Treasury Management Mid-Year Outturn Report 2019-20

Cabinet Member(s): Cllr Mandy Chilcott - Cabinet Member for Resources
Local Member(s) and Division: All
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1. Summary / Background

1.1. This report is for information only. It gives a summarised account of Treasury Management activity and outturn for the first half of the year and ensures Somerset County Council (SCC) is embracing Best Practice in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) recommendations.

Gross investment balances stood at £234m on 30th September yielding an average rate of return of 1.10% as at that date. This figure includes approximately £60.1m of cash managed on behalf of the Local Enterprise Partnership (LEP), and £8.0m of other external bodies (e.g. Exmoor National Park (ENP), and South West Councils (SWC).

During the six months, gross investment balances averaged £224.7m (£165.2m net of funds held for others), yielding 1.12% for the period including the CCLA Property Fund. The cash return (net of Property Fund) of 0.98% was 0.15% higher than the 12-month LIBID rate (a benchmark rate at which Banks will lend to each other).

Income (net of that apportioned to the LEP and external bodies) of approximately £1,026,380 has been earnt in the period, against anticipated income of £764,000.

The cost of carry associated with long term borrowing compared to temporary investment returns means that a passive borrowing strategy, borrowing funds as they are required has been most appropriate. No new borrowing has been taken during the period, and due to timing of spending and changes to the Capital Plan, it is not currently envisaged that any will be taken in the second half of the year.

All Treasury activities undertaken have been in full compliance with relevant legislation, codes, strategies, policies and practices.

2. Recommendations

2.1. **That the Cabinet endorses the Treasury Management Mid-Year Report for 2019-20 and recommends it is received and endorsed by Full Council at the next sitting of Full Council.**

3. Reasons for recommendations

3.1 The Local Government Act 2003 requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services. The Code requires Full Council to receive as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close. This is the mid-year review for 2019-20.

4. Other options considered

4.1. Not applicable

5. Links to County Vision, Business Plan and Medium-Term Financial Strategy

5.1. Effective Treasury Management provides support to the range of business and service level objectives that together help to deliver the Somerset County Plan.

6. Consultations and co-production

6.1. None

7. Financial and Risk Implications

7.1. There are no specific risks associated with this outturn report. The risks associated with Treasury Management are dealt with in the Annual Treasury Management Strategy, Annual Investment Strategy, and Treasury Management Practice documents.

8. Legal and HR Implications

8.1. None.

9. Other Implications

9.1. Equalities Implications

None.

9.2. Community Safety Implications

None.

9.3. Sustainability Implications

None.

9.4. Health and Safety Implications

None.

9.5. Health and Wellbeing Implications

None.

9.6. Social Value

Not applicable

10. Scrutiny comments / recommendations:

10.1. The Audit Committee is the nominated body to provide scrutiny for Treasury Management.

11. Background

11.1. Economic Background

UK Consumer Price Inflation (CPIH) fell to 1.7% year-on-year in August 2019 from 2.0% in July, weaker than the consensus forecast of 1.9% and below the Bank of England's target. The most recent labour market data for the three months to July 2019 showed the unemployment rate edged back down to 3.8% while the employment rate remained at 76.1%, the joint highest since records began in 1971. Nominal annual wage growth measured by the 3-month average excluding bonuses was 3.8% and 4.0% including bonuses. Adjusting for inflation, real wages were up 1.9% excluding bonuses and 2.1% including.

Quarter 2 GDP confirmed the UK economy contracted by 0.2% following the 0.5% gain in Q1 which was distorted by stockpiling ahead of Brexit. Only the services sector registered an increase in growth, a very modest 0.1%, with both production and construction falling and the former registering its largest drop since Q4 2012. Business investment fell by 0.4% (revised from -0.5% in the first estimate) as Brexit uncertainties impacted on business planning and decision-making.

Tensions continued between the US and China with no trade agreement in sight and both countries imposing further tariffs on each other's goods. The US Federal Reserve cut its target Federal Funds rates by 0.25% in September to a range of 1.75% - 2%. The euro area Purchasing Manager Indices (PMIs) pointed to a deepening slowdown in the Eurozone. These elevated concerns have caused key government yield curves to invert, something seen by many commentators as a predictor of a global recession. Market expectations are for further interest rate cuts from the Fed and in September the European Central Bank reduced its deposit rate to -0.5% and announced the recommencement of quantitative easing from 1st November.

The Bank of England maintained Bank Rate at 0.75% and in its August Inflation Report noted the deterioration in global activity and sentiment and confirmed that monetary policy decisions related to Brexit could be in either direction depending on an outcome for Brexit.

After rallying early in 2019, financial markets have been adopting a more risk-off approach in the following period as equities saw greater volatility and bonds rallied (prices up, yields down) in a flight to quality and anticipation of more monetary stimulus from central banks. The Dow Jones, FTSE 100 and FTSE 250 are broadly back at the same levels seen in March/April.

Gilt yields remained volatile over the period on the back of ongoing economic and political uncertainty. From a yield of 0.63% at the end of June, the 5-year benchmark gilt yield fell to 0.32% by the end of September. There were falls in the 10-year and 20-year gilts over the same period, from 0.83% to 0.55% and from 1.35% to 0.88% respectively.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth remains a global risk. The US yield curve remains inverted with 10-year Treasury yields lower than US 3-month bills. History has shown that a recession hasn't been far behind a yield curve inversion. Following the sale of 10-year Bunds at -0.24% in June, yields on German government securities continue to remain negative in the secondary market with 2 and 5-year securities currently both trading around -0.77%.
As gilt yields have a direct correlation to Public Works Loan Board (PWLB) the downward movements in PWLB borrowing rates can be seen in Tables 2 and 3 in Appendix A.

London Interbank Bid (LIBID) rates based on the Intercontinental Exchange London Interbank Offered Rate (LIBOR) fixings show that there was significant downward movement in rates from April to the end of September. The slowdown in global trade, and rate cuts in Europe and the US meant that markets were expecting further reductions. This view was enhanced after Boris Johnson was elected leader of the Conservative Party and a no-deal Brexit appeared more likely.

6-month and 12-month rates were the most volatile, with a high to low difference of 0.18% and 0.29% respectively   Most periods closed on or close to year-to-date lows and had reduced by 0.01%, 0.09%, 0.13%, and 0.17% respectively over the period. 1-month, 3-month, 6-month, and 12-month LIBID rates averaged 0.60%, 0.66%, 0.73%, and 0.83% respectively over the period.

Rates paid by banks to Local Authorities have continued to be volatile and non-uniform, being based on individual institutions' wholesale funding requirements at any given time.

The effect that economic conditions had on money market rates during the period, can be seen in Table 1, Appendix A.

11.2. Debt Management

The Council's need to borrow for capital purposes is determined by the capital programme. Council Members are aware of the major projects identified by the 4-year capital medium-term financial plan (MTFP) where the capital strategy forecast £196m of expenditure during 2019/20. £65m was identified for highways maintenance, major engineering and traffic management; £57m for the delivery of schools' basic need; £53m for Local Enterprise Partnership and Economic Development projects; and £22m for other programmes. Much of this was to be funded by a combination of grant, contributions and capital receipts. Although timings of capital expenditure may not be totally predictable, it was envisaged that potentially, borrowing of up to £91m may have been necessary.

Changes to the capital plan, and slippage, mean this has changed during the year, with the quarter 1 capital spend to be funded by borrowing, now forecast to be £62m.

The cost of carry associated with long term borrowing compared to temporary investment returns means that a passive borrowing strategy, borrowing funds as they are required has been most appropriate. The benefits of this strategy have been monitored and weighed against the risk of shorter-term rates rising more quickly than expected. No new borrowing has been taken during the period, and due to timing of spending and changes to the Capital Plan, it is not currently envisaged that any will be taken in the second half of the year.

The cash flow of the Council has been carefully managed so that there is no need for additional external borrowing to fund the Capital Programme during 2019-20. This has resulted in a favourable variance of £0.65m due to no additional interest charges that were assumed when the budget was set.

The overall rate paid on loans remained unchanged for the PWLB portfolio of £159.05m, at 4.59%. The average Market Loan rate at 30th September (LOBOs + Barclays, total £165.5m) was also the same as at 31st March, at 4.74%**.** The combined average rate was 4.66% on £324.55m.

As there has been no change to the PWLB portfolio during the period, the average weighted maturity as at 30th September had decreased by six months to 24.7 years. The average duration of all Market Loans dropped to 32.5 years from 33.

11.3. Investment Activity

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Security of capital remained the Council's main investment objective. This was achieved by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices. Counterparties having approval for use during the period are listed in **Table 1** below. Those used during the first half of the year are denoted with a star.

Table.1 - Approved Counterparties

Bank or Building Society			
Australia & NZ Bank	*	Lloyds Bank	*
Bank of Montreal		National Australia Bank	
Bank of Nova Scotia		National Westminster	*
Bank of Scotland		Nationwide BS	
Barclays Bank Plc		Nordea Bank	
Canadian Imperial Bank of Commerce		OP Corporate Bank	
Close Brothers Ltd	*	Oversea-Chinese Banking Corp	
Commonwealth Bank of Australia		Rabobank	*
DBS Bank Ltd	*	Royal Bank of Scotland	
DZ Bank		Santander UK	*
Goldman Sachs Inv Bank	*	Standard Chartered Bank	*
Handelsbanken Plc		Toronto-Dominion Bank	*
HSBC Bank	*	United Overseas Bank	*
Landesbank Hessen-Thüringen			
Sterling CNAV Money			

Market Funds			
Goldman Sachs		Insight	*
Deutsche MMF		Standard Life	*
Invesco Aim	*	LGIM	*
Federated Prime Rate	*	Insight	*
JP Morgan	*	SSGA	*
Other Counterparties			
Debt Management Office		Other Local Authorities (13)	*
CCLA Property Fund	*		

SCC has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment. Other indicators considered have been:

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions i.e. bail-in.
- Share Price.

Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

11.4. Counterparty Update

There were minimal credit rating changes during the period. After completion of UK Banks' ringfencing and the subsequent upgrades for the ringfenced entities of National Westminster and RBS, these counterparties were reintroducing to the SCC lending list with a limited duration of 100-days.

Credit Default Swap (CDS) spreads rose and then fell again during the quarter, continuing to remain low in historical terms. After rising to almost 120bps in May, the spread on non-ringfenced bank NatWest Markets plc fell back to around 80bps by the end of September, while for the ringfenced entity, National Westminster Bank plc, the spread remained around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 34 and 76bps at the end of the period.

In response to the overall worsening UK and global economic picture and the factors highlighted in the Economic Background at 1.1, the maximum duration for which deposits could be made was reduced for several counterparties, some from 6-months to 100-days, others from 13-months to 6-months.

Maturities for new investments with financial institutions on the Council's list at 30th September are currently limited as follows: -

UK Institutions

Barclays Bank, Close Brothers Ltd, Goldman Sachs International Bank, National Westminster Bank, and RBS - **a maximum period of 100 days;** Bank of Scotland, HSBC Bank, Lloyds Bank, Nationwide Building Society, Santander UK, and Standard Chartered Bank - **a maximum period of 6 months;**

Non-UK Institutions

National Australia Bank - **a maximum period of 100 days.**
All other overseas banks on the lending list - **a maximum period of 6 months.**

UK Local Authorities

To diversify the portfolio, some deposits have been placed with UK Local Authorities. This allows for longer-dated maturities with excellent creditworthiness and an appropriate yield.

11.5. Liquidity

In keeping with the Ministry of Housing, Communities, and Local Government (MHCLG) guidance, the Council maintained a sufficient level of liquidity through the use of call accounts, Money Market Funds, and short-term deposits.

95 cash deposits totalling more than £436m were made during the first half of the year. SCC did not need to borrow short-term money during the first half of 2019-20.

11.6. Yield

Comfund

As at 30th September Comfund investment stood at £183m averaging just over £175m for the year-to-date. The Comfund vehicle, which consists mainly of SCC Capital, Revenue Reserves, and money held on behalf of the Local Enterprise Partnership (LEP), has an average return for the year-to-date of 1.03%, and has out-performed the benchmark by 0.28% as base rate has averaged 0.75% for the period. The weighted average maturity of the Comfund was approximately 4.6 months. This is the same as for this time last year. SCC, in holding on average approximately £52m of LEP money, has needed to retain more liquidity than normal, as forecasting and timing of LEP spending has been beyond its' control. With the possibility of rates going in either direction, a proportion of the portfolio has been lent to other

Local Authorities for up to a year to protect against a rate downturn. Bank notice accounts have also been used to provide better liquidity, and a higher rate than short-term deposits. The return of 1.03% is 30 basis points above the 6-month LIBID average of 0.73 and 0.20% above the 12-month LIBID average of 0.83%.

A total of over £904k (£666k net of that paid to the LEP and external bodies) has been earned in Comfund interest in the first six months of the year (£708k gross 2018-19). Comfund administration charges and other Treasury Management fees brought in approximately £67k of income in the period.

Revenue

Revenue interest has contributed a further £147k of income, with an average revenue balance (general monthly working capital) of just over £39.2m (£32.5m 2018-19), and an average return of 0.75%, 15 basis points above the average 1-month LIBID rate.

Property Fund

To 30th September the £10m invested in the Churches, Charities, Local Authorities (CCLA) Property Fund delivered an average net income yield of approximately 4.26%, £214,000 cash, or £164,000 more than if invested in cash. The level of this investment is kept under review, to see if advantage can be taken of this better rate on a larger sum. As per the Treasury Strategy for 2019-20, an appropriate level will be determined with reference to core balances and reserves.

Combined

Combined return for the period has been 1.12% on an average balance of £224.7m. This figure includes approximately £51.5m of cash managed on behalf of the Local Enterprise Partnership (LEP), and £8.0m of other external bodies (e.g. Exmoor National Park (ENP), and South West Councils (SWC). Total investment income was £1.265m (£1.026m net of external investors). This equates to a £1.29m per annum gross benefit of investing over the risk-free option, the Government Debt Management Office (DMO).

The combined gross return for the same period in 2018-19 was 0.91% on an average balance of £223m, or approximately £1.014m in monetary terms. The increase in rates achieved is in part due to locking into longer-term deposits at the end of the last financial year when a possible rise in base rate and elevated levels paid by Local Authorities boosted the market. Average balances remained similar to the previous year.

Figures below highlight investment balances and returns over the period - **Table 2**, investment balances by type – **Table 3**, and a breakdown of investment balances by source – **Table 4**: -

Table.2 – Investment figures and returns for period

	Balance 31 March 2019 £m	Rate of Return at 31 March 2019 %	Balance as at 30 Sept 2019 £m	Rate of Return at 30 Sept 2019 %	Average Balance April to Sept £m	Average Rate April to Sept %
Short-Term Balances (Variable)	34.93	0.79	41.00	0.74	39.25	0.75
Comfund (Fixed)	150.00	1.03	183.00	1.00	175.41	1.03
CCLA Property Fund	10.00	4.35	10.00	4.43	10.00	4.26
Total Lending	**194.93**	**1.16**	**234.00**	**1.10**	**224.66**	**1.12**

Table.3 – Investment balances by type

	31 March 2019 £m	30 Sept 2019 £m	Change £m
Money Market Funds	34.93	41.00	+6.07
Notice Bank Accounts	25.00	75.00	+50.00
Time Deposits – Banks	77.00	58.00	-19.00
Time Deposits – LAs	48.00	50.00	+2.00
CCLA Property Fund	10.00	10.00	+0.00
Total Investments	**194.93**	**234.00**	**+39.07**

Table.4 – Breakdown of investment balances by source

	31 March 2019 £m	30 Sept 2019 £m	Change £m
ENPA / SWC	0.11	-0.05	-0.16
Organisations in the Comfund	7.48	8.10	+0.62
LEP	35.25	60.11	+24.86
Total external	**42.84**	**68.16**	**+25.32**
SCC	152.09	165.84	+13.75
Total	**194.93**	**234.00**	**+39.07**

11.7. Icelandic Investments Update - Current position

Landsbanki & Glitnir – As reported in the end of 2018-19 Treasury Management Outturn Report, SCC has concluded any interest that it had with these two banks.

Kaupthing, Singer & Friedlander – The estimated range for total dividends in the Administrator's October 2018 report was revised upwards to a range of 86.5p to 87.0p in the pound.

A further dividend of £41,259.73 was received in June 2019, 86.15% of this claim having been paid to date. Future dividends will be paid subject to consultation with the Creditors' Committee, and when the level of distributable funds makes it cost effective to do so.

In total, as at 30th September 2019 £23,282,566.36 had been recovered. The shortfall of £1.72m from the original investment was written off back in 2008-09.

11.8. Compliance and Prudential Indicators

All treasury management activities undertaken during the first 6-months have complied fully with the CIPFA Code of Practice and the Councils approved Treasury Management Strategy.

During the period the South West Audit Partnership (SWAP) conducted an audit of the Treasury Management function. It awarded the best possible outcome, 'Substantial Assurance', as quoted below.

"We can offer substantial assurance as the areas reviewed were found to be adequately controlled. Internal controls are always in place and operating effectively and risks against the achievement of objectives are well managed".

SCC has continuously proactively assessed and implemented mitigation for the risks that have materialised in the new investment environment. Controls/procedures are constantly being assessed and introduced/adapted where needed and embedded into practices to further mitigate risks to SCC investment and borrowing portfolios.
SCC has complied with its Prudential Indicators for 2019-20. Those indicators agreed by Full Council and actual figures as at 30th September are included below:

	2019-20	As at 30-09
	£m	£m
Authorised limit (borrowing only)	487	333
Operational boundary (borrowing only)	457	333

Maturity structure of borrowing

	Upper Limit	Lower Limit	As at 30-09-19
Under 12 months	50%	15%	35.0%
>12 months and within 24 months	25%	0%	0.0%
>24 months and within 5 years	25%	0%	1.5%
>5 years and within 10 years	20%	5%	9.3%
>10 years and within 20 years	20%	5%	10.8%
>20 years and within 30 years	20%	0%	0.0%
>30 years and within 40 years	45%	15%	43.4%
>40 years and within 50 years	15%	0%	0.0%
50 years and above	5%	0%	0.0%

	2019-20	As at 30-09
	£m	£m
Prudential Limit for principal sums invested for periods longer than 365 days	100	23

Credit Risk Indicator

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk (in conjunction with Arlingclose) and will be calculated quarterly.

Credit risk indicator (to be below target)	**Target**	**Actual**
Portfolio average credit rating (score)	A (6)	AA- (4.28)

CIPFA no longer recommends setting upper limits on fixed and variable rate exposures, so these are no longer calculated for this paper.

11.9. Outlook for Quarters 3 & 4

The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. There appears no near-term resolution to the trade dispute between China and the US, a dispute that the US appears comfortable exacerbating further.

The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased dramatically.

Prime Minister Boris Johnson has agreed a withdrawal deal with the EU and it was successfully backed in a Commons vote; However, the timetable for withdrawal was voted down and at time of writing, a further short-term extension was in the process of being agreed with the EU. The probability of a no-deal EU exit in the immediate term has decreased, although it cannot be entirely ruled out for 2019 and the risk of this event remains for 2020. The risk of a general election in the near term has, however, increased.

Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Our treasury advisor Arlingclose expects Bank Rate to remain at 0.75% for the foreseeable future but there remain substantial risks to this forecast, dependant on Brexit outcomes and the evolution of the global economy. Arlingclose also expects gilt yields to remain at low levels for the foreseeable future and judge the risks to be weighted to the downside and that volatility will continue to offer longer-term borrowing opportunities.

With borrowing costs increasing and investment returns reducing, the Investment Strategy, also being presented at this meeting, is looking into the possibility of investing further in Pooled Funds.

Table 6 below shows a forecast for base rate to September 2022 and includes an assessment of the relative risks to it being maintained at 0.75%.

Table 6 – Base Rate forecast to 2022

	Dec 19	Mar 20	Jun 20	Sep 20	Dec 20	Mar 21
Upside Risk	0.00	0.00	0.25	0.25	0.25	0.25
Base Rate	0.75	0.75	0.75	0.75	0.75	0.75
Downside Risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75

	Jun 21	Sep 21	Dec 21	Mar 22	Jun 22	Sept 22
Upside Risk	0.25	0.25	0.25	0.25	0.25	0.25
Base Rate	0.75	0.75	0.75	0.75	0.75	0.75
Downside Risk	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75

11.10. Revision to PWLB Lending Rates:

On 9th October HM Treasury, without warning, imposed a 1% premium on all loans from the PWLB. Within the letter to all Local Authority Chief Finance Officers, it cited the following

“Some local authorities have substantially increased their use of the PWLB in recent months, as the cost of borrowing has fallen to record lows. HM Treasury is therefore restoring interest rates to levels available in 2018, by increasing the margin that applies to new loans from the PWLB by 100bps (one percentage point) on top of usual lending terms”

“This restoration of normal PWLB lending rates will apply to all new loans with immediate effect. The Government will monitor the impact of this change and keep rates policy under review”

This will undoubtedly have a negative impact on the future borrowing costs of SCC. PWLB policy is being questioned by Local Authorities, particularly those that have been more prudent and pursued a strategy of internally borrowing to date. Whilst it is expected that other commercial lenders will enter the market with rates below that of the PWLB, the immediate effect of taking a £10,000,000 PWLB loan would be an extra £100,000 per annum.

11.11. Summary

In compliance with the requirements of the CIPFA Code of Practice this report provides Councillors with a summary report of the treasury management activity during the first six months of 2019-20. As indicated in this report all treasury activity was conducted within the benchmarks set as Prudential limits for prudent and sustainable capital plans, financing, and investment. A risk-averse approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Whilst the average duration of cash investments has been circa 4.6 months, the return of 0.98% (15 basis points above the period average 12-month LIBID rate) has been achieved on average balances of £224.7m, producing income of over £1m.

12. Background Papers

12.1. Treasury Management Strategy Statement and appendices.

Report Sign-Off

		Signed-off
Legal Implications	Tom Woodhams	04/11/19
Governance	Scott Woodridge	26/10/19
Corporate Finance	Sheila Collins	25/10/19
Human Resources	Chris Squire	31/10/19
Property	Paula Hewitt / Claire Lovett	
Procurement / ICT	Simon Clifford	04/11/19
Senior Manager	Stephen Morton	21/10/19
Commissioning Development	Vikki Hearn	
Local Member	All	
Cabinet Member	Cllr Mandy Chilcott - Cabinet Member for Resources	04/11/19
Opposition Spokesperson	Cllr Jane Lock	
Scrutiny Chair	Cllr Anna Groskop for Scrutiny Place	

Appendix A

Money Market Data and PWLB Rates

The average low and high rates correspond to the rates during the financial year-to-date, rather than those in the tables below.

Table 1: Bank Rate, Money Market Rates (LIBID Rates based on Intercontinental Exchange LIBOR rates)

Date	Bank Rate	O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid
01/04/2019	0.75	0.55	0.57	0.60	0.72	0.83	0.93	0.97
30/04/2019	0.75	0.56	0.57	0.61	0.69	0.82	0.97	1.04
31/05/2019	0.75	0.56	0.58	0.60	0.67	0.75	0.87	0.87
30/06/2019	0.75	0.55	0.56	0.60	0.65	0.73	0.83	0.83
31/07/2019	0.75	0.54	0.56	0.59	0.65	0.69	0.73	0.66
31/08/2019	0.75	0.56	0.56	0.58	0.63	0.66	0.71	0.65
30/09/2019	0.75	0.54	0.57	0.59	0.63	0.70	0.76	0.65
Average	**0.75**	**0.55**	**0.57**	**0.60**	**0.66**	**0.73**	**0.83**	**0.82**
Maximum	**0.75**	**0.56**	**0.58**	**0.61**	**0.72**	**0.83**	**0.98**	**1.06**
Minimum	**0.75**	**0.54**	**0.55**	**0.58**	**0.63**	**0.65**	**0.69**	**0.60**
Spread	**0.00**	**0.02**	**0.03**	**0.03**	**0.09**	**0.18**	**0.29**	**0.46**

Table 2: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2019	129/19	1.65	1.73	2.06	2.38	2.56	2.61
30/04/2019	167/19	1.78	1.90	2.24	2.54	2.70	2.74
31/05/2019	209/19	1.57	1.61	1.92	2.24	2.43	2.50
28/06/2019	249/19	1.59	1.61	1.89	2.23	2.43	2.50
31/07/2019	295/19	1.40	1.41	1.72	2.10	2.33	2.42
30/08/2019	338/19	1.35	1.28	1.43	1.74	1.95	2.02
30/09/2019	380/19	1.34	1.26	1.48	1.79	1.97	2.03
	Low	1.27	1.20	1.34	1.64	1.85	1.93
	Average	1.55	1.58	1.84	2.16	2.34	2.41
	High	1.83	1.95	2.29	2.58	2.73	2.78
	Spread	0.56	0.75	0.95	0.94	0.88	0.85

Table 3: PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2019	129/19	1.72	2.04	2.56	2.58	2.46	2.44
30/04/2019	167/19	1.88	2.22	2.69	2.71	2.61	2.58
31/05/2019	209/19	1.61	1.90	2.43	2.48	2.39	2.36
28/06/2019	249/19	1.61	1.88	2.43	2.49	2.40	2.36
31/07/2019	295/19	1.40	1.70	2.33	2.41	2.35	2.32
30/08/2019	338/19	1.29	1.41	1.94	2.01	1.91	1.88
30/09/2019	380/19	1.27	1.47	1.97	2.01	1.91	1.87
	Low	1.21	1.33	1.85	1.92	1.81	1.77
	Average	1.57	1.83	2.34	2.39	2.30	2.27
	High	1.93	2.27	2.73	2.75	2.65	2.61
	Spread	0.72	0.94	0.88	0.83	0.84	0.84