	10/05/2025	5,000,000.00	4.37
Maturity	16/11/2012	16/05/2025	20,000,000.00	2.88
Maturity	13/02/1997	18/05/2025	10,000,000.00	7.375
Maturity	20/02/1997	15/11/2025	20,000,000.00	7.375
Annuity	01/12/2009	01/12/2025	9,924,798.06	3.64
Maturity	21/12/1995	21/12/2025	2,397,960.97	7.875
Maturity	21/05/1997	15/05/2026	10,000,000.00	7.125
Maturity	28/05/1997	15/05/2026	10,000,000.00	7.25
Maturity	29/08/1997	15/11/2026	5,000,000.00	7
Maturity	24/06/1997	15/11/2026	5,328,077.00	7.125
Maturity	07/08/1997	15/11/2026	15,000,000.00	6.875
Maturity	13/10/1997	25/03/2027	10,000,000.00	6.375
Maturity	22/10/1997	25/03/2027	5,000,000.00	6.5
Maturity	13/11/1997	15/05/2027	3,649,966.00	6.5
Maturity	17/11/1997	15/05/2027	5,000,000.00	6.5
Maturity	13/12/2012	13/06/2027	20,000,000.00	3.18
Maturity	12/03/1998	15/11/2027	8,677,693.00	5.875
Maturity	06/09/2010	06/09/2028	10,000,000.00	3.85
Maturity	14/07/2011	14/07/2029	10,000,000.00	4.9
EIP	14/07/1950	03/03/2030	3,412.54	3
Maturity	14/07/2011	14/07/2030	10,000,000.00	4.93
EIP	15/06/1951	15/05/2031	3,515.40	3
Maturity	06/09/2010	06/09/2031	20,000,000.00	3.95
Maturity	15/12/2011	15/06/2032	10,000,000.00	3.98
Maturity	15/09/2011	15/09/2036	10,000,000.00	4.47
Maturity	22/09/2011	22/09/2036	10,000,000.00	4.49
Maturity	10/12/2007	10/12/2037	10,000,000.00	4.49
Maturity	08/09/2011	08/09/2038	10,000,000.00	4.67
Maturity	15/09/2011	15/09/2039	10,000,000.00	4.52
Maturity	06/10/2011	06/10/2043	20,000,000.00	4.35
Maturity	09/08/2011	09/02/2046	20,000,000.00	4.8
Maturity	23/01/2006	23/07/2046	10,000,000.00	3.7
Maturity	23/01/2006	23/07/2046	10,000,000.00	3.7

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)
Maturity	19/05/2006	19/11/2046	10,000,000.00	4.25
Maturity	07/01/2008	07/01/2048	5,000,000.00	4.4
Maturity	27/01/2006	27/07/2051	1,250,000.00	3.7
Maturity	16/01/2007	16/07/2052	40,000,000.00	4.25
Maturity	30/01/2007	30/07/2052	10,000,000.00	4.35
Maturity	13/02/2007	13/08/2052	20,000,000.00	4.35
Maturity	20/02/2007	20/08/2052	70,000,000.00	4.35
Maturity	22/02/2007	22/08/2052	50,000,000.00	4.35
Maturity	08/03/2007	08/09/2052	5,000,000.00	4.25
Maturity	30/05/2007	30/11/2052	10,000,000.00	4.6
Maturity	11/06/2007	11/12/2052	15,000,000.00	4.7
Maturity	12/06/2007	12/12/2052	25,000,000.00	4.75
Maturity	05/07/2007	05/01/2053	12,000,000.00	4.8
Maturity	25/07/2007	25/01/2053	5,000,000.00	4.65
Maturity	10/08/2007	10/02/2053	5,000,000.00	4.55
Maturity	24/08/2007	24/02/2053	7,500,000.00	4.5
Maturity	13/09/2007	13/03/2053	5,000,000.00	4.5
Maturity	12/10/2007	12/04/2053	5,000,000.00	4.6
Maturity	05/11/2007	05/05/2057	5,000,000.00	4.6
Maturity	15/08/2008	15/02/2058	5,000,000.00	4.39
Maturity	02/12/2011	02/12/2061	5,000,000.00	3.98
			1,038,651,581.03	

SALIX

Loan Type	Start Date	Maturity Date	Principal Outstanding (£)	Interest Rate (%)
EIP	07/01/2015	01/09/2021	394,785.70	0
EIP	31/03/2015	01/04/2023	1,262,028.18	0
EIP	22/09/2015	01/10/2023	329,699.55	0
			1,986,513.43	

Appendix 2

Outstanding Deposits at 30 September 2016

<u>COUNTERPARTY</u>	<u>START DATE</u>	<u>MATURITY</u>	<u>OUTSTANDING</u>	<u>INTEREST</u>
			(£)	(%)
Bank of Scotland	27/09/2007	/ /	31,712,699.09	0.3
Royal Bank Of Scotland	23/05/2008	/ /	4,565,616.96	0.25
Santander UK Business Reserve	16/09/2008	/ /	65,581.11	0.4
Barclays Bank	26/11/2010	/ /	94,272.02	0.25
Deutsche Bank AG, London	01/06/2011	/ /	50,448,370.62	0.377264
Svenska Handelsbanken	13/01/2012	/ /	50,378,055.29	0.35
Goldman Sachs Sterling Liquid Reserve	08/05/2012	/ /	9,478,240.14	0.271232
HSBC Bank Plc	01/07/2013	/ /	18,273.27	0.15
Lancashire County Council	05/05/2016	07/11/2016	10,000,000.00	0.575
Spelthorne Borough Council	12/09/2016	14/11/2016	16,000,000.00	0.3
Rotherham Metropolitan Borough Council	26/08/2016	26/10/2016	10,000,000.00	0.27
Glasgow City Council	25/08/2016	17/10/2016	17,540,000.00	0.27
Glasgow City Council	02/09/2016	02/12/2016	14,812,000.00	0.3
Leeds City Council	26/09/2016	1 month notice	25,000,000.00	0.3
London Borough of Barking and Dagenham	14/09/2016	16/01/2017	5,000,000.00	0.3
London Borough of Newham	20/09/2016	20/12/2016	10,000,000.00	0.3
Suffolk County Council	20/09/2016	21/11/2016	5,000,000.00	0.32
West Berkshire Council	21/09/2016	05/10/2016	2,000,000.00	0.34
Medway Council	22/09/2016	24/10/2016	5,000,000.00	0.34
Dudley Metropolitan BC	26/09/2016	03/01/2017	6,500,000.00	0.35
London Borough of Newham	28/09/2016	05/10/2016	3,000,000.00	0.34
Buckinghamshire County Council	29/09/2016	31/10/2016	5,000,000.00	0.34
Buckinghamshire County Council	29/09/2016	29/12/2016	10,000,000.00	0.34
London Borough of Newham	29/09/2016	13/10/2016	3,000,000.00	0.34
West Berkshire Council	30/09/2016	14/10/2016	7,500,000.00	0.34
Buckinghamshire County Council	30/09/2016	31/10/2016	10,000,000.00	0.36
European Investment Bank	16/08/2016	07/12/2016	3,094,442.75	0.32
H M Treasury	23/05/2016	21/11/2016	9,975,874.78	0.485
H M Treasury	31/05/2016	28/11/2016	9,976,007.02	0.485
H M Treasury	27/06/2016	28/12/2016	9,971,348.08	0.57
			<u>345,130,781.13</u>	

The £345m on deposit is represented by:

- £103m Lothian Pension Fund
- £234m City of Edinburgh Council
- £3.3m CEC Council Companies
- £4.8m Other