

## **AUDIT & GOVERNANCE COMMITTEE – 17 JULY 2019**

### **TREASURY MANAGEMENT OUTTURN 2018/19**

#### **Report by Director of Finance**

#### **RECOMMENDATION**

1. **The Committee is RECOMMENDED to note the report, and to RECOMMEND Council to note the Council's Treasury Management Activity in 2019/20.**

#### **Executive Summary**

2. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management (Revised) 2009' requires that the Council and Audit & Governance Committee receives an updated report on Treasury Management activities at least twice per year. This report is the second report for the financial year 2018/19 and sets out the position as at 31 March 2019. The report will be also considered by Audit and Governance committee on 17 July.
3. Treasury management is defined as: "The management of the local authority'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."
4. At 31 March 2019, outstanding debt totalled £345m and average interest paid on long-term debt was 4.42%. The Council repaid £24m of maturing PWLB loans during the year. No new borrowing was arranged during 2018/19 with either the Public Works Loan Board (PWLB) or through the money markets. The Council's debt financing position for 2018/19 is shown in Annex 1.
5. The Treasury Management Strategy for 2018/19 was based on an average base rate forecast of 0.63% (0.5% from April 2018 to September 2018, then 0.75% from October 2018 to March 2019). The budget for interest receivable assumed that an average interest rate of 0.75% would be achieved. The average daily balance of temporary surplus cash invested in-house was £368m in 2018/19.
6. The Council achieved an average in-house return for the year of 0.87%, producing gross interest receivable of £3.197m. In relation to external funds, gross distributions totalling £0.964m were realised in year, bringing total investment income to £4.161m. This compares to budgeted investment income of £3.250m, giving a net overachievement of £0.911m.
7. At 31 March 2019, the Council's investment portfolio of £439.349m comprised £269m of fixed term deposits, £40.113m in notice accounts, £29.231m at short term notice in money market funds and £101.005m in pooled funds with a variable net asset value. Annex 4 provides an analysis of the investment portfolio at 31 March 2019.

## External Context – Provided by Arlingclose

8. **Economic background:** After spiking at over \$85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over \$50 in late December before steadily climbing toward \$70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.
9. After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been made since.
10. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.
11. With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including rejecting Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to ask the prime minister to seek an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. The EU has granted an extension until 31st October and its leaders have been clear that the terms of the deal are not up for further negotiation. The ongoing uncertainty continues to weigh on sterling and UK markets.
12. While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.
13. **Financial markets:** December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.
14. Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year

benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

15. Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.
16. **Credit background:** Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ringfenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ringfenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ringfenced and non-ringfenced from a CDS perspective, traded between 33 and 79bps at the end of the period.
17. The ringfencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/Natwest Bank plc) transferred their business lines into retail (ringfenced) and investment banking (non-ringfenced) entities.
18. In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.
19. There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

## **Treasury Management Activity**

### **Debt Financing & Maturing Debt**

20. The Strategy for Long Term Borrowing included the option to fund new or replacement borrowing up to the value of £50m through internal borrowing to reduce the Council's exposure to credit risk and reduce the cost of carry (difference between borrowing costs and investment returns) whilst debt rates remained higher than investment interest rates.
21. No new borrowing was arranged during 2018/19 with either the Public Works Loan Board (PWLB) or through the money markets.

22. At 31 March 2019, the authority had 56 PWLB loans totalling £293.383m, 9 LOBO<sup>1</sup> loans totalling £45m and one £5m money market loan. The average rate of interest paid on PWLB debt was 4.50% and the average cost of LOBO debt in 2018/19 was 3.94%. The cost of debt on the money market loan was 3.95%. The combined weighted average for interest paid on long-term debt was 4.42%. The Council's debt financing position for 2018/19 is shown in Annex 1.
23. The Council continues to qualify for the Certainty Rate on PWLB loans, offering a 0.20% discount on the Standard Rate (currently gilts plus 1.00%). Qualification is based on provision of additional information on long-term borrowing and associated capital spending plans.
24. The Council repaid £24m of maturing PWLB loans during the year. The weighted average interest rate payable on the matured loans was 4.025%. The outturn for Interest Payable in 2018/19 was £15.6m which is in line with the budget in the Medium Term Financial Plan. The details are set out in Annex 2.

## **Investment Strategy**

25. Security and liquidity of cash was prioritised above the requirement to maximise returns. The Council used fixed deposits, call accounts, notice accounts, money market funds and pooled funds to deposit its in-house cash surpluses during 2018/19. The Council continuously monitored credit quality information regarding the institutions on the Council's approved Lending List.
26. During 2018/19 the Council limited the exposure to banks by lending to local authorities. At 31 March 2019 the Council had £40m of long-term fixed deposits (deposits over 364 days), all of which were placed with local authorities. The aim was to maintain a high level of security and manage exposure to interest rate and counterparty risk.
27. The weighted average maturity of all deposits at 31 March 2019, including money deposited in short-term notice accounts, was 181 days (compared with 224 days during 2017/18). This comprised £269m fixed deposits with a weighted average maturity of 191 days, £30.1m in notice accounts with a weighted average maturity of 95 days and £39.25m invested in money market funds and call accounts with same day liquidity. The decrease in weighted average maturity was a strategic decision as a result of increased investments in external funds.
28. During the year, the Council increased investments in strategic pooled funds from £42.5m to £100m. The Council also withdrew its £19.5m investments in short dated cash plus funds.

## **The Council's Lending List**

29. The Council's in-house cash balances are deposited with institutions that meet the Council's approved credit rating criteria. The approved Lending List is regularly updated during the year to reflect changes in bank and building society credit ratings. Changes are reported to the Cabinet on a regular basis as part of the Financial Monitoring & Business Strategy

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<sup>1</sup> LOBO (Lender's Option/Borrower's Option) Loans are long-term loans which include a re-pricing option for the bank at predetermined intervals.

Delivery reports. The approved lending list may also be further restricted by officers, in response to changing conditions and perceived risk. Annex 3 shows the amendments incorporated into the Lending List during 2018/19, in accordance with the approved credit rating criteria and additional temporary restrictions.

## **Investment Outturn**

30. The average daily balance of temporary surplus cash invested in-house was £368m in 2018/19. The Council achieved an average in-house return for the year of 0.87%, producing gross interest receivable of £3.197m. Temporary surplus cash balances include: developer contributions; council reserves and balances; trust fund balances; and various other funds to which the Council pays interest at each financial year end, based on the average three month London Interbank Bid (LIBID) rate.
31. During 2018/19 the average three month LIBID rate was 0.67%. The Council's average in-house return of 0.87% exceeded this benchmark by 0.20%. The average in-house return was 0.12% higher than the rate of interest of 0.75% assumed in the budget. The budgeted forecast was for UK Base Rate to rise from 0.50% to 0.75% in October 2018, however the Monetary Policy Committee raised rates in July 2018, slightly earlier than expected.
32. The Council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During 2018/19 the average balance held on instant access was £62.262m.
33. Gross distributions from pooled funds totalling £0.964m were realised in year, bringing total investment income to £4.161m. This compares to budgeted investment income of £3.250m, giving a net overachievement of £0.911m. The overachievement in income received was due to a combination of higher than forecast average cash balances, an increase in interest rates and large distributions and realised gains from pooled funds.
34. Divestment of short dated cash plus funds, and a change in investment in a strategic pooled fund means the Council was able to realise a one of in year gain of £2.942m which was taking to the General Fund in 2018/19. The 2018/19 accounts also recognise an increase in the value of external funds in Other Comprehensive Income of £0.365m.
35. As at 31 March 2019 the total value of pooled fund investments was £101.005m. This included an overall gain of £0.978m on the purchase value of the assets. Gains are held in Other Comprehensive Income and cannot be realised as investment income until the point at which fund units are sold.
36. At 31 March 2019, the Council's investment portfolio of £439.349m comprised £269m of fixed term deposits, £29.231m in notice accounts, £40.112m at short term notice in money market funds and call accounts and £101.005m in pooled funds with a variable net asset value (VNAV). Annex 4 provides an analysis of the investment portfolio at 31 March 2019.
37. The council's Treasury Management Strategy Team regularly monitors the risk profile of the Council's investment portfolio. An analysis of the credit and maturity position of the portfolio at 31 March 2019 is shown in Annex 4.

## External Funds

38. The Council uses external fund managers and pooled funds to diversify the investment portfolio through the use of different investment instruments and markets. The Annual Investment Strategy for 2018/19 set out that up to 50% of the total portfolio can be invested with external fund managers and pooled funds, and in order to ensure appropriate diversification, these should be diversified between a minimum of two asset classes. During the last quarter of the financial year, the Council divested from short dated cash plus funds, and increased the total investment in external funds from £42.5m to £100m. The portfolio is split between four asset classes and eight funds, some individual funds have higher volatility, but due to the offsetting of the diversified portfolio, overall volatility is lower. The investment value and the value at 31 March 2019 are set out in the table below.

	Investment Value	Value at 31 March 2019
	£m	£m
<u>Property Funds</u>		
CCLA Local Authorities Property Fund	25.000	25.344
<u>Equities</u>		
Threadneedle Global Equity Fund	12.500	12.685
Schroder Income Maximiser	12.500	12.539
<u>Bond Funds</u>		
Threadneedle Strategic Bond Fund	12.500	12.925
M&G Strategic Corporate Bond Fund	12.500	12.409
<u>Multi Asset</u>		
Kames Diversified Income	10.000	10.143
Investec Diversified Income	10.000	9.967
CCLA Diversified Income	5.000	4.990
<b>TOTAL</b>	<b>100.000</b>	<b>101.002</b>

## Prudential Indicators for Treasury Management

39. During the financial year, the Council operated within the treasury limits and Prudential Indicators set out in the Council's Treasury Management Strategy Report. The outturn for the Prudential Indicators is shown in Annex 5.

## External Performance Indicators and Statistics

40. The Council's treasury management advisors Arlingclose also benchmark the Council's investment performance against its other clients on a quarterly basis. The results of the quarter 4 benchmarking to 31 March 2019 are included in Annex 6.
41. The benchmarking results show that the Council was achieving higher than average interest on deposits at 31 March 2019, when compared with a group of 144 other local authorities.

This has been achieved by placing deposits over a longer than average duration with institutions that are of higher than average credit quality.

42. Oxfordshire had a higher than average allocation to local authority deposits when compared with other local authorities in the benchmarking exercise. Oxfordshire also had a notably lower than average exposure to money market funds, call accounts and the Debt Management Office's deposit account, and a higher than average exposure to Strategic Pooled Funds.

## **Financial and Legal Implications**

43. This report is mostly concerned with finance and the implications are set out in the main body of the report.

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**Director of Finance**

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**July 2019**

## OXFORDSHIRE COUNTY COUNCIL DEBT FINANCING 2018/19

	£'m
<b>DEBT PROFILE</b>	
1 PWLB	317.38
2 Money Market LOBO loans	45.00
3 Other Long term loans	5.00
4 Temporary Loans	0.00
5 Internal Balances	-14.27
6 <b>ACTUAL DEBT AT 01.04.18</b>	<b><u>353.11</u></b>
7 Government Supported Borrowing	0.22
8 Unsupported Borrowing	0.00
9 Borrowing in advance	0.00
10 Repayments -minimum revenue provision	8.25
11 <b>TOTAL DEBT AT 31.3.19</b>	<b>345.08</b>
<b>DEBT REPAID</b>	
12 PWLB Normally Maturing Loans	24.00
13 Early debt repayments	0.00
14 <b>Total Debt Repaid</b>	<b>24.00</b>
<b>NEW EXTERNAL BORROWING</b>	
15 PWLB New Borrowing	0.00
16 PWLB Replacement following Early Repayment	0.00
17 LOBO New Borrowing	0.00
18 Money Market New Borrowing	0.00
19 <b>Total External Borrowing</b>	<b>0.00</b>
<b>YEAR END DEBT PROFILE</b>	
21 PWLB	293.38
22 Other Long Term Loans	50.00
23 Temporary Loans (External)	0.00
24 Internal Balances	1.70
25 <b>TOTAL YEAR END DEBT</b>	<b><u>345.08</u></b>



## Line

- 1-6. This is a breakdown of the Council's debt at the beginning of the financial year (1 April 2018). The PWLB is a government agency operating within the Debt Management Office. LOBO (Lender's Option/ Borrower's Option) loans are long-term loans, with a maturity of up to 60 years, which includes a re-pricing option for the bank at predetermined time intervals. Internal balances include provisions, reserves, revenue balances, capital receipts unapplied and excess of creditors over debtors.
7. 'Government Supported Borrowing' is the amount that the Council can borrow in any one year to finance the capital programme. This is determined by Central Government, and in theory supported through the Revenue Support Grant (RSG) system.
8. 'Unsupported Borrowing' reflects Prudential Borrowing taken by the authority whereby the associated borrowing costs are met by savings in the revenue budget.
9. 'Borrowing in Advance' is the amount the Council borrowed in advance during 2018/19 to fund future capital finance costs.
10. The amount of debt to be repaid from revenue. The sum to be repaid annually is laid down in the Local Government and Housing Act 1989, which stipulates that the repayments must equate to at least 4% of the debt outstanding at 1 April each year.
11. The Council's total debt by the end of the financial year at 31 March 2018, after taking into account new borrowing, debt repayment and movement in funding by internal balances.
12. The Council's normal maturing PWLB debt.
13. PWLB debt repaid early during the year.
14. Total debt repaid during the year.
15. The normal PWLB borrowing undertaken by the Council during 2018/19.
16. New PWLB loans to replace debt repaid early.
17. The Money Market LOBO borrowing undertaken by the Council during 2018/19.
18. The Money Market Fixed Rate borrowing undertaken by the Council during 2018/19.
19. The total external borrowing undertaken.
- 20-25. The Council's debt profile at the end of the year.

## Long-term debt Maturing 2018/19

### Public Works Loan Board: Loans Maturing in 2018/19

<b>Date</b>	<b>Amount £m</b>	<b>Rate %</b>	<b>Repayment Type</b>
22/11/2018	1.0	7.000	Maturity
22/11/2018	1.0	7.000	Maturity
14/06/2018	10.0	3.930	Maturity
31/08/2018	10.0	3.860	Maturity
13/07/2018	0.5	2.350	EIP
13/01/2019	0.5	2.350	EIP
31/07/2018	0.5	2.350	EIP
31/01/2019	0.5	2.350	EIP
<b>Total</b>	<b>24.0</b>		

### Repayment Types

Maturity – Full amount of principal is repaid at the final maturity date

EIP – Equal Instalments of Principal are repaid every 6 months until the final maturity date

## Lending List Changes during 2018/19

## Lending limits &amp; maturity limits changed from 1 April 2018

	01/04/2018		31/03/2019	
	Lending Limit	Maximum Maturity	Lending Limit	Maximum Maturity
Rabobank Group	£25m	13 months	£25m	6 months
Nordea Bank AB	£25m	13 months	£25m	6 months

## Counterparties suspended from 1 April 2018

	Date Suspended
Credit Suisse	12/12/2018
Danske Bank	12/12/2018

## Other Changes

Svenska Handelsbanken AB was restructured with Handelsbanken Plc

## OXFORDSHIRE COUNTY COUNCIL INVESTMENT PORTFOLIO 31/03/2018

## Fixed term deposits held at 31/03/2019

Counterparty	Principal Deposited (£)	Maturity Date
Walsall Council	£5,000,000.00	13-Dec-19
Northumberland County Council	£8,000,000.00	20-Dec-19
Liverpool City Council	£5,000,000.00	10-Jan-20
Liverpool City Council	£5,000,000.00	20-Jan-20
London Borough of Croydon Council	£5,000,000.00	3-Jul-20
Doncaster Metropolitan Borough Council	£5,000,000.00	10-Oct-19
Lancashire County Council	£5,000,000.00	21-Sep-20
Rugby Borough Council	£2,000,000.00	15-Jan-20
Monmouthshire County Council	£5,000,000.00	13-Nov-20
Barnsley Metropolitan Borough Council	£5,000,000.00	27-Nov-20
South Ayrshire Council	£5,000,000.00	15-Jan-20
Lancashire County Council	£5,000,000.00	1-Nov-19
Corby Borough Council	£2,000,000.00	25-Jun-19
United Overseas Bank	£5,000,000.00	26-Jun-19
Liverpool City Council	£5,000,000.00	20-Jul-20
Spelthorne Borough Council	£4,000,000.00	2-Jul-21
Doncaster Metropolitan Borough Council	£3,500,000.00	9-Jul-20
United Overseas Bank	£5,000,000.00	15-Jul-19
Lincoln City Council	£5,000,000.00	29-Jul-19
Slough Borough Council	£7,000,000.00	30-Jul-19
Rabobank Group	£5,000,000.00	31-Jul-19
London Borough of Croydon Council	£5,000,000.00	28-Aug-19
Lancashire County Council	£5,000,000.00	15-Jul-19
West Dunbartonshire Council	£5,000,000.00	16-Apr-19
Cambridgeshire County Council	£5,000,000.00	6-Sep-19
Liverpool City Council	£5,000,000.00	26-Apr-19
Southampton City Council	£5,000,000.00	15-Jul-19
North Ayrshire Council	£3,000,000.00	24-Jul-19
Rhondda Cynon Taf CBC	£5,000,000.00	8-Apr-19
Plymouth City Council	£5,000,000.00	24-Jul-19
Cambridgeshire County Council	£5,000,000.00	28-Jun-19
Surrey County Council	£5,000,000.00	17-Jun-19
DBS Bank (Development Bank of Singapore)	£5,000,000.00	3-Apr-19
Plymouth City Council	£5,000,000.00	8-Aug-19
Wokingham Borough Council	£5,000,000.00	3-Jun-19
Thurrock Council	£5,000,000.00	31-Jul-19
Surrey County Council	£5,000,000.00	15-May-19
Birmingham City Council	£5,000,000.00	29-May-19
North Lanarkshire Council	£5,000,000.00	28-May-19
South Ayrshire Council	£5,000,000.00	23-May-19
Lloyds Bank plc	£6,000,000.00	14-May-19
Rotherham Metropolitan Borough Council	£10,000,000.00	3-May-19
Australia and New Zealand Banking Group	£5,000,000.00	16-May-19

Plymouth City Council	£5,000,000.00	13-Jun-19
Cambridgeshire County Council	£5,000,000.00	4-Dec-19
Darlington Borough Council	£5,000,000.00	29-Jan-21
Eastleigh Borough Council	£5,000,000.00	16-Dec-19
West Dunbartonshire Council	£6,000,000.00	18-Dec-19
The Highland Council	£5,000,000.00	4-Sep-19
Birmingham City Council	£5,000,000.00	2-Apr-19
London Borough of Barking and Dagenham	£5,000,000.00	28-May-19
London Borough of Newham	£5,000,000.00	1-Jul-19
Uttlesford District Council	£2,500,000.00	6-Jul-20
Close Brothers Ltd	£5,000,000.00	27-Sep-19

**Total £269,000,000.00**

### Money Market Funds

Counterparty	Balance at 31/03/19 (£)	Notice period
Aberdeen Liquidity Fund	17,231,534.54	Same day
Federated Sterling Liquidity Funds	12,000,000.00	Same day
<b>Total</b>	<b>29,231,534.54</b>	

### Notice / Call Accounts

Counterparty	Balance at 31/03/19 (£)	Notice period
Barclays 100 Day Notice	14,800,000.00	100 days
Barclays Current	298,763.22	Same day
Santander 95 Day Notice	15,000,000.00	95 days
Handlesbanken	10,013,991.15	Same day
<b>Total</b>	<b>40,112,754.37</b>	

### Strategic Bond Funds

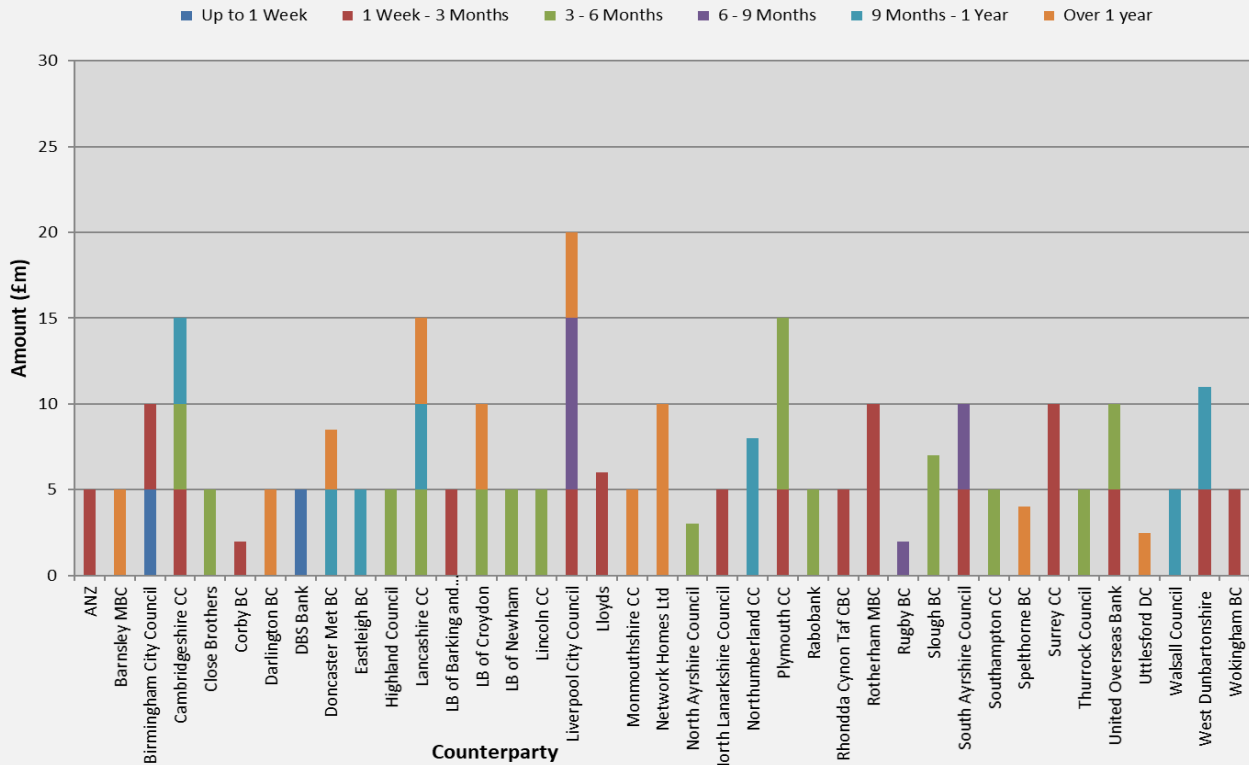
Fund	Balance at 31/03/18 (£)	Notice period
Threadneedle strategic bond fund (income)	12,925,054.85	4 days
Threadneedle Global Equity Income Fund	12,685,892.98	4 days
Kames Diversified Income	10,143,282.47	4 days
Investec Diversified Income	9,967,424.32	4 days
M&G Strategic Corporate Bond Fund	12,409,218.45	4 days
Schroder Income Maximiser	12,539,246.47	4 days
CCLA Diversified Income Fund	4,990,579.83	4 days
<b>Total</b>	<b>75,660,699.37</b>	

### Property Funds

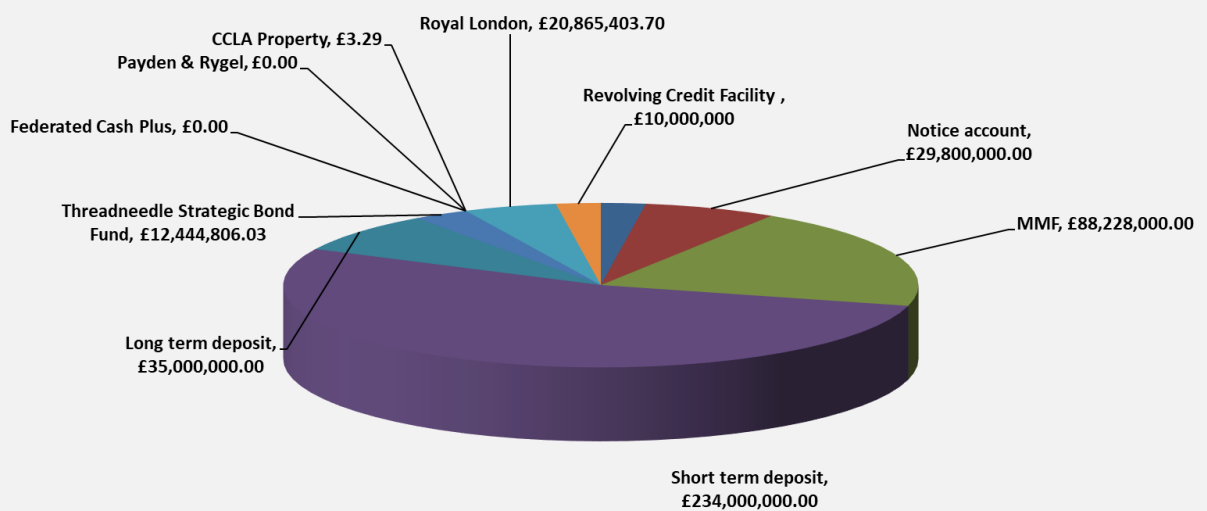
Fund	Balance at 31/03/18 (£)	Notice period
CCLA Local Authorities Property Fund	25,344,512.88	Monthly
<b>Total</b>	<b>25,344,512.88</b>	

## Investment portfolio risk profile at 31/03/19

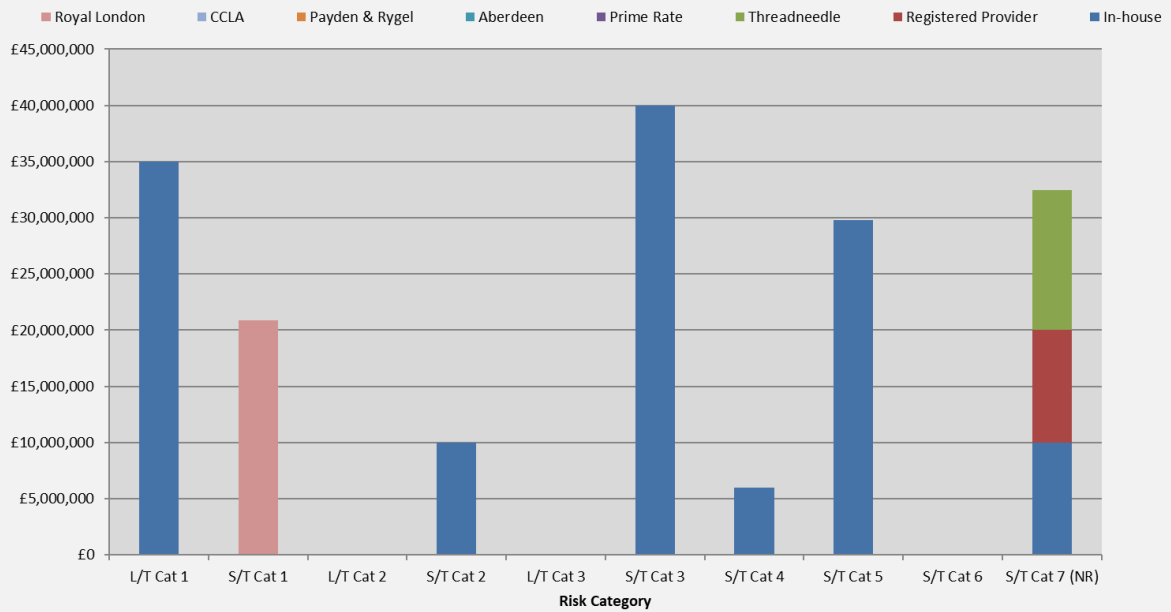
### Fixed Deposit Maturity Profile as at 31.03.2019



### Total Combined Portfolio as at 31.03.2019



## Risk Profile - Total Combined Portfolio as at 31.03.2019



Risk Category	L/T rating	S/T rating
<b>1 (Including Local Authorities)</b>	AA+, AA	F1+
<b>2</b>	AA-	F1+
<b>3</b>	AA-	F1+
<b>4</b>	AA-	F1+
<b>5</b>	A+, A	F1
<b>6</b>	A	F1

Based on Fitch Ratings

**Prudential Indicators Outturn 31 March 2019****Authorised and Operational Limit for External Debt**

Authorised Limit for External Debt	£455,000,000
Operational Limit for External Debt	£435,000,000
Actual External Debt at 31 March 2019	£366,243,618

**Fixed Interest Rate Exposure**

Fixed Interest Net Borrowing limit	£350,000,000
Actual at 31 March 2019	£29,382,618

**Variable Interest Rate Exposure**

Variable Interest Net Borrowing limit	0
Actual at 31 March 2019	- £102,488,501

**Sums Invested over 364 days**

Total sums invested for more than 364 days maximum limit	£85,000,000
Actual sums invested for more than 364 days at 31 March 2019	£40,000,000

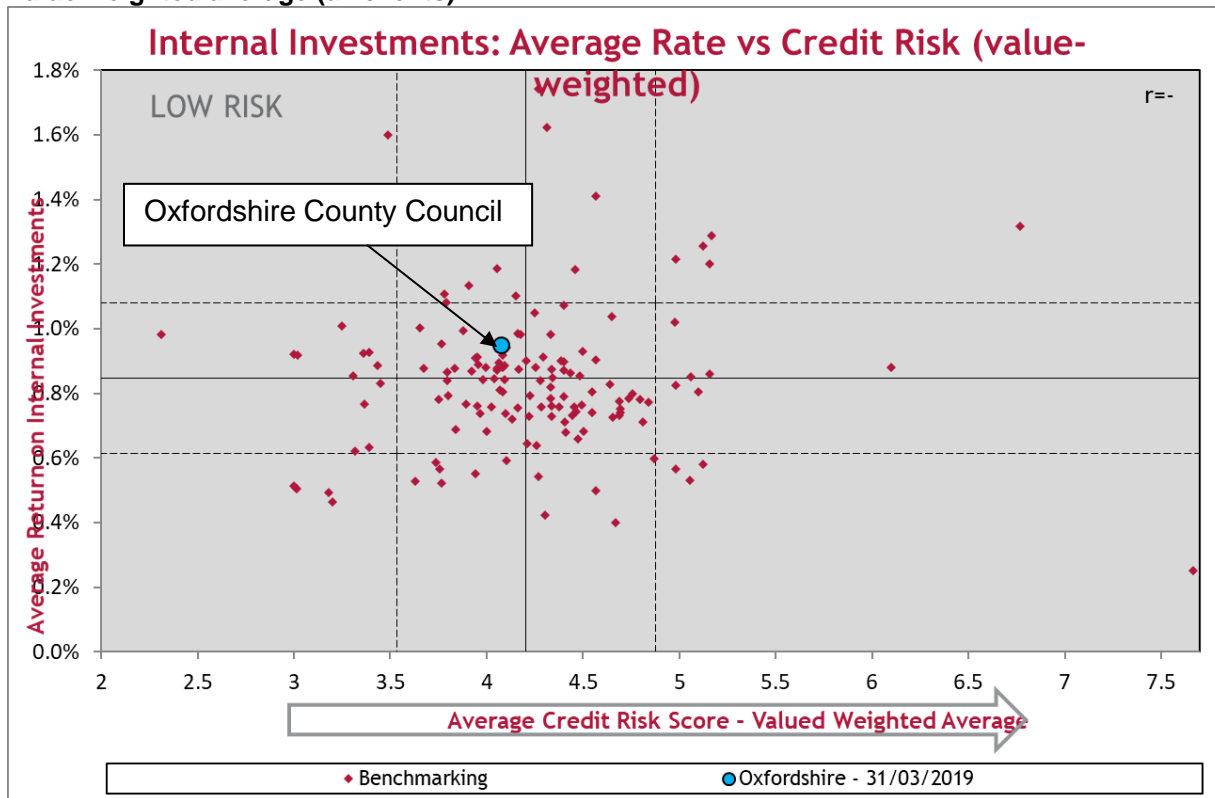
**Maturity Structure of Borrowing at 31/03/18**

	Limit %	Actual %
From 01/04/18		
Under 12 months	0 - 20	7.86
12 – 24 months	0 - 25	3.20
24 months – 5 years	0 - 35	16.31
5 years – 10 years	5 - 40	20.09
10 years +	50 - 95	52.53

The Prudential Indicators for maturity structure are set with reference to the start of the financial year. The actual % shown above relates to the maturity period remaining at 01/04/18 on loans still outstanding at 31/03/19.

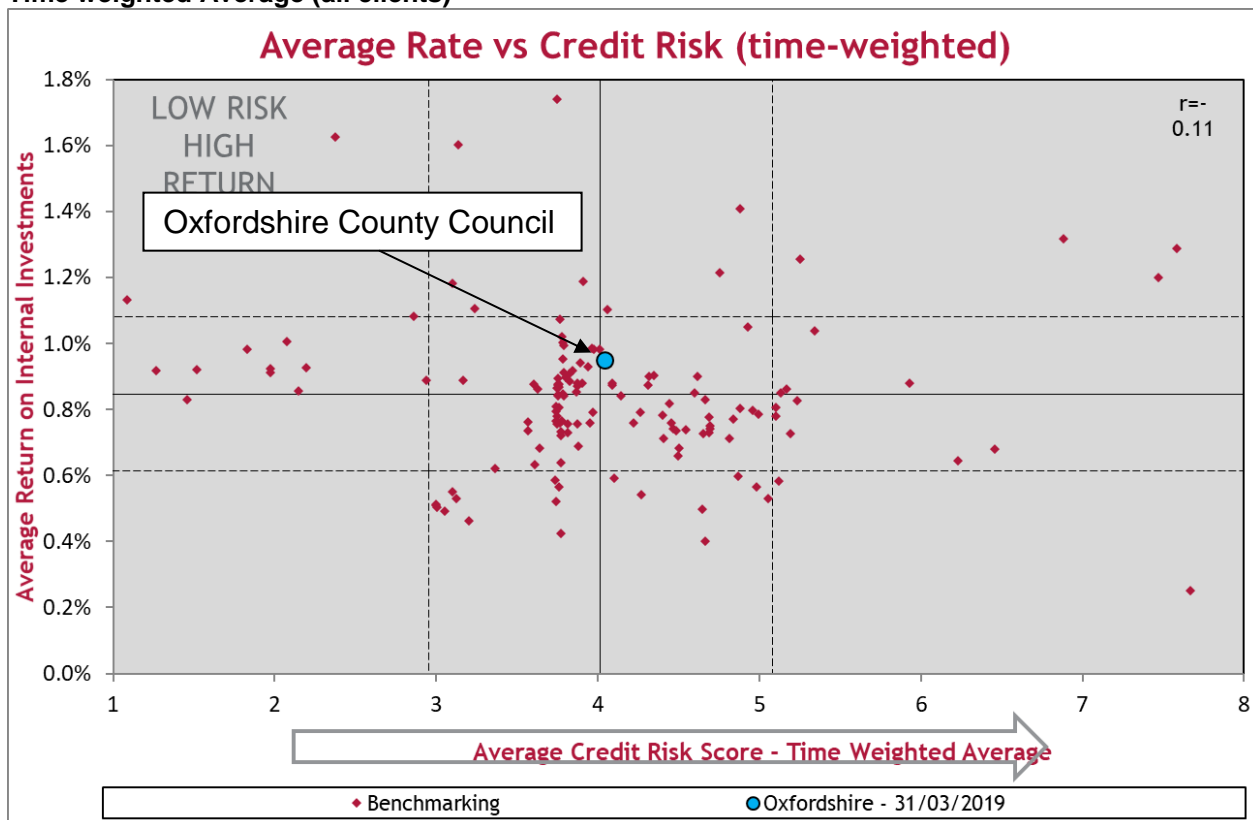


Value weighted average (all clients)



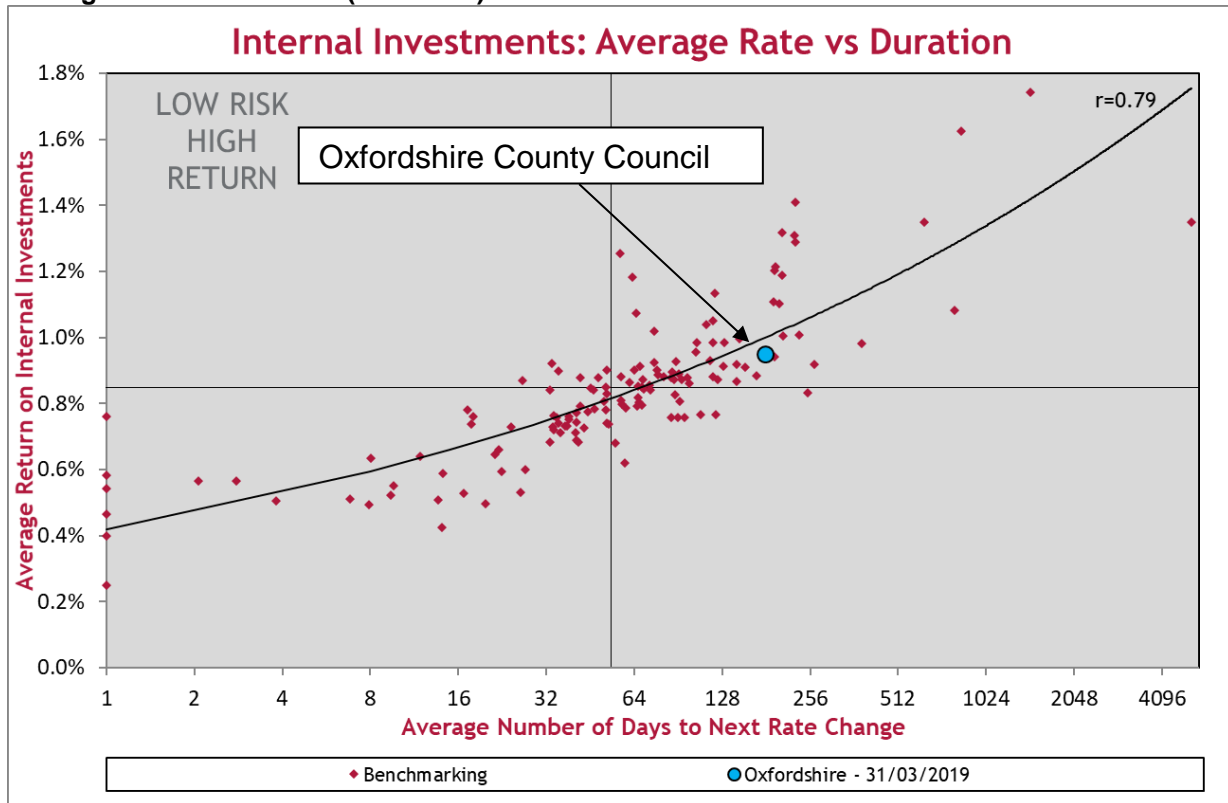
Oxfordshire County Council achieved a higher interest rate compared to the average achieved by all Arlingclose clients, whilst maintaining lower than average value weighted credit risk as at 31/03/2019.

Time weighted Average (all clients)



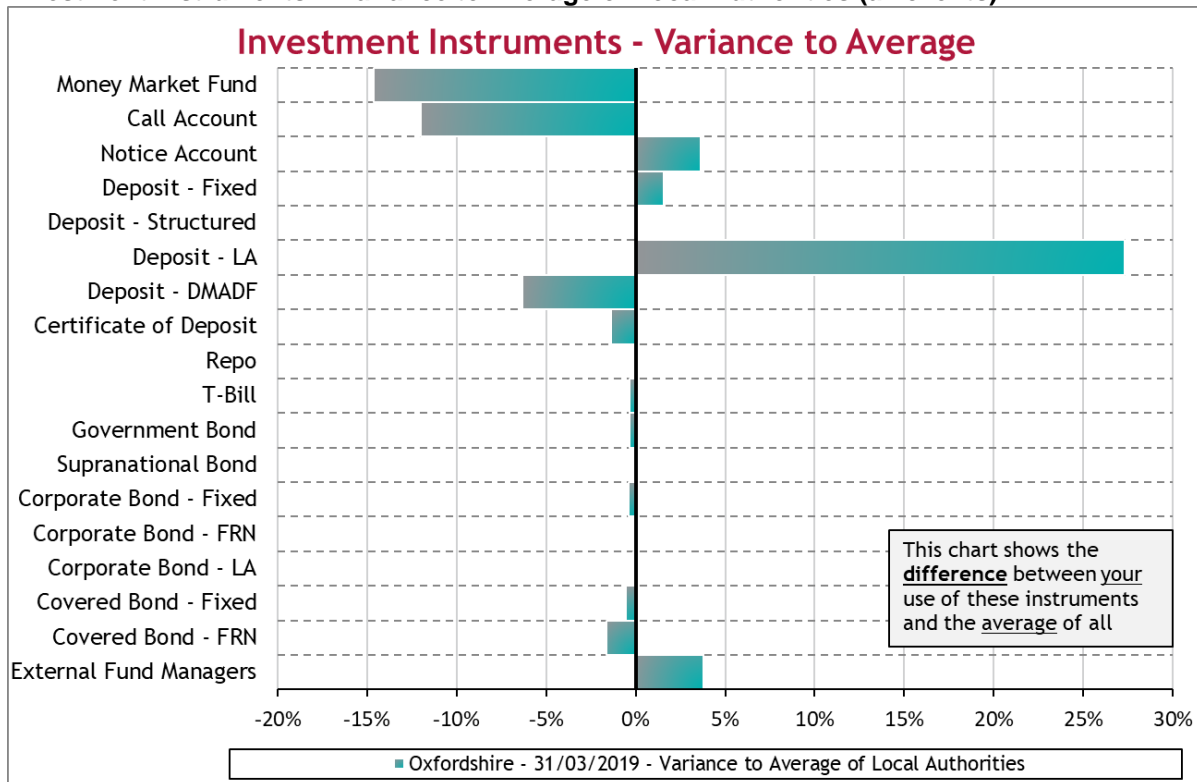
Oxfordshire County Council achieved a higher interest rate compared to the average achieved by all Arlingclose clients, whilst maintaining an average time weighted credit risk as at 31/03/2019.

**Average Rate vs. Duration (all clients)**



This graph shows that at 31/03/2019 Oxfordshire County Council achieved a higher than average return by placing deposits for longer than average duration.

**Investment Instruments – Variance to Average of Local Authorities (all clients)**



This graph shows that, at 31/3/2019, Oxfordshire County Council had notably higher than average allocations to local authority deposits when compared with other local authorities. Oxfordshire County Council also had notably lower exposure to money market funds, call accounts and Debt Management Office deposits.