

# Cabinet report



Report of Head of Finance



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

DATE: 30 November by Joint Audit and Governance Committee  
2 December (S) / 3 December (V) by Cabinet  
9 December (S) / 8 December (V) by Council

## Treasury management mid-year monitoring report 2021/22

### Recommendations

That Joint Audit and Governance Committee:

1. notes the treasury management mid-year monitoring report 2021/22.
2. is satisfied that the treasury activities are carried out in accordance with the treasury management strategy and policy.

That Cabinet:

3. considers any comments from Joint Audit and Governance Committee and recommends council to approve the 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 2021/22 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 authorities in accordance with the treasury management strategy will help to ensure that resources are available to deliver their services and meet the councils' 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 way 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 Councils 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 2021/22 financial year;
  - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
  - A review of the Councils' investment portfolios for 2021/22;
  - A review of the Councils' borrowing strategy for 2021/22;
  - A review of compliance with Treasury and Prudential Limits for 2021/22.
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 councils can lend, and this is the manifestation of their 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 Councils, 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 2021/22 treasury management strategy was approved by each council in February 2021. This report summarises the treasury activity and performance for the first six months of 2021/22 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	172,635	15,000	187,635	8,067	195,702
2	Budgeted investment income	612	311	923	367	1,290
3	Actual investment income	445	312	757	208	965
4	surplus/(deficit) (3) - (2)	(167)	1	(166)	(159)	(325)
5	Annualised rate of return	0.52%	4.16%	0.81%	5.16%	0.99%

	Vale	Treasury investments £000	Property investment £000	Overall total £000
1	Average investment balance	113,420	5,516	118,936
2	Budgeted investment income	279	71	350
3	Actual investment income	71	15	86
4	surplus/(deficit) (3) - (2)	(208)	(56)	(264)
5	Annualised rate of return	0.13%	0.54%	0.14%

The forecast outturn position as at September 2021, 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	£1,846,610	£557,560
Forecast outturn	£1,560,489	£291,375
Variance against budget	(£286,121)	(£266,185)
Borrowing	Nil	Nil

<sup>1</sup> For property, the balance shown is the fair value of investment properties as at 31 March 2021.

11. 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 fewer suitable counterparties available to the councils to deposit with.
12. During the first half of the year officers started a dialogue with Link Treasury Services to find alternative investments, which will diversify our portfolios. This dialogue will be progressed in the second half of the year.
13. **SODC**. The latest estimate is that income receivable on cash investments will be below budget by £0.3 million. This is due to the interest rates available being much lower than our most pessimistic forecasts when the budget was set.
14. **VWHDC**. The latest estimate is that income receivable on cash investments will be below budget by £0.3 million. This is due to the interest rates available being much lower than our most pessimistic forecasts when the budget was set.
15. Investment rates have started to rise as the markets are factoring in an increase in Bank Rate. This should result in better yields in the second half of the year.
16. **VWHDC** has more maturities in the second half of the financial year. This has resulted in the small receipt in interest and rate of return, when compared with **SODC**, in the first half of the year.

### Performance measurement

17. A list of investments as at 30 September 2021 is shown in **Appendices A1** and **A2**.
18. The councils' performance against benchmarks for the first six months of the year are detailed in **Appendices A3** and **A4**. All investments were with approved counterparties. The average return on these investments is shown above in the table at paragraph 10.

### Treasury management limits on activity

19. 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 the limits set are 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**.
20. Following the period covered by this report, Council at **SODC** agreed to revise the prudential indicators to take into account the revised capital programme agreed in October 2021.

### Debt activity during 2021/22

21. During the first six months of 2021/22 there has been no need for either of the councils to borrow. The 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 councils in order to achieve their service objectives.

**Interest rate forecast and economic forecast**

22. The Councils’ treasury advisor, Link Treasury Services, has provided the following forecast:

Interest forecast November 2021									
	December	March	June	September	December	March	June	September	
	2021	2022	2022	2022	2022	2023	2023	2023	
Bank rate	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	
12 month ave earnings	0.50	0.60	0.70	0.70	0.80	0.90	1.00	1.10	
5yr PWLB	1.50	1.50	1.60	1.60	1.70	1.70	1.70	1.80	
10yr PWLB	1.80	1.90	1.90	2.00	2.00	2.10	2.10	2.20	
25 yr PWLB	2.10	2.20	2.30	2.40	2.40	2.40	2.50	2.50	
50 yr PWLB	1.90	2.00	2.10	2.20	2.20	2.20	2.30	2.30	

Note: LIBOR and LIBID rates will cease from the end of 2021. The forecast above is based on average earnings by local authorities for 6 to 12 months.

- 23. At the November 2021 Monetary Policy Committee (MPC) meeting, concerns were raised that recent increases in prices, particularly in gas and electricity, will lead to faster and higher inflation expectations and underlying wage growth, which in turn would increase the risk that price pressures would prove more persistent next year than previously expected. This means inflation could stay significantly above the two per cent target for longer. Current forecasts are that inflation could reach five per cent in April 2022.
- 24. Financial markets are pricing in a first increase in Bank Rate before the end of 2021, however the MPC has stated that it wants to see what happens in the economy and particularly to employment once furlough ends in September. The MPC has commented that Bank Rate would have to go up in the short term and the table above has factored in a first rate rise in December 2021, however the Bank of England could wait until February or May to raise Bank Rate.
- 25. It should be borne in mind that Bank Rate being cut to 10 per cent was an emergency measure to deal with the covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 25 per cent to 10 per cent on no other grounds than it being no longer warranted and as a step forward in the return to normalisation.
- 26. With unpredictable virus factors now being part of the forecasting environment, there is a risk that forecasts could be subject to significant revision during the next three years.

**Climate and ecological impact implications**

27. There are no climate or ecological implications arising from this report, however the Councils can make significant impact via future investment opportunities and operational changes. Numerous changes have already been made to ensure that climate is a key consideration in key documents and processes (such as the

procurement strategy), and this will become more evident in future decision making. As opportunities to support the climate ambitions of the Councils arise, they will be considered and appropriately weighted to include any climate or ecological impacts.

### **Financial Implications**

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

### **Legal implications**

29. 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 councils' investments are, and will continue to be, within their legal powers.

### **Conclusion**

30. This report provides details of the treasury management activities for the period 1 April 2021 to 30 September 2021 and the mid-year prudential indicators to each respective council.

31. 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 2021/22 (South Oxfordshire & Vale of White Horse, February 2021)

### **Appendices**

- A1 – SODC List of investments as at 30 September 2021
- A2 – VWHDC List of investments as at 30 September 2021
- 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 2021						
Counterparty	Deposit type	Investment date	Maturity date	Remaining investment duration in days	Principal	Rate (%)
Cambridge	Fixed	01-Oct-20	01-Oct-21	1	3,000,000	0.40%
Skipton Building Society	Fixed	01-Oct-20	01-Oct-21	1	2,000,000	0.30%
Principality Building Society	Fixed	15-Jul-21	15-Oct-21	15	3,000,000	0.07%
Progressive Building Society	Fixed	21-Oct-20	21-Oct-21	21	1,000,000	0.42%
Cambridge	Fixed	30-Oct-20	29-Oct-21	29	2,000,000	0.42%
Progressive Building Society	Fixed	30-Oct-20	29-Oct-21	29	2,000,000	0.42%
Saffron Building Society	Fixed	03-Nov-20	02-Nov-21	33	1,000,000	0.40%
Saffron Building Society	Fixed	05-Nov-20	05-Nov-21	36	1,000,000	0.40%
National Counties Building Society	Fixed	06-Nov-20	05-Nov-21	36	3,000,000	0.45%
Furness Building Society	Fixed	20-Nov-20	19-Nov-21	50	3,000,000	0.55%
Saffron Building Society	Fixed	11-Dec-20	10-Dec-21	71	3,000,000	0.40%
West Bromwich Building Society	Fixed	01-Jul-21	04-Jan-22	96	2,000,000	0.09%
METROPOLITAN HOUSING TRUST LT	Fixed	12-Jan-21	12-Jan-22	104	2,000,000	0.30%
West Bromwich Building Society	Fixed	18-Jan-21	17-Jan-22	109	2,000,000	0.33%
Thurrock Borough Council	Fixed	19-Jan-21	18-Jan-22	110	3,500,000	0.20%
Goldman Sachs International Bank	Fixed	16-Feb-21	15-Feb-22	138	5,000,000	0.28%
West Bromwich Building Society	Fixed	16-Feb-21	16-Feb-22	139	3,000,000	0.20%
Newcastle Building Society	Fixed	16-Feb-21	16-Feb-22	139	3,000,000	0.20%
Goldman Sachs International Bank	Fixed	22-Feb-21	21-Feb-22	144	2,000,000	0.30%
Newcastle Building Society	Fixed	11-Mar-21	10-Mar-22	161	4,000,000	0.20%
Principality Building Society	Fixed	01-Jul-21	14-Mar-22	165	4,000,000	0.12%
West Bromwich Building Society	Fixed	23-Mar-21	23-Mar-22	174	2,000,000	0.20%
Principality Building Society	Fixed	23-Mar-21	23-Mar-22	174	2,000,000	0.14%
Goldman Sachs International Bank	Fixed	29-Mar-21	29-Mar-22	180	2,000,000	0.39%
National Bank of Kuwait	Fixed	06-Aug-21	31-Mar-22	182	2,000,000	0.15%
National Counties Building Society	Fixed	01-Apr-21	01-Apr-22	183	2,500,000	0.35%
National Counties Building Society	Fixed	30-Apr-21	29-Apr-22	211	1,000,000	0.33%
Thurrock Borough Council	Fixed	30-Apr-21	29-Apr-22	211	3,000,000	0.30%
Thurrock Borough Council	Fixed	20-Apr-21	19-Apr-22	201	5,000,000	0.40%
Thurrock Borough Council	Fixed	21-May-21	20-May-22	232	5,000,000	0.40%
National Counties Building Society	Fixed	24-Jun-21	23-Jun-22	266	2,000,000	0.33%
Monmouthshire Building Society	Fixed	09-Jul-21	09-Jul-22	282	1,000,000	0.15%
Progressive Building Society	Fixed	15-Jul-21	15-Jul-22	288	2,500,000	0.16%
Principality Building Society	Fixed	09-Aug-21	08-Aug-22	312	2,000,000	0.15%
Monmouthshire Building Society	Fixed	09-Aug-21	08-Aug-22	312	2,000,000	0.15%

**South Oxfordshire Continued**

Investments as at 30 September 2021						
Counterparty	Deposit type	Investment date	Maturity date	Remaining investment duration in days	Principal	Rate (%)
Principality Building Society	Fixed	10-Aug-21	09-Aug-22	313	1,500,000	0.15%
Principality Building Society	Fixed	16-Aug-21	15-Aug-22	319	2,000,000	0.15%
Monmouthshire Building Society	Fixed	16-Aug-21	15-Aug-22	319	2,000,000	0.15%
Furness Building Society	Fixed	19-Aug-21	18-Aug-22	322	2,000,000	0.30%
Thurrock Borough Council	Fixed	23-Aug-21	22-Aug-22	326	3,500,000	0.20%
Newcastle Building Society	Fixed	27-Aug-21	26-Aug-22	330	2,000,000	0.18%
Newcastle Building Society	Fixed	27-Aug-21	26-Aug-22	330	2,000,000	0.18%
Furness Building Society	Fixed	07-Sep-21	07-Sep-22	342	2,000,000	0.30%
Goldman Sachs International Bank	Fixed	14-Sep-21	13-Sep-22	348	2,000,000	0.38%
National Bank of Kuwait	Fixed	15-Sep-21	15-Sep-22	350	3,000,000	0.22%
Monmouthshire Building Society	Fixed	16-Sep-21	16-Sep-22	351	3,000,000	0.15%
Nottingham Building Society	Fixed	17-Sep-21	16-Sep-22	351	3,000,000	0.15%
Furness Building Society	Fixed	27-Sep-21	27-Sep-22	362	2,000,000	0.30%
Santander	Call *				401,256	0.02%
Royal Bank of Scotland	Call *				2,361	0.01%
Royal Bank of Scotland	Call *				96,489	0.01%
Goldman Sachs	MMF *				17,200,000	0.00%
Blackrock	MMF *				690,000	0.00%
<b>Total short term cash investments (&lt;1 yr duration)</b>					<b>136,890,106</b>	
Close Brothers	Fixed	27-Nov-19	29-Nov-21	60	3,000,000	1.30%
Royal Bank of Scotland	Fixed	18-Feb-19	20-Feb-23	508	2,000,000	2.46%
Places for People	Fixed	15-Mar-21	15-Mar-23	531	5,000,000	1.00%
Places for People	Fixed	01-Apr-21	03-Apr-23	550	5,000,000	1.00%
Places for People	Fixed	10-May-21	10-May-23	587	2,000,000	1.00%
Places for People	Fixed	25-Jun-21	23-Jun-23	631	3,000,000	1.00%
<b>Total long-term cash investments (&gt;1 yr duration)</b>					<b>20,000,000</b>	
CCLA	Property				6,467,694	Variable
Legal & General Equities	Unit Trust				13,771,218	Variable
<b>Total Investments</b>					<b>177,129,018</b>	

\* Rates are variable. Returns shown represent prevailing rates at end Q2 2021.

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

\*\*\*Last year total investments: £162 million



**Vale of White Horse District Council**

<b>Investments as at 30 September 2021</b>						
<b>Counterparty</b>	<b>Deposit type</b>	<b>Investment date</b>	<b>Maturity date</b>	<b>Remaining investment duration in days</b>	<b>Principal</b>	<b>Rate (%)</b>
Cambridge Building Society	Fixed	01/10/2020	01/10/2021	1	2,000,000	0.40%
Saffron Building Society	Fixed	01/10/2020	01/10/2021	1	3,000,000	0.40%
Places for People Homes Ltd	Fixed	31/10/2019	29/10/2021	29	1,000,000	1.70%
Furness Building Society	Fixed	02/11/2020	29/10/2021	29	3,000,000	0.55%
Close Brothers Ltd	Fixed	18/11/2019	18/11/2021	49	2,000,000	1.30%
Worthing Borough Council	Fixed	18/11/2019	18/11/2021	49	3,000,000	1.30%
Monmouthshire Building Society	Fixed	30/11/2020	29/11/2021	60	1,500,000	0.45%
West Bromwich Building Society	Fixed	30/11/2020	29/11/2021	60	2,500,000	0.34%
Monmouthshire Building Society	Fixed	07/12/2020	06/12/2021	67	1,500,000	0.45%
Principality Building Society	Fixed	14/12/2020	13/12/2021	74	2,000,000	0.19%
Progressive Building Society	Fixed	04/01/2021	04/01/2022	96	3,000,000	0.30%
Fife Council	Fixed	20/01/2021	19/01/2022	111	5,000,000	0.20%
Close Brothers Ltd	Fixed	21/01/2020	21/01/2022	113	4,000,000	1.30%
Goldman Sachs International Bank	Fixed	28/01/2021	28/01/2022	120	5,000,000	0.18%
Newcastle Building Society	Fixed	15/02/2021	14/02/2022	137	1,500,000	0.20%
Goldman Sachs International Bank	Fixed	17/02/2021	16/02/2022	139	3,000,000	0.30%
Places for People Homes Ltd	Fixed	19/02/2020	21/02/2022	144	2,000,000	1.80%
Newcastle Building Society	Fixed	22/02/2021	21/02/2022	144	2,000,000	0.20%
Close Brothers Ltd	Fixed	05/03/2020	07/03/2022	158	2,000,000	1.30%
West Bromwich Building Society	Fixed	25/03/2021	14/03/2022	165	3,000,000	0.20%
Nat Bank of Kuwait International	Fixed	09/06/2021	14/03/2022	165	5,000,000	0.20%
Principality Building Society	Fixed	27/05/2021	26/05/2022	238	2,000,000	0.15%
Furness Building Society	Fixed	25/06/2021	24/06/2022	267	3,000,000	0.35%
National Counties Building Society	Fixed	25/06/2021	24/06/2022	267	1,000,000	0.33%
Nat Bank of Kuwait International	Fixed	30/06/2021	29/06/2022	272	5,000,000	0.23%
Newcastle Building Society	Fixed	01/07/2021	30/06/2022	273	2,500,000	0.18%
National Counties Building Society	Fixed	26/07/2021	25/07/2022	298	1,000,000	0.33%
Monmouthshire Building Society	Fixed	06/08/2021	05/08/2022	309	2,000,000	0.15%
National Counties Building Society	Fixed	16/08/2021	15/08/2022	319	3,000,000	0.35%
Cambridge Building Society	Fixed	18/08/2021	17/08/2022	321	1,000,000	0.25%
National Counties Building Society	Fixed	09/09/2021	08/09/2022	343	1,000,000	0.33%
Monmouthshire Building Society	Fixed	09/09/2021	08/09/2022	343	1,000,000	0.15%
Principality Building Society	Fixed	09/09/2021	08/09/2022	343	3,000,000	0.15%
Lloyds Bank	Call				5,000,000	0.04%
Lloyds Bank	Call				5,000,000	0.02%
LGIM	MMF *				220,000	0.00%
Goldman Sachs	MMF *				14,500,000	0.00%
<b>Total short term cash investments (&lt;1 yr duration)</b>					<b>107,220,000</b>	

**Vale of White Horse continued**

Investments as at 30 September 2021						
Counterparty	Deposit type	Investment date	Maturity date	Remaining investment duration in days	Principal	Rate (%)
Places for People Homes Ltd	Fixed	10/12/2020	10/06/2022	253	5,000,000	0.75%
Metropolitan Housing Trust Ltd	Fixed	16/11/2020	16/11/2022	412	3,000,000	1.10%
Goldman Sachs International Bank	Fixed	01/03/2021	01/03/2023	517	2,000,000	0.37%
Southern Housing Group	Fixed	19/03/2021	20/03/2023	536	5,000,000	1.00%
Yorkshire Housing Ltd	Fixed	29/04/2021	28/04/2023	575	5,000,000	1.00%
Places for People Homes Ltd	Fixed	17/06/2021	16/06/2023	624	2,000,000	1.00%
Rotherham MBC**	Fixed	25/06/2021	25/06/2024	999	5,000,000	0.30%
<b>Total long-term cash investments (&gt;1 yr duration)</b>					<b>27,000,000</b>	
CCLA	Property				2,780,901	variable
<b>Total Investments</b>					<b>137,000,901</b>	

\*Rates are variable. Returns shown represent prevailing rates at end Q2 2021.

\*\*Investment placed on an escalator. Year 1 interest rate is 0.30%, year 2 is 0.55% and year 3 is 0.80%.

\*\*\*Last year total investments: £110 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	-0.05%	0.52%	0.57%	3 Month LIBID
Equities	5.95%	7.82%	1.87%	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 30 September 2021	1 year	3 years	5 years
The local authorities property fund	<b>11.73%</b>	<b>4.39%</b>	<b>5.93%</b>
Benchmark - IPD property index	<b>8.49%</b>	<b>3.25%</b>	<b>5.10%</b>

- 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 2021/22, achieved a return of 4.18 per cent calculated as a ratio of income over the market value held as at 30 September 2021. This is not the same basis upon which the performance of the fund above is calculated.

**Vale of White Horse District Council**

<b>Investment returns achieved against benchmark</b>				
	Benchmark return	Actual return	Growth (below)/above benchmark	Benchmarks
	%	%	%	
Internally managed - Bank & Building Society deposits	-0.05%	0.13%	0.18%	3-month LIBID

- 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 30 September 2021	1 year	3 years	5 years	
The local authorities property fund	<b>11.73%</b>	<b>4.39%</b>	<b>5.93%</b>	
Benchmark - IPD property index	<b>8.49%</b>	<b>3.25%</b>	<b>5.10%</b>	

- 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 2021/22, achieved a return of 4.18 per cent calculated as a ratio of income over the market value held as at 30 September 2021. 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 2021</b>		
	<b>2021/22 Original Estimate £m</b>	<b>Actual as at 30-Sep £m</b>
<b>Debt</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%	<b>0</b>
Maximum variable rate borrowing	100%	<b>0</b>
<b>Investments</b>		
<b>Interest rate exposures</b>		
Limits on fixed interest rates	100%	80%
Limits on variable interest rates	50	25
<b>Principal sums invested &gt; 364 days</b>		
Upper limit for principal sums invested >364 days	70	27

**Vale of White Horse District Council**

<b>Prudential indicators as at 30th September 2020</b>		
	<b>2020/21 Original estimate £m</b>	<b>Actual as at 30-Sep £m</b>
<b>Authorised limit for external debt</b>		
Borrowing	30	0
Other long-term liabilities	5	0
	<b>35</b>	<b>0</b>
<b>Operational boundary for external debt</b>		
Borrowing	25	0
Other long-term liabilities	5	0
	<b>30</b>	<b>0</b>
<b>Interest rate exposures</b>		
Maximum fixed rate borrowing	100%	<b>0</b>
Maximum variable rate borrowing	100%	<b>0</b>
<b>Investments</b>		
<b>Interest rate exposures</b>		
Limits on fixed interest rates	100%	85%
Limits on variable interest rates	50	14
<b>Principal sums invested &gt; 364 days</b>		
Upper limit for principal sums invested >364 days	40	23

## **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.