ITEM No …4………..

REPORT TO: **POLICY AND RESOURCES COMMITTEE – 7 MARCH 2022**

REPORT ON: **TREASURY MANAGEMENT STRATEGY 2022/2023**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **50-2022**

1 PURPOSE OF REPORT

This report introduces the Dundee City Council Treasury Management Strategy Statement and Annual Investment Strategy for 2022-2023, the preparation of which is a requirement of the Council's Treasury Policy Statement and the CIPFA Code of Practice on Treasury Management.

2 RECOMMENDATION

The Committee are asked to:

1 note that in terms of the Treasury Policy Statement, the Executive Director of Corporate Services is obliged to present the annual Treasury Management Strategy at the start of each financial year.

2 approve the strategy proposed by the Executive Director of Corporate Services for 2022/2023 as set out in the attached document "Treasury Management Strategy 2022/2023".

3 FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the recommendations in this report. However, decisions made within the Treasury Management function will affect the cost of the Council's long and short-term borrowing in 2022/2023 and future years. The 2022/2023 Revenue Budget has been set including a provision of £18.855m for General Fund and £19.268m for HRA capital financing costs, both are based on an average Loans Fund interest rate of 3.40%.

4 BACKGROUND

The Council's Treasury Policy Statement (Article IV of the Minute of Meeting of the Policy and Resources Committee of 8 March 2021, report no 58-2021 refers) requires that the Policy and Resources Committee will receive and consider the Treasury Management Strategy at the start of each new financial year.

5 TREASURY MANAGEMENT STRATEGY 2022/2023

The Council's Treasury Management Strategy for 2022/2023 is set out in detail in the attached document. The net new borrowing required in 2022/2023 is £33m. In light of this there is expected to be phased borrowing during the year. This will be based on cash flow and interest rate monitoring to determine the term and value of each loan taken.

In light of the continuing uncertainties in the finance market, lending transactions will be closely monitored to achieve maximum security of capital. This will involve using all available sources of information to assess the financial strength of any counterparties.

6 POLICY IMPLICATIONS

This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

7 CONSULTATION

The Council Management Team have been consulted in the preparation of this report.

8 BACKGROUND PAPERS

None

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **24 FEBRUARY 2022**

DUNDEE CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2022-2023

Executive Director of Corporate Services
March 2022

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1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.2 Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

Capital Planning

- the capital plans and the prudential indicators.

Treasury Management

- current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- borrowing strategy;
- debt rescheduling;
- investment strategy;

These elements cover requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and Scottish Government Investment Regulations not included in the Treasury Policy.

2. CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2026/27

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. The figures below are based on the latest approved version of the Capital Plan 2022-2027 (Article III of the Policy and Resources Committee of 24 January 2022, report 24-2022 refers).

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Programme Thematic Summary - Capital Plan 2022-2027 (£000's)									
Capital Investment Theme	**Overall Project Cost**	**Prior to 31/3/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**Later Years**
Work and Enterprise	108,531	80,315	4,465	6,751	11,900	3,100	-	-	2,000
Children & Families	160,807	43,243	3,615	7,616	26,783	33,522	15,670	5,358	25,000
Health, Care & Wellbeing	92,214	33,739	3,550	19,382	9,379	4,421	3,923	2,273	15,547
Community Safety & Justice	75,986	17,499	17,979	11,770	11,655	6,843	5,210	4,850	180
Service Provision	130,092	14,830	20,315	28,336	16,158	9,463	9,409	7,581	24,000
Building Strong Communities	173,889	33,306	18,875	24,826	31,044	24,771	18,549	21,618	900
Total Gross Expenditure	**741,519**	**222,932**	**68,799**	**98,681**	**106,919**	**82,120**	**52,761**	**41,680**	**67,627**

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital Resources Summary - Capital Plan 2022-2027 (£000's)					
Resource	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**
Capital expenditure funded from borrowing	49,744	76,762	66,220	33,252	25,298
Capital element of General Capital Grant (net of Private Sector Housing Grant)	13,000	13,000	13,000	13,000	13,000
Capital grants & contributions - corporate	450	450	450	450	450
Capital grants & contributions - project specific	18,062	11,684	-	3,609	482
Capital Receipts - Sale of Assets	6,975	4,573	2,000	2,000	2,000
Capital Fund	3,000	-	-	-	-
Capital financed from current revenue & programme slippage	7,450	450	450	450	450
Total	**98,681**	**106,919**	**82,120**	**52,761**	**41,680**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made which reflect the useful life of capital assets financed by borrowing. As agreed within the Loans Fund Policy Review (Article VII of the Minute of the Meeting of the Policy

& Resources Committee of 30 September 2019, Report No. 279-2019 refers), the Council has revised the method of calculation of loan repayments to ensure that its underlying debt liability reflects the consumption of the assets associated with that debt, and also reflects the period to which benefits are provided to the community now and in the future.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The following table annotates the CFR projections*:

Capital Financing Requirement (£000's)			
Year	**Non-HRA**	**HRA**	**Total**
2021/22	435,000	185,000	620,000
2022/23	464,000	189,000	653,000
2023/24	513,000	197,000	710,000
2024/25	549,000	207,000	756,000
2025/26	555,000	211,000	766,000
2026/27	551,000	218,000	769,000

* The table above excludes PFI and finance leases

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2021, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000s	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
External Debt					
Debt at 1 April	746,851	691,898	719,832	748,014	800,810
Expected change in Debt	(50,424)	15,242	32,834	57,788	45,878
Expected change in Other long-term liabilities	(4,529)	12,692	(4,652)	(4,992)	(5,718)
Total Gross debt at 31st March	691,898	719,832	748,014	800,810	840,970

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/2 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Executive Director of Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

Operational boundary

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational Boundary (£000's)			
Year	**Borrowing**	**Other**	**Total**
2021/22	552,000	169,000	721,000
2022/23	584,000	165,000	749,000
2023/24	642,000	160,000	802,000
2024/25	688,000	154,000	842,000
2025/26	698,000	148,000	846,000
2026/27	701,000	142,000	843,000

Authorised limit for external debt

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

a) This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35 (1) of the Local Government in Scotland Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

b) The Council is asked to approve the following authorised limit:

Authorised Limit (£000's)			
Year	**Borrowing**	**Other**	**Total**
2021/22	582,000	169,000	751,000
2022/23	614,000	165,000	779,000
2023/24	672,000	160,000	832,000
2024/25	718,000	154,000	872,000
2025/26	728,000	148,000	876,000
2026/27	731,000	142,000	873,000

3.3 Prospects for interest rates

A more detailed interest rate forecast and economic commentary are set out in appendix 5.2.

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The table below gives their central view.

Link Asset Services Interest Rate View 7/2/2022							
	Mar '22	**Jun '22**	**Sep '22**	**Dec '22**	**Mar '23**	**Jun '23**	**Sep '23**
Bank Rate View	0.75	1.00	1.00	1.25	1.25	1.25	1.25
3m av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20
6m av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30
12mav. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60
5yr PWLB Rate	2.20	2.30	2.30	2.30	2.30	2.30	2.30
10yr PWLB Rate	2.30	2.40	2.40	2.40	2.40	2.40	2.40
25yr PWLB Rate	2.40	2.50	2.50	2.60	2.60	2.60	2.60
50yr PWLB Rate	2.20	2.30	2.30	2.40	2.40	2.40	2.40
	Dec '23	**Mar '24**	**Jun '24**	**Sep '24**	**Dec '24**	**Mar '25**	
Bank Rate View	1.25	1.25	1.25	1.25	1.25	1.25	

3 Month LIBID	1.20	1.20	1.20	1.20	1.20	1.20
6 Month LIBID	1.30	1.30	1.30	1.30	1.30	1.30
12 Month LIBID	1.50	1.40	1.40	1.40	1.40	1.40
5yr PWLB Rate	2.30	2.30	2.30	2.30	2.30	2.30
10yr PWLB Rate	2.40	2.40	2.40	2.40	2.40	2.40
25yr PWLB Rate	2.60	2.60	2.60	2.60	2.60	2.60
50yr PWLB Rate	2.40	2.40	2.40	2.40	2.40	2.40

Over the last two years, 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 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021.

Significant risks to the forecasts:

- **Mutations** of the virus render current vaccines ineffective, and tweaked vaccines to combat these mutations are delayed, or cannot be administered fast enough to prevent further lockdowns. 25% of the population not being vaccinated is also a significant risk to the NHS being overwhelmed and lockdowns being the only remaining option.

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.

- **The Monetary Policy Committee** acts too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- **The Monetary Policy Committee** tightens monetary policy too late to ward off building inflationary pressures.

- **The Government** acts too quickly to cut expenditure to balance the national budget.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Longer term US treasury yields** rise strongly and pull gilt yields up higher than forecast.

- **Major stock markets** e.g. the US market has become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the "moral hazard" risks of having to buy shares and corporate bonds to reduce the impact of major financial market selloffs on the general economy.

- **Geopolitical risks,** for example in Ukraine, Iran, North Korea, but also in Europe and Middle Eastern countries; on-going global power influence struggles between Russia/China/US. These could lead to increasing safe-haven flows.

The balance of risks to the UK economy:

- The overall balance of risks to economic growth in the UK is now to the downside, including risks from Covid and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

It is not expected that Bank Rate will go up fast after the initial rate rise as the supply potential of the economy is not likely to have taken a major hit during the pandemic: it should, therefore, be able to cope well with meeting demand after supply shortages subside over the next year, without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the spike up to around 5%. The forecast includes four increases in Bank Rate over the three-year forecast period to March 2025, ending at 1.25%. However, it is likely that these forecasts will need changing within a relatively short timeframe for the following reasons:

- We do not know how severe an impact Omicron could have on the economy and whether there will be another lockdown or similar and, if there is, whether there would be significant fiscal support from the Government for businesses and jobs.

- There were already increasing grounds for viewing the economic recovery as running out of steam during the autumn and now into the winter. And then along came Omicron to pose a significant downside threat to economic activity. This could lead into stagflation, or even into recession, which would then pose a dilemma for the MPC as to whether to focus on combating inflation or supporting economic growth through keeping interest rates low.

- Will some current key supply shortages spill over into causing economic activity in some sectors to take a significant hit?

- Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation.

- On the other hand, consumers are sitting on over £160bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?

- It looks as if the economy coped well with the end of furlough on 30th September. It is estimated that there were around 1 million people who came off furlough then and there was not a huge spike up in unemployment. The other side of the coin is that vacancies have been hitting record levels so there is a continuing acute shortage of workers. This is a potential danger area if this shortage drives up wages which then feed through into producer prices and the prices of services i.e., a second-round effect that the MPC would have to act against if it looked like gaining significant momentum.

- We also recognise there could be further nasty surprises on the Covid front beyond the Omicron mutation.

- If the UK invokes article 16 of the Brexit deal over the dislocation in trading arrangements with Northern Ireland, this has the potential to end up in a no-deal Brexit.

In summary, with the high level of uncertainty prevailing on several different fronts, we expect to have to revise our forecasts again - in line with whatever the new news is.

It should also be borne in mind that Bank Rate being cut to 0.25% and then to 0.10%, were emergency measures to deal with the Covid crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away such emergency cuts on no other grounds than they are no longer warranted, and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

Since the start of 2021, we have seen a lot of volatility in gilt yields, and hence PWLB rates. As the interest forecast table for PWLB certainty rates above shows, there is forecast to be a steady, but slow, rise in both Bank Rate and gilt yields during the forecast period to March 2025, though there will doubtless be a lot of unpredictable volatility during this forecast period.

While monetary policy in the UK will have a major impact on gilt yields, there is also a need to consider the potential impact that rising treasury yields in America could have on our gilt yields. As an average since 2011, there has been a 75% correlation between movements in US 10-

year treasury yields and UK 10-year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2021/22 treasury operations. The Executive Director of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- ***if it was felt that there was a significant risk of a further FALL in long and short term rates*** (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- ***if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast****,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years. All relevant activities will be reported to Committee.

3.5 Debt rescheduling

As short term borrowing rates vary against longer term fixed interest rates, there may be potential opportunities to generate savings by moving between long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All relevant activities will be reported to Committee.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. The current forecast shown in paragraph 3.3, includes a forecast for another Base Rate increase in June 2022 with a further increase predicted in December 2022.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year, (based on a first increase in Bank Rate in quarter 2 of 2022), are as follows.:

Average earnings in each year	Now	Previously
2022/23	0.50%	0.50%
2023/24	0.75%	0.75%
2024/25	1.00%	1.00%
2025/26	1.25%	1.25%
Long term later years	2.00%	2.00%

For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to100 days) in order to benefit from the compounding of interest.

4.2 Investment interest risk

The Council holds relatively low levels of cash which helps limit borrowing costs. The table below details projections for investment cash balance (31 March), the average investment cash balance, investment interest.

£000s	Actual 2020/21	Outturn 2021/22	Estimate 2022/23	Estimate 2023/24	Estimate 2024/25
Investment cash balance (31 March)	9,100	5,000	5,000	5,000	5,000
Average investment cash balance	18,248	22,000	15,000	15,000	15,000
Investment interest	22	2	75	113	150
Average interest rate	0.12%	0.01%	0.50%	0.75%	1.00%

The above investment interest is generated from call accounts and Money Market Funds. We are currently budgeting for £75,000 of income in 2022/23 based on an average interest rate of 0.50% and an average cash balance of £15m.

5. APPENDICES

5.1 CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2022/23 – 2026/27

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure

Capital expenditure values used to prepare indicators are based on the latest approved Capital Plan 2022-2027 (Article III of the Policy and Resources Committee of 24 January 2022, report 24-2022 refers) as shown in section 2.1 of this report.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Non-HRA	4.9%	5.5%	6.4%	7.3%	7.2%
HRA	37.4%	37.2%	37.2%	38.1%	37.0%

The estimates of financing costs include current commitments and the proposals in this budget report.

Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates;

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity structure of fixed interest rate borrowing			
		Lower	**Upper**

Under 12 months	0%	10%
12 months to 2 years	0%	15%
2 years to 5 years	0%	25%
5 years to 10 years	0%	25%
10 years plus	50%	95%
Upper limit for total principal sums invested for longer than 365 days	n/a	No sums will be invested longer than 365 days

5.2 INTEREST RATE FORECASTS 2022-2025

The table below shows Link Asset Services view on UK Interest Rates on 7 February 2022.

Link Group Interest Rate View 7.2.22	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

5.3 MATURITY PROFILE OF EXTERNAL BORROWING

The tables below shows a maturity profile of the Council's external borrowing portfolio as at 31 March 2021. The profile comprises of loans from Public Works Loan Board (PWLB), Lender Option Borrower Option loans (LOBOs) from Banks and temporary loans from other Local Authorities.