

Monitoring and Benchmarking Scores at 30 September 2019

Treasury Monitoring

Tables below show Treasury Management activities and performance for 2019/20 to date against the approved Prudential Indicators for External Debt and Treasury Management.

Table 3: Treasury Management Summary

	31-Mar-19 Actual £M	31-Mar-19 Average Rate %	30-Sep-19 Actual £M	30-Sep-19 Average Rate %	31-Mar-20 Forecast £M	31-Mar-20 Forecast Average %
Long Term Borrowing						
Public Works Loan	197.34	3.30	281.61	2.62	247.87	2.89
LOBO Loans from Banks	9.00	4.86	9.00	4.86	9.00	4.88
	206.34	3.36	290.61	2.72	256.87	2.96
Short Term Borrowing						
Other Local Authorities	40.00	0.75	15.00	0.91	40.22	0.86
Other			0.36	0.91	0.36	0.86
Total External Borrowing	246.34	3.03	305.97	2.66	297.46	2.78
Other Long Term Liabilities						
PFI Schemes	56.88	8.82	55.44	8.82	54.00	9.01
Deferred Debt Charges (HCC)	14.55	2.61	14.19	2.61	13.83	2.66
Total Gross External Debt	317.77	4.08	375.60	4.08	365.29	3.78
Investments:						
Managed In-House						
Government & Local Authority	(9.00)	0.79	(20.00)	0.74		
Cash (Instant access)	(26.06)	0.77	(73.44)	0.65	(11.89)	0.65
Cash (Notice Account)			(5.00)	0.95		
Short Term Bonds	(1.60)	1.21	(3.02)	1.09		
Long Term Bonds	(6.03)	3.15	(3.01)	5.30	(3.01)	5.30
Managed Externally						
Pooled Funds (CCLA)	(27.00)	4.40	(27.00)	4.24	(27.00)	4.24
Total Investments	(69.69)	4.03	(131.47)	1.58	(41.90)	3.29
Net Debt	248.08		244.13		323.39	

Table 4: Movement in Borrowing during the year to date

	Balance on 01/04/2019 £M	Net Movement £M	Balance on 30/09/2019 £M	Weighted Average Rate %	Weighted Average Maturity
Public Works Loan Board	197.34	84.27	281.61	2.62	see below
Banks (LOBO)*	9.00	0.00	9.00	4.86	133 days
Local Authorities (short-term)	40.00	(25.00)	15.00	0.91	46 days
Other (short-term)	0.00	0.36	0.36	0.91	182 days
Total Borrowing	246.34	59.63	305.97	2.66	

* next call date

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Table 5: Maturity Structure of PWLB Borrowing

Debt	Lower Limit	Upper Limit	Actual Debt as at 30/09/2019	Average Rate as at 30/09/2019	% of Debt	Compliance with set Limits?
	%	%	£M	%		
Under 12 months	0	45	39.07	2.00	14	Yes
12 months and within 24 months	0	45	22.69	2.70	8	Yes
24 months and within 5 years	0	50	18.00	1.12	6	Yes
5 years and within 10 years	0	55	30.00	1.12	11	Yes
10 years and within 20 years	0	55	43.00	1.61	15	Yes
20 years and within 30years	0	65	5.00	4.60	2	Yes
30 years and within 40 years	0	75	101.10	3.74	36	Yes
40 years and within 45 years	0	75	22.75	3.60	8	Yes
			281.61	2.62	100	

Table 6: Investment activity during the year

	Balance on 01/04/2019 £M	Net Movement £M	Balance on 30/09/2019 £M	Weighted Average Rate %	Weighted Average Maturity
Government & Local Authority	(9.00)	(11.00)	(20.00)	0.74	19 days
Cash (Instant access)	(26.06)	(47.38)	(73.44)	0.65	1 day
Cash (Notice Account)	0.00	(5.00)	(5.00)	0.95	90 days
Short Term Bonds	(1.60)	(1.42)	(3.02)	1.09	1 day
Long Term Bonds	(6.03)	3.02	(3.01)	5.30	3 Years
Pooled Funds (CCLA)	(27.00)	0.00	(27.00)	4.24	Unspecified
Total Investments	(69.69)	(61.78)	(131.47)	1.58	

Table 7: Key Prudential Indicators

Indicator	Limit	Actual at 30 September 2019
Authorised Limit for external debt £M	£925M	£377M
Operational Limit for external debt £M	£875M	£377M
Maximum external borrowing in year	£875M	£311M
Limit of fixed interest debt %	100%	86%
Limit of variable interest debt %	50%	14%
Limit for Investments greater than a year £M	£55M	£30M
GF Ratio of Financing costs to Net Revenue Stream	10%	6.23%

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Southampton Benchmarking Scores

Our advisors produce quarterly benchmarking which shows the breakdown of our current investments and how we compare to their other clients and other English Unitary Authority's, which is shown below. It shows that on average the return on our current internal investments at 1.58% is higher than the average of 1.22% and our overall return including the LAPF fund is 1.56% as opposed to the average of 1.34%. This has been achieved without impacting on our average credit rating which at AA- is in line with both other Local Authorities and Unitary Authorities. Due to the timing of taking the £90M PWLB loan our balances are higher than normal and a higher proportion are being held in instant access accounts which is depressing the figures which are normally higher due to our strategic approach to investments and borrowing, our weighted average return for the year is expected to be around 3%.



Investment Benchmarking 30 September 2019

	Southampton	20 English Unitaries Average	139 LAs Average
Internal Investments	£104.4m	£61.2m	£65.2m
Cash Plus & Short Bond Funds	£0.0m	£1.4m	£1.8m
Strategic Pooled Funds	£27.2m	£11.8m	£11.0m
TOTAL INVESTMENTS	£131.6m	£74.4m	£78.1m

Security

Average Credit Score	3.83	4.32	4.28
Average Credit Rating	AA-	AA-	AA-
Average Credit Score (time-weighted)	2.10	4.29	4.19
Average Credit Rating (time-weighted)	AA+	AA-	AA-
Number of Counterparties / Funds	8	13	14
Proportion Exposed to Bail-in	66%	74%	62%

Liquidity

Proportion Available within 7 days	58%	52%	42%
Proportion Available within 100 days	69%	71%	68%
Average Days to Maturity	48	41	28

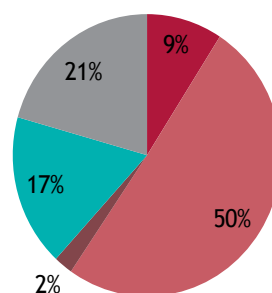
Market Risks

Average Days to Next Rate Reset	81	65	64
Strategic Fund Volatility	1.8%	1.8%	2.8%

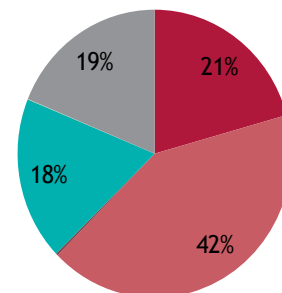
Yield

Internal Investment Return	0.85%	0.80%	0.83%
Cash Plus & Short Bond Fund - Total Ret	-	1.00%	1.26%
Strategic Funds - Total Return	4.36%	3.00%	3.32%
Total Investments - Total Return	1.58%	1.19%	1.22%
All External Funds - Income Only Return	4.30%	3.70%	3.68%
All External Funds - Capital Gains/Loss	0.05%	-0.99%	-0.79%
Total Investments - Income Only Retu	1.56%	1.48%	1.34%

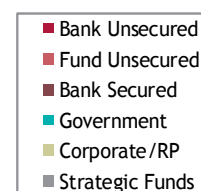
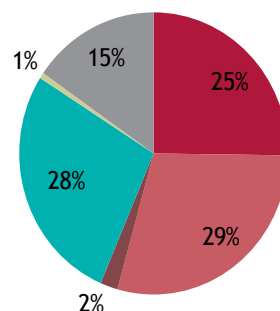
Southampton



English Unitaries



All Arlingclose Clients



Notes

- Unless otherwise stated, all measures relate to internally managed investments only, i.e. excluding external pooled funds.
- Averages within a portfolio are weighted by size of investment, but averages across authorities are not weighted.
- Credit scores are calculated as AAA = 1, AA+ = 2, etc.
- Volatility is the standard deviation of weekly total returns, annualised.