

Finance and Resources Committee

10:00am, Thursday, 27th August 2020

Treasury Management: Annual Report 2019/20

Executive/routine Wards Council Commitments	Executive
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1. Recommendations

1.1 It is recommended that the Committee:

- Notes the Annual Report on Treasury Management for 2019/20; and,
- Refers the report to the Governance, Risk and Best Value Committee for their scrutiny.

Stephen S. Moir

Executive Director of Resources

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Report

Treasury Management: Annual Report 2019/20

2. Executive Summary

- 2.1 The purpose of this report is to give an update on Treasury Management activity in 2019/20.

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 2019/20.

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 2019/20. For the first time since 2012, the Council has borrowed a significant level of funds from the Public Works Loans Board (PWLB). Borrowing rates were at a historic low and the Council borrowed £236m from the PWLB during the financial year.
- 4.4 The Council's debt outstanding increased during the year due to the new borrowing, but the interest cost for the year was significantly lower than in 2018/19. At year end, the Council's debt was £37m below its Capital Financing Requirement (its

underlying need to borrow). A list of the Council's borrowing at 31 March 2020 is included in Appendix 5.

Investment Out-turn

- 4.5 Appendix 4 shows the Investment Out-turn for 2019/20.
- 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 0.78%. This continued to show significant outperformance against the benchmark which was 0.53% for the year. The longer duration of deposits which was added to the investment portfolio in November / December 2019 added significantly to the relative performance of the portfolio.

Conclusions

- 4.8 For the first time in a number of years, the Council undertook a significant borrowing from the PWLB. However, the cost of the Council's borrowing has continued to fall.
- 4.9 The investment return for 2019/20 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 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

- 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

Appendix 1: Prudential Indicators Out-turn

Appendix 2: Economic Review of the 2019/20

Appendix 3: Borrowing Out-turn 2019/20

Appendix 4: Investment Out-turn 2019/20

Appendix 5: Outstanding Borrowing at 31st March 2020

Appendix 1

Prudential Indicators

(a) Prudential Indicator 1 - Estimate of Capital Expenditure

This gives a breakdown of the actual capital expenditure incurred during 2019/20.

	2018/19 Actual £'000	2019/20 Original £'000	2019/20 Revised £'000	2019/20 Actual £'000
General Fund				
Communities and Families	28,431	116,193	86,268	64,321
Edinburgh IJB	138	239	117	-110
Place	109,572	141,766	113,917	109,606
Place - Tram York Place to Newhaven	0	0	20,806	25,187
Place - Lending	23,152	18,118	40,674	28,138
Resources - Asset Management Works	21,770	31,498	27,039	48,547
Resources - Other	2,678	11,706	8,386	2,873
Total General Services Capital Expenditure	185,741	319,520	297,207	278,562
Housing Revenue Account	80,962	108,954	108,954	111,854
Total	266,703	428,474	406,161	390,416

Table A1.1 – Capital Expenditure 2019/20

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 2019, with the revised figures representing the projected position reported to the Finance and Resources Committee in August 2019 following the re-phasing of the programme. The 2019/20 Actual is the provisional capital outturn reported to the Policy and Sustainability Committee in June 2020.

The following table shows how the £390.4m of capital expenditure incurred in 2019/20 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 (01/04/19)	967,262	377,455	1,344,717	11,184	1,355,901
Gross Cap Ex	278,562	111,854	390,416	0	390,416
Cap Income	-207,331	-73,451	-280,782	0	-280,782
Net Cap Ex	71,231	38,403	109,634	0	109,634
Capital Repaid	-70,957	-20,695	-91,652	-517	-92,169
Net Cap Adv (01/04/20)	967,536	395,163	1,362,699	10,667	1,373,366

Table A1.2 – Source of Funding for Capital Expenditure 2019/20

The CEC Total column shows expenditure of £390.4m being partly funded by capital grants and capital receipts, leaving £109.6m to be funded by borrowing. However, the Council repaid principal of £91.7m for previous capital advances, giving a net increase in the need to borrow of £18m. In addition, previous capital advances of £0.5m were repaid on behalf of the former Police Joint Board, giving a total increase in the need to borrow of £17.5m.

(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.

	2018/19 Actual %	2019/20 Estimate %	2019/20 Revised %	2019/20 Actual %
General Services	11.38	10.58	10.44	10.50
Housing Revenue Account	39.98	41.64	32.08	37.65

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.

	2018/19 Actual £'000	2019/20 Original £'000	2019/20 Revised £'000	2019/20 Actual £'000
General Services (incl. finance leases)	1,100,034	1,204,762	1,195,057	1,140,739
Edinburgh Living LLP	2,734	26,862	26,741	19,023
NHT LLPs	87,143	103,651	103,651	94,264
Housing Revenue Account	377,454	415,351	415,678	395,163
Total	1,567,366	1,750,626	1,740,800	1,649,189

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.

	2018/19 Actual £'000	2019/20 Actual £'000
General Services Capital Advances	967,261	967,535
HRA Capital Advances	377,454	395,163
Total CEC Borrowing CFR	1,344,716	1,362,698
Other Finance Lease Liabilities	222,650	286,491
Total CEC Debt CFR	1,567,366	1,649,189

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 the Year

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

The UK's exit from the European Union and future trading arrangements, had remained one of major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April, then to 31st October and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of December's General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.

The headline rate of UK Consumer Price Inflation UK Consumer Price Inflation fell to 1.7% year-on-year in February, below the Bank of England's target of 2%. Labour market data remained positive. The UK unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis as part of a flight to quality into sovereign debt and other perceived 'safe' assets.

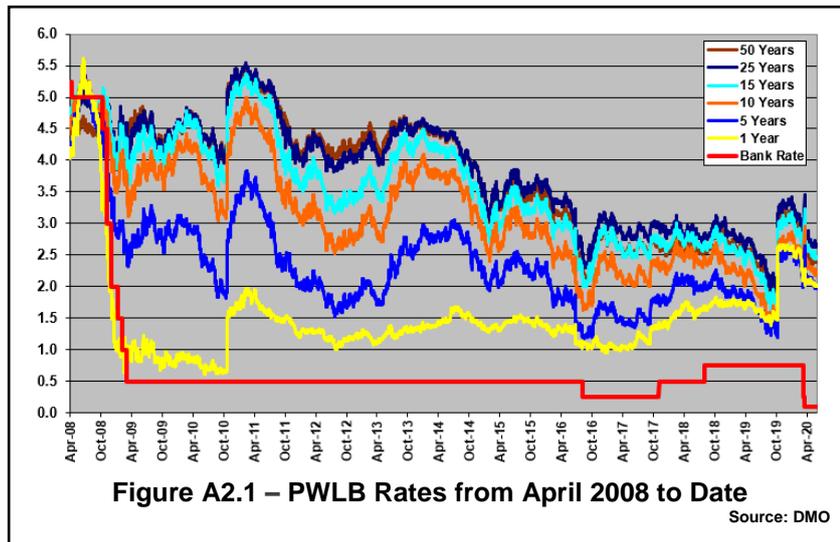
In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.

The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help businesses and households impacted by a series of ever-tightening social restrictions, culminating in pretty much the entire lockdown of the UK.

The US economy grew at an annualised rate of 2.1% in Q4 2019. After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely impacted sentiment and production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August. Following a series of five cuts, the

largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also unleashed a raft of COVID-19 related measures and support for its economy including a \$2 trillion fiscal stimulus package. With interest rates already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.

Figure A2.1 below shows PWLB borrowing rates since 2008. This clearly shows a decrease in borrowing rates mainly due to the economic impact of COVID-19.



Appendix 3

Debt Management Out-turn 2019/20

Background to 2019/20 Borrowing

The strategy for 2019/20 approved in March 2019 was, subject to appropriate rates being available, to:

- Fund the 2019/20 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.

There were three key events that had a major impact on the Council's borrowing during the year.

Firstly, on the 9th October, the UK Treasury increased the margin applied to all PWLB loans by 100 basis points with immediate effect. The PWLB's statement included the following point:

Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2019, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms.

This change, aimed at stopping local authorities south of the border borrowing to invest in commercial property solely to generate yield on the investment shows the inherent risk in being under-borrowed relative to the Council's underlying need to borrow and validated the strategy of taking pockets of that risk off the table as the capital expenditure became certain.

Secondly, also on the 9th October, the Notice to Proceed was issued for the Tram to Newhaven project.

Thirdly, in the budget in March a new borrowing rate for social housing was introduced. This made the pre-October certainty rate available again to fund social housing capital advances, effectively reversing the 1% rate increase but only for the Housing Revenue Account. At the same time, a consultation was announced on the PWLB and local authority commercial property investment.

Borrowing Undertaken in 2019/20

The following borrowing was undertaken during 2019/20:

(a) Edinburgh Living

In line with the strategy outlined above, £16.3m in 40-year annuity loans were taken out during the year to match the capital advances and loans made to the Edinburgh Living Mid-Market Rent LLP for the acquisition of affordable housing.

(b) LOBO Loan Re-financing

As reported to the Finance & Resources Committee in advance and following the execution of the transaction, the Council's Inverse LOBO loans with Nat West Markets were repaid prematurely and re-financed with a loan from the PWLB. A £40m 40.5 year maturity loan was taken out in October to re-finance the Inverse LOBO loans. The timing of the RBS LOBO restructuring is considered opportune. Any earlier and it is unlikely that we would have got the deal we did out of Nat West Markets. Any later and the change in PWLB margin would have rendered the restructuring unviable. The deal we agreed couldn't be bettered by the Advisor even on a gain share basis and other Councils have paid Advisors six figure sums to negotiate less advantageous deals than the Council was able to achieve.

(c) Trams to Newhaven

The borrowing strategy for this project evolved as interest rates came down. We had considered a forward starting structure to mitigate the funding risk once the notice to proceed had been issued. Then as interest rates came down further, consideration was given to pre-borrowing for the project once the expenditure was certain. Finally, interest rates were so low that the model assumptions at that time showed that whole funding requirement became affordable without a contribution from the Council. A £40m 40-year annuity loan was taken out in September. This has been used to mitigate the financing risk on the Trams to Newhaven project. With the significant volatility which there had been in in Gilt Yields and significant upside risk in interest rates if the issues around the UK leaving the EU were seen as being resolved, the decision was taken to lock out the interest rate risk on the remaining base funding requirement for the project and a further £110m 33.5 year annuity loan was taken out in October once the Notice to Proceed was issued.

(d) Housing Revenue Account

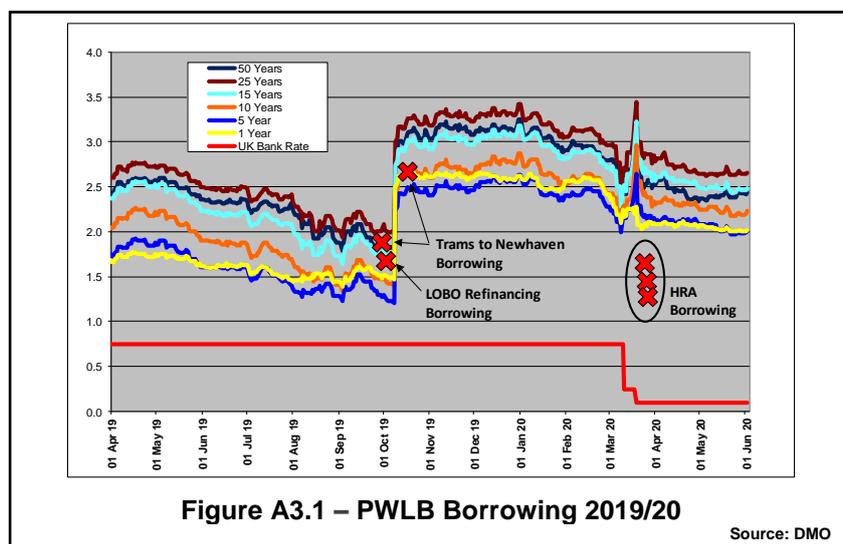
As noted above, an HRA Certainty rate was announced in the budget. There was no guidance on how this could be applied other than it was solely for social (and not affordable) housing. The two key points to make use of the rate were that the HRA had a demonstrable need to borrow and that the whole of the interest rate benefit was passed on to the HRA. £30m in loans were taken out in March for the HRA at the new HRA certainty rate. Significant accounting work has been carried out to facilitate this, essentially taking a "Three Pool" approach to the Loans Fund. The existing Loans Pool was frozen at 31 March 2019 and 2 new Loans Pools – a HRA one and a General Fund one created for 2019/20. As a result, the Loans Fund Pooled Interest Rate for the HRA was 4.49% and for the General Fund was 4.28%.

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

Type of Loan	Balance 01.04.2019 £m	Borrowing Raised £m	Borrowing Repaid £m	Balance 31.03.2020 £m
PWLB - fixed	922.192	236.348	-58.327	1,100.213
Salix Finance Ltd	1.368		-0.310	1.058
Market	274.900		-40.000	234.900
	<u>1,198.460</u>	236.348	-98.627	<u>1,336.171</u>
Capital Advances	<u>1,355.901</u>			<u>1,373.366</u>
Under-borrowed	<u>157.441</u>	Under-borrowed		<u>37.295</u>

Table A3.1 – Outstanding Debt Portfolio 2019/20

Figure A3.1 below shows the timing of the main PWLB borrowing undertaken during the year



The rates showing in the figure are the Certainty Rates available to the Council for maturity type loans.

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

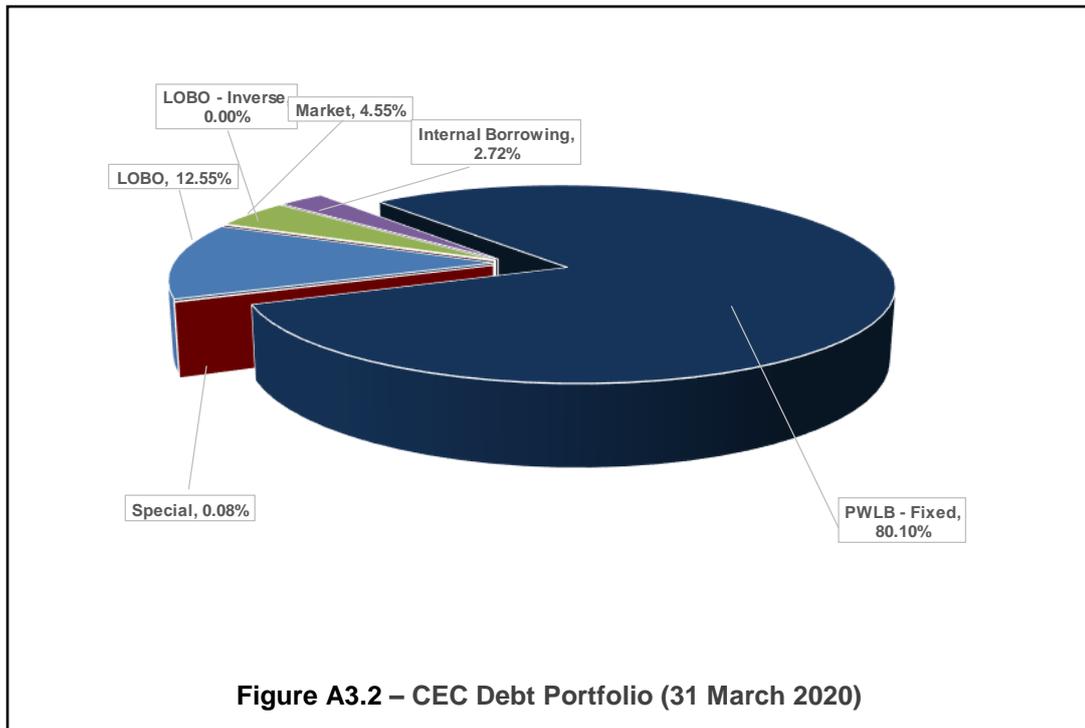
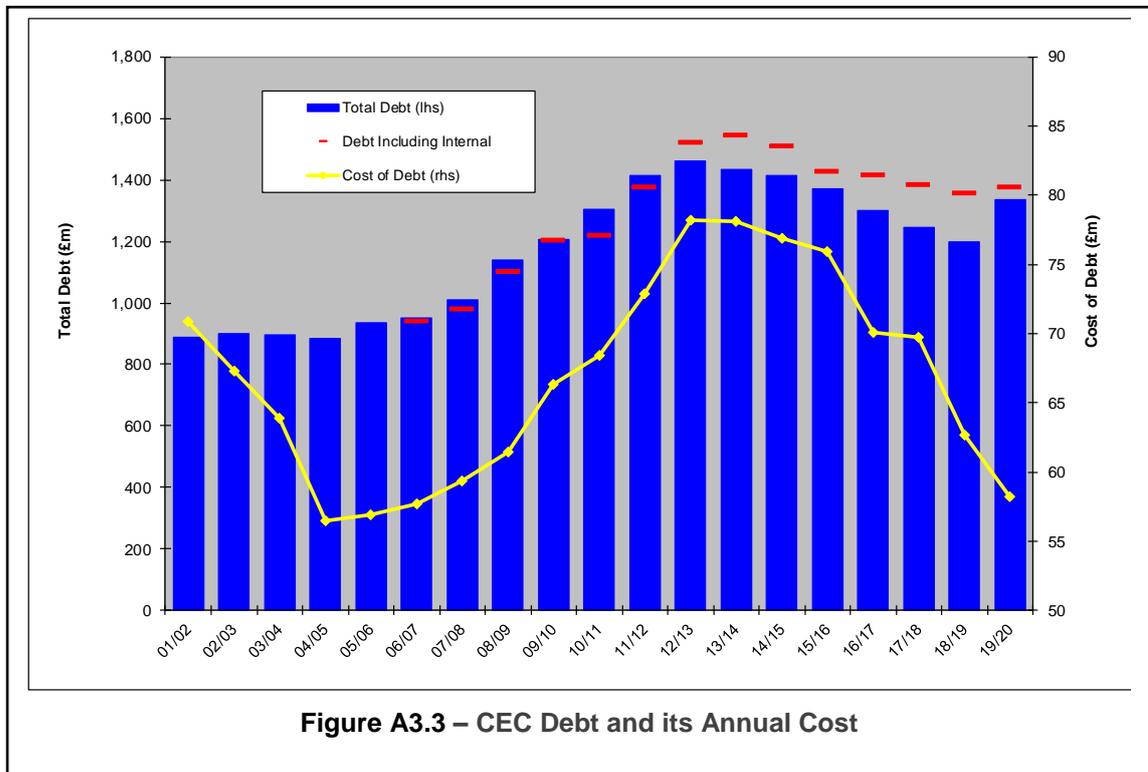


Figure A3.3 below shows the Council’s borrowing and the annual interest cost of that borrowing. While the total value of debt is almost at a historical high, the cost has come down even further. This is unlikely to continue in 2020/21 as the full year cost of the 2019/20 borrowing will be included and there was a one-off revenue saving in 2019/20 relating to the LOBO restructuring.



Appendix 4

Investment Out-turn 2019/20

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.

In response to the inevitable economic impact of COVID-19 the Bank of England's Monetary Policy Committee (MPC) reduced UK Bank Rate by 0.50% to 0.25% on the 11th March then again by 0.15% to 0.10% on the 19th March announcing a further £200bn of QE. The annual CPI rate of inflation was 1.7% in February 2020.

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

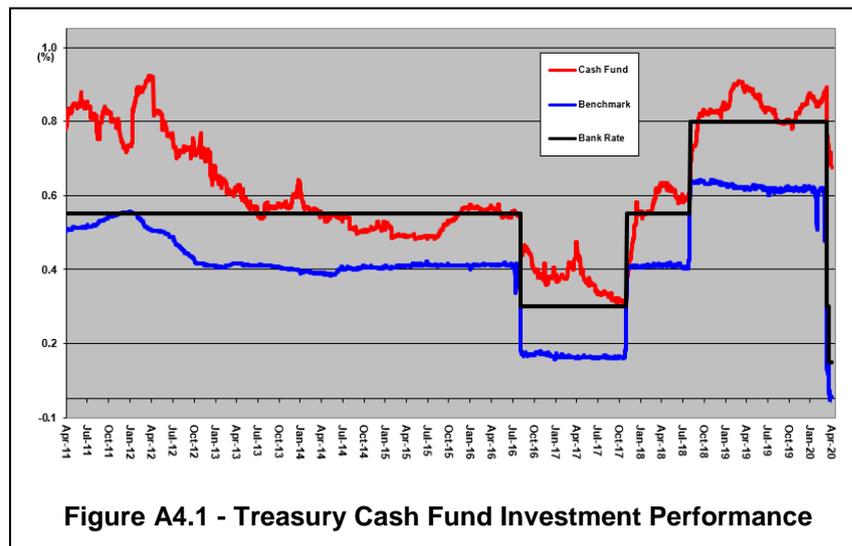
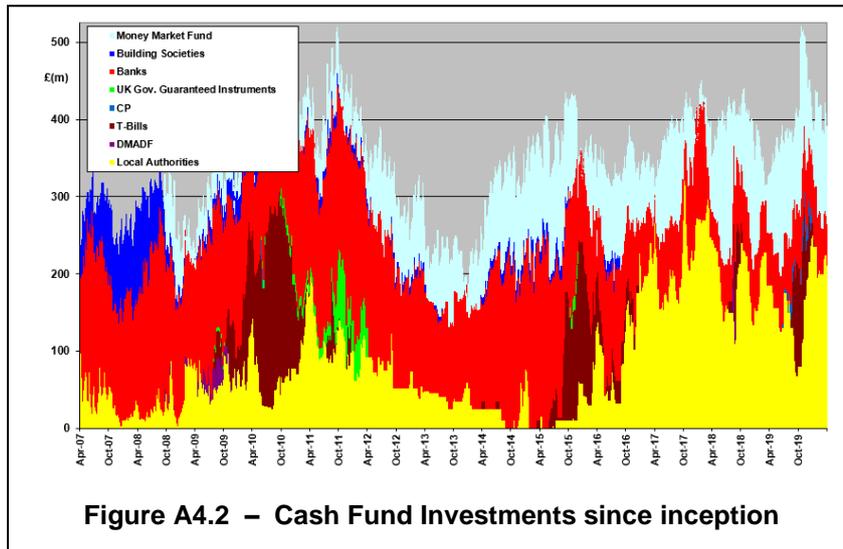


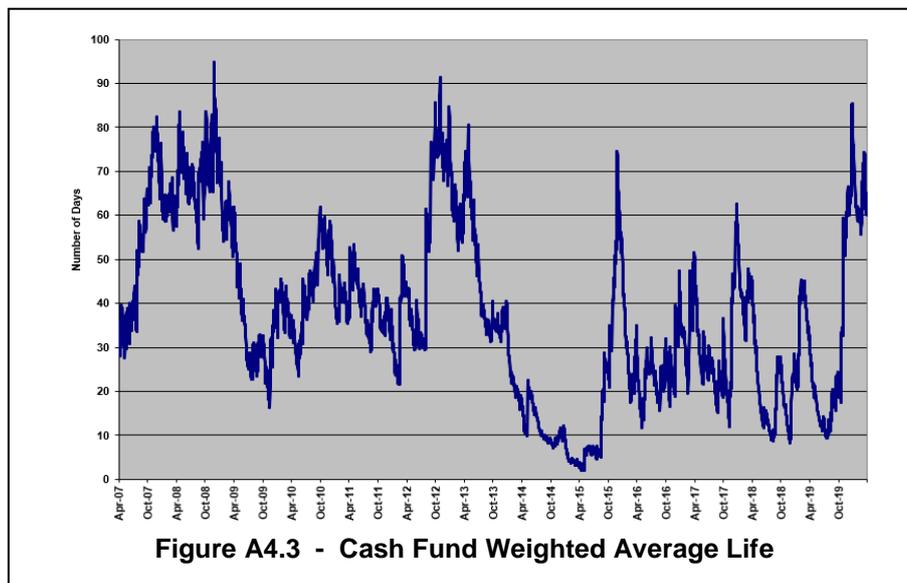
Figure A4.1 - Treasury Cash Fund Investment Performance

The average interest rate on the Cash Fund for the year was 0.78%, which continued to outperform the benchmark, which was 0.53%. The fund generated income of just over £1.8m 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 in UK Treasury Bills, with banking institutions which 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 A4.2 below shows the distribution of the Cash Fund investments since April 2007.



After the borrowing was completed in the latter part of 2019, a strategic decision was made to add duration to the investment portfolio using loans to other local authorities. This took the weighted average life (WAL) of the portfolio to nearly 90 days – the longest it has been since 2012. Further duration was added in February and March before the cuts in UK Bank Rate. Most of the longer duration loans were to other Scottish local authorities and were at interest rates between 0.95% and 1.05%, an attractive rate of interest enabling the performance to remain significantly above benchmark which has fallen substantially.



Members will recall that we took the WAL of the Cash Fund down to 7 days before the last increase in UK Bank Rate, allowing a nimble response to the increase. We have shown relative outperformance recently in both an increasing and a decreasing interest rate environment.

Appendix 5

Outstanding Debt 31st March 2020

PWLB PROFILE	START DATE	MATURITY DATE	PRINCIPAL OUTSTANDING £	INTEREST RATE %	ANNUAL INTEREST £
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	785,066.07	3.09	28,179.23
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	8.00	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	8.50	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	8.00	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	3,952,650.35	3.66	164,163.02
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	6,657,167.44	3.64	269,047.82
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	2,527.67	3.00	81.52
M	14/07/2011	14/07/2030	10,000,000.00	4.93	493,000.00
E	15/06/1951	15/05/2031	2,695.07	3.00	86.12
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	15,000,000.00	1.64	244,404.89
A	26/03/2020	26/03/2050	5,000,000.00	1.49	74,005.35
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	110,000,000.00	2.69	2,945,254.44
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	2,695,411.09	2.65	71,164.31
A	11/06/2019	11/06/2059	1,274,286.84	2.23	28,303.54
A	01/10/2019	01/10/2059	1,343,557.00	1.74	23,276.17
A	02/10/2019	02/10/2059	40,000,000.00	1.80	716,907.89
A	05/11/2019	05/11/2059	7,143,292.00	2.96	210,742.68
A	28/11/2019	28/11/2059	1,306,356.00	3.03	39,453.89
A	02/12/2019	02/12/2059	2,812,380.00	3.03	84,938.05
A	20/01/2020	20/01/2060	2,000,000.00	1.77	35,246.97
A	20/01/2020	20/01/2060	458,317.00	2.97	13,567.14
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
			1,100,213,217.42		

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
			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	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	118,435.71	0	0
F	31/03/2015	01/04/2023	631,014.09	0	0
F	22/09/2015	01/10/2023	175,839.76	0	0
F	29/03/2019	01/04/2029	132,979.67	0	0
			1,058,269.23		

