Audit and Governance Committee
Monday, 15 November 2021
Treasury Management Mid-Year Update

For Decision

Portfolio Holder: Cllr G Suttle, Finance, Commerical & Capital Strategy

Local Councillor(s): All

Executive Director: A Dunn, Executive Director, Corporate Development

Report Author: David Wilkes
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Report Status: Public

Recommendation:

That the Committee note and comment upon the report.

Reason for Recommendation:

To better inform members of banking and treasury management activity, in accordance with the corporate requirement to ensure money and resources are used wisely.

1. Executive Summary

This report summarises the treasury management performance and position information for Dorset Council for the year to 30 September 2021.

Treasury management at the Council is conducted within the framework of CIPFA's Treasury Management Code of Practice. In adopting the code, recommended best practice is for members to approve an annual treasury management strategy report, and to then receive a mid-year update on progress against the strategy (this report) and a year-end review of actual performance against the strategy.

Covid-19 continued to be the biggest factor influencing treasury management activity in the first half of 2021-22. With government initiatives to support the economy largely coming to an end on 30 September 2021, the Council's cashflows for the remainder of the year are anticipated to return to something closer to 'normal' pre-pandemic levels.

The Council's Capital Financing Requirement (CFR) (or borrowing need) at 31 March 2021 was £335m, which is forecast to increase to £345m by 31 March 2022.

The Council's actual external borrowing at 30 September 2021 was £179.5m plus other capital financing such as Private Finance Initiative (PFI) and leasing of £25m. During the year to date £40.5m of borrowing has matured but has not yet been replaced with new debt as cash balances remain high.

At 30 September 2021 the Council's held cash and cash equivalents of £93.5m plus holdings in a number of equity, bonds, property and 'multi-asset' pooled investment funds held for the longer term valued at £87.8m. Cash balances are expected to reduce over the second half of the financial year.

The forecast interest payable servicing external debt for the full financial year is £9.5m, offset by forecast interest receivable and investment income forecast of £3.6m leaving a net cost of £5.9m.

2. Financial Implications

This report summarises the performance of the Council's treasury management activity in the financial year to date. There are no other financial implications arising from this report.

3. Well being and health implications

There are no well being and health implications arising from this report.

4. Climate implications

Dorset Council owns holdings in a number of pooled investment vehicles. These pooled investment vehicles will have holdings in companies in all sectors of the economy, including the extraction, refinement and supply of fossil fuels.

5. Other Implications

There are no other implications arising from this report.

6. Risk Assessment

Having considered the risks associated with this decision, the level of risk has been identified as:
Current Risk: HIGH
Residual Risk: Medium

Treasury management is an inherently risky area of activity and a number of controls are embedded in its operation. The key treasury management risks are highlighted as part of the treasury management strategy approved by Council as part of the budget setting process. This report highlights any variances from this strategy and draws out any specific risks which have arisen

7. Equalities Impact Assessment

There are no equalities implications arising from this report.

8. Appendices

Appendix 1: External Context (Arlingclose)
Appendix 2: Outstanding Borrowing 30 September 2021

9. Background Papers

Dorset Council Treasury Management Strategy 2021/22

10. Introduction

10.1 The Council's treasury management strategy for 2021/22 was approved by a meeting of Dorset Council on 16 February 2021.

10.2 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

10.3 Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

10.4 The Council employs professionally qualified and experienced staff with responsibility for making borrowing and investment decisions. Officers are supported by external advisers who are specialists in their fields. The Council currently employs Arlingclose Limited as treasury management advisers.

10.5 This approach ensures that the Council has access to a wide pool of relevant market intelligence, knowledge and skills, that would be very difficult and costly to replicate internally. However, whilst advisers provide support to the internal treasury function, final decisions on treasury matters always remain with the Council.

11. External Context

11.1 Treasury management decisions made by the Council must take into consideration external factors, particularly the wider economic backdrop and the outlook for financial markets and interest rates.

11.2 The economic recovery from coronavirus pandemic continued to dominate the first half of the financial year. Monetary and fiscal stimulus together with rising economic growth and the ongoing vaccine rollout programmes continued to support equity markets over most of the period. In the UK, government initiatives continued to support the economy but largely came to an end on 30 September 2021.

11.3 The Bank of England (BoE) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme. In its September 2021 policy announcement, the BoE noted it now expected the UK economy to grow at a slower pace than was predicted in August, as the pace of the global recovery had shown signs of slowing and there were concerns inflationary pressures may be more persistent.

11.4 Arlingclose's detailed economic commentary and latest interest rate forecast is included as Appendix 1. (Since this forecast was produced financial markets have 'priced in' a 0.15% increase in Bank Rate before the end of the calendar year.)

12. Local Context

12.1 The Council's balance sheet is summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31-Mar 2021 Actual £m	31-Mar 2022 Forecast £m	31-Mar 2023 Forecast £m
Capital Financing Requirement	**335**	**345**	**355**
External Debt (incl. PFI & leases):			
External borrowing	220	220	230
Long Term PFI Liabilities	22	25	25
Obligations under Finance Leases	3	5	5
Total External Debt	**245**	**250**	**260**
Internal Borrowing	90	95	95
Cash and Investments	**169**	**110**	**100**

12.2 The Council continued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep net interest costs lower than they would otherwise be.

12.3 The treasury management position at 30 September 2021 and the change during the year to date is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.03.21 Balance £m	Net Movement £m	30.09.21 Balance £m
Long-term borrowing	179.0	0.0	179.0
Short-term borrowing	41.0	-40.5	0.5
Total Borrowing	**220.0**	**-40.5**	**179.5**
Investments	85.3	2.5	87.8
Cash and cash equivalents	83.6	9.9	93.5
Total Cash and Investments	**168.9**	**12.3**	**181.2**
Net Borrowing	**51.1**	**-52.8**	**-1.7**

13. Borrowing

13.1 At 30 September 2021 the Council held £179.5m of loans (a net decrease of £40.5m from 31 March 2021) as part of its strategy for funding previous and current years' capital programmes. Outstanding loans as at 30 September 2021 are detailed in Appendix 2 and summarised in Table 3 below.

Table 3: Borrowing Position

	31.03.21 Balance £m	31.03.21 Average Rate %	Net Movement £m	30.09.21 Balance £m	30.09.21 Average Rate %
Public Works Loan Board	83.9	3.9	-20.5	63.4	4.1
Banks (fixed-term)	25.6	4.7	0.0	25.6	4.7
Banks (LOBO)	11.0	4.6	0.0	11.0	4.6
Local authorities (long-term)	15.0	4.4	0.0	15.0	4.4
Local authorities (short-term)	10.0	0.5	-10.0	0.0	0.0
Other lenders (fixed-term)	55.0	3.2	-10.0	45.0	3.9
Other lenders (LOBO)	19.5	2.6	0.0	19.5	2.6
Total Borrowing	**220.0**	**3.6**	**-40.5**	**179.5**	**4.0**

13.2 The chief objective of the Council (and its predecessor authorities) when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should long-term plans change being a secondary objective. In keeping with these objectives, during the period no new borrowing was undertaken while £40.5m of existing loans matured without replacement.

13.3 With short-term interest rates remaining much lower than long-term rates, the Council considers it to be more cost effective in the near term to use internal resources or borrow rolling short-term loans instead. This strategy has enabled the Council to reduce net borrowing costs (despite foregone investment income) and to reduce overall treasury risk. The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing has been maintained.

13.4 The Council holds £30.5m of Lender's Option Borrower's Option (LOBO) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No lenders exercised their options during the year to date.

13.5 Capital finance may be raised by the following methods that are not borrowing but are classed as other debt liabilities: leasing, hire purchase, Private Finance Initiative (PFI) and sale and leaseback. No new financing from these sources has been raised during the year to date.

14. Investments

14.1 The Council holds significant levels of invested funds, representing income received in advance of expenditure plus balances and reserves held and money borrowed in advance of need. Cash, cash equivalents and treasury investments held on 30 September 2021 are summarised in Table 4 below.

Table 4: Cash and Treasury Investments Position

	31.03.21 Balance £m	Net Movement £m	30.09.21 Balance £m
Cash and Cash Equivalents:			
Banks & Building Societies (unsecured)	14.0	9.4	23.4
Money Market Funds	86.9	3.1	90.0
Less Dorset LEP Balances*	-17.3	-2.7	-20.0
Total Cash and Cash Equivalents	**83.6**	**9.9**	**93.5**
Investments:			
Short-dated bond funds	3.0	0.0	3.0
Strategic bond funds	11.2	0.0	11.2
Equity income funds	44.4	1.3	45.7
Property funds	20.4	1.3	21.7
Multi asset income funds	6.3	-0.1	6.2
Total Investments	**85.3**	**2.5**	**87.8**
Total Cash and Investments	**168.9**	**12.3**	**181.2**

**The Dorset Local Enterprise Partnership's bank balances with are held in the same NatWest Bank interest group as Dorset Council's bank balances. Interest is only charged if the interest group as a whole is overdrawn.*

14.2 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

14.3 The net return on Money Market Funds net of fees, which had fallen after Bank Rate was cut to 0.1% in March 2020, are now at or very close to zero; fund management companies have temporarily lowered or waived fees to avoid negative net returns. Deposit rates with the Debt

Management Account Deposit Facility (DMADF) are also now largely around zero.

14.4 Approximately £85m of the Council's investments are held in externally managed strategic pooled investment vehicles (bond, equity, multi-asset and property funds) where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

14.5 Such investments are held for the longer term with the understanding that capital values will fluctuate over the short term but with the expectation that over a three to five-year period total returns will exceed cash interest rates. There has been no additional investment in or redemption from these funds over the period.

15. Treasury Performance

15.1 The Council measures the financial performance of its treasury management activities on the revenue budget as shown in table 5 below.

Table 5: Treasury Performance

	Budget £m	Forecast £m	Variance £m	
Interest Payable	9.9	9.5	0.4	F
Interest and Investment Income	-4.0	-3.6	-0.4	A
Net Payable / (Receivable)	**5.9**	**5.9**	**0.0**	**F**

16. Compliance

16.1 All treasury management activities undertaken during the year to date complied with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

16.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 6 below.

Table 6: Debt Limits

	Maximum 2021-22 £m	30.09.21 Actual £m	Operational Boundary £m	Authorised Limit £m	Complied Yes/No
Borrowing	220.0	179.5	380.0	400.0	Yes
PFI & Finance Leases	25.0	25.0	35.0	40.0	Yes
Total Capital Financing	**245.0**	**204.5**	**415.0**	**440.0**	

17. Treasury Management Indicators

17.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

17.2 Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. Arlingclose calculate the credit score by applying a score to each investment (AAA = 1, AA+ = 2 etc.) and taking the average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 7: Security

	30.09.21 Actual	2021/22 Limit	Complied Yes/No
Portfolio average credit rating or score	4.9	6.0	Yes

17.3 Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period. In addition, the Council aims to hold a minimum of £10m readily available in same day access bank accounts and Money Market Funds.

Table 8: Liquidity

	30.09.21 Actual	2021/22 Min	Complied Yes/No
Total cash available within 3 months	85%	30%	Yes

17.4 In the light of the increased likelihood of unexpected calls on cash flow resulting from the pandemic, the Council has kept more cash available at very short notice than it would otherwise have done. Liquid cash was diversified over several counterparties and Money Market Funds to manage both credit and liquidity risks.

17.5 Interest Rate Exposure: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests were:

Table 9: Interest Rate Exposure

	30.09.21 Actual £000s	2021/22 Limit £000s	Complied Yes/No
Upper limit on one-year revenue impact of a 1% rise in interest rates	-175	500	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	175	500	Yes

17.6 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced in full.

17.7 Sums invested for periods longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Table 10: Investments beyond year end

	2021/22 £m	2022/23 £m
Actual principal invested beyond year end	0.0	0.0
Limit on principal invested beyond year end	20.0	20.0
Complied (Yes/No)	Yes	Yes

17.8 Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing were:

Table 11: Maturity Structure of Borrowing

	30.09.21 Actual £m	% of Total Borrowing	Upper Limit	Lower Limit	Complied Yes/No
Under 12 months	0.5	0.3%	25%	0%	Yes
12 Months to 2 Years	1.1	0.6%	25%	0%	Yes
2 Years to 5 Years	10.0	5.6%	25%	0%	Yes
5 Years to 10 Years	10.0	5.6%	35%	0%	Yes
10 Years to 15 Years	20.0	11.1%	35%	0%	Yes
15 Years to 20 Years	0.0	0.0%	35%	0%	Yes
20 Years to 25 Years	0.0	0.0%	45%	0%	Yes
25 Years to 30 Years	8.9	5.0%	45%	0%	Yes
30 Years to 35 Years	33.0	18.4%	45%	0%	Yes
35 Years to 40 Years	15.0	8.4%	45%	0%	Yes
40 Years to 45 Years	25.0	13.9%	45%	0%	Yes
45 Years and above	56.0	31.2%	75%	0%	Yes
Total	**179.5**	**100.0%**			

Footnote:
Issues relating to financial, legal, environmental, economic and equalities implications have been considered and any information relevant to the decision is included within the report.

Appendix 1: External Context (Arlingclose October 2021)

<u>Arlingclose's Economic Outlook for the remainder of 2021/22 (based on the October 2021 interest rate forecast)</u>

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Official Bank Rate													
Upside risk	0.00	0.15	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.10	0.10	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Downside risk	0.00	0.00	0.15	0.15	0.15	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40

Arlingclose expects Bank Rate to rise in Q2 2022. We believe this is driven as much by the Bank of England's desire to move from emergency levels as by fears of inflationary pressure.

Investors have priced in multiple rises in Bank Rate to 1% by 2024. While Arlingclose believes Bank Rate will rise, it is by a lesser extent than expected by markets.

The global economy continues to recover from the pandemic but has entered a more challenging phase. The resurgence of demand has led to the expected rise in inflationary pressure, but disrupted factors of supply are amplifying the effects, increasing the likelihood of lower growth rates ahead. This is particularly apparent in the UK due to the impact of Brexit.

While Q2 UK GDP expanded more quickly than initially thought, the 'pingdemic' and more latterly supply disruption will leave Q3 GDP broadly stagnant. The outlook also appears weaker. Household spending, the driver of the recovery to date, is under pressure from a combination of retail energy price rises, the end of government support programmes and soon, tax rises. Government spending, the other driver of recovery, will slow considerably as the economy is taken off life support.

Inflation rose to 3.2% in August. A combination of factors will drive this to over 4% in the near term. While the transitory factors affecting inflation, including the low base effect of 2020, are expected to unwind over time, the MPC has recently communicated fears that these transitory factors will feed longer-term inflation expectations that require tighter monetary policy to control. This has driven interest rate expectations substantially higher.

The supply imbalances are apparent in the labour market. While wage growth is currently elevated due to compositional and base factors, stories abound of higher wages for certain sectors, driving inflation expectations. It is uncertain whether a broad-based increased in wages is possible given the pressures on businesses.

Government bond yields increased sharply following the September FOMC and MPC minutes, in which both central banks communicated a lower tolerance for higher inflation than previously thought. The MPC in particular has doubled down on these signals in spite of softer economic data. Bond investors expect higher near-term interest rates but are also clearly uncertain about central bank policy.

The MPC appears to be playing both sides, but has made clear its intentions to tighten policy, possibly driven by a desire to move away from emergency levels. While the economic outlook will be challenging, the signals from policymakers suggest Bank Rate will rise unless data indicates a more severe slowdown.

Economic background: The economic recovery from coronavirus pandemic continued to dominate the first half of the financial year. By the end of the period over 48 million people in the UK had received their first dose of a COVID-19 vaccine and almost 45 million their second dose.

The Bank of England (BoE) held Bank Rate at 0.1% throughout the period and maintained its Quantitative Easing programme at £895 billion, unchanged since the November 2020 meeting. In its September 2021 policy announcement, the BoE noted it now expected the UK economy to grow at a slower pace than was predicted in August, as the pace of the global recovery had shown signs of slowing and there were concerns inflationary pressures may be more persistent. Within the announcement, Bank expectations for GDP growth for the third (calendar) quarter were revised down to 2.1% (from 2.9%), in part reflecting tighter supply conditions. The path of CPI inflation is now expected to rise slightly above 4% in the last three months of 2021, due to higher energy prices and core goods inflation. While the Monetary Policy Committee meeting ended with policy rates unchanged, the tone was more hawkish.

Government initiatives continued to support the economy over the quarter but came to an end on 30th September 2021, with businesses required to either take back the 1.6 million workers on the furlough scheme or make them redundant.

The latest labour market data showed that in the three months to July 2021 the unemployment rate fell to 4.6%. The employment rate increased, and economic activity rates decreased, suggesting an improving labour market picture. Latest data showed growth in average total pay (including bonuses) and regular pay (excluding bonuses) among employees was 8.3% and 6.3% respectively over the period. However, part of the robust growth figures is due to a base effect from a decline in average pay in the spring of last year associated with the furlough scheme.

Annual CPI inflation rose to 3.2% in August, exceeding expectations for 2.9%, with the largest upward contribution coming from restaurants and hotels. The Bank of England now expects inflation to exceed 4% by the end of the calendar year owing largely to developments in energy and goods prices. The Office of National Statistics' (ONS') preferred measure of CPIH which includes owner-occupied housing was 3.0% year/year, marginally higher than expectations for 2.7%.

The easing of restrictions boosted activity in the second quarter of calendar year, helping push GDP up by 5.5% q/q (final estimate vs 4.8% q/q initial estimate). Household consumption was the largest contributor. Within the sector breakdown production contributed 1.0% q/q, construction 3.8% q/q and services 6.5% q/q, taking all of these close to their pre-pandemic levels.

The US economy grew by 6.3% in Q1 2021 (Jan-Mar) and then by an even stronger 6.6% in Q2 as the recovery continued. The Federal Reserve maintained its main interest rate at between 0% and 0.25% over the period but in its most recent meeting made suggestion that monetary policy may start to be tightened soon.

The European Central Bank maintained its base rate at 0%, deposit rate at -0.5%, and asset purchase scheme at €1.85 trillion.

Financial markets: Monetary and fiscal stimulus together with rising economic growth and the ongoing vaccine rollout programmes continued to support equity markets over most of the period, albeit with a bumpy ride towards the end. The Dow Jones hit another record high while the UK-focused FTSE 250 index continued making gains over pre-pandemic levels. The more internationally focused FTSE 100 saw more modest gains over the period and remains below its pre-crisis peak.

Inflation worries continued during the period. Declines in bond yields in the first quarter of the financial year suggested bond markets were expecting any general price increases to be less severe, or more transitory, that was previously thought. However, an increase in gas prices in the UK and EU, supply shortages and a dearth of HGV and lorry drivers with companies willing to pay more to secure their services, has caused problems for a range of industries and, in some instance, lead to higher prices.

The 5-year UK benchmark gilt yield began the financial year at 0.36% before declining to 0.33% by the end of June 2021 and then climbing to 0.64% on 30th September. Over the same period the 10-year gilt yield fell from 0.80% to 0.71% before rising to 1.03% and the 20-year yield declined from 1.31% to 1.21% and then increased to 1.37%.

The Sterling Overnight Rate (SONIA) averaged 0.05% over the quarter.

Credit review: Credit default swap spreads were flat over most of period and are broadly in line with their pre-pandemic levels. In late September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but are now falling back. The gap in spreads between UK ringfenced and non-ringfenced entities continued to narrow, but Santander UK remained an outlier compared to the other ringfenced/retail banks. At the end of the period Santander UK was trading the highest at 53bps and Lloyds Banks Plc the lowest at 32bps. The other ringfenced banks were trading between 37-39bps and Nationwide Building Society was 39bps.

Over the period Fitch and Moody's upwardly revised to stable the outlook on a number of UK banks and building societies on our counterparty list, recognising their improved capital positions compared to last year and better economic growth prospects in the UK.

Fitch also revised the outlooks for Nordea, Svenska Handelsbanken and Handelsbanken plc to stable from negative. The rating agency considered the improved economic prospects in the Nordic region to have reduced the baseline downside risks it previously assigned to the lenders.

The successful vaccine rollout programme is credit positive for the financial services sector in general and the improved economic outlook has meant some institutions have been able to reduce provisions for bad loans. While there is still uncertainty around the full extent of the losses banks and building societies will suffer due to the pandemic-related economic slowdown, the sector is in a generally better position now compared to earlier this year and 2020.

At the end of the period Arlingclose had completed its full review of its credit advice on unsecured deposits. The outcome of this review included the addition of NatWest Markets plc to the counterparty list together with the removal of the suspension of Handelsbanken plc. In addition, the maximum duration for all recommended counterparties was extended to 100 days. As ever, the institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review.

Appendix 2: External Borrowing Outstanding at 30 September 2021

Ref	Lender	Loan Type	Drawdown Date	Next Option	Date Matures	Amount O/S £000s	Rate %
Loan 2	PWLB	Annuity	25/07/2003	n/a	25/03/2023	1,578	4.70
Loan 3	PWLB	Annuity	21/12/2004	n/a	25/03/2023	28	4.65
Loan 10	PWLB	Maturity	01/03/2006	n/a	25/03/2051	8,816	3.95
Loan 11	PWLB	Maturity	09/10/2006	n/a	25/03/2052	15,000	4.10
Loan 12	PWLB	Maturity	02/08/2007	n/a	25/09/2052	8,000	4.55
Loan 14	PWLB	Maturity	23/08/2007	n/a	25/09/2053	10,000	4.45
Loan 28	PWLB	Maturity	07/09/2010	n/a	25/02/2025	10,000	3.74
Loan 29	PWLB	Maturity	07/09/2010	n/a	25/03/2030	10,000	3.98
Loan 13	Barclays Bank	Maturity	30/07/2007	n/a	30/07/2077	15,600	4.625
Loan 61	Barclays Bank	Maturity	14/11/2006	n/a	16/11/2076	10,000	4.79
Loan 62	KBC Bank	LOBO	14/11/2006	14/11/2021	16/11/2076	11,000	4.59
Loan 24	Lancashire CC	Maturity	25/09/2011	n/a	25/11/2059	15,000	4.39
Loan 47	BAE Systems	LALN	07/11/2019	07/11/2042	07/11/2067	20,000	3.90
Loan 48	BAE Systems	LALN	11/12/2017	11/12/2035	11/12/2065	25,000	3.90
Loan 31	Siemens	LOBO	25/09/2012	25/09/2022	25/09/2032	10,000	2.60
Loan 32	Siemens	LOBO	16/11/2011	21/12/2022	21/12/2032	9,500	2.53
Total / Weighted Average						**179,522**	**4.03**

PWLB - Public Works Loan Board
LALN - Local Authority Loan Note
LOBO - Lender Option Borrower Option