

The City of Edinburgh Council

10.00am, Thursday 26 August 2021

Treasury Management: Annual Report 2020/21 – referral from the Finance and Resources Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Finance and Resources Committee has referred a report on Treasury Management activity in 2020/21 to the City of Edinburgh Council for approval.

Stephen S Moir
Executive Director of Corporate Services

Contact: Louise Williamson, Assistant Committee Officer
Legal and Assurance Division, Corporate Services Division
Email: louise.p.williamson@edinburgh.gov.uk



Referral Report

Treasury Management: Annual Report 2020/21

2. Terms of Referral

- 2.1 On 12 August 2021, the Finance and Resources Committee considered a report which provided an update on Treasury Management activity in 2020/21. The Council had adopted the CIPFA Code of Practice on Treasury Management in the Public Sector, and under the code, an Annual Report on Treasury Management must be submitted to the Council after the end of each financial year.
- 2.2 The Finance and Resources Committee agreed:
 - 2.2.1 To note the Annual Report on Treasury Management for 2020/21.
 - 2.2.2 To refer the report to Council for approval.
 - 2.2.3 To refer the report to the Governance, Risk and Best Value Committee for their scrutiny.

3. Background Reading/ External References

- 3.1 [Finance and Resources Committee – 12 August 2021 - Webcast](#)
- 3.2 Minute of the Finance and Resources Committee of 12 August 2021

4. Appendices

- 4.1 Appendix 1 – report by the Executive Director of Corporate Services

Finance and Resources Committee

10:00am, Thursday, 12th August 2021

Treasury Management: Annual Report 2020/21

Executive/routine Wards Council Commitments	Executive
---	-----------

1. Recommendations

- 1.1 It is recommended that the Committee:
- 1.2 Notes the Annual Report on Treasury Management for 2020/21;
- 1.3 Remits the report to Council for approval; and,
- 1.4 Refers the report to the Governance, Risk and Best Value Committee for their scrutiny.

Stephen S. Moir

Executive Director of Corporate Services

Contact: Innes Edwards, Principal Treasury and Banking Manager,
Finance and Procurement Division, Corporate Services Directorate

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

Report

Treasury Management: Annual Report 2020/21

2. Executive Summary

- 2.1 The purpose of this report is to give an update on Treasury Management activity in 2020/21.

3. Background

- 3.1 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 must 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.

4. Main report

Prudential Indicators

- 4.1 Treasury Management is undertaken with regard to the CIPFA Code of Practice for Treasury Management in the Public Services and CIPFA's Prudential Code. Appendix 1 contains Prudential Indicators showing the actual out-turn for 2020/21.

Borrowing Out-turn

- 4.2 Appendix 2 gives a short economic review of the year, including a commentary from the Council's Treasury Advisors.
- 4.3 Appendix 3 gives an overview of the Council's borrowing for 2020/21. The Council borrowed £10m from the PWLB towards the end of the financial year utilising the infrastructure rate available and completed the drawdown of the £60m forward borrowing in October 2020.
- 4.4 The Council's debt outstanding increased slightly during the year due to the offset of the drawdown of the pre-borrowing and small amount of PWLB borrowed towards the end of the financial year and maturing debt. Interest costs for the year were broadly similar to 2019/20. At year end, the Council's debt was £134m below

its Capital Financing Requirement (its underlying need to borrow). A list of the Council's borrowing at 31 March 2021 is included in Appendix 5.

Investment Out-turn

- 4.5 Appendix 4 shows the Investment Out-turn for 2020/21.
- 4.6 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 going forward will be 7-day compounded SONIA (sterling overnight index average) less 6.25 basis points, this was changed at the end of the 20/21 financial year from 7-day LIBID (London Interbank Bid Rate) as it's calculated from LIBOR (London Interbank Offered Rate) which is being phased out.
- 4.7 The average interest rate on the fund for the year was 0.25%. This continued to show outperformance against the benchmark which was 0.001% for the year.

Post Year End Activity

- 4.8 Appendix 6 notes that £140m in new PWLB borrowing has been taken early in the 2021/22 financial year to mitigate the Council's interest rate risk.

Conclusions

- 4.9 The Council undertook £10m borrowing from the PWLB and the drawdown of the £60m advance borrowing was completed in October 2020.
- 4.10 The investment return for 2020/21 continued to show out-performance against the Fund's benchmark, although low in absolute terms, while maintaining the security of the investments.

5. Next Steps

- 5.1 The Treasury team will continue to operate its Treasury Cash Fund with the aim of out-performing its benchmark of 7-day compounded SONIA less 6.25 basis points and manage the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

6. Financial impact

- 6.1 The Treasury Cash Fund has generated significant additional income for the Council.

7. Stakeholder/Community Impact

- 7.1 There are no adverse stakeholder/community impacts arising from this report.

8. Background reading/external references

8.1 None

9. Appendices

9.1 Appendix 1: Prudential Indicators Out-turn

9.2 Appendix 2: Economic Review of 2020/21

9.3 Appendix 3: Borrowing Out-turn 2020/21

9.4 Appendix 4: Investment Out-turn 2020/21

9.5 Appendix 5: Outstanding Debt as at 31st March 2021

9.6 Appendix 6: Post Year End Activity

Appendix 1

Prudential Indicators Out-turn

(a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2020/21.

	2019/20 Actual £'000	2020/21 Original £'000	2020/21 Revised £'000	2020/21 Actual £'000
General Fund				
Communities and Families	64,321	114,331	96,026	87,439
Place	109,606	201,611	138,457	131,292
Place - Tram York Place to Newhaven	25,187	70,721	59,648	53,071
Place - Lending	28,138	56,139	31,329	19,313
Resources - Asset Management Works	48,547	16,704	9,014	14,517
Resources - Other	2,873	6,051	1,682	478
Contingency		4,242	0	0
Total General Services Capital Expenditure	278,562	469,799	336,441	306,110
Housing Revenue Account	111,854	96,468	56,969	41,456
Total	390,416	566,267	393,410	347,567

Table A1.1 – Capital Expenditure 2020/21

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 reported in the Treasury Strategy in March 2020, with the revised figures representing the projected position reported to the Finance and Resources Committee in August 2020 following the re-phasing of the programme. The 2020/21 Actual is the capital outturn reported in the Capital Report.

The following table shows how the £347.6m of capital expenditure incurred in 2020/21 was funded and the movement in the Net Capital Advances outstanding:

	General Fund £'000	HRA £'000	CEC Total £'000	Police £'000	Total £'000
Net Cap Adv (01/04/20)	968,770	395,163	1,363,933	10,667	1,374,600
Gross Cap Ex	306,110	41,456	347,566	0	347,566
Cap Income	-155,504	-43,035	-198,539	0	-198,539
Net Cap Ex	150,606	-1,579	149,027	0	149,027
Capital Repaid	-33,617	-8,771	-42,388	-544	-42,932
Net Cap Adv (01/04/21)	1,085,759	384,813	1,470,572	10,123	1,480,695

Table A1.2 – Source of Funding for Capital Expenditure 2020/21

The CEC Total column shows expenditure of £347.6m being partly funded by capital grants and capital receipts, leaving £149.0m to be funded by borrowing. The Council repaid principal of £42.4m for previous capital advances, giving net increase in the need to borrow of £106.6m. In addition, previous capital advances of £0.5m were repaid on behalf of the former Police Joint Board, giving a total net increase in the need to borrow of £106.1.

(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.

	2019/20 Actual %	2020/21 Estimate %	2020/21 Actual %
General Services	10.50	10.48	6.82
Housing Revenue Account	37.65	35.57	32.92

Table A1.3 – Ratio of Financing Costs to Net Revenue Stream

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

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

	2019/20 Actual £'000	2020/21 Estimate £'000	2020/21 Actual £'000
General Services (incl. finance leases)	1,133,084	1,453,000	1,227,367
Edinburgh Living LLP	19,023	66,000	38,076
NHT LLPs	94,264	108,000	87,551
Housing Revenue Account	395,163	418,000	384,813
Total	1,641,534	2,045,000	1,737,807

Table A1.4 – Capital Financing Requirement

In preparing Tables A1.4 and A1.5, 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.

	2019/20 Actual £'000	2020/21 Actual £'000
General Services Capital Advances	968,770	1,085,759
HRA Capital Advances	395,163	384,813
Total CEC Borrowing CFR	1,363,933	1,470,572
Other Finance Lease Liabilities	277,601	267,237
Total CEC Debt CFR	1,641,534	1,737,809

Table A1.5 – Split of CEC Capital Financing Requirement

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.

Appendix 2

Economic Review of 2020/21

The Council's treasury advisor, Arlingclose, has provided the following economic review of the year:

The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures, the size of which has not been seen in peacetime.

Some good news came in December 2020 as two COVID-19 vaccines were given approval by the UK Medicines and Healthcare products Regulatory Agency (MHRA). The UK vaccine rollout started in earnest; over 31 million people had received their first dose by 31st March.

A Brexit trade deal was agreed with only days to spare before the 11pm 31st December 2020 deadline having been agreed with the European Union on Christmas Eve.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. In its March 2021 interest rate announcement, the BoE noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help. Since March 2020, the government schemes have help protect more than 11 million jobs.

Despite the furlough scheme, unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms (4.2% for regular pay) and was up 3.9% in real terms (3.4% for regular pay). Unemployment is still expected to increase once the various government job support schemes come to an end.

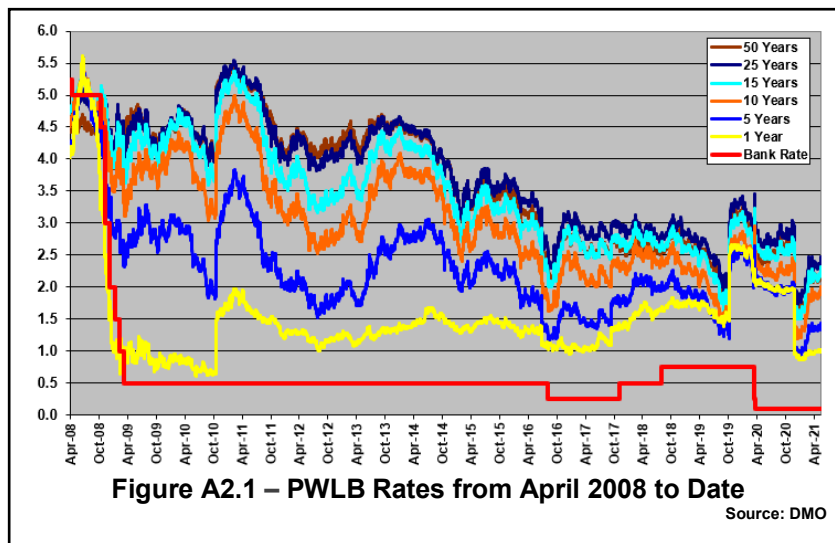
Inflation has remained low over the 12 month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% year/year in February, below expectations (0.8%) and still well below the Bank of England's 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.7% year/year (1.0% expected).

After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8% q/q, growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. When released, figures for Q1 (Jan-Mar) 2021 are expected to show a decline given the national lockdown.

After collapsing at an annualised rate of 31.4% in Q2, the US economy rebounded by 33.4% in Q3 and then a further 4.1% in Q4. The US recovery has been fuelled by three major pandemic relief stimulus packages totalling over \$5 trillion. The Federal Reserve cut its main interest rate to between 0% and 0.25% in March 2020 in response to the pandemic and it has remained at the same level since. Joe Biden became the 46th US president after defeating Donald Trump.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.5% but in December 2020 increased the size of its asset purchase scheme to €1.85 trillion and extended it until March 2022.

Figure A2.1 below shows PWLB borrowing rates since 2008. This clearly shows an increase in borrowing rates mainly due to the COVID-19 vaccine roll out and expected economic recovery.



Appendix 3

Borrowing Out-turn 2020/21

Background to 2020/21 Borrowing

The strategy for 2020/21 approved in March 2020 was, subject to appropriate rates being available, to:

- Fund the 2020/21 requirement by reducing cash deposits further;
- Borrow for each tranche of LLP housing subject to with meeting the viability test for the tranche;
- Seek to mitigate risk on major projects as the requirement becomes more certain.

On the 26th November 2020, the UK Treasury decreased the margin applied to all PWLB loans by 100 basis points with immediate effect provided the Local Authority borrowing can confirm that it does not plan to purchase 'investment assets primarily for yield'. This comes after the margin was increased by the same amount in October 2019. The authority is now required to provide more detailed capital expenditure details when applying for the PWLB's Certainty Rate to give access to the reduced rate.

Due to grant income and therefore increased cash balances and the drawdown of advance borrowing the Council did not require to borrow from the PWLB. The only borrowing completed was £10m in March 2021 for 30 years. This was to utilise the Councils allocation to the lower interest rate available through the Infrastructure Rate for financial year 2020/21.

Table A3.1 below summarises the movements in the Council's borrowing during the year.

Type of Loan	Balance 01.04.2020 £m	Borrowing Raised £m	Borrowing Repaid £m	Balance 31.03.2021 £m
PWLB - fixed	1,100.21	10.00	-58.81	1,051.40
Salix Finance Ltd	1.06		-0.32	0.74
Market	234.90	60.00		294.90
	<u>1,336.17</u>	<u>70.00</u>	<u>-59.13</u>	<u>1,347.04</u>
Capital Advances	<u>1,373.37</u>			<u>1,480.80</u>
Under-borrowed	<u>37.20</u>		Under-borrowed	<u>133.76</u>

Table A3.1 – Outstanding Debt Portfolio 2020/21

The following chart gives the following sources of the Council's borrowing at the end of the financial year:

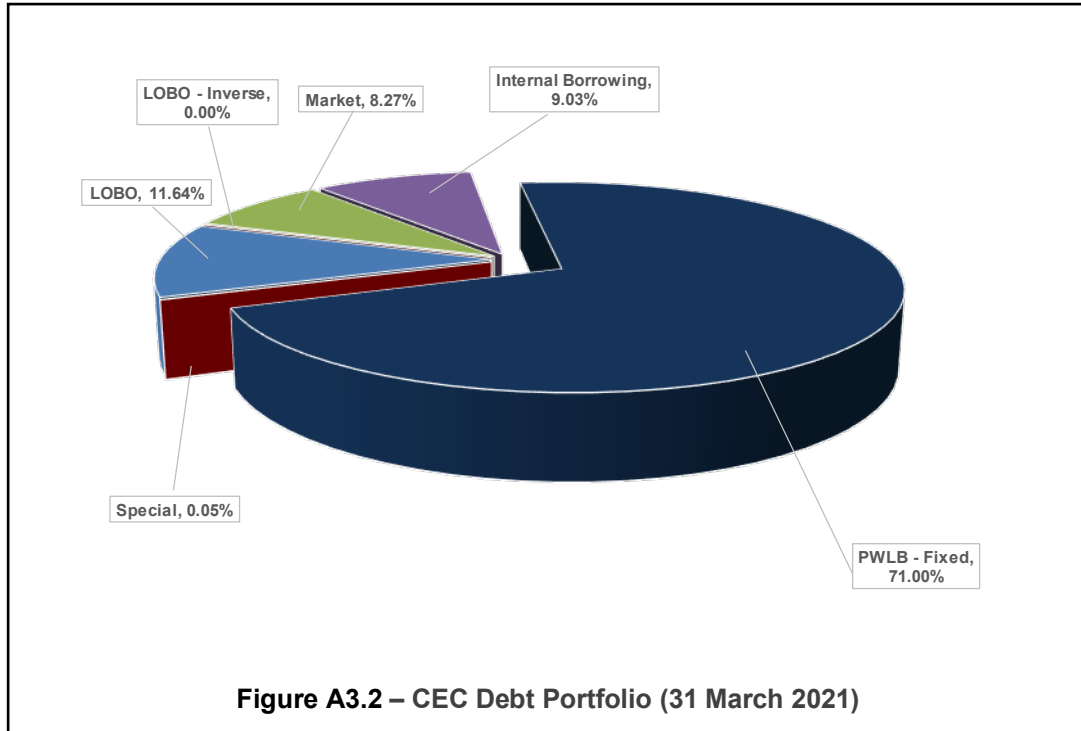
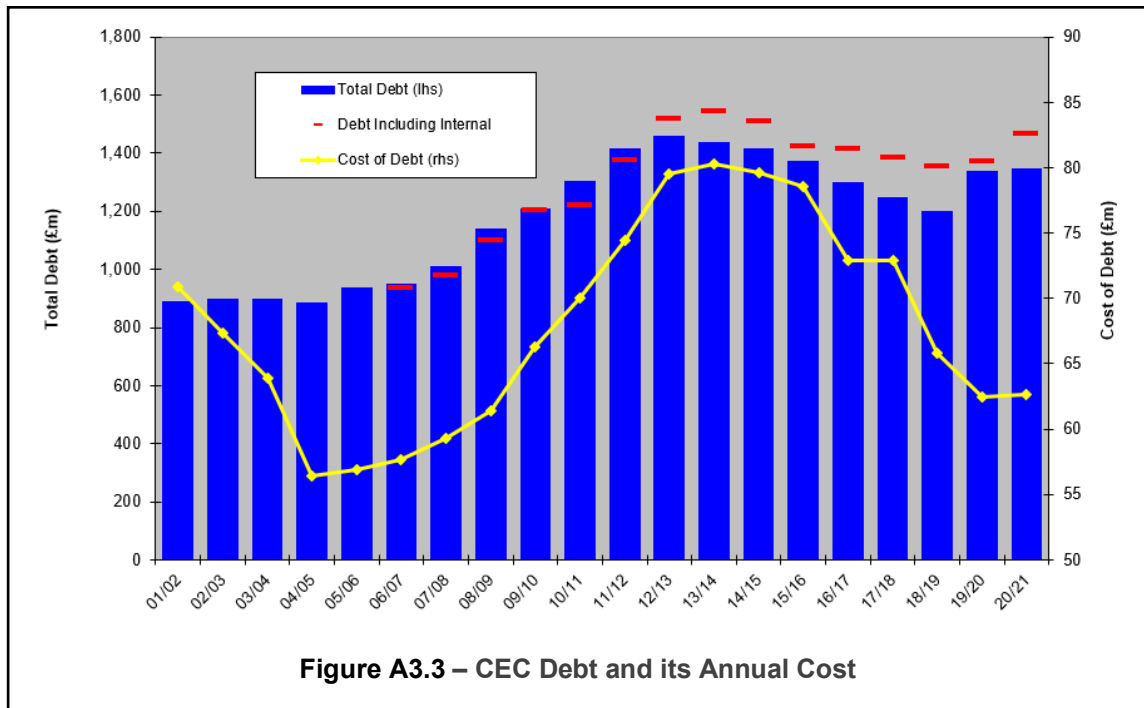


Figure A3.3 below shows the Council’s borrowing and the annual interest cost of that borrowing. The cost of borrowing has edged up. This is due to the full year cost of the 2019/20 borrowing and falling out of the one-off revenue element of the savings achieved by the LOBO restructuring in 2019/20.



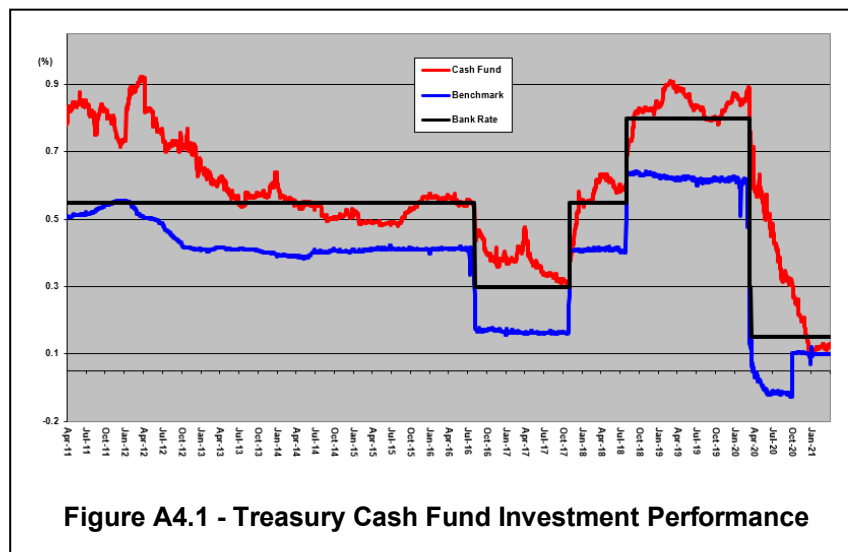
Appendix 4

Investment Out-turn 2020/21

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 compounded SONIA less 6.25 basis points.

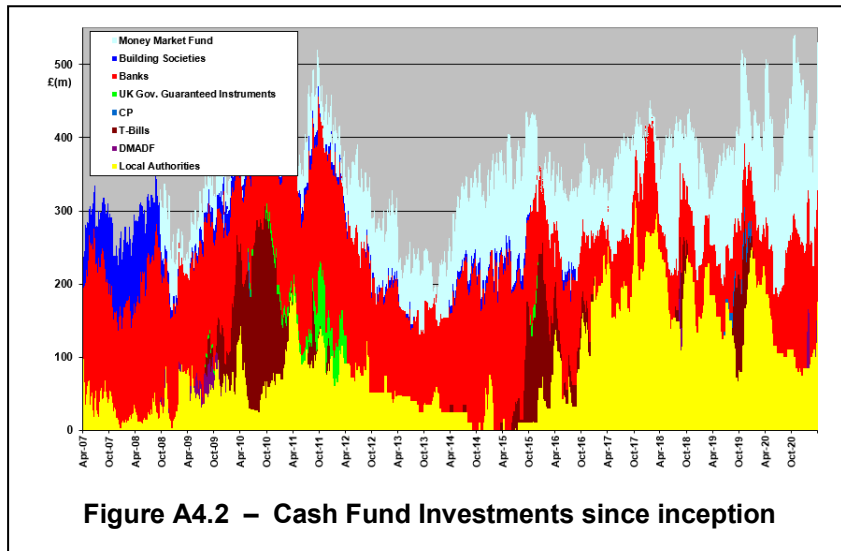
As COVID-19 continues to cause disruption to economies the Bank of England's Monetary Policy Committee (MPC) has maintained UK Bank Rate at 0.10% since the 19th March 2020. The annual CPI rate of inflation was 1.4% in February 2021.

Figure A4.1 below shows investment performance since April 2011.

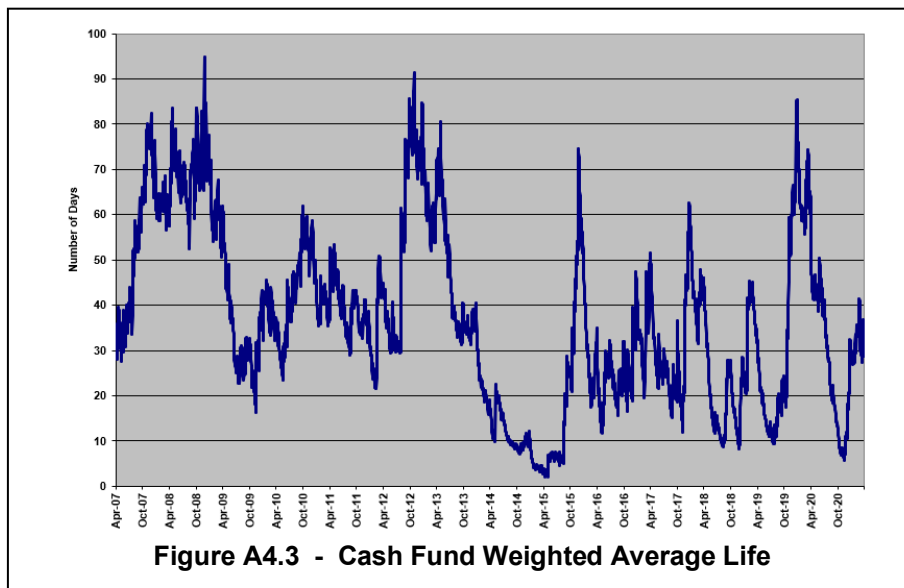


The average interest rate on the Cash Fund for the year was 0.25%, which continued to outperform the benchmark of 0.001%. The fund generated income of just over £585k for the financial year to CEC.

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 has been invested with banking institutions which was held on instant access call and a 31 day notice account with a highly credit rated institution, money market funds and a large percentage of the fund was held with other Local Authorities on short term fixed deposits and notice accounts. Figure A4.2 below shows the distribution of the Cash Fund investments since April 2007.



The strategy remains to seek trades which add value relative to MMF/Bank rates and make a positive contribution towards out-performance while maintaining the security of funds.



As can be seen in Figure A4.3 the weighted average life of the fund increased to above 40 days towards the end of the financial year. The inter local authority market tightened for a while in the middle of March and advantage was taken of this to make further loans to other local authorities.

Appendix 5

Outstanding Debt as at 31st March 2021

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
A	10/05/2010	10/05/2021	265,710.97	3.09	4,105.23
M	21/10/1994	15/05/2021	10,000,000.00	8.625	431,250.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	520,625.00
M	12/06/1995	15/05/2021	10,000,000.00	8.00	400,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	97,250.00
M	16/08/1994	03/08/2021	2,997,451.21	8.50	127,391.68
M	28/04/1994	25/09/2021	5,000,000.00	8.125	203,125.00
M	23/04/2009	23/04/2022	5,000,000.00	3.76	188,000.00
M	12/06/1995	15/05/2022	10,200,000.00	8.00	816,000.00
M	14/06/2010	14/06/2022	10,000,000.00	3.95	395,000.00
M	31/03/1995	25/09/2022	6,206,000.00	8.625	535,267.50
M	16/02/1995	03/02/2023	2,997,451.21	8.625	258,530.17
M	24/04/1995	25/03/2023	10,000,000.00	8.50	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8.00	416,000.00
M	20/09/1993	14/09/2023	2,997,451.21	7.875	236,049.28
M	20/09/1993	14/09/2023	584,502.98	7.875	46,029.61
M	08/05/1996	25/09/2023	10,000,000.00	8.375	837,500.00
M	13/10/2009	13/10/2023	5,000,000.00	3.87	193,500.00
M	05/12/1995	15/11/2023	10,000,000.00	8.00	800,000.00
M	10/05/2010	10/05/2024	10,000,000.00	4.32	432,000.00
M	28/09/1995	28/09/2024	2,895,506.10	8.25	238,879.25
M	14/05/2012	14/11/2024	10,000,000.00	3.36	336,000.00
A	14/12/2009	14/12/2024	3,218,399.79	3.66	138,009.52
M	17/10/1996	25/03/2025	10,000,000.00	7.875	787,500.00
M	10/05/2010	10/05/2025	5,000,000.00	4.37	218,500.00
M	16/11/2012	16/05/2025	20,000,000.00	2.88	576,000.00
M	13/02/1997	18/05/2025	10,000,000.00	7.375	737,500.00
M	20/02/1997	15/11/2025	20,000,000.00	7.375	1,475,000.00
A	01/12/2009	01/12/2025	5,645,240.95	3.64	214,778.35
M	21/12/1995	21/12/2025	2,397,960.97	7.875	188,839.43
M	21/05/1997	15/05/2026	10,000,000.00	7.125	712,500.00
M	28/05/1997	15/05/2026	10,000,000.00	7.25	725,000.00
M	29/08/1997	15/11/2026	5,000,000.00	7.00	350,000.00
M	24/06/1997	15/11/2026	5,328,077.00	7.125	379,625.49
M	07/08/1997	15/11/2026	15,000,000.00	6.875	1,031,250.00
M	13/10/1997	25/03/2027	10,000,000.00	6.375	637,500.00
M	22/10/1997	25/03/2027	5,000,000.00	6.50	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.50	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.50	325,000.00
M	13/12/2012	13/06/2027	20,000,000.00	3.18	636,000.00

M	12/03/1998	15/11/2027	8,677,693.00	5.875	509,814.46
M	06/09/2010	06/09/2028	10,000,000.00	3.85	385,000.00
M	14/07/2011	14/07/2029	10,000,000.00	4.90	490,000.00
E	14/07/1950	03/03/2030	2,274.85	3.00	73.94
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,460.69	3.00	75.58
M	06/09/2010	06/09/2031	20,000,000.00	3.95	790,000.00
M	15/12/2011	15/06/2032	10,000,000.00	3.98	398,000.00
M	15/09/2011	15/09/2036	10,000,000.00	4.47	447,000.00
M	22/09/2011	22/09/2036	10,000,000.00	4.49	449,000.00
M	10/12/2007	10/12/2037	10,000,000.00	4.49	449,000.00
M	08/09/2011	08/09/2038	10,000,000.00	4.67	467,000.00
M	15/09/2011	15/09/2039	10,000,000.00	4.52	452,000.00
M	06/10/2011	06/10/2043	20,000,000.00	4.35	870,000.00
M	09/08/2011	09/02/2046	20,000,000.00	4.80	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.70	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.70	370,000.00
M	19/05/2006	19/11/2046	10,000,000.00	4.25	425,000.00
M	07/01/2008	07/01/2048	5,000,000.00	4.40	220,000.00
A	24/03/2020	24/03/2050	14,609,352.77	1.64	237,972.00
A	26/03/2020	26/03/2050	4,866,712.87	1.49	72,011.97
A	26/03/2021	26/03/2051	10,000,000.00	1.75	173,884.91
M	27/01/2006	27/07/2051	1,250,000.00	3.70	46,250.00
M	16/01/2007	16/07/2052	40,000,000.00	4.25	1,700,000.00
M	30/01/2007	30/07/2052	10,000,000.00	4.35	435,000.00
M	13/02/2007	13/08/2052	20,000,000.00	4.35	870,000.00
M	20/02/2007	20/08/2052	70,000,000.00	4.35	3,045,000.00
M	22/02/2007	22/08/2052	50,000,000.00	4.35	2,175,000.00
M	08/03/2007	08/09/2052	5,000,000.00	4.25	212,500.00
M	30/05/2007	30/11/2052	10,000,000.00	4.6	460,000.00
M	11/06/2007	11/12/2052	15,000,000.00	4.70	705,000.00
M	12/06/2007	12/12/2052	25,000,000.00	4.75	1,187,500.00
M	05/07/2007	05/01/2053	12,000,000.00	4.80	576,000.00
M	25/07/2007	25/01/2053	5,000,000.00	4.65	232,500.00
M	10/08/2007	10/02/2053	5,000,000.00	4.55	227,500.00
M	24/08/2007	24/02/2053	7,500,000.00	4.50	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.50	225,000.00
A	14/10/2019	10/04/2053	107,942,304.56	2.69	2,889,530.19
M	12/10/2007	12/04/2053	5,000,000.00	4.60	230,000.00
M	05/11/2007	05/05/2057	5,000,000.00	4.60	230,000.00
M	15/08/2008	15/02/2058	5,000,000.00	4.39	219,500.00
A	25/01/2019	25/01/2059	2,655,284.60	2.65	71,164.31
A	11/06/2019	11/06/2059	1,253,893.84	2.23	27,846.24
A	01/10/2019	01/10/2059	1,320,070.03	1.74	22,865.72
A	02/10/2019	02/10/2059	39,309,771.67	1.80	704,427.87
A	05/11/2019	05/11/2059	7,048,165.68	2.96	207,906.10
A	28/11/2019	28/11/2059	1,289,237.57	3.03	38,931.27

A	02/12/2019	02/12/2059	2,775,526.71	3.03	83,812.94
A	20/01/2020	20/01/2060	1,965,263.65	1.77	34,629.41
A	20/01/2020	20/01/2060	452,227.68	2.97	13,384.94
M	04/10/2019	04/04/2060	40,000,000.00	1.69	676,000.00
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
M	26/03/2020	26/03/2070	10,000,000.00	1.29	129,000.00
			1,051,403,958.56		

Non LOBO Profile	Start Date	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
M	30/06/2005	30/06/2065	5,000,000.00	4.40	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.40	220,000.00
M	21/12/2005	21/12/2065	5,000,000.00	4.99	249,500.00
M	28/12/2005	24/12/2065	12,500,000.00	4.99	623,750.00
M	14/03/2006	15/03/2066	15,000,000.00	5.00	750,000.00
M	18/08/2006	18/08/2066	10,000,000.00	5.25	525,000.00
M	01/02/2008	01/02/2078	10,000,000.00	3.95	395,000.00
M	08/10/2020	08/10/2045	60,000,000.00		
			122,500,000.00		

LOBO Profile	Start Date	Maturity Date	Principal Outstanding £	Interest Rate %	Annual Interest £
M	12/11/1998	13/11/2028	3,000,000.00	4.75	142,500.00
M	15/12/2003	15/12/2053	10,000,000.00	5.25	525,000.00
M	18/02/2004	18/02/2054	10,000,000.00	4.54	454,000.00
M	28/04/2005	28/04/2055	12,900,000.00	4.75	612,750.00
M	01/07/2005	01/07/2065	10,000,000.00	3.86	386,000.00
M	24/08/2005	24/08/2065	5,000,000.00	4.40	220,000.00
M	07/09/2005	07/09/2065	10,000,000.00	4.99	499,000.00
M	13/09/2005	14/09/2065	5,000,000.00	3.95	197,500.00
M	03/10/2005	05/10/2065	5,000,000.00	4.375	218,750.00
M	23/12/2005	23/12/2065	10,000,000.00	4.75	475,000.00
M	06/03/2006	04/03/2066	5,000,000.00	4.625	231,250.00
M	17/03/2006	17/03/2066	10,000,000.00	5.25	525,000.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	03/04/2006	01/04/2066	10,000,000.00	4.875	487,500.00
M	07/04/2006	07/04/2066	10,000,000.00	4.75	475,000.00
M	05/06/2006	07/06/2066	20,000,000.00	5.25	1,050,000.00
M	05/06/2006	07/06/2066	16,500,000.00	5.25	866,250.00
			172,400,000.00		

SPECIAL FIXED/ VAR	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
F	07/01/2015	01/09/2021	39,478.57	0	0
F	31/03/2015	01/04/2023	450,724.35	0	0
F	22/09/2015	01/10/2023	131,879.82	0	0
F	29/03/2019	01/04/2029	118,981.81	0	0
			741,064.56		

Appendix 6

Post Year End Activity

The 2021/22 Treasury Management Strategy showed that if the capital programme is delivered as forecast over £1bn of new borrowing will be required over the next four years. With interest rates at historic lows, there is a balance to be struck between the cost of carry of new borrowing which is not yet needed to finance capital expenditure and the wish to lock out the low rates.

As interest rate came down, three packages of interest rate risk were taken off the table. The borrowing undertaken was:

June:

£50m 32Year Annuity 1.98%

July:

£40m 30Year Annuity 1.78%

£50m 50Year Maturity 1.74%

The first of these closed out the interest rate risk on the remaining tranche of borrowing required for the capital advances in respect of the Trams to Newhaven project at an interest rate which was over 0.25% below the assumption in the final financial model. To allow the Council to take advantage of the PWLB's HRA Interest Rates in 2020/21 when those rates were not available to the Council's General Fund, the Council's Loans Pool was frozen and two new pools – one for the HRA and one for the General Fund were created. This necessitates that separate borrowing decisions are taken for the HRA in a way that was not required before. The 30Year annuity loan has been borrowed and applied to the HRA pool, and the 50Year maturity loan has been borrowed for and applied to the General Fund pool.

Further detail on this will be included in the Mid-Year Report which reviews the activity in the first half of 2021/22.