Finance and Resources Committee

10:00am, Thursday, 8th September 2022

Treasury Management: Annual Report 2021/22

Executive/routine	**Executive**
Wards	
Council Commitments	

1. Recommendations

1.1 It is recommended that the Committee:

(i) Notes the Annual Report on Treasury Management for 2021/22;

(ii) Remits the report to Council for approval; and,

(iii) Refers the report to the Governance, Risk and Best Value Committee for their scrutiny.

Richard Carr

Interim 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

EDINBVRGH THE CITY OF EDINBURGH COUNCIL

Report

Treasury Management: Annual Report 2021/22

2. Executive Summary

2.1 The purpose of this report is to give an update on Treasury Management activity in 2021/22.

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. 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

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 2021/22. The process of locking out the Council's interest rate risk was accelerated, with the Council borrowing £206m long term from the PWLB at an average interest rate of 1.86% during the financial year.

4.4 That took the total of the Council's new borrowing in the last three years to slightly under £0.5 billion securing long term funding at historically low interest rates. A list of the Council's borrowing at 31 March 2022 is included in Appendix 5.

Investment Out-turn

4.5 Appendix 4 shows the Investment Out-turn for 2021/22.

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 monthly, and performance is evaluated against a benchmark of 7-day compounded SONIA (sterling overnight index average) less 6.25 basis points.

4.7 The average interest rate on the fund for the year was 0.11%. This continued to show outperformance against the benchmark which was 0.06% for the year.

Conclusions

4.8 The Council undertook £206m borrowing from the PWLB repaying just under £52m.

4.9 The investment return for 2021/22 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 2021/22

9.3 Appendix 3: Borrowing Out-turn 2021/22

9.4 Appendix 4: Investment Out-turn 2021/22

9.5 Appendix 5: Outstanding Debt as at 31st March 2022

Appendix 1

Prudential Indicators

Prudential Indicator 1 - Estimate of Capital Expenditure

The actual capital expenditure that was incurred in 2021/22 and the estimates of capital expenditure to be incurred for the current and future years:

	Capital Expenditure - General Services					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
Rolled Forward Capital Investment Programme	£000	£000	£000	£000	£000	£000
Education and Children's Services	95,726	25,342	71,215	103,555	83,314	31,563
Place	176,181	101,212	133,294	79,075	76,013	20,239
Place - Lending	4,167	20,029	62,413	70,500	41,793	10,804
Place - Trams to Newhaven	68,486	54,700	3,507	0	0	0
Place - Asset Management Works	23,236	22,102	26,441	33,677	31,484	20,473
Corporate Services	3,155	1,276	4,091	1,597	669	678
Edinburgh Health and Social Care Partnership	164	284	0	0	0	0
Contingency	0	0	0	0	5,000	5,000
General Slippage in Programme	0	-21,694	-18,660	-5,573	4,574	17,928
Total General Services Capital Expenditure	**371,115**	**203,251**	**282,300**	**282,830**	**242,847**	**106,685**

Table A1.1 – Capital Expenditure 2021/22 – General Services

The Place - Trams to Newhaven figures include capitalised interest following a change in accounting policy approved by Finance and Resources Committee on 21 January 2021. Note that the 2022-2027 Capital Investment Programme includes slippage / acceleration brought forward based on projected capital expenditure reported at the month three stage.

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
Rolled Forward Capital Investment Programme	£000	£000	£000	£000	£000	£000
Housing Revenue Account	64,850	118,755	174,587	266,705	512,713	515,030

Table A1.2 – Capital Expenditure 2021/22– Housing Revenue Account

Note: Figures for 2023/24 onwards are indicative at this stage as the Council has not set a General Services or HRA budget for these years. The figures for General Services are based on the current long term financial plan. HRA figures are based on the business plan which was reported to Finance and Resources Committee on 2 February 2021.

Prudential Indicator 2 - Ratio of Financing Costs to Net Revenue Stream

Estimates of the ratio of financing costs to net revenue stream for the current and future years and the actual figures for 2021/22 are:

	Ratio of Financing Costs to Net Revenue Stream					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	%	%	%	%	%	%
General Services	6.8%	7.3%	8.1%	8.1%	8.2%	8.2%
Housing Revenue Account (HRA)	32.0%	35.7%	37.7%	40.5%	44.2%	47.9%

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

Note: Figures for 2023/24 onwards are indicative at this stage as the Council has not set a General Services or HRA budget for these years. The figures for General Services are based on the current long term financial plan. HRA figures are based on the business plan which was reported to Finance and Resources Committee on 2 February 2021.

Prudential Indicator 3 - Capital Financing Requirement (CFR)

Estimates of the end of year capital financing requirement for the authority for the current and future years and the actual capital financing requirement at 31 March 2022 are:

	Capital Financing Requirement					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
General Services (including Finance Leases)	1,411	1,448	1,502	1,547	1,580	1,547
Housing Revenue Account (HRA)	394	458	542	646	788	941
NHT LLPs	56	32	15	15	0	0
Edinburgh Living LLPs	42	61	123	192	234	244
Total Capital Financing Requirement	**1,903**	**2,000**	**2,181**	**2,401**	**2,602**	**2,732**

Table A1.4 – Capital Financing Requirement

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. The authority has an integrated treasury management strategy and has adopted the CIPFA Code of Practice for Treasury Management in the Public Services. The Council has, at any point in time, a number of cashflows both positive and negative, and manages its treasury position in terms of its borrowings and investments in accordance with its approved treasury management strategy and practices. In day-to-day cash management, no distinction can be made between revenue cash and capital cash. External borrowing arises as a consequence of all the financial transactions of the authority and not simply those arising from capital spending. In contrast, the capital financing requirement reflects the authority's underlying need to borrow for a capital purpose.

The capital financing requirement for the NHT LLPs includes an estimate for repayments of advances. Exit strategies are still to be finalised for the remaining three LLPs, however four have repaid their loans in full.
CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following as a key indicator of prudence. In order to ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.

	Gross Debt and the Capital Financing Requirement					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Gross Debt	1,780	1,720	1,670	1,622	1,548	1,474
Capital Financing Requirements	1,903	2,000	2,181	2,401	2,602	2,732
(Over) / under limit by:	**123**	**280**	**511**	**779**	**1,053**	**1,258**

Table A1.5 – Gross Debt v. Capital Financing Requirement

The authority does not currently envisage borrowing in excess of its capital financing requirement over the next few years. This takes into account current commitments, existing plans and assumptions around cash balances and the proposals in this budget. The figures do not include any expenditure and associated funding requirements, other than projects specifically approved by Council, for the Local Development Plan (LDP) or City Deal.

In 2022/23, the Authority will apply IFRS 16 Leases as adopted by the Code of Accounting Practice. This will subsequently have an impact on the Capital Financing Requirement (CFR) as from the 2022/23 financial year. Therefore, it should be expected to see an increase in the CFR in future years. This will similarly have an impact on the authorised limit and operational boundary for external debt.

Prudential Indicator 4 – Authorised Limit for External Debt

The authorised limit should reflect a level of borrowing which, while not desired, could be afforded, but may not be sustainable. "Credit Arrangements" as defined by Financial Regulations, has been used to calculate the authorised and operational limits requiring both the short and long-term liabilities relating to finance leases and PFI assets to be considered. In respect of its external debt, the following authorised limits for its total external debt gross of investments for the next four financial years was approved in February 2022. These limits separately identify borrowing under credit arrangements including finance leases and PFI assets. Council has approved these limits and to delegate authority to the Service Director for Finance and Procurement, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and credit arrangements, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the Council at its meeting following the change.

	Authorised Limit for External Debt					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Borrowing	1,640	1,983	2,333	2,798	3,260	3,713
Credit Arrangements (including leases)	289	284	279	274	268	262
Authorised Limit for External Debt	**1,929**	**2,267**	**2,612**	**3,072**	**3,528**	**3,975**

Table A1.6 – Authorised Limit for External Debt

These authorised limits are consistent with the authority's current commitments, existing plans, and the proposals in this budget for capital expenditure and financing, and with its approved treasury management policy statement and practices. They are based on the estimate of most likely (but not worst case) scenario with sufficient headroom to allow for operational treasury management. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement, and estimates of cashflow requirements for all purposes.

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.

Prudential Indicator 5 – Operational Boundary for External Debt

The Council has also approved, in February 2022, the following operational boundary for external debt for the same period. The proposed operational boundary equates to the estimated maximum of external debt. It is based on the same estimates as the authorised limit but directly reflects the estimate of the most likely, prudent but not worst-case scenario, without the additional headroom included within the authorised limit to allow for example for unusual cash movements. The operational boundary represents a key management tool for in year monitoring. Within the operational boundary, figures for borrowing and credit arrangements are separately identified. The Council has also delegated authority to the Service Director for Finance and Procurement, within the total operational boundary for any individual year, to effect movement between the separately agreed figures for borrowing and credit arrangements, in a similar fashion to the authorised limit. Any such changes will be reported to the Council at its next meeting following the change.

	Operational Boundary for External Debt					
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m	£m	£m
Borrowing	1,640	1,933	2,283	2,748	3,260	3,713
Credit Arrangements (including leases)	289	284	279	274	268	262
Operational Boundary for External Debt	**1,929**	**2,217**	**2,562**	**3,022**	**3,528**	**3,975**

Table A1.7 – Operational Boundary for External Debt

The Council's actual external borrowing at 31 March 2022 was £1,499m (including sums repayable within 12 months).

Prudential Indicator 5 – Operational Boundary for External Debt

Under the changes to the Prudential Code which came into force in December 2017, the requirement to measure and report on the incremental impact on the Council Tax / rents was removed from the Code. The authority can set its own local indicators to measure the affordability of its capital investment plans. The Service Director for Finance and Procurement considers that Council should be advised of the loans charges cost implications which will result from the spending plans being considered for approval. These cost implications have been included in the Council's Revenue and HRA budgets for 2022/23 and for future years will be considered as part of the longer-term financial frameworks.

	Loans Charges Liability					
	2021/22 Actual £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £001
General Services (excluding On-Lending and Tram to Newhaven) - New Loans Fund Advances						
Loans Fund Advances in year	147,789	33,525	104,556	109,420	104,671	41,993
Year 1 - Interest Only	2,997	680	2,120	2,219	2,122	851
Year 2 - Interest and Principal Repayment	8,597	1,950	6,082	6,365	6,089	2,443
Housing Revenue Account (HRA) - New Loans Fund Advances						
Loans Fund Advances in year (excl. LLP programme *)	35,364	82,330	104,216	127,158	167,115	182,537
Year 1 - Interest Only	761	1,772	2,243	2,737	3,597	3,929
Year 2 - Interest and Principal Repayment	2,120	4,935	6,247	7,622	10,017	10,941

Table A1.8 – Operational Boundary for External Debt

The loans charges associated with the borrowing required for the house building programme for onward transferred to the LLPs will be met from the LLPs and does therefore not have a net impact on the HRA or General Services revenue budget. Tram repayments are based on the income model and will commence in 2023/24 when the line to Newhaven becomes operational.

Appendix 2

Economic Review of 2021/22

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

Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% y/y from 4.4%.

The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 0.1% while regular pay fell by 1.0%.

With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England hiked it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.

GDP growth in the euro zone increased by 0.3% in calendar Q4 2021 following a gain of 2.3% in the third quarter and 2.2% in the second. Headline inflation remains high, with CPI registering a record 7.5% year-on-year in March, the ninth successive month of rising inflation. Core CPI inflation was 3.0% y/y in March, was well above the European Central Bank's target of 'below, but close to 2%', putting further pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at a downwardly revised annualised rate of 6.9% in Q4 2021, a sharp in increase from a gain of 2.3% in the previous quarter. In its March 2022 interest rate announcement, the Federal Reserve raised the Fed Funds rate to between 0.25% and 0.50% and outlined further increases should be expected in the coming months. The Fed also repeated it plan to reduce its asset purchase programme which could start by May 2022.

Figure A2.1 below shows PWLB borrowing rates since 2005. This clearly shows an increase in borrowing rates mainly due to the Economic effect of the Russian invasion of Ukraine, increase in inflation and subsequent increases in UK Bank Rate.

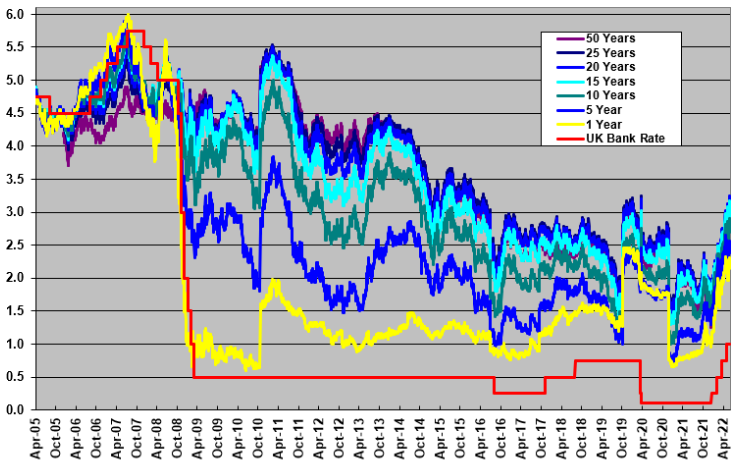

Figure A2.1 – PWLB Rates from April 2008 to Date

Source: DMO

Appendix 3

Borrowing Out-turn 2021/22

Background to 2021/22 Borrowing

Treasury Management is a long-term strategic activity. There are a significant number of new Elected Members so before reviewing the 2021/22 activity it might be helpful to put it in the context of the strategy which the Council has adopted over the last decade.

The Interest Rate on borrowing from the Public Works Loans Board (PWLB) is linked to the yield on UK Gilt edged Securities (Gilts). Figure A3.1 shows nominal yield on Gilts up to 10-year maturity along with UK Bank Rate. This shows how much yields had fallen even before the Global Financial Crisis. In the 2000s, gilts yields remained in a fairly narrow range compared to their previous levels, and the Council generally borrowed in year to meet its borrowing requirement depending on the outlook for Gilts over the next year. However, in 2012 the view was taken that interest rates would trend down over the next few years and no new borrowing from the PWLB was taken from 2012 until 2019. This created a significant interest rate risk at times, deliberately by design. Appendix 3 of the mid-year report taken to the Finance and Resources Committee in December 2021 explains how this was done with the borrowing for the purchase of the Council headquarters at Waverley Court. Large infrastructure projects by their nature are interest rate sensitive.

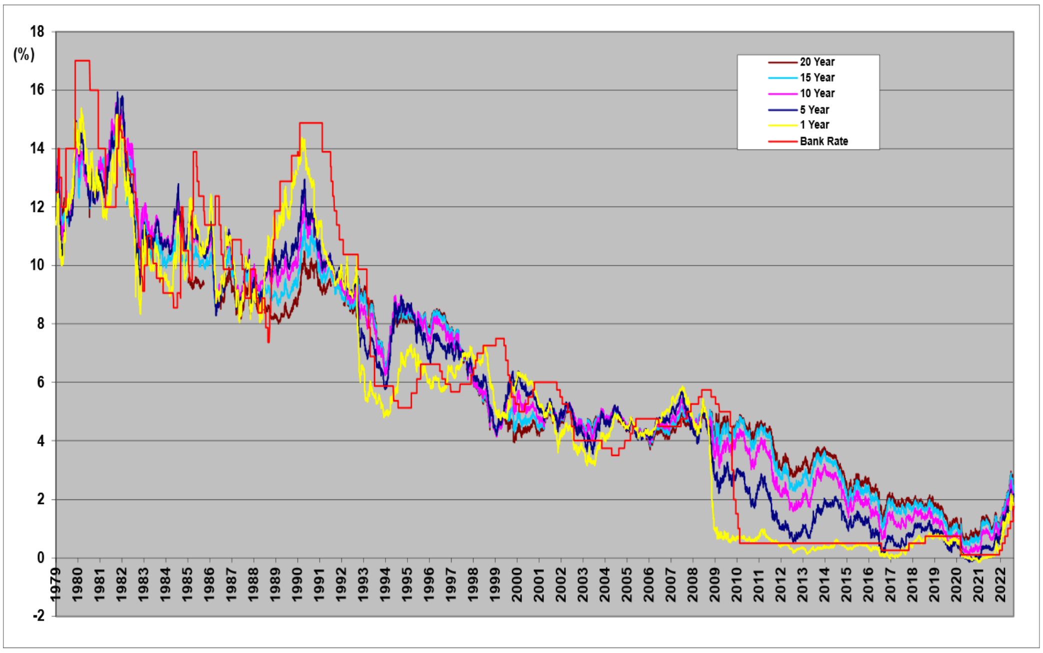

Figure A3.1 – Nominal Gilt Yields 1979 to Date

Some of the interest rate risk was locked out in 2019/20, but it was complicated by the UK Government’s decision to increase PWLB Borrowing rates while they undertook a consultation on borrowing for investment in commercial property south of the border.

The Council still has significant cash balances, particularly in its earmarked reserves. Locking out the interest rate risk is therefore a balance between borrowing funds that the Council doesn't need for a year or two and incurring a cost of carry in the meantime and locking in historically low interest rates for long term benefit. It is further complicated by uncertainty in the delivery of the capital programme and hence the need to borrow to fund that capital expenditure. As the pandemic showed, external factors can substantially change the delivery of the programme. However, as our concerns over inflation and interest rates increased, the process of locking out interest rate risk was accelerated.

Table A3.1 below summarises the movements in the Council's borrowing during 2021/22.

Type of Loan	Balance 01.04.2021 £m	Borrowing Raised £m	Borrowing Repaid £m	Balance 31.03.2022 £m
PWLB - fixed	1,051.40	206.26	-51.93	1205.73
Salix Finance Ltd	0.74		-0.28	0.46
Market	294.90		-1.73	293.17
	1,347.04	206.26	-53.94	1,499.36
Capital Advances	1,480.80			1,622.96
Under-borrowed	133.76		Under-borrowed	123.60

Table A3.1 – Outstanding Debt Portfolio 2021/22

During 2021/22, the Council borrowed £206m at an average interest rate of 1.86%. that brings the total of the new borrowing from the PWLB over the last three financial years to £437m at an average interest rate of 2.02%. A further £60m was drawn down in that period in a forward starting deal with a German bank which locked out the interest rate risk on the St. James Centre Growth Accelerator Model (GAM) capital expenditure. However, £54m in previous loans were repaid during the year, meaning that the Council's net borrowing increased by £152m during the year. There was a significant increase in the Council's net advances from the Loans Fund during the year, resulting in the Council's external debt still being below its Capital Financing Requirement (the Council's underlying need to borrow before taking cash balances into consideration) at year end.

Figure A3.2 below shows the timing of the PWLB borrowing since 2019.

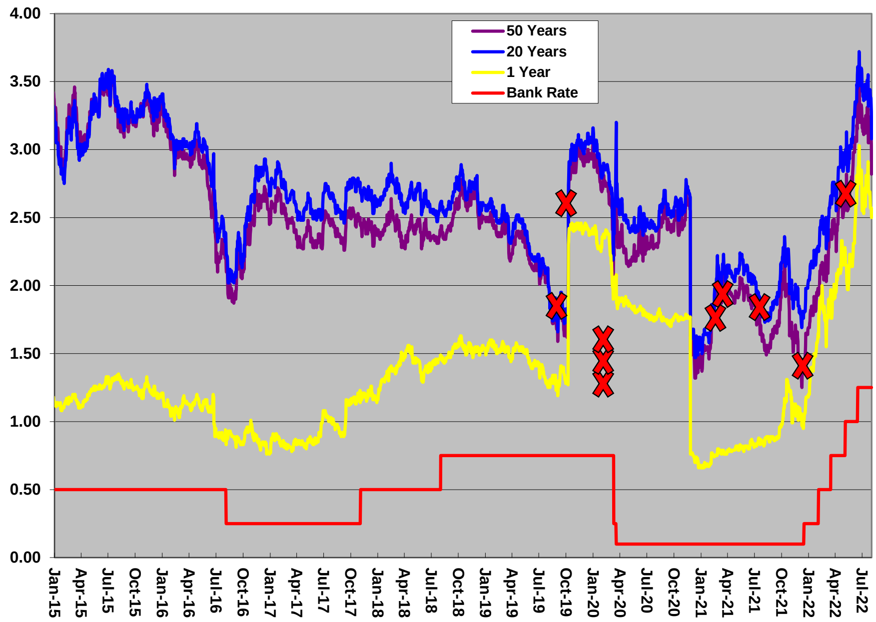

Figure A3.2 – CEC's Recent PWLB Borrowing

The effect of the increase in PWLB Rates when Gilt Yields were at their lowest is clear from the chart. While not at the absolute low points, the borrowing represents very good long term interest rates funding the Council's capital programme.

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

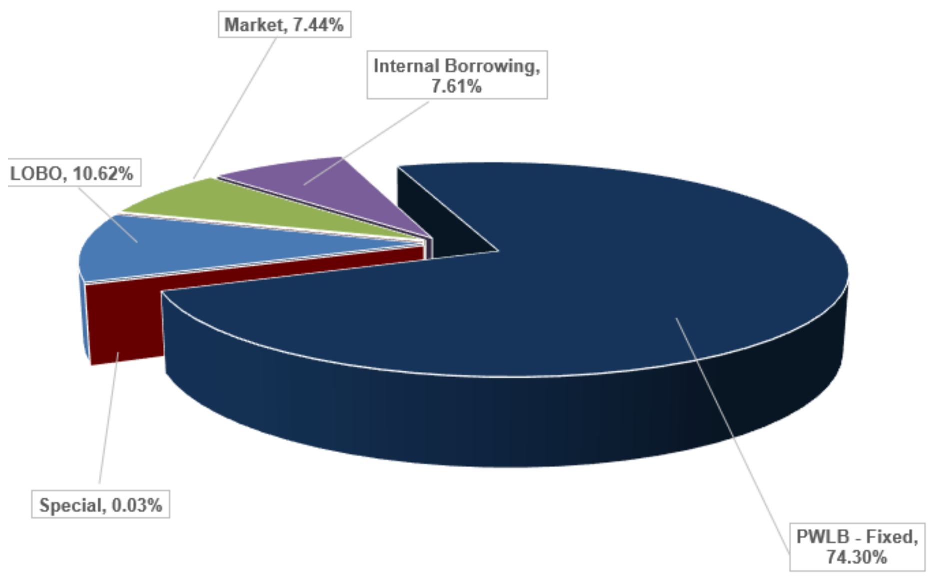

Figure A3.3 – CEC Debt Portfolio (31 March 2022)

All the Council's external borrowing is therefore fixed rate, which is advantageous in a rising interest rate environment. The internal borrowing is where the Council has used its cash balances to fund the capital programme, so this does reflect an interest rate risk. The Council also has a substantial capital programme going forward so has significant financing risk on that programme.

Figure A3.4 below shows the Council's borrowing and the annual interest cost of that borrowing. The cost of borrowing has edged down slightly. However, as the full year cost of the 2021/22 borrowing feeds through, it is likely to increase. Since 2001/02, the Council has substantially more external debt but at a lower annual interest cost.

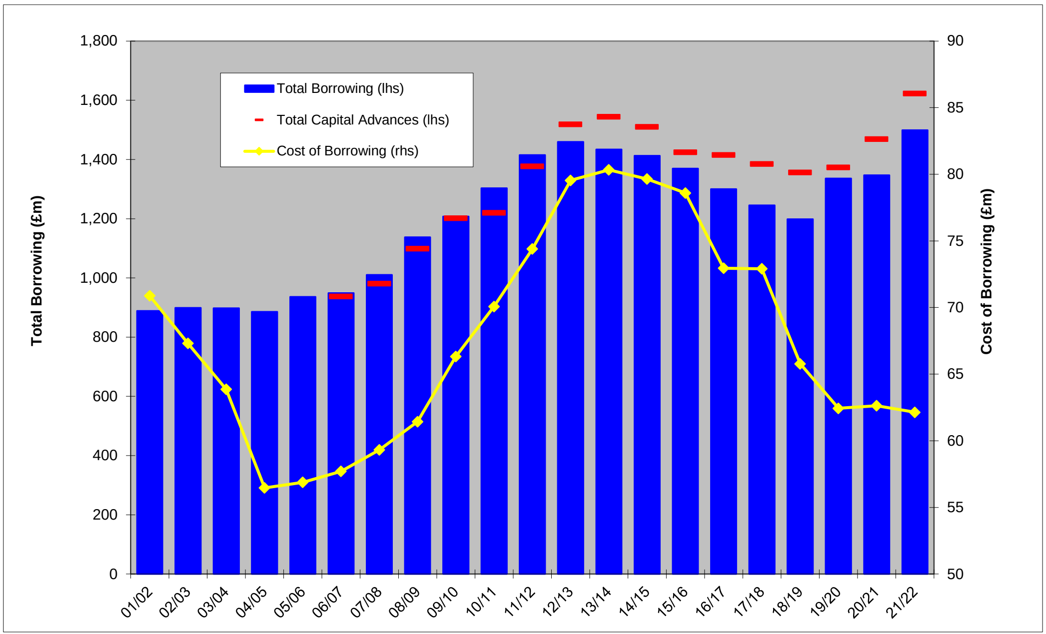

Figure A3.4 – **CEC Debt and its Annual Cost**

Finally, Figure A3.5 below shows the Retail Prices Index since 1948. Inflation has not been this high since 1990, when UK Bank Rate was over 14%. While that will not happen this time, there is some upside risk to interest rates which we consider has justified the borrowing undertaken where over a third of the Council's total external debt has been borrowed in the last three years.

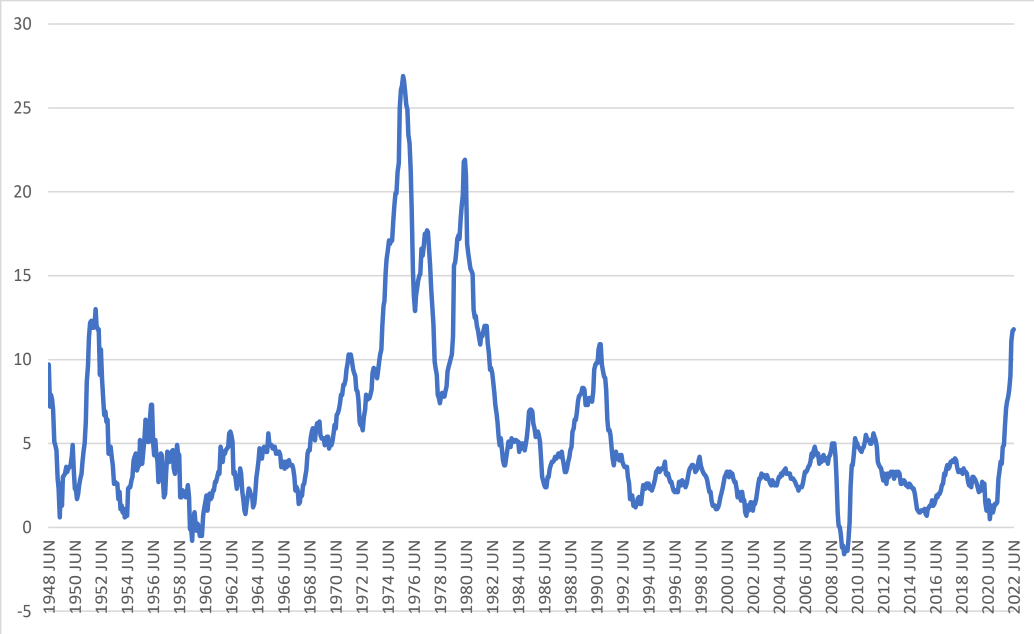

Figure A3.5 – Retail Prices Index

Appendix 4

Investment Out-turn 2021/22

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 monthly, and performance is evaluated against a benchmark, which is 7-day compounded SONIA less 6.25 basis points.

The major issues to the economy over the last quarter were the continuing economic recovery from the coronavirus pandemic and the invasion of Ukraine by Russia, these have contributed to higher inflation and higher interest rates. The Bank of England’s Monetary Policy Committee (MPC) has increased UK Bank Rate three times already in 2022, at the time of drafting this report. After increases in February, March then May UK Bank Rate is currently 1%.

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

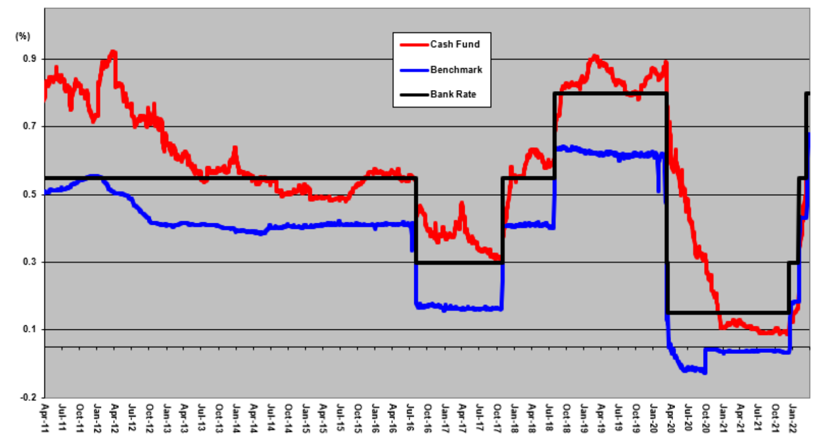

Figure A4.1 - Treasury Cash Fund Investment Performance

The average interest rate on the Cash Fund for the year was 0.11%, which continued to outperform the benchmark of 0.06%. The fund generated income of £323k 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, supranational commercial paper, UK gilts, UK treasury bills, DMADF and other Local Authorities on short term fixed deposits. Figure A4.2 below shows the distribution of the Cash Fund investments since April 2007.

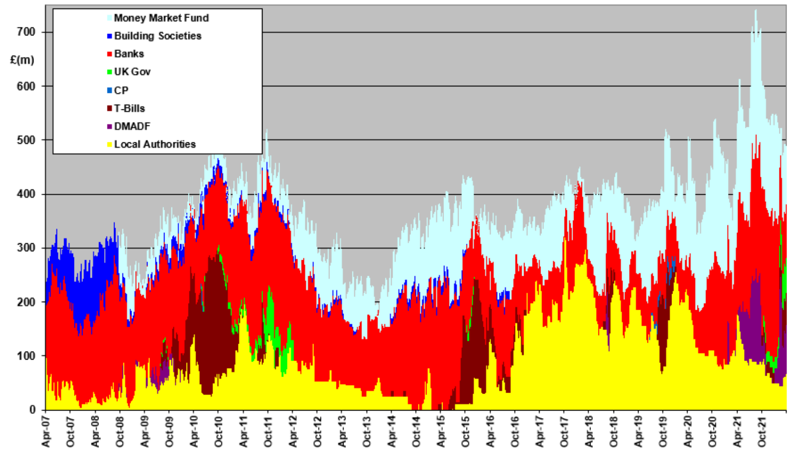

Figure A4.2 – Cash Fund Investments since inception

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.

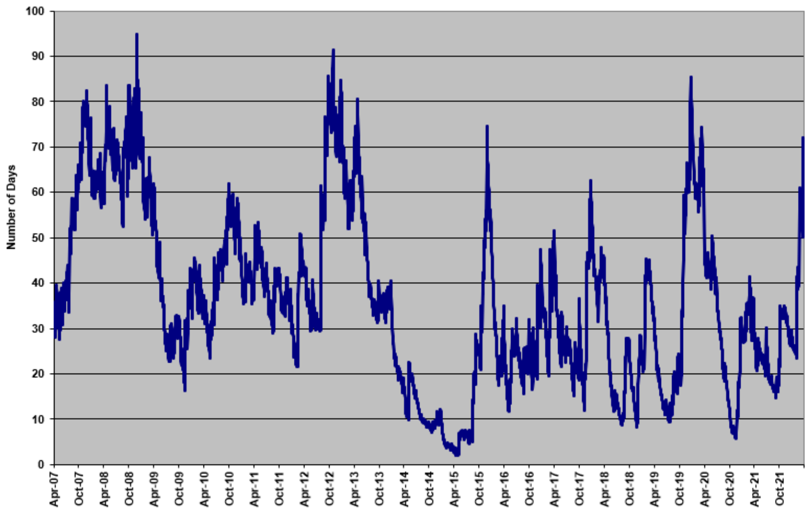

Figure A4.3 - Cash Fund Weighted Average Life

As can be seen in Figure A4.3 the weighted average life of the fund was just above 28 days at the end of the financial year. The purchase of Supranational commercial paper, UK Gilts and Treasury Bills lengthened the weighted average life towards the financial year end.

.

Appendix 5

Outstanding Debt as at 31st March 2022

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
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	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	8.5	850,000.00
M	05/12/1995	15/05/2023	5,200,000.00	8	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	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	2,457,029.78	3.66	110,890.07
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	4,596,145.15	3.64	176,932.55
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	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	6.5	325,000.00
M	13/11/1997	15/05/2027	3,649,966.00	6.5	237,247.79
M	17/11/1997	15/05/2027	5,000,000.00	6.5	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	4.9	490,000.00
E	14/07/1950	03/03/2030	2,022.03	3	66.35
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,226.31	3	68.54
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	4.8	960,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	370,000.00
M	23/01/2006	23/07/2046	10,000,000.00	3.7	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	4.4	220,000.00
A	24/03/2020	24/03/2050	14,212,272.65	1.64	237,972.00
A	26/03/2020	26/03/2050	4,731,432.36	1.49	72,011.97
A	26/03/2021	26/03/2051	9,744,006.91	1.75	173,884.91
A	12/07/2021	12/07/2051	39,492,672.93	1.78	707,484.79
M	27/01/2006	27/07/2051	1,250,000.00	3.7	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	4.7	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	4.8	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	4.5	337,500.00
M	13/09/2007	13/03/2053	5,000,000.00	4.5	225,000.00
A	14/10/2019	10/04/2053	105,828,884.87	2.69	2,861,104.69
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
A	01/07/2021	01/07/2053	49,436,552.38	1.98	984,421.87
M	05/11/2007	05/05/2057	5,000,000.00	4.6	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	2,614,087.71	2.65	70,093.91
A	11/06/2019	11/06/2059	1,233,043.54	2.23	27,846.24
A	01/10/2019	01/10/2059	1,296,172.61	1.74	22,657.81
A	02/10/2019	02/10/2059	38,607,063.32	1.8	698,103.49
A	05/11/2019	05/11/2059	6,950,202.78	2.96	206,456.25
A	28/11/2019	28/11/2059	1,271,596.52	3.03	38,664.01
A	02/12/2019	02/12/2059	2,737,548.31	3.03	83,237.57
A	20/01/2020	20/01/2060	1,929,909.74	1.77	34,629.41
A	20/01/2020	20/01/2060	445,956.16	2.97	13,384.94
M	04/10/2019	04/04/2060	40,000,000.00	1.69	676,000.00
A	07/12/2021	07/12/2060	19,099,634.00	1.8	342,263.87

M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
A	07/12/2021	07/12/2061	4,164,448.00	1.79	74,222.78
A	24/03/2022	24/03/2063	18,000,000.00	2.65	475,373.43
M	26/03/2020	26/03/2070	10,000,000.00	1.29	129,000.00
M	12/07/2021	12/07/2071	50,000,000.00	1.74	870,000.00
M	23/12/2021	23/12/2071	25,000,000.00	1.45	362,500.00
			1,205,737,516.53		

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	58,272,841.48	2.613	1,534,025.23
			120,772,841.48		

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	31/03/2015	01/04/2023	270,434.61	0	0
F	22/09/2015	01/10/2023	87,919.88	0	0
F	29/03/2019	01/04/2029	104,983.95	0	0
			463,338.44		