

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Chief Executive
to
Cabinet
on
19 June 2018

Report prepared by: Joe Chesterton
Director of Finance and Resources

Annual Treasury Management Report – 2017/18

Policy and Resources Scrutiny Committee

Cabinet Member: Councillor John Lamb

A Part 1 Public Agenda Item

1. Purpose of Report

- 1.1 The Annual Treasury Management Report covers the treasury activity for the period from April 2017 to March 2018, and reviews performance against the Prudential Indicators for 2017/18.

2. Recommendation

That Cabinet;

- 2.1 **Approves the Annual Treasury Management Report for 2017/18 and the outturn Prudential Indicators for 2017/18.**
- 2.2 **Notes that the financing of 2017/18 capital expenditure of £60.996m has been funded in accordance with the schedule set out in Table 1 of section 4.**
- 2.3 **Notes that Capital Financing and Treasury Management were carried out in accordance with statutory requirements, good practice and in compliance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Prudential Code during 2017/18.**
- 2.4 **Notes the following in respect of the return on investment and borrowing;**
- **The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.**
 - **£2.05m of interest was earned during the whole of 2017/18 at an average rate of 2.49%. This is 2.27% over the benchmark of the average 7 day LIBID (London Interbank Bid Rate) and 2.14% over the average bank base rate.**

- The level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained at the same level of £227.8m (Housing Revenue Account (HRA): £77.0m, General Fund (GF): £150.8m) throughout 2017/18.
- The level of financing for 'invest to save' schemes increased from £7.90m to £8.74m by the end of 2017/18.

3. Background

- 3.1 The CIPFA Prudential Code requires the Council to set Prudential Indicators for its capital expenditure and treasury management activities and to report on them after the end of the financial year.
- 3.2 This Council has adopted the 'CIPFA Code of Practice for Treasury Management in the Public Sector' and operates its treasury management service in compliance with this Code. The Code requires the reporting of treasury management activities to:
- Review actual activity for the preceding year (this report); and
 - Forecast the likely activity for the forthcoming year (in the Treasury Management and Prudential Indicators Report in February).
- 3.3 The Prudential Code is the key element in the system of capital finance that was introduced from 1st April 2004 as set out in the Local Government Act 2003. The Code has been developed to support Local Authorities in taking capital investment decisions and to ensure that these decisions are supported by a framework which ensures prudence, affordability and sustainability.
- 3.4 To demonstrate compliance with these objectives of prudence, affordability and sustainability each local authority is required to produce a set of prudential indicators and to update these annually as part of setting the Council's budget.

4. Prudential Indicators

- 4.1 Appendix A provides a schedule of the prudential indicators.
- 4.2 Capital Expenditure

The first of these is the amount of capital expenditure in the year on long term assets. The table on the next page shows this and the ways it has been financed.

Table 1: Capital Expenditure and Financing

	2017/18 Revised Budget £000s	2017/18 Actual £000s	2017/18 Variance £000s
Total Capital Expenditure	64,324	60,996	(3,328)
Financed by:			
Borrowing - internal	17,879	20,332	2,453
Invest to Save Financing	15,716	15,471	(245)
Capital Receipts	610	736	126
Capital Grants Utilised	18,183	12,541	(5,642)
Major Repairs Reserve	5,980	4,540	(1,440)
Other Revenue/ Capital Reserve Contributions	5,031	5,254	223
Other Contributions	925	2,122	1,197
Total Financing	64,324	60,996	(3,328)

Under self-financing, there is currently an absolute cap on the amount that the Housing Revenue Account (HRA) can borrow, be it actual external borrowing or notional internal borrowing. For Southend that cap is £102.159m. As at 31 March 2018 actual borrowing by the HRA was £98.740m, comprising £77.049m external borrowing and £21.691m internal borrowing. This means that there is now only £3.419m “headroom” for new borrowing to finance capital spend within the HRA.

The HRA can also finance its capital spend from the major repairs reserve (which itself is generated from the depreciation charge to the HRA), from grants and directly from the HRA by way of revenue contributions to capital.

The available borrowing headroom is a permissive amount, and as such could be changed by Government regulation at a future date, whereas the Council has much more control over actual monetary amounts set aside for capital such as the major repairs reserve.

4.3 Capital Financing Requirement (CFR)

The Council’s underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a measure of the Council’s debt position and represents capital expenditure up to the end of 2017/18 which has not yet been charged to revenue. The process of charging the capital expenditure to revenue is a statutory requirement and is done by means of the Minimum Revenue Provision (MRP). The Council’s CFR is shown in table 2 and is a key prudential indicator.

Table 2: Capital Financing Requirement (CFR)

	31st March 2018 Revised Budget £000s	31st March 2018 Actual £000s
Balance 1st April 2017	304,559	304,559
Plus: capital expenditure financed by borrowing (internal and invest to save financing)	23,140	36,271
Plus: fixed assets subject to finance leases	92	2,937
Less: Minimum Revenue Provision	(254)	(580)
Balance 31st March 2018	327,537	343,187

The CFR is the Council's theoretical need to borrow but the Section 151 Officer can manage the Council's actual borrowing position by either borrowing to the CFR, choosing to use temporary cash flow funds instead of borrowing (internal borrowing) or borrowing for future increases in the CFR (borrowing in advance of need). The Section 151 Officer currently manages the Council's actual borrowing position in the second of the above CFR scenarios.

4.4 Treasury Position on Borrowing and Investments

The overall treasury position at 31 March 2018 compared with the previous year is set out in the table below.

Table 3: Treasury Position

	31 March 2018 Revised Budget	31 March 2018 Actual	
	Principal £000s	Principal £000s	Average Rate (%)
Total Debt [#] (excluding ECC transferred debt)	256,857	249,994	4.41
Total Investments (including schools cash)	85,995	69,427	2.49
Net Borrowing	170,862	180,567	

[#] This includes PWLB borrowing of £227.816m with the balance being invest to save financing, short term borrowing for cash flow purposes and finance leases (as these are credit arrangements).

In order to ensure that borrowing levels are prudent over the medium term, the Council's external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not therefore, except in the short term, exceed the CFR for 2017/18 plus the expected changes to the CFR over 2018/19 and 2019/20. The table below shows that the Council has complied with this requirement.

Table 4: CFR compared to Net Borrowing Position

	31 March 2018 Revised Budget £000s	31 March 2018 Actual £000s
Net borrowing position	170,862	180,567
Estimated Capital Financing Requirement at 31 March 2020		392,909

4.5 Authorised Limit, Operational Boundary and Ratio of Financing Costs

In addition to ensuring that the net borrowing position is lower than the CFR, the Council is required to set gross borrowing limits. These are detailed below with the actual positions during the year.

Table 5: Borrowing limits

	2017/18 (£000s)
Authorised Limit	295,000
Operational Boundary	285,000
Maximum gross borrowing position during the year	253,557
Financing costs as a proportion of net revenue stream	5.42%

The Authorised Limit is the "Affordable Borrowing Limit" required by the Local Government Act 2003. This is the outer boundary of the Council's borrowing based on a realistic assessment of the risks. The table above demonstrates that during 2017/18 the Council has maintained gross borrowing within its Authorised Limit.

The Operational Boundary is the expected borrowing position of the Council during the year, and periods where the actual position is either below or over the Boundary are acceptable subject to the Authorised Limit not being breached. The Council has maintained borrowing within the boundary throughout 2017/18.

The indicator “financing costs as a proportion of net revenue stream” identifies the cost of capital (borrowing costs net of investment income) as a proportion of the Council’s total budget. For the General Fund the actual figure in 2017/18 was 5.42%.

4.6 Incremental impact of capital investment decisions

This indicator identifies the budgetary requirements arising from the proposed changes to the capital programme and calculates the impact on the Band D council tax that would result. The actual figure in 2017/18 was +£2.15 and results from the required financing of the approved capital programme.

4.7 Maturity structure of fixed rate borrowing (against maximum position)

The table below shows the upper limits for which the Council delegates its length of borrowing decisions to the Director of Finance and Resources/Section 151 Officer in 2017/18 and the actual maturity structure of the fixed rate borrowing as at 31st March 2018.

Table 6: Maturity Structure of Fixed Rate Borrowing

	Upper limit %	Outstanding fixed rate debt maturity at 31 st March 2018 %
Under 12 months	20	0
12 months and within 24 months	30	3
24 months and within 5 years	40	1
5 years and within 10 years	60	17
10 years and within 20 years	100	52
20 years and within 30 years	100	13
30 years and above	80	14

The percentages in each category for the upper limits do not add up to 100% as they do not represent an actual allocation.

5. Treasury Management Strategy

5.1 During 2017/18 the Council complied with all of the relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of the Code of Practice for Treasury Management means its treasury practices demonstrate a low risk approach.

5.2 The Council is aware of the risks of passive management of the treasury portfolio and has taken steps to improve the proactive management of the debt and investments over the year with the support of its treasury management advisers.

5.3 Shorter-term variable rates and likely future movements in these rates predominantly determine the Council’s in-house investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is

minimised through the annual investment strategy, accurately forecasting future returns can be difficult.

- 5.4 UK interest rates continued to be low throughout 2017/18. The bank base rate stayed at 0.25% until November when the Bank of England increased the rate to 0.5%. With on-going concerns over counterparty risk since the banking crisis and the uncertainty in the financial markets about the timing of future rises in interest rates, investments have been mainly placed in instant access accounts.
- 5.5 Long term interest rates from the Public Works Loans Board (PWLB) fluctuated throughout 2017/18 in response to economic events: 10 year PWLB rates between 1.84% and 2.57%; 25 year PWLB rates between 2.52% and 2.92% and 50 year PWLB rates between 2.25% and 2.64%. These rates are after the PWLB 'certainty rate' discount of 0.20%.
- 5.6 Revisions to the 2017/18 Minimum Revenue Provision (MRP) Policy were approved at the Cabinet meeting of 7 November 2017 and are outlined below:
- Our Treasury Management advisers, Link Asset Services had undertaken a full review of the historic MRP liability and its implication for the current and future liability. Link had put forward a range of options and the Chief Finance Officer had considered these and put forward the following for approval:

For capital expenditure financed by	Previous calculation	New calculation
Supported borrowing (prior to 2016/17 and 2017/18 onwards)	Multiplying the CFR at the end of the preceding financial year by 4%	2% straight line [#]
Unsupported borrowing (prudential) (prior to 2017/18 and 2017/18 onwards)	Equal instalments over an estimated useful life.	Annuity method

[#]This calculation was used for the 2016/17 financial year following a revision to the MRP policy at Cabinet in March 2017 as part of the 2016/17 Quarter Three Treasury Management report.

- The changes were to be applied retrospectively for the years 2016/17 and prior as appropriate, as well as for the current financial year and future years;

6. Borrowing

PWLB and short term borrowing

- 6.1 The table below summarises the PWLB borrowing activities during the financial year 2017/18:

Table 7: PWLB borrowing

Quarter	Borrowing at beginning of quarter (£m)	New Borrowing (£m)	Re-financing (£m)	Borrowing repaid (£m)	Borrowing at end of quarter (£m)
April to June 2017	227.8	0	0	(0)	227.8
July to September 2017	227.8	0	0	(0)	227.8
October to December 2017	227.8	0	0	(0)	227.8
January to March 2018	227.8	0	0	(0)	227.8

All PWLB debt held is repayable on maturity. No new PWLB loans were taken out during the year.

6.2 The Council's outstanding PWLB borrowing as at 31st March 2018 was:

- Southend-on-Sea Borough Council £227.816m*
- ECC transferred debt £11.879m

* £150.8m General Fund and £77.0m Housing Revenue Account.

6.3 Repayments in 2016/17 were:

- Southend-on-Sea Borough Council £0m
- ECC transferred debt £0.62m

6.4 Outstanding debt relating to services transferred from Essex County Council (ECC) on 1st April 1998, remains under the management of ECC. Southend Borough Council reimburses the debt costs incurred by the County. The debt is recognised as a deferred liability on our balance sheet.

6.5 The table on the next page summarises our PWLB borrowing position as at the end of 2017/18:

Table 8: Debt position

	31 March 2018		31 March 2017	
	Principal (£000s)	Average Rate (%)	Principal (£000s)	Average Rate (%)
-PWLB – Fixed	227,816*	4.62	227,816	4.62
-ECC Transferred Debt	11,879	2.61	12,497	2.66

* £150.8m General Fund and £77.0m Housing Revenue Account.

- 6.6 Some of the Council's borrowings are at a higher interest rate than the current rate of borrowing. To redeem these loans before their maturity date (i.e. to redeem them early) the Council would be required to pay a premium (this is like paying to redeem a mortgage early except the amount of the penalty depends on the prevailing rate of interest). New loans could then be taken out at the current rate.
- 6.7 In November 2007 the PWLB changed its structure of interest rates so that any early repayment of PWLB debt has a higher repayment rate applied. Then in October 2010, as part of the Spending Review interest rates for PWLB borrowing were increased by 1%. No PWLB restructuring was carried out in 2017/18 due to the higher cost of PWLB repayments making it uneconomical and giving no benefit to the Council.
- 6.8 On 1st November 2012 HM Treasury implemented a 'certainty rate' at a discount on that level of 0.2% on loans for those local authorities providing improved information and transparency on their locally-determined long-term borrowing and associated capital spending plans. This Council provided the necessary information again in 2017/18 and was therefore eligible for this 'certainty rate'.
- 6.9 The total interest payments during the year were £10.5m, compared to the original budget of £11.0m. The original budget assumed that the Council would take out £10m of loans during 2016/17 and £20m of loans during 2017/18. Instead no new loans were taken out by the Section 151 Officer in either of those financial years as there was a greater financial advantage for the Council to use internal rather than external borrowing. This therefore led to the underspend on the interest payments against the original budget.
- 6.10 In line with the revised MRP policy for 2017/18 (paragraph 5.6) the MRP for capital expenditure financed by supported borrowing was applied at 2% on a straight line basis, rather than at 4% on a reducing balance basis. The value of MRP charged was reduced by £2.1m and the resulting underspend against budget has enabled a contribution to earmarked reserves for the financing of some future capital schemes and other business transformation activity.
- 6.11 In addition, short term borrowing was undertaken during the 2017/18 financial year for cash flow purposes. The average rate paid in 2017/18 was 0.57% and the details of the loans are shown in the table on the next page:

Table 9: Short term borrowing

Counterparty	Amount of loan (£m)	Loan Rate (%)	Period of loan (days)	Return date
Borough of Poole @	5.0m	0.35	119	13/04/2017
Exeter City Council	3.0m	0.27	153	17/01/2018
Liverpool City Region Combined Authority	4.0m	0.30	186	19/02/2018
Somerset County Council	3.5m	0.60	360	29/03/2018
Middlesbrough County Council #	7.0m	0.80	34	18/04/2018
Derbyshire County Council #	3.5m	0.80	725	29/03/2019

@ This loan is spread over financial years 2016/17 to 2017/18.

These loans are spread over financial years 2017/18 to 2018/19.

Funding for Invest to Save Schemes

- 6.12 Capital projects were completed on draught proofing and insulation in the Civic Centre, and lighting replacements at University Square Car Park and Westcliff Library which will generate on-going energy savings. These are invest-to-save projects and the predicted revenue streams cover as a minimum the financing costs of the project.
- 6.13 To finance these projects in total the Council has taken out interest free loans of £0.223 with Salix Finance Ltd which is an independent, not for profit company, funded by the Department for Energy and Climate Change that delivers interest-free capital to the public sector to improve their energy efficiency and reduce their carbon emissions. The loans are for periods of four and five years with equal instalments to be repaid every six months. There are no revenue budget implications of this funding as there are no interest payments to be made and the revenue savings generated are expected to exceed the amount needed for the repayments. £0.043m of these loans were repaid during the year.
- 6.14 At the meeting of Cabinet on 23rd June 2015 the LED Street Lighting and Illuminated Street Furniture Replacement Project was approved which was to be partly funded by 25 year reducing balance 'invest to save' finance from the Green Investment Bank (GIB). Repayments of £0.06m were made during the year and the balance outstanding at 31 March 2018 was £8.61m.

7. Investments

7.1 The table below summarises the Council's investment position at the end of 2017/18:

Table 10: Investment position

	31 March 2018	2017/18		31 March 2017	2016/17	
	Principal (£000s)	Average Balance (£000s)	Average Rate (%)	Principal (£000s)	Average Balance (£000s)	Average Rate (%)
Notice accounts	0	9,107	0.50	10,000	10,000	0.53
Fixed term deposits	0	0	N/A	0	861	0.88
Call accounts #	8,186	8,407	0.63	7,992	8,156	0.64
Money Market Funds	13,000	28,082	0.40	23,000	31,110	0.50
Total investments managed in-house	21,186	45,596	0.47	40,992	50,127	0.54
Enhanced Cash Funds	5,038	5,035	0.33	5,022	12,368	1.27
Short Dated Bond Funds	15,193	15,208	0.45	15,125	7,869	1.78
Property Funds	22,625	16,546	10.58	15,859	14,925	4.49
Total externally managed funds	42,856	36,789	4.99	36,006	35,162	2.75
Total investments@	64,042	82,385	2.49	76,998	85,289	1.45

This includes the council's main current account.

@ This excludes the cash held by schools.

7.2 In summary the key factors to note are:

- An average of £45.6m of investments were managed in-house. These earned £0.22m of interest during the year at an average rate of 0.47%. This is 0.25% over the average 7 day LIBID and 0.12% over the average bank base rate;
- An average of £5.0m was managed by an enhanced cash fund manager. This earned £0.02m during the year at an average rate of 0.33%;

- An average of £15.2m was managed by two short dated bond fund managers. This earned £0.07m during the year from a combination of an increase in the value of the units and income distribution, giving a combined return of 0.45%;
- An average of £16.5m was managed by two property fund managers. This earned £1.75m during the year from a combination of an increase in the value of the units and income distribution, giving a combined return of 10.58%.

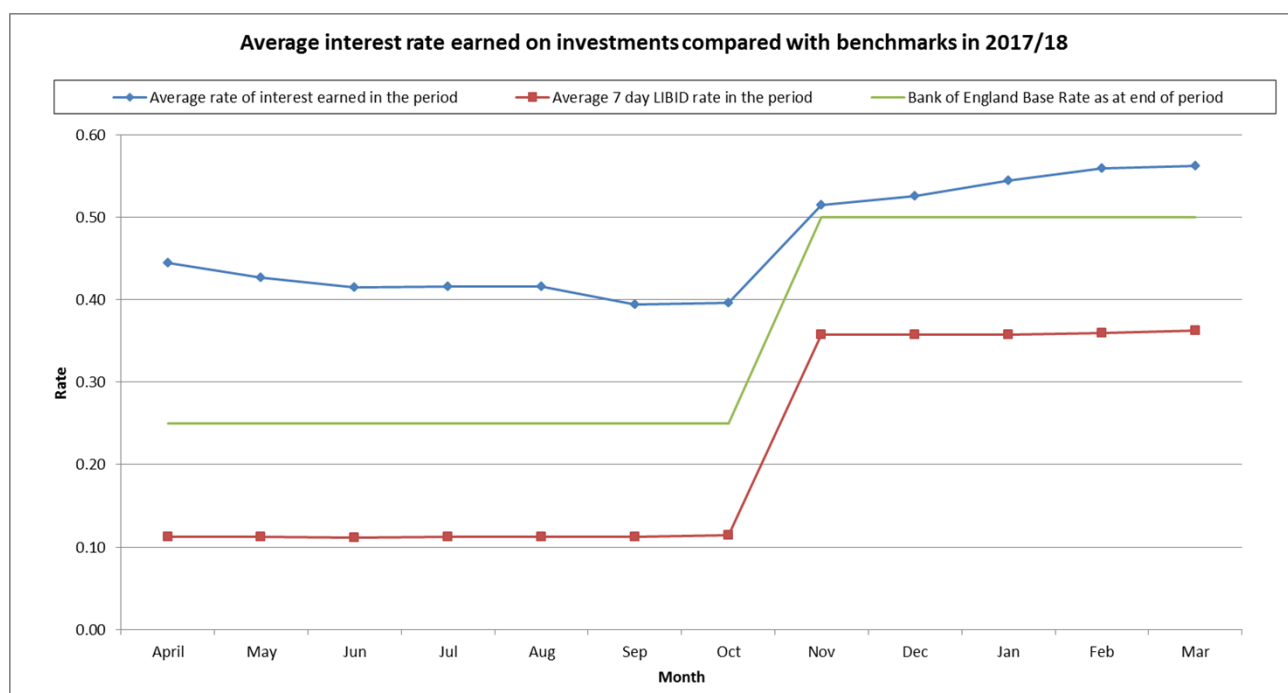
- 7.3 The actual rate on investments earned in 2017/18 was 2.49% compared to a forecast of 0.94% which was included in the budget. This forecast was based on the best estimates of balances and future interest rates at the time the budget was set.
- 7.4 The Council earned a total of £2.050m of interest through the investment of surplus funds both in-house and with the fund managers. The interest earned was £1.240m higher than the budgeted figure of £0.810m. This increased level of interest was due to the externally managed funds achieving a higher than forecast interest rate. These forecasts were based on the best estimates at the time the budget was set.
- 7.5 The Council's investment policy is governed by the CIPFA Code of Practice for Treasury Management in the Public Sector, which has been implemented in the Annual Investment Strategy approved by the Council on 23 February 2017. The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.
- 7.6 The majority of the cash balances held by the Council are required to meet short term cash flow requirements and therefore throughout the year monies were placed 37 times for periods of one year or less. In the light of the banking crisis and the prevailing financial market conditions there has been greater emphasis on counterparty risk and the security of the principal sums invested. The table below shows the most used counterparties overall and the countries in which they are based. All deals are in sterling despite the country the counterparties are based in.

Table 11: Counterparties used

Counterparty	Country	No. of Deals	Value of Deals (£m)
Blackrock	Money Market Fund (Various Counterparties)	16	97
Goldman Sachs	Money Market Fund (Various Counterparties)	14	75
Insight Investment	Money Market Fund (Various Counterparties)	6	33
Standard Life Investments Liquidity Fund plc	Money Market Fund (Various Counterparties)	1	2
Total		37	207

- 7.7 In addition to the above, use was also made of call accounts during the year, because they provide instant access to funds while paying base rate or better. This meant that funds were available for unexpected cash flow events to avoid having to pay higher rates to borrow from the market. During 2017/18 an average of £8.4m was held in such accounts.
- 7.8 The performance during the year is compared to the average 7 day LIBID rate. The graph below shows the Council's performance month by month compared to this benchmark and the bank base rate.

Graph1: Investment performance compared to benchmarks



- 7.9 Overall, performance on in-house managed funds was 0.25% over the average 7 day LIBID rate for the year and averaged 0.12% higher than the average base rate for the year.
- 7.10 An average of £5.0m was managed by the enhanced cash fund manager Payden & Rygel. During the year the value of the fund started at £5.022m and increased by £0.016m due to an increase in the unit value, giving an average return of 0.33%. The fund ended the year at £5.038m.

8 Property Funds

- 8.1 Throughout the year long term funds were invested in two property funds: Rockspring Property Investment Management Limited and Lothbury Investment Management Limited
- 8.2 The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into properties. An income distribution is generated from the rental income streams from the properties in the fund. Income distributions are reinvested back into the fund. There are high entrance and exit

fees and the price of the units can rise and fall, depending on the value of the properties in the fund, so these funds are invested over the long term with the aim of realising higher yields than other investments.

- 8.3 The interest equalisation reserve will be used to capture some of the income in the years when the property values are rising, and will then be available to offset any losses should property values fall. Members should be aware that this means that the investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as the interest equalisation reserve would be used to meet any temporary losses.
- 8.4 An average of £8.5m was managed by Rockspring Property Investment Management Limited. During the year the value of the fund started at £8.177m and increased by £5.016m due to the additional purchase of units in March 2018 and by £0.581m due to the increase in the unit value. There was also an income distribution relating to that year of £0.424m.
- 8.5 The Rockspring fund earned £1.005m during the year from a combination of the increase in the value of the units and the income distribution, giving a combined return of 11.77%. The fund started the year at £8.177m and therefore increased in total value to £14.198m by the end of the year.
- 8.6 An average of £8.0m was managed by Lothbury Property Investment Management Limited. During the year the value of the fund started at £7.682m and increased by £0.488m due to the increase in the unit value. There was also an income distribution relating to the year of £0.257m.
- 8.7 The Lothbury fund earned £0.745m during the year from a combination of the increase in the value of the units and the income distribution, giving a combined return of 9.31%. The fund started the year at £7.682m and therefore increased in total value to £8.427m by the end of the year.

9 Short Dated Bond Funds

- 9.1 Throughout the year medium term funds were invested in two short dated bond funds: Royal London Investment Grade Short Dated Credit Fund and the AXA Sterling Credit Short Duration Bond Fund.
- 9.2 The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into corporate bonds in the one to five year range. An income distribution will be generated from the coupon on the bond and income distributions will be reinvested back into the fund. The price of units can rise and fall, depending on the price of bonds in the fund so these funds are invested over the medium term with the aim of realising higher yields than short term investments.
- 9.3 The Council's interest equalisation reserve will be used to capture some of the income in the years when the corporate bond values are rising, and will then be available to offset any losses should bond values fall. Members should be aware that this means that the investment returns in some quarters will look

very good and in other quarters there may be losses reported, but these will not impact the revenue account as the interest equalisation reserve would be used to meet any temporary losses.

- 9.4 An average of £7.6m was managed by AXA Investment Managers UK Limited. During the year the value of the fund started at £7.537m and increased by £0.026m due to an increase in the unit value, giving a return of 0.34%. The fund started the year at £7.537m and increased in value with the fund at the end of the period at £7.563m.
- 9.5 An average of £7.6m was managed by Royal London Asset Management. During the year the value of the fund started at £7.588m, decreased by £0.099m due to an decrease in the unit value and increased due to income distributions of £0.141m.
- 9.6 The Royal London fund earned £0.042m during the year from a combination of the decrease in the value of the units and the income distribution, giving a combined return of 0.55%. The fund started the year at £7.588m and increased in value with the fund at the end of the period at £7.630m.

10. Corporate Implications

10.1 Contribution to Council's Vision & Critical Priorities

Treasury Management practices in accordance with statutory requirements, together with compliance with the prudential indicators acknowledge how effective treasury management provides support towards the achievement of the Council's Vision and Critical Priorities.

10.2 Financial Implications

The financial implications of Treasury Management are dealt with throughout this report.

10.3 Legal Implications

Compliance with the CIPFA Prudential Code is a statutory requirement.

10.4 People Implications

None.

10.5 Property Implications

None.

10.6 Consultation

The key Treasury Management decisions are taken in consultation with our Treasury Management advisers.

10.7 Equalities Impact Assessment

None.

10.8 Risk Assessment

The Treasury Management Policy acknowledges that the successful identification, monitoring and management of risk are fundamental to the effectiveness of its activities.

10.9 Value for Money

Treasury Management activities include the pursuit of optimum performance consistent with effective control of the risks associated with those activities.

10.10 Community Safety Implications

None.

10.11 Environmental Impact

None.

11. Background Papers

None.

12. Appendices

Appendix A - Prudential Indicators 2017/18

Prudential Indicators 2017/18

	Figures are for the financial year unless otherwise titled in italics	2017/18 Revised Indicator	2017/18 Actual
1	Capital Expenditure	£64.324m	£60.996m
2	Capital Financing Requirement (CFR)	£327.537m	£343.187m
3	Treasury Position at 31 March		
	Borrowing	£256.857m	£249.994m
	Investments	£85.995m	£69.427m
	Net Borrowing	£170.862m	£180.567m
4	Authorised Limit (<i>against maximum position</i>)	£295.000m	£295.000m
5	Operational Boundary	£285.000m	£285.000m
6	Ratio of financing costs to net revenue stream	5.81%	5.42%
7	Incremental impact of capital investment decisions on the Band D council tax	+£3.27	+£2.15
8	Maturity structure of fixed rate borrowing: (<i>against maximum position</i>)		
	Under 12 months	20%	0%
	12 months to 2 years	30%	3%
	2 years to 5 years	40%	1%
	5 years to 10 years	60%	17%
	10 years to 20 years	100%	52%
	20 years to 30 years	100%	13%
	30 years and above	80%	14%
	Total	N/A	100%