

# NON-CONFIDENTIAL



## **Borough of Tamworth**

4 September 2017

Dear Councillor

You are hereby summoned to attend a **meeting of the Council of this Borough** to be held on **TUESDAY, 12TH SEPTEMBER, 2017** at 6.00 pm in the **COUNCIL CHAMBER, MARMION HOUSE, LICHFIELD STREET, TAMWORTH, B79 7BZ**, for the transaction of the following business:-

### **AGENDA**

#### **NON CONFIDENTIAL**

**1 Apologies for Absence**

**2 To receive the Minutes of the previous meeting (Pages 1 - 12)**

**3 Declarations of Interest**

*To receive any declarations of Members' interests (pecuniary and non-pecuniary) in any matters which are to be considered at this meeting.*

*When Members are declaring a pecuniary or non-pecuniary interest in respect of which they have dispensation, they should specify the nature of such interest. Members should leave the room if they have a pecuniary or non-pecuniary interest in respect of which they do not have a dispensation.*

**4 To receive any announcements from the Mayor, Leader, Members of the Cabinet or the Chief Executive**

**5 Question Time:**

- (i) To answer questions from members of the public pursuant to Procedure Rule No. 10.
- (ii) To answer questions from members of the Council pursuant to Procedure Rule No. 11

**6 Annual Report on the Treasury Management Service and Actual Prudential Indicators 2016/17 (Pages 13 - 34)**

(The Report of the Portfolio Holder for Assets and Finance)

**7 Exclusion of the Press and Public**

To consider excluding the Press and Public from the meeting by passing the following resolution:-

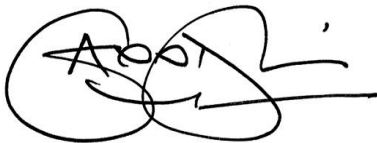
*“That in accordance with the provisions of the Local Authorities (Executive Arrangements) (Meeting and Access to Information) (England) Regulations 2012, and Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during the consideration of the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 1 of Part 1 of Schedule 12A to the Act and the public interest in withholding the information outweighs the public interest in disclosing the information to the public”*

At the time this agenda is published no representations have been received that this part of the meeting should be open to the public.

**8 Roles of Chief Operating Officer and Head of Paid Service (To Follow)**

(The Report of the Leader of the Council)

Yours faithfully



**CHIEF EXECUTIVE**

*People who have a disability and who would like to attend the meeting should contact Democratic Services on 01827 709264 or e-mail [committees@tamworth.gov.uk](mailto:committees@tamworth.gov.uk) preferably 24 hours prior to the meeting. We can then endeavour to ensure that any particular requirements you may have are catered for.*

Marmion House  
Lichfield Street  
Tamworth



## **MINUTES OF A MEETING OF THE COUNCIL HELD ON 16th MAY 2017**

**PRESENT:** Councillors J Chesworth (Chair), P Thurgood, R Bilcliff, S Claymore, T Clements, D Cook, C Cooke, A Couchman, J Faulkner, R Ford, M Gant, J Goodall, S Goodall, M Greatorex, R Kingstone, A Lunn, A James, T Madge, K Norchi, J Oates, M Oates, S People, R Pritchard, R Rogers, P Seekings, P Standen, M Summers and M Thurgood

The following officers were present: Anthony E Goodwin (Chief Executive), John Wheatley (Executive Director Corporate Services), Andrew Barratt (Corporate Director Growth, Assets and Environment), Jane Hackett (Solicitor to the Council and Monitoring Officer), Stephen Lewis (Head of Environmental Health) and Janice Clift (Democratic and Elections Officer)

### **1 APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors S Doyle and T People.

### **2 MAYOR'S CADET**

Charlotte Cropper was inaugurated as the Mayor's Cadet for 2017/18

### **3 TO ELECT A MAYOR**

Councillor J Chesworth was elected as Mayor and proposed a vote of thanks to Councillor K Norchi's year as Mayor

*(Moved by Councillor D Cook and seconded by Councillor S People)*

### **4 TO ELECT A DEPUTY MAYOR**

Councillor P Thurgood was elected as Deputy Mayor

*(Moved by Councillor J Chesworth and seconded by Councillor M Oates)*

**5 TO ELECT THE LEADER OF THE COUNCIL**

Councillor D Cook was elected Leader of the Council

*(Moved by Councillor M Thurgood and seconded by Councillor R Rogers)*

**6 DECLARATIONS OF INTEREST**

There were no Declarations of Interest.

**7 TO RECEIVE THE MINUTES OF THE PREVIOUS MEETING**

The minutes of the meeting held on 4 April 2017 were approved subject to a slight amendment and signed as a correct record.

*(Moved by Councillor D Cook and seconded by Councillor P Standen)*

**8 TO RECEIVE ANY ANNOUNCEMENTS FROM THE MAYOR, LEADER, MEMBERS OF THE CABINET OR THE CHIEF EXECUTIVE**

The Mayor Councillor J Chesworth made the following announcements:-

You may have noticed in the corner tonight a gentleman with a video camera. This meeting is being recorded as part of the 24 hours in Tamworth project. So if any of you were wondering that is the purpose of the video camera in the corner.

Doctor Goodwin has announced as we know that he will be retiring later on this year so this will be his last Mayor Making. I think inaugurating me as Mayor has cared him off. But I thought that this should be mentioned and I just wanted to say that it has been a pleasure to sit with him over the last few months at Council.

At the end you may remember last year that photographs were taken of the groups after the meeting. If I could ask all Members just to stay in the Chamber at the end of the meeting so we can do a similar thing this year.

The Leader of the Council Councillor D Cook made the following announcements:-

I had promised the Chief Executive that I would make the official announcement at this meeting that he is going to retire at the end of this year. I would like to remind this Council of the work Doctor Goodwin has done for this Council over the last two decades he has been working for us from being a Leisure Manager to becoming Chief Executive. This Council is in the place that it's in not just because

of the Councillors but because of the work of Doctor Goodwin. How he has taken a team of officers through this period of austerity to put the Council in the position it's in is nothing short of a miracle and none of us should forget that. He has been a marvellous asset of this Town and Council. I told him that he should give us another two to three years. So how plans are draw up on of how we move on lets first of all remember the achievements of Doctor Goodwin and I have personally asked Doctor Goodwin where this Council goes now because nobody knows that Chair better than he does. This Council has a wonderful and it's a wonderful place to be in Tamworth and so much credit goes to Tony. But it would be a remiss of me as Leader not to mention that as one of my announcements. First and for most I would like to propose a round of applause to Tony Goodwin.

Tamworth has received Dementia Friendly Status and I can also say the fastest town in the country to achieve such status from starting point. It has never been done faster or as well in my opinion. I would like to put some thanks out there to who have been involved. I would like to thank former Councillor Lee Bates for the effort he has put into that from the voluntary point of view. Councillor Andrew James who led on this from a Scrutiny point of view and Councillor Tina Clements for the continuing work she does in the Community around Dementia Friendly Status. But most of all and importantly to Karen Clancy the officer that has led on this and done such a wonderful, wonderful job on this and really led the project from the front and a wonderful achievement made. But just a final one to Councillor Simon Goodall who first came up with the idea that we should take Dementia Friendly Status as a Town. Simon great job well done.

## 9 QUESTION TIME:

None

## 10 APPOINTMENT OF CABINET AND ALLOCATION OF RESPONSIBILITIES

The Membership of Cabinet for 2017/18 was received and circulated at the meeting as follows:

### REVISED CABINET PORTFOLIOS 2017/18

Leader of the Council Cllr Daniel Cook	Assets and Finance Cllr Rob Pritchard (Deputy leader)
Portfolio	Portfolio
Corporate Assessments	Corporate Finance & Procurement
Engagement Overview	Audit & Governance
Financial Planning	Service Transformation
Performance Management	Customer Services, HR and ICT
Member Development	GF/HRA Commercial Property & Asset Management

<b>Strategic Overview</b>	<b>Constitution</b>
<b>Strategic Partnerships</b>	<b>Treasury Management</b>
<b>Budget Consultation</b>	<b>Revenues &amp; Benefits</b>
<b>Participatory Budgeting</b>	<b>Community Health &amp; Safety</b>
<b>Tamworth Listens</b>	<b>Corporate Health and Safety</b>
<b>Reputation</b>	<b>PR and Coms Management (GF &amp; HRA)</b>
<b>Organisational Capacity</b>	<b>Graphics and Publications</b>
<b>Corporate Consultation / Engagement (GF &amp; HRA)</b>	<b>Town Centre Car Parks</b>
<b>Delivering Quality Services Overview</b>	<b>Council Tax and NNDR recovery</b>
	<b>Legal and Democratic Services</b>
<b>Communities and Wellbeing</b>	<b>Regeneration</b>
<b>Cllr Stephen Doyle</b>	<b>Cllr Steve Claymore</b>
<b>Portfolio</b>	<b>Portfolio</b>
<b>Safer &amp; Stronger Communities</b>	<b>Education / Educational Attainment</b>
<b>Community Safety, ASB Reduction &amp; Crime</b>	<b>Career Skills and Training</b>
<b>Tackling Fear of Crime</b>	<b>Business Development</b>
<b>Integrated Enforcement / Clean Streets Enforcement</b>	<b>Town Centre Development</b>
<b>CCTV Management</b>	<b>Town Centre Economy / Enterprise Qtr. Development Management</b>
<b>Community Development and Locality Working</b>	<b>Building Control</b>
<b>Police and Crime Commissioner Engagement</b>	<b>Town Centre Market Development</b>
<b>Civil Parking Enforcement</b>	<b>Planning</b>
<b>Third Sector Engagement</b>	<b>Local Plan / Regeneration</b>
<b>Voluntary Sector Engagement and Funding</b>	<b>Southern Staffordshire Partnership (SSP)</b>
<b>Locality / Integrated Commissioning.</b>	<b>LEP Board Member / WM Combined Authority</b>
<b>CCG / PCT Engagement</b>	<b>Infrastructure / Transport / LTB</b>
<b>Healthier Communities / Lifestyles</b>	<b>Gateways Project</b>
<b>Community Wardens.</b>	<b>Housing Regeneration Projects</b>
<b>Safeguarding Children &amp; Vulnerable Adults</b>	<b>Commercial Investment Strategy (CIS)</b>
<b>Child Protection / Every Child Matters Agenda</b>	<b>Physical Heritage Conservation</b>
<b>Housing Services</b>	<b>Environment and Culture</b>
<b>Cllr Michelle Thurgood</b>	<b>Cllr Joy Goodall</b>
<b>Portfolio</b>	<b>Portfolio</b>
<b>Strategic Housing</b>	<b>Strategic Waste Management</b>
<b>Homelessness Prevention</b>	<b>Refuse Collection</b>
<b>Housing Advice</b>	<b>Recycling Services</b>
<b>Landlord Services / Council Housing</b>	<b>Waste Minimisation</b>
<b>Council Housing Stock Capacity</b>	<b>Joint Waste Board with LDC.</b>
<b>Private Rented Sector Housing</b>	<b>Staffordshire Joint Waste Management Board</b>
<b>HRA Neighbourhood Renewal</b>	<b>Cemeteries</b>
<b>Healthier Housing</b>	<b>Nature Reserves, Parks and Play</b>
<b>Public Sector Garages</b>	<b>Street Furniture Maintenance</b>
<b>HRA Business Planning</b>	<b>Streetscene</b>
<b>Tenant Engagement</b>	<b>Tamworth in Bloom</b>
<b>Decent Homes Standard</b>	<b>Licensing</b>
<b>Housing Repairs Service</b>	<b>Environmental Health</b>

<b>Service Charges</b>	<b>Sports Development and Leisure Services</b>
<b>RSL Engagement</b>	<b>Tourism/ Destination Tamworth</b>
<b>Decent &amp; Affordable Housing Development</b>	<b>Outdoor Events</b>
	<b>Heritage Promotion / Visitors</b>
	<b>Culture and the Arts</b>

## 11 APPOINTMENT OF COMMITTEES

The Constitution and Membership of Committees for 2017/18 was received and circulated at the meeting as follows:

### CONSTITUTION OF COMMITTEES 2017/18

#### Cabinet

Councillors	D Cook	Leader of the Council
	R Pritchard	Portfolio Holder for Assets and Finance and Deputy Leader of the Council
	S Claymore	Portfolio Holder for Regeneration
	S Doyle	Portfolio Holder for Communities and Wellbeing
	J Goodall	Portfolio Holder for Environment and Culture
	M Thurgood	Portfolio Holder for Housing Services

#### Cabinet (Grants) Sub Committee

Councillors	S Claymore
	S Doyle
	R Pritchard

#### Appointments and Staffing Committee

Councillors	D Cook
	S People
	R Pritchard
	P Standen
	M Thurgood

#### Audit and Governance Committee

Councillors	J Chesworth
	C Cooke
	J Faulkner
	R Ford

M Greatorex  
R Kingstone  
M Summers

### **Planning Committee**

Councillors J Chesworth  
S Claymore  
J Goodall  
S Goodall  
M Greatorex  
T Madge  
K Norchi  
J Oates  
M Oates  
T Peale  
P Standen  
M Summers  
P Thurgood

### **Licensing Committee**

Councillors R Bilcliff  
T Clements  
A Couchman  
S Doyle  
R Ford  
M Gant  
J Goodall  
R Kingstone  
A Lunn  
K Norchi  
M Oates  
R Rogers  
P Seekings

### **Nominations Committee**

Councillors J Chesworth  
T Clements  
D Cook  
M Oates  
S Peale  
P Seekings  
M Thurgood

### **Infrastructure, Safety and Growth Scrutiny Committee**

Councillors R Bilcliff  
S Goodall  
M Greatorex



R Kingstone  
A Lunn  
J Oates  
S People  
P Standen  
P Thurgood

### **Corporate Scrutiny Committee**

Councillors        R Ford  
                          A James  
                          R Kingstone  
                          T Madge  
                          J Oates  
                          S People  
                          P Standen  
                          M Summers  
                          P Thurgood

### **Health and Wellbeing Scrutiny Committee**

Councillors        T Clements  
                          C Cooke  
                          A Couchman  
                          J Faulkner  
                          M Gant  
                          S Goodall  
                          M Greatorex  
                          A James  
                          M Oates  
                          R Rogers

### **Chief Officer Conduct Committee**

Councillors        A James  
                          T Madge  
                          J Oates  
                          T People  
                          R Rogers

### **Statutory Officer Conduct Committee**

Councillors        R Bilcliff  
                          J Chesworth  
                          A Lunn  
                          T People  
                          M Summers

## 12 THE LOCAL AUTHORITIES (EXECUTIVE ARRANGEMENTS) (MEETINGS AND ACCESS TO INFORMATION) RULES 2012

The Leader of the Council informed Members that The Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012 specifies and requires *inter alia* under Regulation 19 that the Executive Leader must submit a report on a regular basis to Council containing details of particulars of each urgent Executive decision and a summary of the matters in respect of which the decision was made.

**RESOLVED:** That the Members endorsed the Annual Executive Arrangements Report

*(Moved by Councillor D Cook and seconded by Councillor R Pritchard)*

## 13 REVIEW OF THE CONSTITUTION AND SCHEME OF DELEGATION

The Leader of the Council and the Solicitor to the Council and Monitoring Officer obtained Members comments, endorsement and approval of the Constitution and Scheme of Delegation as required by legislation.

**RESOLVED:** That the Members

- 1 endorsed the Portfolio Holders' lists of area of responsibility as amended and presented to the Council as a minor changes to the Constitution, Part 3, Paragraph 3.3 – Responsibility for Executive Functions;
- 2 endorsed the changes in recommendation 1 and to the Constitution and Scheme of Delegation As presented in Appendix 1 and then;
- 3 adopted and approved the changes to the then reviewed Constitution and Scheme of Delegation; and
- 4 authorised the payment of an SRA of £6,011 to all three Scrutiny Chairman in the new three Committee Structure recommended within this newly adopted Constitution. This has been funded from the General Fund contingency budget

*(Moved by Councillor D Cook and seconded by Councillor R Pritchard)*

## 14 SMALL BUSINESS GRANTS

The Portfolio Holder for Regeneration seeking approval by Members on a Start-Up Business Grant scheme that was approved at Cabinet on the 6<sup>th</sup> April. The Grant will be available for individuals wishing to start up in self-employment or business and young businesses that have been trading for no more than 3 years. The report seeks approval for amendments to Grants sub-committee constitution by full Council.

- RESOLVED:** That the Members
- 1 understand the principles what the start-up Business Grants are;
  - 2 agreed to amend the Cabinet (Grants) Sub Committee constitution to include the addition of the Start-up Business Grants Scheme;
  - 3 agreed that Cabinet (Grants) Sub Committee makes final decisions on all Start Up Business Grants applied for on a quarterly basis;
  - 4 are aware that the Start Up Grants Scheme will be available up to a total of £20,000 per annum subject to annual budget agreements and reviews up until 31<sup>st</sup> March 2010;
  - 5 agreed that the impact and need for a Business Grants Scheme be reviewed on an annual basis through the business planning process and relevant key performance indicators; and
  - 6 agreed that after 3 years, a report on the success of the project be formally reported to Council, detailing at a minimum impact, outcomes and learning.

*(Moved by Councillor S Claymore and seconded by Councillor D Cook)*

## 15 TAXI LICENSING - AMENDMENT AND UPDATE

The Portfolio for Environment and Culture requested Members to consider the updates and amendments to Tamworth Borough Council's Taxi Licensing Policy 2017-2022 for adoption.

- RESOLVED:** That the Members considered the updates and amendments to Tamworth Borough Council's Taxi Licensing Policy 2017-2022 for adoption.

*(Moved by Councillor J Goodall and seconded by Councillor R Pritchard)*

## 16 ANTI-MONEY LAUNDERING POLICY

The Solicitor to the Council and Monitoring Officer provided the Members with a copy of the reviewed Anti-Money Laundering Policy for adoption.

**RESOLVED:** The Members adopted the revised Anti-Money Laundering Policy in the Council's Policy Framework.

*(Moved by Councillor D Cook and seconded by Councillor S Peaple)*

## 17 REGULATION OF MEMBERS CONDUCT

The Solicitor to the Council and Monitoring Officer advised Members on the number of complaints received for the period 01 May 2016 until 30 April 2017 in relation to alleged breaches of the Code of Conduct arising from implementation of Part 1 Chapter 7 of the Localism Act 2011 which introduced provisions to assist with the regulation of standards of conduct for elected and co-opted Councillors.

**RESOLVED:** That the Members endorsed the findings of the contents of the report.

*(Moved by Councillor D Cook and seconded by Councillor S Peaple)*

## 18 UPDATED RIPA POLICY

The Report of the Solicitor to the Council and Monitoring Officer advised Members of the proposed amendments to the Corporate Policy governing the Regulation of Investigatory Powers Act 2000 in light of the new requirements introduced by recent legislative change and Home Office Guidance and seeking their consideration and recommendations in relation thereto.

**RESOLVED:** That the Members

- 1 considered the changes to the RIPA policy on Directed Surveillance, Covert Human Intelligence Sources (CHIS) and Acquisition of Communications Data;
- 2 are satisfied that the changes meet the requirements imposed on the Council in terms of the legislation and Codes of Practice, and

3 approved the Policy.

*(Moved by Councillor D Cook and seconded by Councillor R Pritchard)*

## 19 CALENDAR OF MEETINGS

The Calendar of Meetings for 2017/18 was received and circulated at the meeting

**RESOLVED:** That the Members accepted the Calendar of Meetings for 2017/18 with an amendment to the Audit and Governance Committee Meeting on 29<sup>th</sup> March to be changed to another date

*(Moved by Councillor D Cook and seconded by Councillor R Pritchard)*

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The Mayor

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CABINET

7 SEPTEMBER 2017

COUNCIL

12 SEPTEMBER 2017

## REPORT OF THE PORTFOLIO HOLDER FOR ASSETS AND FINANCE

### ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2016/17

#### PURPOSE

The Annual Treasury report is a requirement of the Council's reporting procedures. It covers the Treasury activity for 2016/17, and the actual Prudential Indicators for 2016/17.

The report meets the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. The Council is required to comply with both Codes in accordance with Regulations issued under the Local Government Act 2003. It also provides an opportunity to review the approved Treasury Management Strategy for the current year and enables Members to consider and approve any issues identified that require amendment.

#### RECOMMENDATIONS

**That Council**

- 1. Approve the actual 2016/17 Prudential Indicators within the report and shown at Appendix 1; and**
- 2. Accept the Treasury Management Stewardship Report for 2016/17.**

#### EXECUTIVE SUMMARY

This report covers Treasury operations for the year ended 31<sup>st</sup> March 2017 and summarises:

- the Council's Treasury position as at 31<sup>st</sup> March 2017; and
- Performance Measurement

The key points raised for 2016/17 are

1. The Council's Capital Expenditure and Financing 2016/17
2. The Council's Overall Borrowing Need
3. Treasury Position as at 31st March 2017
4. The Strategy for 2016/17
5. The Economy and Interest Rates
6. Borrowing Rates in 2016/17
7. Borrowing Outturn for 2016/17

8. Investment Rates in 2016/17
9. Investment Outturn for 2016/17
10. Performance Measurement
11. Icelandic Bank Defaults

The Treasury Function has achieved the following favourable results:

- The Council has complied with the professional codes, statutes and guidance;
- There are no issues to report regarding non-compliance with the approved prudential indicators;
- Excluding the Icelandic investments (currently identified 'at risk') the Council maintained an average investment balance externally invested of £51.8m and achieved an average return of 0.6% (budgeted at £28.3m and an average return of 1.25%).
- This result compares favourably with the Council's own Benchmarks of the average 7 day and the 3 month LIBID rates for 2016/17 of 0.2% and 0.32% respectively, and is not significantly different from the CIPFA Treasury Benchmarking Club (23 LA members) average rate of 0.8%.;
- The closing weighted average internal rate on borrowing has reduced in year to 4.26% (4.38% for 2015/16);
- The Treasury Management Function has achieved an outturn investment income of £288k compared to a budget of £362k as a result of the continued low interest rate environment.

During 2016/17 the Council complied with its legislative and regulatory requirements.

The Executive Director Corporate Services confirms that there was no overall increase in borrowing within the year and the Authorised Limit was not breached. On two occasions during 2016/17 the approved counterparty limits within the Annual Investment Strategy were exceeded:

- The first occurred on 5<sup>th</sup> August 2016 when a payment was received late in the day (preventing potential investment opportunity), resulting in £1.029m being held within the Lloyds Bank account overnight, which exceeded the approved limit of £1m by £29k.
- The second occurred on 30<sup>th</sup> December 2016 where early payments of business rates and council tax income resulted in £1.4m being held in the Lloyds Bank account, exceeding the approved limit by £0.4m for 4 days over the bank holiday weekend.

At 31<sup>st</sup> March 2017, the Council's external debt was £63.060m (£65.060m at 31<sup>st</sup> March 2016) and its external investments totalled £50.119m (£39.715m at 31<sup>st</sup> March 2016) – including interest credited. This excludes £1.092m Icelandic Banking sector deposits (plus accrued interest at claim date) that was 'At Risk' at the year end (£1.323m at the 31<sup>st</sup> March 2016).

## **RESOURCE IMPLICATIONS**

There are no financial implications or staffing implications arising directly from the report.



## **LEGAL/RISK IMPLICATIONS**

The Council is aware of the risks of passive management of the Treasury Portfolio and with the support of Capita Asset Services, the Council's current Treasury advisers, has proactively managed its debt and investments over this very difficult year.

## **SUSTAINABILITY IMPLICATIONS**

None

## **REPORT AUTHOR**

If Members would like further information or clarification prior to the meeting please contact Stefan Garner, telephone 01827 709242 or email [stefan-garner@tamworth.gov.uk](mailto:stefan-garner@tamworth.gov.uk)

## **LIST OF BACKGROUND PAPERS**

- Local Government Act 2003;
- Statutory Instruments: 2003 No 3146 & 2007 No 573;
- CIPFA Code of Practice on Treasury Management in Public Services;
- Treasury Management Strategy & Prudential Indicators (Council 23rd February 2016);
- Treasury Management Mid-Year Review 2016/17 (Council 13<sup>th</sup> December 2016);
- Treasury Outturn Report 2015/16 (Council 13<sup>th</sup> September 2016);
- CIPFA Treasury Benchmarking Club Report 2016;
- Treasury Management Strategy 2017/18 (Council 21st February 2017).

## **APPENDICES**

**Appendix 1 – Prudential and Treasury Indicators**

**Appendix 2 – Investment Performance Graph (CIPFA)**

**Appendix 3 – Borrowing and Investment Rates**

## Annual Treasury Management Review 2016/17

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This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2016/17. 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 2016/17 the minimum reporting requirements were complied with:

- an annual treasury strategy in advance of the year (Council 23rd February 2016)
- a mid-year (minimum) treasury update report (Council 13<sup>th</sup> December 2016)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

In addition, Cabinet has received quarterly Treasury management updates as part of the Financial Healthcheck Reports.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, 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 scrutiny to all of the above Treasury Management Reports by the Audit and Governance Committee. Member training on Treasury Management issues was most recently undertaken in October 2015, but will also be provided as and when required in order to support members' scrutiny role.

During 2016/17, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows.

Prudential & Treasury Indicators	2015/16	2016/17	2016/17
	Actual £m	Estimate £m	Actual £m
Capital Expenditure			
Non HRA	0.631	4.535	<b>1.408</b>
HRA	5.512	10.217	<b>7.351</b>
<b>Total</b>	6.143	14.752	<b>8.759</b>
Capital Financing Requirement			
Non HRA	1.001	0.665	<b>0.943</b>
HRA	68.041	70.283	<b>68.041</b>
<b>Total</b>	69.042	70.948	<b>68.984</b>
Gross Borrowing			
External Debt	65.060	67.302	<b>63.060</b>
Investments			
Less than 1 year	39.715	35.195	<b>51.211</b>
<b>Total</b>	39.715	35.195	<b>51.211</b>
<b>Net Borrowing</b>	25.345	32.107	<b>11.849</b>

It should be noted that **£12.306m** of scheme spend has been re-profiled into 2017/18 (also including re-profiling from previous years) which has increased investment balances.

The Executive Director Corporate Services confirms that there was no overall increase in borrowing in year and the statutory borrowing limit (the authorised limit) was not breached.

The financial year 2016/17 again continued to be a challenging environment, namely low investment returns with limited investment opportunities.

## 1. The Council's Capital Expenditure and Financing 2016/17

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply internal funds, then borrowing would be needed (unfinanced capital expenditure).

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2015/16 Actual £m	2016/17 Estimate £m	2016/17 Actual £m
Capital Expenditure	0.631	4.535	<b>1.408</b>
Financed in year	0.631	4.535	<b>1.408</b>
<b>Unfinanced capital expenditure</b>	-	-	-
HRA	2015/16 Actual £m	2016/17 Estimate £m	2016/17 Actual £m
Capital Expenditure	5.512	10.217	<b>7.351</b>
Financed in year	5.512	7.975	<b>7.351</b>
<b>Unfinanced capital expenditure</b>	-	2.242	-

## 2. The Council's Overall Borrowing Need

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 indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2016/17 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

**Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2016/17 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2016/17 on 23rd February 2016.

The Council's CFR for General Fund and the HRA for the year are shown below, and represent a key prudential indicator.

CFR: General Fund	31st March 2016 Actual £m	31st March 2017 Budget £m	31st March 2017 Actual £m
Opening balance	1.242	0.700	<b>1.001</b>
Less MRP/VRP	(0.241)	(0.035)	<b>(0.058)</b>
<b>Closing balance</b>	1.001	0.665	<b>0.943</b>

CFR: HRA	31st March 2016 Actual £m	31st March 2017 Budget £m	31st March 2017 Actual £m
Opening balance	68.041	68.041	<b>68.041</b>
Add unfinanced capital expenditure (as above)	-	2.242	-
<b>Closing balance</b>	68.041	70.283	<b>68.041</b>

Planned unfinanced HRA capital expenditure relates to the HRA Regeneration of Tinkers Green and Kerria.

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

**Gross borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2016/17) plus the estimates of any additional capital financing requirement for the current (2017/18) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2016/17. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Gross borrowing and the CFR	31st March 2016 Actual £m	31st March 2017 Budget £m	31st March 2017 Actual £m
Gross borrowing position	65.060	67.302	63.060
CFR	69.042	70.948	68.984

**The Authorised Limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2016/17 the Council has maintained gross borrowing within its authorised limit.

**The Operational Boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

**Actual Financing Costs as a Proportion of Net Revenue Stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Borrowing Limits	GF £m	HRA £m	Total £m
Authorised limit	12.705	79.407	92.112
Maximum gross borrowing position	-	65.060	65.060
Operational boundary	-	65.060	65.060
Average gross borrowing position	-	64.825	64.825
Budgeted financing costs as a proportion of net revenue stream %	(4.91)	34.48	29.58
Actual financing costs as a proportion of net revenue stream %	(3.49)	37.84	34.35

### 3. Treasury Position as at 31 March 2017

The Council’s debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through member reporting detailed in the summary, and through officer activity detailed in the Council’s Treasury Management Practices. At the beginning and the end of 2016/17 the Council’s treasury (excluding borrowing by PFI and finance leases) position was as follows:

General Fund	31st March 2016 Principal £m	Rate/ Return %	Average Life yrs	31st March 2017 Principal £m	Rate/ Return %	Average Life yrs
<b>Total debt</b>	-	-	-	-	-	-
<b>CFR</b>	<b>1.001</b>	-	-	<b>0.943</b>	-	-
<b>Over / (under) borrowing</b>	<b>(1.001)</b>	-	-	<b>(0.943)</b>	-	-
Investments:						
- in house	20.110	0.68	-	25.010	0.60	-
<b>Total investments</b>	<b>20.110</b>	<b>0.68</b>	-	<b>25.010</b>	<b>0.60</b>	-

HRA	31st March 2016 Principal £m	Rate/ Return %	Average Life yrs	31st March 2017 Principal £m	Rate/ Return %	Average Life yrs
Fixed rate funding:						
-PWLB	65.060	4.29	37.09	63.060	4.26	34.59
<b>Total debt</b>	<b>65.060</b>	<b>4.29</b>	<b>37.09</b>	<b>63.060</b>	<b>4.26</b>	<b>34.59</b>
<b>CFR</b>	<b>68.041</b>	-	-	<b>68.041</b>	-	-
<b>Over / (under) borrowing</b>	<b>(2.981)</b>	-	-	<b>(4.981)</b>	-	-
Investments:						
- in house	19.605	0.68	-	26.201	0.60	-
<b>Total investments</b>	<b>19.605</b>	<b>0.68</b>	-	<b>26.201</b>	<b>0.60</b>	-

## Maturity Structures

Debt - The maturity structure of the debt portfolio was as follows:

Duration	31st March 2016 Actual £m	2016/17 original limits %	31st March 2017 Actual £m
Under 12 months	2	20	-
12 months and within 24 months	-	20	-
24 months and within 5 years	-	25	-
5 years and within 10 years	-	75	-
10 years and within 20 years	3	100	<b>5</b>
20 years and within 30 years	2		-
30 years and within 40 years	21		<b>22</b>
40 years and within 50 years	37		<b>36</b>

Investments - All investments held by the Council were invested for less than one year.

The exposure to fixed and variable rates (based on net debt) was as follows:

Rate Type	31st March 2016 Actual £m	2016/17 Original Limits £m	31st March 2017 Actual £m
Fixed rate - principal	25.345	45.068	33.242
Variable rate - interest	-	6.618	-

## 4. The Strategy for 2016/17

The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate, (starting in Quarter 4 of 2016), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone additional / increased borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2016/17 there was major volatility in PWLB rates, with rates falling during Quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during Quarter 3, and then partially easing back towards the end of the year.



## 5. The Economy and Interest Rates

The two major landmark events that had a significant influence on financial markets in the 2016/17 financial year were the UK EU referendum on 23rd June and the election of President Trump in the USA on 9th November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from Quarter 3 2018 to Quarter 4 2019. At its 4th August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing Quarter 1 of only +0.2% GDP growth, the three subsequent Quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%. However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to Quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

**USA.** Quarterly growth in the US has been very volatile during 2016 but a strong performance since mid-2016, and strongly rising inflation, prompted the Fed into raising rates in December 2016 and March 2017. The US is the first major western country to start on a progressive upswing in rates. Overall growth in 2016 was 1.6%.

**EU.** The EU is furthest away from an upswing in rates; the European Central Bank (ECB) has cut rates into negative territory, provided huge tranches of cheap financing and been doing major quantitative easing purchases of debt during 2016/17 in order to boost growth from consistently weak levels, and to get inflation up from near zero towards its target of 2%. These purchases have resulted in depressed bond yields in the EU, but, towards the end of 2016, yields rose, probably due at least in part to rising political concerns around the positive prospects for populist parties and impending general elections in 2017 in the Netherlands, France and Germany. The action taken by the ECB has resulted in economic growth improving significantly in the eurozone to an overall figure of 1.7% for 2016, with Germany achieving a rate of 1.9% as the fastest growing G7 country.

On the other hand, President Trump's election and promise of fiscal stimulus, which are likely to increase growth and inflationary pressures in the US, have resulted in Treasury yields rising sharply since his election. Gilt yields in the UK have been caught between these two influences and the result is that the gap in yield between US treasuries and UK gilts has widened sharply during 2016/17 due to market perceptions that the UK is still likely to be two years behind the US in starting on an upswing in rates despite a track record of four years of strong growth.

**Japan** struggled to stimulate consistent significant growth with GDP averaging only 1.0% in 2016 with current indications pointing to a similar figure for 2017. It is also struggling to get inflation up to its target of 2%, only achieving an average of -0.1% in 2016, despite huge monetary and fiscal stimulus, though this is currently expected to increase to around 1% in 2017. It is also making little progress on fundamental reform of the economy.

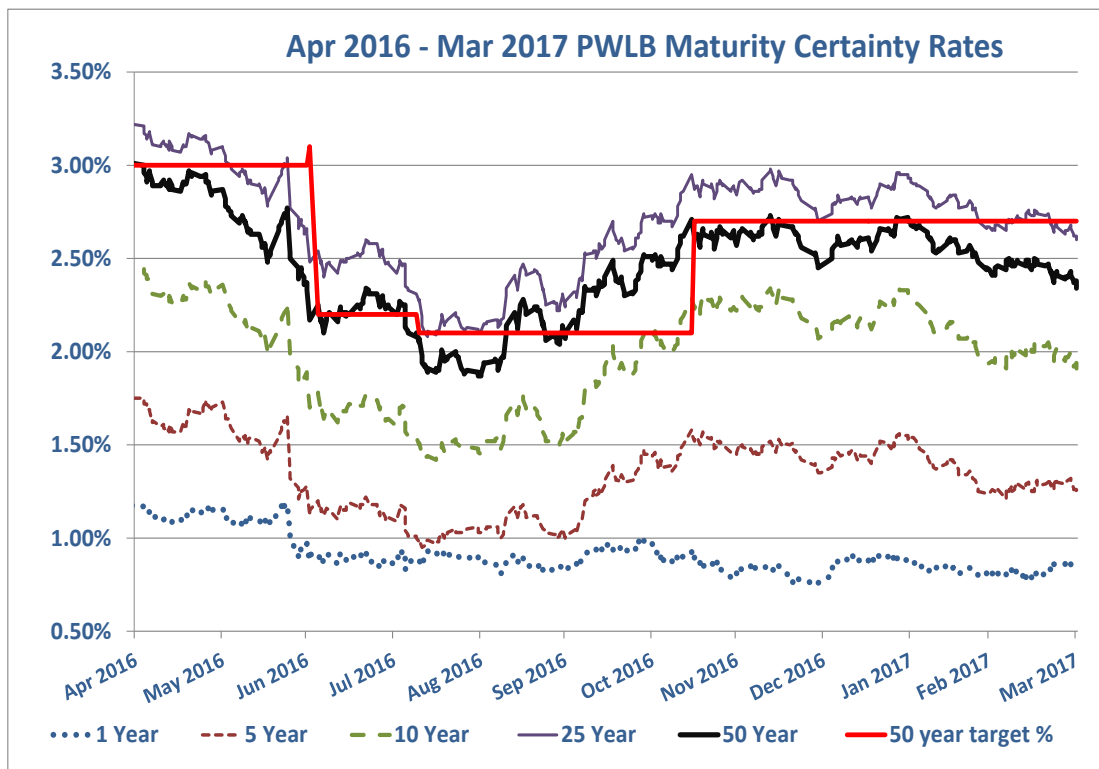
**China and emerging market countries.** At the start of 2016, there were considerable fears that China's economic growth could be heading towards a hard landing, which could then destabilise some emerging market countries particularly exposed to a Chinese economic slowdown and / or to the effects of a major reduction in revenue from low oil prices. These fears have largely subsided and oil prices have partially recovered so, overall, world growth prospects have improved during the year.

**Equity markets.** The result of the referendum, and the consequent devaluation of sterling, boosted the shares of many FTSE 100 companies which had major earnings which were not denominated in sterling. The overall trend since then has been steeply upwards and received further momentum after Donald Trump was elected President as he had promised a major fiscal stimulus to boost the US economy and growth rate.

## **6. Borrowing Rates in 2016/17**

### **PWLB certainty maturity borrowing rates**

During 2016/17, PWLB rates fell from April to June and then gaining fresh downward impetus after the referendum and Bank Rate cut, before staging a partial recovery through to December and then falling slightly through to the end of March. The graphs and table for PWLB rates below and in **Appendix 3**, show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



## 7. Borrowing Outturn for 2016/17

### Treasury Borrowing

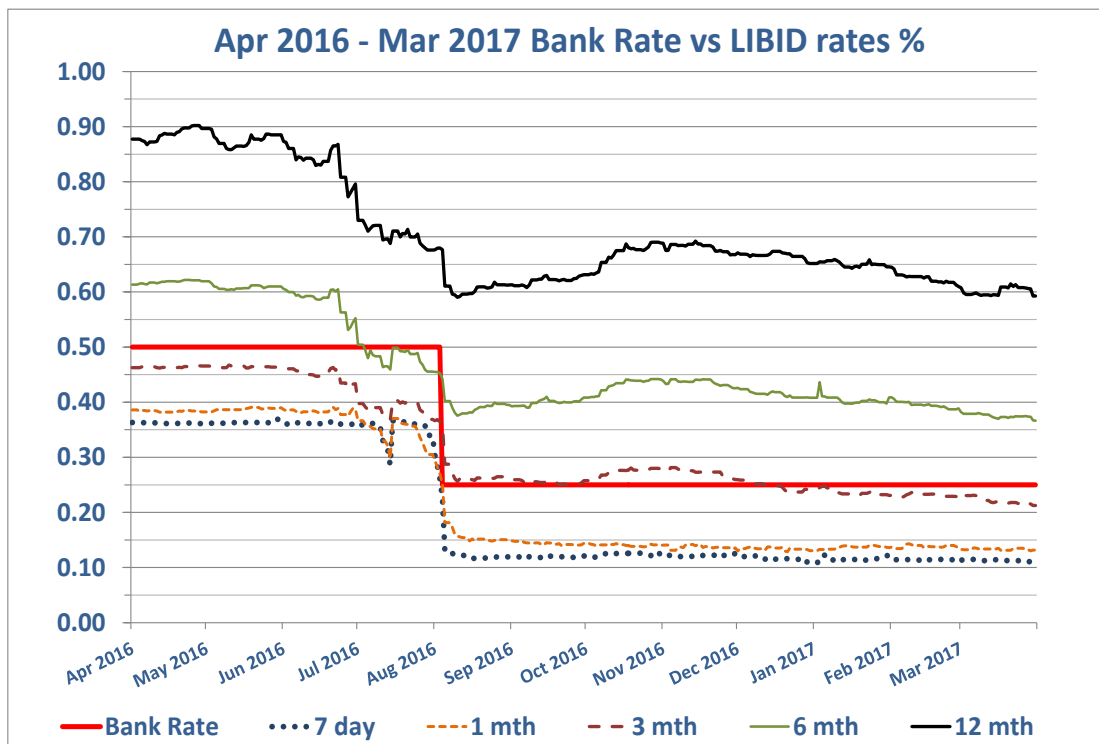
No additional borrowing was undertaken due to investment concerns, both counterparty risk and low investment returns. £2m of maturing debt was not replaced in February 2017.

### Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

## 8. Investment Rates in 2016/17

After the EU referendum, Bank Rate was cut from 0.5% to 0.25% on 4th August and remained at that level for the rest of the year. Market expectations as to the timing of the start of monetary tightening started the year at Quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at Quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two Quarters and fell even further after the 4th August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.



## 9. Investment Outturn for 2016/17

**Investment Policy** – the Council’s investment policy is governed by CLG guidance, which was been implemented in the annual investment strategy approved by the Council on 23rd February 2016. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties. However, on two occasions during 2016/17 the approved counterparty limits within the Annual Investment Strategy were exceeded:

- The first occurred on 5<sup>th</sup> August 2016 when a payment was received late in the day, resulting in £1.029m being held within the Lloyds Bank account overnight, which exceeded the approved limit of £1m by £29k.
- The second occurred on 30<sup>th</sup> December 2016 resulting from early payments of business rates and council tax income resulting in £1.4m being held in the Lloyds Bank account, exceeding the approved limit by £0.4m for 4 days over the bank holiday weekend.

**Resources** – the Council’s cash balances comprise revenue and capital resources and cash flow monies. The Council’s core cash resources comprised the following:

Balance Sheet Resources General Fund	31 <sup>st</sup> March 2016 £m	31 <sup>st</sup> March 2017 £m
Balances	6.680	<b>6.588</b>
Earmarked Reserves	5.960	<b>5.725</b>
Provisions	1.812	<b>1.905</b>
Usable Capital Receipts	1.369	<b>9.049</b>
Capital Grants Unapplied	0.048	<b>0.048</b>
<b>Total GF</b>	<b>15.869</b>	<b>23.315</b>

Balance Sheet Resources HRA	31 <sup>st</sup> March 2016 £m	31 <sup>st</sup> March 2017 £m
Balances	4.724	<b>6.353</b>
Earmarked Reserves	12.746	<b>14.513</b>
Usable Capital Receipts	3.863	<b>3.560</b>
<b>Total HRA</b>	<b>21.333</b>	<b>24.426</b>

<b>Total Authority Resources</b>	<b>37.202</b>	<b>47.741</b>
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## 10. Performance Measurement

One of the key requirements in the Code is the formal introduction of performance measurement relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide (as incorporated in the table in item 3). The Council's performance indicators were set out in the Annual Treasury Management Strategy.

This service had set the following local performance indicator:

- *Average external interest receivable in excess of 3 month LIBID rate;*

Whilst the assumed benchmark for local authorities is the 7 day LIBID rate, a higher target is set for internal performance.

The actual return of 0.6% compared to the average 3 month LIBID of 0.32% (0.28% above target).

## CIPFA Benchmarking Club

The Council is a member of the CIPFA Treasury Management Benchmarking Club which is a means to assess our performance for the year against other members (23 participating Authorities). Our average return for the year (as mentioned above) was 0.6% compared to the group average of 0.8% (information from CIPFA Benchmarking Draft Report 2016/17) Combined In-House Investments excluding the impaired investments in Icelandic banks.

This can be analysed further into the following categories:

Category	Average Balance Invested £ m		Average Rates Received %	
	Tamworth Borough Council	CIPFA Benchmarking Club	Tamworth Borough Council	CIPFA Benchmarking Club
Fixed investments up to 30 days Managed in-house	-	1.4	-	0.3
Fixed investments 31 to 90 days Managed in-house	-	3.4	-	0.4
Fixed investments 91 to 364 days Managed in-house	29.0	59.2	0.6	0.7
Fixed investments between 1 year and 3 years Managed in-house	-	27.2	-	1.1
Fixed Investments over 3 years Managed in-house	-	24.9	-	2.9
Notice Accounts	7.5	19	0.7	0.5
Debt Management Office	-	3.2	-	0.2
CDs Gilts and Bonds	3.5	21.6	0.6	1.7
Callable and Structured Deposits	-	41.0	-	1.8
Money Market Funds Constant NAV	11.9	27.8	0.5	0.4
Money Market Funds Variable NAV	-	25.7	-	0.6

<b>All Investments Managed in-house (excluding impaired investments)</b>	<b>51.8</b>	<b>146.1</b>	<b>0.6</b>	<b>0.7</b>
Externally Managed Funds	-	21.6	-	3.8
<b>All Investments (excluding impaired investments)</b>	<b>51.8</b>	<b>149.8</b>	<b>0.6</b>	<b>0.8</b>

Graphs showing a summary of the Authority's investment performance over the year can be found at **Appendix 2**.

## 11. Icelandic Bank Defaults

The U.K. Government, Local Government Association, administrators and other agencies continued to work throughout 2016/17 in recovering assets and co-ordinating repayments to all UK councils with Icelandic investments.

Heritable Bank plc - Repayments received up to the 31<sup>st</sup> March 2017 amount to approximately 98% of our claim. Negotiations are currently underway to finalise the affairs of Heritable and there is the potential for a distribution of residual funds.

Kaupthing, Singer and Friedlander Ltd - As at the end of March the Council had received £2.675m against our claim of £3.175m. Current estimates given by the Administrator project a total recovery of 86.5% or approximately £2.747m.

Investments outstanding with the Iceland domiciled bank Glitnir Bank hf have been subject to decisions of the Icelandic Courts. Following the successful outcome of legal test cases in the Icelandic Supreme Court, the Administrators committed to a full repayment. However, due to Icelandic currency restrictions, elements of our deposits held in Icelandic Krone were held back pending changes to Icelandic law. On 27<sup>th</sup> June 2017, the Council received €1.017m, £0.885m in respect of the repayment of the Icelandic Bank Glitnir deposit held in escrow, following a discounted offer from the Central Bank of Iceland to release the funds, realising a surplus of £208k (due to interest received and exchange rate movements).. This was an opportunity for those Councils with balances to use this as an exit route, in liaison with the LGA – and also to realise the significant exchange rate gains made during the last 2 years. The escrow funds were also no longer receiving interest credits.

At 31<sup>st</sup> March 2017, the Authority had the following investments 'at risk' in Icelandic banks;

Bank	Original Deposit £m	Accrued Interest £m	Total Claim £m	Exchange Rate/ Escrow Adjustments £m	Repayments Received @ 31/03/2017 £m	Balance Outstanding £m	Anticipated Recovery %
Glitnir	3.000	0.232	3.232	0.343	2.554	1.021	100
Kaupthing Singer & Friedlander	3.000	0.175	3.175	-	2.675	0.500	86.5
Heritable	1.500	0.005	1.505	-	1.475	0.030	98
<b>Total</b>	<b>7.500</b>	<b>0.412</b>	<b>7.912</b>	<b>0.343</b>	<b>6.704</b>	<b>1.551</b>	<b>94.35</b>

**PRUDENTIAL AND TREASURY INDICATORS**

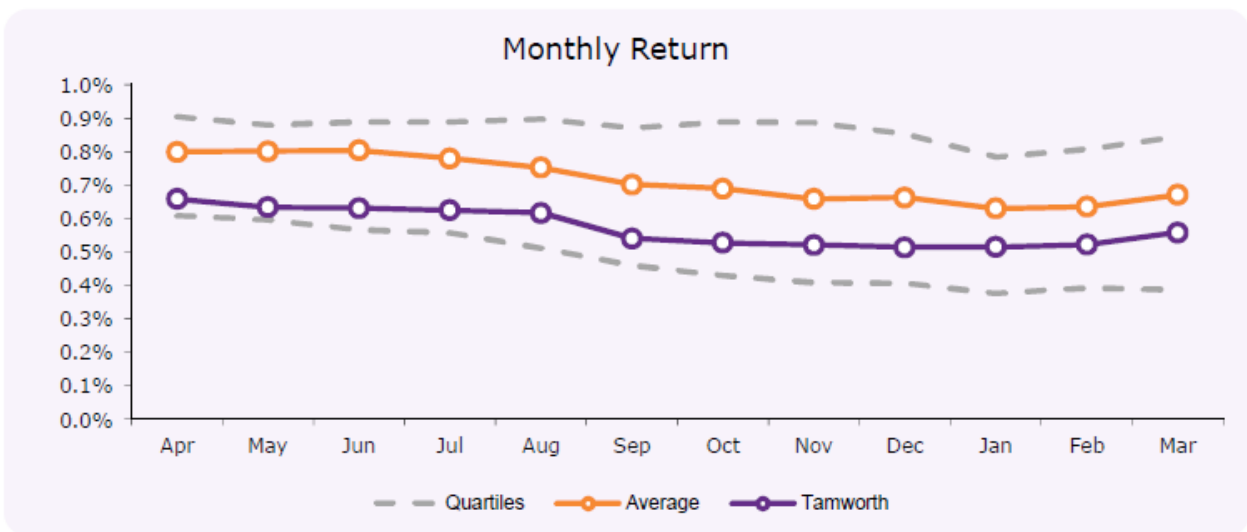
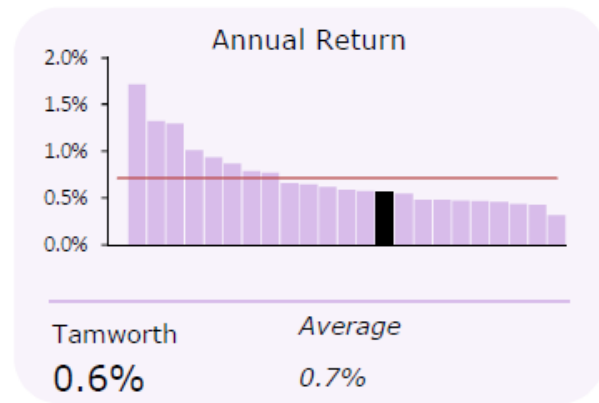
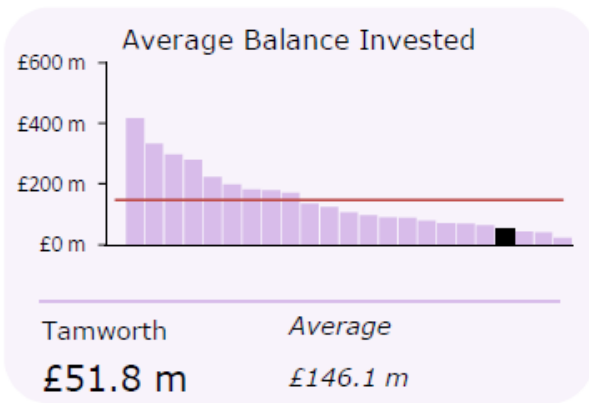
**APPENDIX 1**

<b>1. PRUDENTIAL INDICATORS</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>
<b>Extract from budget and rent setting report</b>	<b>Actual</b>	<b>Original</b>	<b>Actual</b>
<b>Capital Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non - HRA	0.631	6.152	1.408
HRA	5.512	17.061	7.351
TOTAL	6.143	23.213	8.759
<b>Ratio of financing costs to net revenue stream</b>	<b>%</b>	<b>%</b>	<b>%</b>
Non - HRA	0.04	(4.91)	(3.49)
HRA	25.04	34.48	37.84
<b>Gross borrowing requirement HRA</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
brought forward 1 April	65.060	65.060	63.060
carried forward 31 March	65.060	67.302	63.060
in year borrowing requirement	-	2.242	-
<b>Gross debt</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
carried forward 31 March	65.060	67.302	63.060
<b>Capital Financing Requirement</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non – HRA	1.001	0.665	0.943
HRA	68.041	70.283	68.041
TOTAL	69.042	70.948	68.984
<b>Annual change in Capital Financing Requirement</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Non – HRA	(0.241)	(0.035)	(0.058)
HRA	-	-	-
TOTAL	(0.241)	(0.035)	(0.058)
<b>Incremental impact of capital investment decisions</b>	<b>£ p</b>	<b>£ p</b>	<b>£ p</b>
Increase in council tax (band D) per annum	(0.36)	0.76	0.76
Increase in average housing rent per week	(0.01)	-	-



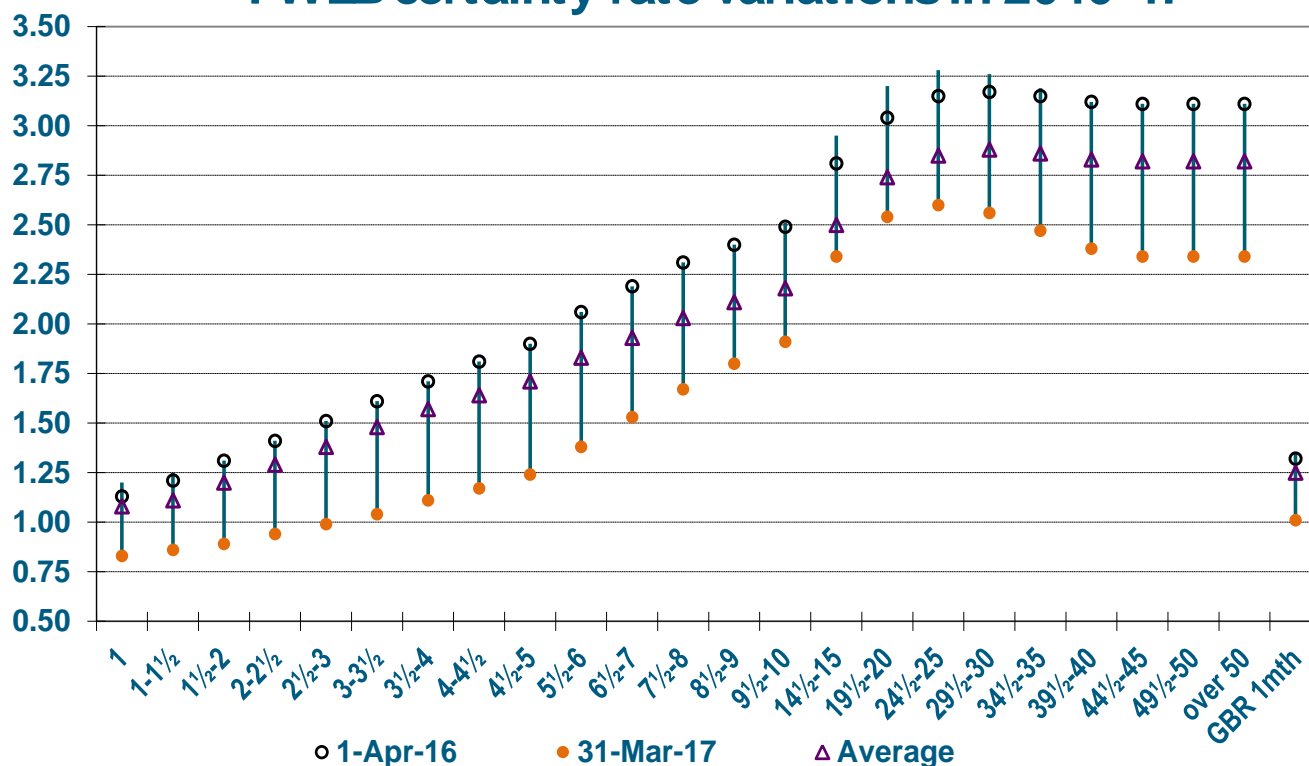
<b>2. TREASURY MANAGEMENT INDICATORS</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2016/17</b>
	<b>Actual</b>	<b>Original</b>	<b>Actual</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Authorised Limit for external debt - General Fund</b>			
borrowing	9.705	9.705	9.705
other long term liabilities	3.000	3.000	3.000
TOTAL	12.705	12.705	12.705
<b>Authorised Limit for external debt - HRA</b>			
borrowing	79.407	79.407	79.407
TOTAL	79.407	79.407	79.407
<b>Operational Boundary for external debt - General Fund</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
borrowing	1.386	-	-
TOTAL	1.386	-	-
<b>Operational Boundary for external debt - HRA</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
borrowing	71.882	73.268	65.060
other long term liabilities	-	-	-
TOTAL	71.882	73.268	65.060
<b>Actual external debt</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
	65.060	67.302	63.060
<b>Maximum HRA debt limit</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
	79.407	79.407	79.407
<b>Interest Rate Exposure (Upper Limit)</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Limits on Fixed Interest Rates based on net debt	39.526	53.515	33.242
Limits on Variable Interest Rates based on net debt	6.454	6.556	6.483
Limits on Fixed Interest Rates:			
Debt only	64.541	65.563	64.825
Investments only	41.693	20.558	52.638
Limits on Variable Interest Rates:			
Debt only	6.454	6.556	6.483
Investments only	16.677	8.223	21.055
<b>Upper limit for total principal sums invested for over 364 days</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
(per maturity date)	2.000	2.000	2.000

**Combined In-House Investments (excl. impaired investments)**



Monthly Return (April 16 - March 17)													
	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Year
Balance £'m	43.3	43.9	45.1	45.9	42.4	50.1	56.1	57.4	60.4	60.5	61.5	55.9	51.8
Interest £'k	23.4	23.6	23.4	24.4	22.2	22.2	25.1	24.6	26.4	26.4	24.6	26.5	292.9
Return	0.7%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.6%	0.6%
Upper Quartile	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.8%	0.8%	0.9%
Average	0.8%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.6%	0.6%	0.7%	0.7%
Lower Quartile	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.5%
% Diff from Avg	-0.1%	-0.2%	-0.2%	-0.2%	-0.1%	-0.2%	-0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	

### PWLB certainty rate variations in 2016-17



	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
1/4/16	1.130%	1.160%	1.330%	1.470%	1.620%	2.310%	3.140%	2.950%	1.310%
31/3/17	0.830%	0.860%	0.990%	1.110%	1.240%	1.910%	2.600%	2.340%	1.010%
High	1.200%	1.250%	1.460%	1.630%	1.800%	2.510%	3.280%	3.080%	1.350%
Low	0.760%	0.800%	0.840%	0.880%	0.950%	1.420%	2.080%	1.870%	1.040%
Average	0.928%	0.961%	1.104%	1.226%	1.361%	2.007%	2.724%	2.494%	1.150%
Spread	0.440%	0.450%	0.620%	0.750%	0.850%	1.090%	1.200%	1.210%	0.310%
High date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	20/05/2016
Low date	20/12/2016	15/03/2017	10/08/2016	10/08/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016	30/11/2016

	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/16	1.13%	1.62%	2.31%	3.14%	2.95%
31/3/17	0.83%	1.24%	1.91%	2.60%	2.34%
Low	0.76%	0.95%	1.42%	2.08%	1.87%
Date	20/12/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.93%	1.36%	2.01%	2.72%	2.49%

**Money market investment rates 2016/17**

	<b>7 day</b>	<b>1 month</b>	<b>3 month</b>	<b>6 month</b>	<b>1 year</b>
<b>1/4/16</b>	<b>0.363</b>	<b>0.386</b>	<b>0.463</b>	<b>0.614</b>	<b>0.877</b>
<b>31/3/17</b>	<b>0.111</b>	<b>0.132</b>	<b>0.212</b>	<b>0.366</b>	<b>0.593</b>
<b>High</b>	<b>0.369</b>	<b>0.391</b>	<b>0.467</b>	<b>0.622</b>	<b>0.902</b>
<b>Low</b>	<b>0.107</b>	<b>0.129</b>	<b>0.212</b>	<b>0.366</b>	<b>0.590</b>
<b>Average</b>	<b>0.200</b>	<b>0.220</b>	<b>0.315</b>	<b>0.462</b>	<b>0.702</b>
<b>Spread</b>	<b>0.262</b>	<b>0.262</b>	<b>0.255</b>	<b>0.256</b>	<b>0.312</b>
<b>High date</b>	<b>27/5/16</b>	<b>21/6/16</b>	<b>10/5/16</b>	<b>22/4/16</b>	<b>26/4/16</b>
<b>Low date</b>	<b>28/12/16</b>	<b>21/12/16</b>	<b>30/3/17</b>	<b>31/3/17</b>	<b>10/8/16</b>