Joint Audit and Governance Committee

Report of Head of Finance

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To: Joint Audit and Governance Committee, Cabinet and Council

DATE: 22 September 2020 by Joint Audit and Governance Committee

1 October 2020 (S) / 2 October 2020 (V) by Cabinet

8 October 2020 (S) / 7 October 2020 (V) by Council

Treasury Outturn 2019-20

That Joint Audit and Governance Committee:

1. notes the treasury management outturn report 2019/20,

2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy, and

3. make any comments and recommendations to Cabinets as necessary.

That Cabinet:

Considers any comments from Joint Audit and Governance Committee and recommends Council to:

1. approve the treasury management outturn report for 2019/20;

2. approve the actual 2019/20 prudential indicators within the report.

Purpose of report

1. This report fulfils the legislative requirements to ensure the adequate monitoring and reporting of the treasury management activities and that the councils' prudential indicators are reported to the councils at the end of the year. The report provides details of the treasury activities for the financial year 2019/20.

2. This complies with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA's) Code of Practice on Treasury Management.

Strategic objectives

3. Effective treasury management is required to help the councils meet their strategic objectives.

Background

4. The councils' treasury activities are strictly regulated by legislation. The CIPFA Prudential Code and CIPFA Treasury Management Code of Practice require a report to be provided to the councils at the end of the financial year.

5. This report provides details on the treasury activity and performance for 2019/20 against prudential indicators and benchmarks set for the year in the 2019/20 Treasury Management Strategy (TMS), approved by each council in February 2019. Each council is required to approve this report.

6. Link Asset Services are the councils' retained treasury advisors.

7. Between 1 August 2016 and 31 March 2020, the operational treasury management staff were outsourced to Capita. The executive decision making function remained with the head of finance throughout this time. On 1 April 2020, the treasury management function was brought back inhouse.

8. There are three types of investment, the performance of which is covered in this report

    a. True treasury investments – these investments are primarily for generating interest for the councils. Examples of these are loans to banks or other local authorities. It also includes investments in property funds.

    b. Non-treasury loans – these are loans to third parties, which earn a return, but they do not fall under the strict definition of a treasury investment.

    c. Property investments - both councils have investment properties let on commercial basis. The primary purpose of holding these assets is for investment purposes and they are not part of regeneration schemes.

9. The councils continue to invest with regard for security, liquidity and yield, in that order.

Economic conditions and factors effecting investment returns during 2019/20

10. UK bank base rates were held at 0.75 per cent until March 2020. The coronavirus pandemic forced the Bank of England to make two rate cuts in quick succession, first to 0.25 per cent and then to 0.10 per cent on 19 March. Link Asset Services provide a regular forecast of interest rates and the latest forecast is reproduced in **appendix A**. This forecast shows that base rates are expected to remain at 0.10 per cent for the foreseeable future.

11. The TMS makes clear that investment priority is given to the security of principal in the first instance. As a result, investments have only been made with counterparties of high credit quality and low risk. Since the global banking crisis and the downgrading of the credit ratings of many banks, it has become increasingly difficult to place money at competitive rates, as institutions with high credit ratings have been offering lower rates.

12. Average treasury investment balances were higher for both councils than expected in the year. This arose from a combination of accumulated revenue and capital surpluses/slippage and unbudgeted grant receipts. This was also the case in 2018/19.

13. Investments that have helped to keep yields up for both councils include longer term investments taken out when rates were higher, such as the CCLA property fund at both councils, and the unit trusts at South.

14. Outlook for 2020/21 –interest rates are expected remain at 0.10 per cent for the next eighteen months. There is a market expectation that a further cut in rates could happen in the latter half of 2021. Concerns are mounting that unemployment will rise if those currently on furlough lose their jobs. However, Monetary Policy Committee (MPC) members are hopeful we will see a good economic recovery post lockdown.

Summary of investment activities during 2019/20

15. Prudential limits (security). Both councils are required by the Prudential Code to report on the limits set each year in the TMS. The purpose of these limits is to ensure that the activity of the treasury function remains within certain parameters, thereby mitigating risk and reducing the impact of an adverse movement in interest rates. However, if these limits are set to be too restrictive, they may impair the opportunities to reduce costs/improve performance. These limits are shown in **appendix B**.

16. Yield - the performance of the two councils is summarised in the tables below.

	South	Treasury investments £000	Non treasury loan £000	Sub Total £000	Property investment £000	Overall total £000
1	Average investment balance	159,706	15,000	174,706	7,800	182,505
2	Budgeted investment income	2,184	623	2,807		
3	Actual investment income	2,620	623	3,243	391	3,634
4	surplus/(deficit) (3) - (2)	436	0	436		
5	Rate of return (3) ÷ (1)	1.64%	4.15%	1.86%	5.01%	1.99%

	Vale	Treasury investments £000	Property investment £000	Overall total £000
1	Average investment balance	101,686	5,942	107,628
2	Budgeted investment income	762		
3	Actual investment income	1,284	154	1,438
4	surplus/(deficit) (3) - (2)	522		
5	Rate of return (3) ÷ (1)	1.26%	2.59%	1.34%

Note: £135,000 of treasury investment income relates to interest earned on Enterprise Zone balances

17. Both councils have exceeded treasury budgeted investment income this year in terms of actual income against budget and rates of return against benchmark. More detail on benchmarks is included in the appendices that follow this report.

18. Detailed reports on the treasury activities for each council and performance for 2019/20 against prudential indicators and benchmarks set for the year are contained in **appendix C** – South Oxfordshire DC and **appendix D** – Vale of White Horse DC.

19. A detailed list of both councils' treasury investments as at 31 March 2020 is shown at **appendix E**.

Debt activity during 2019/20

20. During 2019/20, there has not been a need for either council to borrow and both councils continue to take a prudent approach to their debt strategy. The prudential indicators and limits set out in **appendix B** provide the scope and flexibility for the Council to borrow in the short-term, if such a need arose, for cash flow purposes to support the council(s) in the achievement of their service objectives.

Financial implications

21. The treasury investments made in 2019/20 ensured over £3 million of actual investment income was achieved for SODC during the year and over £1 million for VOWHDC. Income earned from investments supports the councils' medium term financial plans and contributes to the councils' balances or supports the in-year expenditure programmes.

22. Looking forward, income is anticipated to remain stable with any increase due to ongoing surplus cash balances and rises in market rates offset by a general reduction in the balances available to invest. This will be reflected in the councils' future budgets and medium term financial plans.

Legal implications

23. There are no significant legal implications. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the DCLG Local Government Investment Guidance provides assurance that the councils' investments are, and will continue to be, within their legal powers.

Conclusion

24. Despite a difficult operating environment, both councils continued to make investments during 2019/20 that maintained security and liquidity whilst providing a return that exceeded market benchmarks.

Background papers

- Chartered Institute of Public Finance and Accounting (CIPFA) code of practice for treasury management in the public sector.
- DCLG Local Government Investment Guidance
- CIPFA treasury management in the public services code of practice and cross sectoral guidance notes
- Treasury Management Strategy 2019/20 – Councils in February 2019.

Appendices

A. Interest rate forecasts
B. Prudential limits
C. SODC – Treasury activities 2019-2020
D. VWHDC – Treasury activities 2019-2020
E. Treasury investments as at 31 March 2020
F. Glossary of terms

Appendix A

Interest rate forecast as at July 2020

The table below shows Link Asset Services' forecast of the expected movement in medium term interest rates:

	Sep 20	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 m LIBID	0.40	0.35	0.30	0.30	0.30	0.30	0.30
6 m LIBID	0.55	0.50	0.45	0.40	0.40	0.40	0.40
12 m LIBID	0.70	0.65	0.60	0.55	0.55	0.55	0.55
5 yr PWLB	1.90	1.90	2.00	2.00	2.00	2.10	2.10
10 yr PWLB	2.10	2.10	2.20	2.20	2.20	2.30	2.30
25 yr PWLB	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	2.30	2.30	2.40	2.40	2.50	2.50	2.50

Prudential limits (indicators) as at March 2020

Prudential indicators as at 31 March 2020	Vale		South	
	Original estimate £m	Actual position £m	Original estimate £m	Actual position £m
Authorised limit for external debt				
Borrowing	30	0	30	0
Other long term liabilities	5	0	0	0
	35	**0**	**30**	**0**
Operational boundary for external debt				
Borrowing	25	0	25	0
Other long term liabilities	5	0	0	0
	30	**0**	**25**	**0**
Investments				
Interest rate exposures				
Limits on fixed interest rates %	100%	87%	100%	84%
Limits on variable interest rates £	50	10	50	9
Maximum principal sums invested > 364 days				
Upper limit for principal sums invested > 364 days £	40	23	70	26
Limit to be placed on investments to maturity				
1 - 2 years	NA	NA	NA	NA
2 - 5 years	NA	NA	NA	NA
5 years +	NA	NA	NA	NA

Prudential indicators – explanatory note

Debt

There are two limits on external debt: the 'Operational Boundary' and the 'Authorised Limit'. Both are consistent with the current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. They are both based on estimates of most likely, but not worst case, scenario.

The key difference is that the Authorised Limit cannot be breached without prior approval of the Council. It therefore includes more headroom to take account of eventualities such as delays in generating capital receipts, forward borrowing to take advantage of attractive interest rates, use of borrowing in place of operational leasing, "invest to save" projects, occasional short term borrowing to cover temporary revenue cash flow shortfalls as well as an assessment of risks involved in managing cash flows.

The Operational Boundary is a more realistic indicator of the likely position.

Interest rate exposures

The maximum proportion of interest on borrowing which is subject to fixed/variable rate of interest.

Investments

Interest rate exposure

The purpose of these indicators is to set ranges that will limit exposure to interest rate movement. The indicator required by the Treasury Management Code considers the net position of borrowing and investment and is based on principal sums outstanding.

Principal sums invested

This indicator sets a limit on the level of investments that can be made for more than 364 days.

SODC treasury activities in 2019/20

Council treasury investments as at 31 March 2020

1. The council's treasury investments, analysed by age as at 31 March 2020 were as follows:

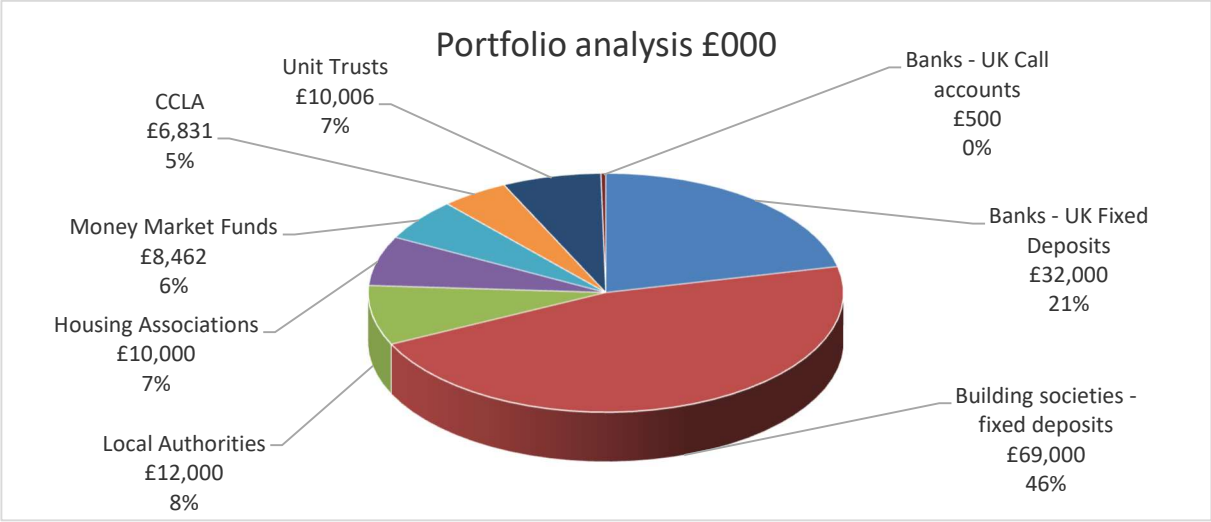
Table 1: maturity structure of investments at 31 March 2020:

	£000	% holding
Call	500	0%
Money market fund	8,462	6%
Cash available within 1 week	**8,962**	**6%**
Up to 4 months	53,000	36%
5-6 months	14,000	9%
6 months to 1 year	30,000	20%
Over 1 year	26,000	17%
Kaupthing Singer & Friedlander	222	0%
Total cash deposits	**132,184**	**88%**
CCLA Property Fund	6,831	5%
Equities	10,006	7%
Total investments	**149,021**	**100%**

2. Most of the funds invested are held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return.

3. The investment profile is organised in order to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.

4. The chart below shows in percentage terms how the portfolio above is spread across the investment types:



Treasury investment income

5. The total income earned on investments during 2019/20 was £2.6 million, compared to the original budget of £2.2 million, as shown in table 2 below:

Table 2: Investment interest earned by investment type

Investment type	Annual Budget £000	Actual Interest £000	Variation £000
Fixed term and call	1,429	1,758	329
Equities	456	574	118
CCLA property fund	299	288	(11)
	2,184	2,620	436

6. The actual return achieved was £0.4 million more than the original budget. This was due to:

   - Interest earned on cash deposits was £0.3 million higher than forecast principally due to balances available to invest being more than predicted in the 2019/20 budget setting.

   - Dividend received on equities was £118,000 higher than forecast. The value of our equities holding tracks the FTSE. For most of the financial year this rose, resulting in an increase in dividends received. When the coronavirus pandemic struck at the beginning of 2020 the FTSE fell sharply, which resulted in the year end losses seen in tables four and five below.

7. The actual average rate of return on treasury investments for the year was 1.64 per cent (1.33 in 2018/19).

Performance measurement

8. A list of treasury investments as at 31 March 2020 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £160 million. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

9. The £160 million does not represent the council's usable, cash backed reserves, which at 31 March 2020 totalled £118 million. The difference represents the council's working capital balance and capital grants received in advance of spend.

Table 3: Treasury investment returns achieved against benchmark

	Benchmark Return	Actual Return	Growth (Below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	0.64%	1.64%	1.00%	3 Month LIBID
Equities	(21.89%)	(23.46%)	(1.57%)	FTSE All Shares Index
Property related investments (excluding SOHA loan)*	3.69%	5.77%	2.08%	IPD balanced property unit trust index

Note: the benchmark return for unit trusts and CCLA includes the movement in capital value. All other benchmarks reflect earnings of treasury investment income.

10. Returns on Bank and building society deposits (Call accounts, money market funds and fixed term deposits) are benchmarked against the three-month LIBID rate, which was an average of 0.64 per cent for 2019/20. The performance for the year of 1.64 per cent exceeded the benchmark by 1.00 per cent.

11. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.

12. The CCLA property fund principal investment of £5 million (March 2013) increased in value during 2019/20 to £6.8 million. Dividends received in the year totalled £0.3 million. Both the capital appreciation and the interest earned are included in the performance of 5.77 per cent achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 3.69 per cent.

Equities

13. The council's holdings with the Legal & General (L&G) UK 100 Index Trust were purchased in 2000/01 at an initial cost of £10 million. This is an authorised unit trust incorporated in the United Kingdom and regulated by the FSA. The trust's objective is to track the capital performance of the UK equity market as represented by the FTSE 100 index which represents 98-99 per cent of the UK market capitalisation.

14. The index shows the performance of all eligible companies listed on the London Stock Exchange main market and today covers 616 constituents with a combined value of nearly £1.9 trillion. It is recognised as the main benchmark for unit trusts.

Table 4: Unit Trusts - Movement in capital

	£	£
Market Value as at 31.3.20		10,006,338
Less:		
Dividends received in year	443,923	
Accrued dividends	130,231	
		(574,154)
Amended market value as at 31.3.20		9,432,184
Market value as at 1.4.19		12,322,880
Decrease in Market Value in year		(2,890,696)

15. The decrease above is compared to the performance of the stock market as a whole using the benchmarking in table 5 below. The fund's under performance of 1.57 per cent compared with the stock market equates to £193,172 in real terms.

Table 5: Unit Trust performance	
Decrease in FTSE all share was	(21.89%)
Decrease in Market Value	(23.46%)
Under-performance	**(1.57%)**
	£
Market value as at 1.4.19	12,322,880
Adjusted for FTSE change	(2,697,523)
Benchmark Market Value at 31.3.20	9**,625,356**
Amended market value as at 31.3.20	**9,432,184**
Under performance	**(193,172)**

16. The performance of the fund over the past three years is summarised in table 5.1 below. The justification for holding this investment is regularly reviewed.

Table 5.1 Unit Trust past performance	2017/18	2018/19	2019/20
Performance against FTSE all share % (Under)/Over	0.71%	0.60%	(1.57%)
Performance against FTSE all share £000 (Under)/Over	95,067	70,350	(193,172)

17. Dividends received of £0.6 million were reinvested to acquire additional fund units.

18. Officers monitor the performance of the unit trust holding on a regular basis. When the market value reaches £14 million, a disposal of £2 million is made. No disposal took place during 2019/20.

Non-treasury investment loan

19. During 2013/14, the council entered into a secured loan agreement with SOHA to enable them to finance affordable housing schemes. The Council lent £15 million over 20 years at a fixed rate of 4.15 per cent. Interest is paid quarterly and during 2019/20, the council received £0.6 million.

Land and property

20. The Council holds a portfolio of investment properties, which includes land, depots, garages, and shops that are let on a commercial basis. These assets are valued on an annual basis and had average net book value of £7.8 million during 2019/20 (£6.46 million at 31 March 2019). Income generated was £0.39 million in 2019/20 (£0.32 million in 2018/19) giving a gross rate of return of 5.01 per cent.

21. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.

Liquidity and yield

22. The council uses short-term investments to meet daily cash-flow requirements and aims to invest a proportion of the portfolio over longer dated cash deposits where possible.

23. The amount maintained for liquidity was £9 million.

Appendix D

VWHDC detailed treasury performance in 2019/20

Council treasury investments as at 31 March 2020

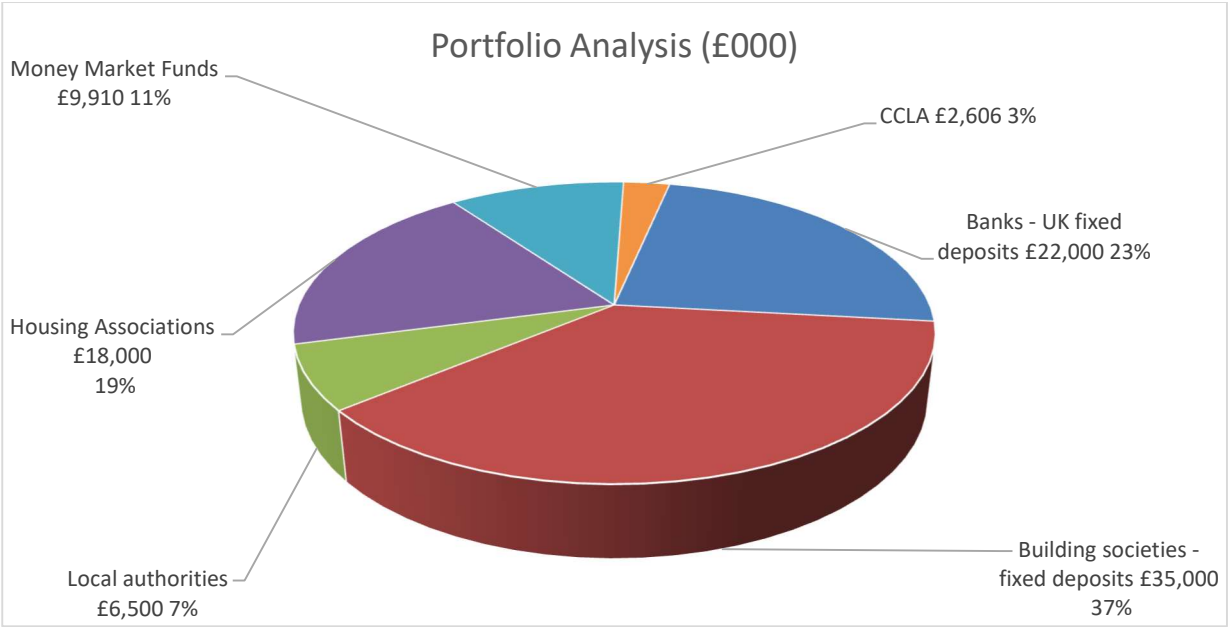
1. The council's treasury investments analysed by age as at 31 March 2020 were as follows:

Table 1: maturity structure of investments at 31 March 2020:		
	£000	**% holding**
Call	0	0%
Money market fund	9,910	11%
Cash available within 1 week	9,910	11%
Up to 4 months	5,000	5%
5-6 months	10,000	11%
6 months to 1 year	43,500	46%
Over 1 year	23,000	24%
Total cash deposits	**91,410**	**97%**
CCLA Property Fund	2,606	3%
Total investments	**94,016**	**100%**

2. Most of the funds invested are held in the form of fixed interest rate and term cash deposits. These provide some certainty over the investment return.

3. The investment profile is organised in order to ensure sufficient liquidity for revenue and capital activities, security of investments and to manage risks within all treasury management activities.

4. The chart below shows in percentage terms how the portfolio above is spread across investment types:



Treasury investment income

5. The total interest earned on treasury investments during 2019/20 was £1.5 million compared to the original budget estimate of £0.7 million as shown in table 2 below:

Table 2: Investment interest earned by investment type

Investment type	Annual Budget £000	Actual Interest £000	Variation £000
Fixed term and call	648	1,169	521
CCLA Property Fund	114	115	1
Total Interest	**762**	**1,284**	**522**

Note: £135,000 of treasury investment income relates to interest earned on Enterprise Zone balances

6. The actual return achieved was £0.5 million higher than the original budget. This was primarily due to average balances throughout the year remaining higher than forecast.

7. The total actual average interest rate achieved for the year was 1.26 per cent.

Performance measurement

8. A list of treasury investments as at 31 March 2020 is shown in **appendix E**. All investments were with approved counterparties. The average level of investments held was £102 million. At 31 March 2020 the council's usable, cash backed reserves totalled around £40 million. The difference represents working capital and capital grants received in advance. Table 3 below shows in summary the performance of the council's treasury investments against the benchmarks set out in the TMS. These benchmarks are used to assess and monitor the council's treasury investment performance for each type of investment.

Table 3: Treasury investment returns achieved against benchmark

	Benchmark return	Actual return	Growth (below)/above Benchmark	Benchmarks
Internally managed - Bank & Building Society deposits	0.64%	1.26%	0.62%	3 month LIBID
Property related funds (CCLA)*	3.69%	5.77%	2.08%	IPD balanced property unit trust index

*Source: CCLA Local Authorities Property Fund Report March 2020

9. Returns on bank and building society deposits (internally managed cash deposits) are benchmarked against the 3-month LIBID rate, which was an average of 0.64 per cent for 2019/20. The performance for the year of 1.26 per cent exceeded the benchmark by 0.62 per cent.

10. It remained difficult to place investments because of continued financial uncertainty. Some good rates were achieved which contributed to the increase in investment income during the year.

11. The CCLA property fund principal investment of £2 million (April 2013) increased in value during 2019/20 to £2.6 million. Dividends received in the year totalled £0.1 million. Both the capital appreciation and the interest earned are included in the performance of 5.77 per cent achieved above. The capital gain is however not realised and so for comparison purposes, the actual rate of return is interest as a factor of market value of holding being 3.69 per cent.

Land and Property

12. The council holds a portfolio of investment properties, which includes land, offices and shops that are let on a commercial basis. These assets are valued on an annual basis and had an average net book value of £5.9 million during 2019/20 (£7.1 million as at 31 March 2019). Income generated was £0.2 million (£0.4 million in 2018/19). This is equivalent to a gross return of 2.59 per cent.

13. Due to movement in property values and the exclusion of whole life costs, these rates of return should not be taken as a direct comparison with the treasury rates.

Liquidity and yield

14. The council uses short-term investments to meet daily cash-flow requirements and has also aims to invest a proportion of the portfolio over longer dated cash deposits where possible.

15. The amount maintained for liquidity was £9.9 million.

Appendix E

South Oxfordshire District Council investments (excluding KSF) as at 31 March 2020

Counterparty	Deposit Type	Maturity Date	Principal	Rate
West Bromwich Building Society	Fixed	Apr-20	3,500,000	1.22%
Goldman Sachs International Bank	Fixed	Apr-20	2,000,000	1.03%
Goldman Sachs International Bank	Fixed	Apr-20	3,000,000	1.03%
National Counties Building Society	Fixed	Apr-20	2,500,000	1.30%
Principality Building Society	Fixed	Apr-20	2,000,000	1.20%
Close Brothers	Fixed	Apr-20	2,000,000	1.25%
Close Brothers	Fixed	Apr-20	2,000,000	1.25%
Principality Building Society	Fixed	May-20	2,500,000	1.15%
Newcastle Building Society	Fixed	May-20	2,000,000	1.22%
National Counties Building Society	Fixed	May-20	1,000,000	1.26%
West Bromwich Building Society	Fixed	May-20	2,500,000	1.10%
Principality Building Society	Fixed	May-20	1,500,000	1.16%
National Counties Building Society	Fixed	May-20	1,500,000	1.26%
National Counties Building Society	Fixed	May-20	1,000,000	1.25%
Nottingham Building Society	Fixed	May-20	1,000,000	1.18%
Saffron Building Society	Fixed	Jun-20	2,500,000	1.17%
Nottingham Building Society	Fixed	Jun-20	1,000,000	1.15%
Principality Building Society	Fixed	Jun-20	3,000,000	1.15%
Newcastle Building Society	Fixed	Jun-20	2,000,000	1.30%
Principality Building Society	Fixed	Jul-20	4,000,000	1.10%
Cumberland Building Society	Fixed	Jul-20	3,000,000	1.00%
Principality Building Society	Fixed	Jul-20	2,000,000	1.10%
Monmouthshire Building Society	Fixed	Jul-20	1,000,000	1.20%
Progressive Building Society	Fixed	Jul-20	2,500,000	1.15%
Monmouthshire Building Society	Fixed	Jul-20	2,000,000	1.20%
Kingston upon Hull City Council	Fixed	Aug-20	3,500,000	2.70%
Kingston upon Hull City Council	Fixed	Aug-20	1,500,000	2.70%
Newcastle Building Society	Fixed	Aug-20	2,000,000	1.25%
Newcastle Building Society	Fixed	Aug-20	2,000,000	1.25%
Monmouthshire Building Society	Fixed	Sep-20	3,000,000	1.05%
Newbury Builiding Society	Fixed	Sep-20	2,000,000	1.20%
Cambridge BS	Fixed	Oct-20	3,000,000	1.15%
Progressive Building Society	Fixed	Oct-20	1,000,000	1.10%
Cambridge BS	Fixed	Oct-20	2,000,000	1.15%
Progressive Building Society	Fixed	Oct-20	2,000,000	1.10%
Newbury Builiding Society	Fixed	Nov-20	1,000,000	1.10%
West Bromwich Building Society	Fixed	Nov-20	2,000,000	1.03%
West Bromwich Building Society	Fixed	Nov-20	2,000,000	1.03%
Nottingham Building Society	Fixed	Dec-20	3,000,000	0.90%
Goldman Sachs International Bank	Fixed	Dec-20	2,000,000	1.02%
Metropolitan Housing Trust Ltd	Fixed	Jan-21	2,000,000	1.45%
Kingston upon Hull City Council	Fixed	Jan-21	2,000,000	2.50%
Close Brothers	Fixed	Mar-21	3,000,000	1.50%
Close Brothers	Fixed	Mar-21	2,000,000	1.00%
Close Brothers	Fixed	Mar-21	2,000,000	1.00%
Close Brothers	Fixed	Mar-21	1,000,000	1.50%
Royal Bank of Scotland	Fixed	Apr-21	3,000,000	1.75%
Metropolitan Housing Trust Ltd	Fixed	Apr-21	3,000,000	1.70%
Royal Bank of Scotland	Fixed	Apr-21	3,000,000	1.78%
Places for People	Fixed	May-21	2,000,000	1.70%
Places for People	Fixed	Jun-21	3,000,000	1.70%
Bury MBC	Fixed	Jul-21	5,000,000	1.50%
Lloyds Bank	Fixed	Jul-21	2,000,000	1.30%
Close Brothers	Fixed	Nov-21	3,000,000	1.30%
Royal Bank of Scotland	Fixed	Feb-23	2,000,000	2.46%
Santander	Call		401,256	0.40%
Royal Bank of Scotland	Call		2,343	0.25%
Royal Bank of Scotland	Call		96,095	0.25%
Goldman Sachs	MMF		7,772,000	Variable
Blackrock	MMF		690,000	Variable
L&G Equities	Unit trust		10,006,338	Variable
CCLA - property fund	Property fund		5,000,000	3.69%
GRAND TOTAL			**146,968,032**	

Appendix E

Vale of White Horse District Council investments as at 31 March 2020

Counterparty	Deposit Type	Maturity Date	Principal	Rate
Progressive Building Society	Fixed	Jun-20	3,000,000	1.22%
National Counties Building Society	Fixed	Jun-20	1,000,000	1.25%
National Counties Building Society	Fixed	Jul-20	1,000,000	1.26%
Kingston upon Hull City Council	Fixed	Aug-20	2,000,000	2.70%
Newbury Building Society	Fixed	Sep-20	1,000,000	1.20%
Monmouthshire Building Society	Fixed	Sep-20	1,000,000	1.05%
National Counties Building Society	Fixed	Sep-20	1,000,000	1.20%
Principality Building Society	Fixed	Sep-20	3,000,000	1.06%
Skipton Building Society	Fixed	Sep-20	2,000,000	0.95%
Cambridge Building Society	Fixed	Oct-20	2,000,000	1.15%
Goldman Sachs International Bank	Fixed	Oct-20	2,000,000	0.95%
Principality Building Society	Fixed	Nov-20	1,500,000	0.95%
West Bromwich Building Society	Fixed	Nov-20	1,500,000	1.03%
Monmouthshire Building Society	Fixed	Nov-20	1,500,000	1.05%
Principality Building Society	Fixed	Nov-20	500,000	1.00%
West Bromwich Building Society	Fixed	Nov-20	1,000,000	1.00%
Newcastle Building Society	Fixed	Dec-20	1,500,000	1.20%
Skipton Building Society	Fixed	Dec-20	5,000,000	0.91%
Principality Building Society	Fixed	Dec-20	2,000,000	1.00%
Skipton Building Society	Fixed	Dec-20	2,000,000	0.90%
Kingston upon Hull City Council	Fixed	Jan-21	2,000,000	2.50%
North Tyneside Council	Fixed	Jan-21	2,500,000	0.95%
Lloyds Bank	Fixed	Jan-21	10,000,000	1.10%
Newcastle Building Society	Fixed	Feb-21	1,500,000	1.20%
Cambridgeshire County Council	Fixed	Feb-21	2,000,000	1.45%
Southern Housing Group	Fixed	Mar-21	5,000,000	1.60%
Metropolitan Housing Trust Ltd	Fixed	Apr-21	2,000,000	1.70%
Places For People Homes Ltd	Fixed	Jun-21	2,000,000	1.70%
Metropolitan Housing Trust Ltd	Fixed	Jun-21	2,000,000	1.70%
Metropolitan Housing Trust Ltd	Fixed	Jul-21	1,000,000	1.60%
Close Brothers Ltd	Fixed	Sep-21	2,000,000	1.30%
Places for People Homes Ltd	Fixed	Oct-21	1,000,000	1.70%
Close Brothers Ltd	Fixed	Nov-21	2,000,000	1.30%
Worthing Borough Council	Fixed	Nov-21	3,000,000	1.30%
Close Brothers Ltd	Fixed	Jan-22	4,000,000	1.30%
Places For People Homes Ltd	Fixed	Feb-22	2,000,000	1.80%
Close Brothers Ltd	Fixed	Mar-22	2,000,000	1.30%
Goldman Sachs	MMF		9,690,000	Variable
LGIM	MMF		220,000	Variable
CCLA	Property fund		2,000,000	3.69%
GRAND TOTAL			**93,410,000**	

Note – these do not reconcile to table 1 figures seen in appendix c and d as these are original investment levels whereas the values in table 1 are the fair values of investments held.

GLOSSARY OF TERMS

Basis point (BP)	1/100th of 1%, i.e. 0.01%
Base rate	Minimum lending rate of a bank or financial institution in the UK.
Benchmark	A measure against which the investment policy or performance of a fund manager can be compared.
Bill of Exchange	A non-interest-bearing written order used primarily in international trade that binds one party to pay a fixed sum of money to another party at a predetermined future date.
Callable Deposit	A deposit placed with a bank or building society at a set rate for a set amount of time. However, the borrower has the right to repay the funds on pre agreed dates, before maturity. This decision is based on how market rates have moved since the deal was agreed. If rates have fallen the likelihood of the deposit being repaid rises, as cheaper money can be found by the borrower.
[Cash] Fund Management	Fund management is the management of an investment portfolio of cash on behalf of a private client or an institution, the receipts and distribution of dividends and interest, and all other administrative work in connection with the portfolio.
Certificate of Deposit (CD)	Evidence of a deposit with a specified bank or building society repayable on a fixed date. They are negotiable instruments and have a secondary market; therefore the holder of a CD is able to sell it to a third party before the maturity of the CD.
Commercial Paper	Short-term obligations with maturities ranging from 2 to 270 days issued by banks, corporations and other borrowers. Such instruments are unsecured and usually discounted, although some may be interest bearing.
Corporate Bond	Strictly speaking, corporate bonds are those issued by companies. However, the term is used to cover all bonds other than those issued by governments in their own currencies and includes issues by companies, supranational organisations and government agencies.
Counterparty	Another (or the other) party to an agreement or other market contract (e.g. lender/borrower/writer of a swap/etc.)
Credit Default Swap (CDS)	A swap designed to transfer the credit exposure of fixed income products between parties. The buyer of a credit swap receives credit protection, whereas the seller of the swap guarantees the credit worthiness of the product. By doing this, the risk of default is transferred from the holder of the fixed income security to the seller of the swap.

Capital Financing Requirement (CFR)	The amount the council has to borrow to fund its capital commitments.
CIPFA	Chartered Institute of Public Finance and Accountancy.
CLG	[Department for] Communities and Local Government.
Derivative	A contract whose value is based on the performance of an underlying financial asset, index or other investment, e.g. an option is a derivative because its value changes in relation to the performance of an underlying stock.
Debt Management Account Deposit Facility (DMADF)	Deposit Account offered by the Debt Management Office, guaranteed by the UK government
European Central Bank (ECB)	European Central Bank – sets the central interest rates in the EMU area. The ECB determines the targets itself for its interest rate setting policy; this is the keep inflation within a band of 0 to 2%. It does not accept that monetary policy is to be used to manage fluctuations in unemployment and growth caused by the business cycle.
European and Monetary Union (EMU)	The Economic and Monetary Union (EMU) is an umbrella term for the group of policies aimed at converging the economies of all member states of the European Union.
Equity	A share in a company with limited liability. It generally enables the holder to share in the profitability of the company through dividend payments and capital appreciation. Equity values can decrease as well as increase.
Forward Deal	The act of agreeing today to deposit funds with an institution for an agreed time limit, on an agreed future date, at an agreed rate.
Forward Deposits	Same as forward dealing (above).
Fiscal Policy	The government policy on taxation and welfare payments.
GDP	Gross Domestic Product.
[UK] Gilt	Registered UK government securities giving the investor an absolute commitment from the government to honour the debt that those securities represent.
LIBID	London inter-bank bid rate
LIBOR	London inter-bank offered rate.

Money Market Fund	A well rated, highly diversified pooled investment vehicle whose assets mainly comprise of short-term instruments. It is very similar to a unit trust, however in a MMF.
Monetary Policy Committee (MPC)	Government body that sets the bank rate (commonly referred to as being base rate). Their primary target is to keep inflation within plus or minus 1% of a central target of 2% in two years time from the date of the monthly meeting of the committee. Their secondary target is to support the government in maintaining high and stable levels of growth and employment.
Other Bond Funds	Pooled funds investing in a wide range of bonds.
PWLB	Public Works Loan Board.
QE	Quantitative Easing.
Retail Price Index	Measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.
Sovereign Issues (excl UK Gilts)	Bonds issued or guaranteed by nation states, but excluding UK government bonds.
Supranational Bonds	Bonds issued by supranational bodies, e.g. European Investment Bank. The bonds – also known as Multilateral Development Bank bonds – are generally AAA rated and behave similarly to gilts, but pay a higher yield ("spread") given their relative illiquidity when compared with gilts.
Treasury Bill	Treasury bills are short-term debt instruments issued by the UK or other governments. They provide a return to the investor by virtue of being issued at a discount to their final redemption value.