Police and Crime Commissioner for Humberside

Treasury Management

Mid-Year Review Report 2018/19

1. Background

1.1 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities will be required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The main objective of the revision was to respond to the major expansion of local authority activity over the last few years into the purchase of non-financial investments, particularly property. The PCC has not made any of these investments.

A report setting out the Capital Strategy for the PCC will be prepared and submitted for approval prior to 31st March 2019.

1.2 Treasury management

The PCC operates a balanced budget, which broadly means cash raised during the year will meet cash expenditure requirements. Part of the treasury management operation is to ensure this cash flow is properly planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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

Accordingly, treasury management is defined as:

> "The management of the PCC's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

2. Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).
The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the PCC's treasury management activities.
2. Creation and maintenance of Treasury Management Practices (TMPs) which set out the manner in which the PCC will seek to achieve those policies and objectives.
3. Receipt by the PCC of an annual Treasury Management Strategy Statement (TMSS) - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report covering activities during the previous year.
4. Delegation by the PCC of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the PCC of the role of scrutiny of treasury management strategy and policies to a specific named body. The PCC has delegated this to the Joint Independent Audit Committee (JIAC).

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2018/19 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The PCC's capital expenditure, and prudential indicators;
- A review of the PCC's investment portfolio for 2018/19;
- A review of the PCC's borrowing strategy for 2018/19;
- A review of any debt rescheduling undertaken during 2018/19;
- A review of compliance with Treasury and Prudential Limits for 2018/19.

3. Economics and interest rates

3.1 Economics update

UK. The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the labour market, unemployment continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicated that employers were having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) Given the UK economy is very much services sector driven, an increase in household spending power was seen as likely to feed through into providing some support to the overall rate of economic growth. This tended to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it viewed wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, it was felt that the MPC needed to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

In the political arena, the risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit continues with the possibility that Prime Minister May's premiership may be called into question along with the ability of government to continue. If the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy was fuelling a (temporary) boost in consumption which generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however, is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

EUROZONE. Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany was mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth was still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

3.2 Interest rate forecasts

Following consideration of the Quarterly inflation report at the Monetary Policy Committee (MPC) at its meeting on 1 November 0218, Link Asset Services revised their interest rate forecast with the issue being what sort of Brexit will there be? They had to make an assumption one way or the other and so the starting point was an assumption that the UK will muddle through to an eventual agreed exit being passed by the UK Parliament and also passed by the EU parliamentary processes.

The next known unknown is whether this will be the sort of 'agreement' which just kicks the can down the road until the end of the transition period at the end of 2020, and provides little solid certainty for entrepreneurs to enable them to release the investing decisions that have been pent up since the referendum, or whether it will be a more substantial agreement which will result in a significant boost to GDP in the form of a return to consumer and entrepreneur confidence that sends the economy up a gear.

A cautious approach was taken on the ensuing rate of GDP growth, with a caveat that the forecasts will be subject to review once things become clearer. Obviously the debate has now commenced, with the vote in Parliament now scheduled for 11 December 2018.

The MPC and Inflation Report were more hawkish than expected in their words, due to the Chancellor's release of a significant fiscal stimulus which looks like it could add 0.3% to GDP growth, (after netting down for the effect of the economy operating near to full capacity), and consequently boost inflationary pressures.

The Bank did not have time to undertake an impact analysis of the Chancellor's measures so this will have to wait until their next meeting on 14 December.

The MPC are also assuming a reasonable agreed exit. The flow of positive economic statistics since the end of the first quarter this year has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2; quarter 3 is expected to come in at around +0.6 to 0.7% but quarter 4 is expected to weaken from that level.

The MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary of contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast.

However, with so much uncertainty around Brexit, they warned that the next move could be up or down even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from increases in import prices, devaluation of sterling, and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on.

In addition, the Chancellor has held back some spare capacity to provide a further fiscal stimulus.

Overall, the MPC was more hawkish than expected, i.e. this indicates the likelihood of a faster pace of increases than previously expected:-

- MPC voted 9-0 for no change in Bank Rate and quantitative easing.
- GDP growth 2018 cut to 1.3% from 1.4%; next three years @ 1.7% (2019 previously 1.8%).
- The economy will be operating at a small amount of excess demand in 2020, (previously 2021). This is likely to generate an increase in home grown inflationary pressures, (as opposed to imported due to a one off fall in the value of sterling).
- Unemployment rate to stay at 3.9% over the next three years; (equilibrium rate forecast 4.25%). N.B. the percentage of the population in employment is also at record highs. In addition, there has been much concern at how weak productivity increases have been in recent years.
- Build-up of wage inflation pressures with wage inflation actual 3.1% excluding bonuses in 3 months June to August; MPC forecast 3.25% 2019, 3.5% 2020, 3.75% 2021.
- CPI inflation up from 2.0% to 2.1% 2 years ahead, i.e. above their 2% target.

The key message was that the economy is heading into overheating and the fiscal position has changed direction to now be a slight tailwind, i.e. the MPC will be wanting to take action to counter building inflationary pressures as soon as Brexit uncertainty clears.

The updated balance of risks to the UK were seen as:

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore over or under do increases in central interest rates.

The updated downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Brexit – if it were to cause significant economic disruption and a major downturn in the rate of growth
- Bank of England monetary policy takes action 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.
- A resurgence of the Eurozone sovereign debt crisis, possibly Italy, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The EU has rejected the proposed Italian budget and has demanded cuts in government spending which the Italian government has refused. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold Italian debt. Unsurprisingly, investors are becoming increasingly concerned by the actions of the Italian government and consequently, Italian bond yields have risen sharply – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some European banks. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. There are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- Other minority Eurozone governments. Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also

struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with.

- Austria, the Czech Republic and Hungary now form a strongly anti-immigration bloc within the EU while Italy, this year, has also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a sudden flight of investment funds from more risky assets e.g. shares, into bonds yielding a much improved yield. In October 2018, we have seen a sharp fall in equity markets but this has been limited, as yet. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of US corporate debt which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

The upside risks to current forecasts for UK gilt yields and PWLB rates include:

- Brexit – if both sides were to agree a compromise that removed all threats of economic and political disruption.
- The Fed causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Link Asset Services do not currently think that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. It is likely that getting parliamentary approval on both sides of the Channel will take well into spring next year. However, in view of the hawkish stance of the MPC this time, the forecast for the first increase in Bank Rate has been moved forward from August to May 2019. The next increases then occur in February and November 2020 before ending up at 2.0% in February 2022. Link Asset Services Interest Rate Forecast.

Financial markets are now expecting a first increase in February 2019 and then further increases only in February 2020 and then May 2021, to end 21/22 at only 1.50%.

PWLB rates, particularly 5 and 10 year rates, have increased slightly in response to the faster pace of Bank Rate increases.

Forecasts for average investment earnings beyond the three year time horizon will be heavily dependent on economic and political developments.

Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more “risky” assets i.e. equities, or the “safe haven” of government bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently, although there are likely to also be periods of sharp volatility from time to time.

Link Asset Services have pointed out consistently that the Fed. Rate is likely to go up more quickly and more strongly than Bank Rate in the UK. The correlation between the two rates and bond yields in both countries has been weak over the last few years as the US and UK economies are at different points in both the business cycle and in tightening monetary policy.

Their forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU, (apart from the departure of the UK), within the forecasting time period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth. However, the current round of increases in tariff rates sparked by President Trump, both actual and threatened, are causing increasing concern around the potential impact on world growth and also on inflationary pressures, e.g. in the US.

As always Link Asset Services have reminded clients of the view that they have expressed in their previous interest rate revisions of just how unpredictable PWLB rates and bond yields are at present.

Link Asset Services Current Interest Rate Forecasts (November 2018)														
	Dec' 18	Mar' 19	Jun' 19	Sep' 19	Dec' 19	Mar' 20	Jun' 20	Sep' 20	Dec' 20	Mar' 21	Jun' 21	Sep' 21	Dec' 21	Mar' 22
	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Bank Rate	0.75	0.75	1.00	1.00	1.00	1.25	1.25	1.25	1.50	1.50	1.75	1.75	1.75	2.00
3 month LIDIB	0.80	0.90	1.00	1.10	1.20	1.30	1.40	1.50	1.50	1.60	1.70	1.80	1.90	2.00
6 month LIBID	0.90	1.00	1.20	1.30	1.40	1.50	1.60	1.70	1.70	1.80	1.90	2.00	2.10	2.20
12 month LIBID	1.10	1.20	1.30	1.40	1.50	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.30	2.40
5 yr PWLB	2.00	2.10	2.20	2.20	2.30	2.30	2.40	2.50	2.50	2.60	2.60	2.70	2.80	2.80
10yr PWLB	2.50	2.50	2.60	2.60	2.70	2.80	2.90	2.90	3.00	3.00	3.10	3.10	3.20	3.20
25yr PWLB	2.90	2.90	3.00	3.10	3.10	3.20	3.30	3.30	3.40	3.40	3.50	3.50	3.60	3.60
50yr PWLB	2.70	2.70	2.80	2.90	2.90	3.00	3.10	3.10	3.20	3.20	3.30	3.30	3.40	3.40

4. Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2018/19 was approved by this PCC on 31 March 2018 and there are no recommended policy changes to the TMSS.

Prudential Indicator 2018/19	Original £m	Revised Prudential Indicator £m
Authorised Limit	87.121	82.879
Operational Boundary	85.121	80.879
Capital Financing Requirement	88.967	84.725

5. The PCC's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The PCC's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Capital Expenditure by Service	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Total capital expenditure	20.566	18.369

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the PCC by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Total capital expenditure	20.566	18.369
Financed by:		
Capital receipts	-	0.283
Capital grants	0.697	0.698
Capital reserves	-	-
Revenue	-	-
Total financing	0.697	0.981
Borrowing requirement	19.869	17.388

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position.

Prudential Indicator – Capital Financing Requirement

	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Total CFR	88.967	84.725
Net movement in CFR	16.524	14.043

Prudential Indicator – the Operational Boundary for external debt

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2018/19 and next two financial years. This allows some flexibility for limited early borrowing for future years. The PCC has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Operational Boundary	2018/19 Original Estimate £m	2018/19 Revised Estimate £m
Operational Boundary	85.121	80.879
Total debt (at 30 September 2018)	39.578	39.578

The Deputy Chief Executive and Treasurer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by the PCC. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	2018/19 Original Indicator	2018/19 Revised Indicator
Authorised Limit	87.121	82.879
Total debt (at 30 September 2018)	39.578	39.578

6. Investment Portfolio 2018/19

In accordance with the Code, it is the PCC's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the agreed risk appetite. As shown by forecasts in section 3.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

The PCC held £8.160m of investments as at 30 September 2018.

The Deputy Chief Executive and Treasurer confirms that the approved limits within the Annual Investment Strategy were not breached during the first 6 months of 2018/19.

The PCC's investment return for the first half of the financial year is 0.52% compared with the average 7 day LIBID rate of 0.44% for the same period. Performance for the year to date is in line to achieve the original budget assumption for interest receivable.

Investment Counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

7. Borrowing

The PCC's total capital financing requirement (CFR) for 2018/19 was estimated at £88.967m. The CFR denotes the PCC's underlying need to borrow for capital purposes. If the CFR is positive the PCC may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions and the availability of surplus cash balances. This is a prudent and cost effective approach in the current economic climate but will require ongoing monitoring in the event that upside risk to gilt yields prevails.

No long term loans were drawn down in the first half of the financial year but it is anticipated that new external borrowing will be required to be undertaken before 31 March 2019

The graph and table below show the movement in PWLB certainty rates for the first six months of the financial year.

	1 Year	5 Year	10 Year	25 Year	50 Year
3.4.18	1.48%	1.84%	2.22%	2.55%	2.27%
30.9.18	1.55%	1.93%	2.33%	2.74%	2.56%
Low	1.28%	1.67%	2.09%	2.50%	2.25%
Date	01/06/2018	29/05/2018	20/07/2018	20/07/2018	29/05/2018
High	1.57%	1.99%	2.43%	2.83%	2.64%
Date	17/04/2018	25/09/2018	25/04/2018	25/09/2018	25/09/2018
Average	1.46%	1.84%	2.25%	2.64%	2.41%

8. Debt Rescheduling

No debt rescheduling has therefore been undertaken to date in the current financial year.