APPENDIX 1

Treasury Management Outturn Report 2017/18

Introduction

In March 2005 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year.

This report fulfils the Authority's legal obligation to have regard to the CIPFA Code.

The Authority's treasury management strategy for 2017/18 was approved by Council on 9th March 2017. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

External Context *(latest data as at 09/4/18)*

Economic commentary

2017-18 was characterised by the push-pull from expectations of tapering of Quantitative Easing (QE) and the potential for increased policy rates in the US and Europe and from geopolitical tensions, which also had an impact.

The UK economy showed signs of slowing with latest estimates showing GDP, helped by an improving global economy, grew by 1.8% in calendar 2017, the same level as in 2016. This was a far better outcome than the majority of forecasts following the EU Referendum in June 2016, but it also reflected the international growth momentum generated by the increasingly buoyant US economy and the re-emergence of the Eurozone economies.

The inflationary impact of rising import prices, a consequence of the fall in sterling associated with the EU referendum result, resulted in year-on-year CPI rising to 3.1% in November before falling back to 2.7% in February 2018. Consumers felt the squeeze as real average earnings growth, i.e. after inflation, turned negative before slowly recovering. The labour market showed resilience as the unemployment rate fell back to 4.3% in January 2018. The inherent weakness in UK business investment was not helped by political uncertainty following the surprise General Election in June and by the lack of clarity on Brexit, the UK and the EU only reaching an agreement in March 2018 on a transition which will now span Q2 2019 to Q4 2020. The Withdrawal Treaty is yet to be ratified by the UK parliament and those of the other 27 EU member states and new international trading arrangements are yet to be negotiated and agreed.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017. It was significant in that it was the first rate hike in ten years, although in essence the MPC reversed its August 2016 cut following the referendum result. The February *Inflation Report* indicated the MPC was keen to return inflation to the 2% target over a more conventional (18-24 month) horizon with 'gradual' and 'limited' policy tightening. Although in March two MPC members voted to increase policy rates immediately and the MPC itself stopped short of committing itself to the timing of the next increase in rates, the minutes of the meeting suggested that an increase in May 2018 was highly likely.

In contrast, economic activity in the Eurozone gained momentum and although the European Central

Bank removed reference to an 'easing bias' in its market communications and had yet to confirm its QE intention when asset purchases end in September 2018, the central bank appeared some way off normalising interest rates. The US economy grew steadily and, with its policy objectives of price stability and maximising employment remaining on track, the Federal Reserve Open Market Committee (FOMC) increased interest rates in December 2017 by 0.25% and again in March, raising the policy rate target range to 1.50% - 1.75%. The Fed is expected to deliver two more increases in 2018 and a further two in 2019. However, the imposition of tariffs on a broadening range of goods initiated by the US, which has led to retaliation by China, could escalate into a deep-rooted trade war having broader economic consequences including inflation rising rapidly, warranting more interest rate hikes.

Financial markets: The increase in Bank Rate resulted in higher money markets rates: 1-month, 3-month and 12-month LIBID rates averaged 0.32%, 0.39% and 0.69% in 2017/18 and at 31st March 2018 were 0.43%, 0.72% and 1.12% respectively.

Gilt yields displayed significant volatility over the twelve-month period with the change in sentiment in the Bank of England's outlook for interest rates. The yield on the 5-year gilts which had fallen to 0.35% in mid-June rose to 1.65% by the end of March. 10-year gilt yields also rose from their lows of 0.93% in June to 1.65% by mid-February before falling back to 1.35% at year-end. 20-year gilt yields followed an even more erratic path with lows of 1.62% in June, and highs of 2.03% in February, only to plummet back down to 1.70% by the end of the financial year.

The FTSE 100 had a strong finish to calendar 2017, reaching yet another record high of 7688, before plummeting below 7000 at the beginning of 2018 in the global equity correction and sell-off.

Credit background:

Credit Metrics

In the first quarter of the financial year, UK bank credit default swaps reached three-year lows on the announcement that the Funding for Lending Scheme, which gave banks access to cheaper funding, was being extended to 2018. For the rest of the year, CDS prices remained broadly flat.

The rules for UK banks' ring-fencing its retail customers were finalised by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. As there was some uncertainty surrounding which banking entities the Authority would will be dealing with, once ring-fencing was implemented and what the balance sheets of the ring-fenced and non ring-fenced entities would look would actually look like, in May 2017 Arlingclose advised adjusting downwards the maturity limit for unsecured investments to a maximum of 6 months. The rating agencies had slightly varying views on the creditworthiness of the restructured entities.

Barclays, the Authority's banker, was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank.

Money Market Fund regulation: The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July and existing funds will have to be compliant by no later than 21st January 2019. The key features include Low Volatility Net Asset Value (LVNAV) Money Market Funds which will be permitted to maintain a constant dealing NAV, providing they meet strict new criteria and minimum liquidity requirements. MMFs will not be prohibited from having an external fund rating (as had been suggested in draft regulations). Arlingclose expects most of the short-term MMFs it recommends to convert to the LVNAV structure and awaits confirmation from each fund.

Credit Rating developments

The most significant change was the downgrade by Moody's to the UK sovereign rating in September from Aa1 to Aa2 which resulted in subsequent downgrades to sub-sovereign entities including local authorities.

Changes to credit ratings included Moody's downgrade of Standard Chartered Bank's long-term rating to A1 from Aa3 and the placing of UK banks' long-term ratings on review to reflect the impending ring-fencing of retail activity from investment banking (Barclays, HSBC and RBS were on review for downgrade; Lloyds Bank, Bank of Scotland and National Westminster Bank were placed on review for upgrade).

Standard & Poor's (S&P) revised upwards the outlook of various UK banks and building societies to positive or stable and simultaneously affirmed their long and short-term ratings, reflecting the institutions' resilience, progress in meeting regulatory capital requirements and being better positioned to deal with uncertainties and potential turbulence in the run-up to the UK's exit from the EU in March 2019. The agency upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.

Fitch revised the outlook on Nationwide Building Society to negative and later downgraded the institution's long-term ratings due to its reducing buffer of junior debt. S&P revised the society's outlook from positive to stable.

S&P downgraded Transport for London to AA- from AA following a deterioration in its financial position.

Moody's downgraded Rabobank's long-term rating due to its view on the bank's profitability and the long-term ratings of the major Canadian banks on the expectation of a more challenging operating environment and the ratings of the large Australian banks on its view of the rising risks from their exposure to the Australian housing market and the elevated proportion of lending to residential property investors. S&P also upgraded the long-term rating of ING Bank to A+.

Other developments:

In February, Arlingclose advised against lending to Northamptonshire County Council (NCC). NCC issued a section 114 notice in the light of severe financial challenge and the risk that it would not be in a position to deliver a balanced budget.

In March, following Arlingclose's advice, the Authority removed RBS plc and National Westminster Bank from its counterparty list. This did not reflect any change to the creditworthiness of either bank, but a tightening in Arlingclose's recommended minimum credit rating criteria to A- from BBB+ for FY 2018-19. The current long-term ratings of RBS and NatWest do not meet this minimum criterion, although if following ring-fencing NatWest is upgraded, the bank would be reinstated on the Authority's lending list.

Local Authority Regulatory Changes

Revised CIPFA Codes: CIPFA published revised editions of the Treasury Management and Prudential Codes in December 2017. The required changes from the 2011 Code will be assessed for incorporation into Treasury Management Strategies and monitoring reports during 2018/19. This is expected to result in a change to treasury management reporting lines.

The 2017 Prudential Code introduces the requirement for a more holistic Capital Strategy which provides a high-level overview of the long-term context of all capital expenditure, including Investment properties, and investment decisions and their associated risks and rewards along with an

overview of how risk is managed for future financial sustainability. Where this strategy is produced and approved by full Council, the determination of the Treasury Management Strategy can be delegated to a committee. The Code also expands on the process and governance issues of capital expenditure and investment decisions.

The Authority expects to produce its Capital Strategy during 2018-19.

In the 2017 Treasury Management Code, the definition of 'investments' was widened from including only financial assets to now also include non-financial assets held primarily for financial returns such as Investment Properties. These, along with other investments made for non-treasury management purposes such as loans supporting service outcomes and investments in subsidiaries, must be discussed in the Capital Strategy or Investment Strategy. Additional risks of such investments are to be set out clearly and the impact on financial sustainability is be identified and reported.

MHCLG Investment Guidance and Minimum Revenue Provision (MRP): In February 2018 the MHCLG (Ministry of Housing, Communities and Local Government) published revised Guidance on Local Government Investments and Statutory Guidance on Minimum Revenue Provision (MRP) which applies to English Authorities.

Changes to the Investment Guidance include a wider definition of investments to include non-financial assets held primarily for generating income return and a new category called "loans" (e.g. temporary transfer of cash to a third party, joint venture, subsidiary or associate). The Guidance introduces the concept of proportionality, proposes additional disclosure for borrowing solely to invest and also specifies additional indicators. Investment strategies in English Authorities must detail the extent to which service delivery objectives are reliant on investment income and a contingency plan should yields on investments fall.

The definition of prudent MRP has been changed to "put aside revenue over time to cover the CFR"; it cannot be a negative charge and can only be zero if the CFR is nil or negative. Guidance on asset lives has been updated, applying to any calculation using asset lives. Any change in MRP policy cannot create an overpayment; the new policy must be applied to the outstanding CFR going forward only.

There have been no moves yet by Welsh Government on proposed changes to the Guidance on Local Authority Investments. The Authority is however aware of the MHCLG's changes to the Investment Guidance for English authorities.

Amendments to Capital Finance Legislation: The Welsh Government published the Local Authorities (Capital Finance and Accounting) (Wales) (Amendment) Regulations 2018 in March 2018. It amends and clarifies erstwhile regulations so that investments in corporate bonds and shares in FCA (Financial Conduct Authority) approved UCITS (Undertakings for the Collective Investment of Transferable Securities) funds, Real Estate Investment Trusts (REITs) and investment schemes approved by HM Treasury are no longer treated as capital expenditure. This legislation came into effect in the 2017/18 financial year. It enables the Authority to invest in these instruments, if appropriate for the Authority's circumstance and objectives, without the potential revenue cost of MRP (Minimum Revenue Provision) and without the proceeds from sale being considered a capital receipt.

MiFID II: As a result of the second Markets in Financial Instruments Directive (MiFID II), from 3rd January 2018 local authorities were automatically treated as retail clients but could "opt up" to professional client status, providing certain criteria were met which includes having an investment balance of at least £10 million and the person(s) authorised to make investment decisions on behalf of the authority having at least a year's relevant professional experience. In addition, the regulated financial services firms to whom this directive applies have had to assess that the person(s) have the expertise, experience and knowledge to make investment decisions and understand the risks involved.

The Authority has met the conditions to opt up to professional status and has done so in order to maintain its erstwhile MiFID II status prior to January 2018. The Authority will continue to have access to products including money market funds, pooled funds, treasury bills, certificates of deposit, bonds, shares and to financial advice. This position will be reviewed during 2018/19 to see if the advantages of opting up have outweighed the costs. It should be noted that local authorities' investments are not protected by the Financial Services Compensation Scheme nor are they eligible to complain to the Financial Ombudsman Service regardless of whether they are retail or professional clients.

Local Context

On 31st March 2018, the Authority had net borrowing of £111.9m arising from its revenue and capital income and expenditure, an increase on 2017 of £27.5m. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors and the year-on-year change are summarised in table 1 below.

Table 1: Balance Sheet Summary

	31.3.17 Actual £m	2017/18 Movement £m	31.3.18 Actual £m
CFR	**134.6**	**11.5**	**146.1**
Less: Other debt liabilities *	-1.8	0.1	-1.9
Borrowing CFR	**132.8**	**11.4**	**144.2**
Less: Usable reserves	-34.3	16.1	-18.2
Less: Working capital	-13.7	0.0	-14.1
Net borrowing	**84.8**	**27.5**	**111.9**

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt

The Capital Financing Requirement has increased as new capital expenditure was budgeted to be funded from borrowing rather than actual in year financing including minimum revenue provision.

Actual Net borrowing has increased due to a rise in the borrowing CFR and also due to a reduction in usable reserves, especially due to a £15.6m reduction in the Capital receipts reserve which was used in year to fund capital expenditure on the 21 Century Schools program.

The Authority's strategy was to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. The treasury management position as at 31st March 2018 and the year-on-year change is shown in table 2 below.

Table 2: Treasury Management Summary

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m	31.3.18 Rate %
Long-term borrowing	69.8	6.6	76.4	3.7%
Short-term borrowing	19.5	33.1	52.6	0.55%
Total borrowing	**89.3**	**39.7**	**129.0**	**2.4%**
Long-term investments	0.0	0.1	0.1	
Short-term investments	0.1	9.9	10.0	
Cash and cash equivalents	4.4	2.6	7.0	
Total investments	**4.5**	**12.6**	**17.1**	**0.24%**
Net borrowing	**84.8**	**27.1**	**111.9**	

Note: the figures in the table are from the balance sheet in the Authority's statement of accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments

Short term borrowing was increased more in year than long term borrowing. This was a policy decision to reduce the overall cost of borrowing required to fund the Authority's 21st Century schools program. It is expected that further capital receipts coming in over the next few years will replenish cash levels. An independent decision was taken early in this calendar year to hold investment balances above £10m so that the Authority meets the definition of a professional investor under the Mifid II regulations. This decision will be reviewed to see if it is cost effective.

Borrowing Activity

At 31st March 2018, the Authority held £129.0m of loans, an increase of £39.7m on the previous year, as part of its strategy for funding previous years' capital programmes. The year-end borrowing position and the year-on-year change in shown in table 3 below.

Table 3: Borrowing Position

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m	31.3.18 Rate %	31.3.18 Average Maturity years
Public Works Loan Board	51.7	0.0	51.7	4.1%	14
LOBO Bank Loans	13.6	0.0	13.6	4.8%	24
Local authorities (long-term)	0.0	5.9	5.9	1.1%	3
Local authorities & other (ST)	19.0	33.6	52.6	0.55%	0
Interest free Loans from WG	5.0	0.2	5.2	0.0%	5
Total borrowing	**89.3**	**39.7**	**129.0**	**2.4%**	**8**

The Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are

required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective.

In furtherance of these objectives new borrowing was kept to a minimum whilst maintaining £10.0m of investments to meet the Mifid II requirements. The Authority took out £5.9m of new long term borrowing so that long term borrowing remained over 50% of net borrowing. The balance of borrowing required, £33.6m, was taken as short term borrowing. This strategy enabled the Authority to reduce net borrowing costs (despite foregone investment income) and reduce the credit risk on investments.

The new long term debt of £5.9m had an average maturity of 3 years and was required to fund the 21C schools Capital program. New short term debt was taken out to fund the capital program (£5.6m) and also to replenish cash used in funding reserve and capital receipt funded budgets (£34.1m).

For the majority of the year the "cost of carry" analysis performed by the Authority's treasury management advisor Arlingclose did not indicate value in borrowing in advance for future years' planned expenditure and therefore none was taken.

The Authority continues to hold £13.6m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during 2017/18.

Investment Activity

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During 2017/18, the Authority's investment balance ranged from £2 to £28 million due to timing differences between income and expenditure. The year-end investment position and the year-on-year change is shown in table 4 below.

Table 4: Investment Position (Treasury Investments)

	31.3.17 Balance £m	2017/18 Movement £m	31.3.18 Balance £m	31.3.18 Rate %	31.3.18 Maturity days
Banks & building societies (unsecured)	1.1	-1.1	0.0		
Government (incl. local authorities)	3.4	12.7	16.1		
Money Market Funds	0.0	1.0	1.0		
Total investments	**4.5**	**12.6**	**17.1**	**0.24%**	**1**

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

Due to relatively low balances for most of the year, the Authority invested in CD's and term deposits in banks and buildings societies with a credit rating of a minimum of A-, money market funds, other Local Authorities and the Debt management office. Since the introduction of Mifid II in January 2018, balances have risen so longer term investments achieving higher returns are being used. The progression of credit risk and return metrics for the Authority's investments managed in-house are shown in the extracts from Arlingclose's quarterly investment benchmarking in table 5 below.

Table 5: Investment Benchmarking

	Value weighted Average				
	Credit Score	Credit Rating	Bail-in Exposure	WAM* (days)	Rate of Return
31.03.2017	3.4	AA	23%	3	0.11%
30.06.2017	4.9	A+	100%	1	0.25%
30.09.2017	3.7	AA-	32%	2	0.14%
31.12.2017	5.1	A+	100%	1	0.31%
31.03.2018	3.1	AA	6%	5	0.26%
Similar LAs	**4.4**	**AA-**	**48%**	**115**	**0.47%**
All LAs	**4.2**	**AA-**	**55%**	**35**	**1.08%**

*Weighted average maturity

Financial Implications

The outturn for debt interest paid in 2017/18 was an under spend of £0.1 million derived from expenditure of £2.9 million on an average debt portfolio of £110.0 million at an average interest rate of 2.7% compared to budgeted expenditure of £3.0 million on an average debt portfolio of £100 million at an average interest rate of 2.94%. Additional budget of £0.6m for schemes which did not go ahead was also underspent.

The outturn for investment income received in 2017/18 was a surplus of £22,600 derived from income of £31,200 at an average rate of 0.24% on an average investment portfolio of £11.5 million against a budgeted £8,600 on an average investment portfolio of £5.7 million at an average interest rate of 0.15%.

Other Non-Treasury Holdings and Activity

Although not classed as treasury management activities, the 2017 CIPFA Code will require the Authority to report on investments for policy reasons outside of normal treasury management. This includes service investments for operational and/or regeneration as well as commercial investments which are made mainly for financial reasons. The Authority took the option not to include this in the 2018/19 Treasury Strategy but will work on this implementation during 2018/19.

The Authority holds £45m of investment properties, mainly agricultural properties but also a solar farm. This increased from £42m at 31st March 2017 mainly due to the commissioning of the solar farm. The agricultural properties have been held for a considerable time.

At the meeting of Council in May 2018, approval was given for the Authority to spend up to £50 million on new investments over a 3 year period, funded by prudential borrowing and largely for financial gain. Investments will be evaluated for having appropriate security, liquidity and yield as well as a wider set of investment and financial criteria. Risks and appropriate mitigations will be appropriately assessed against potential return and wider benefits identified. There will be a requirement that each investment will provide a net surplus over and above interest and MRP costs.

A register of such investments and financial guarantees will be maintained and continued performance monitored and adjustments made accordingly. Oakgrove Solar Farm is the only property the Authority

currently holds which was acquired with income generation in mind. £434,000 of income was generated in 2017/18. When offset by costs and loan interest this gives a return of 8% before the MRP charge is applied and 2.8% after.

This is higher than the return earned on treasury investments but reflects the additional risks to the Authority of holding such investments.

Compliance Report

The Head of Finance is pleased to report that all treasury management activities undertaken during 2017/18 complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

The operational boundary was exceeded by £1.8m in 2017/18 due to an increase in gross borrowing in order to hold £10m of investments to meet the requirements of Mifid II. Compliance with the authorised limit for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	2017/18 Maximum £m	**31.3.18 Actual £m**	**2017/18 Operational Boundary £m**	**2017/18 Authorised Limit £m**	**Complied**
Borrowing	129.0	129.0	127.2	147.4	✓
PFI & finance leases	**1.9**	**1.9**	**1.2**	**2.7**	✓
Total debt	**130.9**	**130.9**	**128.4**	**150.1**	✓

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

Table 8: Investment Limits

Dealing size per deal	**Used in 2017/18**	**2017/18 Limit**	**Complied**
UK Government	Yes	100%	✓
UK Local Authorities	No	Higher of £2m or 10%	✓
Unsecured Investments with Banks, Building Societies, other organisations and Securities rated A- or above	Yes	£2m	✓
Secured Investments with Banks, Building Societies, other organisations and Securities rated A- or above	No	£4m	✓
Foreign countries	Yes	£4m per country	✓
Registered Providers	No	£2m	✓
Unsecured investments with unrated Building Societies	No	£1m	✓
Money Market Funds	Yes	Lower of £2m or 10%	✓

Total non-specified investments	**No**	**£10m**	

X% is % of total Investments

Treasury Management Indicators

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

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.3.18 Actual	**2017/18 Target**	**Complied**
Portfolio average credit [rating] / [score]	A	[A-] / [5.0]	✓

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring cash levels forecast to go below £2 million in the following 5 working days. Where this was the case further borrowing was taken out. Cash did not fall below £1 million during the year.

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed was:

	31.3.18 Actual £m	**2017/18 Limit £m**	**Complied**
Upper limit on fixed interest rate exposure	61.9	100.0	✓
Upper limit on variable interest rate exposure	50.0	58.0	✓

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

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

	31.3.18 Actual % - £m	**Lower Limit %**	**Upper Limit %**	**Complied**
Under 12 months – LOBO's	23.6% - 13.6	0	50	✓
Under 12 months - Other	1.8% - 1.0	0		✓
12 months and within 24 months	2.9% - 1.7	0	25	✓
24 months and within 5 years	24.8% -14.3	0	45	✓
5 years and within 10 years	13.6% - 7.8	0	30	✓

10 years and above	33.3% - 19.2	0	100	✓

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

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

	2017/18	**2018/19**	**2019/20**
Actual principal invested beyond year end	£0m	£0m	£0m
Limit on principal invested beyond year end	£5m	£5m	£5m
Complied	✓	✓	✓