

The City of Edinburgh Council

10.00am, Thursday 21 September 2017

Treasury Management: Annual Report 2016/17 - referral from the Finance and Resources Committee

Item number	8.6
Report number	
Wards	All

Executive summary

On 5 September 2017 the Finance and Resources Committee considered a report on Treasury Management Activity in 2016/17. The report has been referred to the City of Edinburgh Council for approval and its subsequent referral to the Governance, Risk and Best Value Committee for its scrutiny.

Terms of Referral

Treasury Management: Annual Report 2016/17

Terms of referral

- 1.1 The Council had adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, the Annual Report on Treasury Management had to be submitted to the Council after the end of each financial year. A separate mid-term report would also be produced during the financial year.
- 1.2 In the Strategy set in March 2016 the Council stated that there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments. The overall approach generated significant short-term savings in Loans Charges for the Council and formed part of a successful and sustainable long term borrowing strategy.
- 1.3 The Finance and Resources Committee agreed:
 - 1.3.1 To note the Annual Report on Treasury Management for 2016/17.
 - 1.3.2 To refer the report to Council for approval and its subsequent referral by Council to the Governance, Risk and Best Value Committee for scrutiny.

For Decision/Action

- 2.1 The Finance and Resources Committee has referred the report to the City of Edinburgh Council on 21 September 2017 for approval and its subsequent referral by Council to the Governance, Risk and Best Value Committee for its scrutiny.

Background reading / external references

Finance and Resources Committee 5 September 2017.

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Links

Appendices

Appendix 1 - report by the Executive Director of Resources

Finance and Resources Committee

10.00am, Thursday, 5 September 2017

Treasury Management: Annual Report 2016/17

Item number	7.9
Report number	
Executive/routine	
Wards	

Executive Summary

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

As a part of the Strategy set in March 2016 the Council stated there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments. This overall approach generated significant short-term savings in Loans Charges for the Council and forms part of a successful and sustainable long term borrowing strategy.

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

Treasury Management: Annual Report 2016/17

1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.1.1 Notes the Annual Report on Treasury Management for 2016/17; and
 - 1.1.2 Refers the report to Council for approval and subsequent referral by Council to the Governance, Risk and Best Value Committee for their 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, an Annual Report on Treasury Management has to be submitted to the Council after the end of each financial year. A separate mid-term report will also be produced during the financial year.

3. Main report

3.1 Key Points

- 3.1.1 The key points in this report are that:
- For the third year in a row, the Council's capital repayments were greater than its new capital expenditure funded by borrowing, so the Council's need to borrow reduced by £9.3m during the year;
 - £52m of Public Works Loan Board and £1m market debt naturally matured during the year and was not replaced, reducing overall borrowing costs to the Council;
 - the Council continued its successful long-term strategy of funding capital expenditure from a reduction in temporary investments and was £92.9m under-borrowed at the year-end;
 - the Council has not borrowed Public Works Loan Board or market debt since December 2012; and,
 - the average interest rate on the Cash Fund for the year was 0.40%, which continued to outperform the benchmark, which was 0.20% for the year.

3.2 Prudential Indicators

3.2.1 (a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2016/17.

	2015/16 Actual £'000	2016/17 Original £'000	2016/17 Revised £'000	2016/17 Actual £'000
Children & Families	48,181	0	0	0
Corporate Governance	7,407	0	0	0
Economic Development	42	0	0	0
Health & Social Care	5,680	0	0	0
Services for Communities	77,149	0	0	0
SfC Asset Management Programme	14,516	0	0	0
Other Capital Projects	3,014	0	0	0
Chief Executive	0	17,291	15,789	1,184
City Strategy and Economy	0	508	397	838
Communities and Families	0	50,436	45,781	41,816
Edinburgh Integration Joint Board	0	4,229	4,167	4,527
Place	0	98,896	83,362	90,704
Resources – Asset Management Works	0	24,044	10,936	18,908
Total General Services	155,989	195,404	160,432	157,977
Housing Revenue Account	35,626	48,508	44,334	43,627
Total	191,615	243,912	204,766	201,604

Table 1 – Capital Expenditure 2016/17

The capital programme is re-phased annually once the unaudited out-turn of the previous year is known. The original estimates above reflect the budget position as at January 2016, with the revised figures representing the projected position reported to the Finance and Resources Committee in August 2016 following the re-phasing of the programme.

The following table shows how the £201.6m of capital expenditure incurred in 2016/17 was funded:

	Gen Services £'000	HRA £'000	CEC Total £'000	Police £'000	Fire £'000	Total £'000
Net Cap Adv (01/04/16)	1,048,613	357,602	1,406,215	16,151	2,052	1,424,417
Gross Cap Ex	157,977	43,627	201,604	0	0	201,604
Cap Income	109,653	23,262	132,915	0	0	132,915
Net Cap Ex	48,324	20,365	68,689	0	0	68,689
Debt transfer	-3,552	3,552	0	0	0	0
Capital Repaid	-58,454	-16,585	-75,039	-1,953	-1,009	-78,001
Net Cap Adv (01/04/17)	1,034,931	364,934	1,399,865	14,198	1,043	1,415,106

Table 2 – Source of Funding for Capital Expenditure 2016/17

The CEC Total column shows expenditure of £201.6m being partly funded by capital grants and capital receipts, leaving £68.7m to be funded by borrowing. However, the Council repaid principal of £75.0m for previous capital advances, giving a net reduction in the need to borrow of £6.3m. In addition, previous capital advances of £3.0m were repaid on behalf of the former Police and Fire joint boards, giving a total reduction in the need to borrow of £9.3m.

(b) Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

This gives an indication of the cost of the Council's debt relative to its income.

	2015/16 Actual %	2016/17 Estimate %	2016/17 Revised %	2016/17 Actual %
General Services	11.51	12.00	12.00	11.63
Housing Revenue Account	37.31	36.64	35.38	35.21

Table 3 – Ratio of Financing Costs to Net Revenue Stream

The General Services ratio remained fairly static compared to last year, with the reduction in the HRA ratio being due to voluntary contributions made towards outstanding capital advances.

(c) Indicator 3 - Capital Financing Requirement (CFR)

This shows the Council underlying need to borrow / take on other forms of Capital funding.

	2015/16 Actual £'000	2016/17 Original £'000	2016/17 Revised £'000	2016/17 Actual £'000
General Services (incl. finance leases)	1,275,213	1,297,933	1,267,088	1,250,818
Housing Revenue Account	357,602	377,947	364,047	364,934
Total	1,632,815	1,675,880	1,631,135	1,615,752

Table 4 – Capital Financing Requirement

The reduction in the out-turn is mainly due to the reduction in General Services underlying need to borrow as for the third year in a row, repayments for previous capital advances were greater than new capital advances.

In preparing Tables 4 and 5, all finance lease liabilities have been included for both current and prior year figures as required by the new Borrowing Regulations in Scotland, rather than other long term liabilities as defined by CIPFA's Prudential Code.

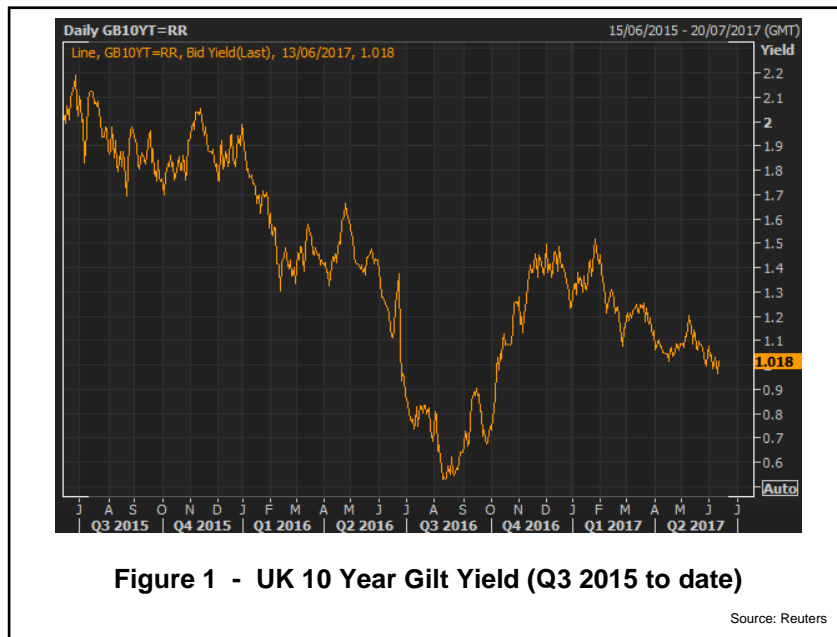
	2015/16 Actual £'000	2016/17 Actual £'000
General Services Capital Advances	1,048,613	1,034,931
HRA Capital Advances	357,602	364,934
Total CEC Borrowing CFR	1,406,215	1,399,865
Other Finance Lease Liabilities	226,600	215,887
Total CEC Debt CFR	1,632,815	1,615,752

Table 5 – Split of Capital Financing Requirement

3.2.2 The Council operated within both the Authorised Limit and the Operational Boundary at all times during the year and there were no breaches of the Council's Treasury Management Policy.

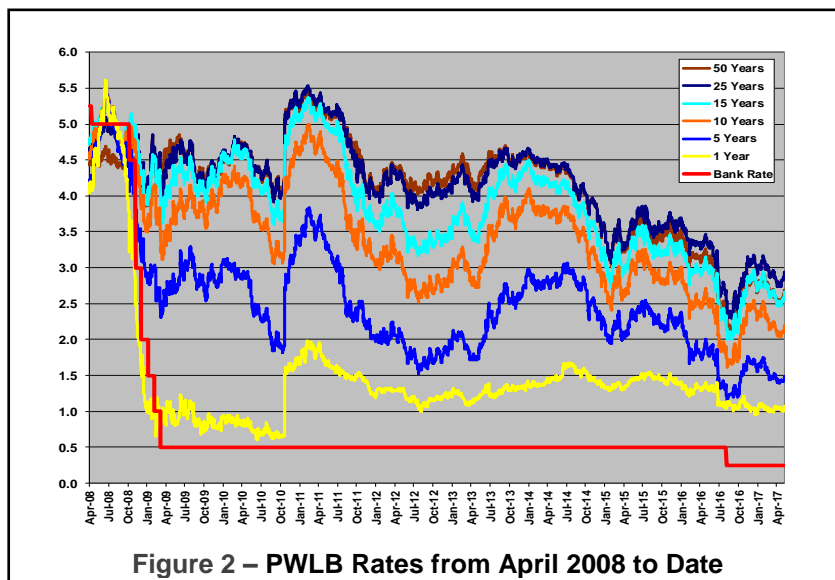
3.3 Borrowing Overview

3.3.1 UK gilt yields fell dramatically after the result of the EU referendum in June 2016. They then recovered and finished the calendar year around the same as pre-referendum levels. Since the turn of the year they have lost some momentum and remain low. As can be seen in Figure 1 below, after the announcement of the snap General Election in April, yields rose and then fell as each poll emerged predicting a tighter outcome. With the result of the snap General Election being a hung parliament there remains market uncertainty and yields remain very low.



3.3.2 The UK economy is challenging. Rising inflation and contracting real wages will give pressure to household spending and quarter one GDP was just 0.2%. The inconclusive election result left the UK economy more uncertain. The result left the Conservative party without the anticipated majority leaving it to form a “confidence and supply” agreement with Northern Ireland’s Democratic Unionist Party.

3.3.3 Figure 2 shows PWLB borrowing rates since 2008. This shows the drop in rates immediately after the result of the EU referendum. The one year borrowing rate has stayed relatively static since with the longer years recovering some of the fall.



3.3.4 The strategy for 2016/17 approved in March 2016 was to continue to fund capital expenditure in the short term by reducing the level of temporary investments. Other than a small amount of interest free loans taken in 2015 there has been no borrowing completed since December 2012. However, as detailed in Table 2, the total underlying need to borrow fell by £9.3m during the year. Table 6 below summarises the outstanding debt portfolio during the year.

Type of Loan	Balance	Borrowing	Borrowing	Balance
	01.04.2016	Raised	Repaid	31.03.2017
	£m	£m	£m	£m
PWLB - fixed	1,072.846	0.000	-50.68	1,022.166
PWLB - variable	0.000	0.000	0.000	0.000
Salix Finance Ltd	2.138	0.000	-0.303	1.835
Market	276.900	0.000	-1.000	275.900
Temp	17.86	13.350	-8.863	22.347
	<u>1,369.744</u>	<u>13.350</u>	<u>-60.846</u>	<u>1,322.248</u>
Capital Advances	<u>1,424.418</u>			<u>1,415.106</u>
Under-borrowed	<u>54.674</u>		Under-borrowed	<u>92.858</u>

Table 6 – Outstanding Debt Portfolio 2016/17

3.3.5 £50.68m of PWLB and £1m of Market debt naturally matured during the year, and this was not replaced. The Council's borrowing therefore fell by £47.5m over the year.

3.3.6 The net capital advances fell by £9.3m. The Council's under-borrowed position therefore increased from £55m to £93m. Figure 3 below shows how much the Council has been over or under borrowed at financial year end since 2006/07.

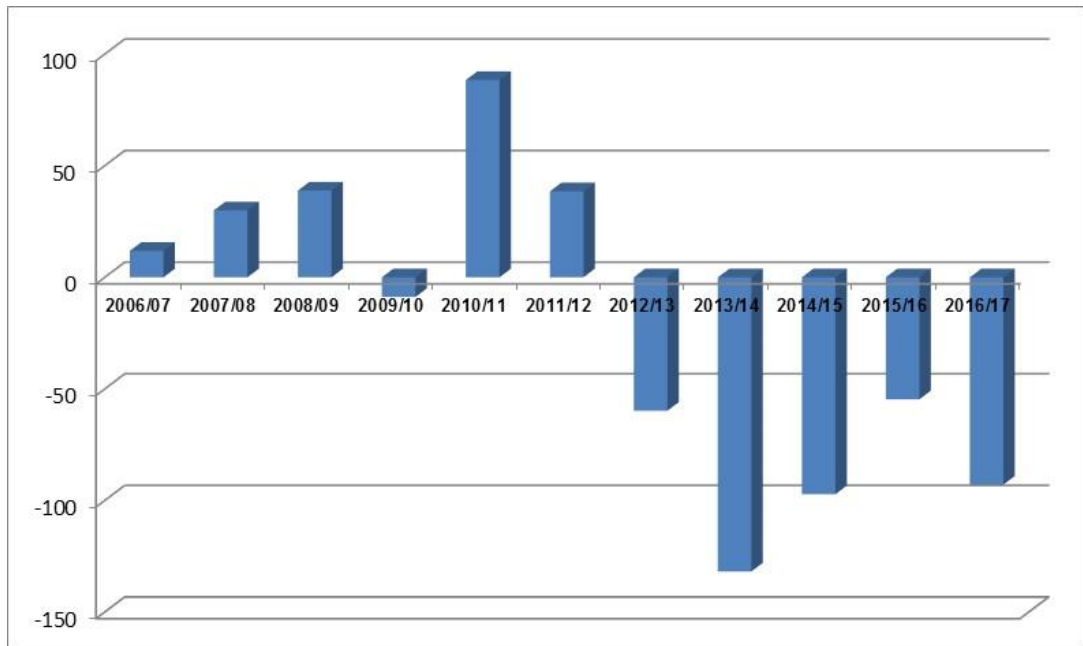


Figure 3 - Over / Under Borrowed position at year end

3.3.7 2016/17 was the third year in a row that the repayment of previous capital advances were greater than new capital advances funding by borrowing, reducing the Council’s underlying need to borrow. This, and the underborrowing strategy to not replace maturing debt, has meant that over the last four years the Council’s external debt has fallen by £138m. Figure 4 below shows the Council’s total borrowing and cost of the borrowing.

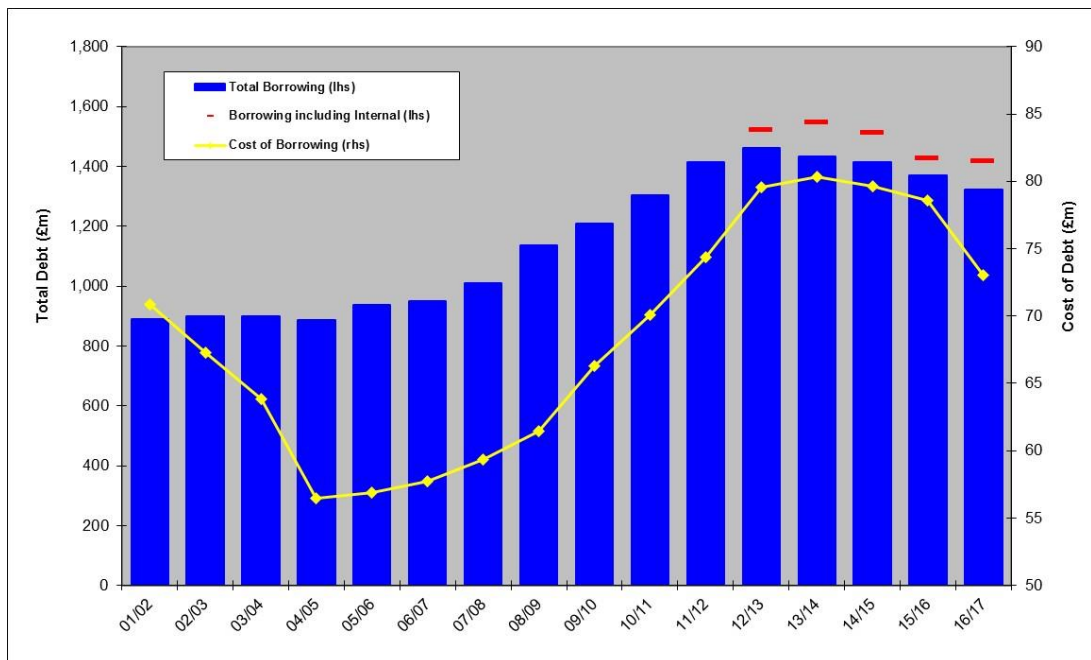


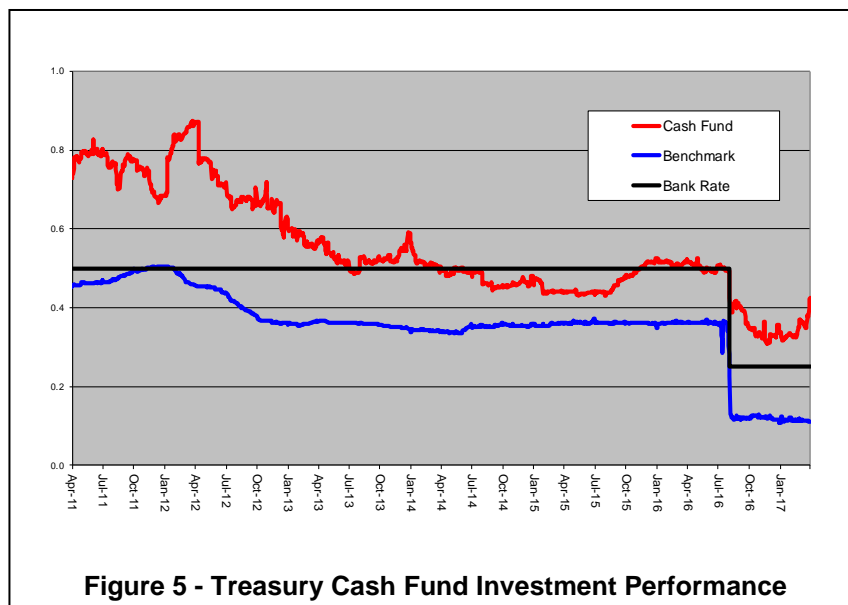
Figure 4 - Value and Cost of the Council’s Borrowing

3.3.8 The total interest cost in servicing the Council's debt fell from £78.6m to £73.0m. This is the result of a combination of the lower underlying need to borrow, some high interest rate debt from the 90s maturing and the strategy to temporarily fund capital expenditure by reducing investment balances.

3.4 Investment Out-turn 2016/17

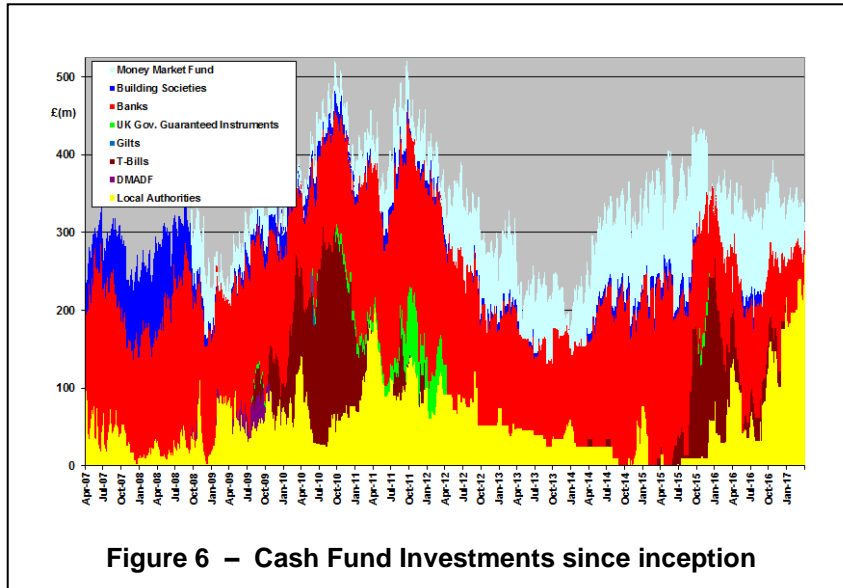
3.4.1 The Council's money is invested via the Treasury Cash Fund. The Cash Fund encompasses a number of organisations, including Lothian Pension Fund. Interest is accrued on a monthly basis and performance is evaluated against a benchmark, which is 7-day LIBID.

3.4.2 Figure 5 below shows the investment performance since April 2011.

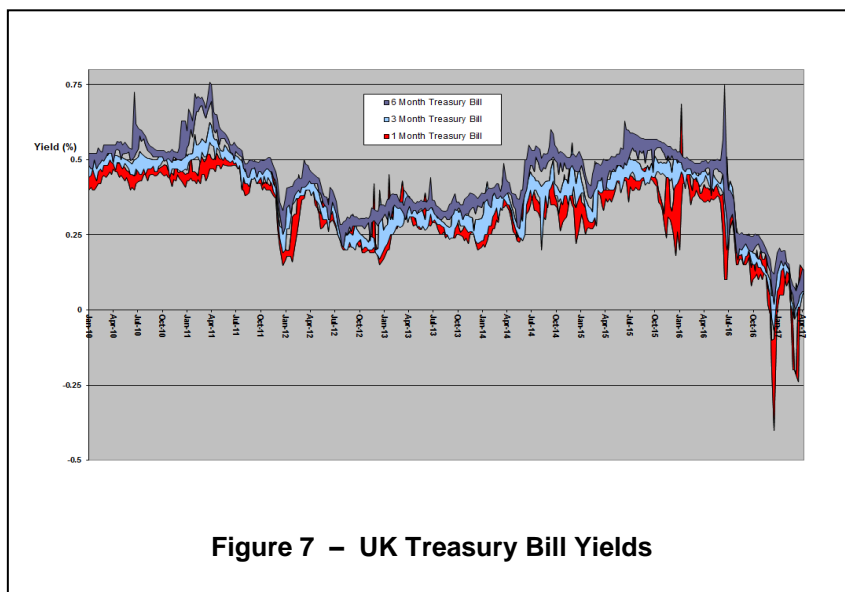


3.4.3 The average interest rate on the Fund for the year was 0.40%, which continued to outperform the benchmark which was 0.20% for the year. The Fund generated income of just under £870k for the financial year to CEC.

3.4.4 The emphasis remained on security during the financial year with the return of the principal sum being the main concern. With the Strategy being around the security of the investments, Cash Fund money invested with banking institutions was held mostly on call or on short term fixed deposit. Figure 6 below shows the distribution of the Cash Fund investments since April 2007



3.4.5 As can be seen in Figure 7 the rates on offer on Treasury Bills decreased substantially during the year. Rates being achieved with Local Authority deposits have remained low during the year. However, there were seasonal opportunities in December and at the end of the financial year which the Council was able to take advantage of this albeit the investments were only relatively short duration. At the end of the financial year the Council had over £216m on deposit with other Local Authorities.



3.4.6 The Cash Fund’s Investment Strategy continued to be based around the security of the investments. Figure 8 below shows the weighted average life (WAL) of the Cash Fund since inception.

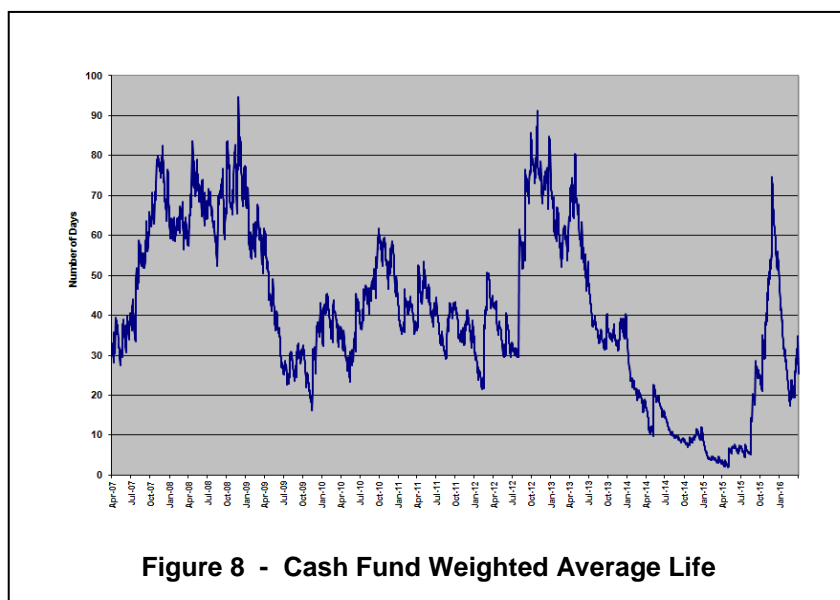


Figure 8 - Cash Fund Weighted Average Life

3.4.7 The Fund's weighted average life – i.e. the average time to maturity of the Cash Fund investments – was 51 days at the end of the financial year. The WAL increased towards the end of the financial year due to fixed deposits being agreed with Local Authorities at attractive rates of interest.

3.5 Other Issues

3.5.1 There are two other issues which have progressed since they were previously reported to Elected Members.

3.5.2 Firstly, the Financial Conduct Authority (FCA) undertook a consultation on the implementation of the EU's Markets in Financial Instruments Directive (MiFID) II earlier this year. The consultation included the FCA's intention to reclassify local authorities as Retail Investors. The FCA has now issued their policy document following the consultation which has confirmed the default client classification of local authorities as Retail. It also outlines the criteria to be met for a local authority to opt up to Professional Classification. It is the intention of the authority to seek to opt up to Professional Investor status and further work will be undertaken over the next few months to ensure that the Council can demonstrate it meets the requirements for opting up.

3.5.3 Also as previously reported, the Chartered Institute of Public Finance Accountants (CIPFA) issued a consultation earlier in the year on both the Treasury Management Code of Practice and the Prudential Code. Although no issues on the consultation were raised by the Council's Elected Members, a response was submitted. It seems likely that there will be some significant changes to the Codes, particularly the Prudential Code, in relation to commercial activities undertaken by Councils. There will be a further consultation on the new drafts of the Codes during Q3 2017.

3.6 Conclusions

- 3.6.1 The Strategy set in March 2016 the Council stated there would be no borrowing completed during the financial year and capital expenditure would be funded temporarily from investments rather than borrowing.
- 3.6.2 The investment return for 2016/17 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

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 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.

Stephen S. Moir

Executive Director of Resources

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11. Appendices

Appendix 1 - PWLB, MARKET, SALIX DEBT PORTFOLIO

Appendix 1 – PWLB, MARKET, SALIX DEBT PORTFOLIO

PWLB

Start Date	Loan Type	Maturity Date	Principal Outstanding	Interest Rate	Annual Interest
				%	£
02/12/2011	M	02/06/2017	5,000,000.00	2.28	114,000.00
27/03/1992	M	25/09/2017	10,000,000.00	10.625	1,062,500.00
09/10/2008	M	09/10/2017	5,000,000.00	4.39	219,500.00
03/04/1992	M	25/03/2018	30,000,000.00	10.875	3,262,500.00
23/04/2009	M	23/04/2018	15,000,000.00	3.24	486,000.00
17/09/1992	M	15/05/2018	8,496,500.00	9.75	828,408.75
09/06/2009	M	09/06/2018	5,000,000.00	3.75	187,500.00
17/09/1993	M	15/11/2018	5,000,000.00	7.875	393,750.00
23/03/1994	M	15/11/2018	5,000,000.00	8	400,000.00
14/03/1994	M	11/03/2019	2,997,451.21	7.625	228,555.65
18/10/1993	M	25/03/2019	5,000,000.00	7.875	393,750.00
30/03/2009	M	30/03/2019	5,000,000.00	3.46	173,000.00
21/04/2009	M	21/04/2019	10,000,000.00	3.4	340,000.00
23/04/2009	M	23/04/2019	5,000,000.00	3.38	169,000.00
12/11/2008	A	12/11/2019	1,583,825.88	3.96	77,256.58
23/03/1994	M	15/11/2019	5,000,000.00	8	400,000.00
07/12/1994	M	15/11/2019	10,000,000.00	8.625	862,500.00
01/12/2008	A	01/12/2019	1,566,340.12	3.65	70,501.07
01/12/2009	M	01/12/2019	5,000,000.00	3.77	188,500.00
14/12/2009	M	14/12/2019	10,000,000.00	3.91	391,000.00
15/02/1995	M	25/03/2020	5,000,000.00	8.625	431,250.00
21/04/2009	M	21/04/2020	10,000,000.00	3.54	354,000.00
12/05/2009	M	12/05/2020	10,000,000.00	3.96	396,000.00
21/10/1994	M	15/05/2020	5,000,000.00	8.625	431,250.00
07/12/1994	M	15/05/2020	5,000,000.00	8.625	431,250.00
21/11/2011	M	21/05/2020	15,000,000.00	2.94	441,000.00
16/08/1995	M	03/08/2020	2,997,451.21	8.375	251,036.54
09/12/1994	M	15/11/2020	5,000,000.00	8.625	431,250.00
10/05/2010	A	10/05/2021	2,250,909.52	3.09	80,227.02
21/10/1994	M	15/05/2021	10,000,000.00	8.625	862,500.00
10/03/1995	M	15/05/2021	11,900,000.00	8.75	1,041,250.00
12/06/1995	M	15/05/2021	10,000,000.00	8	800,000.00
02/06/2010	M	02/06/2021	5,000,000.00	3.89	194,500.00
16/08/1994	M	03/08/2021	2,997,451.21	8.5	254,783.35
28/04/1994	M	25/09/2021	5,000,000.00	8.125	406,250.00
23/04/2009	M	23/04/2022	5,000,000.00	3.76	188,000.00
12/06/1995	M	15/05/2022	10,200,000.00	8	816,000.00
14/06/2010	M	14/06/2022	10,000,000.00	3.95	395,000.00
31/03/1995	M	25/09/2022	6,206,000.00	8.625	535,267.50
16/02/1995	M	03/02/2023	2,997,451.21	8.625	258,530.17
24/04/1995	M	25/03/2023	10,000,000.00	8.5	850,000.00
05/12/1995	M	15/05/2023	5,200,000.00	8	416,000.00

PWLB cont

Start Date	Loan Type	Maturity Date	Principal Outstanding	Interest Rate %	Annual Interest £
20/09/1993	M	14/09/2023	2,997,451.21	7.875	236,049.28
20/09/1993	M	14/09/2023	584,502.98	7.875	46,029.61
08/05/1996	M	25/09/2023	10,000,000.00	8.375	837,500.00
13/10/2009	M	13/10/2023	5,000,000.00	3.87	193,500.00
05/12/1995	M	15/11/2023	10,000,000.00	8	800,000.00
10/05/2010	M	10/05/2024	10,000,000.00	4.32	432,000.00
28/09/1995	M	28/09/2024	2,895,506.10	8.25	238,879.25
14/05/2012	M	14/11/2024	10,000,000.00	3.36	336,000.00
14/12/2009	A	14/12/2024	6,002,174.17	3.66	237,165.61
17/10/1996	M	25/03/2025	10,000,000.00	7.875	787,500.00
10/05/2010	M	10/05/2025	5,000,000.00	4.37	218,500.00
16/11/2012	M	16/05/2025	20,000,000.00	2.88	576,000.00
13/02/1997	M	18/05/2025	10,000,000.00	7.375	737,500.00
20/02/1997	M	15/11/2025	20,000,000.00	7.375	1,475,000.00
01/12/2009	A	01/12/2025	9,482,868.43	3.64	369,162.00
21/12/1995	M	21/12/2025	2,397,960.97	7.875	188,839.43
21/05/1997	M	15/05/2026	10,000,000.00	7.125	712,500.00
28/05/1997	M	15/05/2026	10,000,000.00	7.25	725,000.00
29/08/1997	M	15/11/2026	5,000,000.00	7	350,000.00
24/06/1997	M	15/11/2026	5,328,077.00	7.125	379,625.49
07/08/1997	M	15/11/2026	15,000,000.00	6.875	1,031,250.00
13/10/1997	M	25/03/2027	10,000,000.00	6.375	637,500.00
22/10/1997	M	25/03/2027	5,000,000.00	6.5	325,000.00
13/11/1997	M	15/05/2027	3,649,966.00	6.5	237,247.79
17/11/1997	M	15/05/2027	5,000,000.00	6.5	325,000.00
13/12/2012	M	13/06/2027	20,000,000.00	3.18	636,000.00
12/03/1998	M	15/11/2027	8,677,693.00	5.875	509,814.46
06/09/2010	M	06/09/2028	10,000,000.00	3.85	385,000.00
14/07/2011	M	14/07/2029	10,000,000.00	4.9	490,000.00
14/07/1950	E	03/03/2030	3,286.13	3	104.27
14/07/2011	M	14/07/2030	10,000,000.00	4.93	493,000.00
15/06/1951	E	15/05/2031	3,398.21	3	107.22
06/09/2010	M	06/09/2031	20,000,000.00	3.95	790,000.00
15/12/2011	M	15/06/2032	10,000,000.00	3.98	398,000.00
15/09/2011	M	15/09/2036	10,000,000.00	4.47	447,000.00
22/09/2011	M	22/09/2036	10,000,000.00	4.49	449,000.00
10/12/2007	M	10/12/2037	10,000,000.00	4.49	449,000.00
08/09/2011	M	08/09/2038	10,000,000.00	4.67	467,000.00
15/09/2011	M	15/09/2039	10,000,000.00	4.52	452,000.00
06/10/2011	M	06/10/2043	20,000,000.00	4.35	870,000.00
09/08/2011	M	09/02/2046	20,000,000.00	4.8	960,000.00
23/01/2006	M	23/07/2046	10,000,000.00	3.7	370,000.00
23/01/2006	M	23/07/2046	10,000,000.00	3.7	370,000.00

PWLB cont

Start Date	Loan Type	Maturity Date	Principal Outstanding	Interest Rate %	Annual Interest £
19/05/2006	M	19/11/2046	10,000,000.00	4.25	425,000.00
07/01/2008	M	07/01/2048	5,000,000.00	4.4	220,000.00
27/01/2006	M	27/07/2051	1,250,000.00	3.7	46,250.00
16/01/2007	M	16/07/2052	40,000,000.00	4.25	1,700,000.00
30/01/2007	M	30/07/2052	10,000,000.00	4.35	435,000.00
13/02/2007	M	13/08/2052	20,000,000.00	4.35	870,000.00
20/02/2007	M	20/08/2052	70,000,000.00	4.35	3,045,000.00
22/02/2007	M	22/08/2052	50,000,000.00	4.35	2,175,000.00
08/03/2007	M	08/09/2052	5,000,000.00	4.25	212,500.00
30/05/2007	V	30/11/2052	10,000,000.00	4.6	460,000.00
11/06/2007	M	11/12/2052	15,000,000.00	4.7	705,000.00
12/06/2007	M	12/12/2052	25,000,000.00	4.75	1,187,500.00
05/07/2007	M	05/01/2053	12,000,000.00	4.8	576,000.00
25/07/2007	M	25/01/2053	5,000,000.00	4.65	232,500.00
10/08/2007	M	10/02/2053	5,000,000.00	4.55	227,500.00
24/08/2007	M	24/02/2053	7,500,000.00	4.5	337,500.00
13/09/2007	M	13/03/2053	5,000,000.00	4.5	225,000.00
12/10/2007	M	12/04/2053	5,000,000.00	4.6	230,000.00
05/11/2007	M	05/05/2057	5,000,000.00	4.6	230,000.00
15/08/2008	M	15/02/2058	5,000,000.00	4.39	219,500.00
02/12/2011	M	02/12/2061	5,000,000.00	3.98	199,000.00
			1,022,166,264.56		55,440,591.05

Market Debt (non LOBO)

Start Date	Loan Type	Maturity Date	Principal Outstanding	Interest Rate %	Annual Interest £
21/08/1992	M	21/08/2017	500,000.00	9.75	48,750.00
21/08/1992	M	21/08/2017	500,000.00	9.75	48,750.00
30/06/2005	M	30/06/2065	5,000,000.00	4.4	220,000.00
07/07/2005	M	07/07/2065	5,000,000.00	4.4	220,000.00
21/12/2005	M	21/12/2065	5,000,000.00	4.99	249,500.00
28/12/2005	M	24/12/2065	12,500,000.00	4.99	623,750.00
14/03/2006	M	15/03/2066	15,000,000.00	5	750,000.00
18/08/2006	M	18/08/2066	10,000,000.00	5.25	525,000.00
01/02/2008	M	01/02/2078	10,000,000.00	3.95	395,000.00
			63,500,000.00		3,080,750.00

**Market Debt
(LOBO)**

Start Date	Loan Term	Maturity Date	Principal Outstanding	Interest Rate %	Annual Interest £
12/11/1998	M	13/11/2028	3,000,000.00	4.75	142,500.00
15/12/2003	M	15/12/2053	10,000,000.00	5.25	525,000.00
18/02/2004	M	18/02/2054	10,000,000.00	4.54	454,000.00
28/04/2005	M	28/04/2055	12,900,000.00	4.75	612,750.00
01/07/2005	M	01/07/2065	10,000,000.00	3.86	386,000.00
24/08/2005	M	24/08/2065	5,000,000.00	4.4	220,000.00
07/09/2005	M	07/09/2065	10,000,000.00	4.99	499,000.00
13/09/2005	M	14/09/2065	5,000,000.00	3.95	197,500.00
03/10/2005	M	05/10/2065	5,000,000.00	4.375	218,750.00
23/12/2005	M	23/12/2065	10,000,000.00	4.75	475,000.00
03/04/2006	M	01/04/2066	10,000,000.00	4.875	487,500.00
03/04/2006	M	01/04/2066	10,000,000.00	4.875	487,500.00
03/04/2006	M	01/04/2066	10,000,000.00	4.875	487,500.00
07/04/2006	M	07/04/2066	10,000,000.00	4.75	475,000.00
06/03/2006	M	04/03/2066	5,000,000.00	4.625	231,250.00
17/03/2006	M	17/03/2066	10,000,000.00	5.25	525,000.00
05/06/2006	M	07/06/2066	20,000,000.00	5.25	1,050,000.00
05/06/2006	M	07/06/2066	16,500,000.00	5.25	866,250.00
26/02/2010	M	26/02/2060	5,000,000.00	7.751	387,550.00
26/02/2010	M	26/02/2060	10,000,000.00	7.751	775,100.00
25/02/2011	M	25/02/2060	15,000,000.00	7.781	1,167,150.00
25/02/2011	M	25/02/2060	10,000,000.00	7.781	778,100.00
			212,400,000.00		11,448,400.00

SALIX INTEREST FREE

Start Date	Loan Type	Maturity Date	Principal Outstanding	Interest Rate %	Annual Interest £
07/01/2015	E	01/09/2021	355,307.13	0	0.00
31/03/2015	E	01/04/2023	1,171,883.31	0	0.00
22/09/2015	E	01/10/2023	307,719.58	0	0.00
			1,834,910.02		0.00