WIRRAL

POLICY AND RESOURCES COMMITTEE

Wednesday, 28 July 2021

REPORT TITLE:	**TREASURY MANAGEMENT ANNUAL REPORT 2020-21**
REPORT OF:	**DIRECTOR OF RESOURCES**

REPORT SUMMARY

The Authority's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires the Authority to approve treasury management semi-annual and annual reports.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Ministry of Housing, Communities and Local Government (MHCLG) Investment Guidance.

As projected in the Treasury Management Mid-Year Report, there was an overspend on Treasury activities which is attributable to 2020/21 budget savings that were not achieved due to implementation delays emanating from COVID response activity and significant changes in interest rates on investments. This overspend was incorporated into the Revenue Outturn report.

The level of Capital Financing debt held on the balance sheet, including the Merseyside Residuary Body debt managed by the Council on behalf of the constituent authorities, was £166 million at 31 March 2021. This is a reduction of £3 million since 1 April 2020 and reflects policies to minimise and delay borrowing costs which adversely impact upon the revenue budget.

The Council has complied with the Treasury Management Indicators as set out in the agreed Treasury Management Strategy for 2020/21.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATION/S

1 The Policy and Resources Committee recommends to Council that the Treasury Management Annual Report for 2020/21 be agreed.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 Wirral has adopted the CIPFA Code of Practice on Treasury Management ("the Code"), which includes regular update reports to Members of treasury activity. This report is the annual review for 2020/21.

2.0 OTHER OPTIONS CONSIDERED

2.1 There is a legal requirement to produce an Annual Report on Treasury Management activities so no other options have been considered.

3.0 BACKGROUND INFORMATION

3.1 Treasury management is defined by CIPFA as: "The management of the local authority 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."

3.2 The Council approves the Treasury Management Strategy at the start of each financial year. This identifies how it is proposed to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. During the year members receive a mid-year report on treasury management activities and at the end of each financial year an Annual Report.

ECONOMIC BACKGROUND

Growth & Inflation

3.3 The coronavirus pandemic dominated 2020/21, leading to almost the entire planet being in some form of lockdown during the year. The start of the financial year saw many central banks cutting interest rates as lockdowns caused economic activity to grind to a halt. The Bank of England cut Bank Rate to 0.1% and the UK government provided a range of fiscal stimulus measures.

3.4 In its March 2021 interest rate announcement, the Bank of England noted that while GDP would remain low in the near-term due to COVID-19 lockdown restrictions, the easing of these measures means growth is expected to recover strongly later in the year. Inflation is forecast to increase in the near-term and while the economic outlook has improved there are downside risks to the forecast, including from unemployment which is still predicted to rise when the furlough scheme is eventually withdrawn.

3.5 Despite the furlough scheme, national unemployment still rose. Labour market data showed that in the three months to January 2021 the unemployment rate was 5.0%, in contrast to 3.9% recorded for the same period 12 months ago. Wages rose 4.8% for total pay in nominal terms and was up 3.9% after inflation in real terms. Unemployment is still expected to increase once the various government job support schemes come to an end.

3.6 Inflation has remained low over the 12-month period. Latest figures showed the annual headline rate of UK Consumer Price Inflation (CPI) fell to 0.4% (year on year) in February, below expectations (0.8%) and still well below the Bank of England's 2% target.

3.7 After contracting sharply in Q2 (Apr-Jun) 2020 by 19.8%, GDP growth in Q3 and Q4 bounced back by 15.5% and 1.3% respectively. The easing of some lockdown measures in the last quarter of the calendar year enabled construction output to continue, albeit at a much slower pace than the 41.7% rise in the prior quarter. The Q1 2021 lockdown prompted a further contraction of 1.5% (quarter on quarter) in UK GDP as expected, but the robust monthly rise in March GDP suggests that the economic activity started to pick up ahead of the end of the severest restrictions.

Monetary Policy

3.8 The Bank of England (BoE) held Bank Rate at 0.1% throughout the year but extended its Quantitative Easing programme by £150 billion to £895 billion at its November 2020 meeting. Government initiatives supported the economy and the Chancellor announced in the 2021 Budget a further extension to the furlough (Coronavirus Job Retention) scheme until September 2021. Access to support grants was also widened, enabling more self-employed people to be eligible for government help.

Market Reaction

3.9 Monetary and fiscal stimulus helped provide support for equity markets which rose over the period, with the Dow Jones beating its pre-crisis peak on the back of outperformance by a small number of technology stocks. The FTSE indices performed reasonably well during the period April to November, before being buoyed in December by both the vaccine approval and Brexit deal, however they remain lower than their pre-pandemic levels.

3.10 Ultra-low interest rates prevailed throughout most of the period, with yields generally falling between April and December 2020. From early in 2021 the improved economic outlook due to the new various stimulus packages (particularly in the US), together with the approval and successful rollout of vaccines, caused government bonds to sell off sharply on the back of expected higher inflation and increased uncertainty, pushing yields higher more quickly than had been anticipated. The 5-year UK benchmark gilt yield began the financial year at 0.18% before declining to -0.03% at the end of 2020 and then rising strongly to 0.39% by the end of the financial year. Over the same period the 10-year gilt yield fell from 0.31% to 0.19% before rising to 0.84%. The 20-year declined slightly from 0.70% to 0.68% before increasing to 1.36%.

BORROWING AND DEBT MANAGEMENT

PWLB Borrowing Update

3.11 In November 2020 the PWLB published its response to the consultation on 'Future Lending Terms'. From 26th November the margin on PWLB loans above gilt yields was reduced from 1.8% to 0.8% providing that the borrowing authority can confirm that it is not planning to purchase 'investment assets primarily for yield' in the current or next two financial years. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. As part of the borrowing process authorities will now be required to submit more detailed capital expenditure plans with confirmation of the purpose of capital expenditure from the Section 151 Officer. The PWLB can now also restrict local authorities from borrowing in unusual or large amounts.

3.12 Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management. Misuse of PWLB borrowing could result in the PWLB requesting that Authority unwinds problematic transactions, suspending access to the PWLB and repayment of loans with penalties.

3.13 Competitive market alternatives may be available for authorities with or without access to the PWLB. However, the financial strength of the individual authority and borrowing purpose will be scrutinised by commercial lenders.

3.14 The Authority's underlying need to borrow as measured by the Capital Financing Requirement (CFR) at 31 March 2021 was £362.6 million.

Table 1 – Level of External Debt

	Balance at 01/04/20 £000	New Borrowing £000	Matured Debt £000	Balance at 31/03/21 £000
CFR	**348,521**			**362,517**
Outstanding Debt				
Short Term Capital Debt	6,191	16,194	(6,191)	16,194
Long Term Capital Debt	162,339	3,289	(16,194)	149,434
Total Capital Debt	**168,530**	**19,483**	**(22,385)**	**165,628**
Temporary Cashflow Loans	140,601	303,504	(359,101)	85,004
Other Long Term Liabilities	39,558	0	(2,692)	36,866
Total External Debt	**348,689**	**322,987**	**(384,178)**	**287,498**

3.15 The Authority 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.

3.16 Affordability and the "cost of carry" remained important influences on the borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained lower than long-term rates, it was more cost effective in the short-term to use internal resources instead.

3.17 The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose, the treasury management advisers, assist the Authority with this ‘cost of carry’ and breakeven analysis.

3.18 The chief objective when borrowing is 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 long-term plans change, being a secondary objective.

3.19 Given the reductions in local government funding, the borrowing strategy continued to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.20 As a consequence of the decision to borrow internally, the Authority’s level of external long-term borrowing has reduced significantly over recent years. Utilisation of the short-term borrowing market has aided the policy of internal borrowing, whilst enabling the Council to have enough liquidity at a lower cost compared to the longer-term loan market.

3.21 With external borrowing reducing, the annual cost of financing this debt has also fallen year on year, generating savings. These cost reductions, coupled with the deferral of further borrowing costs through internal borrowing provided substantial one-off savings.

3.22 At 31 March 2021 the total external debt included £25.1 million for the Merseyside Residuary Body debt, which is repayable by other external organisations, which is administered by the Authority (£27.7 million at 31 March 2020).

3.23 The following table shows the capital financing loans repaid during the year.

Table 2 – Loan Maturities in 2020/21

Loans maturing in 2020/21	Principal £'m	Fixed/ Variable	Rate %	Loan start date	Terms
PWLB	0.25	Fixed	1.89	October 2010	E I P
PWLB	0.50	Fixed	2.30	November 2011	E I P
PWLB	0.25	Fixed	2.16	February 2019	E I P
Landesbank Hessen	2.50	Fixed	6.95	June 2000	Maturity
SALIX	0.36	Fixed	0.00	October 2015	E I P
Total Maturing Borrowing	**3.86**				

Note: Equal Instalments of Principal (EIP) loans are loans that are repaid in equal instalments spread over the duration of the loan. Maturity loans are repaid in full at the maturity date of the loan.

3.24 During 2020/21 the Council secured a further interest free loan from SALIX in respect of energy efficient lighting schemes. This loan was for £1.00 million and matures in 2025/26.

3.25 The average rate of interest paid on long term borrowings as at 31 March 2021 was 5.83% (5.85% at 31 March 2020) and the average term is 28 years, (28 years at 31 March 2020). It should be noted that the average rate calculation excludes the benefit received from the policy of using internal borrowing to delay borrowing for capital financing purposes. This incurs a £nil borrowing cost at the expense of foregone investment income and if included would reduce the average rate.

3.26 Temporary, short, dated loans, predominantly from other local authorities remain affordable and attractive for periods of low cash flow.

Other Long-Term Liabilities

3.27 Other Long-Term Liabilities relates to the schools Private Finance Initiative (PFI) scheme. Under the International Financial Reporting Standards (IFRS) these items are now shown on the Balance Sheet as a Financial Liability and therefore need to be considered within any Treasury Management decision making process.

3.28 As at 31 March 2021 the PFI liability was valued at £36.9 million to be repaid by 2031.

INVESTMENT ACTIVITY

3.29 Both the CIPFA and the MHCLG's Investment Guidance require the Authority to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. These investments arise from a number of sources including General Fund Balances, Reserves and Provisions, grants received in advance of expenditure, money borrowed in advance of capital expenditure, Schools' Balances and daily cashflow / working capital.

3.30 At 31 March 2020 the Council held investments of £88 million, this decreased to £50 million in June 2020 and maintaining similar levels at the end of September (£45 million) then reducing to December 2020 (£19 million). During the final quarter of the financial year the Council received further financial assistance from Central government in relation to the COVID-19 pandemic, hence the increase in investment levels seen in the table below to £48 million.

Table 3 – Level of Investment 2020/21

Investment Counterparty	Balance 01/04/20 £000	Investments Made £000	Maturities £000	Balance 31/03/21 £000	Credit Rating
Government Debt Management Office	10,450	584,695	-595,145	0	AA-
Banks	10,000	1,380	-11,380	0	AA-
	5,000	73,541	-77,600	941	A+
	5,000	25,620	-25,620	5,000	A
Money Market Funds	39,500	347,173	-362,756	23,917	AAA
Corporate	975		0	975	Unrated
Externally Managed Funds	17,000			17,000	AAA
Total	**87,925**	**1,032,409**	**-1,072,501**	**47,833**	

Note 1: Unrated Corporate investments are cash flow facilities backed by suitable financial guarantees.

3.31 Security of capital remained the main investment objective. This was maintained by following the counterparty policy set out in the Treasury Management Strategy Statement for 2020/21 which defined “high credit quality” organisations as those having a long-term credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

3.32 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority’s minimum long-term counterparty rating for 2020/21 was A- across rating agencies Fitch, S&P and Moody’s); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

3.33 The following table shows the credit composition of the Council’s investment portfolio as at 31 March 2021:

Table 4: Investment Portfolio – Credit Components

Credit Rating	Proportion of Portfolio %
AAA	65
A+	2
A	10
Unrated	23
Total	**100**

Note: *'Unrated' components relate to corporate investments that despite the absence of a formal rating, are either deemed credit worthy due to analysis of their performance over a variety of credit metrics or backed by suitable financial guarantees. These institutions are subject to a lower counterparty limit than those with formal credit ratings.*

3.34 Investments with Banks and Building Societies were primarily call accounts and fixed-rate term deposits. The maximum duration of any new investment was constantly reviewed in line with the prevailing credit outlook during the year as well as market conditions.

3.35 The Authority also has investments in externally managed cash plus funds, a strategic bond fund and a pooled property fund, which allow the Authority to diversify into asset classes other than cash with the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short-term. The Authority's pooled fund investments are in the respective fund's 'distributing' share class which pay out the income generated.

3.36 Any unrealised capital movements will not have an impact on the General Fund as the Authority has either, depending on the fund, elected to present changes in the funds' fair values in other comprehensive income (FVOCI) or is using the alternative fair value through profit and loss (FVPL) accounting and must defer the funds' fair value losses to the Pooled Investment Fund Adjustment Account until 2023/24.

3.37 Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three to five-year period total returns will exceed cash interest rates. Their performance and suitability in meeting the Authority's investment objectives are monitored regularly and discussed with Arlingclose.

3.38 For diversification purposes the Treasury Management team invest in a variety of counterparties and financial instruments to help mitigate counterparty and liquidity risks. A summary of the instruments invested in follows:

Table 5: Investment Portfolio – Financial Instruments

Investment Instrument	**Proportion of Portfolio %**
Money Market Fund	50
Externally Managed Fund	36
Call Account	12
Term Deposit	2
Total	**100**

3.39 As stated in the Revenue Monitoring reports the budgeted investment income for the year estimated at £2.1 million was unlikely to be achieved. The final income for the year was £0.23 million (£0.37 million in 2019/20) with the reduction attributable to these key factors:

a) Low interest rates offered for investments
b) The economic impact of COVID-19
c) The continuing policy of relying on internal borrowing to temporarily fund and thereby delay borrowing for the capital programme, which reduces balances available to put into investments but generates savings in interest incurred.

3.40 The level of investment income does not reflect the savings of an estimated 2.0% on delayed borrowing for amounts internally borrowed. Throughout 2020/21 the Bank of England Base Rate was set the at a level of 0.10%. the Authority had expected to receive significantly lower income from its cash and short-dated money market investments, including money market funds in 2020/21, as rates on cash investments are close to zero percent. Income from most of the Authority's externally managed funds will also be lower than in 2019/20 and earlier years. Dividend and income distribution was dependent on company earnings in a very challenging and uncertain trading environment as well as enforced cuts or deferral required by regulatory authorities.

3.41 The return on investments, along with our policy of internally borrowing, reflects prevailing market conditions and the objective of optimising returns commensurate with the principles of security and liquidity.

Credit Rating Developments

3.42 Credit Default Swaps (CDS) can be used as a measure of the financial markets view of the financial health of a banking institution, the higher the CDS the higher the uncertainty level. After spiking in March 2020, credit default swap spreads declined over the remaining period of the year to broadly pre-pandemic levels.

3.43 Credit rating actions to the period ending September 2020 have been covered in previous outturn reports. Subsequent credit developments include Moody's downgrading the UK sovereign rating to Aa3 with a stable outlook which then impacted a number of other UK institutions, banks and local government.

3.44 The vaccine approval and subsequent rollout programme are both credit positive for the financial services sector in general, but there remains much uncertainty around the extent of the losses banks and building societies will suffer due to the economic slowdown which has resulted due to pandemic-related lockdowns and restrictions.

3.45 The institutions and durations on the Authority's counterparty list recommended by treasury management advisors Arlingclose remain under constant review, but at the end of the period no changes had been made to the names on the list or the recommended maximum duration of 35 days.

Environmental, Social & Governance (ESG) Issues

3.46 Over 250 UK local authorities, including Wirral, have declared a climate emergency to tackle the drivers and impact of climate change, adapting now for sustainability in future years. Whilst there are no universally agreed metrics to assess these issues, the Council has included within its Treasury Management Strategy 2021/22 an appendix noting future ESG considerations.

Non-Treasury Investments

3.47 The Treasury Management Code definition of ‘investments’ has been widened to include financial assets as well as non-financial assets held primarily for financial returns such as investment property. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is to be identified and reported.

COMPLIANCE WITH TREASURY INDICATORS

3.48 The Authority confirms that it has complied with its Treasury Management Indicators for 2020/21, which were approved by Council on 2 March 2020 as part of the Treasury Management Strategy Statement. Details can be found in the Appendix.

3.49 In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during 2020/21. None of the indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

OTHER MATTERS

3.50 **CIPFA consultations**: In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee’s recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principles-based consultations and will be followed by more specific proposals later in the year.

3.51 In the Prudential Code the key area being addressed is the statement that “local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed”.

3.52 **IFRS 16 - Lease accounting standard**: Due to the effects of the COVID-19 pandemic, CIPFA/LASAAC has delayed the implementation of the new IFRS 16 Leases accounting standard for a further year to 2022/23**.**

4.0 FINANCIAL IMPLICATIONS

4.1 In the financial year 2020/21 treasury management activities produced an overspend of approximately £2.4 million. which is attributable to 2020/21 budget savings that were not achieved due to implementation delays emanating from COVID response activity and significant changes in interest rates on investments.

4.2 Interest rates have been significantly reduced by the Bank of England as a response to the COVID pandemic. Opportunities for investments have been curtailed whilst the rate of increase for yields has slowed, however work is being carried out with advisors to try and enhance the rate of return on the investment portfolio. With regards to reducing the interest costs associated with the Council's loans, work is taking place to renegotiate borrowing terms with lenders but is behind schedule due to other demands on financial institutions and other involved parties.

4.3 Capital financing debt has reduced to £166 million, per the balance sheet as at 31 March 20201, a decrease of £3 million since 1 April 2020, despite additional capital expenditure commitments.

4.4 Investment income has also helped to generate resources for service delivery.

5.0 LEGAL IMPLICATIONS

5.1 The Council has adopted the CIPFA Code of Practice on Treasury Management. This requires the annual production of Treasury Indicators and a Treasury Management Strategy Statement and the reporting of treasury management activities at least twice a year.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

7.1 The Council is responsible for treasury decisions and activity and none of these decisions are without risk. The successful identification, monitoring and control of risk are important, and the main risks are: -

Risk	Mitigation
Fluctuations in interest rate levels	That the borrowing and investment profiles are balanced both in terms of maturity (utilising short- and long-term instruments) and also in terms of the nature of the interest rate of the portfolio (fixed rate and variable interest rate products)
Exposure to inflation	That wherever possible investments are entered into at inflation equalling levels of interest. This depends entirely on the nature and purpose of the proposed investment.
Legal and Regulatory Risk	That appropriate legal advice is sought on new opportunities to ensure adherence to relevant legislation and regulation.

Credit and Counterparty Risk (Security of investments).	That any potential counterparty is subjected to suitable due diligence to ascertain appropriateness for investment and investment criteria
Council issues S114 notice	Should the Council encounter difficulties in obtaining borrowing following a S114 notice, the Authority has access to borrow from the PWLB as a lender of last resort. Any such borrowing would be subject to higher rates of interest.

8.0 ENGAGEMENT/CONSULTATION

8.1 This strategy report has been written in consultation with the Council's external treasury management advisors, Arlingclose Ltd, in accordance with best practice.

9.0 EQUALITY IMPLICATIONS

9.1 There are no equality implications directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 As part of future investment strategy, consideration will be given to potential opportunities to invest in environmentally focussed instruments or organisations. 'Ethical, Social and Governance' (ESG) investment criteria will be considered and, where viable in adherence to the policies laid out in this strategy, will only be entered into following satisfactory assessment of the instrument and/or organisation. An example of such investment is the holding in the Public Sector Social Impact Fund.

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APPENDICES

Appendix Treasury Indicators 2020/21

BACKGROUND PAPERS

CIPFA Code of Practice on Treasury Management

SUBJECT HISTORY

Council Meeting	Date
Treasury Management Strategy Statement 2020-21 Treasury Management Annual Report 2019-20 Treasury Management Mid-Year Report 2021-22	2nd March 2020 19th October 2020 11th November 2020

APPENDIX

TREASURY MANAGEMENT INDICATORS

Background

Treasury management indicators are not in the 2017 edition of the CIPFA Treasury Management Code itself but in the separate Treasury Management Code guidance notes for local authorities, which was last published in 2011. The Authority measures and manages its exposures to treasury management risks using the following indicators.

Treasury Management Indicators

1. 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.

Credit risk indicator	**Target**	**31.3.21 Actual**	**Complied?**
Portfolio average credit rating	A-	A+	Yes

2. Liquidity

The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each quarter without giving prior notice.

Liquidity risk indicator	**Target**	**31.3.21 Actual**	**Complied?**
Total sum borrowed in past 3 months without prior notice	**£15m**	**£75m**	**Yes**

3. 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 borrowing will be:

Maturity Structure of Borrowing	**Lower Limit 2020/21 %**	**Upper Limit 2020/21 %**	**Actual 31.03.23 %**	**Complied?**
Under 12 Months	0	90	68	YES
12 Months and within 24 months	0	50	10	YES
24 Months and within 5 years	0	50	4	YES
5 years and within 10 years	0	50	0	YES
10 years and over	0	100	18	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, including LOBO loans, many of which have repayment options every six months.

4. Principal Sums Invested For Periods Longer Than a Year

The Council has placed an upper limit for principal sums invested for periods longer than a year. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£30m	£30m	£30m
Actual principal invested beyond year end	£10m	£10m	£10m
Complied?	Yes	Yes	Yes