APPENDIX A

Annual Treasury Management Report 2022/23

as at 06/06/23 - AJM

1. Introduction and Background

This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2022/23 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council - February 2022)
- a mid year (minimum) treasury update report (Council – December 2022)
- an annual report following the year describing the activity compared to the strategy (this report)

In addition, the Cabinet and Scrutiny (Audit and Value for Money Council Services) Committee (pre May 2022) and the Audit Committee (post May 2022) has received quarterly treasury management updates as part of the overall financial reporting during the course of the year.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny of treasury management reports by the Audit Committee before they were reported to the full Council.

2. This Annual Treasury Report Covers

- the strategy for 2022/23 – a summary;
- the council's treasury position as at 31 March 2023;
- borrowing and investments outturn
- the economy and interest rates in 2022/23;
- compliance with treasury limits and prudential indicators;
- other treasury related issues.

3. The Strategy for 2022-23 - Summary

The Treasury Management Strategy Statement and Annual Investment Strategy (TMSS) for 2022/23 was approved by the Council on 7th March 2022.

Capital Programme and Borrowing
The approved capital programme for 2022-23 was revised during the year to take account of the Towns Fund capital works (approved Council March 2022) and funded by Towns Fund Grant and S106 monies. A number of projects in the capital programme are taking place over several years. External loan debt of £60k was repaid as individual annuity loan repayments (from PWLB) but overall external debt of the Council is slightly higher than originally anticipated at 31 March 2023 at £11.057m due to a revision in the timing of capital receipts directly associated with an outstanding loan.

Capital Financing Requirement (CFR)

The Council's Capital Financing Requirement (CFR) as at 31st March 2023 is £14.3m (£15.8m as at 31st March 2022). The net reduction in the year is due to the annual statutory debt repayments through the Minimum Revenue Provision and voluntary repayments from capital receipts in line with the approved Medium Term Financial Strategy.

The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council 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.

The CFR is now higher than when the budget and treasury management strategy was set (see Appendix 3), this reflects the latest information in relation to the timing of capital receipts that are planned to be utilised to repay internal debt, which in turn will deliver savings already built into the revenue budget. There remains an ongoing risk that this could impact on the MTFS in 2023/24.

Borrowing Limits
The Council maintained its borrowing position within all set limits for the financial year.

Investments
The Council's budgeted investment return for 2022/23 was 0.5% which was set before the rapidly changing economic conditions which could not have been foreseen at the time. Investment returns had remained close to zero for much of 2021/22 and prospects for interest rates as set out in the TMSS 2022/23 were low. As set out below, actual returns during the year were significantly higher as a result of the economic conditions.

4. Treasury Position as at 31 March 2023

The Council's debt and investment portfolio is organised by the financial management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks with all treasury management activities. Procedures and controls to achieve these objectives are well established through member reporting detailed in the introduction, and through officer activity detailed in the Council's treasury management practices.

The Council's treasury portfolio position and the average interest rates on the portfolio as at the beginning and end of the year were as follows:

Table 1

2021/22 £000	Average Rate		2022/23 £000	Average Rate
		Borrowing		
6,204		- PWLB	6,145	
4,911		- Market and other	4,912	
11,115	**5.4%**	**Total Borrowing**	**11,057**	**5.4%**
		Investments		
59,385	**0.1%**	Core Deposits	56,293	**2.1%**
(1,965)		Cash and Bank	(784)	
57,420		**Total Investments**	**55,509**	

The maturity structure of the **borrowing** was as follows:-

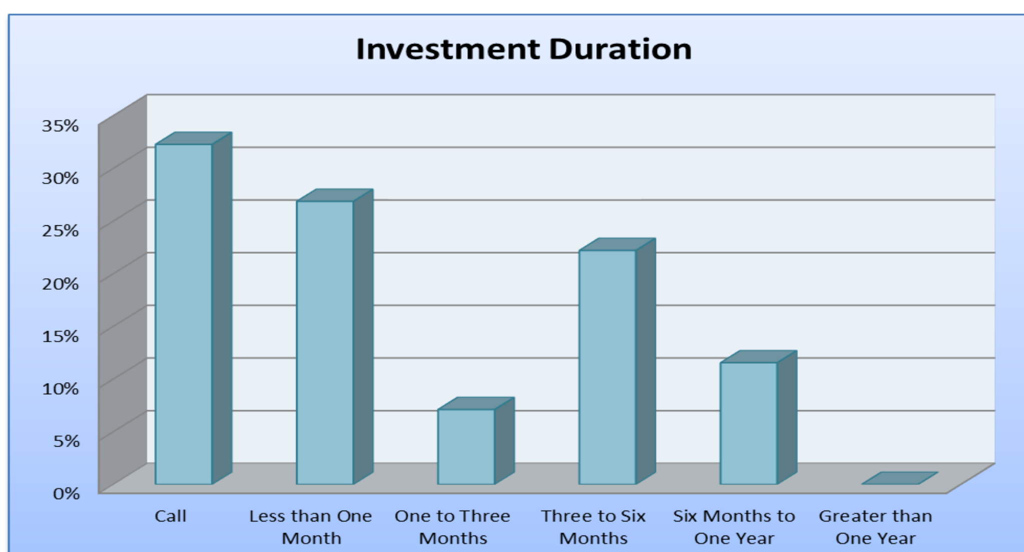
Table 2

2021/22 £000		2022/23 £000
565	Under 1 Year*	**510**
60	Maturing in 1-2 Years	**63**
6,727	Maturing in 2-5 Years	**6,617**
3,746	Maturing in 5-10 Years	**3,803**
17	Maturing in 10-15 Years	**64**
0	Maturing in excess of 15 Years	**0**
11,115	**Total**	**11,057**

*This includes accrued interest as at 31st March, consistent with the financial statements.

The Councils **investment** position as at 31st March, can be further analysed within Table 3 below:

Table 3



5. Borrowing Outturn for 2022/23

5.1 Capital Financing Requirement

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the council's debt position. The CFR results from the capital activity of the council and what resources have been used to pay for the capital spend. It represents unfinanced capital expenditure as at the year end.

The Council's CFR is not allowed to rise indefinitely. Statutory controls are in place that require the authority to make an annual revenue charge, called the Minimum Revenue Provision (MRP) to reduce the CFR. This is effectively a repayment of non-housing borrowing.

The Council's 2022/23 MRP policy (as required by DHLUC - Department for Housing, Levelling Up and Communities guidance) was approved as part of the Treasury Management Strategy Statement for 2022/23.
The CFR position is set out in the table below:-

Table 4: Capital Financing Requirement

CFR	2022/23 Actual £'000	2021/22 Actual £'000
Opening Balance	15,791	13,070
Add unfinanced capital expenditure	337	3,334
Less MRP	(842)	(497)
Less Debt Repayment from Capital Receipt	(960)	(100)
Less finance lease repayments	(0)	(0)
Change in long term debtors	(0)	(16)
Closing Balance	14,326	15,791

The actual CFR at £14.3m is higher than had originally been forecast (£13.4m), due to timing of capital receipts allocated within the approved MTFS to reduce debt. The decrease on last year of £1,465m was achieved through voluntary repayments from capital receipts, in line with the approved MTFS, and the increase in the statutory Minimum Revenue Provision (MRP) due to the commencement of repayments covering the waste fleet vehicles over the life span of the vehicles acquired.

It can be seen from table 2 and above that the Council's total external borrowing remains below the CFR by £3.269m (£14.326m less £11.057m) indicating the temporary use of internal reserves and balances to effectively finance some capital expenditure thereby saving on external borrowing costs.

The Council's borrowing activity is constrained by affordability, and prudential indicators including the CFR, operational boundary and the authorised limit.

5.2 The Authorised Limit and Operational Boundary

The authorised limit is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

The operational boundary level is set at £17.5m to allow some headroom. Periods where the actual position is either above or below the boundary are acceptable subject to the authorised limit not being breached.

Table 5

2021/22 £'000	Borrowing Limits and Boundaries	2022/23 £'000
19,500	Authorised Limit	**19,500**
17,500	Operational Boundary	**17,500**
11,115	Gross Borrowing at 31st March	**11,057**
15,791	Capital Financing Requirement	**14,326**

5.3 In-Year Borrowing

Consistent with the approved strategy, no new external borrowing was undertaken during the year, as the Council is seeking to reduce its underlying need to borrowing. Scheduled repayments were made during the year in relation to historical annuity loans amounting to £60,280.

5.4 Short-term Borrowing

No short term borrowing was necessary during the year.

5.5 Debt Rescheduling

There has not been any debt restructuring undertaken during 2022/23. However as set out in section 9 below an early repayment of £4.5m of market loans was made early in the new financial year (April 2023).

5.6 Borrowing in advance of need

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

6. Investments Outturn 2022/23

6.1 Investment Policy

The Council's investment policy is governed by DHLUC guidance, which has been implemented in the annual investment strategy approved by the Council in March 2022. The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit agencies supplemented by additional market data (such as credit outlooks, credit default swaps, bank share prices).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

6.2 Investments as at 31st March 2023

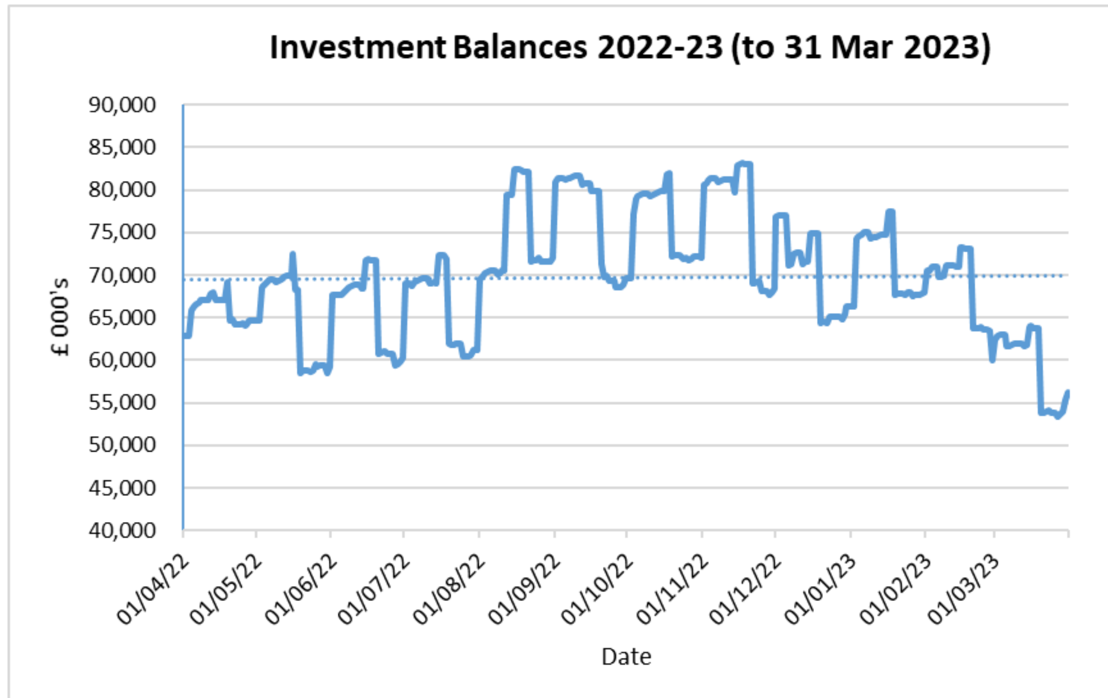
The Council's Investments totalling £56.3m as at 31st March 2023 are summarised in the table below, with further details shown in **Appendix 2**.
This position reflects a continuation of the Council's prudent approach in relation to its investments – particularly in light of the current economic and geo-political uncertainties.

Table 6: Investment Summary

Investments	31st March 2022		31st March 2023	
	£'000	%	£'000	%
Banks	3,560	6.0%	168	0.3%
Certificates of Deposit	13,000	21.9%	25,000	44.4%
Money Market Funds	7,925	13.3%	18,000	32.0%
UK Treasury Bills	5,500	9.3%	-	0.0%
UK Debt Management	19,400	32.7%	13,125	23.3%
Other Local Authorities	10,000	16.8%	-	0.0%
Total	**59,385**	**100%**	**56,293**	**100%**

The chart below illustrates the movement in the level of investments held by the Council throughout the year, with the peak being £83.3m in November and the average being £69.7m (Average in 2021/22 - £63.1m).

Table 6



The graph demonstrates how the balances have fluctuated during the year following a 'normal' pattern as Council Tax and NNDR receipts are received and then precept payments paid out. There has been a decline following the repayment of business rates monies held for central government and the successful administration of Covid reliefs and energy rebate schemes which are essentially complete. However balances have remaining higher than usual following the start-up and receipt of Towns Fund, UK Shared Prosperity Fund (UKSPF) and Local Authority Housing Fund (LAHF) grant funded schemes.

6.3 Investment Rates

The average rate of investment return that was assumed in the 2022/23 budget was 0.5%, which reflected the conditions and forecasts at the time the budget was prepared. Since that time worldwide economic circumstances have significantly changed and inflationary pressures are paramount. The Bank of England Monetary Policy Committee have already increased the Base Rate of Interest to 4.25% at the end of March and it is widely expected that there may be a further increase during the year. Forecasts provided by our Treasury Management advisors (at 27th March 2023) indicated that the Base Rate may increase to 4.5% mid-year and then a series of reductions during 2024 and 2025. A comparison with other benchmarks of the rate of return on investments achieved by ESBC in the year to 31 March 2023 is shown below:

Table 7

	Average Rate Year to 31/03/23
ESBC – Budget	0.50%
ESBC - Outturn	2.08%
1 Month SONIA*	2.41%
3 Month SONIA*	2.73%
Base Rate	2.40%
Budget	0.50%

***SONIA = Sterling Overnight Index Average*
**uncompounded and backward looking*

This is a reflection of the rapidly rising interest rate market during the year and is significantly in excess of the budget. Benchmarking of investments during the year is undertaken by our treasury advisors as shown positive performance in comparison to other local authorities both in terms of relative risk and return. A full schedule of investments is set out in **Appendix 2**.

7. The Economy and Interest Rates

A commentary on the economy and interest rates is provided by our Treasury Management advisors (Link) and is detailed in **Appendix 1**.

8. Compliance with Treasury Limits

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in **Appendix 3**.

9. Other Treasury Matters

a) Restructure/early repayment of external borrowing

The Council's Treasury Management Strategy allows for the restructure/early repayment of external borrowing where there is a business case to support the decision. Any decision taking under delegated authority should be reported to members at the earliest available opportunity. During April 2023 £4.5m of Market Loans due to be repaid during March 2026 were repaid early resulting in an estimated cost saving of £179k over the remaining life of the loans (or on average £60k per annum). This takes into account a significantly reduced premium when compared to the equivalent PWLB Premium and the estimated lost investment income from early repayment. This was reported in Executive Decision Record 571/23 and does not change the Council's underlying need to borrow, it simply moves this element from external to internal borrowing which is more cost effective in the current environment.

Appendix 1:
Link Treasury Manager's Report - The Economy and Interest Rates

UK. Economy.

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%y/y)	+0.1%q/q Q4 (1.9%y/y)	2.6% Q4 Annualised
Inflation	10.4%y/y (Feb)	6.9%y/y (Mar)	6.0%y/y (Feb)
Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running

at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

The treasury advisors economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of $1.035, on the Monday following the Truss government's "fiscal event", to $1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

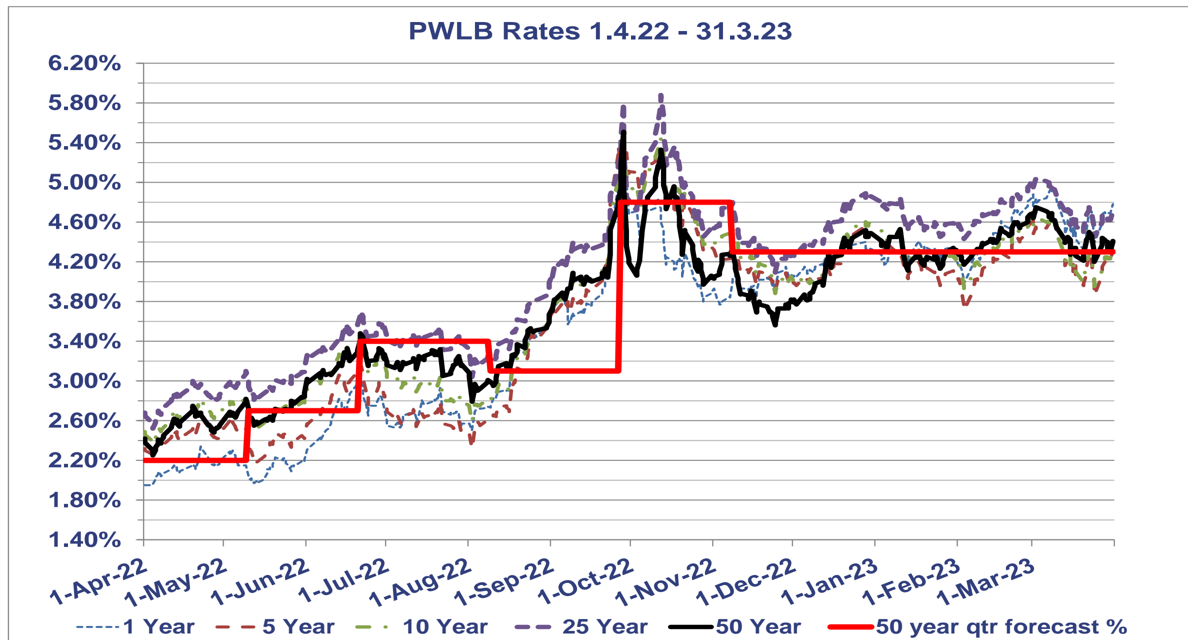
In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

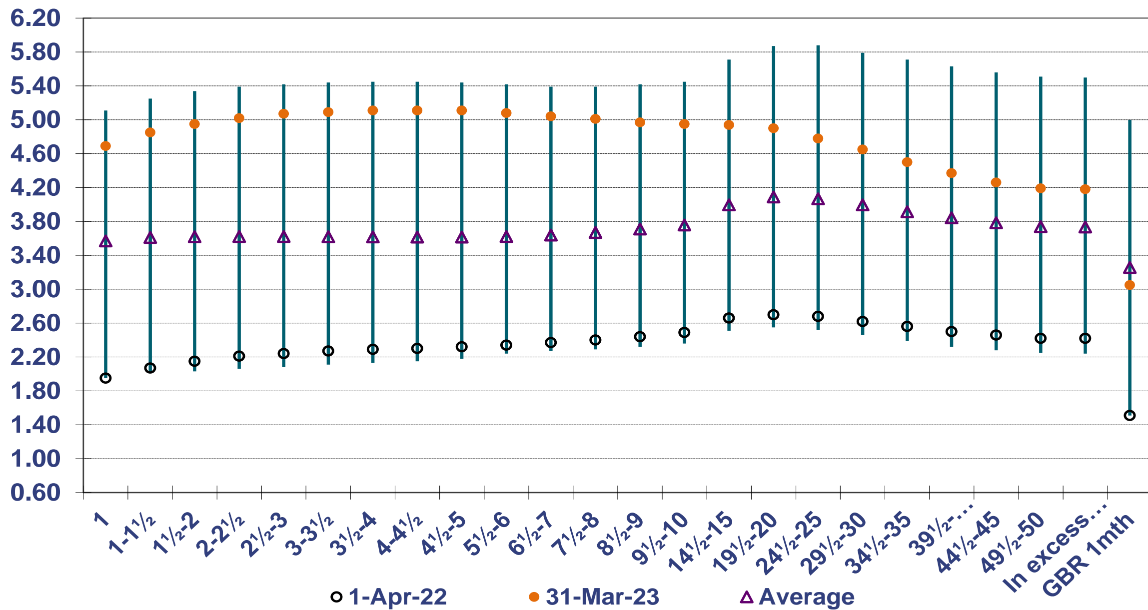
As for inflation, it is currently at c6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

Interest Rates

The following graphs chart the movements in rates during the year:





HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

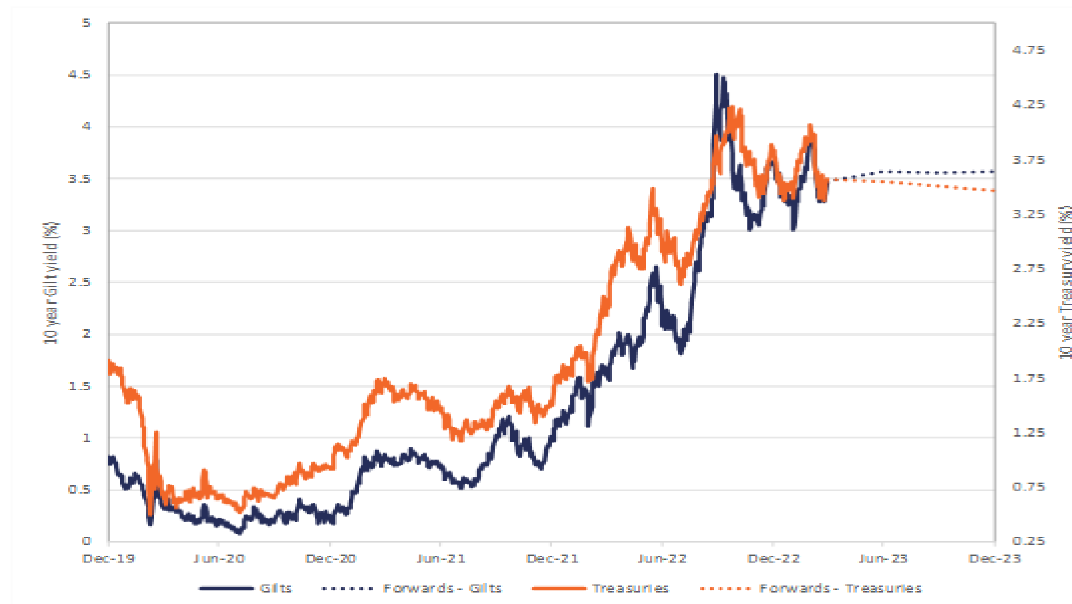
	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being

challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Graph of UK gilt yields v. US treasury yields



Gilt yields have been on a continual rise since the start of 2021, peaking in the autumn of 2022. Currently, yields are broadly range bound between 3% and 4.25%.

At the close of the day on 31 March 2023, all gilt yields from 1 to 50 years were between 3.64% and 4.18%, with the 1 year being the highest and 6-7.5 years being the lowest yield.

Appendix 2 – Investment Schedule: 31st March 2023

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
Call Accounts and Money Market Funds				
RBS SIBA	167,972	0.80%		
MMF Insight	6,000,000	4.08%		Call
MMF Federated	6,000,000	4.04%		Call
MMF CCLA	6,000,000	4.12%		Call
Fixed Deposits / Certificates of Deposit				
Lloyds Bank CD	2,000,000	3.69%	03/01/2023	03/04/2023
Lloyds Bank CD	1,500,000	4.11%	14/02/2023	15/05/2023
National Westminster Bank CD	1,000,000	2.85%	18/08/2022	18/08/2023
National Westminster Bank CD	1,000,000	4.40%	13/12/2022	13/12/2023
National Westminster Bank CD	1,000,000	4.45%	13/01/2023	12/01/2024
Santander CD	1,500,000	4.22%	13/02/2023	14/08/2023
Toronto Dominion Bank CD	1,500,000	4.31%	31/01/2023	31/07/2023
Toronto Dominion Bank CD	1,000,000	4.78%	12/12/2022	12/12/2023
Toronto Dominion Bank CD	1,000,000	4.85%	08/03/2023	08/03/2024
DZ Bank CD	2,000,000	4.28%	20/01/2023	20/07/2023
DZ Bank CD	1,500,000	4.38%	24/03/2023	25/09/2023
Bank of Montreal CD	1,500,000	2.50%	10/06/2022	09/06/2023
Bank of Montreal CD	1,000,000	2.85%	06/07/2022	05/07/2023
Bank of Montreal CD	1,000,000	4.85%	18/11/2022	17/11/2023
Rabobank CD	1,000,000	3.53%	31/08/2022	31/05/2023
Rabobank CD	1,000,000	2.98%	22/07/2022	21/07/2023
Rabobank CD	1,500,000	4.75%	01/12/2022	01/12/2023
National Australia Bank CD	1,500,000	3.63%	24/08/2022	24/08/2023
Royal Bank of Canada CD	1,500,000	4.40%	23/09/2022	22/09/2023
DMO (UK Debt Management)	6,325,000	4.05%	30/03/2023	13/04/2023
DMO (UK Debt Management)	6,800,000	4.05%	31/03/2023	13/04/2023

Investments rate of interest as at 31 Mar 2023	Principal (£)	Interest Rate
Total Investments	**56,292,972**	**4.03%**

Average rate of interest (Year to date)	Principal (£)	Interest Rate
Total Investments	**69,717,387**	**2.08%**

Appendix 3: Prudential Indicators

PRUDENTIAL INDICATOR	2021/22	2022/23	2022/23
	£'000	£'000	£'000
	Actual outturn	Original Estimate	Actual outturn
Capital Expenditure **(a)**	**5,026**	**6,005**	**8,063**
Ratio of financing costs to net revenue stream **(b)**	**8.68%**	**9.25%**	**0.69%**
Capital Financing Requirement as at 31 March **(c)**	**15,791**	**13,002**	**14,326**
External Debt (including leasing) **(d)**	**11,115**	**10,676**	**11,057**

(a) This reflects the timing of capital spend/commitments and includes the additional expenditure approved during the year in relation to the Towns Fund (March 2022 revised March 2023)

(b) The ratio of financing costs to net revenue stream is much lower than the original estimate for the year due to the increase in investment rates since the budget was set in March 2022.

(c) The CFR is higher than originally anticipated due to timing of capital receipts to repay debt.

(d) External debt is higher than the original budget due to timing of receipt in respect of the sale of land and associated loan repayment.

PRUDENTIAL INDICATOR	2021/22	2022/23	2022/23
(2). TREASURY MANAGEMENT PRUDENTIAL INDICATORS	**£'000**	**£'000**	**£'000**
	Actual Outturn	**Original**	**Actual Outturn**
Authorised Limit for external debt -			
Borrowing	**16,500**	18,000	**18,000**
other long term liabilities*	**3,000**	1,500	**1,500**
TOTAL	**19,500**	**19,500**	**19,500**
Operational Boundary for external debt -			
Borrowing	**15,500**	17,000	**17,000**
other long term liabilities*	**2,000**	500	**500**
TOTAL	**17,500**	**17,500**	**17,500**
Upper limit for total principal sums invested for over 1 year	**5,000**	5,000	**5,000**

*This provides an allowance for on-balance sheet finance leases, as set out in previous reports.