Report to the Audit & Governance Committee

Report reference: ***AGC-014-2020/21***
Date of meeting: ***28th September 2020***

Epping Forest District Council

Portfolio:	**Finance & Economic Development**	
Subject:	**Treasury Management Outturn Report 2019/20**	
Responsible Officer:	**Andrew Small**	**(01992 564278).**
Democratic Services:	**Gary Woodhall**	**(01992 564243).**

Recommendations/Decisions Required:

(1) To note the Treasury Management Outturn Report for 2019/20 *(Appendix A)* and pass comment for full Council.

(2) To consider and recommend for approval to full Council, the following amended Treasury Management Investment Limits:

- **Single Institution (excluding the UK Government) – £4 million (up from £3 million)**
- **Money Market Funds (MMF) – £10 million per MMF (removing total limit of £10 million).**

Executive Summary:

The Council's Treasury Management Strategy for 2019/20 was considered at a meeting of the Audit and Governance Committee on 28th January 2019 and was subsequently agreed by full Council on 21st February 2019.

In accordance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice, the Treasury Management Outturn Report for 2019/20 (presented in ***Appendix A***) sets out the Council's actual Treasury Management activity for 2019/20, including the year-end position contained in the Council's (draft) Statement of Accounts for 2019/20.

The report begins by setting the external context for 2019/20 by exploring the Economic Background, Financial Markets and Credit Ratings; this includes a discussion on the early impact of the Covid-19 Pandemic.

The 2019/20 Borrowing and Investment position for Epping Forest DC shows the following:

- Borrowing – external borrowing rose by £39.0 million (from £185.5 million to

£224.5 million) in the year; and

- Investments – up £5.5 million (from £16.5 million to £22.1 million).

CIPFA's revised Code now covers all the financial assets of the Council, as well as other non-financial assets which the Council holds, primarily for financial return. The report therefore also considers the Council's Commercial Property Portfolio, which delivered Net Income of £6.216 million in 2019/20 and continues to be a key part of the Council's strategy to minimise Council Tax increases. Some valuation losses were experienced though, predominantly on Shops, due to unfavourable market conditions.

The report concludes by considering compliance with the Council's adopted Treasury Management and Prudential Indicators. Full compliance was achieved on an overwhelming majority of indicators. However, the cash requirements of the Council's recently expanded commercial activities, has led to some technical breaches, especially on Investment Limits. Consequently, some revisions are proposed to current Investment Limits, which will help to re-balance risk and operational need.

Reasons for Proposed Decision:

To enable the robust scrutiny the Council's Treasury Management performance in 2019/20 in compliance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) and generally accepted good practice.

Legal and Governance Implications:

The Local Government Act 2003 created a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by CIPFA as a professional Code of Practice to support local authority decision making in capital investment and financing. Local authorities are required by regulation to have regard to the Prudential Code.

Safer, Cleaner and Greener (SCG) Implications:

None.

Background Papers:

Treasury Management Strategy Statement 2019/20 (Audit and Governance Committee, 28th January 2019).

Risk Management:

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy. The Strategy includes several Risk Management features, including – for example – the overriding priority that security of deposit takes precedence over return on investment.

Appendix A

Treasury Management Outturn Report 2019/20

<u>Introduction</u>

The Council has adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve Treasury Management semi-annual and annual reports.

The Council's Treasury Management Strategy for 2019/20 was considered at a meeting of the Audit and Governance Committee on 28th January 2019 and was subsequently agreed by full Council on 21st February 2019. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

Treasury risk management at Epping Forest DC is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Council to approve a Treasury Management Strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 21st February 2019.

<u>External Context: review of 2019/20</u>

Economic Background: The UK's exit from the European Union and future trading arrangements, had remained one of major influences on the UK economy and sentiment during 2019/20. The 29th March 2019 Brexit deadline was extended to 12th April 2019, then to 31st October 2019 and finally to 31st January 2020. Politics played a major role in financial markets over the period as the UK's tenuous progress negotiating its exit from the European Union together with its future trading arrangements drove volatility, particularly in foreign exchange markets. The outcome of the December 2019 General Election removed a lot of the uncertainty and looked set to provide a 'bounce' to confidence and activity.

The headline rate of UK Consumer Price Inflation fell to 1.7% (year on year) in February 2020, below the Bank of England's target of 2%. Labour market data remained positive. The International Labour Organisation (ILO) unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.

GDP growth in Quarter 4 2019 was reported as flat by the Office for National Statistics (ONS) and service sector growth slowed down, with production and construction activity contracting on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.

Then coronavirus swiftly changed everything. COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis, with a shift in investments towards sovereign debt and other perceived 'safe' assets.

In response to the spread of the virus and sharp increase in those infected, the Government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages, as they attempted to reduce some of the negative economic impact to domestic and global growth.

The Bank of England, which had held rates steady at 0.75% through most of 2019/20, moved in March 2020 to cut rates to 0.25%, and swiftly thereafter brought them down further to a record low of 0.1%. In conjunction with these cuts, the UK government introduced a range of measures to help businesses and households affected by a series of ever-tightening social restrictions ('lockdown').

The US economy grew at an annualised rate of 2.1% in Quarter 4 2019. After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely affected sentiment and production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August 2019. Following a series of five cuts, the largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also introduced a raft of COVID-19 related measures and support for its economy including a $2 trillion fiscal stimulus package. With interest rates already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.

Financial Markets: Financial markets sold off sharply as the impact from the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30% at its worst point with stock markets in other countries seeing similar huge falls. In March 2020, sterling reached its lowest level against the dollar since 1985. The measures implemented by central banks and governments helped restore some confidence and financial markets rebounded but remained volatile. Gilt yields fell substantially; the 5-year benchmark falling from 0.75% in April 2019 to 0.26% on 31st March 2020. The 10-year benchmark yield fell from 1.0% to 0.4%, the 20-year benchmark yield from 1.47% to 0.76% over the same period. 1-month, 3-month and 12-month bid rates averaged 0.61%, 0.72% and 0.88% respectively over the period.

Credit Review: In Quarter 4 2019, Fitch affirmed the UK's AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a Negative outlook. Fitch then affirmed UK banks' long-term ratings, removed the RWN and assigned a Stable outlook. Standard & Poor's also affirmed the UK sovereign AA rating and revised the outlook to Stable from Negative. The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.

While the UK and Non-UK banks on the Arlingclose counterparty list remain in a strong and well-capitalised position, the duration advice on all these banks was cut to 35 days in mid-March 2020.

Fitch downgraded the UK sovereign rating to AA- in March 2020, which was followed by a range of actions on UK and Non-UK banks. This included revising the outlook on all banks on the Counterparty List to Negative; the exceptions were Barclays Bank, Rabobank, Handelsbanken and Nordea Bank, which were placed on Rating Watch Negative, as well as cutting Close Brothers long-term rating to A-. Having revised their outlooks to Negative, Fitch upgraded the long-term ratings on Canadian and German banks but downgraded the long-term ratings for Australian banks. However, HSBC Bank and HSBC UK Bank had their long-term ratings increased by Fitch to AA-.

Local Context

On 31st March 2019, the Council had net borrowing of £168.9 million 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

	31/03/19 Actual £m
General Fund CFR	73.008
HRA CFR	154.391
Total CFR	**227.399**
Less: Other Debt liabilities (Finance Lease)	-1.163
Borrowing CFR	**226.236**
Less: External borrowing	-185.456
Internal borrowing:	
Less: Usable reserves	-48.462
Less: Working capital	-8.874
Net Investments	**16.556**

The Council pursued its strategy of keeping 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 at 31st March 2020 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31/03/19 Balance £m	Movement £m	31/03/20 Balance £m	31/03/20 Rate %
Long-term Borrowing	185.5	+25.0	210.5	2.94
Short-term Borrowing	0	+14.0	14.0	2.0
Total Borrowing	**185.5**	**+39.0**	**224.5**	
Long-Term Investments	0	0	0	N/A
Short-term Investments	16.0	-16.0	0	N/A
Cash and Cash Equivalents	0.6	+21.5	22.1	0.01
Total Investments	**16.6**	**+5.5**	**22.1**	
Net Borrowing	**168.9**	**+33.5**	**202.4**	

The Council’s cash flows during March and April 2020 were unusual, due to the combined impact of the Qualis initiative and the Covid-19 pandemic. Thus:

- *Long-Term Borrowing* – long-term borrowing increased gradually during the year as planned, due to the growing financing requirements of the General Fund Capital Programme

- *Short-Term Borrowing* – short-term (predominantly 30-day loans) borrowing of £14.0 million from other local authorities was secured in late March 2020, based on the anticipated financing needs of the Qualis initiative in April 2020

- *Short-Term Investments* – the Council’s investment portfolio was gradually eliminated during the year as part of a cost-effective strategy for reducing the net financing costs of the General Fund Capital Programme (through minimising the need for external borrowing); and

- *Cash and Cash Equivalents* – due to the combined effects of the increase in short-term borrowing and the reduction in short-term investments (both highlighted above), year-end cash balances were temporarily much larger than usual (partly due to Treasury Management advice, which was to carry higher balances in the light of the volatility and uncertainty caused by the Coronavirus pandemic).

Borrowing Update

On 9th October 2019 the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. PWLB borrowing remains available but the margin of 180bp above gilt yields appears relatively very expensive. Market alternatives are available and new products will be developed; however, the financial strength of individual authorities will be scrutinised by investors and commercial lenders.

The Chancellor’s March 2020 Budget statement included significant changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB’s future direction. Announcements included a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields (the value of this discount is 1% below the rate at which the Council usually borrows from the PWLB), available from 12th March 2020 and £1.15 billion of additional “infrastructure rate” funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

The "Future Lending Terms" consultation allowed key stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals on allowing authorities that are not involved in "debt for yield" activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield without impeding their ability to pursue their core policy objectives of service delivery, housing, and regeneration. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.

In the wake of the COVID-19 pandemic, the consultation deadline was extended and closed on 31st July 2020. There is no official timetable as to when the results will be announced, or new lending terms implemented. However, Arlingclose – the Council's Treasury Management advisors – understands that, although most stakeholders would like the new system to start as soon as is practical, the potential complexities relating to the requirements for HM Treasury to implement a system of collating and categorising details of capital projects across UK local authorities could take several months to develop. Consequently, it may be late Autumn 2020 before any findings are released, with implementation of the new policy perhaps not taking place until April 2021.

Borrowing Strategy

At 31st March 2020 the Council held £224.5 million in loans (an increase of £29.0 million compared to the position as at 31st March 2019), as part of its strategy for funding the Capital Programme. Outstanding loans on 31st March 2020 are summarised in Table 3 below.

Table 3: Borrowing Position

	31/03/19 Balance £m	**Net Movement £m**	**31/03/20 Balance £m**	**31/03/20 Weighted Average Rate %**	**31/03/20 Weighted Average Maturity (years)**
Public Works Loan Board	185.5	+25.0	210.5	2.94%	24.03
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	0	0	0	N/A	N/A
	0	+14.0	14.0	2.0%	0.08
Total Borrowing	**185.5**	**29.0**	**224.5**		

The Council'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 Council's long-term plans change being a secondary objective.

With short-term interest rates remaining much lower than long-term rates, the Council considered it more cost effective in the short term to use internal resources or borrowed rolling temporary / short-term loans instead. The net movement in temporary / short-term loans is shown in Table 3 above.

Other Debt Activity

The Council did not raise any other capital finance in 2019/20, with the balance outstanding on Finance Leases of £1.163 million (in respect of Biffa refuse vehicles) on 1st April 2019 repaid in full during the year.

Treasury Investment Activity

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During 2019/20, the Council's investment balances ranged between circa £2 million and £32 million; this was due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4: Treasury Investment Position

	31/03/19 Balance £m	Net Movement £m	31/03/20 Balance £m	31/03/20 Income Return %	31/03/20 Weighted Average Maturity Days
Banks & building societies (unsecured)	0.6	+21.5	22.1	0.01	Instant Access
Government (incl. local authorities)	8.0	-8.0	0	N/A	N/A
Money Market Funds	8.0	-8.0	0	N/A	N/A
Total Investments	**16.6**	**5.5**	**22.1**		

Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council'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.

Money Market Fund investments of £6.0 million were redeemed at year-end to supplement temporary borrowing from local authorities of £24.0 million (including £10.0 million in early April 2020); this resulted in a reduction in net borrowing costs.

Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. This is replicated in the Investment Guidance issued by Ministry of Housing, Communities and Local Government (MHCLG), in which the definition of investments is further broadened to also include all such assets held partially for financial return.

The Council also holds a significant commercial property portfolio on its Balance Sheet, which are summarised in Table 5 below.

Table 5: Commercial Property Investments

Category	31/03/19 Balance Sheet Value	Acquisitions/ Enhancements	Valuation (+Gains/-Losses)	31/03/20 Balance Sheet Value	Return on Value (+Gain/-Loss)	Net Income 2019/20
Shops*	£81.133m	+£19.898m	-£6.266m	£94.765m	-6.2%	£4.582m
Industrial Units	£24.547m	+£5.344m	+£2.120m	£32.011m	+7.1%	£1.333m
Other**	£11.331m	0	-£0.081m	£11.250m	-0.7%	£0.301m
Total Debt	**£117.011m**	**£25.242m**	**-£4.227m**	**£138.026m**	**-3.0%**	**£6.216m**

*Includes Public Houses and a Petrol Station
**Includes North Weald Airfield and Tennis Centre

The most significant item to note is the Revaluation Loss on Shops with the most significant item being Epping Forest Shopping Park, whereby a downward valuation of £5.1 million (down from £43.1 million to £38.0 million) was experienced due to prevailing market conditions. It should be noted that the impact of Covid-19 on valuations will be reflected in the figures for 2020/21.

Compliance

The Strategic Director and Section 151 Officer reports that all Treasury Management activities undertaken during the year complied fully with the CIPFA Code of Practice. However, regarding the approved Treasury Management Strategy 2019/20:

- *Debt Limits* – full compliance achieved; and

- *Investment Limits* – the £3.0 million limit on investing in any single organisation (except for the UK Government) was breached during the year, with the Council holding larger amounts of cash with NatWest, the Council's main bankers. This was primarily driven by commercial investment activity, which was approved by Cabinet during 2019/20 (and subsequent to the adoption of the Treasury Management Strategy for the year). The peak cash holding was £26.0 million in mid-December 2019; this was a temporary position (lasting 6 days) as the Council gathered the funds in readiness for a balancing payment of £18.645 million in respect of the purchase of Centric Parade, High Road, Loughton.

The increasing scale of commercial activity generally, including the Qualis initiative, means that the current Investment Limits are proving operationally very difficult (and technically impossible during the early stages of the pandemic as the Council received large sums from the Government at very short notice). A review of the Limits has therefore been undertaken and a solution (that balances risk with operational need) has been developed. The starting point is the level of available Balance Sheet reserves in the event of a default. The Council had £27.341 million in reserves on its (draft) Balance Sheet as at 31st March 2020 to cover unexpected credit losses in an emergency.

Table 6: Reserves Available to Cover Credit Losses (@ 31/03/20)

Description	**31/03/20 Balance**
General Fund Reserve	£7.759m
Earmarked Reserves	£19.582
Reserves available to cover Credit Losses	**£27.341m***

*Excludes ring-fenced reserves such as Capital Receipts and HRA

Based on discussions with Arlingclose, a reasonable level of risk to carry in a single institution would be 15% (based on current market conditions). A revised Investment Limit for a single institution is therefore suggested at £4.0 million (rounded down for prudence).

In addition, it is the view of Arlingclose that the Council's current Investment Limit of £10 million in total for Money Market Funds (MMF) is now – in the circumstances – excessively prudent, with a £10 million limit more usually associated with a single MMF; these are not considered risky investments (and usually carry very high credit ratings), provided investments are spread across a range of MMFs. It is therefore proposed that the MMF Investment Limit be amended to £10 million *for a single MMF.*

Compliance with the Operational Boundary and Authorised Limit for external debt is demonstrated in Table 7 below.

Table 7: Debt Limits

<table>
<tr><th></th><th>2019/20 Maximum</th><th>31/03/20 Actual</th><th>2019/20 Operational Boundary</th><th>2019/20 Authorised Limit</th><th>Complied? (Yes/No)</th></tr>
<tr><td>Borrowing</td><td>£210.5m</td><td>£210.5m</td><td rowspan="3">£260.0 million</td><td rowspan="3">£270.0 million</td><td rowspan="3">Yes</td></tr>
<tr><td>Finance Leases</td><td>£1.2</td><td>0</td></tr>
<tr><td>Total Debt</td><td>£211.7m</td><td>£210.5m</td></tr>
</table>

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. Total debt did not breach Operational Boundary during the year.

Table 8: Investment Limits

	2019/20 Maximum	31.3.20 Actual	2019/20 Limit	Complied? (Yes/No)
Any single organisation, except the UK Government	£26.0m	£22.1m	£3.0m each	No
UK Government (including local authorities)	£8.0m	0	Unlimited	Yes
Any group of organisations under the same ownership	0	0	£3.0m per group	Yes
Any group of pooled funds under the same management	0	0	£5.0m per manager	Yes
Negotiable instruments held in a broker's nominee account	0	0	£2.0m per broker	Yes
Foreign countries	0	0	£3.0m per country	Yes
Registered providers and registered social landlords	0	0	£3.0m in total	Yes
Unsecured investments with building societies	0	0	£2.0m in total	Yes
Loans to unrated corporates	0	0	£2.0m in total	Yes
Money Market Funds	£8.0m	0	£10.0m in total	Yes
Real Estate Investment Trusts	0	0	£5.0m in total	Yes

Treasury Management Indicators

The Council measures and manages its exposures to Treasury Management risks using the following indicators.

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

	31/03/20 Actual	2019/20 Target	Complied?
Portfolio average credit rating	A	A-	Yes

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

	31/03/20 Actual	2019/20 Target	Complied?
Total cash available within 3 months	£22.1 million	£3.0 million	Yes

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

Interest rate risk indicator	31/03/20 Actual	2019/20 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates (Borrowing)	£318,000	£318,000	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates (Investments)	£210,000	£100,000	No

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates. The table shows that Interest Rate Exposure on Investments breached the limit in 2019/20; this was due to the higher than originally planned level of cash balances carried during the year (explained above, in the context of Investment Limits). However, Interest Rate Exposure on Borrowing remained within its limit; this is important for the Council, with net variable rate exposure of £108,000 (£318,000 minus £210,000) focused on Borrowing.

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 all borrowing were:

	31/03/20 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	22%	100%	0%	Yes
12 months and within 24 months	0%	100%	0%	Yes
24 months and within 5 years	0%	100%	0%	Yes
5 years and within 10 years	0%	100%	0%	Yes
10 years and within 15 years	0%	100%	0%	Yes
15 years and within 20 years	43%	100%	0%	Yes
20 years and within 25 years	30%	100%	0%	Yes
25 years and above	5%	100%	0%	Yes

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

Principal Sums Invested for Periods Longer than a year: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the 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	£0	N/A	N/A
Limit on principal invested beyond year end	£3.0 million	£1.0 million	£0
Complied?	Yes	N/A	N/A

Other

IFRS 16: CIPFA/LASAAC has proposed delaying the implementation of the new IFRS 16 Leases accounting standard for a further year to 2021/22.