ARUN DISTRICT COUNCIL

REPORT TO AUDIT AND GOVERNANCE COMMITTEE
ON 30 July 2019

PART A: REPORT

SUBJECT: Treasury Management Annual Report 2018//19

REPORT AUTHOR: Sian Southerton – Senior Accountant (Treasury)
DATE: June 2019
EXTN: 37861
PORTFOLIO AREA: Corporate Support

EXECUTIVE SUMMARY:

To report on the Treasury Management activities for the year 2018/19 and to enable the Audit and Governance Committee to scrutinise the report prior to making comment to Full Council.

RECOMMENDATIONS:

Audit Committee is requested to recommend Full Council to:

(i) approve the actual prudential and treasury indicators for 2018/19 contained in the report;
(ii) note the treasury management report for 2018/19; and
(iii) note the treasury activity during 2018/19 which has generated interest receipts of £754,000 (1.25%). Budget £480,000 (1.14%)

BACKGROUND:

1.0 INTRODUCTION

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2018/19 the minimum reporting requirements of the code were met and Full Council received the following reports:

- the annual treasury strategy report in advance of the year (Council 07/03/18).
- the Interim treasury report on 9^{th} January 2019.
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

The Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by the Audit and Governance Committee before they were reported to Full Council.

All Councillors were invited to attended a briefing presented by Link Asset Services (Treasury advisors) explaining the roles and responsibilities of elected members and giving them an economic update. The latest session was held on 15th November 2018 of which 8 members attended.

The Annual Treasury Management Report for 2018/19 summarises:

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

2.0 THE ECONOMY AND INTEREST RATES

After weak economic growth in the UK of only 0.2% in quarter one of 2018, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. However, some recovery in the rate of growth is expected going forward. The annual growth in Q4 came in at 1.4% y/y confirming that the UK was the third fastest growing country in the G7 in quarter 4.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, it is a little surprising that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a disorderly exit, it is likely that Bank Rate would be cut to support growth. Nevertheless, the MPC has been having increasing concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling only marginally to 3.4% in the three months to January. British employers ramped up their hiring at the fastest pace in more than three years in the three months to January as the country's labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

As for CPI inflation itself, this has been on a falling trend since peaking at 3.1% in November 2017, reaching a new low of 1.8% in January 2019 before rising marginally to 1.9% in February and to 2% in May. However, in the February 2019 Bank of England Inflation Report, the latest forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1.5%, i.e. a real terms increase. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

Brexit. The Conservative minority government has been unable to muster a majority in the Commons over its Brexit deal and this continues to cause major uncertainties.

3.0 THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2018/19

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2017/18 Actual £,000	2018/19 Original £,000	2018/19 Actual £,000
Non-HRA capital expenditure	10,957	2,310	13,764
HRA capital expenditure	6,226	8,047	4,125
HRA Settlement	-	-	-
Total capital expenditure	**17,183**	**10,357**	**17,889**
Resourced by:			
• Capital receipts	10,425	1,500	3,398
• Capital grants	734	1,000	2,193
• Capital reserves	2,861	3,017	1,613
• Revenue	822	1,340	7,026
	14,842	**6,875**	**14,230**
Unfinanced capital expenditure	**2,341**	**3,500**	**3,659**

The increased non-HRA capital expenditure is due to the work completed to build the wave in Littlehampton which wasn't in the original figures.

4.0 THE COUNCIL'S OVERALL BORROWING NEED

The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2018/19 unfinanced capital expenditure (see above table).

Part of the Council's treasury activities is to address the funding requirements for any borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board (PWLB) or the money markets), or utilising temporary cash resources within the Council.

The CFR increases when capital expenditure is incurred but not financed and reduces when amounts are set aside for loan repayments.

The Council currently has no debt other than that taken out for the HRA Self-Financing (March 2012). The Council's overdraft facility has now been removed as the increased banking costs made it very expensive and rather than incurring costs for the facility, we now maintain an approx. £200k balance in the account daily (earning interest at the bank of England base rate -10bp, currently 0.65%) to cover any potential cashflow need.

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Strategy Statement (summary in appendix1).

The Council's CFR for the year is shown below, and represents a key prudential indicator:

CFR	2017/18 Actual £,000	2018/19 Original £,000	**2018/19 Actual £,000**
Opening balance	52,837	52,565	**51,807**
Add unfinanced capital expenditure	2,341	3,500	**3,659**
Less Voluntary Revenue Provision (VRP) & Minimum Revenue Provision (MRP)	3,371	3,876	**3,749**
Closing balance	51,807	52,189	**51,717**

The borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure.

Arun’s only borrowing relates to the HRA Self-Financing settlement (currently £53.18m). Prior to this borrowing being undertaken Arun had a negative CFR of £2.6m which has arisen over a number of years and was due more to changes in the capital accounting regulations rather than to any specific policy decision. As a result of this Arun’s gross debt exceeds its CFR and is likely to continue to do so in the short term.

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The authorised limit was not breached in 2018/19.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream.

5.0 TREASURY POSITION AS AT 31 MARCH 2019

The Council’s debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices.

During 2018/19, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	31 March 2018 Actual £000	2018/19 Original £000	**31 March 2019 Actual £000**
Capital expenditure	17,183	10,357	**17,889**
Total Debt	53,180	53,180	**53,180**
Capital Financing Requirement at 31st March: • Non-HRA • HRA • **Total**	 -3,594 55,401 **51,807**	 -4,198 56,387 **52,189**	 **-1,876** **53,593** **51,717**
Over / (under) borrowing	1,373	991	**1,463**
Investments • Longer than 1 year • Under 1 year • **Total**	 8,000 52,730 **60,730**	 n/a n/a **n/a**	 **0** **53,000** **53,000**

Other prudential and treasury indicators are to be found in the main body of this report and appendix 1.

The base rate increased from 0.50% to 0.75% during 2018/19 (2/08/18). Although the rate has increased over the last 2 years, this is still a long way short of the rates achieved prior to the banking crises in 2008. Achieving a return over 1% continues to be challenging, however the CCLA (Churches Charities and Local Authorities) property fund, (investment of £5M) continues to enhance these returns.

This CCLA property fund has a diverse property investment portfolio, none of which are in shopping centres due to the current climate. The spread is as follows;

- Industrial 36.9%
- Offices 35.5%
- Retail Warehouses 13.5%
- Other (largely enterprise units) 10.6%
- Shops 3.5%

These fund managers are experts in property management and are always actively managing their portfolio.

At the beginning and the end of 2018/19, the Council's treasury position was as follows:

Investments / Debt	2017/18 Rate/ Return (actual)	31st March 2018 Principal	**2018/19 Rate / Return (budget)**	**2018/19 Rate / Return (Actual)**	**31st March 2019 Principal**
Total Investments	1.05%	£60.73m	**1.14%**	**1.25%**	**£53m**
Total Debt	2.75%	£53.18m	**2.75%**	**2.75%**	**£53.18m**

The maturity structure of the debt portfolio is shown in appendix 1.

6.0 THE STRATEGY FOR 2018/19

6.1 Investment strategy and control of interest rate risk

Investment returns remained low during 2018/19. The expectation for interest rates within the treasury management strategy for 2018/19 was that Bank Rate would rise from 0.50% to 0.75%. At the start of 2018-19, and after UK GDP growth had proved disappointingly weak in the first few months of 2018, the expectation for the timing of this increase was pushed back from May to August 2018. Investment interest rates were therefore on a gently rising trend in the first half of the year after April, in anticipation that the MPC would raise Bank Rate in August. This duly happened at the MPC meeting on 2 August 2018. During this period, investments were, therefore, kept shorter term in anticipation that rates would be higher later in the year.

It was not expected that the MPC would raise Bank Rate again during 2018-19 after August in view of the fact that the UK was entering into a time of major uncertainty with

Brexit due in March 2019. Value was therefore sought by placing longer term investments after 2 August where cash balances were sufficient to allow this.

Investment rates were little changed during August to October but rose sharply after the MPC meeting of 1 November was unexpectedly hawkish about their perception of building inflationary pressures, particularly from rising wages. However, weak GDP growth data after December, plus increasing concerns generated by Brexit, resulted in investment rates falling back again.

Continued uncertainty in the aftermath of the 2008 financial crisis has promoted a cautious approach whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

6.2 Borrowing strategy and control of interest rate risk

New borrowing was avoided by running down spare cash balances, which has served the Council well over the last few years. This was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

Since PWLB (Public Works Loan Board) rates peaked during October 2018, most PWLB rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the 1 year rate), reached lows for the year at the end of March. There was a significant level of correlation between movements in US Treasury yields and UK gilt yields -which determine PWLB rates. The Fed in America increased the Fed Rate four times in 2018, making nine increases in all in this cycle, to reach 2.25% – 2.50% in December. However, it had been giving forward guidance that rates could go up to nearly 3.50%. These rate increases and guidance caused Treasury yields to also move up. However financial markets considered by December 2018, that the Fed had gone too far, and discounted its expectations of further increases. Since then, the Fed has also come round to the view that there are probably going to be no more increases in this cycle. The issue now is how many cuts in the Fed Rate there will be and how soon, in order to support economic growth in the US. But weak growth now also looks to be the outlook for China and the EU so this will mean that world growth as a whole will be weak. Treasury yields have therefore fallen sharply during 2019 and gilt yields / PWLB rates have also fallen.

Change in strategy during the year – the strategy adopted in the original Treasury Management Strategy Report for 2018/19 approved by the Council on 07/03/18 was subject to no revisions during the year.

A full list of the Council's approved counterparties is included in appendix 2.

7.0 BORROWING OUTTURN FOR 2018/19

Maturity loans for £70.902m were taken out on the 28th March 2012 to fund the new HRA self-financing system. The borrowing as at 31st March 2019 was £53.18m as shown below.

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£8.860m	Maturity	1.99%	28/3/2020
PWLB	£8.860m	Maturity	2.40%	28/3/2022
PWLB	£8.870m	Maturity	3.21%	28/3/2030
PWLB	£8.870m	Maturity	3.40%	28/3/2035
PWLB	£8.860m	Maturity	3.53%	28/3/2050
PWLB	£8.860m	Maturity	3.48%	28/3/2062
	£53.18m		**2.75%**	

A maturity loan is a bullet repayment loan which essentially means that you borrow at the start date, interest is paid on a semi-annual basis throughout the life of the loan and the principal is repaid at maturity. A maturity loan reduces exposure to risk of future rises in

interest rates and the council has locked into very low borrowing rates. The average rate of these loans at 31st March 2019 was 2.75%. No new borrowing was undertaken during the year.

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8.0 INVESTMENT OUTTURN IN 2018/19

Investment Policy – the Council's investment policy is governed by MHCLG investment guidance, which was been implemented in the annual investment strategy approved by Full Council on 7th March 2018. This policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

The investment activity during the year conformed to the approved strategy, and subsequent reports and the Council had no liquidity difficulties.

Resources – the Council's cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Council's core cash resources comprised as follows, and met the expectations of the budget:

Balance Sheet Resources (£m)	31st March 2018 £m	**31st March 2019 £m**
Balances	17.3	**15.4**
Earmarked reserves	18.4	**15.4**
Provisions	1.7	**2.9**
Usable capital receipts	5.0	**2.8**
Total	42.4	**36.5**

The Council maintained an average balance of approximately £59m of internally managed funds. These internally managed funds earned an average rate of return of 0.97% plus 4.33% for the property fund giving an overall return of 1.25%. The comparable performance indicator is the average 7-day LIBID rate, uncompounded, which was 0.51%. This compares with a budget assumption of £42m investment balances earning an average rate of 1.14%.

A full list of investments at the 31 March 19 is included in appendix 3 and appendix 4 shows a comparison of the Councils investments against other Councils which puts our performance in a favourable light.

9.0 <u>OTHER - IFRS9 accounting standard</u>

As a result of the change in accounting standards for 2018/19 under **IFRS 9,** this authority considered the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local

Government, [MHCLG], concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

This accounting standard came into effect on 1st April 2018 which means that the category of investments valued under “available for sale” was removed and reclassified as “Fair Value through the Profit and Loss (FVPL)”. Any future fluctuations in market valuations would impact on the Surplus or Deficit on the Provision of Services, rather than being held on the balance sheet. Due to the override there will be no impact on this authority in 2018/19, however the £5m invested in the property fund (CCLA) was valued at £5.072m at 31st March 2019 showing a capital surplus.

Please note - The actual figures for 2018/19 have not yet been audited, so may be subject to change.

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2. PROPOSAL(S):		
To approve all 3 recommendations.		
3. OPTIONS:		
The Treasury Management Strategy is legislative and under the Local Government act 2003 and therefore the only option is follow the proposal.		
4. CONSULTATION:		
Has consultation been undertaken with:	**YES**	**NO**
Relevant Town/Parish Council		√
Relevant District Ward Councillors		√
Other groups/persons (please specify)	√ Treasury Advisors	
5. ARE THERE ANY IMPLICATIONS IN RELATION TO THE FOLLOWING COUNCIL POLICIES: **(Explain in more detail at 6 below)**	**YES**	**NO**
Financial	√	
Legal		√
Human Rights/Equality Impact Assessment		√
Community Safety including Section 17 of Crime & Disorder Act		√
Sustainability		√
Asset Management/Property/Land		√
Technology		√
Other (please explain)		
6. IMPLICATIONS:		
Approval will enable the Council to comply with legislation and provide a Treasury Service		

7. REASON FOR THE DECISION:

Statutory and the limits set, safeguard the Council against financial losses.

8. BACKGROUND PAPERS:

CIPFA'S Treasury Management in the Public Services: Code of Practice (2017)

(Link not available as copyright)

The Prudential Code for Capital Finance in Local Authorities (2017) Guidance notes (2018) *(Link not available as copyright)*

The Local Government Act 2003 (www.legislation.gov.uk/ukpga/2003/26/content)

Prudential and treasury indicators

APPENDIX 1

1. PRUDENTIAL INDICATORS	2017/18	2018/19	2018/19
Extract from budget and rent setting report	**Actual**	**Original**	**Actual**
	£'000	**£'000**	**£'000**
Capital Expenditure			
Non – HRA	10,957	2,310	*13,764
HRA	6,226	8,047	4,125
TOTAL	17,183	10,357	17,889
Ratio of financing costs to net revenue stream			
Non - HRA	-2.24%	-1.79%	-2.62%
HRA	32.82%	33.17%	33.11%
Capital Financing Requirement as at 31 March			
Non – HRA	-3,594	-4,198	-1,876
HRA	55,401	56,387	53,593
TOTAL	51,807	52,189	51,717
Annual change in Cap. Financing Requirement			
Non – HRA	173	-216	-205
HRA	-1,203	-160	-1,807
TOTAL	-1,030	-376	-2,012
Incremental impact of capital investment decisions	**£ p**	**£ p**	**£ p**
Increase in council tax (band D) per annum	26.37	n/a	n/a
Increase in average housing rent per week	0.10	n/a	n/a

** Increase largely due to the Wave in Littlehampton build*

2. TREASURY MANAGEMENT INDICATORS	2017/18	2018/19	2018/19
	Actual	**Original**	**Actual**
	£'000	**£'000**	**£'000**
Authorised Limit for external debt			
Borrowing	66,000	63,000	63,000
Other long term liabilities	372	0	0
TOTAL	**66,372**	**63,000**	**63,000**
Operational Boundary for external debt			
Borrowing	63,000	60,000	60,000
other long term liabilities	372	0	0
TOTAL	**63,372**	**60,000**	**60,000**
Actual external debt	53,180	53,180	53,180
Maximum HRA Debt Limit	81,630	N/a	N/a
Upper limit for total principal sums invested for over 365 days (£m)	**26**	**22**	**22**
-	-	-	-

Maturity structure of fixed rate borrowing - upper & Lower limits	Actual at 31/03/19	lower limit	upper limit
under 12 months	16.66%	0%	40%
12 months and within 24 months	0%	0%	40%
24 months and within 5 years	16.66%	0%	50%
5 years and within 10 years	0%	0%	60%
10 years and above	66.68%	0%	100%

LIST OF AUTHORISED COUNTERPARTIES

Category 1 - Limit of £12 million for each institution - Maximum investment period - 5 Years

		Long Term	Short Term
Min Criteria	**Fitch**	**AA-**	**F1+**
	Moody	**Aa3**	**P-1**
	S&P	**AA-**	**A-1+**

All Local Authorities

DBS Bank Ltd (SING)
HSBC Bank plc (UK)
Oversea-Chinese Banking Corp Ltd (SING)
Svenska Handelsbanken (SW)
United Overseas Bank Ltd (SING)
National Bank of Abu Dhabi (U.A.E)

Category 2 - Limit of £11 million for each institution - Maximum investment period - 3 Years

		Long Term	Short Term
Min Criteria	**Fitch**	**A+**	**F1**
	Moody	**A1**	**P-2**
	S&P	**A+**	**A-1**

Bank of Nova Scotia (CAN)
Goldman Sachs International Bank (UK)
Standard Charted Bank (UK)
Qatar National Bank (Qatar)

Category 3 - Limit of £8 million for each institution - Maximum investment period - 2 Years

		Long Term	Short Term
Min Criteria	**Fitch**	**A-**	**F1**
	Moody	**A3**	**P-2**
	S&P	**A-**	**A-1**

Barclays Bank plc (UK)
Nationwide Building Society (UK)
Santander (UK)
Close Brothers (UK)

Category 4 - Limit of £4 million for each institution - Maximum Investment period - 1 year
Building Society with Assets greater than £10 billion

Coventry Building Society (UK)
Leeds Building Society (UK)
Skipton Building Society (UK)
Yorkshire Building Society (UK)

Category 5 - Council's Bank
NO LIMIT - appropriate category 1 to 3 (Max of £11M term deposit)

Lloyds Banking Group (Bank of Scotland/Lloyds)

Category 6 - Limit of £11 million for each institution - Maximum investment period - 3 Years
banks effectively nationalised by UK government

		Long Term	Short Term
Min Criteria	**Fitch**	**BBB-**	**F3**
	Moody	**Baa3**	**P-3**
	S&P	**BBB-**	**A-3**

Royal Bank of Scotland plc/National Westminster Bank plc (Uk)(Nationalised)

Category 7 - Collective Investment Schemes structured as Open Ended Investment Companies (OEICs) - MONEY MARKET FUNDS (CNAV, LVNAV, VNAV) and Government Liquidity Funds

Limit of £4million for each institution

CCLA Investment Management Ltd (Public sector deposit fund)	AAAmmf	LV NAV
Deutsche Banking Group	Aaa -mf	LV NAV
Federated Investors Ltd (Fitch Ratings)	AAAmmf	LV NAV
Fidelity Investments International (Moody's Rating)	Aaa -mf	LV NAV
Standard Life (Fitch Ratings)	AAAmmf	LV NAV
Northern Trust	Aaa -mf	LV NAV

Category 8 - Collective Investment Schemes structured as Open Ended Investment Companies (OEICs) – Enhanced Money Market Funds

Limit of £4million for each institution

Category 9 - Debt Management Office

Debt management Account - NO LIMIT (UK Govt)

Category 10 - Bonds issued by multilateral development banks - 5 Years

Maximum investment £4 million

Category 11 – Property Funds - 25 Years

Maximum investment £6 million

CCLA

INVESTMENTS at 31st March 2019

Appendix 3

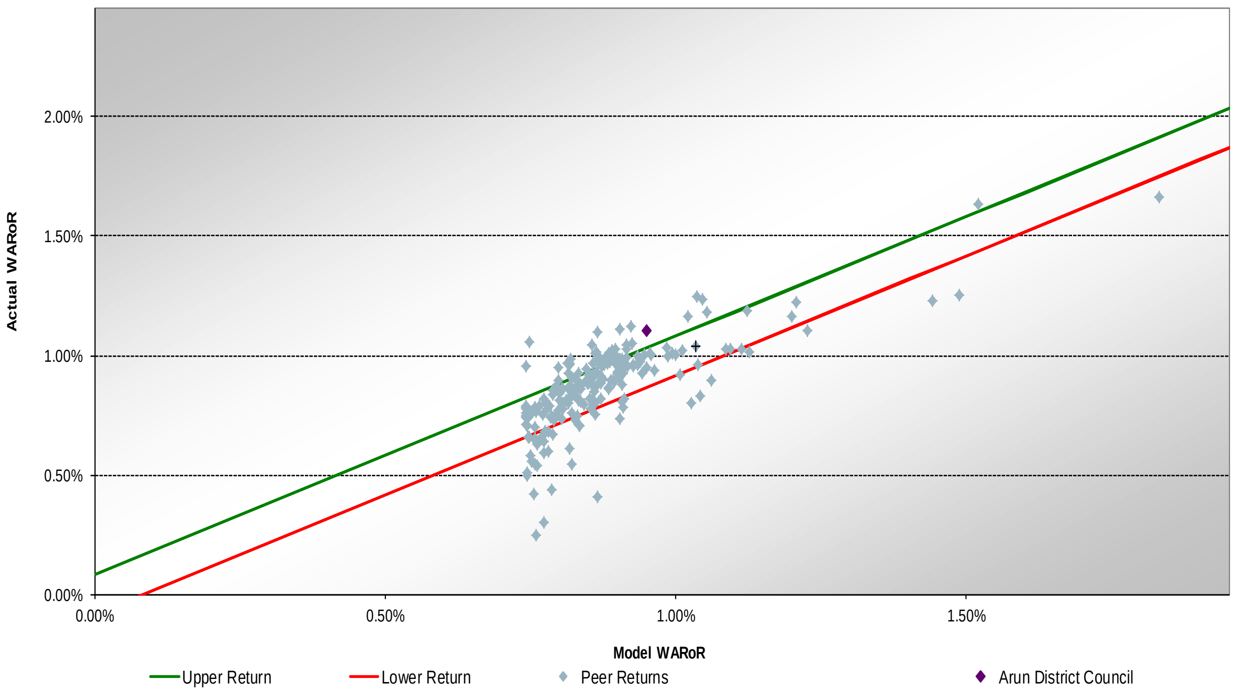
Type of Investment/Deposit	Reference no.	Counterparty	Issue Date	Maturity Date	Nominal	Current Interest Rate
Fixed Term Deposit	620	Natwest Markets (was RBS)	19/08/2016	19/08/2019	£2,000,000.00	1.10*
Fixed Term Deposit	637	Close Brothers Ltd	18/04/2017	10/04/2019	£1,000,000.00	1.00
Fixed Term Deposit	675	Goldman Sachs International	08/05/2018	07/05/2019	£2,000,000.00	1.10
Fixed Term Deposit	676	Qatar National Bank	09/05/2018	09/05/2019	£1,000,000.00	1.31
Fixed Term Deposit	677	Goldman Sachs International	23/05/2018	22/05/2019	£1,000,000.00	1.10
Fixed Term Deposit	688	Qatar National Bank	30/08/2018	30/08/2019	£2,000,000.00	1.35
Fixed Term Deposit	690	Close Brothers Ltd	17/09/2018	17/09/2019	£1,000,000.00	1.10
Fixed Term Deposit	691	Development Bank of Singapore (DBS)	01/10/2018	01/04/2019	£2,000,000.00	0.950
Fixed Term Deposit	692	Development Bank of Singapore (DBS)	22/10/2018	23/04/2019	£2,000,000.00	0.95
Fixed Term Deposit	693	Leeds County Council	26/10/2018	26/04/2019	£2,000,000.00	0.85
Fixed Term Deposit	694	Goldman Sachs International	08/11/2018	07/11/2019	£2,000,000.00	1.305
Fixed Term Deposit	695	Santander	16/11/2018	18/11/2019	£2,000,000.00	1.25
Fixed Term Deposit	696	Qatar National Bank	20/11/2018	19/11/2019	£2,000,000.00	1.49
Fixed Term Deposit	697	Qatar National Bank	06/12/2018	05/12/2019	£1,000,000.00	1.50
Fixed Term Deposit	698	Barclays	06/12/2018	05/12/2019	£2,000,000.00	1.04
Fixed Term Deposit	699	Close Brothers Ltd	19/12/2018	18/12/2019	£2,000,000.00	1.25
Fixed Term Deposit	700	Close Brothers Ltd	21/12/2018	20/12/2019	£1,000,000.00	1.25
Fixed Term Deposit	701	Goldman Sachs International	03/01/2019	03/07/2019	£1,000,000.00	1.115
Fixed Term Deposit	702	Development Bank of Singapore (DBS)	11/01/2019	07/05/2019	£1,000,000.00	0.99
Fixed Term Deposit	703	Yorkshire BS	21/01/2019	07/05/2019	£1,000,000.00	0.80
Fixed Term Deposit	704	Development Bank of Singapore (DBS)	11/02/2019	05/11/2019	£1,000,000.00	1.04
Fixed Term Deposit	705	Qatar National Bank	14/02/2019	14/10/2019	£2,000,000.00	1.30
Fixed Term Deposit	706	Close Brothers Ltd	04/03/2019	03/03/2020	£1,000,000.00	1.25
Fixed Term Deposit	707	Qatar National Bank	06/03/2019	04/03/2020	£1,000,000.00	1.42
Fixed Term Deposit	708	Close Brothers Ltd	18/03/2019	16/03/2020	£1,000,000.00	1.25
Fixed Term Deposit	709	Qatar National Bank	27/03/2019	25/03/2020	£1,000,000.00	1.39
Property Fund	140000	CCLA (Churches, Charities and LA's)			£5,000,000.00	4.28**
Money Market Fund	110000	Federated			£4,000,000.00	0.78
Money Market Fund	100500	CCLA (Churches, Charities and LA's)			£4,000,000.00	0.79
Callable deposit	44445	Lloyds 95DN			£2,000,000.00	1.10
					£53,000,000.00	

* Yr 1 - 0.8%, Yr 2 - 0.95%, Yr 3 - 1.10%

** Approximate rate

Arun District Council

Population Returns against Model Returns



	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Arun District Council	1.10%	0.95%	0.15%	0.87%	1.03%	Above