Paper B

Treasury Management Mid-Year Report 2020-21

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 £255m on 30th September yielding an average rate of return of 0.60% as at that date. This figure includes approximately £53.65m of cash managed on behalf of the Local Enterprise Partnership (LEP), £11.3m of Earmarked Funds held on behalf of other decision-making bodies (e.g Somerset Rivers Authority, Somerset Waste Partnership, and £7.67m of other external bodies (e.g. Exmoor National Park (ENP), and South West Councils (SWC).

During the six months, gross investment balances averaged £216.5m (£165.6m net of funds held for others), yielding 0.82% for the period including the CCLA Property Fund. The cash return (net of Property Fund) of 0.62% was 0.25% higher than the average 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 £764,924 has been earnt in the period, against anticipated income of £1.3m.

As per the Treasury Management Strategy for 2020-21, SCC was looking to invest in other Pooled Funds during the early part of 2020-21, but the volatility in markets warranted a postponement. As relative stability has now returned to markets, suitable investments will once again be appraised. An investment into a short-dated Bond Fund is imminent.

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 the most appropriate.

No new borrowing has been taken during the period, and due to extra income, 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. At the mid-year point £1.35m of budgeted new borrowing costs have not been incurred. This more than offsets the loss of investment income

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 2020-21 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 2020-21.

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

The spread of the coronavirus pandemic dominated during the period as countries around the world tried to manage the delicate balancing act of containing the virus while getting their populations and economies working again. After a relatively quiet few months of Brexit news it was back in the headlines towards the end of the period as agreement between the UK and EU on a trade deal was looking difficult.

Government initiatives continued to support the UK economy, with the furlough scheme keeping almost 10 million workers in jobs, and grants and loans being made to businesses.

GDP growth contracted by a massive 19.8% in Q2 2020 (Apr-Jun) according to the Office for National Statistics (ONS), pushing the annual growth rate down to -21.5%. Construction output fell by 35% over the quarter, services output by almost 20% and production by 16%. Recent monthly estimates of GDP have shown growth recovering, with the latest rise of almost 7% in July, but even with the two previous monthly gains this still only makes up half of the lost output.

The headline rate of UK Consumer Price Inflation (CPI) fell to 0.2% year/year in August, further below the Bank of England's (BoE) 2% target. The ONS' preferred measure of CPIH which includes owner-occupied housing was 0.5% y/y.

In the three months to July, labour market data showed the unemployment rate increased from 3.9% to 4.1% while wages fell 1% for total pay in nominal terms and was down 1.8% in real terms. Despite only a modest rise in unemployment over the period, the rate is expected to pick up sharply in the coming months as the furlough scheme ends in October. On the back of this, the BoE has forecast unemployment could hit a peak of between 8% and 9%.

The BoE maintained Bank Rate at 0.1% and its Quantitative Easing programme at £745 billion. The potential use of negative interest rates was not ruled in or out by BoE policymakers, but then a comment in the September Monetary Policy Committee (MPC) meeting minutes that the central bank was having a harder look at its potential impact than was previously suggested took financial markets by surprise.

The US economy contracted at an annualised rate of 31.7% in Q2 2020 (Apr-Jun). The Federal Reserve maintained the Fed Funds rate at between 0% and 0.25% but announced a change to its inflation targeting regime, which will mean interest rates at low levels for an extended period.

The European Central Bank maintained its base rate at 0% and deposit rate at -0.50%.

Equity markets continued their recovery, with the Dow Jones climbing to not far off its pre-crisis peak. Performance was driven by a handful of technology stocks including Apple and Microsoft, with the former up 75% in 2020. The FTSE 100 and 250 have made up around half of the losses seen at the height of the pandemic in March. Central bank and government stimulus packages continue to support asset prices, but volatility remains.

Ultra-low interest rates and the flight to quality continued, keeping gilts yields low but volatile over the period with the yield on some short-dated UK government bonds remaining negative. The 5-year UK benchmark gilt yield started and ended the June–September period at -0.06% (with much volatility in between). The 10-year gilt yield also bounced around, starting at 0.21% and ending at 0.23% over the same period, while the 20-year rose from 0.56% to 0.74%.

As gilt yields have a direct correlation to Public Works Loan Board (PWLB) the downward drift in PWLB borrowing rates for most durations 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, with most periods up to 1 year ending in negative territory. With the BoE MPC actively considering the effects of implementing a Negative Interest Rate Policy (NIRP) the outlook has remained to the downside.

All periods closed on or close to year-to-date lows and the 1-month, 3-month, 6-month, and 12-month LIBID rates had reduced by 0.19%, 0.51%, 0.63%, and 0.68% respectively, and ended the period at -0.08%, -0.06, -0.04%, and 0.03% respectively over the period.

Rates from banks to Local Authorities have followed LIBID rates down with several now offering negative rates (charging for having our money). 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 £134m of expenditure during 2020/21. £51m was identified for highways maintenance, major engineering and traffic management; £47m for the delivery of schools' basic need; £21m for Local Enterprise Partnership and Economic Development projects; and £14m for other programmes. Much of this was to be funded by a combination of grant, contributions and capital receipts, with the residual to be funded by borrowing.

The cost of carry associated with long term borrowing compared to temporary investment returns (borrowing costs reducing, investment returns plummeting) 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 extra income, timing of spending, and changes to the Capital Plan, it is not currently envisaged that any will need to be taken in the second half of the year.

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 23.7 years. The average duration of all Market Loans dropped to 31.5 years from 32.

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. Fewer Banks have been used during this period and there has been a 100%+ increase in the use of Local Authorities compared to the same period last year.

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		Aberdeen Standard	*
Invesco Aim	*	LGIM	*
Federated Prime Rate	*	Insight	*
JP Morgan	*	SSGA	*
Other Counterparties			
Debt Management Office		Other Local Authorities (28)	*
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

For all the economic turmoil, there were minimal credit rating changes during the period; however, in April Fitch Ratings applied a Negative outlook to most UK Banks, and S&P followed suit in May, and also included several European and Australian Banks. Fitch did downgrade Rabobank and ANZ from AA- to A+, S&P did likewise with HSBC. Moody's reduced Nationwide from Aa3 to A1.

There continues to be much uncertainty around the extent of the losses banks and building societies will suffer due to the impact from the coronavirus pandemic and for the UK institutions on our list there is the added complication of the end of the Brexit transition period on 31st December and what a trade deal may or may not look like.

Credit default swap spreads were elevated in March and April as lockdowns occurred and economies suffered. Since then, levels have eased over most of the period but with a certain amount of volatility. At the end of the period, levels were roughly 65% of those at the beginning of April.

While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the duration advice on all these banks was cut to 35 days for new deposits in mid-March.

SCC continues to hold £15m in a 95-day notice account with Santander UK and £10m in a 3-month Notice A/c with HSBC.

As duration has been reduced on new bank lending, rates in the 35-day term have reduced in line with LIBID, and bank rates have nearly all been below those offered by instant access Money Market Funds (MMFs). In order to place deposits for longer maturities, and to pick up a better yield, more deposits have been placed with UK Local Authorities. This too has been difficult, as the deluge of money from Central Government has increased liquidity and reduced the number of Local Authorities looking to borrow money. At times there have been no Local Authorities looking to borrow money, and this has kept rates suppressed.

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.

106 cash deposits totalling more than £516m (95 totalling £436m 2019-20) were made during the first half of the year. SCC did not need to borrow short-term money during the first half of 2020-21.

11.6. Yield

<u>Comfund</u>

As at 30th September Comfund investment stood at £144m averaging just under £140m 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 0.79%, and has out-performed the benchmark by 0.69% as base rate has averaged 0.10% for the period. The weighted average maturity of the Comfund was approximately 4.8 months. This is slightly higher than this time last year. SCC, in holding on average approximately £30.74m of LEP money and at times up to £25m of Covid related money, has needed to retain more liquidity than normal, as forecasting and timing of Covid and LEP spending has been beyond its' control. With the probability that the next direction for rates is down, 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 0.79% is 55 basis points above the 6-month LIBID average of 0.24 and 0.42% above the 12-month LIBID average of 0.37%.

A total of over £556k (£428k net of that paid to the LEP and external bodies) has been earned in Comfund interest in the first six months of the year (£904k gross 2019-20). Comfund administration charges and other Treasury Management fees brought in approximately £56k of income in the period.

Revenue

Revenue interest has contributed a further £66k of income, with an average revenue balance (general monthly working capital) of just over £61.8m (£39.2m 2019-20), and an average return of 0.21%, 21 basis points above the average 1-month LIBID rate of 0.00% and 0.08% above the 3-month LIBID rate of 0.13%.

Property Fund

To 30th September the £15m invested in the Churches, Charities, Local Authorities (CCLA) Property Fund delivered an average net income yield of approximately 3.59%, £270,000 cash, or £224,000 more than if invested in cash.

Other Pooled Funds

As per the Treasury Management Strategy for 2020-21, SCC was looking to invest in other Pooled Funds during the early part of 2020-21, but the volatility in markets warranted a postponement. As relative stability has now returned to markets suitable investments will once again be appraised. An investment into a short-dated Bond Fund is imminent.

Combined

Combined return for the period has been 0.82% on an average balance of £216.5m. This figure includes approximately £30.74m of cash managed on behalf of the Local Enterprise Partnership (LEP), £12.2m of Earmarked Funds held on behalf of other decision-making bodies, and £8.0m of other external bodies (e.g. Exmoor National Park (ENP), and South West Councils (SWC). Total investment income was nearly £893k (£765k net of external investors). This equates to a £880k benefit of investing over the risk-free option, the Government Debt Management Office (DMO), which is currently offering negative rates for deposits of less than 3 weeks and only 0.01% for any period out to 6-months.

The combined gross return for the same period in 2019-20 was 1.12% on an average balance of £224.7, or approximately £1.265m in monetary terms.

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 2020 £m	Rate of Return at 31 March 2020 %	Balance as at 30 Sept 2020 £m	Rate of Return at 30 Sept 2020 %	Average Balance April to Sept £m	Average Rate April to Sept %
Short-Term Balances (Variable)	42.09	0.54	96.03	0.06	61.81	0.21
Comfund (Fixed)	127.00	0.90	144.00	0.64	139.73	0.79
CCLA Property Fund	15.00	4.63	15.00	3.59	15.00	3.59
Total Lending	**184.09**	**1.12**	**255.03**	**0.60**	**216.54**	**0.82**

Table.3 – Investment balances by type

	31 March 2020 £m	30 Sept 2020 £m	Change £m
Money Market Funds	27.09	52.20	+25.11
Bank Call Accounts	0.00	33.83	+33.83
Bank Notice Accounts	75.00	30.00	-45.00
Time Deposits – Banks	25.00	20.00	-5.00
Time Deposits – LAs	42.00	104.00	+62.00
CCLA Property Fund	15.00	15.00	+0.00
Total Investments	**184.09**	**255.03**	**+70.94**

	31 March 2020 £m	30 Sept 2020 £m	Change £m
ENPA / SWC	-0.04	0.07	+0.11

Organisations in the Comfund	7.40	7.61	+0.21
LEP	15.77	53.65	+37.88
Earmarked Funds held on behalf of other decision-making bodies	13.10	11.30	-1.80
Total external	**36.23**	**72.63**	**+36.40**
SCC	147.86	182.40	+34.54
Total	**184.09**	**255.03**	**+70.94**

Table.4 – Breakdown of investment balances by source

11.7. Icelandic Investments Update - Current position

Landsbanki & Glitnir –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 report remains in a range of 86.5p to 87.0p in the pound.

A further dividend of £17,535.38 was received in April 2020, 86.67% of this claim having been paid to date. In total, as at 30th September 2020 £23,336,204.00 had been recovered. The shortfall of £1.66m 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.

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 2020-21. Those indicators agreed by Full Council and actual figures as at 30th September are included below:

	2020-21 £m	As at 30-09 £m
Authorised limit (borrowing only)	640	332
Operational boundary (borrowing only)	595	332

Maturity structure of borrowing

	Upper Limit	Lower Limit	As at 30-09-20
Under 12 months	50%	15%	27.4%
>12 months and within 24 months	25%	0%	0.0%
>24 months and within 5 years	25%	0%	13.5%
>5 years and within 10 years	20%	0%	4.8%
>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%	43.5%
>40 years and within 50 years	15%	0%	0.0%
50 years and above	5%	0%	0.0%

	2020-21 £m	As at 30-09 £m
Prudential Limit for principal sums invested for periods longer than 365 days	75	15

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- (4.04)

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 medium-term global economic outlook is weak. While the strict initial lockdown restrictions have eased, coronavirus has not been supressed and second waves have prompted more restrictive measures on a regional and national basis. This ebb and flow of restrictions on normal activity will continue for the foreseeable future, at least until an effective vaccine is produced and importantly, distributed.

The scale of the economic shock to demand, on-going social distancing measures, regional lock downs and reduced fiscal support will mean that the subsequent pace of recovery is limited. Early signs of this are already evident in UK monthly GDP and PMI data, even before the latest restrictions.

This situation will result in central banks maintaining low interest rates for the medium term. In the UK, Brexit is a further complication. Bank Rate is therefore likely to remain at low levels for a very long time, with a distinct possibility of being cut to zero. Money markets have priced in a chance of negative Bank Rate.

Longer-term yields will also remain depressed, anchored by low central bank policy rates, expectations for potentially even lower rates and insipid inflation expectations. There is a chance yields may follow a slightly different path in the medium term, depending on investor perceptions of growth and inflation, or if the UK leaves the EU without a deal.

Bank Rate is expected to remain at the current 0.10% level and additional monetary loosening in the future most likely through further financial asset purchases (QE). While the central case for Bank Rate is no change from the current level of 0.1%, further cuts to Bank Rate to zero or even into negative territory cannot be completely ruled out.

Gilt yields are expected to remain very low in the medium term. Shorter-term gilt yields are currently negative and will remain around zero or below until either the Bank of England expressly rules out negative Bank Rate or growth/inflation prospects improve.

Downside risks remain in the near term, as the government reduces its fiscal support measures, reacts to the risk of a further escalation in infection rates and the Brexit transition period comes to an end.

Table 5 below shows a forecast for base rate to September 2023 and includes an assessment of the relative risks to it being maintained at 0.10%.

Table 5 – Base Rate forecast to 2023

	Dec 20	Mar 21	Jun 21	Sep 21	Dec 21	Mar 22
Upside Risk	0.00	0.00	0.00	0.15	0.15	0.15
Base Rate	0.10	0.10	0.10	0.10	0.10	0.10
Downside	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

Risk						

	Jun 22	Sep 22	Dec 22	Mar 23	Jun 23	Sept 23
Upside Risk	0.15	0.30	0.30	0.30	0.30	0.30
Base Rate	0.10	0.10	0.10	0.10	0.10	0.10
Downside Risk	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50

11.10. Revision to PWLB Lending Rates:

On 9th October 2019 HM Treasury, without warning, imposed a 1% premium on all loans from the PWLB. making it relatively expensive. Market alternatives are available; However, the financial strength of individual authorities will be scrutinised by investors and commercial lenders, and there can be substantial up-front costs.

The Chancellor's March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction. £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% was made available to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

The consultation titled "Future Lending Terms" allows stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals to allow authorities that are not involved in "debt for yield" activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.

The consultation closed on 31st July 2020 with the announcement and implementation of the revised lending terms expected in the latter part of this calendar year or early next year.

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 2020-21. 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 4.8 months, the return of 0.82% (45 basis points above the period average 12-month LIBID rate) has been achieved on average balances of £216.5m, producing income of over £892k.

12. Background Papers

12.1. Treasury Management Strategy Statement and appendices.

Report Sign-Off

		Signed-off
Legal Implications	Honor Clarke	22/10/20
Governance	Scott Woodridge	28/10/20
Corporate Finance	Jason Vaughan	19/10/20
Human Resources	Chris Squire	28/10/20
Property	Paula Hewitt	30/10/19
Procurement / ICT	Simon Clifford	09/11/20
Senior Manager	Stephen Morton	26/10/20
Commissioning Development	Vikki Hearn	30/10/20
Local Member	Not Applicable	Click or tap to enter a date.
Cabinet Member	Cllr Mandy Chilcott - Cabinet Member for Resources	23/10/20
Opposition Spokesperson	Cllr Liz Leyshon	09/11/20
Scrutiny Chair	Cllr Anna Groskop - Place Scrutiny	30/10/20

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**
01/04/2020	0.10	-0.06	0.00	0.11	0.45	0.59	0.71	0.48
30/04/2020	0.10	-0.07	-0.03	0.08	0.47	0.56	0.70	0.42
31/05/2020	0.10	-0.07	-0.06	-0.03	0.10	0.25	0.44	0.25
30/06/2020	0.10	-0.07	-0.06	-0.03	0.02	0.17	0.30	0.18
31/07/2020	0.10	-0.07	-0.06	-0.03	-0.04	0.04	0.19	0.10
31/08/2020	0.10	-0.08	-0.07	-0.07	-0.06	-0.01	0.11	0.10
30/09/2020	0.10	-0.08	-0.08	-0.08	-0.06	-0.04	0.03	0.07
Average	**0.10**	**-0.07**	**-0.05**	**0.00**	**0.13**	**0.24**	**0.37**	**0.22**
Maximum	**0.10**	**0.08**	**0.10**	**0.16**	**0.56**	**0.62**	**0.77**	**0.51**
Minimum	**0.10**	**-0.08**	**-0.08**	**-0.08**	**-0.07**	**-0.05**	**0.02**	**0.01**
Spread	**0.00**	**0.16**	**0.18**	**0.24**	**0.63**	**0.67**	**0.76**	**0.50**

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
01/04/2020	129/20	2.10	2.12	2.32	2.60	2.76	2.80
30/04/2020	168/20	2.06	2.09	2.28	2.51	2.63	2.64
31/05/2020	206/20	1.98	1.98	2.21	2.47	2.61	2.65
30/06/2020	250/20	1.93	1.94	2.19	2.48	2.63	2.67
31/07/2020	296/20	1.88	1.87	2.13	2.43	2.60	2.65
31/08/2020	336/20	1.95	2.04	2.39	2.72	2.91	2.97
30/09/2020	380/20	1.92	1.94	2.24	2.54	2.71	2.76
	Low	**1.85**	**1.87**	**2.13**	**2.43**	**2.57**	**2.60**
	Average	**1.98**	**2.00**	**2.26**	**2.54**	**2.70**	**2.74**
	High	**2.16**	**2.20**	**2.41**	**2.75**	**2.94**	**3.00**
	Spread	**0.31**	**0.33**	**0.28**	**0.32**	**0.37**	**0.40**

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
01/04/2020	129/20	2.12	2.30	2.76	2.75	2.61	2.54
30/04/2020	168/20	2.09	2.27	2.62	2.59	2.43	2.34
31/05/2020	206/20	1.98	2.19	2.61	2.62	2.50	2.43
30/06/2020	250/20	1.94	2.18	2.63	2.64	2.55	2.47
31/07/2020	296/20	1.87	2.11	2.60	2.64	2.56	2.48
31/08/2020	336/20	2.02	2.37	2.90	2.96	2.91	2.81
30/09/2020	380/20	1.94	2.22	2.71	2.75	2.68	2.59
	Low	**1.87**	**2.11**	**2.57**	**2.56**	**2.40**	**2.33**
	Average	**2.00**	**2.24**	**2.69**	**2.71**	**2.61**	**2.52**
	High	**2.19**	**2.39**	**2.93**	**3.00**	**2.94**	**2.85**
	Spread	**0.32**	**0.28**	**0.36**	**0.44**	**0.54**	**0.52**