This Report will be made public on 8 October 2019

Report Number **C/19/27**

To:	**Cabinet**
Date:	**16 October 2019**
Status:	**Non-Key Decision**
Responsible Officer:	**Charlotte Spendley – Assistant Director Finance, Customer & Support Services**
Cabinet Member:	**Councillor David Monk, Leader**

SUBJECT: **TREASURY MANAGEMENT MONITORING REPORT 2019/20**

SUMMARY: This report provides an update on the council's treasury management activities that have taken place during 2019/20 against the agreed strategy for the year. The report also provides an update on the treasury management indicators approved by Cabinet earlier this year.

REASONS FOR RECOMMENDATIONS:
Cabinet is asked to agree the recommendations set out below because:

a) Both the CIPFA Code of Practice on Treasury Management and the Council's Financial Procedure Rules require Members to receive a report on the Council's treasury management activities during the year.

RECOMMENDATIONS:
1. To receive and note report C/19/27.

1. BACKGROUND

1.1 Cabinet approved the Treasury Management Strategy Statement for 2019-20, including treasury management indicators, on 20 February 2019 (report C/18/71 refers). Full Council approved the Capital Strategy for 2019-20 covering capital expenditure and financing, treasury management and non-treasury investments on 20 February 2019 (report A/18/23 refers).

1.2 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management requires the council, as a minimum, to produce a mid-year report reviewing its treasury management activity undertaken so far against the approved strategy for the year and to consider any significant issues which may impact upon the function for the remainder of the year. This includes reviewing the approved treasury management indicators. The Code also requires the council to report on its non-treasury investments. This report meets CIPFA's reporting requirement.

1.3 The authority 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.

2. ECONOMIC UPDATE AND INTEREST RATE OUTLOOK

2.1 A summary of the key factors affecting the UK economy for 2019-20 is shown below and is based on information supplied by Arlingclose Limited, the council's Treasury Adviser:-

- i) The UK's economic outlook remains uncertain as the government continues to negotiate the country's exit from the European Union.
- ii) UK Consumer Price Inflation (CPIH) was at 1.7% in August, just below the Bank of England's target of 2%.
- iii) The unemployment rate has fallen to 3.8% at July 2019, its lowest level since 1975.
- iv) The employment rate was 76.1%, the joint highest since comparable records began in 1971.
- v) Pay growth rose to 3.8%, but real wages (adjusted for inflation) grew by just 1.9%.
- vi) UK Gross Domestic Product (GDP) was at just 0.2% in Q2 of 2019 as is viewed as weak. However the monthly growth for July was 0.3% bringing some encouragement the country may avoid sliding into recession this year.
- vii) Continuing fears to the global economy from the trade war between the US and China and the imposition of tariffs on each other's goods which may see the US Federal Reserve (Fed) reduce interest rates further as the likelihood of a global recession increases.
- viii) The UK's Bank Base Rate has remained unchanged so far this year at 0.75% although BoE's August Inflation Report noted the deterioration in global activity and sentiment.

2.2 Financial Markets

2.2.1 Gilt yields (UK Government bonds), which the Public Works Loan Board borrowing rates are linked to, have been volatile so far during 2019 due to the ongoing economic and political uncertainty both domestically and globally. Over the summer this has seen a flight to quality by investors with the price of gilts rising and yields falling. The 5-year benchmark gilt yield fell to 0.28% at the start of September from 0.63% at end of June. There were falls in the 10-year and 20-year gilts over the same period, dropping to 0.43% from 0.83% and to 0.84% from 1.35% respectively.

2.2.2 Money markets rates remained low: 1-month, 3-month and 12-month LIBID rates averaged 0.65%, 0.75% and 1.00% respectively over the period.

2.3 Interest Rate Outlook

2.3.1 Given the continuing uncertainty over the UK's withdrawal from the EU, the UK's relatively weak economic environment and the threat of a global recession, Arlingclose's central case is for the UK Bank Base Rate to remain unchanged at 0.75% for the foreseeable future with the risks significantly weighted to the downside.

2.3.2 Arlingclose's central case for gilt yields is for them to remain broadly unchanged from their current historic low levels for the remainder of 2019/20 and beyond with the risks being balanced between increases and reductions to these. However gilt yields will continue to be subject to periods of short term volatility due to geo-political events.

2.3.3 With the authority's borrowing portfolio currently being virtually all of fixed rate debt, it is its investment portfolio that is much more exposed to changes in interest rates.

3. LOCAL CONTEXT

3.1 On 31 March 2019, the authority had net borrowing of £14.2m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.19 Actual £m
General Fund CFR	20.4
HRA CFR	47.4
Total CFR	**67.8**
Less: Usable reserves	(51.2)
Less: Working capital	(2.4)
Net borrowing	**14.2**

3.2 The authority's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31 August 2019 and the change since the 31 March 2019 is show in table 2 below.

Table 2: Treasury Management Summary

	31.3.19 Balance £m	**Net Movement £m**	**31.8.19 Balance £m**	**31.8.19 Rate %**
Long-term borrowing	54.8	-	54.8	3.44
Short-term borrowing	1.6	-	1.6	1.52
Total borrowing	**56.4**	**-**	**56.4**	**3.39**
Long-term investments	(19.0)	3.4	(15.6)	4.64
Short-term investments	(10.0)	6.5	(3.5)	1.03
Cash and cash equivalents	(13.2)	3.3	(9.9)	0.74
Total investments	**(42.2)**	**13.2**	**(29.0)**	**2.87**
Net borrowing	**14.2**	**13.2**	**27.4**	

3.3 The overall increase of £13.2m in net borrowing is not unexpected and broadly reflects the impact of the council's capital expenditure incurred over the period met from prudential borrowing, notably £17.7m for the Connect 38 office building in Ashford. So far it has been possible to continue with the strategy of using internal borrowing from available cash balances rather than taking out new loans, demonstrated by the reduction in investment balances.

4. BORROWING STRATEGY AND ACTIVITY 2019/20

4.1 At 31 August 2019, the Authority held £56.4m of loans, unchanged compared to 31 March 2019, as part of its strategy for funding previous and current years' capital programmes. Following the introduction of the Housing Revenue Account (HRA) Self-Financing regime in 2012 the authority operates a two pool debt approach allocating its loans between the General Fund and HRA. The borrowing position at 31 August 2019 compared to 31 March 2019 is shown in table 3 below. A list of the individual loans borrowed at 31 August 2019 is shown in appendix 1 to this report.

Table 3: Borrowing Position – Two Pool Debt Approach

	31.3.19 Balance £m	**Net Movement £m**	**31.8.19 Balance £m**	**31.8.19 Rate %**
General Fund				
Public Works Loan Board	7.2	-	7.2	4.69%
Local authorities (short-term)	0.5	-	0.5	0.50%
Total General Fund borrowing	7.7	-	7.7	4.42%
Housing Revenue Account				
Public Works Loan Board	48.7	-	48.7	3.23%
Total HRA borrowing	48.7	-	48.7	3.23%
Total borrowing	**56.4**	**-**	**56.4**	**3.39%**

4.2 The weighted average maturity of the overall loans portfolio at 31 August 2019 was 12.8 years.

4.3 The authority's chief objective when borrowing has been to strike 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 authority's long-term plans change being a secondary objective.

4.4 In furtherance of these objectives no new long term borrowing has so far been undertaken in 2019/20, and there are planned maturities of about £1m due to take place before 31 March 2020.

4.5 Based on the council's existing approved capital expenditure investment plans, the CFR is forecast to increase by about a further £30m during 2019/20. As explained in section 3 above, so far it has been possible to use internal borrowing to meet this increase and this has helped to reduce borrowing costs, despite foregone investment interest, and reduce overall treasury risk. The position will continue to be closely monitored in conjunction with Arlingclose during the current financial year and it may be necessary to take on some new borrowing to meet the projected increase in the CFR.

4.6 The “cost of carry” analysis performed by Arlingclose has not indicated any value in borrowing in advance for future years’ planned expenditure and therefore none has been taken or, at this stage, is planned to be for the remainder of the current financial year.

4.7 A series of short term loans totalling £0.5m have been borrowed from Folkestone Town Council for cash flow purposes at a variable interest rate set at 0.25% below the official Bank Base Rate and were still in place at 31 August 2019. The council borrowed £5m from Portsmouth City Council at a fixed interest rate of 0.75% on temporary basis in May 2019 to provide it with a liquidity buffer while it completed the acquisition of the Connect 38 building. This loan was repaid in June 2019.

4.8 **Debt Rescheduling** – Opportunities to undertake debt rescheduling have been monitored during the year in conjunction with Arlingclose. However, as expected, PWLB interest rates have not reached a level where it would be beneficial to undertake debt rescheduling to create a net saving in borrowing costs. The position is not expected to change for the remainder of the current financial year.

5. INVESTMENTS

5.1 The council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the period to 31 August 2019, the authority’s investment balance has ranged between £25m and £50m due to timing differences between income and expenditure. The average investment balance held to 31 August 2019 was £37m. The investment position during the period to 31 August 2019 is shown in table 4 below. A list of the individual investments held at 31 August 2019 is shown in appendix 2 to this report.

Table 4: Investment Position

	31.3.19 Balance £m	Net Movement £m	31.8.19 Balance £m	Average Return
Covered bonds (secured)	3.5	-	3.5	1.03%
Government (incl. local authorities)	10.0	(10.0)	-	-
Money Market Funds	13.2	(3.3)	9.9	0.75%
Commercial Property Pooled Fund	5.5	-	5.5	4.18%
Multi-Asset Income Pooled Funds	10.0	0.1	10.1	4.89%
Total investments	**42.2**	**(13.2)**	**29.0**	**2.87%**

5.2 The weighted average maturity of the investment portfolio at 31 August

2019 was 66 days.

5.3 Both the CIPFA Code and government guidance require the authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

5.4 The council is meeting its investment objectives and strategy for 2019/20. Firstly the amount of short term liquid cash for investments has been reduced by using it for internal borrowing to support capital expenditure, as outlined previously in sections 3 and 4 of this report. This has reduced the authority's exposure to credit risk. Secondly the strategic investments in externally managed pooled funds, representing the authority's forecast minimum level of cash reserves and balances over the medium term, have been maintained. The pooled funds continue to provide returns in excess of inflation with some limited capital growth, thereby helping to protect the value of the authority's cash reserves. Encouragingly there has also been a net unrealised gain of almost £100,000 to the capital value of these funds since 1st April 2019. This means the council's original cash investment of £15m is now worth about £15.6m, an increase of £0.6m.

5.5 **Investment Benchmarking**

5.5.1 The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in table 5 below.

Table 5: Investment Benchmarking

	Credit Score	**Credit Rating**	**Bail-in Exposure**	**WAM* (days)**	**Income Return**
FHDC					
31.03.2019	4.3	AA	49%	75	2.24%
30.06.2019	**3.5**	**AA**	**69%**	**99**	**3.06%**
Similar LAs	4.3	AA-	63%	81	1.74%
All LAs	4.3	AA-	62%	28	1.41%

5.5.2 The investment benchmarking, which is a snapshot at the end of each quarter, demonstrates the authority's risk profile had reduced slightly and was just below both its peer group and the wider local authority population at 30 June 2019 (measured against other Arlingclose clients only). Most notable from the benchmarking snapshot is the council's income returns are significantly better than the other groups. This is due to the pooled funds now being proportionally a larger part of the total investment portfolio as cash has been used for internal borrowing, coupled with the enhanced returns from the multi-asset income pooled funds that have been achieved.

5.6 Given the increasing risk and continued low returns from short-term unsecured bank investments and in line with advice from Arlingclose, it is the council's aim to continue to diversify into more secure and/or higher yielding asset classes during the remainder of this financial year and beyond.

6. CREDIT RISK AND COUNTERPARTY UPDATE

6.1 Credit Risk

6.1.1 The structure of the authority's approved credit risk methodology for new investments is in line with that suggested by Arlingclose. Based on this approved methodology, Arlingclose provides the authority with a regular up to date list of eligible counterparties to use and also notifies it immediately of any changes required to this.

6.2 Counterparty Update

6.2.1 Broadly UK bank credit default swap prices (the banking sector's insurance against default) have remained low in historical terms so far in this financial year with some limited volatility.

6.2.2 There have been few credit rating changes during the period and none directly affecting the authority's counterparty list adversely.

7. FINANCIAL SUMMARY

7.1 The projected outturn for the net cost of treasury management to the General Fund in 2019/20 is summarised in table 6 below:

Table 6: Financial Summary

	2019/20 Original Estimate	**2019/20 Projection**	**Variance**
	£'000	£'000	£'000
Interest on all Borrowing	1,912	1,922	10
Related HRA Charge	(1,569)	(1,569)	-
General Fund Borrowing Cost	**343**	**353**	**10**
Investment Income	(713)	(789)	(76)
HRA Element	75	88	13
General Fund Investment Income	**(638)**	**(701)**	**(63)**
Net General Fund Borrowing Cost	**(295)**	**(348)**	**(53)**

7.2 The projected reduction in the net borrowing cost to the General Fund is mainly due to additional investment income expected to be received from the enhanced returns from the multi-asset income pooled funds.

7.3 Opportunities to reduce the net cost of treasury management will continue to be sought as part of the pro-active management to the council's debt and investment portfolios by its officers in consultation with the Cabinet Member for Finance.

8. Non-Treasury Investments

8.1 Although not classed as treasury management activities, the 2017 CIPFA Code and the MHCLG Investment Guidance requires the authority to report on investments for policy reasons outside of normal treasury management. This includes service investments for operational and/or regeneration as well as commercial investments which are made mainly for financial reasons. This includes the authority's investment in its wholly owned subsidiary company, Oportunitas Limited. These are summarised in table 7 below:

Table 7: Non-Treasury Investments

Investment Type	**Value 31/03/19 £'000**	**Movement £'000**	**Value 31/08/19 £'000**	**Projected Net Income 2019/20 £'000**	**Annualised Rate of Return %**
Investment Property					
Agricultural Land	27,240	-	27,240	66	0.24
Offices	-	16,819	16,819	1,130	7.38
Commercial Land	1,057	-	1,057	-	-
Commercial Units	1,424	-	1,424	104	7.30
Residential Units	1,890	285	2,175	45	2.07
Assets Under Construction	143	-	143	-	-
Total Investment Property	**31,754**	**17,104**	**48,858**	**1,345**	**2.98**
Subsidiary Company					
Oportunitas loan	3,531	-	3,531	172	4.88
Oportunitas equity	1,300	-	1,300	0	0
Total Subsidiary	**4,831**	**-**	**4,831**	**172**	**3.56**
Total	**36,585**	**17,104**	**53,689**	**1,517**	**3.03**

8.2 The movement shown in the table is for the acquisition value for the Connect 38 offices and a further property linked to the Otterpool Park Garden Town project. The projected net income and rate of return on investments is required to be shown before the impact of any ongoing capital financing costs where assets have been financed by prudential borrowing.

8.3 Ordinarily the rate of return on non-treasury investment assets would be expected to be higher than that earned on treasury investments reflecting the additional risks to the council of holding such investments. This is demonstrated with the return on the commercial units, offices and Oportunitas. However the return on the investment property portfolio for

2019/20 is significantly distorted because of the land acquisition taking place for the Otterpool Park project in particular. In the meantime the council is receiving rental streams from some of the property being acquired in the short to medium term.

8.4 As previously reported to Cabinet on 17 July 2019 (Report no. C/19/10 refers), the agricultural land at Otterpool benefitted from a significant increase in value of £21.9m, from £5m to £26.9m in 2018/19 to reflect its current market value for housing development. This unrealised gain in value for the site is seen as a highly encouraging indicator for the council's involvement in the proposed development of the Otterpool Park Garden Town.

9. COMPLIANCE REPORT

9.1 The Corporate Director for Customer, Support and Specialist Services is pleased to report that all treasury management activities undertaken to 31 August 2019 complied fully with the CIPFA Code of Practice and the authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 8 below.

Table 8: Investment Limits

	Maximum to 31.8.19	**31.8.19 Actual**	**2019/20 Limit**	**Complied**
Any single organisation, except UK Government	£5m	£5m	£5m each	✓
UK Central Government	£16.0m	nil	Unlimited	✓
Any group of funds under the same management	nil	nil	£5m per group	✓
Negotiable instruments held in a broker's nominee account	£3.5m	£3.5m	£10m per broker	✓
Foreign countries	nil	nil	£5m per country	✓
Registered Providers	nil	nil	£10m in total	✓
Unsecured investments with Building Societies	nil	nil	£5m in total	✓
Loans to unrated corporates	nil	nil	£5m in total	✓
Money Market Funds	£20.0m	£9.9m	£25m in total	✓
Any group of pooled funds under the same management	£7.5m	£7.5m	£10m per manager	✓

Real estate investment trusts	nil	nil	£10m in total	✓

9.2 Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 9 below.

Table 9: Debt Limits

	Maximum to 31.8.19	31.8.19 Actual	2019/20 Operational Boundary	2019/20 Authorised Limit	Complied
Borrowing	61.4	56.4	94.0	96.5	✓
PFI & finance leases	-	-	-	-	✓
Total debt	**61.4**	**56.4**	**94.0**	**96.5**	✓

9.3 Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

10. TREASURY MANAGEMENT INDICATORS

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

10.2 **Security:** The authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating 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. Unrated investments are assigned a score based on their perceived risk.

	31.8.19 Actual	2019/20 Target	Complied
Portfolio average credit rating	AA	A	✓

10.3 **Liquidity:** The authority 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.

	31.8.19 Actual	2019/20 Target	Complied
Total cash available within 3 months	£9.9m	£5m	✓

10.4 **Interest Rate Exposures**: This indicator is set to control the authority's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest was:

	31.8.19 Actual	2019/20 Limit	Complied
Upper limit on one-year revenue impact of a 1% **rise** in interest rates	£224,000	£265,000	✓
Upper limit on one-year revenue impact of a 1% **fall** in interest rates	£180,000	£215,000	✓

10.4.1 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

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

	31.8.19 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	2.8%	30%	0%	✓
12 months and within 24 months	2.3%	40%	0%	✓
24 months and within 5 years	18.3%	50%	0%	✓
5 years and within 10 years	35.5%	80%	0%	✓
10 years and above	41.1%	100%	0%	✓

10.5.1 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.

10.6 **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2019/20	2020/21	2021/22
Actual principal invested beyond year end	£3.5m	-	-
Limit on principal invested beyond year end	£15m	£5m	£5m
Complied	✓	✓	✓

Note – Although the council's investments in pooled funds of £15.6m are accounted for as non-current (long term) assets, based on the intention to continue to hold them for longer than 12 months, they do not have a fixed maturity date and can be redeemed within a short notice period if required so do not feature in this indicator.

11. CONCLUSIONS

11.1 The UK's economic outlook means interest rates are expected to remain broadly unchanged for the remainder of the current financial year.

11.2 The authority will maintain its strategy keeping borrowing and investments below their underlying levels (internal borrowing) in order to reduce risk and keep interest costs lower.

11.3 The loan and investment portfolios will continue to be closely monitored to ensure they efficiently contribute towards the authority's medium term financial strategy.

11.4 The authority's treasury management activities undertaken to 31 August 2019 complied fully with the approved Treasury Management Strategy.

12. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

12.1 Legal Officer's Comments (NE)

There are no legal implications arising directly out of this report. Part 1 of the Local Government Act 2003 gives the Council the power to borrow and to invest for any purpose relevant to its functions or for the purposes of the prudent management of its financial affairs. It also requires the Council to act prudently when carrying out these activities, including an obligation to determine and keep under review how much money it can borrow. In addition, the Council is required by the Local Government Finance Act 1992 to produce a balanced budget. The Council must bear in mind its fiduciary duties to local tax payers and its continuing obligation to ensure it has funding to perform the statutory undertakings it has to comply with.

12.2 Finance Officer's Comments (LW)

Prepared by Financial Services, no further comments.

12.3 Diversities and Equalities Implications

The report does not cover a new service or policy or a revision of either and therefore does not require an Equality Impact Assessment.

13. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Lee Walker, Group Accountant
Telephone: 01303 853593
E-mail: lee.walker@folkestone-hythe.gov.uk

The following background documents have been relied upon in the preparation of this report: None

Appendices:
Appendix 1 – Borrowing, Loans held at 31 August 2019
Appendix 2 – Investment held at 31 August 2019

APPENDIX 1 – BORROWING, LOANS HELD AT 31 AUGUST 2019

Folkestone and Hythe District Council Itemised Borrowing at 31 August 2019

Lender	Loan No	Loan Type	Repayment Method	Maturity Date	Principal Outstanding 31/03/2019	Movement	Principal Outstanding 31/08/2019	Interest Rate
					£	£	£	%
Public Works Loan Board	430141	Fixed	Annuity	01/11/2033	4,010	-54	3,956	11.38
Public Works Loan Board	480111	Fixed	Maturity	31/03/2023	1,000,000	0	1,000,000	6.63
Public Works Loan Board	488942	Fixed	Maturity	07/08/2034	2,000,000	0	2,000,000	4.80
Public Works Loan Board	492233	Fixed	Maturity	15/03/2054	2,000,000	0	2,000,000	4.05
Public Works Loan Board	493698	Fixed	Maturity	07/08/2055	2,500,000	0	2,500,000	4.55
Public Works Loan Board	493914	Fixed	Maturity	07/02/2053	2,500,000	0	2,500,000	4.55
Public Works Loan Board	494027	Fixed	Maturity	15/03/2044	2,000,000	0	2,000,000	4.65
Public Works Loan Board	494028	Fixed	Maturity	15/03/2045	2,000,000	0	2,000,000	4.65
Public Works Loan Board	494029	Fixed	Maturity	15/03/2046	2,141,190	0	2,141,190	4.65
Public Works Loan Board	500536	Fixed	Maturity	28/03/2023	4,000,000	0	4,000,000	2.56
Public Works Loan Board	500537	Fixed	Maturity	28/03/2031	4,010,000	0	4,010,000	3.26
Public Works Loan Board	500538	Fixed	Maturity	28/03/2028	4,000,000	0	4,000,000	3.08
Public Works Loan Board	500540	Fixed	Maturity	28/03/2025	4,000,000	0	4,000,000	2.82
Public Works Loan Board	500541	Fixed	Maturity	28/03/2029	4,000,000	0	4,000,000	3.15
Public Works Loan Board	500542	Fixed	Maturity	28/03/2030	4,000,000	0	4,000,000	3.21
Public Works Loan Board	500543	Fixed	Maturity	28/03/2027	4,000,000	0	4,000,000	3.01
Public Works Loan Board	500544	Fixed	Maturity	28/03/2021	1,300,000	0	1,300,000	2.21
Public Works Loan Board	500545	Fixed	Maturity	28/03/2022	1,300,000	0	1,300,000	2.40
Public Works Loan Board	500546	Fixed	Maturity	28/03/2024	4,000,000	0	4,000,000	2.70
Public Works Loan Board	500547	Fixed	Maturity	28/03/2020	1,100,000	0	1,100,000	1.99
Public Works Loan Board	500548	Fixed	Maturity	28/03/2026	4,000,000	0	4,000,000	2.92
Total - Public Works Loan Board					55,855,200	-54	55,855,146	
Folkestone Town Council	n/a	Variable	Call Notice - 2 days	n/a	500,000	0	500,000	0.50
Total - All Borrowing					**56,355,200**	**-54**	**56,355,146**	

APPENDIX 2 – INVESTMENTS HELD AT 31 AUGUST 2019

Category and Counterparty	Amount or Value £	Terms	Interest Rate or Yield %
Covered Bonds (Secured)			
Royal Bank of Scotland	1,000,257	Covered floating rate note to 15/05/2020	1.03
Royal Bank of Scotland	2,501,470	Covered floating rate note to 15/05/2020	1.03
Money Market Funds			
Aberdeen Standard MMF	4,930,000	No notice instant access	0.73
Federated MMF	5,000,000	No notice instant access	0.74
Other Pooled Funds			
Commercial Property Fund			
CCLA Property Fund	5,467,152		4.18*
Multi-Asset Income Funds			
CCLA Diversified Income Fund	2,021,951		3.82
UBS Multi-Asset Income Fund	1,006,325		4.67
Kames Diversified Monthly Income Fund	3,589,046		5.95
Investec Diversified Income Fund	3,513,579		4.48
Total Investments	**29,029,780**		2.87

* Net of Fees