READING BOROUGH COUNCIL
REPORT BY HEAD OF FINANCE

TO:	**AUDIT & GOVERNANCE COMMITTEE**		
DATE:	**29 SEPTEMBER 2016**	**AGENDA ITEM:**	**8**
TITLE:	**TREASURY MANAGEMENT 2016/17 ACTIVITY TO AUGUST**		
LEAD COUNCILLOR:	**CLLR STEVENS**	**AREA COVERED:**	**CHAIR OF AUDIT & GOVERNANCE**
SERVICE:	**FINANCIAL**	**WARDS:**	**BOROUGHWIDE**
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1. EXECUTIVE SUMMARY

1.1 This report sets out for the Committee information about the Council's treasury activities to the end of August in 2016/17. The report is based on a template provided by Arlingclose, the Council's treasury advisor, for Q1 activity updated to cover developments in July & August. There will be a short presentation at the Committee meeting to accompany this report.

2. RECOMMENDED ACTION

2.1 Audit & Governance Committee is asked to note progress in implementing the 2016/17 treasury strategy.

3. Background

3.1 The Council's Treasury Management Strategy for 2016/17 is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management, which includes the requirement for:

- The creation and maintenance of a Treasury Management Policy Statement, which sets out the policies and objectives of the Council's treasury management activities.
- The creation and maintenance of Treasury Management Practices, which set out the manner in which the Council will seek to achieve those policies and objectives.
- The receipt by the Council of an annual strategy report for the year ahead and an annual review report of the previous year.

- The 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.

3.2 Treasury management in this context is defined as:

"The management of the local Council's 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."

In addition to the annual strategy and annual review reports, the Code of Practice recommends that councillors should receive at least one interim report during the year.

Practically in Reading we meet these requirements by providing a brief update as part of each budget monitoring report, and this "mid year" report, presented at the end of September, reporting activity to the end of August. This report therefore ensures the Council meets CIPFA's recommendations.

3.3 The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. This report covers treasury activity and the associated monitoring and control of risk and is intended to explain how, so far during 2015/16

- *the Council tried to minimise net borrowing costs over the medium term*
- *we ensured we had enough money available to meet our commitments*
- *we ensured reasonable security of money we have lent and invested*
- *we maintained an element of flexibility to respond to changes in interest rates*
- *we managed treasury risk overall*

The remainder of this report has been prepared based on a template provided by Arlingclose Limited, the Council's treasury advisor.

3.4 External Context

3.4.1. As we entered 2016, there was a significant uncertainty about the outlook for global growth. The slowdown in the Chinese economy and the knock-on effects for both trading partners and commodity prices, the uncertainty over the outcome of the US presidential election (no clear candidate or party being identified as an outright winner) and the impending referendum on the UK's future relationship with the EU, all resulted in nervousness and a shaky start for financial markets.

3.4.2. Data released in the April-June quarter showed UK GDP at 2% year/year to March 2016 and annual inflation at 0.3% in May. Core inflation remained subdued as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. Internationally, a modest pace of growth in the UK's main trading partners remained the most likely prospect.

3.4.3. Fluctuations in the opinion polls on the EU referendum prompted pronounced volatility in exchange rates, gilts, corporate bonds and equities as the result became increasingly uncertain. Immediately prior to the result, financial market sentiment shifted significantly in favour of a "Remain" outcome, a shift swiftly reversed as the actual result came in. The vote to leave the EU sent shockwaves through the domestic, European and global political spectrum, with stock markets, the pound and gilt yields all sharply lower. An immediate political impact was the resignation of Prime Minister David Cameron.

3.4.4. Between 23 June and 1 July the sterling exchange rate index fell by 9% and short-term volatility of sterling against the dollar increased significantly. Worldwide, markets reacted very negatively with a big initial fall in equity prices. Government bond yields also fell sharply by 20-30 bp across all maturities (i.e. prices rose) as investors sought safe haven from riskier assets. The 10-year benchmark gilt yield fell from 1.37% to 0.86%.

3.4.5. Yet, a week on from the result the overall market reaction, although significant, was less severe than some had feared. The 5-year CDS for the UK (the cost of insuring against a sovereign default) rose from 33.5 basis points to 38.4 basis points. The FTSE All Share index, having fallen sharply by 7% from 3,481 points on 23^{rd} June to 3,237 after the result, had subsequently recovered and risen to 3,515 by the end of the month.

3.4.6. The Bank of England sought to reassure markets and investors. Governor Mark Carney's speeches on 24 and 30 June in response to the referendum result stressed that the Bank was ready to support money market liquidity and raised the likelihood of a cut in policy rates 'in the summer'. The door was also left open for an increase in the Bank's asset purchase facility (QE). The Governor noted that the Bank would weigh the downside risks to growth against the upside risks to inflation from fall in the value of sterling.

3.5 Local Context

3.5.1. At 31/3/2016 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £466.5m (including £32.8m PFI related liabilities), while usable reserves and working capital (which are the underlying resources available for investment) were

£69.3m (net balance sheet value). The Council had £318.4m of borrowing and £12m of investments.

3.5.2. The Council's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, subject to normally holding a minimum investment balance of £10m.

3.5.3. The Council has an increasing CFR over the remainder of the decade due to the capital programme, but minimal investments. Borrowing of just over to £100m is expected to be needed over the 3 year forecast period.

4 Borrowing Strategy to the end of August

4.1 At 31/8/2016 the Council held £354.4m of loans (a net increase of £36m on 31/3/2016). The Council expects to borrow at least £60m (net) in 2016/17. The Council may also expect some additional sums to pre-fund future years' requirements and in doing so will not exceed the authorised limit for borrowing of £410m.

4.3 The Council's chief objective when borrowing continues to be striking an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

4.4 Affordability and the "cost of carry" remained important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained, and are likely to remain for a significant period, lower than long-term rates, we have concluded that it is more cost effective in the short-term to borrow short-term loans rather than long term ones.

4.5 Temporary and short-dated loans borrowed from the markets, from other local authorities, has also remained affordable and attractive. £129m of such loans were borrowed, and a further £45m with start dates in the autumn, at an average rate of 0.41%. Maturity periods have range from 1 day to 9 months and the totals include the replacement of maturing loans.

Borrowing Activity in 2016/17

	Balance on 01/04/2016 £m	Maturing Debt £m	New Borrowing £m	Balance on 31/08/2016 £m	Notes
Short Term Borrowing[1]	14.6	93.1	129.1	50.6	
Short / Long Term Borrowing – PWLB Variable	4.8	0	0	4.8	
Long Term Borrowing - PWLB - Fixed (Market)	269.1	5.0*	0	269.1 5.0	*Barclays LOBO £5m changed to fixed term borrowing
Long Term Borrowing – Market (LOBO)	30.0	-5.0*	0	25.0	
TOTAL BORROWING	318.5	93.1	129.1	354.5	
Other Long Term Liabilities (PFI)	32.8			32.8	
TOTAL EXTERNAL DEBT	351.3	93.1	129.1	387.3	
Increase/ (Decrease) in Borrowing £m				36.0	

4.6 **LOBOs:** The Council holds £25m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No LOBO options were exercised by banks, but as £20m of LOBOs have options during 2016/17, the Council acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

4.7 Barclays LOBOs: In June Barclays Bank informed the Council of its decision to cancel all the embedded options within standard LOBO loans. This effectively converts the £5m Barclays LOBO loan the Council has to fixed rate loans removing the uncertainty on both interest cost and maturity date. This waiver has been done by 'deed poll'; it is irreversible and transferable by Barclays to any new lender.

4.8 **Debt Rescheduling:**

The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. No rescheduling activity was undertaken as a consequence.

[1] Loans with maturities less than 1 year.

5 **Investment Activity**

5.1 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2016/17, to the end of August the Council's investment balances has ranged between £0 and £55.9 million, excluding the longer term CCLA Property Fund Investment (which was increased from £12m to £15m at the end of April.

5.2 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.

5.3 The transposition of European Union directives into UK legislation places the burden of rescuing failing EU banks disproportionately onto unsecured local Council investors through potential bail-in of unsecured bank deposits.

5.4 Given the increasing risk and continued low returns from short-term unsecured bank investments, it is the Council's aim to diversify into more secure and/or higher yielding asset classes. The Council's surplus cash is currently invested in External Property Funds and money market funds.

Investment Activity in 2016/17

Investments	Balance on 01/04/2016 £m	Investments Made £m	Maturities/ Investments Sold £m	Balance on 31/08/2016 £m
Short term Investments	0	0	0	0.0
Call Accounts	1.0	Changes Daily, Sometime Weekly		6.7
Long term Investments (Pooled funds) - CCLA Property Fund	12.0	3.0	0.0	15.0
Money Market Funds	0	(net) 17.2	0	17.2
TOTAL INVESTMENTS	13.0	25.9	0	38.9
Increase/ (Decrease) in Investments £m				**25.9**

5.5 Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2016/17.

5.6 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Council's minimum long-term counterparty rating for institutions defined as having "high credit quality" is A- across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

5.7 Credit Risk

The table below shows counterparty credit quality as measured by credit ratings and the percentage of the investment portfolio exposed to bail-in risk.

Date	Value Weighted Average – Credit Risk Score	Value Weighted Average – Credit Rating	Time Weighted Average – Credit Risk Score	Time Weighted Average – Credit Rating	Investments exposed to bail-in risk %
31/03/2016	5.67	A	5.67	A	100%
30/06/2016	4.68	A+	4.68	A+	100%

Scoring:
-Value weighted average reflects the credit quality of investments according to the size of the deposit
-Time weighted average reflects the credit quality of investments according to the maturity of the deposit
-AAA = highest credit quality = 1
- D = lowest credit quality = 26
-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

5.8 Counterparty Update

Various indicators of credit risk reacted negatively to the result of the referendum on the UK's membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune although the fall in their share prices was less pronounced.

5.9 Fitch downgraded the UK's sovereign rating by one notch to AA from AA+, and Standard & Poor's downgraded its corresponding rating by two notches to AA from AAA. Fitch, S&P and Moody's have a negative outlook on the UK. S&P took similar actions on rail company bonds guaranteed by the UK Government.

5.10 Moody's affirmed the ratings of nine UK banks and building societies and revised the outlook to negative for those banks and building societies that it perceived to be exposed to a more challenging operating environment arising from the 'leave' outcome.

5.11 There was no immediate change to Arlingclose's credit advice on UK banks and building societies as a result of the referendum result. Our advisor believes there is a risk that the uncertainty over the UK's future trading prospects will bring forward the timing of the next UK recession. In the coming weeks and months Arlingclose will review all UK based institutions, and it is likely that, over time, will advise shortening durations on those institutions considered to be most affected.

5.12 Fitch upgraded the long-term rating of ING Bank from A to A+ based on Fitch's view of the bank's solid and stable financial metrics and its expectation that that the improvement in earnings will be maintained. Fitch also upgraded Svenska Handelsbanken's long-term rating from AA- to AA reflecting the agency's view that the bank's earnings and profitability will remain strong, driven by robust income generation, good cost efficiency and low loan impairments.

Cash Balances

5.13 The average cash balances were £29.5m during the period. The UK Bank Rate had been maintained at 0.5% since March 2009, prior to being cut to 0.25% in August and is now forecast to remain at these low levels or fall further. Short-term money market rates have remained at relatively low levels (see Table 1 in Appendix 2). New deposits were made at an average rate of 1.56%. Investments in Money Market Funds generated an average rate of 0.33%.

5.14 The Bank Rate may be cut further towards zero in the coming months, which will in turn lower the rates short-dated money market investments with banks and building societies. As the majority of the Council's surplus cash continues to be invested in short-dated money market instruments, it will most likely result in a fall in investment income over the year.

6 Compliance with Prudential Indicators

The Council confirms compliance with its Prudential Indicators for 2016/17, which were set in as part of the Council's Treasury Management Strategy Statement in February 2016

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	120%	120%	120%
Actual	105.8%		
Upper limit on variable interest rate exposure	50%	50%	50%
Actual	5.1%		

Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	Lower	Actual 31/8/16
Under 12 months	25%	0%	14.4%
12 months and within 24 months	25%	0%	0.9%
24 months and within 5 years	25%	0%	2.5%
5 years and within 10 years	25%	0%	2.5%
10 years and above	100%	40%	79.7%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2016/17	2017/18	2018/19
Limit on principal invested beyond year end	£20m	£20m	£15m
Actual	£0m	N/A	

Security: The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average or 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.

	Target Maximum	Actual
Portfolio average score	*6.0*	*4.68*

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three month period, without additional borrowing.

	Target	Actual (liquid at 31/08/16)
Total cash available within 3 months	At least £10m	£23.8m

7 Outlook for the remainder of 2016/17

Following the UK's vote to leave the European Union, the economic outlook for the UK has immeasurably altered. It will to a large extent be dependent on the nature of the future relationship negotiated with the EU, particularly in relationship to trade. The negotiations crucially hinge on domestic politics which, at the end of the June quarter, which have been unsettled themselves.

The domestic outlook is uncertain, but likely to be substantially weaker in the short term than previously forecast. Arlingclose has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by Bank of England policymakers. The likely path for Bank Rate is downwards and the central case is 0.25%, but there is a 40% possibility of that the rate is cut to zero.

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Official Bank Rate													
Upside risk	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25

In addition, Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent any immediate market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Council's counterparty list have sufficient equity buffers to deal with any localised problems in the short term.

Operationally we mainly intend, given the benign outlook above to borrow shport term as needed to maintain liquidity, though anticipate participating in the initial bond issue(s) of the Municipal Bond Agency.

Appendix 1

Prudential Indicators 2016/17

The Local Government Act 2003 requires the Council to have regard to CIPFA's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Council's current planned capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2015/16 Actual £m	2016/17 Estimate £m	2017/18 Estimate £m	2018/19 Estimate £m
General Fund	71.3	**78.0**	44.7	31.5
HRA	12.4	**15.9**	10.7	7.5
Total Expenditure	**83.7**	**93.8**	**54.7**	**39.0**
Capital & Other Receipts	13.6	11.1	8.3	7.6
Government Grants	27.8	21.0	16.9	4.4
S106	7.2	1.5	0.8	0.5
Borrowing	35.0	63.6	29.4	26.5
Total Financing	**83.7**	**97.2**	**54.7**	**39.0**

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The latest estimates are:

Capital Financing Requirement	31.03.16 Actual £m	31.03.17 Estimate £m	31.03.18 Estimate £m	31.03.19 Estimate £m
General Fund	273.2	**323.4**	342.1	358.7
HRA	193.3	**193.3**	191.9	188.0
Total CFR	**466.5**	**516.7**	**534.0**	**546.7**

The CFR is forecast to rise by £80m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

This has increased from previously published forecasts, as it now includes an initial assessment of the borrowing needed to finance the Council's company Himes for Reading. The estimate will need to be refined in the next few months. The forecast suggests we will need to change the authorised limit for borrowing for future years.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	**31.03.16 Actual £m**	**30.03.17 Estimate £m**	**31.03.18 Estimate £m**	**31.03.19 Estimate £m**
Borrowing (already done)	318.4	330.4	**291.2**	286.4
Future Estimated Borrowing	9.5	**32.4**	**97.5**	113.2
PFI liabilities	32.8	**32.2**	**31.3**	30.4
Total Debt	**360.7**	**395.0**	**420.0**	**430.0**

Total debt is expected to remain below the CFR during the forecast period. Actual debt levels are monitored against the Operational Boundary and Authorised Limit for External Debt, below.

Operational Boundary for External Debt: The Operational Boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt.

Operational Boundary	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**
Borrowing	**400**	400	400
Other long-term liabilities	**40**	40	40
Total Debt	**440**	**440**	**440**

Authorised Limit for External Debt: The Authorised Limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	2016/17 £m	2017/18 £m	2018/19 £m
Borrowing	**400**	400	400
Other long-term liabilities	**40**	40	40
Total Debt	**440**	**440**	**440**

Total debt at 31/8/2016 was £354.4m, well below the above limit.

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	7.5	10.1	12.4
HRA	25.4	26.0	26.5

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed earlier in this report.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
Increase in Band D Council Tax (In year)	**14.56**	6.50	2.23
Increase in Band D Council Tax (On-Going)	**61.17**	25.88	9.36
Increase in Average Weekly Housing Rents	**0.22**	0.29	0.0

Money Market Data and PWLB Rates

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

Please note that the PWLB rates below are Standard Rates. Authorities (including Reading) are eligible for the Certainty Rate can borrow at a 0.20% reduction.

Table 1: Bank Rate, Money Market 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	3-yr SWAP Bid	5-yr SWAP Bid
01/4/2016		0.50		0.36	0.36	0.39	0.46	0.61	0.88	0.78	0.83	0.98
30/4/2016		0.50		0.36	0.36	0.38	0.47	0.62	0.90	0.86	0.95	1.13
31/5/2016		0.50		0.35	0.37	0.39	0.46	0.61	0.89	0.82	0.92	1.09
30/6/2016		0.50		0.35	0.36	0.39	0.43	0.55	0.80	0.49	0.49	0.60
Average		0.50		0.36	0.36	0.38	0.46	0.60	0.86	0.77	0.83	0.98
Maximum		0.50		0.36	0.37	0.39	0.47	0.62	0.90	0.88	0.99	1.20
Minimum		0.50		0.35	0.36	0.37	0.40	0.50	0.73	0.49	0.49	0.58
Spread		--		0.01	0.01	0.02	0.07	0.12	0.17	0.39	0.50	0.62

Table 2: PWLB Borrowing Rates - Fixed Rate, Maturity Loans (Standard Rate)

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/4/2016	125/16	1.33	1.82	2.51	3.24	3.33	3.19	3.15
30/4/2016	165/16	1.37	1.95	2.65	3.34	3.40	3.25	3.21
31/5/2016	205/16	1.36	1.93	2.56	3.22	3.27	3.11	3.07
30/6/2016	249/16	1.17	1.48	2.09	2.79	2.82	2.61	2.57
	Low	1.09	1.41	2.05	2.76	2.79	2.59	2.56
	Average	1.31	1.79	2.46	3.17	3.23	3.07	3.03
	High	1.40	2.00	2.71	3.40	3.46	3.31	3.28

Table 3: PWLB Borrowing Rates - Fixed Rate, Equal Instalment of Principal (EIP) Loans (Standard Rate)

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/4/2016	125/16	1.50	1.86	2.54	2.99	3.25	3.34
30/4/2016	165/16	1.59	1.99	2.68	3.11	3.34	3.42
31/5/2016	205/16	1.58	1.97	2.58	2.99	3.23	3.30
30/6/2016	249/16	1.24	1.51	2.11	2.55	2.79	2.86
	Low	1.24	1.51	2.11	2.55	2.79	2.86
	Average	1.48	1.83	2.48	2.91	3.15	3.23
	High	1.59	1.99	2.68	3.11	3.34	3.42

Table 4: PWLB Variable Rates

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR	Pre-CSR	Pre-CSR	Post-CSR	Post-CSR	Post-CSR
1/4/2016	0.61	0.65	0.67	1.51	1.55	1.57
30/4/2016	0.61	0.65	0.67	1.51	1.55	1.57
31/5/2016	0.65	0.66	0.70	1.55	1.56	1.60
30/6/2016	0.64	0.62	0.62	1.54	1.52	1.52
Low	1.51	1.52	1.52	0.61	0.62	0.62
Average	1.53	1.55	1.57	0.63	0.65	0.67
High	1.55	1.56	1.60	0.65	0.66	0.70

Please note post CSR rates are standard rates