## AUDIT & GOVERNANCE COMMITTEE

Monday, 18 November 2019

# TREASURY MANAGEMENT OUTTURN REPORT FOR 2018/19 AND MID YEAR REPORT 2019/20


**EXECUTIVE SUMMARY**

1. The Treasury Management Policy Statement for 2018/19 requires an annual report and mid-year report to be produced by the 30th September 2019.
2. The report reviews performance of the treasury management function including prudential indicators in 2018/19 and incorporates a mid-year review of 2019/20.

**2018/19 Summary:**

- Suffolk Coastal District Council Investments totalled £66.89m as at 31st March 2019 and interest received on investment balances during the year totalled £0.55m.
- Waveney District Council Investments totalled £46.39m as at 31st March 2019 and interest received on investment balances during the year totalled £0.41m.
- Both Councils operated within its approved Prudential Indicator Limits for 2018/19.

**2019/20 Summary to date:**

- Investments totalled £109.36m as at 31st August 2019.
- Interest received to 31st August 2019 totalled £0.34m.
- The Council has operated within its approved Prudential Indicator Limits to date.


| | |
|---|---|
| Is the report Open or Exempt? | Open |

| | |
|---|---|
| **Wards Affected:** | All Wards in the District |
| **Cabinet Member:** | Councillor Steve Gallant<br>Leader of the Council and Cabinet Member with responsibility for Resources<br>Councillor Maurice Cook<br>Assistant Cabinet Member for Resources |

| | |
|---|---|
| **Supporting Officer:** | Simon Taylor<br>Chief Finance Officer<br>01394 444570<br>simon.taylor@eastsuffolk.gov.uk |

## 1 INTRODUCTION

1.1 Treasury Management in Local Government is governed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management in the Public Services and in this context is the "management of the Council's cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks". This Council has adopted the Code and complies with its requirements.

1.2 The Council approves a strategy report at the beginning of each financial year, which identifies how it proposes to borrow and invest in the light of capital spending requirements, interest rate forecasts and economic conditions. The Cabinet monitors the implementation of the treasury strategy and reports are received quarterly during the year. The Audit & Governance Committee are responsible for ensuring scrutiny of the treasury management activities.

1.3 Under the Prudential Code for Capital Finance in Local Authorities, the Council determines at a local level its capital expenditure and can borrow or use alternative financing methods to finance capital spending provided that capital plans are demonstrably affordable, prudent and sustainable. The Code requires prudential indicators to be set and monitored, some of which are limits.

1.4 By the end of September each year, councils must report on their treasury management activities that have taken place over the past financial year to Full Council. The remainder of this report summarises the year's activities and performance and provides an update on the activities that have taken place during the first half of the current financial year.

**TREASURY MANAGEMENT OUTTURN 2018/19**

## 2 THE ECONOMY AND INTEREST RATES

2.1 After weak economic growth of only 0.2% in Quarter One of 2018, growth picked up to 0.4% in Quarter Two and to a strong 0.7% position in Quarter Three, before falling back to 0.2% in the final quarter. With all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. With the date for the UK leaving the European Union being put back to 31st October 2019, Quarter One growth in 2019 came in at 0.5%, which was a direct result of stockpiling ahead of the original 31st March 2019 exit day. Growth is therefore expected to cool in Quarter Two of 2019.

2.2 The Monetary Policy Committee (MPC) raised the Bank Rate from 0.50% to 0.75% in August 2018, with little surprise that they have abstained from any further increases since then. It is unlikely that there will be any further movement from the Monetary Policy Committee until the uncertainties over Brexit clear. In the event of a disorderly exit, it is likely that the Bank Rate would be cut to support growth.

2.3 Nevertheless, the MPC has been having increasing concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling only marginally to 3.4% in the three months to January. British employers increased their hiring at the fastest pace in more than three years in the three months to January as the country's labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

2.4 The Consumer Price Index (CPI) has been on a falling trend since peaking at 3.1% in November 2017, reaching a new low of 1.8% in January 2019 before increasing marginally to 1.9% in February. However, in the February and May 2019 Bank of England Inflation Reports, the forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

## 3 BORROWING

3.1 During 2018/19, neither Council entered into any new borrowing arrangements.

3.2 Given the large differential between short and longer term interest rates, which is likely to remain a feature for some time, as well as the pressure on Council finances, the debt management strategy sought to lower debt costs within an acceptable level of volatility (interest rate risk). Loans that offered the best value in the prevailing interest rate environment were PWLB variable interest rates loans. This supported the case for maintaining the Council's variable rate debt portfolio.

3.3 Given the significant cuts to local government funding putting pressure on Council finances, the strategy followed was to minimise debt interest payments without compromising the longer term stability of the portfolio. The use of internal resources in lieu of borrowing was judged to be the most cost effective means. Waveney District Council's 2018/19 borrowing requirement for the General Fund capital programme was £0.77m for which cash balances were utilised. If the Council would have sought to borrow this amount on a short term one year basis this would have attracted an interest cost of £12,940 at a rate of 1.68%. The average interest amount lost by not having this amount invested would have been £7,700 at 1.0%, therefore making a saving of £5,240. Suffolk Coastal District Council remained debt free during 2018/19 with no borrowing required for the capital programme.

3.4 The Waveney District Council debt portfolio for 2018/19 can be seen in the table below and is summarised by £75.98m attributable to the HRA which includes £68.30m of Self-Financing loans taken out in 2011/12 and £11.59m of General Fund loans.

| **Loans as at 31st March 2019** | **Principal £m** | **Rate Range %** | **Maturity Range (years)** |
|---|---|---|---|
| PWLB Fixed Rate Maturity/Equal Instalments of Principal Loans | 67.28 | 3.01 - 8.38 | 3.0- 42.0 |
| PWLB Variable Rate Maturity Loans | 20.29 | 0.42 – 0.43 | 1.0 – 4.0 |
| **Total** | **87.57** | **0.42 - 8.38** | **1.0 - 42.0** |

## 4 INVESTMENT ACTIVITY

4.1 Both Council's investment policy for 2018/19 was governed by Ministry of Housing, Communities and Local Government (MHCLG) guidance and implemented in the annual investment strategy approved by the Council on 21st March 2018 for Waveney District Council and the 22nd March 2018 for Suffolk Coastal District Council. This policy set out the approach for choosing investment counterparties and was based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.). The MHCLG Investment Guidance requires local authorities to focus on security and liquidity, rather than yield.

4.2 The average cash balances held were £66.61m for Suffolk Coastal District Council and £45.10m for Waveney District Council. Investment income received was £0.55m for Suffolk Coastal District Council and £0.41m for Waveney District Council which exceeded the original planned budget of £0.37m for Suffolk Coastal District Council and £0.28m for Waveney District Council for the financial year 2018/19.

**Suffolk Coastal District Council**

| | Balance at 1st April 2018 | Investment made | Investments repaid | Balance at 31st March 2019 |
|---|---|---|---|---|
| **INVESTMENTS** | £m | £m | £m | £m |
| Term Investments (liquidity & term <60 months) | 52.39 | 358.0 | -343.5 | 66.89 |

**Waveney District Council**

| | Balance at 1st April 2018 | Investment made | Investments repaid | Balance at 31st March 2019 |
|---|---|---|---|---|
| **INVESTMENTS** | £m | £m | £m | £m |
| Term Investments (liquidity & term <60 months) | 41.39 | 160.50 | -155.50 | 46.39 |

4.3 As at the 31st March 2019 the investment profile of Suffolk Coastal District Council was as follows.

| **INVESTMENTS** | Balance at 31st March 2019 £m |
|---|---|
| **Liquidity Investments** | 9.0 |
| **Short Term Investments** | |
| September 2019 to May 2019 | 5.00 |
| October 2018 to April 2019 | 2.50 |
| December 2018 to December 2019 | 12.00 |
| November 2018 to May 2019 | 5.00 |
| January 2019 to January 2020 | 2.00 |
| December 2019 to June 2020 | 2.00 |
| January 2019 to April 2019 | 2.00 |
| January 2019 to May 2019 | 3.00 |
| February 2019 to May 2019 | 6.00 |
| March 2019 to June 2019 | 2.00 |
| March 2019 to March 2020 | 4.00 |
| March 2019 to July 2020 | 5.00 |
| **Long Term Investments** | |
| October 2018 to October 2020 | 5.00 |
| November 2017 - onwards | 2.39 |
| **Total** | 66.89 |

As at the 31st March 2019 the investment profile of Waveney District Council was as follows.

| **INVESTMENTS** | Balance at 31st March 2019 £m |
|---|---|
| **Liquidity Investments** | 13.0 |
| **Short Term investments** | |
| July 2018 to July 2019 | 5.00 |
| September 2018 to May 2019 | 5.00 |
| October 2018 to April 2019 | 3.00 |
| November 2018 to May 2019 | 3.00 |
| December 2018 to June 2019 | 3.00 |
| January 2019 to April 2019 | 3.00 |
| January 2019 to July 2019 | 3.00 |
| March 2019 to May 2019 | 1.00 |
| March 2019 to July 2019 | 5.00 |
| **Long Term investments** | |
| November 2017 - onwards | 2.39 |
| **Total** | 46.39 |

4.4 Security of capital remained both Councils main investment objective. This was maintained by following each Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2018/19.

4.5 Investments during the year included call accounts, deposits with UK Banks and Building Societies and Local Authorities. During the year there were no investments placed with counterparties outside of the UK.

## 5 COMPLIANCE WITH PRUDENTIAL INDICATORS

5.1 Both Councils complied with its Prudential Indicators for 2018/19, these were approved on the 22nd March 2018 for Suffolk Coastal District Council and on the 21st March for Waveney District Council. The Prudential Indicators for 2018/19 can be found at Appendix A and B.

## TREASURY MANAGEMENT MID YEAR REVIEW 2019/20

## 6 TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY

6.1 The East Suffolk Council Treasury Management Strategy Statement (TMSS) for 2019/20 was approved at Shadow Council on 28th January 2019 and there have been no policy changes to date.

## 7 DAILY CASH MANAGEMENT

7.1 The Council's counterparty list (investment list) is continuously reviewed and updated taking into account published credit rating information, financial accounts, share prices, asset size, Government support and information from the Council's Treasury Advisors, Arlingclose.

## 8 INVESTMENT PORTFOLIO 2019/20

8.1 The Council held £109.36m of investments as at the 31st August 2019; the table below illustrates the maturity of investments over the forthcoming months and the average interest rate achieved on the investment.

| | **1st April 2019 £m** | **Average Interest Rate %** | **31st August 2019 £m** | **Average Interest Rate %** |
|---|---|---|---|---|
| **Call Accounts (Liquidity Funds)** | 31.0 | 0.49 | 7.00 | 0.40 |
| **Notice Accounts (32 & 95 Day)** | 0 | 0 | 3.00 | 0.85 |
| **Term Investments:** 3 to 24 months | 86.5 | 0.94 | 94.50 | 0.89 |
| **Property Investment Fund** | 4.78 | 4.69 | 4.86 | 4.69 |

8.2 The Council can confirm that the approved limits within the Annual Investment Strategy were not breached at the time of writing the report.

## 9 ECONOMIC OUTLOOK

9.1 Boris Johnson became Prime Minister in July and appears to favour exiting the European Union on 31st October 2019 with or without a deal. It is unlikely the UK will be able to negotiate a different withdrawal deal before the deadline and at the time of the report being written the Prime Minister is planning on suspending Parliament sometime between 9th and 12th September through to the Queen's speech on 14th October 2019. This combined with a potential General Election gives further rise to an unstable outlook for the economy over the next 12 months.

9.2 With the downside risks to the UK economy growing and little likelihood of current global trade tensions being resolved imminently with global growth recovering soon thereafter, our treasury advisor Arlingclose's central forecast is for that the Bank of England's MPC will maintain the Bank Rate at 0.75% but will stand ready to cut rates should the Brexit process cause or give rise to more uncertainty for business and consumer confidence and for economic activity.

## 10 TREASURY MANAGEMENT PRACTICES (TMP'S)

10.1 As a backdrop to the Council's approved treasury management policies, the Council also maintains a number of Treasury Management Practices (TMPS) which set out the manner in which the Council seeks to achieve the policies and objectives of the treasury function and how it will manage and control those activities. These were approved at Council in September 2013.

10.2 There have been no major changes during 2018/19 and during the first half of 2019/20.

10.3 The TMP'S can be viewed within the Finance service area on the Council's intranet page or by contacting the Financial Services Compliance Team.

## 11 INVESTMENT POLICY

11.1 The Council's investment policy has regard to the MHCLG's Guidance on Local Government Investments, Investment Regulations and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The Council's investment priorities will be security first, liquidity second, and then return.

## 12 CREDIT WORTHINESS POLICY

12.1 The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary.

12.2 Credit rating information is supplied by Arlingclose, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer-term change) are provided to officers almost immediately after they occur, and this information is considered before dealing.

Banks 1 - good credit quality – the Council will only use banks which:

i. are UK banks; and/or

ii. are non-UK and domiciled in a country which has a minimum sovereign long-term rating of AA+

and have, as a minimum, the following Fitch, Moody's and Standard and Poor's credit ratings (where rated):

i. Short term – F1

ii. Long term – A-

## 13 BANKING ARRANGEMENTS

13.1 Banking services for the Council are provided by Lloyds Banks Plc.

## 14 TREASURY MANAGEMENT ADVISORS

14.1 The external treasury advisors for the Council is Arlingclose.

## 15 HOW DOES THIS RELATE TO THE EAST SUFFOLK BUSINESS PLAN?

15.1 The Treasury Management Outturn and Mid-Year report is a CIPFA requirement, the report does not link directly to the vision of the Business Plan, but through ensuring good governance arrangements and security of the Councils investment income this will help to achieve the planned actions set out in the Business Plan.

## 16 FINANCIAL AND GOVERNANCE IMPLICATIONS

16.1 This report is to provide an update of the treasury management governance arrangements and performance for the previous and current year.

## 17 OTHER KEY ISSUES

17.1 The recommendations of this report do not directly affect or impact on the Council's policies, projects, initiatives or actions. Therefore, an Equality Impact Assessment is not required.

17.2 No other key issues to be considered.

## 18 CONSULTATION

18.1 There is no requirement upon the Council for consultation.

## 19 OTHER OPTIONS CONSIDERED

19.1 No other options were considered

## 20 REASON FOR RECOMMENDATION

20.1 The CIPFA Treasury Management Code requires a report to be produced covering the Council's Treasury Management activities for the former authorities, Suffolk Coastal District Council and Waveney District Council during 2018/19 and a Mid-Year Review of the Treasury Management activities for the successor authority, East Suffolk Council that have taken place during the first half of 2019/20. These reports must be presented to Full Council by 30th September 2019.

**RECOMMENDATIONS**

1. That the Annual Report on the Council's Treasury Management activity for 2018/19 incorporating the Mid-Year review for 2019/20 be noted.
2. That the Prudential Indicators Outturn position for 2018/19 in Appendix A and B be noted.

| **APPENDICES** | |
|---|---|
| **Appendix A** | Suffolk Coastal District Council Prudential Indicators Outturn position for 2018/19 |
| **Appendix B** | Waveney District Council Prudential Indicators Outturn position for 2018/19 |

**BACKGROUND PAPERS – none**

**Suffolk Coastal District Council - Compliance with Prudential Indicators 2018/19**

## 1 ESTIMATED AND ACTUAL CAPITAL EXPENDITURE

1.1 This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and in particular, to consider the impact on the Council Tax.

| | 2018/19 Estimated £m | 2018/19 In Year Forecast | **2018/19 Outturn £m** |
|---|---|---|---|
| **Total Capital Expenditure** | 12.49 | 8.84 | **6.66** |

1.2 The £2.18m variance relates to programme delivery being deferred until 2019/20.

## 2 ESTIMATED AND ACTUAL RATIO OF FINANCING COSTS TO NET REVENUE STREAM

2.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments. Any increase in the percentages requires an increased contribution from the revenue account to meet the borrowing cost.

2.2 As the capital programme was fully funded through either capital grants and contributions, capital receipts or from reserves the cost to the revenue stream is Nil.

| | 2018/19 Estimated % | **2018/19 Outturn %** |
|---|---|---|
| **Ratio of Financing Costs to Net Revenue Stream** | 0 | **0** |

## 3 CAPITAL FINANCING REQUIREMENT

3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. It takes account of both the borrowing requirement and the minimum revenue provision for debt repayment

| | 2018/19 Estimated £m | **2018/19 Outturn £m** |
|---|---|---|
| **Capital Financing Requirement** | 0 | **0** |

## 4 AFFORDABLE BORROWING LIMIT, AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

4.1 **Authorised Limit**: This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and also provides headroom over and above for unusual cash movements. This limit was set at £11m for 2018/19, with the actual total borrowing being nil.

4.2 **Operational Boundary**: This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set at £8m for 2018/19 with the actual borrowing amount being nil.

## 5 UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

5.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

5.2 As the Council did not borrow during 2018/19 the outturn position was nil.

| | 2018/19 Estimated % | **2018/19 Outturn %** |
|---|---|---|
| **Upper Limit for Fixed Rate Exposure** | 100 | **0** |
| **Upper Limit for Variable Rate Exposure** | 100 | **0** |

## 6 MATURITY STRUCTURE OF FIXED RATE BORROWING

6.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

6.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

| **Maturity structure of fixed rate borrowing** | Upper limit % | Lower limit % | **Actual Borrowing as at 31st March 2019 £m** |
|---|---|---|---|
| under 12 months | 100 | 0 | **0** |
| 12 months and within 24 months | 100 | 0 | **0** |
| 24 months and within 5 years | 100 | 0 | **0** |
| 5 years and within 10 years | 100 | 0 | **0** |
| 10 years and within 20 years | 100 | 0 | **0** |
| 20 years and above | 100 | 0 | **0** |

6.3 No borrowing has been undertaken in 2018/19.

## 7 TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS

7.1 The Council invested £5m with a Local Authority for a period of two years from October 2018 to October 2020 at a rate of 1.35%.

7.2 The Council has £2.39m invested into a long term property fund.

**APPENDIX B**

**Waveney District Council - Compliance with Prudential Indicators 2018/19**

## 1 ESTIMATED AND ACTUAL CAPITAL EXPENDITURE

2.1 This indicator is set to ensure that the level of proposed investment in capital assets remains within sustainable limits and in particular, to consider the impact on the Council Tax and in the case of the HRA, housing rent levels.

| | 2018/19 Estimated £m | 2018/19 In Year Forecast | **2018/19 Outturn £m** |
|---|---|---|---|
| **Capital Expenditure** | | | |
| Non-HRA | 19.58 | 5.95 | **3.19** |
| HRA | 19.91 | 12.12 | **9.50** |
| | | | |
| **Total Capital Expenditure** | 39.49 | 18.07 | **12.69** |

1.2 The £2.76m variance on Non-HRA and the £2.62m HRA variance relates to programme delivery being deferred until 2019/20.

## 2 ESTIMATED AND ACTUAL RATIO OF FINANCING COSTS TO NET REVENUE STREAM

2.1 This is an indicator of affordability and demonstrates the revenue implications of capital investment decisions by highlighting the proportion of the revenue budget required to meet the borrowing costs associated with capital spending. The financing costs include existing and proposed capital commitments. Any increase in the percentages requires an increased contribution from the revenue account to meet the borrowing cost. The variances are due to the reduced capital outturn position compared to what had been budgeted.

| | 2018/19 Estimated % | **2018/19 Outturn %** |
|---|---|---|
| **Ratio of Financing Costs to Net Revenue Stream** | | |
| Non-HRA | 16.91 | **5.94** |
| HRA | 37.00 | **31.00** |

## 3 CAPITAL FINANCING REQUIREMENT

3.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Council ensures that net external borrowing does not, except in the short term, exceed the CFR in the preceding year plus the estimates of any additional CFR for the current and next two financial years.

3.2 The Council met this requirement in 2018/19.

| | 2018/19 Estimated £m | **2018/19 Outturn £m** |
|---|---|---|
| **Capital Financing Requirement** | | |
| Non-HRA | 37.42 | **37.80** |
| HRA | 77.75 | **77.75** |
| **Total** | 115.17 | **115.55** |

## 4 AFFORDABLE BORROWING LIMIT, AUTHORISED LIMIT AND OPERATIONAL BOUNDARY FOR EXTERNAL DEBT

4.1 **Authorised Limit**: This is the maximum amount of external debt that can be outstanding at one time during the financial year. The limit, which is expressed gross of investments, is consistent with the Council's existing commitments, proposals for capital expenditure and financing and with its approved treasury policy and strategy and provides headroom over and above for unusual cash movements. This limit was set at £122m for 2018/19, with the actual total borrowing being £87.57m.

4.2 **Operational Boundary**: This limit is set to reflect the Council's best view of the most likely prudent (i.e. not worst case) levels of borrowing activity and was set at £119m for 2018/19 with the actual borrowing amount being £87.57m.

4.3 The levels of debt are measured on an ongoing basis during the year for compliance with the Authorised Limit and the Operational Boundary. The Council maintained its total external borrowing and other long-term liabilities within both limits.

## 5 UPPER LIMITS FOR FIXED INTEREST RATE EXPOSURE AND VARIABLE INTEREST RATE EXPOSURE

5.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The exposures are calculated on a net basis, i.e. fixed rate debt net of fixed rate investments. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

| | 2018/19 Estimated % | **2018/19 Outturn %** |
|---|---|---|
| **Upper Limit for Fixed Rate Exposure** | 100 | **77** |
| **Upper Limit for Variable Rate Exposure** | 50 | **23** |

## 6 MATURITY STRUCTURE OF FIXED RATE BORROWING

6.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period and in particular in the course of the next ten years.

6.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

| Maturity structure of fixed rate borrowing | Upper limit % | Lower limit % | Actual Borrowing as at 31 March 2019 £m | Percentage of total as at 31 March 2019 % |
|---|---|---|---|---|
| under 12 months | 50 | 0 | **0** | **0** |
| 1 year and within 2 years | 50 | 0 | **0** | **0** |
| 2 years and within 5 years | 75 | 0 | **3.0** | **4** |
| 5 years and within 10 years | 75 | 0 | **10.0** | **15** |
| 10 years and within 20 years | 75 | 0 | **23.28** | **35** |
| 20 years and above | 100 | 0 | **31.00** | **46** |

6.3 All borrowing has been taken in conjunction with advice from the Council's Treasury Management Advisors.

## 7 TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS

7.1 There were no proposals for the Council to invest sums for periods longer than 364 days.

7.2 The Council has £2.39m invested into a long term property fund.