

## **Audit & Governance Committee – 13 July 2016**

### **TREASURY MANAGEMENT OUTTURN 2015/16**

#### **Report by Chief Finance Officer**

#### **Introduction**

1. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management (Revised) 2009' requires that the Council (via Cabinet) 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 2015/16 and sets out the position as at 31 March 2016.
2. 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."
3. The following annexes are attached

Annex 1	Debt Financing 2015/16
Annex 2	Public Works Loan Board (PWLB) Maturing Debt
Annex 3	Lending List Changes
Annex 4	Investment portfolio 31/03/2016
Annex 5	Prudential Indicators Outturn
Annex 6	Benchmarking

#### **Strategy 2015/16**

4. The Treasury Management Strategy for 2015/16 was based on an average base rate forecast of 0.50%. The budget for interest receivable assumed that an average interest rate of 0.70% would be achieved, 0.20% above base rate.
5. The Strategy for Long Term Borrowing was to continue to have the option to fund new or replacement borrowing up to the value of 25% of the portfolio 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.
6. The Strategy included the Treasury Management Strategy Team (TMST) keeping external fund investments under review, with decisions to advance or withdraw funds to external fund managers delegated to the TMST.

External Context – Provided by Arlingclose

7. **Growth, Inflation, Employment:** The UK economy slowed in 2015 with GDP growth falling to 2.3% from a robust 3.0% the year before. CPI inflation hovered around 0.0% through 2015 with deflationary spells in April, September and October. The prolonged spell of low inflation was attributed to the continued collapse in the price of oil from \$67 a barrel in May 2015 to just under \$28 a barrel in January 2016, the appreciation of sterling since 2013 pushing down import prices and weaker than anticipated wage growth resulting in subdued unit labour costs. CPI picked up to 0.3% year/year in February, but this was still well below the Bank of England's 2% inflation target.
8. The labour market continued to improve through 2015 and in Q1 2016, the latest figures (to March 2016) showing the employment rate at 74.2% (the highest rate since comparable records began in 1971) and the unemployment rate at a 12 year low of 5.1%. Wage growth has however remained modest at around 2.1% excluding bonuses, but after a long period of negative real wage growth (i.e. after inflation) real earnings were positive, boosting consumer spending power.
9. **Global influences:** The slowdown in the Chinese economy became the largest threat to the South East Asian region, particularly on economies with a large trade dependency on China and also to prospects for global growth as a whole. The effect of the Chinese authorities' intervention in their currency and equity markets was temporary and led to high market volatility as a consequence. There were falls in prices of equities and risky assets and a widening in corporate credit spreads. As the global economy entered 2016 there was high uncertainty about growth, the outcome of the US presidential election and the consequences of June's referendum on whether the UK is to remain in the EU. Between February and March 2016 sterling had depreciated by around 3%, a significant proportion of the decline reflecting the uncertainty surrounding the referendum result.
10. **UK Monetary Policy:** The Bank of England's MPC (Monetary Policy Committee) made no change to policy, maintaining the Bank Rate at 0.5% (in March it entered its eighth year at 0.5%) and asset purchases (Quantitative Easing) at £375bn. In its Inflation Reports and monthly monetary policy meeting minutes, the Bank was at pains to stress and reiterate that when interest rates do begin to rise they were expected to do so more gradually and to a lower level than in recent cycles.
11. Improvement in household spending, business fixed investment, a strong housing sector and solid employment gains in the US allowed the Federal Reserve to raise rates in December 2015 for the first time in nine years to take the new Federal funds range to 0.25%-0.50%. Despite signalling four further rate hikes in 2016, the Fed chose not to increase rates further in Q1 and markets pared back expectations to no more than two further hikes this year.
12. However central bankers in the Eurozone, Switzerland, Sweden and Japan were forced to take policy rates into negative territory. The European Central Bank also announced a range of measures to inject sustained economic recovery and boost domestic inflation which included an increase in asset purchases (Quantitative Easing).
13. **Market reaction:** From June 2015 gilt yields were driven lower by the a weakening in Chinese growth, the knock-on effects of the fall in its stock market, the continuing fall in the price of oil and commodities and acceptance of diminishing effectiveness of central bankers' unconventional policy actions. Added to this was the heightened uncertainty surrounding

the outcome of the UK referendum on its continued membership of the EU as well as the US presidential elections which culminated in a significant volatility and in equities and corporate bond yields.

14. 10-year gilt yields moved from 1.58% on 31/03/2015 to a high of 2.19% in June before falling back and ending the financial year at 1.42%. The pattern for 20-year gilts was similar, the yield rose from 2.15% in March 2015 to a high of 2.71% in June before falling back to 2.14% in March 2016. The FTSE All Share Index fell 7.3% from 3664 to 3395 and the MSCI World Index fell 5.3% from 1741 to 1648 over the 12 months to 31 March 2016.

## **Treasury Management Activity**

### **Debt Financing**

15. The Council's debt financing position for 2015/16 is shown in Annex 1.
16. The option to fund new or replacement borrowing requirements from internal balances, up to the value of 25% of the investment portfolio was retained in the 2015/16 annual treasury management strategy. This was intended to reduce the cost of carry of borrowing which is the difference between borrowing rates and investment returns.
17. No new borrowing was arranged during 2015/16 with either the Public Works Loan Board (PWLB) or through the money markets.
18. At 31 March 2016, the authority had 65 PWLB loans totalling £343.38m and 10 LOBO<sup>1</sup> loans totalling £50m. The average rate of interest paid on PWLB debt was 4.52% and the average cost of LOBO debt in 2015/16 was 3.94%. The combined weighted average for interest paid on long-term debt was 4.45%.
19. 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.

### **Maturing Debt**

20. The Council repaid £6m of maturing PWLB loans during the year. The weighted average interest rate payable on the matured loans was 7.28%. The details are set out in Annex 2.

### **Debt Restructuring**

21. No long term debt was restructured during 2015/16.

## **Investment Strategy**

---

<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.

22. Security and liquidity of cash was prioritised above the requirement to maximise returns. The Council adopted a cautious approach to lending to financial institutions, and continuously monitored credit quality information regarding the institutions on the Council's approved Lending List.
23. During 2015/16 the Council limited the exposure to banks by lending to local authorities. At 31 March 2016 the Council had £87m of long term fixed deposits (deposits over 364 days), all of which were placed with local authorities or police authorities. The aim was to maintain a high level of security and manage exposure to interest rate and counterparty risk.
24. The weighted average maturity of all deposits at 31 March 2016, including money deposited in short-term notice accounts, was 315 days (compared with 165 days during 2014/15). This comprised £244m fixed deposits with a weighted average maturity of 360 days, £29.8m in notice accounts with a weighted average maturity of 97.5 days and £14.7m invested in money market funds and call accounts with same day liquidity. The increase in weighted average maturity was due to increases to maximum duration limits with banks and building societies, alongside increased opportunities to place long term deposits with Local Authorities at favourable interest rates, whilst limiting exposure to bail-in risk.
25. The Council used fixed deposits, call accounts, notice accounts, money market funds and pooled funds to deposit its in-house cash surpluses during 2015/16.

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

26. 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 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 2015/16, in accordance with the approved credit rating criteria and additional temporary restrictions.

## **Investment Outturn**

27. The average daily balance of temporary surplus cash invested in-house was £322m in 2015/16. The Council achieved an average in-house return for the year of 0.80%, producing gross interest receivable of £2.582m. 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.
28. The sale of approximately a quarter of the Council's initial £20m investment in the Threadneedle Strategic Bond Fund resulted in a realisable gain of £0.246m in 2015/16. Gross distributions from pooled funds totalling £0.875m were also realised in year, bringing total investment income to £3.703m.

29. As at 31 March 2016 the total value of pooled fund investments was £72.481m. This included an overall gain of £1.458m on the purchase value of the assets. Gains are held at the available for sale reserve and cannot be realised as investment income until the point at which fund units are sold.
30. During 2015/16 the average three month LIBID rate was 0.46%. The Council's average in-house return of 0.80% exceeded this benchmark by 0.34%. The average in-house return was 0.10% higher than the rate of interest of 0.70% assumed in the budget. This was in part a result of increases to bank and building society duration limits made in July 2015. This subsequently increased the Council's capacity to pick up yield in durations between 6 and 12 months. Additionally the Council utilised opportunities to lend to other Local Authorities in durations exceeding one year, which boosted the overall yield whilst providing diversification away from bank and building society deposits.
31. The Council operates a number of instant access call accounts and money market funds to deposit short-term cash surpluses. During 2015/16 the average balance held on instant access was £51.98m.
32. At 31 March 2016, the Council's investment portfolio of £360.95m comprised £244m of fixed term deposits, £29.80m in notice accounts, £14.67m at short term notice in money market funds and call accounts and £72.48m in pooled funds with a variable net asset value (VNAV). Annex 4 provides an analysis of the investment portfolio at 31 March 2016.
33. 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 2016 is shown in Annex 4.

## **External Fund Managers**

34. Having reviewed further investment options the Treasury Management Strategy Team approved decisions to make two further £5m investments in the CCLA Local Authorities Property Fund in September 2015 and January 2016.
35. The CCLA Local Authorities Property Fund is invested in commercial and industrial properties in the United Kingdom. It aims to provide, over the long term, a satisfactory total capital and income return on the units of the fund. The fund aims to maintain a suitable spread between different types of property and geographical location.
36. In September 2015 the Treasury Management Strategy Team approved the decision to sell approximately one quarter of the Council's £20m initial investment in the Threadneedle Strategic Bond Fund, due to a decrease in the size of the fund. The sale resulted in a realisable gain of £0.246m.

## **Prudential Indicators for Treasury Management**

37. The position as at 31 March 2016 for the Prudential Indicators is shown in Annex 5.

38. As at 31 March 2016 the Council exceeded the prudential indicator for the upper limit on fixed interest rate exposure for net debt. Actual fixed interest rate exposure was 162.57%, exceeding the 150% limit set out in the 2015/16 Treasury Management Strategy.

39. The indicator is calculated using the following formula:

$$\frac{\text{Fixed debt} - \text{Fixed deposits}}{\text{Total debt} - \text{Total deposits and investments}}$$

40. The reason for exceeding the limit lies predominantly with an increase in the proportion of the Council's investment portfolio held in investments and deposits with variable interest rates, which has subsequently reduced the proportion of deposits with fixed interest rates. This was a deliberate decision taken by the Treasury Management Strategy Team in order to further diversify the Council's investment portfolio.

41. At 31 March 2016, 33.3% of total investments and deposits held were at variable interest rates. The Treasury Management Strategy Team are comfortable with this level of variable rate investments and deposits and do not believe that exceeding the fixed interest rate exposure limit poses a risk to the Council.

## **External Performance Indicators and Statistics**

42. The County Council is a member of the CIPFA Treasury and Debt Management Benchmarking Club and completed returns for the financial year 2015/16. The results of this exercise are not yet available.

43. 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 2016 are included in Annex 6.

44. The benchmarking results show that the Council was achieving higher than average interest on deposits at 31 March 2016, when compared with a group of 128 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.

45. Oxfordshire had a higher than average allocation to external funds, fixed and 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 certificates of deposit.

## **Financial and Legal Implications**

46. The combined activities of debt and investment management contribute to the strategic measures element of the Council's budget. The outturn for Interest Payable in 2015/16 was £18.08m, falling £0.056m below the budget of £18.136m in the Medium Term Financial Plan.

47. The 2015/16 budget for investment income was £2.060m, compared with the outturn of £3.703m (including realised gains and distributions from pooled funds), giving a net overachievement of £1.643m. The overachievement in income received was due to a combination of higher than forecast average interest rates and higher than forecast average cash balances, in addition to large distributions and realised gains from pooled funds not included in the original budget. The 2015/16 accounts also recognise a decrease in the value of available for sale assets<sup>2</sup> of £0.223m.

## **RECOMMENDATION**

48. **The Committee is RECOMMENDED**

- a) **to note the report, and**
- b) **to RECOMMEND Council to note the Council's Treasury Management Activity in 2015/16.**

**Lorna Baxter**  
**Chief Finance Officer**

**Contact officer: Lewis Gosling**  
**Telephone Number: 01865 323988**  
**June 2016**

---

<sup>2</sup> Available for sale assets comprise variable net asset value pooled funds, comprised of short dated bond funds, strategic bond funds and property funds.

## OXFORDSHIRE COUNTY COUNCIL DEBT FINANCING 2015/16

<u>Debt Profile</u>		£m
1. PWLB	88%	349.38
2. Money Market LOBO loans	12%	<u>50.00</u>
3. Sub-total External Debt		399.38
4. Internal Balances	0 %	<u>-27.31</u>
<b>5. Actual Debt at 31 March 2015</b>	<b>100%</b>	<b>372.07</b>
6. Government Supported Borrowing		0.00
7. Unsupported Borrowing		0.02
8. Borrowing in Advance		0.00
9. Minimum Revenue Provision		<u>-15.57</u>
<b>10. Actual Debt at 31 March 2016</b>		<b>356.52</b>
<u>Maturing Debt</u>		
11. PWLB loans maturing during the year		6.00
12. PWLB loans repaid prematurely in the course of debt restructuring		<u>0.00</u>
<b>13. Total Maturing Debt</b>		<b>6.00</b>
<u>New External Borrowing</u>		
14. PWLB Normal		0.00
15. PWLB loans raised in the course of debt restructuring		0.00
16. Money Market LOBO loans		<u>0.00</u>
<b>17. Total New External Borrowing</b>		<b>0.00</b>
<u>Debt Profile Year End</u>		
18. PWLB	87%	343.38
19. Money Market LOBO loans	13%	<u>50.00</u>
20. Sub-total External Debt		393.38
21. Internal Balances	0 %	<u>-36.86</u>
<b>22. Actual Debt at 31 March 2016</b>	<b>100%</b>	<b>356.52</b>



## Line

- 1 – 5 This is a breakdown of the Council's debt at the beginning of the financial year (1 April 2015). 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.
- 6 '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.
- 7 'Unsupported Borrowing' reflects Prudential Borrowing taken by the authority whereby the associated borrowing costs are met by savings in the revenue budget.
- 8 'Borrowing in Advance' is the amount the Council borrowed in advance during 2015/16 to fund future capital finance costs.
- 9 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.
- 10 The Council's total debt by the end of the financial year at 31 March 2016, after taking into account new borrowing, debt repayment and movement in funding by internal balances.
- 11 The Council's normal maturing PWLB debt.
- 12 PWLB debt repaid early during the year.
- 13 Total debt repaid during the year.
- 14 The normal PWLB borrowing undertaken by the Council during 2015/16.
- 15 New PWLB loans to replace debt repaid early.
- 16 The Money Market borrowing undertaken by the Council during 2015/16.
- 17 The total external borrowing undertaken.
- 18-22 The Council's debt profile at the end of the year.

**Long-term debt Maturing 2015/16****Public Works Loan Board: Loans Maturing in 2015/16**

<b>Date</b>	<b>Amount £m</b>	<b>Rate %</b>	<b>Repayment Type</b>
30/04/2015	4.000	9.750	Maturity
13/07/2015	0.500	2.350	EIP
13/01/2016	0.500	2.350	EIP
31/07/2015	0.500	2.350	EIP
01/02/2016	0.500	2.350	EIP
<b>Total</b>	<b>6.000</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 2015/16

## Lending limits &amp; maturity limits increased from 1 April 2015

	Lending Limit as at 31 March 2016	Maximum Maturity as at 31 March 2016
Bank of Montreal	£25,000,000	364 days
Bank of Nova Scotia	£25,000,000	364 days
Canadian Imperial Bank of Commerce	£25,000,000	364 days
Royal Bank of Canada	£25,000,000	364 days
Toronto Dominion Bank	£25,000,000	364 days
HSBC Bank Plc	£25,000,000	364 days
Rabobank Group	£25,000,000	364 days
Svenska Handelsbanken	£25,000,000	364 days
Lloyds Bank Plc	£25,000,000	9 months
Close Brothers Ltd	£10,000,000	6 months
Coventry Building Society	£15,000,000	6 months
Nationwide Building Society	£15,000,000	6 months
Santander UK Plc	£15,000,000	6 months
Landesbank Hessen-Thuringen	£20,000,000	6 months

## Counterparties added from 1 April 2015

	Lending Limit as at 31 March 2016	Maximum Maturity as at 31 March 2016
Barclays 100 day notice a/c	£15,000,000	100 days
Barclays current a/c	£15,000,000	100 days

Bank of Scotland	£15,000,000	9 months
Santander 95 day notice a/c	£15,000,000	6 months
Santander UK Plc	£15,000,000	6 months

**Counterparties suspended from 1 April 2015**

Goldman Sachs International Bank

Standard Chartered Bank

## OXFORDSHIRE COUNTY COUNCIL INVESTMENT PORTFOLIO 31/03/2016

## Fixed term deposits held at 31/03/2016

Counterparty	Principal Deposited (£)	Maturity Date
Commonwealth Bank of Australia	5,000,000.00	27-Apr-16
Dudley Metropolitan Borough Council	3,000,000.00	28-Apr-16
Police & Crime Commissioner for Northumbria	5,000,000.00	29-Apr-16
Close Brothers Ltd	3,000,000.00	29-Apr-16
Lloyds Bank plc	5,000,000.00	03-May-16
Fife Council	5,000,000.00	03-Jun-16
Lloyds Bank plc	5,000,000.00	08-Jun-16
Commonwealth Bank of Australia	5,000,000.00	16-Jun-16
Close Brothers Ltd	5,000,000.00	17-Jun-16
Glasgow City Council	5,000,000.00	04-Jul-16
Landesbank Hessen-Thuringen (Helaba)	5,000,000.00	04-Jul-16
Nationwide Building Society	5,000,000.00	05-Jul-16
DBS Bank (Development Bank of Singapore)	5,000,000.00	05-Jul-16
Nationwide Building Society	5,000,000.00	08-Jul-16
Glasgow City Council	5,000,000.00	22-Jul-16
Rabobank Group	5,000,000.00	22-Jul-16
Rabobank Group	5,000,000.00	25-Jul-16
Rabobank Group	10,000,000.00	29-Jul-16
Svenska Handelsbanken	6,000,000.00	29-Jul-16
Landesbank Hessen-Thuringen (Helaba)	5,000,000.00	05-Aug-16
Landesbank Hessen-Thuringen (Helaba)	5,000,000.00	24-Aug-16
Peterborough City Council	5,000,000.00	02-Sep-16
Toronto-Dominion Bank	5,000,000.00	08-Sep-16
Newcastle City Council	5,000,000.00	13-Sep-16
Toronto-Dominion Bank	5,000,000.00	13-Oct-16
Toronto-Dominion Bank	5,000,000.00	14-Oct-16
Bank of Montreal	5,000,000.00	19-Oct-16
Lancashire County Council	5,000,000.00	28-Nov-16
Toronto-Dominion Bank	5,000,000.00	28-Nov-16
Rabobank Group	5,000,000.00	30-Nov-16
Glasgow City Council	5,000,000.00	10-Jan-17
West Dunbartonshire Council	2,000,000.00	07-Jun-17
Warrington Borough Council	5,000,000.00	21-Jul-17
Fife Council	5,000,000.00	24-Nov-17
Lancashire County Council	5,000,000.00	18-Jan-18
Exeter City Council	10,000,000.00	01-Feb-18
Runnymede Borough Council	5,000,000.00	09-Feb-18
Fife Council	3,000,000.00	29-Mar-18
Lancashire County Council	5,000,000.00	04-May-18
Fife Council	10,000,000.00	26-Jun-18
Warrington Borough Council	5,000,000.00	20-Jul-18
Glasgow City Council	5,000,000.00	24-Jul-18
Glasgow City Council	5,000,000.00	30-Jul-18

Fife Council	2,000,000.00	07-Sep-18
Lancashire County Council	5,000,000.00	15-Oct-18
Lancashire County Council	5,000,000.00	15-Oct-18
The Highland Council	10,000,000.00	01-Feb-19

**Total £244,000,000.00**

### Money Market Funds

Counterparty	Balance at 31/03/16 (£)	Notice period
Standard Life Sterling Liquidity Fund	2,658,498.00	Same day
Federated Sterling Liquidity Funds	12,000,000.00	Same day
<b>Total</b>	<b>14,658,498.00</b>	

### Notice / Call Accounts

Counterparty	Balance at 31/03/16 (£)	Notice period
Barclays 100 Day Notice	14,800,000.00	100 days
Barclays Current	8,340.24	Same day
Santander 95 Day Notice	15,000,000.00	95 days
<b>Total</b>	<b>29,808,340.24</b>	

### Short Dated Bond Funds

Counterparty	Balance at 31/03/16 (£)	Notice period
Aberdeen (formerly SWIP)	17,450,440.05	3 days
Federated Cash Plus Fund	2,040,805.47	2 days
Payden & Rygel Sterling Reserve Fund	12,269,359.27	2 days
Royal London Asset Mgmt Cash Plus Fund	4,994,966.59	2 days
<b>Total</b>	<b>36,755,571.38</b>	

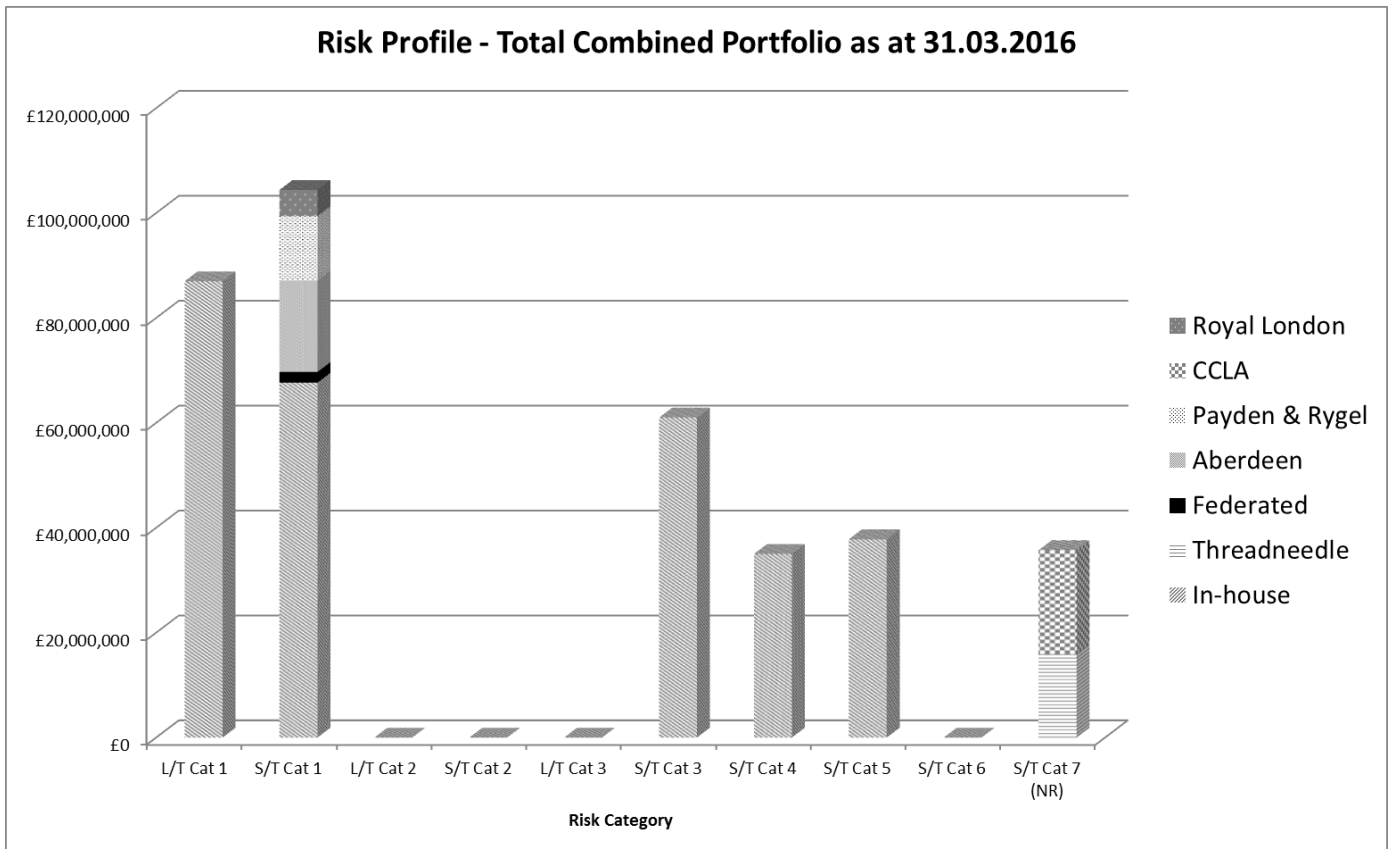
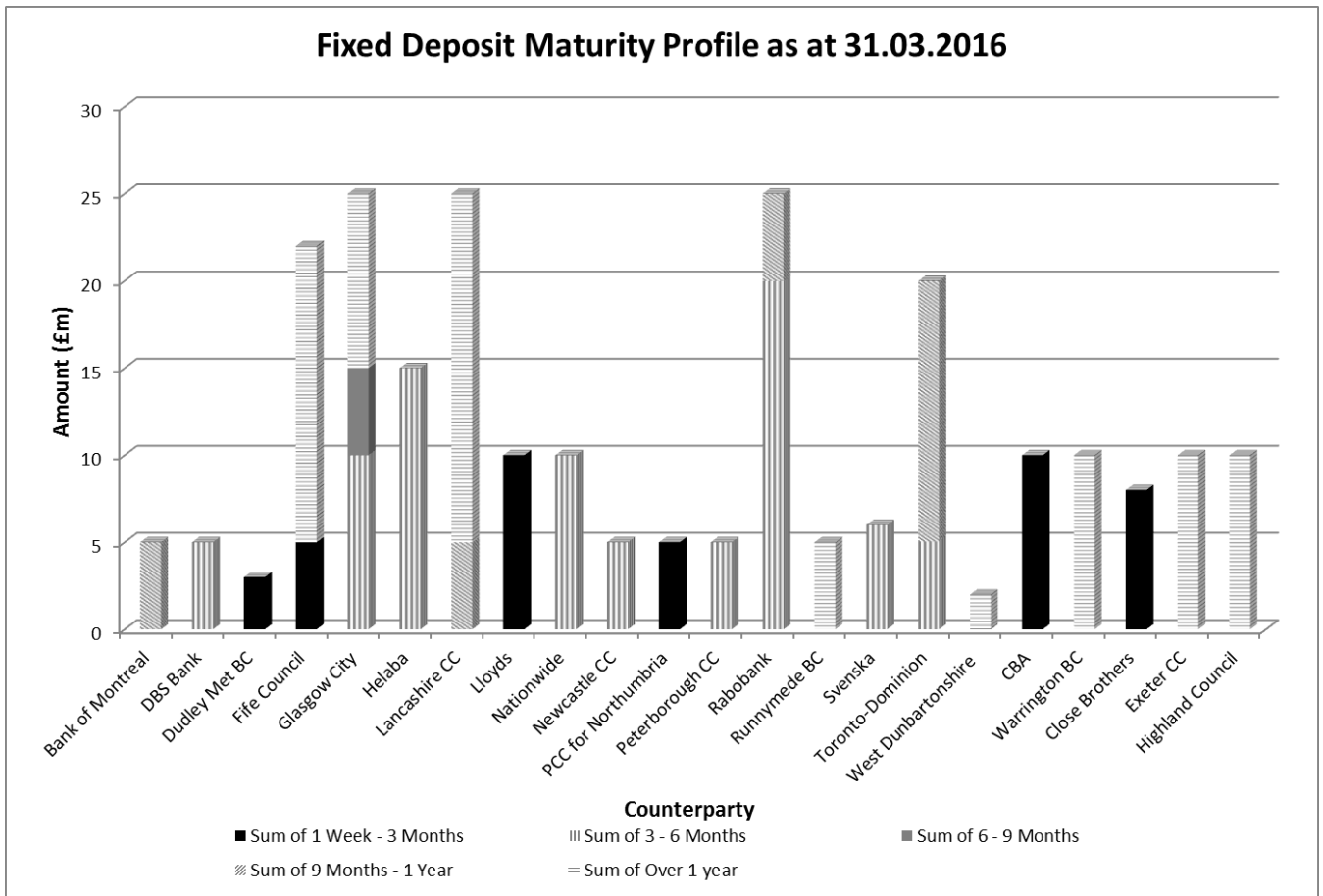
### Strategic Bond Funds

Counterparty	Balance at 31/03/16 (£)	Notice period
Threadneedle Strategic Bond Fund	15,918,118.60	4 days
<b>Total</b>	<b>15,918,118.60</b>	

### Property Funds

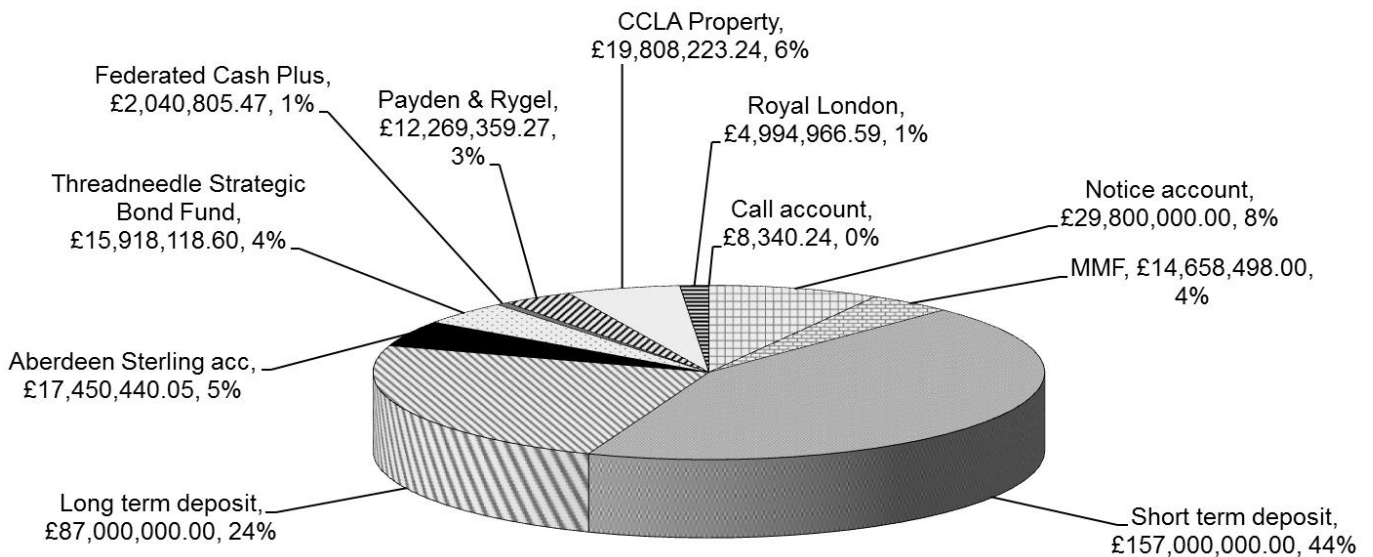
Counterparty	Balance at 31/03/16 (£)	Notice period
CCLA Local Authorities Property Fund	19,808,223.24	Monthly dealing
<b>Total</b>	<b>19,808,223.24</b>	

**Risk profile of investment portfolio at 31/03/16**



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

### Total Combined Portfolio as at 31.03.2016





**Prudential Indicators Outturn 31 March 2016****Authorised and Operational Limit for External Debt**

Authorised Limit for External Debt	£490,000,000
Operational Limit for External Debt	£480,000,000
Actual External Debt at 31 March 2016	£418,232,618

**Fixed Interest Rate Exposure**

Fixed Interest Net Borrowing limit	150.00%
Actual at 31 March 2016	162.57%

**Variable Interest Rate Exposure**

Variable Interest Net Borrowing limit	25.00%
Actual at 31 March 2016	-62.57%

**Sums Invested over 364 days**

Total sums invested for more than 364 days maximum limit	£150,000,000
Actual sums invested for more than 364 days at 31 March 2016	£ 87,000,000

**Maturity Structure of Borrowing at 31/03/16**

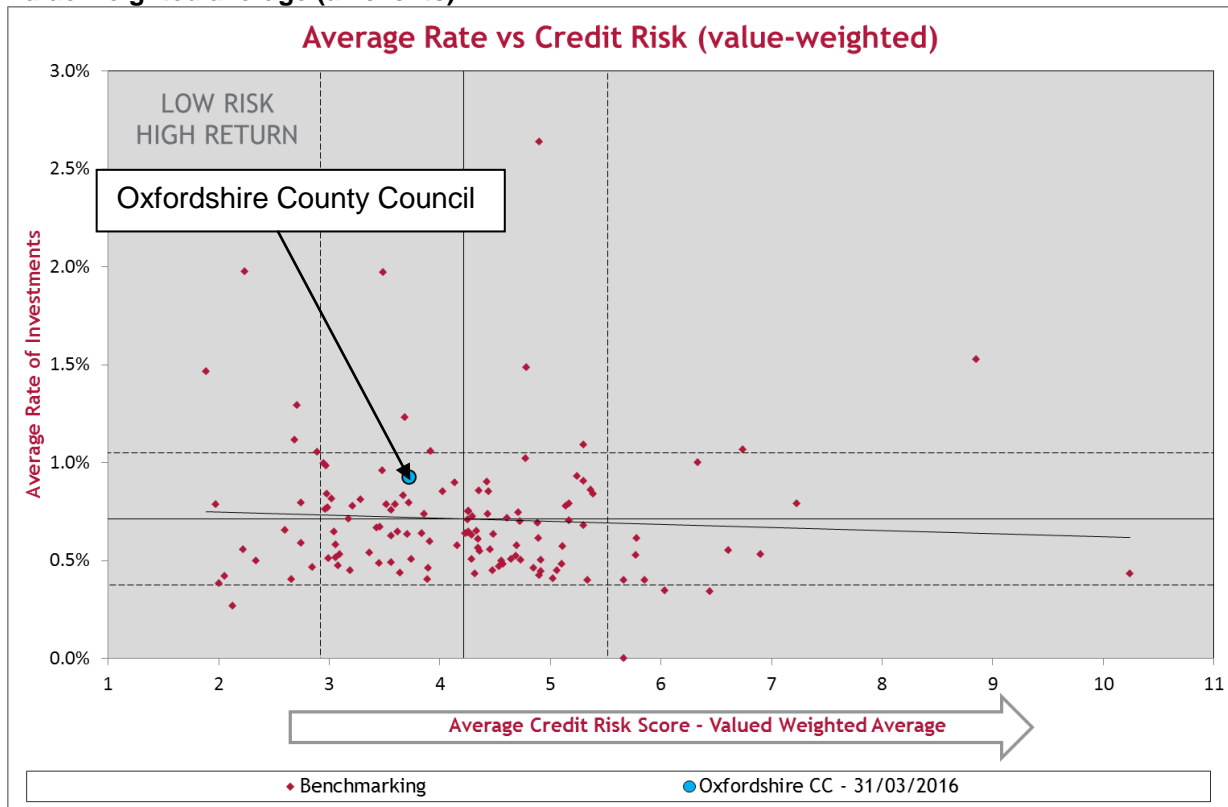
	Limit %	Actual %
From 01/04/15		
Under 12 months	0 - 20	0.00
12 – 24 months	0 - 25	7.12
24 months – 5 years	0 - 35	16.27
5 years – 10 years	5 - 40	15.25
10 years +	50 - 95	61.36

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 01/04/15 on loans still outstanding at 31/03/16.

**Actual Maturity Structure of Borrowing at 01/04/16  
(LOBO's included at next option date)**

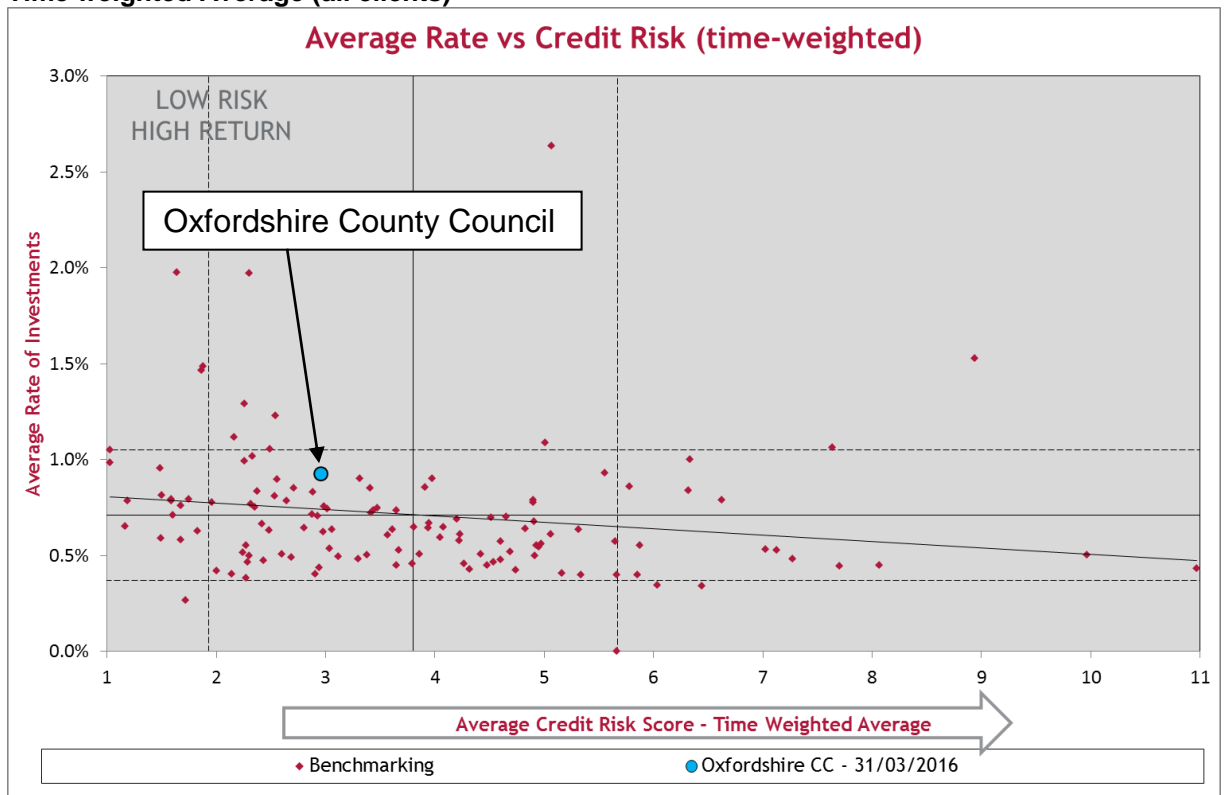
	Limit %	Actual %
From 01/04/16		
Under 12 months	0 - 20	7.12
12 – 24 months	0 - 25	7.12
24 months – 5 years	0 - 35	13.22
5 years to 10 years	5 – 40	11.69
10 years +	50 – 95	60.85

Value weighted average (all clients)



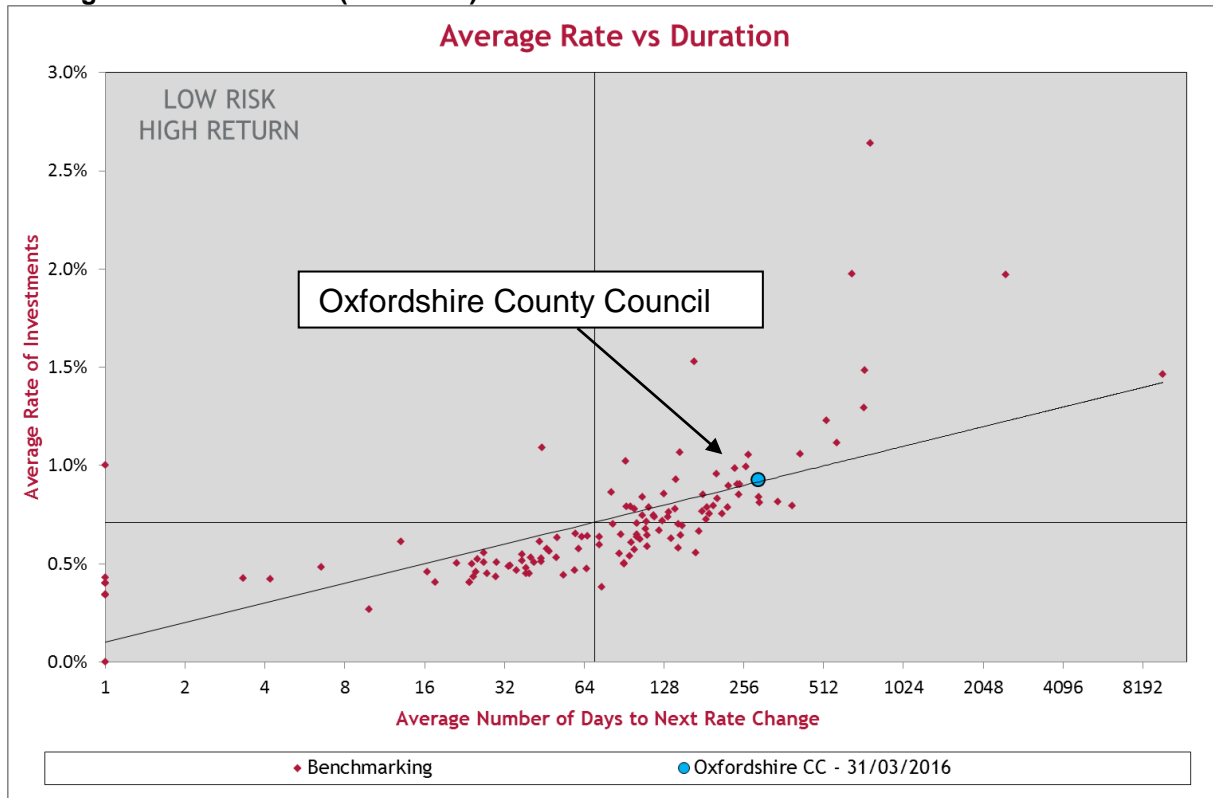
Oxfordshire County Council achieved a higher interest rate compared to the average achieved by all Arlingclose clients, whilst maintaining lower than average value weighted credit risk as at 31/03/2016.

Time weighted Average (all clients)



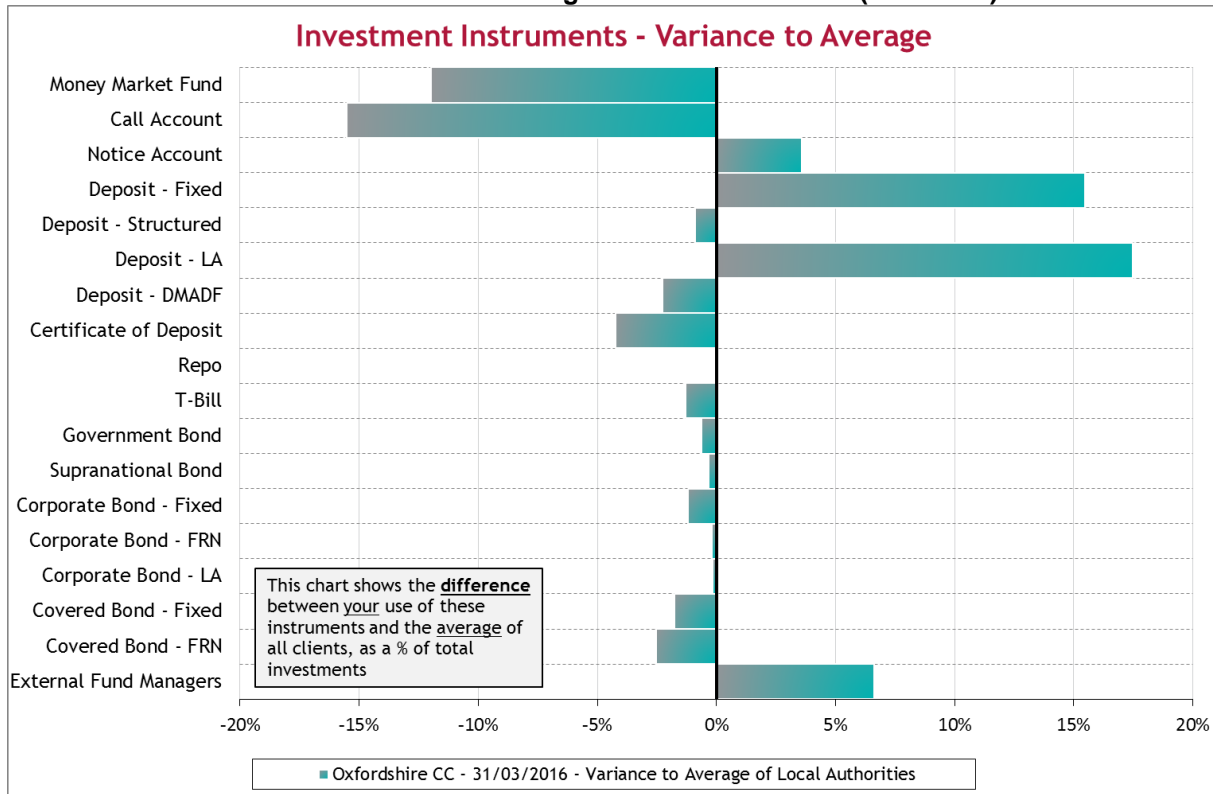
Oxfordshire County Council achieved a higher interest rate compared to the average achieved by all Arlingclose clients, whilst maintaining lower than average time weighted credit risk as at 31/03/2016.

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



This graph shows that at 31/03/2016 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 31/3/2016, Oxfordshire County Council had notably higher than average allocations to external funds, fixed and local authority deposits when compared with other local authorities. Oxfordshire County Council also had notably lower exposure to money market funds, call accounts and certificates of deposit.