

# Joint Audit and Governance Committee

Report of Interim Head of Finance



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To: **Joint Audit and Governance Committee; Cabinet; Council**

DATE: 27 January by Joint Audit and Governance Committee  
30 January (S) / 31 January (V) by Cabinet  
13 February (S) / 12 February (V) by Council

## Treasury management mid-year monitoring report 2019/20

### Recommendations

That Joint Audit and Governance Committee:

1. notes the treasury management mid-year monitoring report 2019/20.
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.
3. Supports the changes to the South counterparty limits identified in paragraphs 21 and 22 of this report

That Cabinet:

4. considers any comments from Joint Audit and Governance Committee and recommends council to approve the report.
5. (South only) recommends Council to agree the changes to the counterparty limits identified in paragraphs 21 and 22 of this report

### Purpose of report

1. The report fulfils the legislative requirements to ensure the adequate monitoring of the treasury management activities and that each council's prudential indicators are

reported to their respective council mid-year (i.e.: as at 30 September). The report provides details of the treasury activities for the first six months of 2019/20 and an update on the current economic conditions with a view to the remainder of the year.

### **Strategic objectives**

2. Managing the finances of the authority in accordance with the treasury management strategy will help to ensure that resources are available to deliver its services and meet the council's strategic objectives.

### **Background**

#### **Treasury management**

3. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
4. The primary requirements of the Code are as follows:
  - Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
  - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
  - Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-Year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.
  - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
  - An economic update for the first part of the 2019/20 financial year;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - A review of the Councils' investment portfolio for 2019/20;
  - A review of the Councils' borrowing strategy for 2019/20;
  - A review of compliance with Treasury and Prudential Limits for 2019/20.
6. The first main function of the treasury management service is to ensure the councils' cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return. The Treasury Management Strategy determines to whom the council can lend, and this is the manifestation of its risk appetite.

7. The second main function of the treasury management service is to ensure funding for the Councils' capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Councils can meet their capital spending operations. This management of longer term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet risk or cost objectives.
8. Accordingly, treasury management is defined as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
9. The 2019/20 treasury management strategy was approved by each council in February 2019. This report summarises the treasury activity and performance for the first six months of 2019/20 against those prudential indicators and benchmarks set for the year. It also provides an opportunity to review and subsequently revise limits if required. Full council is required to approve this report and any amendments to the Treasury Management Strategy.

## Treasury activity

10. The mid-year performance of the two councils is summarised in the tables below<sup>1</sup>.

	South	Treasury investments £000	Non treasury loan £000	Sub Total £000	Property investment £000	Overall total £000
1	Average investment balance	147,014	15,000	162,014	7,838	169,852
2	Budgeted investment income	781	311	1,092		
3	Actual investment income	1,139	309	1,448	46	1,494
4	surplus/(deficit) (3) - (2)	358	(2)	356		
5	Annualised rate of return	1.55%	4.12%	1.79%	1.17%	1.76%

	Vale	Treasury investments £000	Property investment £000	Overall total £000
1	Average investment balance	71,760	5,683	77,443
2	Budgeted investment income	381		
3	Actual investment income	577	107	684
4	surplus/(deficit) (3) - (2)	196		
5	Annualised rate of return	1.61%	3.77%	1.77%

For property, the balance shown is the fair value of investment properties as at 31 March 2019.

11. The forecast outturn position as at September 2019, based on known investments and maturities and an estimate for future earnings is shown in the table below:

		South Oxfordshire District Council	Vale of White Horse District Council
	Annual budget as per MTFP	£2,806,660	£762,124
	Forecast outturn	£3,115,529	£1,042,687
	Variance against budget	£308,869	£280,563
	Borrowing	Nil	Nil

12. The Councils remain restricted regarding financial institutions meeting their investment criteria. When it is possible, investments will be placed with highly rated institutions for a longer duration with a view to increasing the weighted average maturity of the portfolio, but this has meant that overall there are less suitable counterparties available to the councils to deposit with.

13. **SODC.** The latest estimate is that income receivable on cash investments will be above budget by £308,869. This is due to higher than budgeted cash balances, and also the placing of more longer-term investments which earn higher interest rates.

14. **VWHDC.** The latest estimate is that income receivable on cash investments will be above budget by £280,563. This is for the same reasons as for SODC above.

## Performance measurement

15. A list of investments as at 30 September is shown in Appendices A1 and A2.

16. The councils' performance against benchmarks for the first six months of the year are detailed in Appendices A3 and A4. All benchmarks have been achieved except the

long-term CCLA benchmarks which measure performance from the investment date rather than performance in the year. Performance for the year to date of 4.35 per cent is higher than the short-term benchmark of 4.27 per cent.

17. All investments set up on Vale were with approved counterparties. The average return on these investments is shown above in the table at paragraph 5. South has performed better than Vale because it holds more long-term loans at higher rates and equities as a result of its larger investment base.
18. At South, it has become apparent that there is a contradiction in the counter-party limits. One investment has been made in breach of the counterparty limits. It was made with a "A" rated organisation for two years, whereas the maximum maturity period for such an institution is one year. However, in practice the limit for an "A" rated institution should be longer than for an "A-" rated institution (as an A rated institution is stronger than an A- rated institution).
19. The current limits for such counterparties as agreed are shown below.

Counterparty	Minimum Fitch Long term Rating (or equivalent)	Counterparty Limit £m	Max. maturity period
Institutions with a minimum rating:	F1 / A-	£15.0m	2 years
Institutions with a minimum rating:	F1 / A	£15.0m	1 year

20. In practice this is wrong way round and it should be:

Counterparty	Minimum Fitch Long term Rating (or equivalent)	Counterparty Limit £m	Max. maturity period
Institutions with a minimum rating:	F1 / A	£15.0m	2 years
Institutions with a minimum rating:	F1 / A-	£15.0m	1 year

21. It is therefore recommended that South Council approve this change to the counterparty list.
22. The investment in question also made to a housing association which breached a separate limit set for housing associations which require any investment to be with an organisation rated at least A+. Officers feel that this separate limit is not required and also recommend to South Council that this limit is deleted from the counter party list.

### Treasury management limits on activity

23. Each council is required by the Prudential Code to report on the limits set each year in their respective Treasury Management Strategies. The purpose of these limits is to ensure that the activity of the treasury functions remain 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 will impair the opportunities to reduce costs/improve performance. The performance against the limits for both councils are shown in appendices B1 and B2.

## Debt activity during 2019/20

24. During the first six months of 2019/20 there has been no need for either of the councils to borrow. The Interim Head of Finance will continue to take a prudent approach to the councils' debt strategies. The prudential indicators and limits set out in appendices B1 and B2 provide the scope and flexibility for either of the councils to borrow in the short-term up to the maximum limits, if ever such a need arose within the cash flow management activities of the authority in order to achieve its service objectives.

## Interest Rate Forecast and Economic Forecast

25. The Council's treasury advisor, Link Asset Services, has provided the following forecast:

*Quoted from link Asset Services December 2019*

Bank Rate															
	NOW	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.25%
Capital Economics	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
5yr PWLB Rate															
	NOW	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.27%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.20%	3.20%
Capital Economics	2.27%	2.40%	2.40%	2.40%	2.40%	2.40%	-	-	-	-	-	-	-	-	-
10yr PWLB Rate															
	NOW	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.46%	2.60%	2.70%	2.70%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.50%
Capital Economics	2.46%	2.60%	2.60%	2.60%	2.60%	2.60%	-	-	-	-	-	-	-	-	-
25yr PWLB Rate															
	NOW	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	3.03%	3.20%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.10%
Capital Economics	3.03%	2.90%	2.90%	2.90%	2.90%	2.90%	-	-	-	-	-	-	-	-	-
50yr PWLB Rate															
	NOW	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Link Asset Services	2.87%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%	3.60%	3.70%	3.80%	3.90%	3.90%	4.00%	4.00%
Capital Economics	2.87%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-	-	-	-	-

26. *It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75 per cent so far in 2019 due to the ongoing uncertainty over Brexit. In its meeting on 1 August, the MPC became more concerned about the outlook for both the global and domestic economies. That's shown in the policy statement, based on an assumption that there is an agreed deal on Brexit, where the suggestion that rates would need to rise at a "gradual pace and to a limited extent" is now also conditional on "some recovery in global growth".*
27. *Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were a no deal Brexit, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth.*
28. *The September MPC meeting sounded even more concern about world growth and the effect that prolonged Brexit uncertainty is likely to have on growth.*

## Financial Implications

29. These are covered in the body of the report.

## **Legal implications**

30. There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the CLG Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.

## **Administration**

31. Capita provide the Treasury Management services through its financial accounting team based in Shepton Mallet. The council still authorise daily dealings and receive regular reports from the team on current and future investments.

## **Conclusion**

32. This report provides details of the treasury management activities for the period 1 April 2019 to 30 September 2019 and the mid-year prudential indicators to each respective council.
33. Other than for one incident at South, Treasury activities at both councils have operated within the agreed parameters set out in their respective approved treasury management strategies.
34. This report also provides the monitoring information for joint audit and governance committee to fulfil its role of scrutinising treasury management activity at each council.

## **Background papers**

- CIPFA Code of Practice on Treasury Management 2017
- CIPFA Prudential Code 2017
- CIPFA Treasury Management in the Public Services Guidance Notes 2018
- CIPFA statement 17.10.18 on borrowing in advance of need and investments in commercial properties
- CIPFA Bulletin 02 Treasury and Capital Management Update October 2018
- Statutory investment guidance where it has been updated in 2018 (English local authorities)
- Statutory MRP guidance where it has been updated in 2018 (English local authorities)
- Treasury Management Investment Strategy 2019/20 (South Oxfordshire & Vale of White Horse, February 2019)

## **Appendices**

- A1 – SODC List of investments as at 30 September 2019  
A2 – VWHDC List of investments as at 30 September 2019  
A3 – SODC Performance against benchmark  
A4 – VWHDC Performance against benchmark  
B1 – SODC Prudential Indicators  
B2 – VWHDC Prudential Indicators  
C1 – Note on Prudential Indicators

**South Oxfordshire**

Investments as at 30 September 2019						
Counterparty	Deposit type	Investment date	Maturity date	Remaining investment duration in days	Principal	Rate (%)
Cambridge BS	Fixed	02-Oct-18	02-Oct-19	2	3,000,000	1.15%
Nottingham Building Society	Fixed	22-Oct-18	22-Oct-19	22	1,000,000	1.05%
Progressive Building Society	Fixed	22-Oct-18	22-Oct-19	22	1,000,000	1.08%
Progressive Building Society	Fixed	02-Nov-18	01-Nov-19	32	2,000,000	1.08%
West Bromwich Building Society	Fixed	06-Nov-18	06-Nov-19	37	2,000,000	1.15%
West Bromwich Building Society	Fixed	08-Nov-18	08-Nov-19	39	2,000,000	1.15%
Cambridge BS	Fixed	01-Nov-18	11-Nov-19	42	2,000,000	1.15%
Close Brothers	Fixed	27-Nov-17	27-Nov-19	58	3,000,000	1.10%
Nottingham Building Society	Fixed	14-Dec-18	13-Dec-19	74	3,000,000	1.15%
Goldman Sachs International Bank	Fixed	19-Dec-18	18-Dec-19	79	2,000,000	1.24%
Goldman Sachs International Bank	Fixed	07-Feb-19	07-Feb-20	130	2,000,000	1.05%
Nottingham Building Society	Fixed	15-Feb-19	14-Feb-20	137	2,000,000	1.20%
Close Brothers	Fixed	14-Mar-19	16-Mar-20	168	2,000,000	1.25%
Close Brothers	Fixed	18-Mar-19	18-Mar-20	170	2,000,000	1.25%
West Bromwich Building Society	Fixed	03-Apr-19	02-Apr-20	185	3,500,000	1.22%
Goldman Sachs International Bank	Fixed	03-Apr-19	02-Apr-20	185	2,000,000	1.03%
Goldman Sachs International Bank	Fixed	03-Apr-19	02-Apr-20	185	3,000,000	1.03%
National Counties Building Society	Fixed	03-Apr-19	02-Apr-20	185	2,500,000	1.30%
Principality Building Society	Fixed	03-Apr-19	02-Apr-20	185	2,000,000	1.20%
Close Brothers	Fixed	03-Apr-19	03-Apr-20	186	2,000,000	1.25%
Close Brothers	Fixed	09-Apr-19	09-Apr-20	192	2,000,000	1.25%
Principality Building Society	Fixed	02-May-19	01-May-20	214	2,500,000	1.15%
Newcastle Building Society	Fixed	03-May-19	01-May-20	214	2,000,000	1.22%
National Counties Building Society	Fixed	03-May-19	01-May-20	214	1,000,000	1.26%
West Bromwich Building Society	Fixed	15-May-19	14-May-20	227	2,500,000	1.10%
Principality Building Society	Fixed	20-May-19	18-May-20	231	1,500,000	1.16%
National Counties Building Society	Fixed	21-May-19	19-May-20	232	1,500,000	1.26%
National Counties Building Society	Fixed	28-May-19	26-May-20	239	1,000,000	1.25%
Nottingham Building Society	Fixed	28-May-19	26-May-20	239	1,000,000	1.18%
Saffron Building Society	Fixed	03-Jun-19	02-Jun-20	246	2,500,000	1.17%
Nottingham Building Society	Fixed	11-Jun-19	11-Jun-20	255	1,000,000	1.15%
Principality Building Society	Fixed	11-Jun-19	11-Jun-20	255	3,000,000	1.15%
Newcastle Building Society	Fixed	27-Jun-19	25-Jun-20	269	2,000,000	1.30%
Principality Building Society	Fixed	02-Jul-19	01-Jul-20	275	4,000,000	1.10%



**South Oxfordshire Continued**

Investments as at 30 September 2019						
Counterparty	Deposit type	Investment date	Maturity date	Remaining investment duration in days	Principal	Rate (%)
Cumberland Building Society	Fixed	03-Jul-19	01-Jul-20	275	3,000,000	1.00%
Principality Building Society	Fixed	09-Jul-19	08-Jul-20	282	2,000,000	1.10%
Monmouthshire Building Society	Fixed	10-Jul-19	09-Jul-20	283	1,000,000	1.20%
Progressive Building Society	Fixed	16-Jul-19	15-Jul-20	289	2,500,000	1.15%
Monmouthshire Building Society	Fixed	18-Jul-19	17-Jul-20	291	2,000,000	1.20%
Kingston upon Hull City Council	Fixed	19-Aug-13	19-Aug-20	324	3,500,000	2.70%
Kingston upon Hull City Council	Fixed	19-Aug-13	19-Aug-20	324	1,500,000	2.70%
Newcastle Building Society	Fixed	30-Aug-19	28-Aug-20	333	2,000,000	1.25%
Newcastle Building Society	Fixed	30-Aug-19	28-Aug-20	333	2,000,000	1.25%
Monmouthshire Building Society	Fixed	17-Sep-19	16-Sep-20	352	3,000,000	1.05%
Newbury Building Society	Fixed	27-Sep-19	25-Sep-20	361	2,000,000	1.20%
Santander	Call *				3,401,256	0.40%
Royal Bank of Scotland	Call *				2,343	0.20%
Royal Bank of Scotland	Call *				96,095	0.10%
Goldman Sachs	MMF *				5,985,000	0.68%
Blackrock	MMF *				690,000	0.67%
<b>Total short term cash investments (&lt;1 yr duration)</b>					<b>106,174,693</b>	
METROPOLITAN HOUSING TRUST L	Fixed	12-Jul-19	12-Jan-21	470	2,000,000	1.45%
Kingston upon Hull City Council	Fixed	15-Jan-14	15-Jan-21	473	2,000,000	2.50%
Close Brothers	Fixed	14-Mar-19	15-Mar-21	532	3,000,000	1.50%
Close Brothers	Fixed	29-Mar-19	29-Mar-21	546	1,000,000	1.50%
Royal Bank of Scotland	Fixed	08-Apr-19	08-Apr-21	556	3,000,000	1.75%
METROPOLITAN HOUSING TRUST L	Fixed	11-Apr-19	12-Apr-21	560	3,000,000	1.70%
Royal Bank of Scotland	Fixed	15-Apr-19	15-Apr-21	563	3,000,000	1.78%
Places for People	Fixed	10-May-19	10-May-21	588	2,000,000	1.70%
Places for People	Fixed	25-Jun-19	25-Jun-21	634	3,000,000	1.70%
Bury MBC	Fixed	18-Jul-16	19-Jul-21	658	5,000,000	1.50%
Lloyds Bank	Fixed	23-Jul-19	23-Jul-21	662	2,000,000	1.30%
Royal Bank of Scotland	Fixed	18-Feb-19	20-Feb-23	1239	2,000,000	2.46%
<b>Total long-term cash investments (&gt;1 yr duration)</b>					<b>31,000,000</b>	
CCLA	Property				6,755,639	Variable
Legal & General Equities	Unit Trust				12,935,023	Variable
<b>Total Investments</b>					<b>156,865,355</b>	

\* Rates are variable. Returns shown represent prevailing rates at end Q2 2019.

\*\* Above figures exclude balance outstanding from Kaupthing Singer and Friedlander and SOHA loan

\*\*\*Last year total investments: £152 million

**Vale of White Horse District Council**

Investments as at 30 September 2019						
Counterparty	Deposit type	Investment date	Maturity date	Remaining investment duration in days	Principal	Rate (%)
Cambridge Building Society	Fixed	02/10/2018	02/10/2019	2	2,000,000	1.15%
Goldman Sachs International Bank	Fixed	29/10/2018	29/10/2019	29	2,000,000	1.24%
Places For People Homes Ltd	Fixed	01/11/2018	31/10/2019	31	1,000,000	1.50%
Principality Building Society	Fixed	15/11/2018	15/11/2019	46	1,500,000	1.05%
West Bromwich Building Society	Fixed	15/11/2018	15/11/2019	46	1,500,000	1.15%
Close Brothers Ltd	Fixed	16/11/2017	18/11/2019	49	2,000,000	1.10%
Fife Council	Fixed	19/11/2018	18/11/2019	49	3,000,000	1.05%
Saffron Building Society	Fixed	30/11/2018	29/11/2019	60	3,000,000	1.12%
Newcastle Building Society	Fixed	05/12/2018	04/12/2019	65	1,500,000	1.15%
Principality Building Society	Fixed	13/12/2018	13/12/2019	74	2,000,000	1.10%
Nottingham Building Society	Fixed	03/01/2019	03/01/2020	95	2,000,000	1.15%
Darlington Building Society	Fixed	17/01/2019	17/01/2020	109	2,000,000	1.25%
Slough Borough Council	Fixed	21/01/2019	21/01/2020	113	4,000,000	1.10%
Close Brothers Ltd	Fixed	21/01/2019	21/01/2020	113	4,000,000	1.25%
Lloyds Bank	Fixed	28/01/2019	28/01/2020	120	10,000,000	1.10%
Newcastle Building Society	Fixed	15/02/2019	14/02/2020	137	1,500,000	1.25%
Places For People Homes Ltd	Fixed	19/02/2019	19/02/2020	142	2,000,000	1.50%
Close Brothers Ltd	Fixed	05/03/2018	05/03/2020	157	2,000,000	1.35%
Progressive Building Society	Fixed	26/06/2019	26/06/2020	270	3,000,000	1.22%
National Counties Building Society	Fixed	26/06/2019	26/06/2020	270	1,000,000	1.25%
National Counties Building Society	Fixed	29/07/2019	27/07/2020	301	1,000,000	1.26%
Kingston upon Hull City Council	Fixed	19/08/2013	19/08/2020	324	2,000,000	2.70%
Newbury Building Society	Fixed	09/09/2019	08/09/2020	344	1,000,000	1.20%
Monmouthshire Building Society	Fixed	11/09/2019	10/09/2020	346	1,000,000	1.05%
National Counties Building Society	Fixed	11/09/2019	10/09/2020	346	1,000,000	1.20%
Principality Building Society	Fixed	11/09/2019	10/09/2020	346	3,000,000	1.06%
Skipton Building Society	Fixed	18/09/2019	17/09/2020	353	2,000,000	0.95%
LGIM	MMF *				11,000,000	0.67%
Goldman Sachs	MMF *				5,810,000	0.68%
<b>Total short term cash investments (&lt;1 yr duration)</b>					<b>78,810,000</b>	
Kingston upon Hull City Council	Fixed	15/01/2014	15/01/2021	473	2,000,000	2.50%
Cambridgeshire County Council	Fixed	28/02/2019	26/02/2021	515	2,000,000	1.45%
Southern Housing Group	Fixed	19/03/2019	19/03/2021	536	5,000,000	1.60%
Metropolitan Housing Trust Ltd	Fixed	11/04/2019	12/04/2021	560	2,000,000	1.70%
Places For People Homes Ltd	Fixed	17/06/2019	17/06/2021	626	2,000,000	1.70%
Metropolitan Housing Trust Ltd	Fixed	28/06/2019	28/06/2021	637	2,000,000	1.70%
Metropolitan Housing Trust Ltd	Fixed	29/07/2019	29/07/2021	668	1,000,000	1.60%
Close Brothers Ltd	Fixed	27/09/2019	27/09/2021	728	2,000,000	1.30%
<b>Total long-term cash investments (&gt;1 yr duration)</b>					<b>18,000,000</b>	
CCLA	Property				2,704,646	variable
<b>Total Investments</b>					<b>99,514,646</b>	

\*Last year total investments: £83 million

## **South Oxfordshire District Council**

<b>Investment returns achieved against benchmark</b>				
	Benchmark Return	Actual Return	Growth (Below)/above Benchmark	Benchmarks
Bank & Building Society deposits - internally managed	0.63%	1.55%	0.92%	3 Month LIBID
Equities	2.34%	5.88%	3.54%	FTSE All Shares Index

- All benchmarks managed by the treasury team were met in the first six months of the year.

## **CCLA**

<b>Annualised total return performance</b>			
Performance to 28 September 2019	1 year	3 years	5 years
The local authorities property fund	5.99%	6.23%	9.46%
Benchmark - IPD property index	5.69%	6.88%	9.63%

- The CCLA investment is a long term holding. The above table shows the performance of the fund as a whole and the longer term performance should be used as a guide to returns achievable in the medium term.
- South invested £5 million into the fund and in the first six months of 2019/20, achieved a return of 4.35 per cent calculated as a ratio of income over the market value held as at 30 September 2019. This is not the same basis upon which the performance of the fund above is calculated.

## Vale of White Horse District Council

Investment returns achieved against benchmark				
	Benchmark return	Actual return	Growth (below)/above benchmark	Benchmarks
	%	%	%	
Internally managed - Bank & Building Society deposits	0.63%	1.61%	0.98%	3 month LIBID

- All benchmarks managed by the treasury team were met in the first six months of the year.

## CCLA

Annualised total return performance				
Performance to 28 September 2019	1 year	3 years	5 years	
The local authorities property fund	5.99%	6.23%	9.46%	
Benchmark - IPD property index	5.69%	6.88%	9.63%	

- The CCLA investment is a long term holding. The above table shows the performance of the fund as a whole and the longer-term performance should be used as a guide to returns achievable in the medium term.
- Vale invested £2 million into the fund and in the first six months of 2019/20, achieved a return of 4.35 per cent calculated as a ratio of income over the market value held as at 30 September 2019. This is not the same basis upon which the performance of the fund above is calculated.

**South Oxfordshire District Council**

<b>Prudential indicators as at 30th September 2019</b>		
	<b>2019/20 Original Estimate</b>	<b>Actual as at 30-Sep</b>
<b>Debt</b>	<b>£m</b>	<b>£m</b>
<b>Authorised limit for external debt</b>		
Borrowing	30	0
Other long term liabilities	0	0
	<b>30</b>	<b>0</b>
<b>Operational boundary for external debt</b>		
Borrowing	25	0
Other long term liabilities	0	0
	<b>25</b>	<b>0</b>
<b>Interest rate exposures</b>		
Maximum fixed rate borrowing	100%	0
Maximum variable rate borrowing	100%	0
<b>Investments</b>		
<b>Interest rate exposures</b>		
Limits on fixed interest rates	100%	81%
Limits on variable interest rates	50	10
<b>Principal sums invested &gt; 364 days</b>		
Upper limit for principal sums invested >364 days	70	31

**Vale of White Horse District Council**

Prudential indicators as at 30th September 2019		
	2019/20	Actual as at
	Original estimate	30-Sep
	£m	£m
<b>Authorised limit for external debt</b>		
Borrowing	30	0
Other long term liabilities	5	0
	35	0
<b>Operational boundary for external debt</b>		
Borrowing	25	0
Other long term liabilities	0	0
	25	0
<b>Interest rate exposures</b>		
Maximum fixed rate borrowing	100%	0
Maximum variable rate borrowing	100%	0
<b>Investments</b>		
<b>Interest rate exposures</b>		
Limits on fixed interest rates	100%	80%
Limits on variable interest rates	50	17
<b>Principal sums invested &gt; 364 days</b>		
Upper limit for principal sums invested >364 days	40	18

## **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.