APPENDIX 1

# SCOTTISH BORDERS COUNCIL

# TREASURY MANAGEMENT MID-YEAR REPORT 2016/17

*Draft – Pending 15 November 2016 Executive Committee*

## 1. BACKGROUND

a) Treasury management is defined as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".

b) The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. A primary function of treasury management is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially, before considering optimising investment return.

c) The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, where favourable conditions exist, any debt previously drawn may be restructured to meet Council risk or cost objectives.

d) **Annex A** contains a summary of the updated Prudential and Treasury Management Indicators for 2016/17 as highlighted throughout this report.

## 2 ECONOMIC POSITION

### 2.1 ECONOMIC UPDATE *(from Capita Asset Services)*

### a) UK

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23.

The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the MPC is expected to look thorough a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

b) **U.S.**

The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

c) **Eurozone**

In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

## 2.2 ECONOMIC OUTLOOK

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates. Our PWLB rate forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The overall balance of risks to economic recovery in the UK remains to the downside. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Weak capitalisation of some European banks.
- A resurgence of the Eurozone sovereign debt crisis.
- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a further flight to safe havens (bonds).
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

## 2.3 INTEREST RATE FORECAST

a) Table 1 summarises the latest interest rate forecast from the Council's treasury adviser, Capita Asset Services.

| | Dec-16 | Mar-17 | Jun-17 | Sep-17 | Dec-17 | Mar-18 | Jun-18 | Sep-18 | Dec-18 | Mar-19 | Jun-19 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Bank rate | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.10% | 0.25% | 0.25% | 0.25% | 0.25% | 0.50% |
| 5yr PWLB rate | 1.00% | 1.00% | 1.10% | 1.10% | 1.10% | 1.10% | 1.20% | 1.20% | 1.20% | 1.20% | 1.30% |
| 10yr PWLB rate | 1.50% | 1.50% | 1.60% | 1.60% | 1.60% | 1.60% | 1.70% | 1.70% | 1.70% | 1.70% | 1.80% |
| 25yr PWLB rate | 2.30% | 2.30% | 2.40% | 2.40% | 2.40% | 2.40% | 2.50% | 2.50% | 2.50% | 2.50% | 2.60% |
| 50yr PWLB rate | 2.10% | 2.10% | 2.20% | 2.20% | 2.20% | 2.20% | 2.30% | 2.30% | 2.30% | 2.30% | 2.40% |

***Source**: Capita Asset Services – October 2016.*

b) Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

## 3 TREASURY MANAGEMENT POLICY STATEMENT - UPDATE

a) The Treasury Management Policy Statement (the Statement) was approved by Council in April 2010. There were no policy changes to the Statement. The details in this report update the position in the light of the updated economic position and budgetary changes already approved.

## 4 COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2016/17

**4.1** This part of the report is structured to update:

- The Council's capital expenditure plan.
- How these plans are being financed.
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow, and
- Compliance with the limits in place for borrowing activity.

### 4.2 CAPITAL EXPENDITURE
*(Prudential Indicator (PI-1)*

a) The original capital plan for 2016/17 was approved on 11 February 2016. **Table 2** shows the current budgets for capital expenditure compared to the original estimates used in the Treasury Management Strategy report for 2016/17 which included net budget timing movements from prior years.

| **Table 2** | **2016/17 Original Budget £m** | **2016/17 Current Approved Budget [1] £m** | **Variance Original to Current Approved £m** |
|---|---|---|---|
| Place | 21.8 | 25.0 | 3.2 |
| People | 27.7 | 25.4 | (2.3) |
| Chief Executive | 15.0 | 14.9 | (0.1) |
| Other | 2.3 | 2.2 | (0.1) |
| **Total Capital Expenditure** *(PI-1)* | **66.8** | **67.5** | **0.7** |

[1] **Executive Committee 15 November 2016**

b) The current approved budget for 2016/17 is lower than the original budget due to adverse timing movements in areas of the capital plan. Detailed explanations of the movements within the planned expenditure have been reported in the ongoing monitoring reports, the last of which was to the Executive Committee on 15 November 2016. The key drivers of the changes in Table 2 are:

- Place department – the key movements are linked to the re-profiled Road Asset Management Plans and Winter Damage block budget. £2.4m was added to this budget as part of the 6 Month Capital Review. Also additions to Wilton Lodge Park (£100k) and Energy Efficiency Works (300k).
- People department – the key reduction in estimated expenditure is the net timing movement relating to the construction of Broomlands Primary School.

## 4.3 FINANCING OF THE CAPITAL PROGRAMME

a) **Table 3** on the following page draws together the main funding elements of the capital expenditure plans (see 4.2 above), comparing the original components of the funding strategy to those of the latest approved budget for the 2016/17 capital programme.

| **Table 3** | **2016/17 Original Budget £m** | **2016/17 Current Approved Budget [1] £m** | **Variance - Original to Current Approved £m** |
|---|---|---|---|
| Capital Expenditure (PI-1) | 66.8 | 67.5 | 0.7 |
| Other Relevant Expenditure | 2.0 | 0.6 | (1.4) |
| **Total Expenditure** | **68.8** | **68.1** | **(0.7)** |
| *Financed by:* | | | |
| Capital fund/Capital receipts | (1.3) | (1.3) | - |
| Capital grants & other contributions | (27.1) | (28.6) | (1.5) |
| Plant & Vehicle Fund | (2.0) | (2.1) | (0.1) |
| **Total Financing** | **(30.4)** | **(32.0)** | **(1.6)** |
| ***Net Financing Need for the Year*** | ***38.4*** | ***36.1*** | ***(2.3)*** |

[1] **Executive Committee15 November 2016**

b) The reduction in overall financing need has arisen primarily due to the re-profiling the timing of the “Other Relevant Expenditure” which relates to lending to the National Housing Trust project delivered by Bridge Homes LLP. This amounts to a movement of £1.4m. Also, there is a projected re-profiling of the Capital Plan as detailed in 4.2 (b). In addition the level of borrowing required for specific projects has increased by £1.8m. This is negated by other small variations within other funding streams.

## 4.4 CAPITAL FINANCING REQUIREMENT AND EXTERNAL DEBT INDICATORS

### CAPITAL FINANCING REQUIREMENT (CFR) *(PI-2)*

i) **Table 4** below shows the CFR, which is the underlying need to incur external borrowing for a capital purpose.

ii) The CFR has been re-calculated in light of the changes to the capital plan and the fixed asset and reserve valuations in the Council’s accounts for the year ending 31 March 2015.

| **Table 4** | **2016/17 Original estimate £m** | **2016/17 Revised estimate £m** | **Variance £m** |
|---|---|---|---|
| **CFR** * *(PI-2)* | **291.8** | **285.9** | **(5.9)** |

* *The CFR for this calculation includes current capital expenditure to 31 March 2015*

**ACTUAL EXTERNAL DEBT** *(PI-5)*

iii) Projected external debt for 2016/17 is shown in **Table 5** below and is estimated to remain within the operational boundary.

iv) **Table 5** also compares the current projected external borrowing estimate with the estimate in the Annual Strategy. The borrowing figure is slightly lower than originally projected as the Council has had sufficient cash balances to meet expenditure requirements without further borrowing. In addition, the level of borrowing required to fund the Bridge Homes NHT Project is reduced in line with planned activity.

v) Additional borrowing amounting to £4.0m has been undertaken in September 2016/17. Further borrowing of £10m to £12m is anticipated during the remainder of the year

| **Table 5** | **2016/17 Original estimate £m** | **2016/17 Current Approved Budget £m** | **Variance £m** |
|---|---|---|---|
| Borrowing | 197.9 | 197.1 | (0.8) |
| Other long-term liabilities | 52.6 | 52.9 | 0.3 |
| **Total External Debt (PI-5)** | **250.5** | **250.0** | **(0.5)** |

**(UNDER)/OVER BORROWING AGAINST CFR** *(PI-6)*

vi) A key control over treasury activity is a prudential indicator to ensure that, over the medium term, borrowing will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and next two financial years. This allows some flexibility for limited early borrowing for future years.

vii) **Table 6** compares the prudential indicator for (under)/over borrowing against CFR versus the updated estimate for the year end and shows that the Council's actual debt levels are well within its capital financing requirement. This is primarily driven by the tactical measures which use the Council's surplus cashflows to finance capital expenditure rather than enter into new debt financing arrangements.

| **Table 6** | **2016/17 Original estimate £m** | **2016/17 Current Approved Budget £m** | **Variance £m** |
|---|---|---|---|
| **Gross External Debt** | **250.5** | **250.0** | **(0.5)** |
| CFR * | 298.3 | 290.2 | (8.1) |
| **(Under)/Over Borrowing against CFR** *(PI-6)* | **(47.8)** | **(40.2)** | **(7.6)** |

** The CFR for this calculation includes the current and two future years projected capital expenditure.*

viii) No difficulties are envisaged for the current or future years in complying with this prudential indicator.

**AUTHORISED LIMIT AND OPERATIONAL BOUNDARY** *(PI-7 and PI-8)*

ix) Two further prudential indicators control the overall level of borrowing. These are:

(i) The **Authorised Limit** which represents the limit beyond which borrowing is prohibited and the expected maximum borrowing need for the Council. It needs to be set and revised by Members. The Authorised Limit is the statutory limit determined under the Local Government in Scotland Act 2003.

(ii) The **Operational Boundary** which shows the expected operational debt position for the period.

x) **Table 7** below shows revised estimates for the debt indicators for the 2016/17 financial year and compares them with the original estimates shown in the 2016/17 Treasury Management Strategy Report.

| **Table 7** | **2016/17 Original estimate £m** | **2016/17 Revised estimate £m** | **Variance £m** |
|---|---|---|---|
| **Gross External Debt** *(PI-5)* | **250.5** | **250.0** | **(0.5)** |
| **Authorised Limit** inc. Long Term Liabilities*(PI-8a)* | **307.2** | **310.1** | **2.9** |
| *Variance to External Debt Estimate* | *56.7* | *60.1* | *3.4* |
| **Operational Boundary** inc. Long Term Liabilities *(PI-7a)* | **272.4** | **273.1** | **0.7** |
| *Variance to External Debt Estimate* | *21.9* | *23.1* | *1.2* |

## 4.5 DEBT RESCHEDULING

Debt rescheduling opportunities continue to have been limited in the current economic climate. No debt rescheduling was undertaken during the first six months of 2016/17. The position will continue to be monitored on an ongoing basis, but current interest rate forecasts coupled with the corresponding restructuring penalty costs indicate it is unlikely that any debt rescheduling will be undertaken during the remainder of the year.

## INVESTMENT ACTIVITY

### 5.1 INVESTMENTS

a) In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.25% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis together with other risks which could impact on the creditworthiness of banks, prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low.

b) The Council held £4.1m of balances in interest bearing accounts as at 30 September 2016 (£19.4m at 31 March 2016), and the investment yield for the first six months of the year was 0.39% against a benchmark of the average 7 day LIBID rate of 0.28%. As a result of current market uncertainties, the Council has been prioritising the security of deposits by investing surplus balances with money market funds and the UK Government's Debt Management Office (DMO).

c) The reduction in the balances invested from March to September, highlighted above are in line with the borrowing requirements as detailed in section 4.4 above. The reduced levels of investment and the need for increased borrowing come at a good time when interest rates remain low and are potentially still falling.

d) The Council, due to the cashflow position and the requirement to manage the Pension Fund cash as well as the Council's, continues to explore opportunities to invest surplus balances in the short term. As part of this, and within the Treasury Management Strategy's Investment criteria officers have expanded the counterparty list used for operational purposes to Svenska Handelsbanken through the use of a call account.

### 5.2 INVESTMENT COUNTERPARTY CRITERIA

a) The current investment counterparty criterion, approved in the Treasury Management Strategy, represents a prudent approach to risk and the Council's concerns about security of investments. These prudent limits mean there are limited investment options when operating the cash-flow on a short term management basis.

b) The Bank of Scotland is the Council's own bank for transactional receipts and payments. Although the bank only has an 'A' long term and 'A-1' short term credit rating from the main credit rating agencies, which is the lowest counterparty credit rating for investments as defined in the approved 2016/17 Treasury Management Strategy, it still remains a part-nationalised bank. On this basis, and as the Council currently only has an instant access investment account with the bank, it is proposed that the Council continue to allow the use of £5m as the daily maximum to be held with the Bank of Scotland to allow the daily cash management functions to operate effectively.

c) It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution, merely a reassessment of their methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the "support" phase of the financial crisis.

## TREASURY PERFORMANCE INDICATORS

The Treasury Management Strategy for 2016/17 established certain performance indicators for the Treasury Management Function, as defined below.

### 6.1 DEBT PERFORMANCE INDICATORS

These indicators are additional to the prudential & treasury management indicators covered earlier in this report. The Indicators are:

i) **Average 'Pool Rate'** charged by the Loans Fund compared to Scottish Local Authority average Pool Rate. Target is to be at or below the Scottish Average for 2016/17

ii) **Average rate movement year on year**. Target is to maintain or reduce the average borrowing rate for the Council versus 2015/16.

The Average 'Pool Rate' can only be measured at the end of the financial year, once the Scottish Treasury Indicators have been published. The Average Rate movement year on year is on target to be maintained / reduced.

### 6.2 INVESTMENT PERFORMANCE INDICATORS

### a) SECURITY

The Council's maximum security risk benchmark for the current portfolio, when compared to historic default tables, is 0.02% historic risk of default when compared to the whole portfolio.

**Year to Date (YTD) Performance** of this indicator is **0.02% historic risk** which is equivalent to the benchmark, if overnight deposits with the Council's own bank, the Bank of Scotland, are taken into account. Excluding Bank of Scotland deposits, the risk of default on deposits was 0.002%, which is lower than the benchmark. This was achieved by investing with counterparties with higher credit ratings, especially in money market funds (AAA credit rating), which have a lower historic risk of default. Security risk was also managed by utilising only overnight or short term notice accounts.

### b) LIQUIDITY

i) Liquid short term deposits should be at least £3,000,000, available with a week's notice. Liquid deposits were maintained above £3,000,000 throughout the six months to 30 September 2016.

ii) Weighted Average Life benchmark, i.e. the average length of time over which cash is deposited, is **expected to be 0.5 years** (equivalent to a weighted average life of 6 months), with a **maximum of 1.0 years.**

The YTD weighted average life has been 0.01 years, well below the 0.5 year target. This 2016/17 figure also included money deposited in money market accounts, which could be called back at any time.

**YIELD**

i) Internal returns on cash investment above the 7 day LIBID rate.

The return for the six months to 30 September 2016 has averaged 0.39%, compared against an average seven day LIBID rate of 0.28%. This reflects the continued priority on ensuring cash is held in a secure and liquid form (as described in paragraph 5.2).

## 6.3 LOAN CHARGES

a) The **Loan Charges** Revenue Budget estimate contained in the Council's Financial Plans approved on 11 February 2016 was £20.49m. It is expected that charges for 2016/17 will be lower than the budgeted figure, in line with the actual and projected borrowing requirements for the year. During the year so far and amount of £23k has been removed from this budget as approved by Executive Committee on 16 August 2016 to mainly to support the IT Transformation project and also condition surveys relating to artificial pitches. A further £1.506m will be removed from this budget in pending approval at the Executive Committee meeting on 15 November 2016. Updates on the estimates will continue to be reported as part of the revenue budget monitoring process.

**ANNEX A**

| Indicator Reference | Indicator | Page Ref. | 2015/16 Original estimate | 2015/16 Revised estimate |
|---|---|---|---|---|
| **PRUDENTIAL INDICATORS** | | | | |
| **Capital Expenditure Indicator** | | | | |
| PI-1 | Capital Expenditure Limits (£m) | 6 | 66.8 | 67.5 |
| PI-2 | Capital Financing Requirement (£m) (CFR) | 6 | 291.8 | 285.9 |
| **Affordability Indicator** | | | | |
| PI-3 | Ratio of Financing Costs to Net Revenue (inc PPP repayment costs) | N/A | 9.0% | 8.9% |
| PI-3 | Ratio of Financing Costs to Net Revenue (exc PPP repayment costs) | N/A | 8.9% | 8.6% |
| PI-4 | Incremental (Saving)/ Cost Impact of Capital Investment Decisions on Council Tax | N/A | (0.05) | (0.00) |
| **External Debt Indicators** | | | | |
| PI-5 | External Debt (£m) | 7 | 250.5 | 250.0 |
| PI-7a | Operational Boundary<br>(inc. Other Long Term Liabilities) (£m) | 8 | 272.4 | 273.1 |
| PI-7b | Operational Boundary<br>(exc. Other Long Term Liabilities) (£m) | N/A | 219.7 | 220.1 |
| PI-8a | Authorised Limit<br>(inc. Other Long Term Liabilities) (£m) | 8 | 307.2 | 310.1 |
| PI-8b | Authorised Limit<br>(exc. Other Long Term Liabilities) (£m) | N/A | 254.6 | 257.1 |
| **Indicators of Prudence** | | | | |
| PI-6 | (Under)/Over Net Borrowing against the CFR (£m) | 8 | (47.8) | (40.2) |
| **TREASURY INDICATORS** | | | | |
| TI-1 | Upper Limit to Fixed Interest Rates based on Net Debt (£m) | | 272.4 | 273.1 |
| TI-2 | Upper Limit to Variable Interest Rates based on Net Debt (£m) | | 95.3 | 95.6 |
| TI-3 | Maturity Structure of Fixed Interest Rate Borrowing | | **Lower** | |
| | Under 12 months | | 0% | |
| | 12 months to 2 years | | 0% | |
| | 2 years to 5 years | | 0% | |
| | 5 years to 10 years | | 0% | |
| | 10 years and above | | 20% | |
| TI-4 | Maximum Principal Sum invested greater than 364 days | 12 | 20% | 20% |