Public Document Pack

Shropshire Council
Legal and Democratic Services
Shirehall
Abbey Foregate
Shrewsbury
SY2 6ND

Date: Tuesday, 31 August 2021

Committee:
Cabinet

Date: **Wednesday, 8 September 2021**
Time: **10.00 am**
Venue: **Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND**

You are requested to attend the above meeting. The Agenda is attached

Members of the public will be able to access the live stream of the meeting by clicking on this link:

http://shropshire.gov.uk/CabinetMeeting8Sept21

There will be some access to the meeting room for members of the press and public but this will be very limited in order to comply with Covid-19 regulations.

If you wish to attend the meeting please e-mail democracy@shropshire.gov.uk to check that a seat will be available for you.

Tim Collard
Interim Assistant Director – Legal and Democratic Services

Members of Cabinet
Lezley Picton (Leader)
Steve Charmley (Deputy Leader)
Gwilym Butler
Dean Carroll
Rob Gittins
Kirstie Hurst-Knight
Cecilia Motley
Ian Nellins
Ed Potter

Your Committee Officer is:
Amanda Holyoak
Tel: 01743 257714
Email: amanda.holyoak@shropshire.gov.uk

AGENDA

1 Apologies for Absence

2 Disclosable Pecuniary Interests

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

3 Minutes (Pages 1 - 6)

To approve as a correct record the minutes of the previous meeting held on 21 July 2021

4 Public Question Time

To receive any questions from members of the public, notice of which has been given in accordance with Procedure Rule 14. Deadline for notification is not later than 10.00 AM on Monday 6th September 2021

5 Members Questions Time

To receive any questions from members of the council. Deadline for notification is not later than 5.00 PM on Friday 3rd September 2021

6 Scrutiny Items

7 Annual Treasury Report 2020/21 (Pages 7 - 24)

Lead Member – Councillor Gwilym Butler – Portfolio Holder for Resources

Report of Executive Director of Resources attached

Contact: James Walton 01743 258915

8 Treasury Management Update Quarter 1 2021/22 (Pages 25 - 52)

Lead Member – Councillor Gwilym Butler – Portfolio Holder for Resources

Report of Executive Director of Resources attached

Contact: James Walton 01743 258915

9 Financial Monitoring Report Quarter 1 2021/22

Lead Member – Councillor Gwilym Butler – Portfolio Holder for Resources

Report of Executive Director of Resources TO FOLLOW

Contact: James Walton 01743 258915

10 Performance Monitoring Report Quarter 1 2021/22

Lead Member – Councillor Gwilym Butler – Portfolio Holder for Resources

Report of Executive Director of Resources TO FOLLOW

Contact: James Walton 01743 258915

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Committee and Date
Cabinet
8 September 2021

CABINET

Minutes of the meeting held on 21 July 2021
In the Shrewsbury/Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND
10.00 - 10.58 am

Responsible Officer: Shelley Davies
Email: shelley.davies@shropshire.gov.uk Tel: 01743 257714

Present
Councillor Lezley Picton (Chairman)
Councillors Steve Charmley (Deputy Leader), Gwilym Butler, Rob Gittins, Kirstie Hurst-Knight, Cecilia Motley, Ian Nellins and Ed Potter

13 **Apologies for Absence**

Apologies for absence were received from Councillor Dean Carroll who was required to self isolate and joined the meeting remotely.

14 **Disclosable Pecuniary Interests**

None were declared.

15 **Minutes**

RESOLVED:

That the minutes of the meeting held on 30 June 2021 be confirmed a correct record.

16 **Public Question Time**

No questions had been received from members of the public.

17 **Member Question Time**

Member questions were received as follows:

Councillor Andy Boddington – regarding plans for the former biodigester and recycling site at Coder Road, Ludlow; any plans to bring forward use of the green field employment site located south of Sheet Road, Ludlow; proposals for brownfield regeneration on the fringes of the centre of Ludlow and, finally, timescales for an update of the Ludlow Local Economic Growth Strategy.

Prior to receiving any question from Councillor David Vasmer, the Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing stated that submission of an expression of interest for the mini Holland funding was supported whilst recognising that the Council would continue to prioritise active travel across the whole county.

Councillor Vasmer commented that he welcomed the statement made by the Deputy Leader and looked forward to the development of a bid for the mini Holland funding and hoped that, as £20M was available, the county would benefit.

Councillor Rob Wilson – regarding the percentage of the Council's budget allocated towards the active travel infrastructure in 2020/21 and 2022/23 and its percentage of the total highways budget.

The full questions and answers are provided on the webpage for the meeting: http://shropshire.gov.uk/committee-services/ieListDocuments.aspx?CId=130&MId=4229&Ver=4

18 **Scrutiny Items**

There were no items from scrutiny.

19 **Treasury Management Update - Quarter 4 2020/21**

The Portfolio Holder for Resources presented the report outlining the treasury management activities of the Council in the last quarter. He commented on the modest return on investments given the base rate of 0.1% and stressed the importance of investing in other areas of the capital programme that gave better returns particularly as base rate predictions forecast low interest rates for at least three years.

Responding to a question from Councillor Vasmer, he stated that he would report back on whether the impact on climate change could be incorporated into the definition of treasury management activities.

RESOLVED:

To accept the position as set out in the report.

20 **Shrewsbury High Street**

The Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing presented a report setting out an approach to implement a new Experimental Traffic Regulation Order (ETRO) to adjust from social distancing to an experiment for the Shrewsbury high street. In addition, support for the formalisation of existing measures and/or a Low Traffic Zone on the Shrewsbury Town Walls would be ascertained. He added that the closure times would remain unchanged, and on weekends all traffic would be prohibited during the closure period.

The Deputy Leader commented that a consultation exercise would be undertaken with stakeholders and the general public and this would consider all impacts of the experimental measures and assist the Council and its partners to implement the optimum longer-term arrangements for the town centre, its businesses, residents and stakeholders without impinging on its economic growth.

Responding to comments from Members, he made the following additional points:

- Town Walls residents would be fully consulted in an additional follow up consultation on the implementation of a Low Traffic Zone;
- Balance would be needed between long term measures and consideration of the addition of extra disabled parking bays
- An incremental approach would be taken to the scheme, for example, trial scheme, consultation, permanent measures
- All businesses would be consulted including those non-BID members
- Enforcement of the restrictions would fall to the Police

The Leader stated that she held some reservations and stressed the merits of a trial period for these initiatives (including the Low Traffic Zone on the Town Walls) and recognised the need for further consideration of enforcement measures without necessarily a reliance on the finite resources of the local Police. Responding to a Member's query, she added that an update would be provided on the series of signage to encourage traffic flow and parking away from the town centre.

RESOLVED:

i) That Cabinet agrees that, following the end of social distancing measures on 19 July 2021, an Experimental Traffic Regulation Order be confirmed closing Shrewsbury High Street to traffic Monday to Sunday 11-4 but allowing buses and taxis to use the road Monday- Friday and for this arrangement to continue until after the consultation referred to in recommendation (ii) has been completed and a further report has been considered by Cabinet to longer term arrangements for High Street.

ii) That Cabinet approves an 8-week public consultation to be initiated in the late Autumn led by Shropshire Council and its key partners to consider proposals for pedestrianisation of the High Street between:

- Monday to Friday 11am – 4pm for all vehicles except buses, taxis, and cyclists to be prevented from accessing the High Street.
- Saturday/Sunday 11am – 4pm all vehicles to be prevented from accessing the High Street
- to reduce or restrict through traffic on Town Walls via the formalisation of existing temporary measures on Town Walls and or the implementation of a Low Traffic Zone.

iii) That a separate consultation be held with businesses within the loop of the river that will be directly affected by the proposals at (ii) above.

iv) That Cabinet delegates authority to the Executive Director of Place, and Head of Communications / Head of Transport and Environment (working with partners) to finalise the consultation plan with the Council's key partners.

v) That Cabinet receives a further detailed report on the outcomes of the public consultation.

21 Proposed Improvements to Recycling Containers

The Portfolio Holder for Climate Change, Natural Assets & the Green Economy presented the report detailing an initiative for the provision of a 240-litre wheeled bin for recycling to all Shropshire households on request, to be introduced over a 6 month period, starting in Autumn 2021. He added that the wheelie bins would provide an alternative to the boxes currently used for recyclable glass bottles and jars, metal containers and plastic containers and would be available to households if requested but would not be compulsory.

Local feedback indicated that this would make recycling more convenient and would also increase the basic capacity available for this waste resulting in a reduction in the amount of Shropshire waste sent for disposal and an increase in the amount recycled.

Members were supportive of this initiative and the following additional comments were made during the debate:

- Recovery of costs directly from residents was greatly opposed whilst recognising the need to make residents aware of the costs involved and the impact on the Council's resources by funding this scheme.
- The level of take up of the scheme would be interesting; residents of some types of property may find it difficult, e.g. flats, terraced properties
- Climate change appraisal within future reports needed to be given greater consideration
- Consideration of emptying bins less frequently (monthly) was not being considered at this time as the anticipated increase in recycling would help cover the revenue costs of the scheme but this could be reviewed at a later date
- The 240L wheelie bin was a generic size but consideration was being given to the offer of a slimline 120L bin
- The impact of the awaited Environment Bill may have implications on charging opportunities for local authorities and would be considered in due course.

RESOLVED:

i) That Cabinet approves in principle the use of a 240-litre wheeled bin for recycling, and the intended roll out plan as described in the report, subject to funding of the project being identified and approved.

ii) That the preferred option for funding the initiative was as follows:

The Council to bear the cost of the initiative, which has been estimated at £2.932m. This option would require material changes to be made to the Financial and Capital Strategies to take account of the cost. An additional capital cost of £2.932m would be likely to result in an additional revenue cost of £0.335m per annum for ten years. Revised Financial and Capital Strategies will require full Council approval.

22 **Highways Asset Advertising Policy**

The Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing presented the report providing details of the proposed scheme to award a contract to provide a management and advertising scheme for roundabouts, boundary signs, lampposts and verges. He stressed that the signage would be small scale and would be in keeping with the Shropshire brand. An income stream would be generated to help maintain the programme and would generate income to support maintenance of traffic islands etc.

During the debate on this issue the following comments were made:

- Ongoing review would be essential to ensure that unnecessary clutter was avoided
- Consultation would be undertaken as necessary with the appropriate Parish/Town Councils
- It was recognised that the planning process was well established and the necessary permissions would be sought as needed on a case by case basis
- There would be no impact on the Council's biodiversity scheme, hedgecutting, verge cutting
- Signage would be sympathetic to the area and retain the Shropshire brand
- Additional revenue attracted by the scheme was understood and supported
- Dozens of local authorities already successfully operated such schemes
- The impact on business rates (Appendix 1) had already been assessed

RESOLVED:

That Cabinet:

i) Approves the advertising policy and guidelines set out in Appendix 2

ii) Approves the proposal to allow highway assets namely roundabouts boundary signs, lampposts and verges to be used for advertising/sponsorship purposes and branding by businesses advertising on the assets in accordance with the advertising policy/guidelines set out in Appendix 2.

iii) Delegates to the Executive Director of Place in consultation with the Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing to conclude the process of a contract award to Community Partners Ltd for a 4 year contract for the provision of a management and advertising scheme for roundabouts, boundary signs, lampposts and verges further to a direct award under the ESPO, Advertising Solutions Framework. This shall include implementation matters associated with the contract.

iv) Delegates to the Executive Director of Place in consultation with the Deputy Leader and Portfolio Holder for Physical Infrastructure, Highways and Built Housing the decision to include additional highway assets for advertising purposes in accordance with appendix 2 and determine the most appropriate procurement method for this.

23 Variation to Determined Admission Arrangements

The Portfolio Holder for Children and Education presented the report on the revised draft School Admissions Code that had passed through the Parliamentary process on 1 July 2021 requiring admission authorities across the country to agree by 1 September 2021 a variation to their admission arrangements to comply with the new Code.

She stated that this required IAPLAC children who appear to the admission authority to have been in state care outside of England and ceased to be in state care as a result of being adopted, to be given equal first priority in admission arrangements, alongside Looked After Children (LAC) and Previously Looked After Children (PLAC) children who were previously looked after by English local authorities.

RESOLVED:

i) That Cabinet approves the variations to Shropshire Council's admission arrangements for 2021-2022 and 2022-2023, namely to give equal top priority to children who appear to the admission authority to have been in state care outside of England and ceased to be in state care as a result of being adopted, alongside children who are currently or were previously looked after by English local authorities and ceased to be so as a result of being adopted.

ii) That Cabinet approve the variations to take effect from 1 September 2021 in compliance with the School Admissions Code 2021.

24 Exclusion of Press and Public

RESOLVED:

That in accordance with the provisions of Schedule 12A of the Local Government Act 1972 and Paragraph 10.4 (3) of the Council's Access to Procedure Rules, the public and press be excluded from the meeting during the consideration of the following item.

25 Exempt Minutes

RESOLVED:

That the exempt minutes of the meeting held on 30 June 2021 be confirmed a correct record.

Signed .... (Chairman)

Date: ....

Committee and Date	Item
Cabinet 08 September 2021 Audit Committee 16 September 2021 Council 23 September 2021	Public

ANNUAL TREASURY REPORT 2020/21

Responsible Officer James Walton
e-mail: James.Walton@shropshire.gov.uk Tel: (01743) 258915

1. Synopsis

As at 31.03.21 the Council held £148m investments and £304m borrowing. This report shows the borrowing & investment strategy, outturn for 2020/21 and investment performance of the internal treasury team, confirming activities align with the approved Treasury Management Strategy.

2. Executive Summary

2.1. The report informs members of treasury activities for Shropshire Council for 2020/21, including the investment performance of the internal treasury team to 31 March 2021. The internal treasury team outperformed their investment benchmark by 0.47% in 2020/21 and performance for the last three years is 0.40% per annum above benchmark. Treasury activities during the year have been within approved prudential and treasury indicators set and have complied with the Treasury Strategy.

2.2. During 2020/21 the performance of the Treasury Team delivered an under spend of £3.21 million compared to budget as highlighted in paragraph 5.2 of this report. This was mainly due to Minimum Revenue Provision (MRP) savings following the Council's review of the policy and interest payable savings as no borrowing was undertaken.

2.3. The Council is required through 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 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities

3. Recommendations

3.1. Members are asked to accept the position as set out in the report.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

4.2. There are no direct environmental, equalities or climate change consequences arising from this report.

4.3. Compliance with the CIPFA Code of Practice on Treasury Management, the Council's Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

4.4. The Council's Audit Committee is the committee responsible for ensuring effective consideration of the Council's Treasury Management Strategy and policies.

5. Financial Implications

5.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council's cash position. Similarly, higher than benchmarked returns on available cash will also help the Council's financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.

5.2. The 2020/21 performance is above benchmark for the reasons outlined in paragraph 2.2 of this report and has delivered additional income of £3.21 million which has been reflected in the final Revenue Monitor report for 2020/21.

6. Climate Change Appraisal

6.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council in order to achieve this. There are no climate change impacts arising from this report.

7. Background

7.1. The Council defines its treasury management activities as "the management of the authority's investments and cash flows, its banking, money market and capital market transactions, the effective control of the risks associated with those activities, and the pursuit of optimum performance consistent with those risks".

7.2. The Council is required through 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 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

7.3. Changes in the regulatory environment place a much greater onus on members for the review and scrutiny of treasury management policy and activities. Minimum reporting requirements are that the Council should receive the following reports:

- An annual treasury strategy in advance of the year.
- A mid-year treasury update report.
- An annual report following the year describing the activity compared to the strategy.

7.4. The CIPFA Code of Practice on Treasury Management states that these reports should be scrutinised by a nominated committee. These reports were scrutinised by the Audit Committee before they were reported to full Council for approval.

7.5. In addition to the minimum reporting requirements, the Executive Director's and Cabinet also receive quarterly treasury management update reports for information.

7.6. The Treasury Strategy for 2020/21 was approved by Council in February 2020, the mid-year treasury update report was approved by Council in December 2020. This Annual Report sets out our actual treasury performance for the year and shows how the actual treasury performance varied from our estimates and planning assumptions.

8. Borrowing Strategy and Outturn for 2020/21

8.1. The Council's Borrowing Strategy and Outturn position for 2020/21 can be found in Appendix C.

9. Debt rescheduling

9.1. No debt restructuring was undertaken during 2020/21. Further information is included within Appendix C.

10. Investment Strategy & Outturn for 2020/21

10.1. The Council's Investment Strategy and Outturn position for 2020/21 can be found in Appendix C.

11. Compliance with Treasury Limits and Prudential Indicators

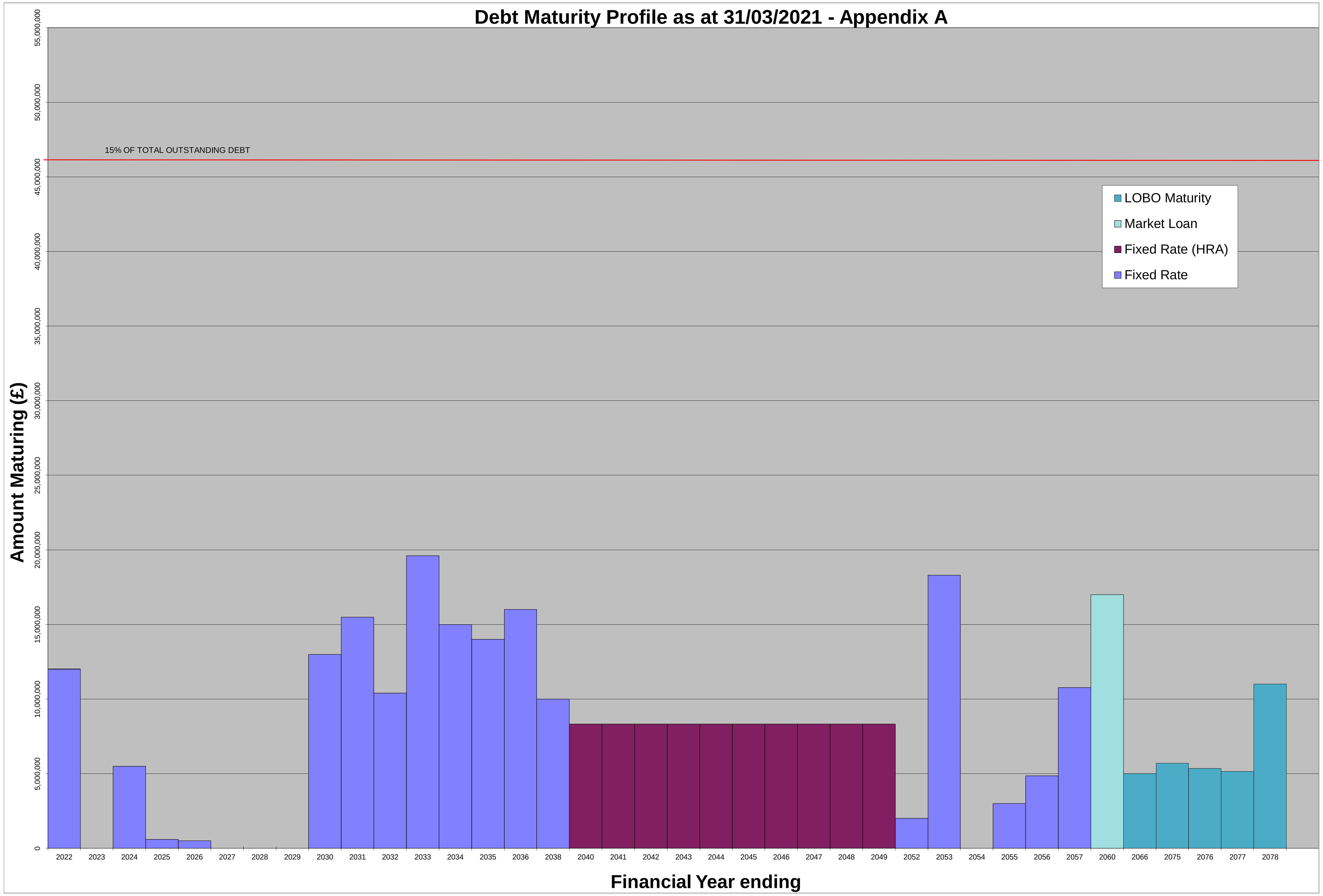
11.1 Compliance with the Council's Treasury Limits and Prudential Indicators can be found in Appendix B & C.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Council, February 2020, Treasury Strategy 2020/21. Council, December 2020, Treasury Strategy 2020/21 Mid-Year Review. Council, February 2021, Treasury Strategy 2021/22. Cabinet, September 2020, Treasury Management Update Quarter 1 2020/21. Cabinet, December 2020, Treasury Management Update Quarter 2 2020/21. Cabinet, February 2021, Treasury Management Update Quarter 3 2020/21. Cabinet, July 2021, Treasury Management Update Quarter 4 2020/21.
Cabinet Member: Gwilym Butler, Portfolio Holder for Resources
Local Member N/A
Appendices A. Debt Maturity Profile as at 31 March 2021 B. Prudential Indicators 2020/21 C. Council's Borrowing & Investment Strategy and Outturn Position 2020/21

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Fixed Rate	12,000,000	0	5,500,000	600,000	500,000	0	0	0	13,000,000	15,487,000	10,400,000	19,600,000	15,000,000	14,000,000	16,000,000
Fixed Rate (HRA)															
Market Loan															
LOBO Maturity															
	24264	0	11132	1215	1013	0	0	0	26390	31454.097	21132.8	39846.8	30510	28490	32576

	2038	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2052	2053	2054
Fixed Rate	10,000,000											2,000,000	18,300,000	0
Fixed Rate (HRA)		8,335,000	8,335,000	8,335,000	8,335,000	8,335,000	8,335,000	8,335,000	8,335,000	8,335,000	8,335,000			
Market Loan														
LOBO Maturity														
	20380	17003.4	17011.735	17020.07	17028.405	17036.74	17045.075	17053.41	17061.745	17070.08	17078.415	4104	37569.9	0

	2055	2056	2057	2060	2066	2075	2076	2077	2078			
Fixed Rate	3,000,000	4,853,693	10,777,000									
Fixed Rate (HRA)												
Market Loan				17,000,000								
LOBO Maturity					5,000,000	5700000	5350000	5150000	11000000	PWLB	LOBO	**303,567,693**
										Av period	Av period	
	6165	9979.193	22168.289	35020	10330	11827.5	11106.6	10696.55	22858	2040	2070	



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APPENDIX B

SHROPSHIRE COUNCIL PRUDENTIAL INDICATORS 2020/21

C1. The Prudential Code requires the Council to set Prudential Indicators in the Treasury Strategy and report performance against those indicators in the Annual Treasury Report.

C2. The ratio of financing costs compared to the net revenue stream of the Council was lower than expected in 2020/21 due to net revenue stream being higher than estimated.

Prudential Indicator	2020/21 Revised Estimate	2020/21 Actual
	%	%
Non HRA Ratio of financing costs to net revenue stream	9.1	6.9

Prudential Indicator	2020/21 Revised Estimate	2020/21 Actual
	%	%
Non HRA Ratio of financing costs (net of investment income) to net revenue stream	8.4	6.5
HRA Ratio of financing costs to HRA net revenue stream	38.0	38.0

C3. It can be seen from the tables that the authority was well within the approved authorised limit and the operational boundary for external debt for 2020/21.

Prudential Indicator	2020/21 Estimate	2020/21 Actual
External Debt	**£m**	**£ m**
Authorised Limit:		
Borrowing	568	304
Other long-term liabilities	97	99
Total	**665**	**403**

Prudential Indicator	2020/21 Estimate	2020/21 Actual
External Debt	**£ m**	**£ m**
Operational Boundary: Borrowing Other long-term liabilities	 475 97	 304 99
Total	**572**	**403**

C4. Gross borrowing was as anticipated due to no general fund borrowing being undertaken in 2020/21. A key indicator of prudence is that net borrowing should not exceed the capital financing requirement. It can be seen from the following figures that the Council continues to meet this prudential indicator.

Prudential Indicator	2020/21 Estimate	2020/21 Actual
Net Borrowing & Capital Financing Requirement:	**£ m**	**£ m**
Gross Borrowing (inc. HRA)	304	304
Investments	110	148
Net Borrowing	**194**	**156**
Non HRA Capital Financing Requirement	390	273
HRA Capital Financing Requirement	95	85
Total CFR	**485**	**358**

C5. Non HRA was higher and HRA capital expenditure was lower than anticipated during the year. Explanations for these under/overspends were included in the 2020/21 final capital outturn report.

Prudential Indicator	2020/21 Revised Estimate	2020/21 Actual
	£ m	**£ m**
Non HRA Capital expenditure	64.4	66.4
HRA Capital expenditure	22.3	4.5

C6. The level of fixed rate and variable rate borrowing were within the approved limits for the year.

Prudential Indicator	2020/21 Estimate	2020/21 Actual
Upper Limit for Fixed/Variable Rate Borrowing	**£ m**	**£ m**
Fixed Rate (GF)	531	304
Variable Rate	266	0

C7. The level of fixed rate and variable rate investments were within the approved limits during 2020/21.

Prudential Indicator	2020/21 Estimate	2020/21 Actual
Upper Limit For Fixed/Variable Rate Investments	**£ m**	**£ m**
Fixed Rate	220	115
Variable Rate	220	33

C8. Longer term investments were held at the year-end due to the investment in Shrewsbury Shopping Centres.

Prudential Indicator	2020/21 Estimate	2020/21 Actual
Upper Limit for Sums Invested over 364 days	**£m**	**£m**
Internal Team	50	0
External Manager	30	0
Shrewsbury Shopping Centres	90	0

C9. The maturity profile was within the limits set in the Treasury Strategy.

Prudential Indicator	2020/21 Upper Limit	2020/21 Actual
Maturity Structure of External Borrowing	**%**	**%**
Under 12 months	15	4
12 months to 2 years	15	0
2 years to 5 years	45	2
5 years to 10 years	75	9
10 years to 20 years	100	34
20 years to 30 years	100	22
30 years top 40 years	100	18
40 years to 50 years	100	2
50 years and above	100	9

Appendix C

Borrowing Strategy for 2020/21

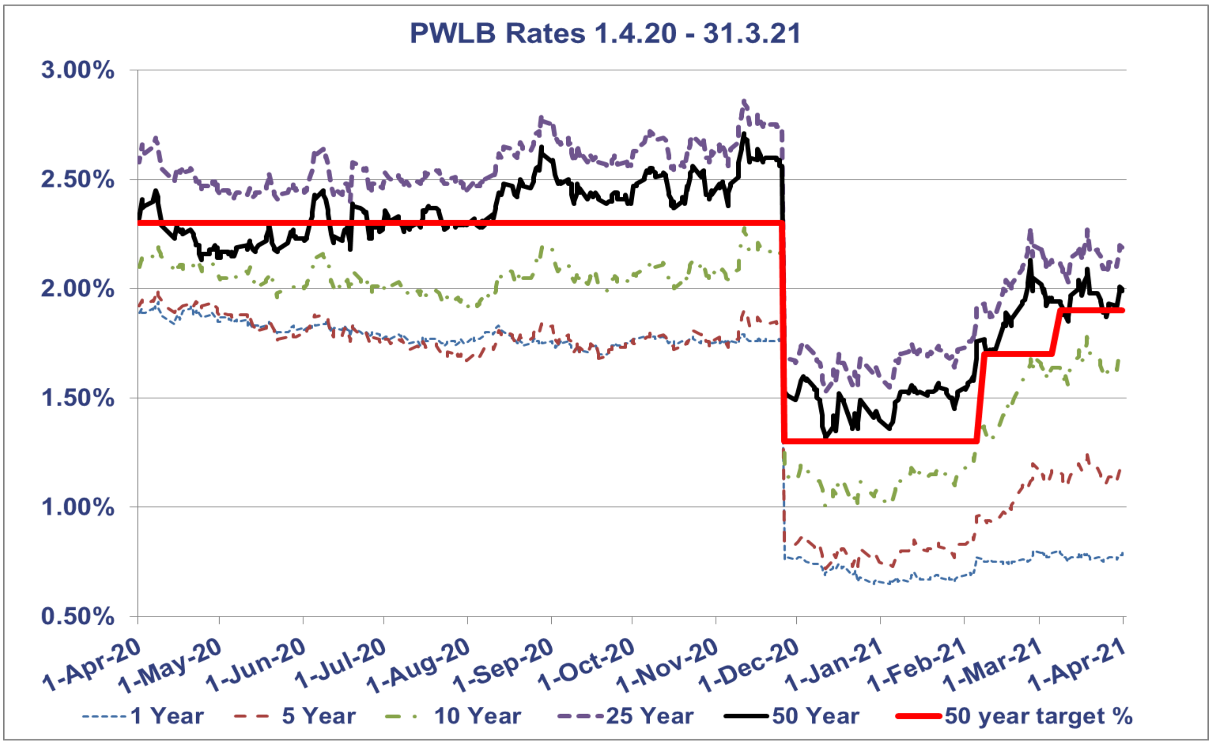
The Council's only borrowing requirement identified within the Capital Programme 2019/20 to 2021/22 was self-financing prudential borrowing of £6.030m therefore no external borrowing was required but based on the prospects for interest rates outlined in the Treasury Strategy, the Council would adopt a pragmatic approach if circumstances changed when considering any new borrowing.

Short term Public Works Loan Board (PWLB) rates were expected to be significantly cheaper than longer term borrowing rates during the year therefore borrowing in the under 10 year period early on in the financial year when rates were expected to be at their lowest would be considered. Variable rate borrowing was also expected to be cheaper than long term fixed rate borrowing throughout the year.

An alternative strategy was to defer any new borrowing as long term borrowing rates were expected to be higher than investment rates during the year. This would maximise savings in the short term and also have the added benefit of running down investments which would reduce credit risk.

Borrowing outturn for 2020/21

The Treasury Team take advice from its external treasury advisor, Link Asset Services, on the most opportune time to borrow. Movements in rates during 2020/21 are shown in the graph below.



Members have previously been advised of the unexpected change of policy on PWLB lending arrangements in October 2010 following the Comprehensive Spending Review. In addition, in October 2019, the Treasury and PWLB announced an increase in rates of 1% across all borrowing periods. This made new borrowing more expensive and repayment relatively less attractive. That increase was then, at least partially, reversed for some forms of borrowing on 11th March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme.

The table below shows PWLB borrowing rates for a selection of maturity periods. The table also shows the high and low points in rates during the year, average rates during the year and individual rates at the start and the end of the financial year.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.65%	0.72%	1.00%	1.53%	1.32%
Date	04/01/2021	11/12/2020	11/12/2020	11/12/2020	11/12/2020
High	1.94%	1.99%	2.28%	2.86%	2.71%
Date	08/04/2020	08/04/2020	11/11/2020	11/11/2020	11/11/2020
Average	1.43%	1.50%	1.81%	2.33%	2.14%
Spread	1.29%	1.27%	1.28%	1.33%	1.39%

Following discussions with Link, as general fund borrowing rates were significantly higher than investment rates during the year it was agreed that if any new borrowing was required during the year it would be deferred in order to maximise savings in the short term and reduce credit risk by reducing investments. No new external borrowing was required in 2020/21.

The Council's total debt portfolio at 31 March 2021 is set out below:-

Type of Debt	Balance £m	Average Borrowing Rate 2020/2021
General Fund Fixed rate – PWLB	171.02	5.01%
HRA Fixed rate - PWLB	83.35	3.51%
Fixed rate – Market	49.20	4.10%
Variable rate	0	N/A

The maturity profile of the debt is evenly spread to avoid large repayments in any one financial year. The average debt period for PWLB loans is 19 years, market loans have an average debt period of 49 years. The total debt portfolio has a maturity range from 1 year to 57 years.

The Treasury Strategy allows up to 15% of the total outstanding debt to mature in any one year. It is prudent to have the Council's debt maturing over many years so as to minimise the risk of having to re-finance when interest rates may be high. The actual debt maturity profile is within these limits (Appendix A).

Debt rescheduling

No debt restructuring was undertaken during 2020/21. The introduction of a differential in PWLB rates on the 1 November 2007, which was compounded further following a policy change in October 2010 and subsequent changes in 2019 and 2020, as outlined above has meant that large premiums would be incurred if debt restructuring was undertaken, which cannot be justified on value for money grounds.

Although these changes have restricted debt restructuring, the current debt portfolio is continually monitored in conjunction with external advisers in the light of changing economic and market conditions to identify opportunities for debt rescheduling. Debt rescheduling will only be undertaken:

- To generate cash savings at minimum risk.
- To help fulfil the Treasury Strategy.
- To enhance the balance of the long term portfolio by amending the maturity profile and/or volatility of the portfolio.

Investment Strategy for 2020/21

Our treasury advisor originally felt when the strategy was approved by Council in February 2020 that the bank rate would remain at 0.75% during 2020/21. These forecasts factored in the uncertainty surrounding the future of the trading relationship between the UK and EU, and an agreed deal on Brexit, including agreement on the terms of trade. It was not expected the MPC would be able to deliver on an increase in Bank Rate until the Brexit issue was finally settled. However, there was an expectation that Bank Rate would rise after that issue was settled but would only rise to 1.25% in 2022/23. The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. The Bank of England took emergency action in March 2020 to cut Bank Rate to first 0.25%, and then to 0.10%, where it has remained. Consequently, our treasury advisor's interest rate forecast was reviewed, and their updated forecast was approved by Council in December 2020 as part of the mid-year report. Their revised forecast took account of the expectation that Bank Rate would stay at 0.10% during 2020/21.

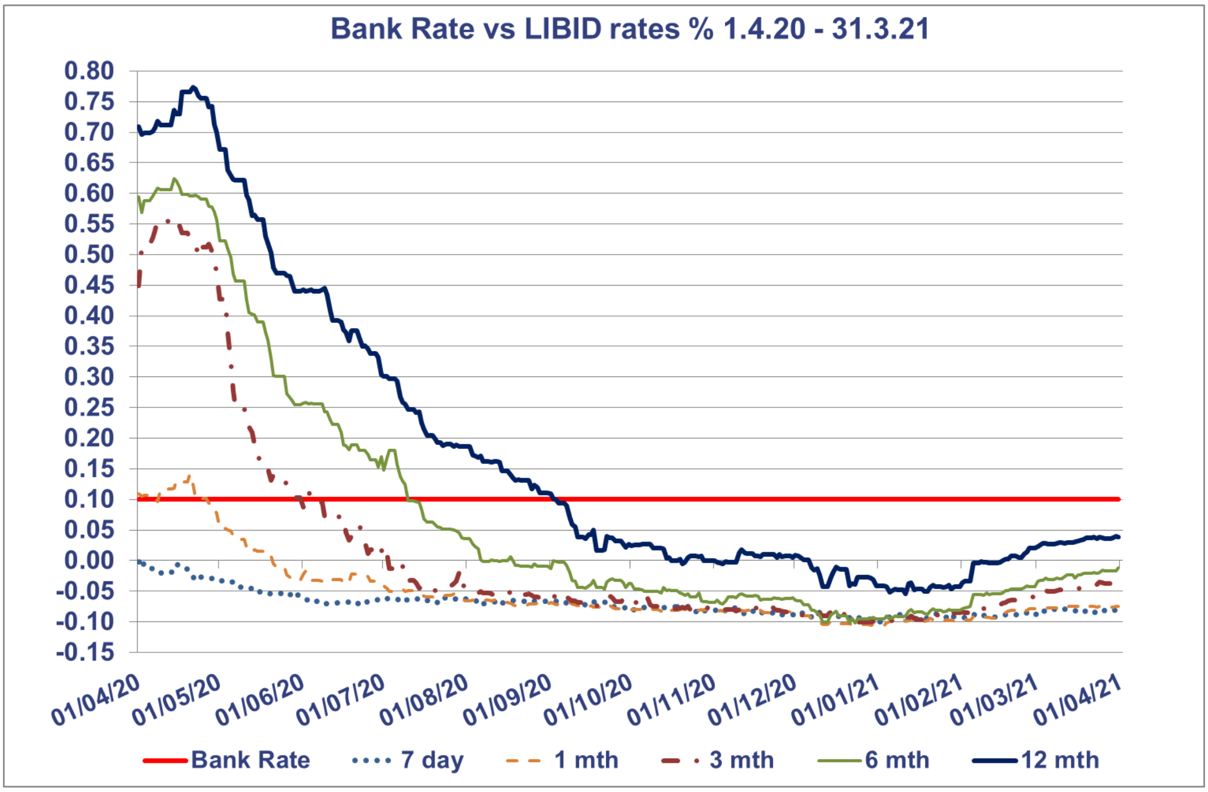
In 2020/21 investment of surplus cash was managed by the internal treasury team. The strategy for the in-house team was influenced by the need to keep funds relatively short for cash flow purposes. Lending continued to be restricted to UK banks, one overseas bank, three Building Societies, two Money Market Funds (AAA credit rating), Part Nationalised Banks, UK Government and other Local Authorities in line with the Council's policy on creditworthiness which was approved in the Annual Investment Strategy.

Investment outturn 2020/21

The rates forecast, detailed in 10.1, was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.

To counter the low investment rates and following advice from Link, use was made of direct deals with main UK banks, for various periods from three months to one year. Direct deals offered enhanced rates over the equivalent rates available through brokers. This provided opportunities to lock into higher, long term rates at times when it was thought they offered substantial enhancement over short term benchmark rates. Enhanced market rates when compared to bank rate has resulted in the total portfolio outperforming the benchmark. Use of instant access accounts with Svenska Handelsbanken was continued, together with use of Money Market Funds with Aberdeen & Insight Investment. These accounts offered instant access to funds, however they also saw suppressed yields in line with levels when placing short term deposits through brokers.

Movements in short term rates through the year are shown in the below.



Throughout the year the average interest rate earned on investments was supressed due to unexpected cuts to bank rate, in response to the Covid 19 pandemic. This resulted in the internal treasury team achieving a lower level of interest on revenue balances than budgeted. This lower than projected amount earned on investments was offset by an under-spend on debt charges due to no long-term general fund borrowing being undertaken in 2020/21. The total £3.21 million underspend was mainly due to MRP savings following a review of the Council's policy and interest payable savings.

At 31 March 2021 the allocation of the cash portfolio was as follows:

	£m
• In-house short dated deposits for cash flow management	62.8
• In-house long dated deposits (up to 1 year)	12.0
• Other Local Authorities	73.0
Total	**147.8**

The following table shows the average return on cash investments for the internal treasury team during the year and for the last 3 years to 31 March 2021. Recognising the need to manage short term cash flow requirements, the target for the internal team is the 7 day LIBID rate.

	Return 2020/21	**Return 3 years to 31 March 2021**
	%	**% p.a.**
Internal Treasury Team	0.40	0.72
Benchmark (7 Day LIBID rate)	-0.07	0.32

The conclusions to be drawn from the table are:

- During 2020/21 the internal treasury team outperformed their benchmark by 0.47%.

- Over the 3 year period the internal team's performance has been 0.40% per annum above the benchmark.

Compliance with Treasury Limits and Prudential Indicators

All borrowing and lending transactions undertaken through the year have complied with the procedures and limits set out in the Council's Treasury Management Practices and Treasury Strategy. In addition, all investments made have been within the limits set in the approved counterparty list. No institutions, in which investments were made, showed any difficulty in repaying investments and interest in full during the year.

Appendix B shows the Prudential Indicators approved by Council as part of the 2020/21 and 2021/22 (revised estimate) Treasury Strategies compared with the actual figures for 2020/21. In summary, during 2020/21 treasury activities have been within the prudential and treasury limits set in the Treasury Strategy.

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Committee and Date	Item
Cabinet 8 September 2021	Public

TREASURY MANAGEMENT UPDATE – QUARTER 1 2021/22

Responsible Officer James Walton
e-mail: james.walton@shropshire.gov.uk Tel: (01743) 258915

1. Synopsis

The Council currently holds £170m in investments and £304m of borrowing. This report shows the return on those investments over quarter 1, the economic outlook for the next 3 years and confirms activities align with the Council approved Treasury Management Strategy.

2. Executive Summary

2.1. The report outlines the treasury management activities of the Council in the first quarter of 2021/22. It highlights the economic environment in which treasury management decisions have been made and the interest rate forecasts of the Council's Treasury Advisor, Link Asset Services. It also updates Members on the internal treasury team's performance.

2.2. During Quarter 1 the internal treasury team achieved a return of 0.17% on the Council's cash balances, outperforming the benchmark by 0.25%. This amounts to additional income of £106,330 during the quarter which is included within the Council's outturn position in the monthly revenue monitor. Following a decision by the Monetary Policy Committee in March 2020 to cut the Bank Rate to 0.1%, this has resulted in the 7 Day benchmark rate being a negative figure since the start of the financial year 2020/21.

2.3. Under the CIPFA Treasury Management Code, it is best practice to provide quarterly Treasury Management updates.

3. Recommendations

3.1. Members are asked to accept the position as set out in the report.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. The assessment and management of risk are key considerations for any Treasury Management approach. Compliance with the CIPFA Code of Practice on Treasury Management, the Council’s Treasury Policy Statement and Treasury Management Practices and the Prudential Code for Capital Finance together with the rigorous internal controls will enable the Council to manage the risk associated with Treasury Management activities and the potential for financial loss.

4.2. The Council’s Audit Committee is the committee responsible for ensuring effective consideration of the Council’s Treasury Management Strategy and policies.

4.3. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.

4.4. There are no direct environmental, equalities or climate change consequences arising from this report.

5. Financial Implications

5.1. The Council makes assumptions about the levels of borrowing and investment income over the financial year. Reduced borrowing as a result of capital receipt generation or delays in delivery of the capital programme will both have a positive impact of the council’s cash position. Similarly, higher than benchmarked returns on available cash will also help the Council’s financial position. For monitoring purposes, assumptions are made early in year about borrowing and returns based on the strategies agreed by Council in the preceding February. Performance outside of these assumptions results in increased or reduced income for the Council.

5.2. The Quarter 1 performance is above benchmark and has delivered additional income of £106,330 which is reflected in the Period 3 Revenue Monitor.

5.3. As at 30 June 2021 the Council held £170 million in investments as detailed in Appendix A and borrowing of £304 million at fixed interest rates.

6. Climate Change Appraisal

6.1. The Council's Financial Strategy includes proposals to deliver a reduced carbon footprint for the Council therefore the Treasury Team is working with the Council in order to achieve this. There are no direct climate change impacts arising from this report.

7. Background

7.1. The Council defines its treasury management activities as "the management of the authority's borrowing, 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". The report informs Members of the treasury activities of the Council between 1 April 2021 and 30 June 2021.

8. Economic Background

8.1. For wider context and consideration of the global financial outlook, an economic and borrowing update for the first quarter is considered in Appendix D.

9. Economic Forecast

9.1. The Council receives its treasury advice from Link Asset Services. Their latest interest rate forecasts to 31 March 2024 are shown below. The historically low Bank Rate of 0.10% is forecast to remain until increasing to 0.25% at quarter 2 2023/24.

Link Group Interest Rate View 10.5.21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.30	0.30	0.30
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.30	0.40	0.40	0.40
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.40	0.50	0.50	0.50
5 yr PWLB	1.20	1.20	1.30	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50
10 yr PWLB	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00
25 yr PWLB	2.20	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.40

10. Treasury Management Strategy

10.1. The Treasury Management Strategy (TMS) for 2021/22 was approved by Full Council on 25 February 2021. The Council's Annual Investment Strategy, which is incorporated in the TMS, outlines the Council's investment priorities as the security and liquidity of its capital.

10.2. The Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In the current economic climate it is considered appropriate to:

- Keep investments short term (up to 1 year),
- Only invest with highly credit rated financial institutions using Link's suggested creditworthiness approach, including sovereign credit rating and Credit Default Swap (CDS) overlay information provided by Link.

The Treasury Team continue to take a prudent approach keeping investments short term and with the most highly credit rated organisations.

10.3. In the first quarter of 2021/22 the internal treasury team outperformed its benchmark by 0.25%. The investment return was 0.17% compared to the benchmark of -0.08%. This amounts to additional income of £106,330 during the quarter which is included in the Council's outturn position in the monthly revenue monitor.

10.4. A full list of investments held as at 30 June 2021, compared to Link's counterparty list, and changes to Fitch, Moody's and Standard & Poor's credit ratings are shown within Link's Monthly Investment Analysis Review at Appendix A. None of the approved limits within the Annual Investment Strategy were breached during the first quarter of 2021/22. Officers continue to monitor the credit ratings of institutions on a daily basis. Delegated authority has been put in place to make any amendments to the approved lending list.

10.5. As illustrated in the economic forecast section above, investment rates available in the market for three months and longer have decreased significantly as a result of the decrease in Bank Rate in March 2020 to 0.1%. The average level of funds available for investment purposes in the first quarter of 2021/22 was £171 million.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Cabinet, 19 July 2021 – Treasury Management Update Quarter 4 2020/21 Council, 25 February 2021 – Treasury Strategy 2021/22
Cabinet Member:

Gwilym Butler, Portfolio Holder for Resources

Local Member

N/A

Appendices

A. Shropshire Council Monthly Investment Analysis Review as at 30 June 2021 (provided by Link Group)
B. Prudential Indicators for Quarter 1 2021/22
C. Prudential Borrowing Schedule
D. Economic Background and Borrowing Update

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Shropshire Council

Monthly Investment Analysis Review

June 2021

General Economy

Although the Flash (i.e., provisional) UK Manufacturing PMI fell to 64.2 in June from the record high 65.6 figure posted in May, this still signalled the second strongest pace of growth in the sector since the measure began. Expansions in both output and new orders were recorded as demand continued to surge following the loosening of the COVID-19 lockdown. Likewise, the Flash Services PMI fell to 61.7 in June from 62.9 in May, with new order growth remaining close to May's record high despite a continued declined in exports. The rate of job creation in the services sector, meanwhile, was near the record posted seven years ago. As a result, the Flash Composite PMI (which incorporates both sectors), fell to 61.7 in June from 62.9 in May, which was still one of the strongest figures in the series' history. The Construction PMI (which is released one month behind), meanwhile, rose to 64.2 in May from 61.6 in April. Overall new order volumes increased the most since the survey began just over 24 years ago and the rate of job creation was the fastest since July 2014.

Buoyed by the unwinding of the third national lockdown, April GDP data showed that the UK economy grew by 2.3% m/m, compared to March's 2.1% m/m gain. Quarterly data, meanwhile, confirmed that output contracted by 1.6% during the first quarter of 2021 and remained 6.1% below the level reached just prior to the pandemic in Q1 2020. Trade data revealed that a 2.5% jump in exports caused the UK's trade deficit to fall to £0.9 billion in April compared to a downwardly revised £2 billion in March.

The UK's unemployment rate fell to 4.7% in the three months to April, compared to 4.8% in the previous period and in line with market expectations. Within the data, it was notable that employment in fact rose by 113,000 in the three months to April to 32.49 million – posting its second gain since March 2020 – leaving the employment rate 1.4% below its pre-pandemic level. More timely claimant count data for May also suggested that the number of people who claimed unemployment benefits during the month fell by 92,600 to 2.5 million, the biggest decline since November 1996. Finally, average weekly earnings (including bonuses) rose by 5.6% y/y in the three months to April compared to an upwardly revised 4.3% y/y rise previously. Excluding bonuses, average weekly earnings also rose by 5.6% in the three months to April, compared to a 4.6% rise in the three months to March.

UK inflation, as measured by the Consumer Price Index, rose to 2.1% y/y in May from 1.5% y/y in April and above market forecasts of 1.8%. This is the first time since July 2019 that the measure has been above the Bank of England's 2% target. The biggest upward contributions came from clothing, motor fuel, recreational goods and meals & drinks consumed out. On a monthly basis, consumer prices outperformed forecasts of a 0.3% rise by rising 0.6% in May, the same as the figure posted in the previous month. Despite the rise in inflation, the Monetary Policy Committee voted to maintain its current monetary policy stance at its June meeting. The only dissenting voice came from Andy Haldane who completed his term on the Committee this month. The minutes of the meeting, meanwhile, suggested that the Committee believes that higher-than-expected inflation is transitory and will ease by the end of the year. The next MPC meeting will be the last chance for the Committee to end the current quantitative easing programme prematurely.

Retail sales, meanwhile, rose 24.6% y/y in May compared to a 42.4% y/y rise in April, below market expectations of a 29% gain. This abnormally high figure was due to the impact of the first national lockdown depressing sales in May 2020, thus setting an abnormally low base for comparative purposes, just as it did with April's record rise. On a monthly basis, sales declined 1.4% during May following a 9.2% rise in April, as food store purchases and online orders both fell, amid rapidly rising cases of the Delta variant of COVID-19 despite

over 77 million vaccine doses having been administered to date. Against this backdrop, the GfK Consumer Confidence index was unchanged at -9 in June, slightly underperforming market expectations of a rise to -7.
The UK's public sector net borrowing (excluding public sector banks) reached £24.3 billion in May, although this was £19.4 billion less than in May last year. Nevertheless, it still represented the second highest May borrowing since monthly records began in 1993. Public sector net borrowing during the first two months of the fiscal year 2021/22 (April and May) is estimated to have been £53.4 billion, the second most in any financial year since records began in 1947, but £37.7 billion less than in 2020/21.

In the US, non-farm payrolls rose by 559,000 in May, which was less than expectations of a rise of 650,000, but above April's upwardly revised 278,000 gain. Still, supply constraints, rising inflation and labour shortages are reportedly weighing on capacity production as many workers, mostly women, remain at home and government subsidies may be discouraging some workers from finding a job. Nevertheless, the gain saw the unemployment rate fall to 5.8% from 6.1% in April, the lowest the measure has been since March 2020. The US economy, meanwhile, was confirmed to have expanded at an annualised 6.4% (1.6% q/q) rate in Q1 2021, following a 4.3% (1.08% q/q) expansion in the previous quarter. Against this backdrop, price growth (as measured by the Federal Reserve's preferred Core Personal Consumption Expenditure deflator) accelerated to 3.4% y/y in May compared to 3.1% in April. This represented the highest inflation rate since 1992 and well above the Fed's 2% target, although the gain was partly caused by the outbreak of COVID 19 depressing prices (and activity) twelve months ago. The Federal Reserve however, maintained its policy stance at its June meeting and continued to reiterate that current price pressures, caused by fiscal stimulus, supply constraints and rising commodity prices, are expected to be transitory.
By contrast, the Eurozone economy contracted by 1.3% y/y during Q1, following a 4.9% slump during Q4, as several countries across the region reimposed social distancing and lockdown measures. Core inflation, meanwhile, fell to 0.9% y/y in June compared to 1% in May, according to a Flash estimate. Despite a recent fall in borrowing costs, increasing expectations that the pace of asset purchases in Europe would slow, the ECB voted to maintain its monetary policy stance at its June meeting. However, the outlook for medium-term growth and inflation were revised up.

Housing

With the end of the stamp duty holiday in sight, the Halifax and Nationwide house price indices both posted modest gains monthly gains in June but robust annual gains. The former saw a monthly increase of 1.3% and an annual gain of 9.5% (the highest in nearly seven years). This compared to a 0.7% monthly rise and a 13.4% annual gain for the latter (the highest since November 2004).

Currency

The prospect of lockdown ending in July helped Sterling gain ground against the Euro but it fell back against the Dollar this month.

June	Start	End	High	Low
GBP/USD	$1.4172	$1.3815	$1.4172	$1.3806
GBP/EUR	€1.1573	€1.1649	€1.1696	€1.1573

Forecast

Link Group's Bank Rate forecast remained unchanged during the month, with the Bank Rate projected to rise to 0.25% in 2023.

Bank Rate	Now	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Link Group	**0.10%**	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%
Capital Economics	**0.10%**	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	

Shropshire Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default
Handelsbanken Plc	20,000,000	0.01%		Call	AA-	0.000%
National Westminster Bank Plc (RFB)	3,900,000	0.01%		Call	A	0.000%
MMF Aberdeen Standard Investments	15,000,000	0.01%		MMF	AAAm	
MMF Insight	1,500,000	0.00%		MMF	AAAm	
Dover District Council	6,000,000	0.12%	06/04/2021	06/07/2021	AA-	0.000%
Lloyds Bank Plc (RFB)	2,000,000	0.30%	07/07/2020	06/07/2021	A+	0.001%
Plymouth City Council	5,000,000	0.30%	14/10/2020	14/07/2021	AA-	0.001%
Ashford Borough Council	5,000,000	0.08%	20/01/2021	20/07/2021	AA-	0.001%
Lloyds Bank Plc (RFB)	5,000,000	0.30%	24/07/2020	23/07/2021	A+	0.003%
Conwy County Borough Council	5,000,000	0.07%	29/01/2021	29/07/2021	AA-	0.002%
DMO	5,000,000	0.01%	01/06/2021	30/07/2021	AA-	0.002%
Liverpool City Council	5,000,000	0.28%	30/10/2020	30/07/2021	AA-	0.002%
Slough Borough Council	5,000,000	0.25%	20/10/2020	20/08/2021	AA-	0.003%
Coventry Building Society	5,000,000	0.02%	15/06/2021	31/08/2021	A-	0.008%
DMO	3,000,000	0.01%	28/06/2021	31/08/2021	AA-	0.004%
National Westminster Bank Plc (RFB)	2,000,000	0.10%	06/04/2021	20/09/2021	A	0.011%
Santander UK PLC	15,000,000	0.40%		Call95	A	0.012%
Highland Council	5,000,000	0.30%	11/11/2020	11/10/2021	AA-	0.007%
Goldman Sachs International Bank	5,000,000	0.23%	04/05/2021	27/10/2021	A+	0.015%
Telford & Wrekin Council	3,000,000	0.33%	29/10/2020	27/10/2021	AA-	0.008%
Goldman Sachs International Bank	5,000,000	0.20%	18/05/2021	18/11/2021	A+	0.018%
Kingston Upon Hull City Council	5,000,000	0.06%	20/05/2021	22/11/2021	AA-	0.009%
Highland Council	5,000,000	0.28%	15/01/2021	23/11/2021	AA-	0.009%
Barclays Bank Plc (NRFB)	4,000,000	0.08%	30/06/2021	30/11/2021	A	0.020%
Nationwide Building Society	5,000,000	0.07%	09/06/2021	08/12/2021	A	0.021%
Nationwide Building Society	5,000,000	0.07%	15/06/2021	13/12/2021	A	0.021%
Plymouth City Council	5,000,000	0.11%	26/02/2021	26/01/2022	AA-	0.013%
National Westminster Bank Plc (RFB)	5,000,000	0.09%	05/02/2021	04/02/2022	A	0.028%
National Westminster Bank Plc (RFB)	2,000,000	0.13%	18/05/2021	18/02/2022	A	0.030%
Slough Borough Council	3,000,000	0.20%	12/04/2021	23/03/2022	AA-	0.017%
National Westminster Bank Plc (RFB)	5,000,000	0.16%	01/06/2021	31/05/2022	A	0.043%
Total Investments	**£170,400,000**	**0.14%**				0.010%

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio's historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

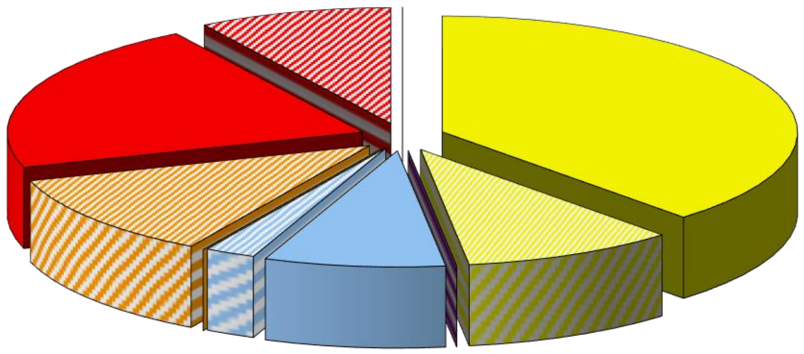
Shropshire Council

Current Investment List

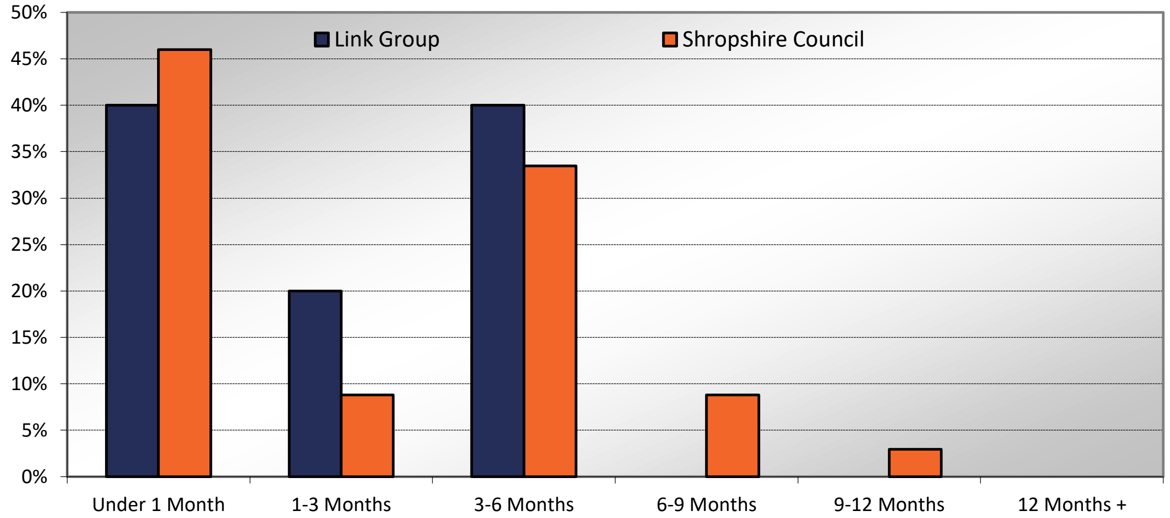
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest LT / Fund Rating	Historic Risk of Default

Shropshire Council

Portfolio Composition by Link Group's Suggested Lending Criteria



Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour



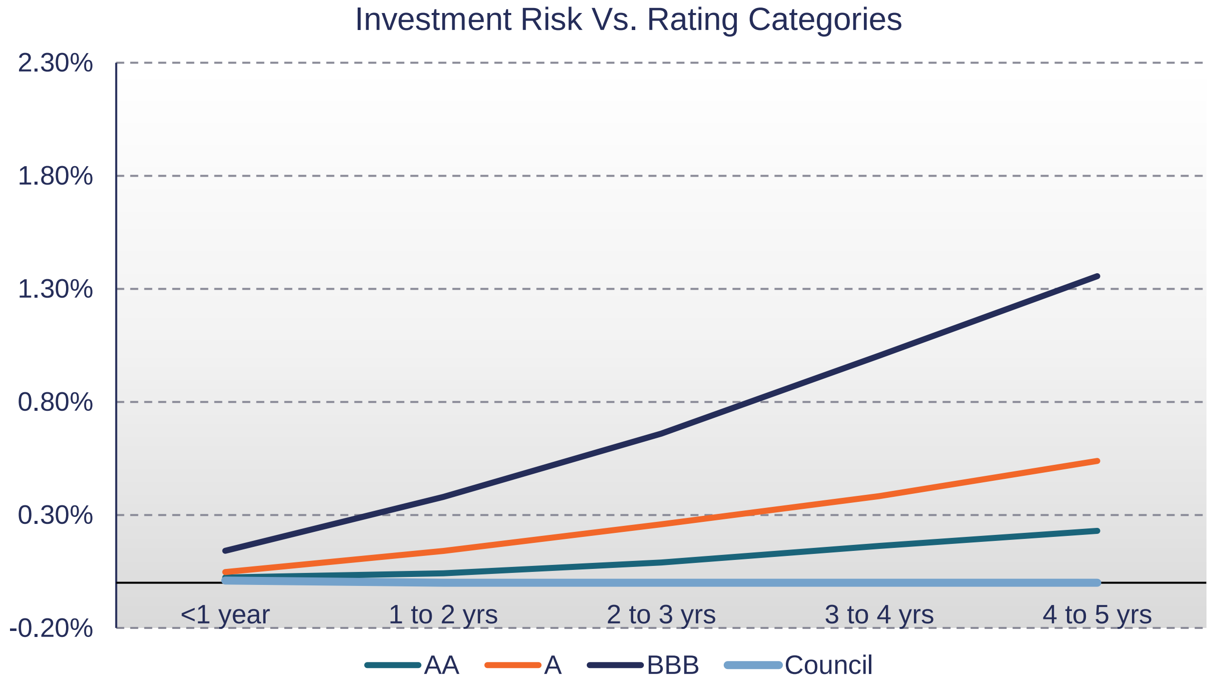
Portfolios weighted average risk number = 2.76

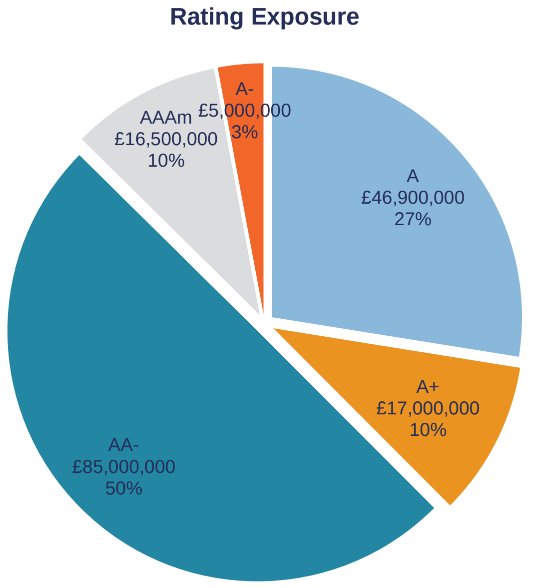
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs WAM	Excluding Calls/MMFs/USDBFs WAM at Execution
Yellow	47.83%	£81,500,000	20.25%	£16,500,000	9.68%	0.14%	65	185	81	231
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	10.50%	£17,900,000	21.79%	£3,900,000	2.29%	0.10%	190	253	243	323
Orange	11.74%	£20,000,000	100.00%	£20,000,000	11.74%	0.01%	0	0	0	0
Red	29.93%	£51,000,000	29.41%	£15,000,000	8.80%	0.22%	106	168	111	199
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
	100.00%	**£170,400,000**	**32.51%**	**£55,400,000**	**32.51%**	**0.14%**	**83**	**165**	**110**	**232**

Shropshire Council

Investment Risk and Rating Exposure





Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.02%	0.04%	0.09%	0.16%	0.23%
A	0.05%	0.14%	0.26%	0.38%	0.54%
BBB	0.14%	0.38%	0.66%	1.01%	1.36%
Council	0.01%	0.00%	0.00%	0.00%	0.00%

Historic Risk of Default
This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk
This is the authority's risk weightings compared to the average % risk of default for “AA”, “A” and “BBB” rated investments.

Rating Exposures
This pie chart provides a clear view of your investment exposures to particular ratings.

Note: An historic risk of default is only provided if a counterparty has a counterparty credit rating and is not provided for an MMF or USDBF, for which the rating agencies provide a fund rating. The portfolio’s historic risk of default therefore measures the historic risk of default attached only to those investments for which a counterparty has a counterparty credit rating and also does not include investments which are not rated.

Shropshire Council

Monthly Credit Rating Changes
FITCH

Date	Update Number	Institution	Country	Rating Action
07/06/2021	1812	Bank of America N.A.	United States	The Long Term Rating was upgraded to 'AA' from 'AA-'. At the same time, the Viability Rating was upgraded to 'aa-' from 'a+'.
11/06/2021	1813	Danske Bank A/S	Denmark	The Outlook on the Long Term Rating was changed to Stable from Negative.
21/06/2021	1814	United Kingdom Sovereign	United Kingdom	The Outlook on the Sovereign Rating was changed to Stable from Negative.

Monthly Credit Rating Changes
MOODY'S

Date	Update Number	Institution	Country	Rating Action
				There were no rating changes to report.

Monthly Credit Rating Changes
S&P

Date	Update Number	Institution	Country	Rating Action
07/06/2021	1811	Australia and New Zealand Banking Group Ltd.	Australia	The Outlook on the Long Term Rating was changed to Stable from Negative.
07/06/2021	1811	Commonwealth Bank of Australia	Australia	The Outlook on the Long Term Rating was changed to Stable from Negative.
07/06/2021	1811	Macquarie Bank Ltd.	Australia	The Outlook on the Long Term Rating was changed to Stable from Negative.
07/06/2021	1811	National Bank of Australia Ltd.	Australia	The Outlook on the Long Term Rating was changed to Stable from Negative.
07/06/2021	1811	Westpac Banking Corp.	Australia	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	Bank of Scotland Plc (RFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	Barclays Bank PLC (NRFB	United Kingdom	The Outlook on the Long Term Rating was changed to Positive from Stable.
24/06/2021	1815	Barclays Bank PLC (RFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Positive from Stable.
24/06/2021	1815	Clydesdale Bank PLC	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	Lloyds Bank Plc (RFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	Lloyds Bank Corporate Markets Plc (NRFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.

Monthly Credit Rating Changes
S&P

24/06/2021	1815	National Westminster Bank PLC (RFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	NatWest Markets Plc (NRFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	Nationwide Building Society	United Kingdom	The Outlook on the Long Term Rating was changed to Positive from Stable.
24/06/2021	1815	Santander Financial Services plc (NRFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	Santander UK PLC	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1815	The Royal Bank of Scotland Plc (RFB)	United Kingdom	The Outlook on the Long Term Rating was changed to Stable from Negative.
24/06/2021	1816	Landesbank Hessen-Thueringen Girozentrale	Germany	The Long Term Rating was downgraded to 'A-' from 'A' and the Short Term Rating was downgraded to 'A-2' from 'A-1'. At the same time, the Outlook on the Long Term Rating was changed to Stable from Negative.
25/06/2021	1817	Cooperatieve Rabobank U.A.	Netherlands	The Outlook on the Long Term Rating was changed to Stable from Negative.
25/06/2021	1818	BNP Paribas	France	The Outlook on the Long Term Rating was changed to Stable from Negative.
25/06/2021	1818	BNP Paribas Fortis	Belgium	The Outlook on the Long Term Rating was changed to Stable from Negative.
25/06/2021	1818	Credit Agricole Corporate and Investment Bank	France	The Outlook on the Long Term Rating was changed to Stable from Negative.
25/06/2021	1818	Credit Agricole S.A.	France	The Outlook on the Long Term Rating was changed to Stable from Negative.

Monthly Credit Rating Changes
S&P

25/06/2021	1818	Credit Industriel et Commercial	France	The Outlook on the Long Term Rating was changed to Stable from Negative.
25/06/2021	1818	Societe Generale	France	The Outlook on the Long Term Rating was changed to Stable from Negative.
25/06/2021	1819	DZ BANK AG Deutsche Zentral-Genossenschaftsbank	Germany	The Long Term Rating was downgraded to 'A+' from 'AA-' and the Short Term Rating was downgraded to 'A-1' from 'A-1+'. At the same time, the Outlook on the Long Term Rating was changed to Stable from Negative.

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Appendix B

Prudential Indicators – Quarter 1 2021/22

Prudential Indicator	2021/22 Indicator £m	Quarter 1 – Actual £m	Quarter 2 – Actual £m	Quarter 3 – Actual £m	Quarter 4 – Actual £m
Non HRA Capital Financing Requirement (CFR)	419*	402			
HRA CFR	95	95			
Gross borrowing	366	304			
Investments	150	170			
Net borrowing	216	134			
Authorised limit for external debt	615	304			
Operational boundary for external debt	500	304			
Limit of fixed interest rates (borrowing)	615	304			
Limit of variable interest rates (borrowing)	308	0			
Internal Team Principal sums invested > 364 days	70	0			
Maturity structure of borrowing limits	%	%	%	%	%
Under 12 months	15	4			
12 months to 2 years	15	0			
2 years to 5 years	45	2			
5 years to 10 years	75	10			
10 years to 20 years	100	33			
20 years to 30 years	100	22			
30 years to 40 years	100	18			
40 years to 50 years	100	2			
50 years and above	100	9			

* Based on period 3 Capital Monitoring report including Shrewsbury Shopping Centres.

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Capital Financing Summary

Prudential Borrowing Approvals	Date Approved	Amount Approved £	Applied (Spent) 2006/07 £	Applied (Spent) 2007/08 £	Applied Outturn 08/09 2008/09 £	Applied Outturn 09/10 2009/10 £	Applied Outturn 10/11 2010/11 £	Applied Outturn 11/12 2011/12 £	Applied Outturn 12/13 2012/13 £	Applied Outturn 13/14 2013/14 £	Applied Outturn 14/15 2014/15 £	Applied Outturn 15/16 2015/16 £	Applied Outturn 16/17 2016/17 £	Applied Outturn 17/18 2017/18 £	Applied Outturn 18/19 2018/19 £	Applied Outturn 19/20 2019/20 £	Applied Outturn 20/21 2020/21 £	Budgeted 2021/22 £	Budgeted 2022/23 £	Budgeted 2023/24 £	First year MRP Charged	Asset Life	Final year MRP Charged
Monkmoor Campus	24/02/06	3,580,000																					
Capital Receipts Shortfall -Cashflow	24/02/06	5,000,000																					
Applied:																							
Monkmoor Campus			3,000,000		0																2007/08	25	2031/32
William Brooks					0		3,580,000														2011/12	25	2035/36
Tern Valley					2,000,000																2010/11	35	2044/45
		8,580,000	**3,000,000**	**0**	**2,000,000**	**0**	**3,580,000**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**			
Highways	24/02/06	2,000,000	2,000,000																		2007/08	20	2026/27
Accommodation Changes	24/02/06	650,000	410,200	39,800																	2007/08	6	2012/13
Accommodation Changes - Saving	31/03/07	(200,000)																					
		450,000	**410,200**	**39,800**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**			
The Ptarmigan Building	05/11/09	3,744,000				3,744,000															2010/11	25	2034/35
The Mount McKinley Building	05/11/09	2,782,000				2,782,000															2011/12	25	2035/36
The Mount McKinley Building	05/11/09	0					-														2011/12	5	2015/16
Capital Strategy Schemes - Potential Capital Receipts shortfall	25/02/10	187,600					-	-	-	0	-	-	-	-	0.00	-						25	
- Desktop Virtualisation						187,600	-														2010/11	5	2014/15
Carbon Efficiency Schemes/Self Financing	25/02/10	1,512,442					115,656	1,312,810	83,976	-	-	-	-	-	0.00	-					2011/12	5	2017/18
Transformation schemes		92,635						92,635	-	-											2012/13	3	2014/15
Renewables - Biomass - Self Financing	14/09/11	92,996						82,408	98,258	(87,670)	-										2014/15	25	2038/39
Solar PV Council Buildings - Self Financing	11/05/11	56,342						1,283,959	124,584	(1,352,202)	-										2013/14	25	2038/39
Depot Redevelopment - Self Financing	23/02/12	0							-	-	-										2014/15	10	2023/24
Oswestry Leisure Centre Equipment - Self Financing	04/04/12	124,521						124,521													2012/13	5	2016/17
Leisure Services - Self Financing	01/08/12	711,197							711,197												2013/14	5	2016/17
Mardol House Acqusition	26/02/15	4,160,000									4,160,000	-									2015/16	25	2039/40
Mardol House Adaptation and Refit	26/02/15	3,340,000									167,640.84	3,172,358.86	-	-	0.00	-					2016/17	25	2041/42
Oswestry Leisure Centre Equipment - Self Financing	01/08/12	290,274												274,239		16,035					2018/19	5	2022/23
Car Parking Strategy Implementation		590,021													588,497.06	1,524					2020/21	5	2024/25
JPUT - Investment in Units re Shrewsbury Shopping Centres		55,108,080												52,204,603	-208,569.18	2,791,967	320,079				2018/19	45	2042/43
JPUT - SSC No 1 Ltd		527,319												527,319									
CDL Shareholding																	1						
Children's Residental Care		2,000,000														1,381,539	230,765	387,697			2020/21	25	2044/45
Pride Hill Shopping Centre Reconfiguration		10,860,807															434,027	7,184,669	3,242,111		AUC	25	
Greenacres Supported Living Development		3,125,000																1,812,500	1,312,500		AUC	25	
Bishops Castle Business Park	19/09/19	3,108,999															2,900	1,175,442	1,132,205	798,452	2023/24	25	2044/45
Whitchurch Medical Practice (Pauls Moss Development)	26/07/18	3,778,000																	3,778,000		2023/24	25	2047/48
Oswestry Castleview - Site Acquisition	19/12/19	3,256,241														3,256,241					2020/21	25	2044/45
DVSA Site Acquisiiton		1,200,000																1,200,000			2022/23	25	2045/46
NCP Car Park, Wyle Cop, Shrewsbury		3,983,620																3,983,620			2022/23	25	2045/46
Former Morrisons Site, Oswestry	19/09/19	3,390,145															3,390,145				2021/22	25	2045/46
Commercial Investment Fund	Fin Strat 19/20	21,946,806																6,946,806	10,000,000	5,000,000	2021/22	25	2045/46
The Tannery Development - Student Block		7,445,188													3,677,843.83	3,456,019	311,325				2019/20	25	2045/46
Previous NSDC Borrowing		955,595			821,138	134,457															2009/10	5/25	2065/66
		149,399,827	**5,410,200**	**39,800**	**2,821,138**	**6,848,057**	**3,695,656**	**2,896,333**	**1,018,015**	**(1,439,872)**	**4,327,641**	**3,172,359**	**0**	**53,006,161**	**4,057,772**	**10,903,325**	**4,689,242.81**	**22,690,734**	**19,464,816**	**5,798,452**	(1)		
				-	-			()	()	()	()	()	()	-	0.00	(1)			-	-			
£80m investment fund - reduced to £45m 2021/22 budget setting		45,000,000																					

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Appendix D

Economic Background

It was agreed at the last meeting of the Bank of England Monetary Policy Committee to keep Bank Rate unchanged at 0.10% and continue the existing programme of UK government bond purchases of £875bn which is due to end by the end of this year.

The MPC noted the developing upside risks in the UK to both activity and inflation and the MPC admitted the Governor may have to write to the Chancellor later this year explaining why inflation is more than 1% above the 2% target.

But the key point is that the MPC still appears willing to ride out the inevitable spike in inflation over the next six months as it thinks it will be short-lived and caused by one-off reopening price rises and supply shortages relative to demand - boosted by consumers having built up huge savings of around £145bn during lockdown. These spikes will drop out of the CPI calculation over the next twelve months. The forward guidance in the policy statement designed to demonstrate the MPC’s patience was left intact, and the emphasis remained on the medium- term prospects for inflation rather than factors that are likely to be transient. It also repeated that it will not raise Bank Rate until the 2% inflation target has been attained sustainably i.e. the mere fact that it is forecasting inflation to be over 2% during 2021 and 2022 is not in itself sufficient to justify an increase in Bank Rate in the near future. The MPC indicated that some members would prefer to wait for a clearer picture of the underlying pace of the recovery once the furlough scheme expires at the end of September, before making any judgement on medium-term inflationary pressures. This implies that the MPC may be unlikely to be in a position to consider a change in policy until early in 2022 at the earliest.

In addition, the Bank is undertaking a review of its stated current policy to raise Bank Rate first before unwinding quantitative easing (QE) purchases of gilts. Indeed, it now appears to be likely that the Bank could unwind QE first before raising Bank Rate as it sees QE as a very useful quick acting weapon to use to combat any sudden dysfunction in financial markets, as happened in March 2020. However, it is currently nearly maxed out on the total level of QE. Unwinding QE first would cause short term gilt yields to remain anchored at low levels and medium and long term gilt yields to steepen. Money markets are currently expecting Bank Rate to start rising in mid-2022 but they are probably being too heavily influenced by looking across the Atlantic where inflationary pressures are much stronger than in the UK and building up further under a major boost from huge Federal government stimulus packages. Overall, there could be only a minimal increase in Bank Rate in 2023 or possibly no increases before 2024.

The Bank of England revised up its expectations for the level of UK GDP in 2021 by around 1.5% since the May Report due to the easing of restrictions on economic activity; this now leaves total GDP in June only around 2.5% below its pre-Covid 2019 level. UK GDP grew by 1.5% in the three months to April 2021: this was the first expansion since the three months to December 2020. Forward looking monthly business surveys are running at exceptionally high levels indicating that we are heading into a strong economic recovery. Capital Economics do not think that the UK economy will suffer major scarring from the lockdowns. The one month delay to the final easing of restrictions in July is unlikely to have much effect on the progress of recovery with GDP getting back to pre-Covid levels during August.

COVID-19 vaccines have been the game changer which have enormously boosted confidence that life in the UK could largely return to normal during the second half of 2021 after a third wave of the virus threatened to overwhelm hospitals in Q1 this year. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The UK has made fast progress, giving both jabs to nearly half of the total population and one jab to two thirds, (84% of all adults). This programme should be completed in the second half of the year. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes be implemented to contain their spread.

In the US, the Democrats won the presidential election in November 2020 and have control of both Congress and the Senate, although power is more limited in the latter. This enabled the Democrats to pass a $1.9trn (8.8% of GDP) stimulus package in March on top of the $900bn fiscal stimulus deal passed by Congress in late December. These, together with the vaccine rollout proceeding swiftly to hit the target of giving a first jab to over half of the population within the President’s first 100 days, will promote a rapid easing of restrictions and strong economic recovery during 2021. The Democrats are also now negotiating to pass a $1trn fiscal stimulus package aimed at renewing infrastructure over the next decade. Although this package is longer-term, if passed, it would also help economic recovery in the near-term.

At the Federal Reserve Bank’s June meeting, it stuck to its line that it expects strong economic growth this year to have only a transitory impact on inflation which is being temporarily boosted by base effects, spikes in reopening inflation and supply shortages. The big surprise was the extent of the upward shift in the interest rate projections:

having previously expected no hikes until 2024 at the earliest, most officials now anticipate two in 2023, with 7 out of 18 expecting to raise rates next year. This was a first indication that there was rising concern about the risks around inflationary pressures building up on a more ongoing basis and is somewhat hard to reconcile to the words around inflation pressures being only transitory.

In the Eurozone, both the roll out and take up of vaccines was disappointingly slow in the EU in the first few months of 2021 but has since been rapidly catching up. This delay will inevitably put back economic recovery after the economy had staged a rapid rebound from the first lockdowns in Q3 of 2020 but contracted slightly in Q4 to end 2020 only 4.9% below its pre-pandemic level. After contracting by another 0.3% in Q1 of 2021, recovery will now be delayed until Q3 of 2021. At its June meeting, the ECB forecast strong economic recovery with growth of 4.6% and 4.7% in 2021 and 2022 respectively.

In China, after a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of 2020; this enabled China to recover all the contraction in Q1 2021. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth. After making a rapid recovery in 2020/21, growth is likely to be tepid in 2021/22.

The coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings, although some forecasters had suggested that a cut into negative territory could have happened prior to more recent months when strong recovery started kicking in. However, the minutes of the Monetary Policy Committee in February 2021 made it clear that commercial banks could not implement negative rates within six months; by that time the economy would be expected to be recovering strongly and so there would be no requirement for negative rates. As shown in the forecast table below, one tentative increase in Bank Rate from 0.10% to 0.25% has now been forecast for quarter 2 of 2023/24 as an indication that the Bank of England will be moving towards some form of monetary tightening around this time. However, it could well opt for reducing its stock of quantitative easing purchases of gilts as a first measure to use before increasing Bank Rate so it is quite possible that we will not see any increase in Bank Rate in the three-year forecast period shown.

Borrowing

It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. The Council’s approved Treasury and Prudential Indicators (affordability limits) are included in the approved Treasury Management Strategy. A list of the approved limits is shown in Appendix B. The Prudential Indicators were not breached during the first quarter of 2021/22 and have not been previously breached. The schedule at Appendix C details the Prudential Borrowing approved and utilised to date.

In November 2020, the Chancellor announced the conclusion to the review of PWLB rates and subsequently all borrowing rates were reduced by 1%; but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. Link’s target rate for new long-term borrowing (50 years) for the first quarter of 2021/22 was increased to 1.94%. No new external borrowing has been undertaken to date in 2021/22. The low and high points during the quarter can be seen in the table below.

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.78%	1.12%	1.60%	2.03%	1.83%
Date	08/04/2021	22/04/2021	11/06/2021	21/06/2021	21/06/2021
High	0.88%	1.24%	1.80%	2.27%	2.06%
Date	21/06/2021	13/05/2021	13/05/2021	13/05/2021	13/05/2021
Average	0.81%	1.18%	1.68%	2.14%	1.94%
Spread	0.10%	0.12%	0.20%	0.24%	0.23%

Link Group Interest Rate View	10.5.21										
	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25	0.25
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.30	0.30	0.30
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.20	0.30	0.40	0.40	0.40
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.40	0.50	0.50	0.50
5 yr PWLB	1.20	1.20	1.30	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50
10 yr PWLB	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	2.00	2.00	2.00	2.00
25 yr PWLB	2.20	2.20	2.30	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.40

Long term PWLB rates are expected to rise to 2.0% in June 2021 before increasing to reach 2.4% by March 2024.