

# City of Edinburgh Council

10am, Thursday 22 August 2019

## Treasury Management: Annual Report 2018/19 – referral from the Finance and Resources Committee

Executive/routine  
Wards  
Council Commitments

### 1. For Decision/Action

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- 1.1 The Council is asked to approve the Treasury Management Annual Report 2018/19 which was noted by the Finance and Resources Committee on 15 August 2019.

**Andrew Kerr**

Chief Executive

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# Referral Report

## Treasury Management: Annual Report 2018/19 – referral from the Finance and Resources Committee

### 2. Terms of Referral

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- 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 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.
- 2.2 In line with the intended strategy reported in March 2018, the Council continued to fund its borrowing requirement from the reduction of its investment balances. The only borrowing completed during the financial year was £140k in interest free loans from SALIX and just over £2.7m from Public Works Loan Board (PWLb) to match the capital advances for the loans to the Edinburgh Living Mid-Market Rent LLP.
- 2.3 To mitigate some of the interest rate risk to which the Council was exposed, the Council also transacted a forward starting loan during 2018/19. The £60m committed market borrowing was a forward starting loan with Personal and Business Banking (PBB) which was agreed in August 2018 with the monies to be drawn down in October 2020.
- 2.4 The Finance and Resources Committee agreed:
  - 2.4.1 To note the Annual Report on Treasury Management for 2018/19.
  - 2.4.2 To agree that a report would be brought back to the Finance and Resources Committee following the conclusion of discussions with RBS and Natwest in relation to Lender Option Borrower Option Loans (LOBOS).
  - 2.4.3 To refer the report to Council for approval and subsequent referral by Council to the Governance, Risk and Best Value Committee for scrutiny.

### 3. Background Reading/ External References

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Minute of the Finance and Resources Committee of 15 August 2019.

## **4. Appendices**

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Appendix 1 – report by the Executive Director of Resources

## Finance and Resources Committee

10:00am, Thursday, 15<sup>th</sup> August 2019

### Treasury Management: Annual Report 2018/19

Executive/routine  
Wards  
Council Commitments

#### 1. Recommendations

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1.1 It is recommended that the Committee:

- Notes the Annual Report on Treasury Management for 2018/19; and,
- Refers the report to Council for approval and subsequent referral by Council to the Governance, Risk and Best Value Committee for their scrutiny.

**Stephen S. Moir**

Executive Director of Resources

Contact: Innes Edwards, Principal Treasury and Banking Manager,  
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# Report

## Treasury Management: Annual Report 2018/19

### 2. Executive Summary

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- 2.1 The purpose of this report is to give an update on Treasury Management activity in 2018/19. In line with the intended strategy reported in March 2018, the Council continued to fund its borrowing requirement from the reduction of its investment balances. The only borrowing completed during the financial year was £140k in interest free loans from SALIX and just over £2.7m from PWLB to match the capital advances for the loans to the Edinburgh Living Mid-Market Rent LLP. To mitigate some of the interest rate risk to which the Council is exposed, the Council also transacted a forward starting loan during 2018/19. The £60m committed market borrowing is a forward starting loan with PBB which was agreed in August 2018 with the monies to be drawn down in October 2020.

### 3. Background

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- 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

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- 4.1 The key points in this report are that:
- For the fifth year in a row, the Council's capital repayments were greater than its new capital expenditure funded by borrowing, so the Council's underlying need to borrow for a capital purpose reduced by £27.1m during the year;
  - Just under £50m PWLB matured during the year helping to reduce overall borrowing costs to the Council. There was £2.7m borrowed from the PWLB in January and £140k interest free loan from Salix at financial year end. Appendix 4 shows a list of the Council's debt;

- The Council continued its successful medium-term strategy of funding capital expenditure from a reduction in temporary investments and at the end of the financial year the Council's external borrowing was £157m under its Capital Financing Requirement; and
- the average interest rate on the Cash Fund for the year was 0.71%, continuing to outperform the benchmark, which was 0.51% for the year.

### **Prudential Indicators**

- 4.2 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 a breakdown of the actual out-turn of 2018/19.

### **Borrowing Overview**

- 4.3 Appendix 2 shows details of the Council's borrowing for 2018/19 including an economic commentary for the year from the Council's treasury advisors, Arling close.
- 4.4 The Council continued to fund capital expenditure from temporary investments only borrowing £140k of interest free funds and £2.7m from the PWLB for Edinburgh Living. The Council also agreed forward borrowing of £60m from PBB to help reduce interest rate risk on a large future borrowing requirement.

### **Investment Out-turn**

- 4.5 Appendix 3 shows the Investment Out-turn for 2018/19. Investment continues to be made via the Cash Fund arrangement.
- 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 is 7-day LIBID.
- 4.7 The average interest rate on the fund for the year was 0.71%. This continued to show significant outperformance against the benchmark which was 0.51% for the year. Appendix 3 shows details of investment performance alongside historical investment balances.

### **Conclusions**

- 4.8 The Strategy set in March 2018 regarding borrowing was fully implemented and achieved significant savings for the Council.
- 4.9 £60m forward borrowing was completed to manage the interest rate risk on a future project.
- 4.10 The investment return for 2018/19 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**

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- 5.1 The Treasury team will continue to operate its Treasury Cash Fund with the aim of out-performing its benchmark of 7-day London Interbank Bid Rate (LIBID) and manage the Council's debt portfolio to minimise the cost to the Council while mitigating risk.

## **6. Financial impact**

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

## **7. Stakeholder/Community Impact**

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

## **8. Background reading/external references**

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- 8.1 None

## **9. Appendices**

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Appendix 1: Prudential Indicators

Appendix 2: Borrowing Overview

Appendix 3: Investment Out-turn 2018/19

Appendix 4: Outstanding debt 31<sup>st</sup> March 2019

## Appendix 1

### Prudential Indicators

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

This gives a breakdown of the actual capital expenditure incurred during 2018/19.

	2017/18 Actual £'000	2018/19 Original £'000	2018/19 Revised £'000	2018/19 Actual £'000
<b>General Services</b>				
Council Wide / Corporate Projects	364	0	0	26
Lending	6,470	45,078	45,078	23,152
Communities and Families	35,989	54,597	40,572	28,431
Edinburgh Integrated Joint Board	496	2,727	2,727	138
Place	85,267	110,084	110,084	109,572
Resources	3,503	16,221	16,221	2,652
Resources - Asset Management Works	10,990	17,575	17,575	21,770
Trams	2,383	0	0	0
General Slippage across programme	0	0	-11,613	0
<b>Total General Services Capital Expenditure</b>	<b>145,462</b>	<b>242,282</b>	<b>220,644</b>	<b>185,741</b>
Housing Revenue Account	72,816	80,934	80,934	80,962
<b>Total</b>	<b>218,278</b>	<b>327,216</b>	<b>301,578</b>	<b>266,703</b>

**Table 1 – Capital Expenditure 2018/19**

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 2018, with the revised figures representing the projected position reported to the Finance and Resources Committee in August 2018 following the re-phasing of the programme.

The following table shows how the £266.7m of capital expenditure incurred in 2018/19 was funded:



	Gen Services	HRA	CEC Total	Police	Fire	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net Cap Adv (01/04/18)	990,703	381,070	1,371,773	12,440	319	1,384,532
Gross Cap Ex	185,741	80,962	266,713	0	0	266,713
Cap Income	-148,392	-64,462	-212,864	0	0	-212,864
Net Cap Ex	37,349	16,500	53,849	0	0	53,849
Capital Repaid	-60,790	-20,115	-80,905	-1,256	-319	-82,480
Net Cap Adv (01/04/19)	967,262	377,455	1,344,717	11,184	0	1,355,901

**Table 2 – Source of Funding for Capital Expenditure 2018/19**

The CEC Total column shows expenditure of £266.7m being partly funded by capital grants and capital receipts, leaving only £53.9m to be funded by borrowing. However, the Council repaid principal of £80.9m for previous capital advances, giving a net reduction in the need to borrow of £27.1m. In addition, previous capital advances of £1.6m were repaid on behalf of the former Police and Fire joint boards, giving a total reduction in the need to borrow of £28.7m.

**(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.

	2017/18 Actual %	2018/19 Estimate %	2018/19 Revised %	2018/19 Actual %
General Services	11.63	11.38	11.44	11.38
Housing Revenue Account	37.88	39.64	38.69	39.98

**Table 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.

	2017/18 Actual £'000	2018/19 Original £'000	2018/19 Revised £'000	2018/19 Actual £'000
General Services (incl. finance leases)	1,128,518	1,123,368	1,111,679	1,079,328
Edinburgh Living LLP	0	12,870	12,870	2,734
NHT LLPs	66,725	98,933	98,933	87,143
Housing Revenue Account	380,621	377,505	375,833	377,454
<b>Total</b>	<b>1,575,864</b>	<b>1,612,676</b>	<b>1,599,315</b>	<b>1,546,659</b>

**Table 4 – Capital Financing Requirement**

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.

	<b>2017/18 Actual £'000</b>	<b>2018/19 Actual £'000</b>
General Services Capital Advances	991,154	967,261
HRA Capital Advances	380,621	377,454
<b>Total CEC Borrowing CFR</b>	<b>1,371,775</b>	<b>1,344,716</b>
Other Finance Lease Liabilities	204,089	201,944
<b>Total CEC Debt CFR</b>	<b>1,575,864</b>	<b>1,546,659</b>

**Table 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

### Borrowing Overview

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

*After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.*

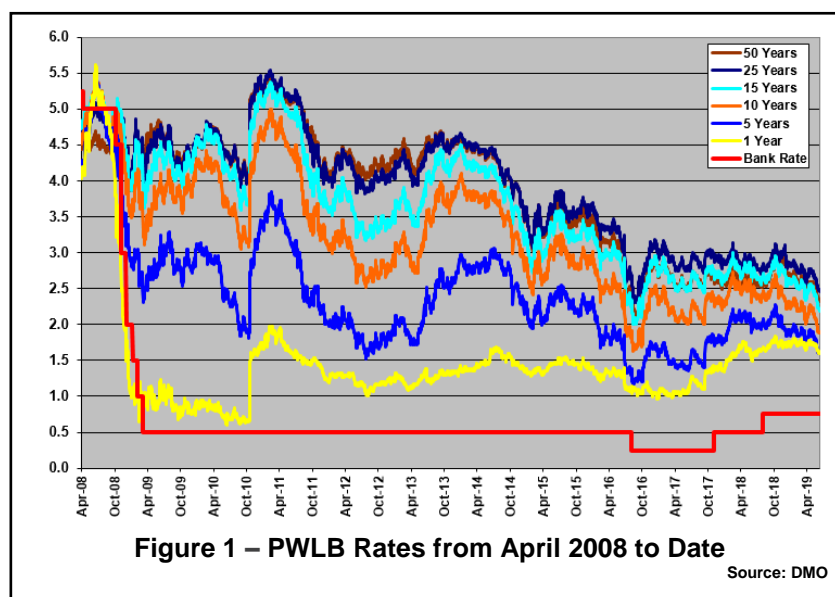
*After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.*

*The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.*

*With the 29<sup>th</sup> March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including the rejection of Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12<sup>th</sup> April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The EU must grant any extension and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.*

*While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.*

Figure 1 below shows PWLB borrowing rates since 2008. This clearly shows a decrease in borrowing rates mainly due to the uncertainty surrounding Brexit.



The strategy for 2018/19 approved in March 2018 was to continue to fund capital expenditure by reducing cash deposits with the only borrowing completed a small amount interest free and from the PWLB to mitigate interest rate risk when lending to Edinburgh Living. However, as detailed in Table 5, the total underlying need to borrow fell by £27m during the year. Table 6 below summarises the outstanding debt portfolio during the year.

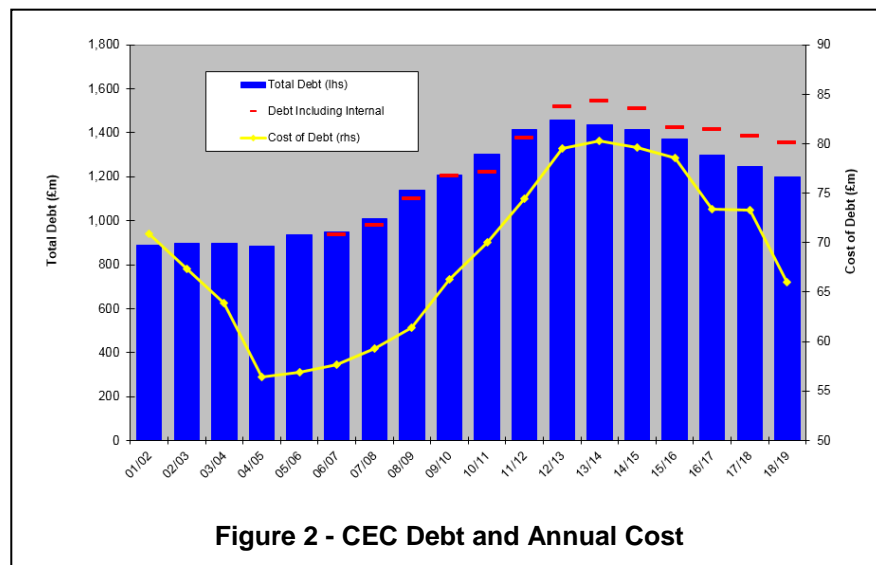
Type of Loan	Balance 01.04.2018 £m	Borrowing Raised £m	Borrowing Repaid £m	Balance 31.03.2019 £m
PWLB - fixed	969.114	2.734	-49.656	922.192
Salix Finance Ltd	1.532	0.140	-0.304	1.368
Market	274.900	0.000	0.000	274.900
	<u>1,245.546</u>	<u>2.874</u>	<u>-49.960</u>	<u>1,198.460</u>
Capital Advances	<u>1,384.534</u>			<u>1,355.901</u>
Under-borrowed	<u>138.988</u>	Under-borrowed		<u>157.441</u>

Table 6 – Outstanding Debt Portfolio 2018/19

£49.656m of PWLB debt matured during the year. However, the only replacement borrowing taken out during the year was £2.734m from the PWLB and £140k in interest free loans from SALIX. Therefore, the Council's borrowing fell by just over £47m over the year. This does not include the agreed forward borrowing of £60m due to be drawn down in October 2020.

2018/19 was the fifth 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 under-borrowing strategy to not replace maturing debt, has

meant that over the last five years the Council's external debt has fallen by £236m. Figure 2 below shows the Council's total borrowing and cost of the borrowing.



The total interest cost in servicing the Council's debt in 2018/19 was £63m, over £15m lower than it was 5 years ago.

For a number of reasons, in recent years it has become less attractive for banks to continue to hold local authority LOBO loans. In 2016 Barclays unilaterally waived the optionality in their loans, turning them into long term fixed rate loans. During 2018/19 one holder of loan authority LOBO loans put their entire portfolio up for sale. The Council bid to buy back the £5m loan we had from them with the intention of re-financing it with the PWLB showing a modest long term saving. However, even at that level the Council's bid was unsuccessful and the loan is now held by a pension fund.

We are also aware that a number of Councils have repaid or restructured their LOBO loans with RBS. We have been in dialogue with RBS on the options which might be available to the Council in relation to the Inverse LOBO loans for a number of months. The terms which have been offered to the Council are potentially better than in the original contract but are still onerous given current market conditions. A number of potential outcomes have been put forward with different financial and accounting implications. The discussions are on-going to evaluate which, if any, of these outcomes represent the best long-term value to the Council.

We will continue to evaluate options for restructuring the Council's market loans as and when opportunities arise.

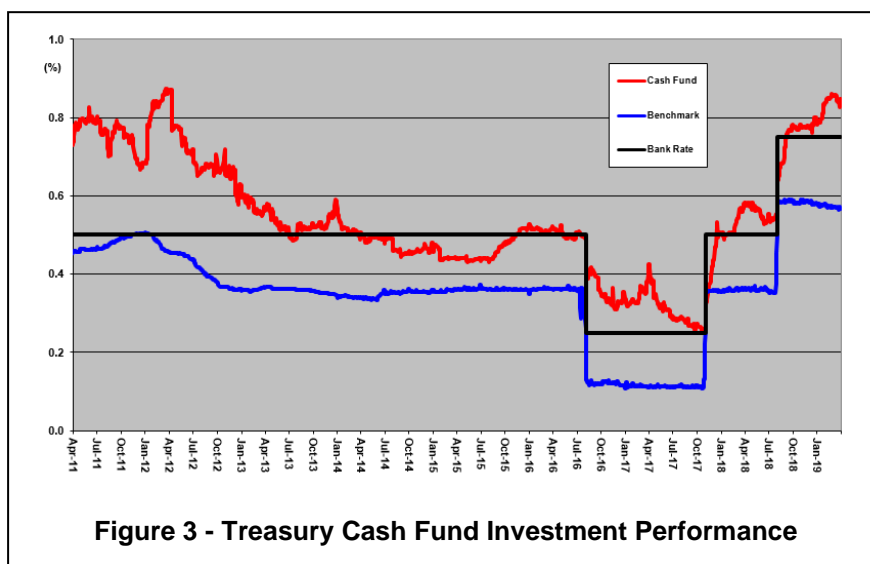
## Appendix 3

### Investment Out-turn 2018/19

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.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in August 2018 to 0.75% with no changes being made since. The MPC had been expected to raise rates in May but held due to weak economic data. The Bank was confident that the dip was temporary and moved to increase rates in August. The move was questioned due to Brexit uncertainty however the Bank's governor, Mark Carney, said that monetary policy could be adjusted if necessary.

Figure 3 below shows the investment performance since April 2011.

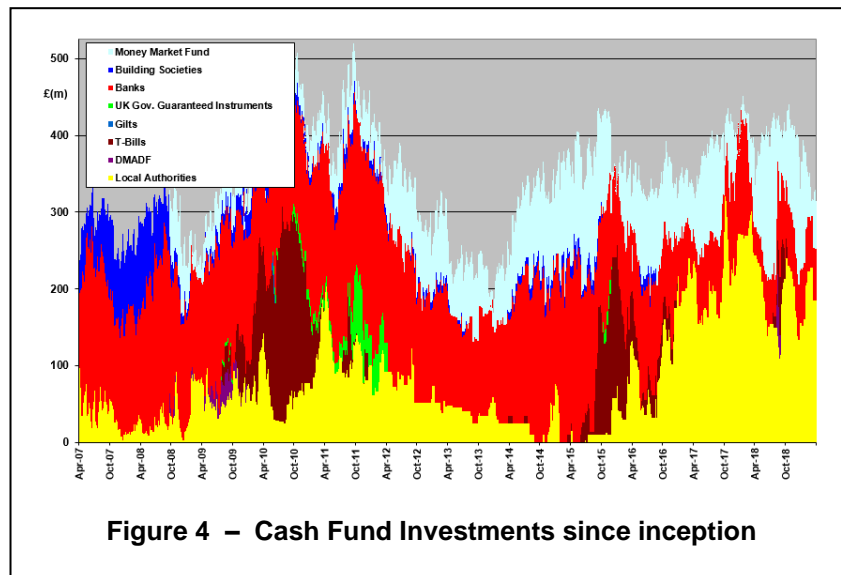


**Figure 3 - Treasury Cash Fund Investment Performance**

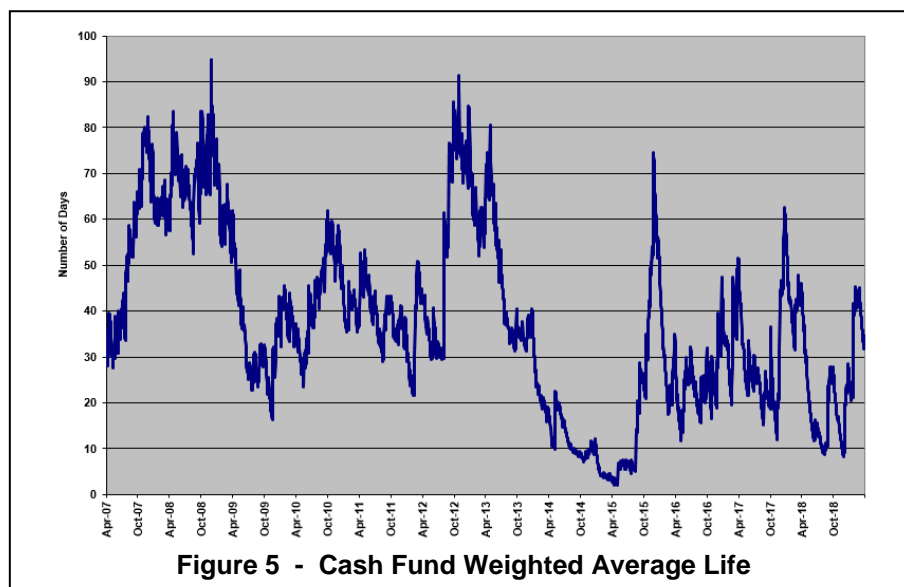
The average interest rate on the Cash Fund for the year was 0.71%, which continued to outperform the benchmark, which was 0.51% for the year. The fund generated income of just over £1.5m for the financial year to CEC.

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 invested with banking institutions was held on instant access call and a 31 day notice account with a highly credit rated institution and a large percentage of the fund was held with other Local Authorities on short term fixed deposits

and notice accounts. Figure 4 below shows the distribution of the Cash Fund investments since April 2007.



As can be seen in Figure 5 below the weighted average life (WAL) at the end of the financial year was 32 days. The WAL at the time of the increase in UK Bank Rate in August was under 10 days which meant the fund could react quickly to take advantage of the increase in interest rates.



## Appendix 4

### Outstanding Debt 31<sup>st</sup> March 2019

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
M	30/03/2009	30/03/2019	5,000,000.00	3.46	173,000.00*
M	21/04/2009	21/04/2019	10,000,000.00	3.4	340,000.00
M	23/04/2009	23/04/2019	5,000,000.00	3.38	169,000.00
A	12/11/2008	12/11/2019	548,774.19	3.96	27,006.62
M	23/03/1994	15/11/2019	5,000,000.00	8	400,000.00
M	07/12/1994	15/11/2019	10,000,000.00	8.625	862,500.00
A	01/12/2008	01/12/2019	541,108.45	3.65	24,555.73
M	01/12/2009	01/12/2019	5,000,000.00	3.77	188,500.00
M	14/12/2009	14/12/2019	10,000,000.00	3.91	391,000.00
M	15/02/1995	25/03/2020	5,000,000.00	8.625	431,250.00
M	21/04/2009	21/04/2020	10,000,000.00	3.54	354,000.00
M	12/05/2009	12/05/2020	10,000,000.00	3.96	396,000.00
M	21/10/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	07/12/1994	15/05/2020	5,000,000.00	8.625	431,250.00
M	21/11/2011	21/05/2020	15,000,000.00	2.94	441,000.00
M	16/08/1995	03/08/2020	2,997,451.21	8.375	251,036.54
M	09/12/1994	15/11/2020	5,000,000.00	8.625	431,250.00
A	10/05/2010	10/05/2021	1,288,737.50	3.09	43,624.27
M	21/10/1994	15/05/2021	10,000,000.00	8.625	862,500.00
M	10/03/1995	15/05/2021	11,900,000.00	8.75	1,041,250.00
M	12/06/1995	15/05/2021	10,000,000.00	8	800,000.00
M	02/06/2010	02/06/2021	5,000,000.00	3.89	194,500.00
M	16/08/1994	03/08/2021	2,997,451.21	8.5	254,783.35
M	28/04/1994	25/09/2021	5,000,000.00	8.125	406,250.00
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	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	4,660,747.41	3.66	189,384.93



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	7,633,241.52	3.64	286,494.83
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	2,780.49	3	89.10
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,929.45	3	89.64
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
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
M	12/10/2007	12/04/2053	5,000,000.00	4.6	230,000.00
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	2,734,495.00	2.65	72,464.12
M	02/12/2011	02/12/2061	5,000,000.00	3.98	199,000.00
			922,192,324.90		

\* Repaid 01/04/19 due to 30/03/19 falling on a Saturday

NON LOBO PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
M	30/06/2005	30/06/2065	5,000,000.00	4.4	220,000.00
M	07/07/2005	07/07/2065	5,000,000.00	4.4	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	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
			62,500,000.00		

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	25/02/2011	25/02/2060	15,000,000.00	7.576	1,124,393.84
M	25/02/2011	25/02/2060	10,000,000.00	7.576	749,595.89
M	26/02/2010	26/02/2060	5,000,000.00	7.517	370,177.81
M	26/02/2010	26/02/2060	10,000,000.00	7.517	740,355.62
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	4.4	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
			212,400,000.00		

SPECIAL FIXED/ VAR	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
F	07/01/2015	01/09/2021	197,392.85	0	0.00
F	31/03/2015	01/04/2023	811,303.83	0	0.00
F	22/09/2015	01/10/2023	219,799.70	0	0.00
F	29/03/2019	01/04/2029	139,978.53	0	0.00
			1,368,474.91		