COMMITTEE:	DATE:	CLASSIFICATION:	REPORT N	AGENDA NO.
Full Council	**27 November 2013**	**Unrestricted**		

REPORT OF:	TITLE:
Corporate Director of Resources ORIGINATING OFFICER(S): **Paul Thorogood – Service Head, Finance & HR Development** **Oladapo Shonola - Chief Financial Strategy Officer**	**Mid - Year Review Report on 2013/14 Treasury Management and Investment Strategy** Ward(s) affected: All

Lead Member	**Cllr Alibor Choudhury - Resources**
Community Plan Theme	**All**
Strategic Priority	**One Tower Hamlets**

1. SUMMARY

1.1 This report reviews progress on the Treasury Management and Investment Strategy that was approved by Full Council on 13 February 2013 as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (Revised 2011).

1.2 The report reviews how the Treasury Management team has managed the Council's cash balances, investments, borrowings and treasury related risks. The report also sets out the economic environment and how this has impacted on investment returns.

2. DECISIONS REQUIRED

2.1 Members are recommended to note the contents of this report

3 REASONS FOR DECISIONS

3.1 The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 requires that regular reports be submitted to Council/Committee detailing the council's treasury management activities.

3.2 The Council also agreed as part of the Treasury Management Strategy Statement to receive a number of reports. Furthermore, the CIPFA Treasury Management Code of Practice requires that Full Council/Committee should receive a Mid-Year Report reviewing Treasury Management/Investment.

4 ALTERNATIVE OPTIONS

4.1 The Council is bound by legislation to have regard to the CIPFA Treasury Management (TM) Code. The Code requires that the Council should receive a mid-year report reviewing treasury management and investment.

4.2 If the Council were to deviate from those requirements, there would need to be some good reason for doing so. It is not considered that there is any such reason, having regard to the need to ensure that Members are kept informed about treasury management activities and to ensure that these activities are in line with the investment strategy approved by the Council

5 BACKGROUND

5.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2011) has been adopted by the Council.

5.2 One the requirements of the Code is that Full Council/Committee should receive an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-Year Review Report and an Annual Outturn Report (stewardship report) covering activities during the previous year.

5.3 The Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision reports were included in the Budget Pack that was presented to Full Council on 13 February 2013. The 2012/13 Outturn report was approved by Full Council on 18 September 2013.

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

- An economic update for the first six months of 2013/14.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- The Council's capital expenditure (prudential indicators).
- A review of the Council's investment portfolio for 2013/14.
- A review of the Council's borrowing strategy for 2013/14.
- A review of compliance with Treasury and Prudential Limits for 2013/14.

6. AN ECONOMIC UPDATE FOR THE FIRST SIX MONTHS OF 2013/14

6.1 GLOBAL ECONOMY

6.1.1 Most Eurozone countries are now returning to growth after a prolonged period of recession. The prospects for further growth in the short term have improved and the European Central Bank's (ECB) pledge to provide unlimited bond buying support for countries that request an official bailout means that market anxiety about these countries has dissipated in the near term. However, the poor economic fundamentals and outlook for some economies could well mean that an eventual crisis in the financial markets has merely been delayed.

6.1.2 The US has seen a marked improvement in consumer, investor and business confidence this year. The package of tax increases and cuts in Government expenditure starting in 2013 does not appear to be adversely impacting on growth. There has been a start to the repatriation of manufacturing production from China to the USA as Chinese labour costs have continued to rise and new forms of high tech production have made home based production more viable and flexible.

6.2 UK ECONOMY

6.2.1 During the quarter, the Bank of England introduced its new policy of forward guidance in which the Monetary Policy Committee pledged not to raise official interest rates, or reduce the size of the asset purchase facility, until employment rate falls to 7%.

6.2.2 Growth has been on an upward trend - 0.3% in Q1; 0.7% in Q2 and Q3 is forecast to be stronger. Business surveys, consumer confidence, consumer borrowing and house prices are all on the increase.

6.2.3 The August Inflation Report upgraded growth forecasts for 2013 from 1.2% to 1.4% and for 2014, from 1.7% to 2.5%. There's little change in inflation forecast from the previous Report, as it is still expected that inflation will fall back to 2% within two years and remain static during year three.

6.2.4 In addition to the stimulus provided by Quantitative Easing, the Funding for Lending Scheme (FLS) which is aimed at encouraging banks to expand lending to small and medium size enterprises, has encouraged house purchases and is causing significant increase in house prices. FLS is also due to be bolstered by the second phase of Help to Buy scheme aimed at supporting purchases of second hand properties.

6.3 COUNCILS TREASURY ADVISOR'S VIEW (CAPITA ASSET SERVICES, formerly known as SECTOR)

6.3.1 Economic forecasting remains difficult with so many external influences weighing on the UK. Key factors include:

- the conflict in the UK between market expectations of how quickly unemployment will fall as opposed to the Bank of England's forecast;
- the prolonged political disagreement over the US Federal Budget and raising the debt ceiling;
- a return to weak economic growth in the US, UK and China causing major disappointment to investor and market expectations;
- the potential for a significant increase in negative reactions in the Eurozone against austerity measures, although most Eurozone countries are now starting to see a return to growth after a prolonged period of recession
- weak growth or recession by the UK's main trading partners – the EU and US.

6.3.2 In the short term, there is some further Quantitative Easing to reverse the rapid increase in market rates, especially in gilt yields and interest rates up to ten years.

6.3.3 The expected longer run trend for PWLB borrowing rates is for them to rise, primarily due to the need for a high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries.

6.3.4 The overall balance of risks to economic recovery in the UK is currently weighted to the upside after five months of continued good news on the economy.

6.4 Capita Asset Services' interest rate forecast is detailed in the table below.

	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15
Bank Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
5yr PWLB rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%
10yr PWLB rate	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%
25yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%
50yr PWLB rate	4.40%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%

7. TREASURY MANAGEMENT STRATEGY STATEMENT

7.1 The Treasury Management Strategy Statement (TMSS) for 2013/14 was approved by the Council on 13 February 2013. The Council's Annual Investment Strategy, which is incorporated in the TMSS, outlines the Council's investment priorities as follows:

- Security of capital
- Liquidity
- Yield

7.2 The Council uses Fitch ratings (or equivalent from other agencies if Fitch does not provide a rating) to derive its counterparty criteria, but takes into consideration ratings from all three main credit ratings providers when compiling its counterparty list. The Council takes an overall view on its counterparties so that an organisation could be removed from the list if the predominant view of the organisation is pessimistic. Where the overall view of the three main ratings agency is pessimistic, the Council is likely to adopt the most pessimistic of the available ratings.

7.3 The Council's minimum credit criteria is detailed in the tables below:

Specified Investments:

The current strategy is that all such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high credit' quality criteria where applicable. The council will continue its policy of lending surplus cash to counterparties that have high credit ratings, defining 'high credit rating' as being F1+ Fitch short-term and AA- long-term credit rating.

Table 1

Institution	Minimum High Credit Criteria	Use	Limit
Debt Management Office (DMO) Deposit Facility	Not applicable	In-house	£100m*
Term deposits – Other Local Authorities	Not applicable	In-house	£10m**
Term deposits – banks and building societies	Short-term F1+, Long-term AA-	In-house	£30m
Institutions with Government guarantee on ALL deposits by high credit rated (sovereign rating) countries.	Sovereign rating	In-house	£30m
UK Government Gilts	Long Term AAA	In-house	£20m
Institutions with UK Government support.	Sovereign rating	In-house	£30m
Institutions that are owned/part owned by the UK Government	Sovereign rating	In-house	£70m or 40% of portfolio
Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)			
Money Market Funds	AAA rated	In-house	£15m

Definitions of credit ratings (which now incorporate Fitch's viability ratings) are attached at **Appendix 2**.

* Although limit has been set at £100m for the DMO, in reality there is no restriction on placement with the UK government.

** The group limit for local authorities has been set at £100m.

Non-Specified Investments:

All investments that do not qualify as specified investments are termed non-specified investments. The credit criteria for non-specified investments are detailed in the table below.

Table 2

Institution	Minimum High Credit Criteria	Use	Limit
Term deposits – Banks and Building Societies	Sovereign rating AAA Short-term F1+, Long-term AA-	In-house	£25m
Structured Deposits: Fixed term deposits with variable rate and variable maturities	Sovereign rating AAA Short-term rating F1+ Long-term rating AA-	In-house	£25m
UK Government Gilts	Long Term AAA	In-house	£25m

7.4 A breakdown of the Council's investment portfolio is shown in Section 9 of this report. Investments and borrowing during the first six months of the year have been in line with the Strategy, with no deviations.

8. The Council's Capital Position (Prudential Indicators)

8.1 Prudential Indicator for Capital Expenditure - This table shows the revised estimates for capital expenditure and the changes since the capital programme was agreed at February Council. The programme has been revised to take account of updated profiles, new schemes approved in-year and new capital grant receipts.

Capital Expenditure By Service	2013/14 Original Estimate £m	2013/14 Revised Estimate £m
Education, Social Care and Wellbeing	22.210	19.641
Building Schools for the Future	52.963	42.859
Communities, Localities and Culture	9.733	17.123
Development & Renewal (Excluding HRA)	12.306	28.556
Chief Executive & Resources	10.000	0.128
Corporate General Fund Provision for Schemes under development	0.000	10.000
Total Non - HRA	107.212	117.947
HRA	78.481	103.027
Total	**185.693**	**221.334**

8.2 **Changes to the Financing of the Capital Programme**

The table below draws together the main strategic elements of the capital expenditure plans, highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision).

Capital Expenditure	2013/14 Original Estimate £m	2013/14 Revised Estimate £m
Total Spend	**185.693**	**220.974**
Financed By:		
Capital receipts	18.138	23.779
Capital Grants	129.498	127.007
Capital Reserves	17.930	39.355
Schools Contribution	0.000	0.000
S106 - Developers Contribution	4.541	19.380

Revenue	5.586	1.813
Total Financing	**175.693**	**211.334**
Supported	0.000	0.000
Unsupported	10.000	10.000
Total Borrowing Need	**10.000**	**10.000**

8.3 Changes to the Prudential Indicators for the Capital Financing Requirement, External Debt and the Operational Boundary are detailed in the below table. The Capital Financing Requirement has been amended in line with the borrowing requirement to support the 2013/14 approved capital programme.

	2013/14 Original Estimate £m	**2013/14 Revised Estimate £m**
Prudential Indicator – Capital Financing Requirement		
CFR – Non-HRA	159.802	160.027
CFR – HRA	70.864	69.675
Total CFR	230.666	229.702
Net movement in CFR	**3.628**	**3.854**
Prudential Indicator – External Debt / the Operational Boundary		
Borrowing	255.666	255.666
Other long term liabilities	0.000	0.000
Total debt 31 March	**255.666**	**255.666**

8.4 Limits to Borrowing Activity

8.4.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Net external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2013/14 and next two financial years. This allows some flexibility for limited early borrowing for future years.

	2013/14 Original Estimate £m	**2013/14 Revised Estimate £m**
Gross borrowing	99.563	99.563
Less investments	180.000	180.000
Net borrowing / (Investments)	(80.437)	(80.437)
CFR (year - end position)	**230.666**	**229.702**

8.4.2 The Corporate Director, Resources reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

8.4.3 A further prudential indicator limits the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and can only be set and revised by Members. It reflects the level of borrowing which though not needed, could be afforded in the short term but unsustainable long term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for external debt	**2013/14 Original Indicator**	**2013/14 Revised Indicator**
Borrowing	255.666	255.666
Headroom	20.000	20.000
Other long term liabilities*	0.000	0.000
Total	**275.666**	**275.666**

* Excludes PFI schemes and finance leases etc.

9. INVESTMENT PORTFOLIO 2013/14

9.1 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. . Although rates are expected to be low in the medium term, the strategy aims to increase returns whilst broadly maintaining the same level of risk as before.

9.2 Investment rates available in the market have continued at historically low levels and have fallen further during the quarter as a result of the Funding for Lending Scheme. The average level of funds available for investment purposes during the first half of the financial year was £254.4m.These funds were available on a temporary basis, and the level of funds available was dependent on the timing of precept payments, receipt of grants and progress on the Capital Programme.

9.3 The council held £264.8m of investments as at 30 September 2013 (£244m at 31 March 2013) and the investment portfolio yield for the first six months of the year is 0.83% against a benchmark of 0.61%.

9.4 A summary of investments held as at 30th September 2013, compared to investments at the start of the year (1 April 2013) is shown below with a detailed list of current investments attached as Appendix 2 of this report:

Investments as at 01 April 2013		
	Amount £m	**Average Interest Rate**
Total Investments	**244.000**	**1.12%**
Investments as at 30 September 20133		
	Amount	**Average Interest Rate**
Total Investments	**264.800**	**0.83%**

9.5 The average rate of return has fallen by 29 basis points to 0.83%. This is mainly attributable to the fact that as investments matured it has not been possible to re-invest at preferential rates due to the low interest rate environment and the limited list of counterparties.

Benchmark	**Council Performance**	**Investment Interest Earned as at 30 Sept 2013**
0.61%	0.83%	£1.308m

10. BORROWING

10.1 There has been no new borrowing during the period 01 April 2013 to 30 September 2013.

11. DEBT RESCHEDULING

11.1 No debt rescheduling was undertaken during the first six months of 2013/14

12. COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

12.1 It is a statutory duty for the Council to determine and keep under review the “Affordable Borrowing Limits”. Council’s approved Treasury and Prudential Indicators (affordability limits) are outlined in the approved TMSS.

12.2 During the financial year to date, the Council has operated within the treasury limits and Prudential Indicators set out in the Council’s Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in Appendix 3 at the end of this report.

13. COMMENTS OF THE CHIEF FINANCIAL OFFICER

13.1 The comments of the Corporate Director Resources have been incorporated into the report.

14 CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)

14.1 The Local Government Act 2003 provides a framework for the capital finance of local authorities. It provides a power to borrow and imposes a duty on local authorities to determine an affordable borrowing limit. It provides a power to invest. Fundamental to the operation of the scheme is an understanding that authorities will have regard to proper accounting practices recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) in carrying out capital finance functions.

14.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 require the Council to have regard to the CIPFA publication “Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes” (“the Treasury Management Code”) in carrying out capital finance functions under the Local Government Act 2003. If after having regard to the Treasury Management Code the Council wished not to follow it, there would need to be some good reason for such deviation.

14.3 It is a key principle of the Treasury Management Code that an authority should put in place “comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of their treasury management activities”. Treasury management activities cover the management of the Council’s investments and cash flows, its banking, money market and capital market transactions, the effective control of risks associated with those activities and the pursuit of optimum performance consistent with those risks. It is consistent with the key principles expressed in the Treasury Management Code for the Council to review performance against the strategies and policies it has adopted.

14.4 When discharging its treasury management functions, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don’t. Information is contained in section 15 of the report relevant to these considerations.

15 ONE TOWER HAMLETS CONSIDERATIONS

15.1 Interest on the Council’s cash flow has historically contributed significantly towards the budget.

16 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

16.1 There are no Sustainable Actions for A Greener Environment implications.

17 RISK MANAGEMENT IMPLICATIONS

17.1 Any form of investment inevitably involves a degree of risk. To minimise risk the investment strategy has restricted exposure of council cash balances to UK backed banks or institutions with the highest short term rating or strong long term rating.

18 CRIME AND DISORDER REDUCTION IMPLICATIONS

18.1 There are no crime and disorder reduction implications arising from this report.

19 EFFICIENCY STATEMENT

19.1 Monitoring and reporting of treasury management activities ensures the Council optimises the use of its monetary resources within the constraints placed on the Council by statute, appropriate management of risk and operational requirements.

LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D

LIST OF "BACKGROUND PAPERS" USED IN THE PREPARATION OF THIS REPORT

Brief description of "background papers"	***Name and telephone number of holder And address where open to inspection***
Investment Reports; Sector Treasury Advisory Services	*Oladapo Shonola Ext. 4733* *Mulberry Place, 3rd Floor.*

Appendix 1: Definition of Credit Ratings

Support Ratings

Rating	
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-term rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-term rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-term rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-term rating floor no higher than 'B-' and in many cases no floor at all.

Short-term Ratings

Rating	
F1	**Highest credit quality.** Indicates the strongest capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
F2	**Good credit quality.** A satisfactory capacity for timely payment of financial commitments, but the margin of safety is not as great as in the case of the higher ratings.
F3	**Fair credit quality.** The capacity for timely payment of financial commitments is adequate; however, near-term adverse changes could result in a reduction to non-investment grade.

Long-term Ratings

Rating	Current Definition
AAA	**Highest credit quality.** 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	**Very high credit quality.** 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	**High credit quality.** 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.
BBB	**Good credit quality.** 'BBB' ratings indicate that there is currently a low expectation of credit risk. The capacities for timely payment of financial commitments are considered adequate, but adverse changes in circumstances and in economic conditions are more likely to impair this capacity. This is the lowest investment-grade category

Individual Ratings

Rating	
A	A very strong bank. Characteristics may include outstanding profitability and balance sheet integrity, franchise, management, operating environment or prospects.
B	A strong bank. There are no major concerns regarding the bank. Characteristics may include strong profitability and balance sheet integrity, franchise, management, operating environment or prospects.
C	An adequate bank, which, however, possesses one or more troublesome aspects. There may be some concerns regarding its profitability and balance sheet integrity, franchise, management, operating environment or prospects.
D	A bank, which has weaknesses of internal and/or external origin. There are concerns regarding its profitability, substance and resilience, balance sheet integrity, franchise, management, operating environment or prospects. Banks in emerging markets are necessarily faced with a greater number of potential deficiencies of external origin.
E	A bank with very serious problems, which either requires or is likely to require external support.

Appendix 2 – Investment Portfolio

Investments as at 01 April 2013			
Counterparty	**Amount**	**Maturity**	**Interest Rate**
Deutsche (Money Market Fund)	9,000,000		**0.30%**
Goldman Sachs (Money Market Fund)	15,000,000		**0.36%**
IGNIS (Money Market Fund)	15,000,000		**0.44%**
Insight (Money Market Fund)	15,000,000		**0.40%**
Bank of Scotland	10,000,000	11/04/2013	**0.30%**
Bank of Scotland	10,000,000	11/04/2013	**0.30%**
RBS	10,000,000	11/04/2013	**0.54%**
Lancashire CC	25,000,000	20/05/2013	**0.40%**
National Australia Bank	20,000,000	20/05/2013	**0.40%**
Lloyds TSB Bank	5,000,000	04/06/2013	**1.00%**
RBS	5,000,000	12/06/2013	**1.69%**
Bank of Scotland	10,000,000	07/07/2013	**3.00%**
RBS	5,000,000	09/07/2013	**0.50%**
Lloyds TSB Bank	5,000,000	04/09/2013	**1.15%**
Lloyds TSB Bank	5,000,000	07/10/2013	**0.95%**
RBS	10,000,000	09/10/2013	**0.67%**
RBS	5,000,000	11/10/2013	**2.00%**
Bank of Scotland	5,000,000	29/10/2013	**2.25%**
Bank of Scotland	5,000,000	13/11/2013	**0.95%**
Birmingham City Council	5,000,000	18/11/2013	**0.50%**
Lloyds TSB Bank	5,000,000	04/12/2013	**1.50%**
RBS	5,000,000	12/12/2013	**2.00%**
RBS	10,000,000	09/01/2014	**0.85%**
RBS	5,000,000	13/01/2014	**0.89%**
Bank of Scotland	5,000,000	13/02/2014	**1.10%**
Lloyds TSB Bank	5,000,000	04/03/2014	**1.10%**
RBS	5,000,000	27/01/2015	**3.35%**
RBS	10,000,000	26/02/2016	**1.90%**
	244,000,000		**1.12%**

Investments as at 30 September 2013			
Counterparty	**Amount**	**Maturity**	**Interest Rate**
IGNIS (Money Market Fund)	15,000,000		**0.43%**
Insight (Money Market Fund)	14,800,000		**0.38%**
Santander Bank (Call)	10,000,000		**0.55%**
Lloyds TSB Bank	5,000,000	07/10/2013	**0.95%**
RBS	10,000,000	09/10/2013	**0.67%**
RBS	5,000,000	11/10/2013	**2.00%**
Bank of Scotland	5,000,000	11/10/2013	**0.80%**
Nationwide Building Society	5,000,000	11/10/2013	**0.44%**
Nationwide Building Society	5,000,000	16/10/2013	**0.52%**
OCBC	10,000,000	17/10/2013	**0.45%**
Bank of Scotland	5,000,000	29/10/2013	**2.25%**
Deutsche Bank	5,000,000	29/10/2013	**0.48%**
Deutsche Bank	5,000,000	04/11/2013	**0.40%**
OCBC	5,000,000	04/11/2013	**0.40%**
Bank of Scotland	5,000,000	13/11/2013	**0.95%**
Birmingham City Council	5,000,000	18/11/2013	**0.50%**
Lloyds TSB Bank	5,000,000	04/12/2013	**1.50%**
Bank of Scotland	5,000,000	04/12/2013	**0.70%**
OCBC	10,000,000	10/12/2013	**0.42%**
RBS	5,000,000	12/12/2013	**2.00%**
RBS	10,000,000	09/01/2014	**0.85%**
RBS	5,000,000	13/01/2014	**0.89%**
Bank of Scotland	5,000,000	13/01/2014	**0.95%**
OCBC	5,000,000	12/02/2014	**0.45%**
Bank of Scotland	5,000,000	13/02/2014	**1.10%**
Lloyds TSB Bank	5,000,000	04/03/2014	**1.10%**
Barclays Bank PLC	10,000,000	05/03/2014	**0.53%**
Bank of Scotland	5,000,000	11/04/2014	**1.10%**
Bank of Scotland	5,000,000	15/04/2014	**1.10%**
RBS	5,000,000	16/04/2014	**0.73%**
Lloyds TSB Bank	5,000,000	04/06/2014	**1.05%**
RBS	5,000,000	12/06/2014	**0.65%**
National Australia Bank	10,000,000	03/07/2014	**0.62%**
Bank of Scotland	10,000,000	04/07/2014	**1.01%**
National Australia Bank	10,000,000	18/09/2014	**0.58%**
RBS	5,000,000	09/01/2015	**0.95%**
RBS	5,000,000	27/01/2015	**3.35%**
RBS	5,000,000	16/04/2015	**0.88%**
RBS	10,000,000	26/02/2016	**1.90%**
	264,800,000		**0.83%**

Appendix 3 – 2013-14 Prudential and Treasury Management Indicators

Prudential Indicators	2011/12	2012/13	2013/14	2013/1
Extract from budget and rent setting reports	Actual	Actual	Original Estimate	Revise Estimat
	£m	£m	£m	£m
Capital Expenditure				
Non – HRA	130.717	110.254	107.212	118.30
HRA	31.615	39.045	78.481	103.02
TOTAL	**162.332**	**149.299**	**185.693**	**221.33**
Ratio of Financing Costs To Net Revenue Stream				
Non – HRA	2.12%	2.51%	2.89%	2.50
HRA	17.93%	3.98%	4.04%	4.00
	£m	£m	£m	£m
Gross Debt and Capital Financing Requirement				
Gross Debt	91.351	90.408	99.563	99.56
Capital Financing Requirement	231.735	225.848	229.477	229.70
Over/(Under) Borrowing	(140.384)	(129.914)	(135.440)	(130.13
In Year Capital Financing Requirement				
Non – HRA	(0.986)	(5.887)	3.628	3.85
HRA	12.500	0.000	1.189	(1.18
TOTAL	**11.514**	**(5.887)**	**4.817**	**2.66**
Capital Financing Requirement as at 31 March				
Non - HRA	162.060	156.173	159.802	160.02
HRA	305.875	69.675	69.675	69.67
HRA Settlement	(236.200)	0.000	0.000	0.00
TOTAL	**231.735**	**225.848**	**229.477**	**229.70**
Incremental Impact of Financing Costs (£)				
Increase in Council Tax (band D) per annum	3.579	0.000	0.908	0.9
Increase in average housing rent per week	1.781	5.311	5.370	5.3

Treasury Management Indicators	2011/12	2012/13	2012/13	2013/14	2014/15	2015/16
	Actual	Actual	Original Estimate	Revised Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m	£m
Authorised Limit For External Debt -						
Borrowing & Other long term liabilities	256.735	250.849	255.666	255.666	264.246	309.773
Headroom	20.000	20.000	20.000	20.000	20.000	20.000
TOTAL	**276.735**	**270.849**	**275.666**	**275.666**	**284.246**	**329.773**
Operational Boundary For External Debt -						
Borrowing	256.735	250.848	255.666	255.666	264.246	257.764
Other long term liabilities	0.000	0.000	0.000	0.000	0.000	52.009
TOTAL	**256.735**	**250.848**	**255.666**	**255.666**	**264.246**	**309.773**
Gross Borrowing	**91.351**	**99.561**	**90.406**	**99.561**	**113.962**	**164.903**
HRA Debt Limit*	**0.000**	**184.381**	**184.381**	**184.381**	**184.381**	**184.381**
Upper Limit For Fixed Interest Rate Exposure						
Net principal re fixed rate borrowing / investments	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Upper Limit For Variable Rate Exposure						
Net interest payable on variable rate borrowing / investments	**20%**	**20%**	**20%**	**20%**	**20%**	**20%**
Upper limit for total principal sums invested for over 364 days						
(per maturity date)	**£25m**	**£25m**	**£25m**	**£25m**	**£25m**	**£25m**

Maturity structure of new fixed rate borrowing during 2013/14	Upper Limit	Lower Limit
under 12 months	10%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	80%	0%
10 years and above	100%	0%