Report for: Corporate Committee 29th November 2016

Item number: **7**

Title: Mid Year Report - Treasury Management Update

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

Lead Officer: Oladapo Shonola, Head of Finance - Treasury & Pensions
oladapo.shonola@haringey.gov.uk 02084893726

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non Key decision

1. Describe the issue under consideration

1.1. The Chartered Institute of Public Finance and Accountancy's Treasury Management Code (CIPFA's TM Code) requires that Authorities report on the performance of the treasury management function at least twice yearly (mid-year and at year end). This report provides an additional quarterly update.

1.2. The Council's Treasury Management Strategy for 2016/17 was approved by Full Council on 22 February 2016.

1.3. This report updates the Committee on the Council's treasury management activities and performance in the six months to 30th September 2016 in accordance with the CIPFA Treasury Management Code of Practice. It is a requirement of the Code for the report also to be considered by Full Council.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

3.1. That members note the Treasury Management activity undertaken during the six months to 30th September 2016 and the performance achieved.

4. Reason for Decision

4.1. None.

5. Other options considered

5.1. None.

6. Background information

<u>Mid Year Review</u>

6.1. The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually, Prudential Indicators and a Treasury Management Strategy Statement. CIPFA has defined Treasury management as: "The management of the local Council'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."

6.2. The Code recommends that members are informed of treasury management activities at least twice a year. Formulation of treasury policy, strategy and activity is delegated to the Corporate Committee and this Committee receives reports quarterly.

6.3. However, overall responsibility for treasury management remains with Full Council and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2016/17 on 22nd February 2016. The Corporate Committee is responsible for monitoring treasury management activity and this is achieved through the receipt of quarterly reports. This report forms the 2nd quarterly monitoring report for 2016/17 and also the mandatory half year report required to be provided to Full Council.

6.4. Government guidance on local Council treasury management states that local authorities should consider the following factors in the order they are stated:

Security - Liquidity - Yield

6.5. The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury activity is without risk and the effective identification and management of risk are integral to the Council's treasury management activities.

6.6. The quarterly reports during 2016/17 are structured to cover borrowing first and then investments according to these factors, so that members can see how they are being addressed operationally.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. Interest rates earned on investments remain low and significantly less than the cost of new borrowing and therefore the strategy of minimising cash balances is continuing in 2016-17. Borrowing will be taken only when required for liquidity purposes with the preference being short term local authorities' loans at very low rates. However longer term interest rates continue to be carefully monitored. The ability to take advantage of low interest rates in this way has resulted in anticipated savings on the treasury management budget.

Legal

8.2. The contents and recommendation of this report are in accordance the Treasury Management Strategy Statement and consistent with legislation governing the financial affairs of the Council. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee.

Equalities

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 – Summary of Treasury Management Activity/Performance
Appendix 2 – Prudential and Treasury Indicators
Appendix 3 – Money Markets Data & PWLB Rates
Appendix 4 – Cost of Early Repayment of PWLB Loans

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

11. External Context and Economic Commentary and Outlook

11.1. The preliminary estimate of Q2 2016 GDP showed reasonably strong growth as the economy grew 0.7% quarter-on-quarter, as compared to

0.4% in Q1 and year/year growth running at a healthy pace of 2.2%. However the UK economic outlook changed significantly on 23rd June 2016. The surprise result of the referendum on EU membership prompted forecasters to abandon previous positive projections in favour of worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of the risks and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

11.2. The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the Monetary Policy Committee to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (QE) and cheap funding for banks to maintain the supply of credit to the economy. The minutes of the August meeting also suggested that many members of the Committee supported a further cut in Bank Rate to near-zero levels (the Bank, however, does not appear keen to follow peers into negative rate territory) and more QE should the economic outlook worsen.

11.3. In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows.

11.4. Whilst the economic growth consequences of BREXIT remain speculative, there is uniformity in expectations that uncertainty over the UK's future trade relations with the EU and the rest of the world will weigh on economic activity and business investment, dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017.

11.5. Meanwhile, inflation is expected to pick up due to a rise in import prices, dampening real wage growth and real investment returns. The August Quarterly *Inflation Report* from the Bank of England forecasts a rise in CPI to 0.9% by the end of calendar 2016 and thereafter a rise closer to the Bank's 2% target over the coming year, as previous rises in commodity prices and the sharp depreciation in sterling begin to drive up imported material costs for companies.

Market Reaction

11.6. Following the referendum result gilt yields fell sharply across the maturity spectrum on the view that Bank Rate would remain extremely low for the foreseeable future. The yield on the 10-year gilt fell from 1.37% on 23rd June to a low of 0.52% in August, a quarter of what it was at the start of 2016. The 10-year gilt yield has since risen to 0.69%

at the end of September. The yield on 2- and 3-year gilts briefly dipped into negative territory intra-day on 10th August to -0.1% as prices were driven higher by the Bank of England's bond repurchase programme. However both yields have since recovered to 0.07% and 0.08% respectively. The fall in gilt yields was reflected in the fall in PWLB borrowing rates, as evidenced in Tables 2 and 3 in Appendix 3.

11.7. On the other hand, after an initial sharp drop, equity markets appeared to have shrugged off the result of the referendum and bounced back despite warnings from the IMF on the impact on growth from 'Brexit' as investors counted on quantitative easing generated liquidity to drive risk assets. The most noticeable fall in money market rates was for very short-dated periods (overnight to 1 month) where rates fell to between 0.1% and 0.2%.

12. Local Context

12.1. At 31/3/2016 the Council's underlying need to borrow for capital purposes as measured by the Capital Financing Requirement (CFR) was £583.7m. The Council had £312.2m of borrowing and £29.15m of investments.

12.2. The Council's current strategy is to maintain borrowing and investments below their underlying levels, referred to as internal borrowing.

12.3. The Council has an increasing CFR over the next 3 years due to the capital programme, but minimal investments and it is estimated will likely need to borrow up to £25m over the forecast period.

13. Borrowing Strategy During the Quarter

13.1. At 30/9/2016 the Council held £273.6m of loans, (a decrease of £9.7m on 31/3/2016), as part of its strategy for funding previous years' capital programmes.

13.2. The Council does not expect to borrow in 2016/17.

13.3. The Council's chief objective when borrowing continues to be striking 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 Council's long-term plans change being a secondary objective.

13.4. Affordability and the "cost of carry" remained important influences on the Council's borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained, and are likely to remain for a significant period, lower than long-term rates, the Council determined it was more cost effective in the short-term to use internal resources / borrow short-term loans instead.

13.5. The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose assists the Council with this 'cost of carry' and breakeven analysis.

Borrowing Activity

Investments	Balance at 1 Apr 2016 £'000	Investments Made £'000	Maturities £'000	Balance at 30 Sep 16 £'000	Avg Rate /Yield %
Short term Investments (call accounts, deposits) - Banks & Building Societies	0	0	0	0	0
UK Government: - Deposits at Debt Management Office	10,000	135,985	135,985	0	0.22
Money Market Funds/Cash Funds	7,600	141,980	120,430	29,150	0.56
TOTAL INVESTMENTS	17,600	277,965	256,415	29,150	0.53
Increase/ (Decrease) in Investments £m		277,965	256,415	29,150	

13.6. **LOBOs:** The Council holds £125m 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 Council has the option to either accept the new rate or to repay the loan at no additional cost. £125m of these LOBOS had options during the quarter, none of which were exercised by the lender. The Council acknowledges there is an element of refinancing risk even though in the current interest rate environment lenders are unlikely to exercise their options.

Debt Rescheduling

13.7. The premium charge for early repayment of PWLB debt remained relatively expensive for the loans in the Council's portfolio and therefore unattractive for debt rescheduling activity. If existing debt profile is maintained, it is estimated that the Council will incur a net cost of £31m if all PWLB loans were rescheduled. Consequently, no rescheduling activity has been undertaken.

13.8. An analysis of the cost of early repayment on all outstanding PWLB loans has been attached at Appendix 4 of this report.

14. Investment Activities

14.1. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. Cashflow forecasts indicated that during 2016/17 the Council's investment balances would range between £0 and £50 million.

14.2. The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles

14.3. The Council has sought to minimise its security risk by setting limits on each institution on the lending list. The Council has complied with all these limits during the financial year to date.

14.4. The economic environment remains uncertain, and given this background, the Council has kept cash investments to a minimum and short term. Money Market Funds continue to be used extensively as the portfolios are spread across a range of underlying investments to diversify risk. They also provide instant access enabling officers to take action quickly if there are any concerns about creditworthiness. The remainder of the Council's investments are held with the DMO (government agency).

Investment Activities

Investments	Balance at 1 Apr 2016 £'000	Investments Made £'000	Maturities £'000	Balance at 30 Sep 16 £'000	Avg Rate /Yield %
Short term Investments (call accounts, deposits) - Banks & Building Societies	0	0	0	0	0
UK Government: - Deposits at Debt Management Office	10,000	135,985	135,985	0	0.22
Money Market Funds	7,600	141,980	120,430	29,150	0.56
TOTAL INVESTMENTS	17,600	277,965	256,415	29,150	0.53
Increase/ (Decrease) in Investments £m		277,965	256,415	29,150	

Credit Risk

14.5. The table below shows counterparty credit quality as measured by credit ratings and the percentage of the in-house investment portfolio exposed to bail-in risk.

Date	Value Weighted Average - Credit Risk Score	Value Weighted Average - Credit Rating	Time Weighted Average - Credit Risk Score	Time Weighted Average - Credit Rating	Investments exposed to bail-in risk %

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31/03/2016	2.61	AA-	2.33	AA-	21
30/06/2016	3.71	AA-	3.71	AA-	100
30/09/2016	3.98	AA-	3.98	AA-	100

Scoring:
-Value weighted average reflects the credit quality of investments according to the size of the deposit
-Time weighted average reflects the credit quality of investments according to the maturity of the deposit
-AAA = highest credit quality = 1
- D = lowest credit quality = 26
-Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

Budgeted Income and Outturn

14.6. The average cash balances were £16m during the quarter. The UK Bank Rate had been maintained at 0.5% since March 2009 until August 2016, when it was cut to 0.25%. It is likely to fall further towards zero but not go negative. Short-term money market rates have remained at relatively low levels. Following the reduction in Bank Rate, rates for very short-dated periods (overnight – 1 month) fell to between 0.1% and 0.2%. Debt Management Account Deposit Facility (DMADF) rates fell to 0.15% for periods up to 3 months and to 0.10% for 4 – 6 month deposits.

14.7. Investments in Money Market Funds (not Cash Funds) generated an average rate of 0.45%. The Council's forecast investment income for the year is estimated at £104k.

14.8. The Bank Rate is expected to be cut further towards zero in the coming months, which will in turn lower the rates short-dated money market investments with banks and building societies. As the Council's surplus cash continues to be invested in short-dated money market instruments, it will most likely result in a fall in investment income over the year.

15. Compliance with Prudential Indicators

15.1. The Council confirms compliance with its Prudential Indicators for 2016/17, which was set in February 2016 as part of the Council's Treasury Management Strategy Statement.

Treasury Management Indicator

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

15.3. **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net [principal borrowed] will be:

	2016/17	2017/18	2018/19
Upper limit on fixed interest rate exposure	100%	100%	100%
Actual	99%		
Upper limit on variable interest rate exposure	40%	40%	40%
Actual	1%		

15.4. Fixed rate investments and borrowings are those where the rate of interest is fixed for the whole financial year. Instruments that mature during the financial year are classed as variable rate.

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

9	Maturity structure of borrowing (U: upper, L: lower)	L	U	Forecast 30 Sep 2016
	under 12 months	0%	40%	0.7%
	12 months & within 2 years	0%	35%	8.4%
	2 years & within 5 years	0%	35%	6.7%
	5 years & within 10 years	0%	35%	11.6%
	10 yrs & within 20 yrs	0%	35%	4.4%
	20 yrs & within 30 yrs	0%	35%	3.7%
	30 yrs & within 40 yrs	0%	35%	27.2%
	40 yrs & within 50 yrs	0%	50%	9.9%
	50 yrs & above	0%	50%	27.4%

15.6. 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.

15.7. **Principal Sums Invested for Periods Longer than 364 days:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. Given the policy of spending down cash balances and use of internal borrowing the Council does not expect to invest beyond 364 days in the medium term.

16. Outlook for the remainder of 2016/17

16.1. The economic outlook for the UK has immeasurably altered following the popular vote to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU, particularly with regard to Single Market access.

16.2. The short to medium-term outlook has been more downbeat due to the uncertainty generated by the result and the forthcoming negotiations. Economic and political uncertainty will likely dampen or delay investment intentions, prompting lower activity levels and potentially a rise in unemployment. The downward trend in growth apparent on the run up to the referendum may continue through the second half of 2016, although some economic data has held up better than was initially expected, perhaps suggesting a less severe slowdown than feared.

16.3. Arlingclose, the Council's treasury management advisor has changed its central case for the path of Bank Rate over the next three years. Arlingclose believes any currency-driven inflationary pressure will be looked through by Bank of England policymakers. Arlingclose's central case is for Bank Rate to remain at 0.25%, but there is a 40% possibility of a drop to close to zero, with a small chance of a reduction below zero.

16.4. Global interest rate expectations have been pared back considerably. There remains a possibility that the Federal Reserve will wait until after November's presidential election, and probably hike interest rates in December 2016, but most likely in January 2017 - but only if economic conditions warrant it.

16.5. In addition, Arlingclose believes that the Government and the Bank of England have both the tools and the willingness to use them to prevent market-wide problems leading to bank insolvencies. The cautious approach to credit advice means that the banks currently on the Council's counterparty list have sufficient equity buffers to deal with any localised problems in the short term

Appendix 1: Summary of Treasury Management Activity & Performance

Treasury Portfolio

	Prudential Indicator	2016/17 Original Indicator	Forecast as at 30 Sep 2016
CAPITAL INDICATORS			
1	Capital Expenditure	£'000	£'000
	General Fund	50,682	78,230
	HRA	64,307	67,723
	TOTAL	114,989	145,953

2	Ratio of financing costs to net revenue stream	2016/17 Original Indicator	Forecast as at 30 Sep 2016
	General Fund	1.93%	1.93%
	HRA	8.88%	8.88%

3	Capital Financing Requirement	2016/17 Original Indicator £'000	Forecast as at 30 Sep 2016 £'000
	General Fund	290,670	290,670
	HRA	293,002	293,002
	TOTAL	583,672	583,672

4	Incremental impact of capital investment decisions	2016/17 Original Indicator £	Forecast as at 30 Sep 2016 £
	Band D Council Tax	32.04	32.04
	Weekly Housing rents	1.51	1.51

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Appendix 2: Treasury & Prudential Indicators

No.	Prudential Indicator	2016/17 Original Indicator	2016/17 Position/Forecast Sep 2016
CAPITAL INDICATORS			
1	Capital Expenditure	£'000	£'000
	General Fund	50,682	78,230
	HRA	64,307	67,723
	TOTAL	114,989	145,953
2	Ratio of financing costs to net revenue stream	%	%
	General Fund	1.93	1.93
	HRA	8.88	8.88
3	Capital Financing Requirement	£'000	£'000
	General Fund	290,670	290,670
	HRA	293,002	293,002
	TOTAL	583,672	583,672
4	Incremental impact of capital investment decisions	£	£
	Band D Council Tax	32.04	32.04
	Weekly Housing rents	1.51	1.51

No.	Prudential Indicator	2016/17 Original Indicator	Forecast 30 Sep 2016
5	Borrowing Limits	£'000	£'000
	Authorised Limit / actual debt	528,231	320,551
	Operational Boundary/actual debt	472,772	320,551

6	HRA Debt Cap	£'000	£'000
	Headroom	44,235	44,235

7	Gross debt compared to CFR	£'000	£'000
	Gross debt	312,233	320,551
	CFR	583,672	583,672

8	Upper limit – fixed rate exposure	100%	99%
	Upper limit – variable rate	40%	1%

9	Maturity structure of borrowing (U: upper, L: lower)	**L**	**U**	**31 March 2016**
	under 12 months	0%	40%	0.7%
	12 months & within 2 years	0%	35%	8.4%
	2 years & within 5 years	0%	35%	6.7%
	5 years & within 10 years	0%	35%	11.6%
	10 yrs & within 20 yrs	0%	35%	4.4%
	20 yrs & within 30 yrs	0%	35%	3.7%
	30 yrs & within 40 yrs	0%	35%	27.2%
	40 yrs & within 50 yrs	0%	50%	9.9%
	50 yrs & above	0%	50%	27.4%

10	Sums invested for > 364 days	£0	£0

11	Adoption of CIPFA Treasury Management Code of Practice	√	√

12	**LOBO Adjusted** Maturity structure of borrowing (U: upper, L: lower)	L	U	**31 March 2016**
	under 12 months	0%	40%	46.4%
	12 months & within 2 years	0%	35%	8.4%
	2 years & within 5 years	0%	35%	6.7%
	5 years & within 10 years	0%	35%	11.6%
	10 yrs & within 20 yrs	0%	35%	4.4%
	20 yrs & within 30 yrs	0%	35%	0.0%
	30 yrs & within 40 yrs	0%	35%	12.6%
	40 yrs & within 50 yrs	0%	50%	9.9%
	50 yrs & above	0%	50%	0.0%

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Money Market Data and PWLB Rates

The average, low and high rates correspond to the rates during the financial year rather than those in the tables below.

Please note that the PWLB rates below are Standard Rates. Haringey is eligible for the Certainty Rate which means it can borrow at a 0.20% reduction of Standard Rates.

Table 1: Bank Rate, Money Market Rates

Date		Bank Rate		O/N LIBID	7-day LIBID	1-month LIBID	3-month LIBID	6-month LIBID	12-month LIBID	2-yr SWAP Bid	3-yr SWAP Bid	5-yr SWAP Bid
01/4/2016		0.50		0.36	0.36	0.39	0.46	0.61	0.88	0.78	0.83	0.98
30/4/2016		0.50		0.36	0.36	0.38	0.47	0.62	0.90	0.86	0.95	1.13
31/5/2016		0.50		0.35	0.37	0.39	0.46	0.61	0.89	0.82	0.92	1.09
30/6/2016		0.50		0.35	0.36	0.39	0.43	0.55	0.80	0.49	0.49	0.60
31/7/2016		0.50		0.15	0.45	0.42	0.52	0.64	0.77	0.47	0.47	0.54
31/8/2016		0.25		0.11	0.18	0.18	0.38	0.54	0.69	0.42	0.42	0.48
30/9/2016		0.25		0.10	0.25	0.45	0.51	0.61	0.74	0.43	0.42	0.47
Minimum		0.25		0.02	0.15	0.18	0.30	0.50	0.66	0.38	0.37	0.42
Average		0.43		0.26	0.37	0.42	0.52	0.66	0.83	0.61	0.64	0.75
Maximum		0.50		0.43	0.55	0.61	0.72	0.83	1.04	0.88	0.99	1.20
Spread		0.25		0.41	0.40	0.43	0.42	0.33	0.38	0.51	0.62	0.78

Table 2: PWLB Borrowing Rates – Fixed Rate, Maturity Loans (Standard Rate)

Change Date	Notice No	1 year	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/4/2016	125/16	1.33	1.82	2.51	3.24	3.33	3.19	3.15
30/4/2016	165/16	1.37	1.95	2.65	3.34	3.40	3.25	3.21
31/5/2016	205/16	1.36	1.93	2.56	3.22	3.27	3.11	3.07
30/6/2016	249/16	1.17	1.48	2.09	2.79	2.82	2.61	2.57
31/7/2016	292/16	1.07	1.31	1.84	2.57	2.65	2.48	2.44
31/8/2016	336/16	1.09	1.23	1.65	2.22	2.29	2.12	2.08
30/9/2016	380/16	1.02	1.20	1.70	2.34	2.43	2.29	2.27
	Low	1.01	1.15	1.62	2.20	2.27	2.10	2.07
	Average	1.20	1.54	2.12	2.81	2.87	2.70	2.67
	High	1.40	2.00	2.71	3.40	3.46	3.31	3.28

Table 3: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans (Standard Rate)

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/4/2016	125/16	1.50	1.86	2.54	2.99	3.25	3.34
30/4/2016	165/16	1.59	1.99	2.68	3.11	3.34	3.42
31/5/2016	205/16	1.58	1.97	2.58	2.99	3.23	3.30
30/6/2016	249/16	1.24	1.51	2.11	2.55	2.79	2.86
31/7/2016	292/16	1.13	1.34	1.87	2.31	2.58	2.67
31/8/2016	336/16	1.12	1.25	1.67	2.02	2.23	2.31
30/9/2016	380/16	1.05	1.22	1.72	2.13	2.36	2.44
	Low	1.03	1.17	1.64	2.00	2.20	2.28
	Average	1.30	1.57	2.15	2.58	2.82	2.89
	High	1.63	2.04	2.73	3.17	3.41	3.48

Table 4: PWLB Variable Rates (standard rate)

	1-M Rate	3-M Rate	6-M Rate	1-M Rate	3-M Rate	6-M Rate
	Pre-CSR	Pre-CSR	Pre-CSR	Post-CSR	Post-CSR	Post-CSR
1/4/2016	0.61	0.65	0.67	1.51	1.55	1.57
30/4/2016	0.61	0.65	0.67	1.51	1.55	1.57
31/5/2016	0.65	0.66	0.70	1.55	1.56	1.60
30/6/2016	0.64	0.62	0.62	1.54	1.52	1.52
31/7/2016	0.55	0.48	0.45	1.45	1.38	1.35
31/8/2016	0.38	0.41	0.48	2.18	1.31	1.38
30/9/2016	0.38	0.40	0.48	1.28	1.30	1.38

Please note PWLB rates are standard rates

Cost of Early Replacement of PWLB Loans

Appendix 4

Loan No	Balance Outstanding	PREM	DISC	Years to Maturity	Loan rate	New Rate to Match Profile	Interest Pymt to Maturity	Interest to Maturity New Rate	Cost of Early Repayment	Net Cost / Saving of Early Repayment
452514	10,650,715.68	1,713,644.72	0	1.641096	10.125%	1.01%	1,769,733	219,940.86	1,933,585.58	163,852.45
452731	823,210.28	247,122.46	0	3.060274	10.375%	1.15%	261,372	40,400.52	287,522.98	26,150.90
452732	6,777,728.16	2,034,630.62	0	3.060274	10.375%	1.15%	2,151,952	332,629.18	2,367,259.80	215,307.90
496953	3,872,987.52	-	0	3.430137	0.670%	1.15%	89,009	152,781.68	152,781.68	63,773.00
453310	6,777,728.16	2,576,501.29	0	4.063014	10.125%	1.26%	2,788,223	510,288.21	3,086,789.50	298,566.76
501694	5,000,000.00	392,864.84	0	5.054795	2.360%	1.37%	596,466	379,591.80	772,456.64	175,990.89
501715	5,000,000.00	375,768.51	0	5.057534	2.290%	1.37%	579,088	378,366.10	754,134.61	175,046.94
450600	2,947,470.96	1,637,329.79	0	5.967123	10.500%	1.43%	1,846,732	416,498.15	2,053,827.94	207,096.06
483960	16,702,258.68	4,549,142.78	0	7.421918	4.875%	1.62%	6,043,186	2,596,573.94	7,145,716.72	1,102,530.65
483959	2,178,555.48	643,428.72	0	8.421918	4.875%	1.73%	894,446	417,359.90	1,060,788.62	166,342.38
490024	12,103,086.00	4,467,280.60	0	18.58082	4.450%	2.46%	10,007,395	7,714,254.40	12,181,534.99	2,174,139.78
492069	2,904,740.64	1,550,041.87	0	35.85479	4.200%	2.42%	4,374,253	3,890,400.66	5,440,442.54	1,066,189.63
492208	2,904,740.64	1,442,825.36	0	35.94521	4.050%	2.42%	4,228,666	3,796,704.50	5,239,529.86	1,010,864.14
492070	2,904,740.64	1,598,995.56	0	36.85479	4.200%	2.40%	4,496,252	4,009,099.53	5,608,095.09	1,111,843.08
492209	2,904,740.64	1,489,364.68	0	36.94521	4.050%	2.40%	4,346,308	3,911,301.63	5,400,666.31	1,054,358.60
492071	2,904,740.64	1,638,092.64	0	37.85479	4.200%	2.38%	4,618,251	4,118,611.91	5,756,704.55	1,138,453.43
492210	2,420,617.20	1,271,855.69	0	37.94521	4.050%	2.38%	3,719,958	3,347,353.71	4,619,209.40	899,251.31
493430	7,261,851.60	5,302,094.20	0	38.25205	4.800%	2.37%	13,333,476	11,502,980.13	16,805,074.33	3,471,598.55
492072	2,904,740.64	1,677,119.37	0	38.85479	4.200%	2.37%	4,740,250	4,245,411.74	5,922,531.11	1,182,280.89
493431	7,261,851.60	5,421,779.36	0	39.25205	4.800%	2.36%	13,682,045	11,864,152.34	17,285,931.70	3,603,887.05
491796	14,523,703.20	9,547,064.56	0	39.71781	4.450%	2.35%	25,669,810	22,695,092.99	32,242,157.55	6,572,347.76
492073	2,904,740.64	1,716,085.73	0	39.85753	4.200%	2.35%	4,862,584	4,354,547.11	6,070,632.84	1,208,049.26
497811	9,682,468.80	5,411,345.66	0	43.88219	3.920%	2.32%	16,655,608	15,443,398.19	20,854,743.85	4,199,136.10
Totals	**158,233,115.74**	**57,479,644.39**					**131,755,060.70**	**106,337,739.17**	**163,042,118.19**	**31,287,057.49**

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