

**TREASURY MANAGEMENT ANNUAL REPORT****1. Outline**

This report reviews the results of the full financial year as well as providing quarter 4 monitoring information in line with normal quarterly management reporting. The most significant elements of treasury management activity during 2015/16 were:

- At 31st March 2016, the Council's total loan debt net of treasury investments stood at £2,986.8m, compared to the net loan debt of £3,050.9m as at 31 March 2015.
- The reduction in loan debt is largely due to a higher than usual level of capital receipts (including the sale of the NEC and Grand Central), which outweighed new prudential borrowing of £209.0m and other net cashflow movements.
- City Council treasury investments held at 31st March 2016 were £58.7m. The Council also held investments of £101.5m as accountable body.
- The City Council did not breach any of its prudential limits set under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance.
- Loan interest, repayment charges and associated costs totalled £281.8m gross, and £41.6m to corporate budgets after recharges to other services. This was £16.1m below the revised budget of £57.7m.

## **2. Background**

- 2.1 The City Council, like all local authorities, is permitted by government to finance capital investment and day to day cash flows from borrowing, in accordance with the prudential borrowing system. The Council's net loan debt at 31st March 2016 stood at £2,986.8m (excluding accountable body investments). This report reviews how the debt and associated investments were managed during the financial year 2015/16.
- 2.2 The City Council has adopted CIPFA's Code of Practice for Treasury Management in the Public Services which includes the requirement to present a treasury management Annual Report.
- 2.3 Loans and investments are shown at nominal value unless otherwise indicated, consistent with budget and monitoring reports and the Prudential Indicators. The basis of accounting in the Financial Accounts is different in some cases where required by proper accounting practices.

## **3. The objective of treasury management**

- 3.1 CIPFA defines the objective of Treasury Management as "the management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks". In balancing risk against return, Local Authorities should be more concerned to avoid risks than to maximise return. In particular, this requires a balance to be struck when borrowing between:
  - a) The security offered by long term fixed rate funding;
  - b) The expected cost of short term and variable rate funding, compared with long term funding

Similarly, when investing surplus funds the emphasis should be on the security of capital invested rather than maximising the rate of return.

## **4. Financial markets during 2015/16**

- 4.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many factors. These included continuing Eurozone growth uncertainties and the ECB's quantitative easing programme, starting in March 2015 at €60bn per month, increasing to €80bn per month from March 2016. The impact from emerging market economies such as a slowdown in China's economic growth has also been significant, as was the collapse in oil prices. On a more positive note, America's economy has continued to grow healthily on the back of resilient consumer demand, and the first increase in their central rate occurred in December 2015, since when there has been a

return to caution as to the speed of further increases due to concerns around the risks to world growth. UK Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4. There has been significant volatility in UK gilt yields, which the Government uses to determine the PWLB borrowing rate available to local authorities (see chart at Annex 1).

- 4.2 Credit risks for the Council's investments remained relatively stable during the year, reflecting continued recovery from the worst of the credit crunch.

## **5. Treasury strategy and activities during the year**

- 5.1 The City Council's actual net loan debt at 31st March 2016 was £2,986.8m. This compares to the expected net loan debt at the time of the Original Budget in February 2015, of £3,279.0m. This is due to slippage in capital expenditure, a high level of capital receipts including the sale of the NEC and Grand Central, and other cashflow movements across the Council. New long term loans taken amounted to £54.9m compared to the original assumption of £179m new long term borrowing. The lower than planned level of borrowing is due to the lower than forecast need to borrow, active treasury management decisions about the balance between long term and short term debt, and a loan transfer of £30m between the HRA and the General Fund. This had the effect of increasing the HRA variable exposure, in line with the HRA treasury strategy.

- 5.2 The treasury strategy for the year:

- Maintained a balanced strategy which enabled the Council to benefit from current low short term interest rates, maintaining a significant short term and variable rate loan portfolio
- Acknowledged the risk that maintaining a significant short term and variable rate loan debt may result in increasing borrowing costs in the longer term, but balanced this against the savings arising from cheaper variable rates in the short term
- Reviewed treasury management activity in the context of the Council's current financial position together with the outlook for interest rates
- Continuously reviewed the advantages and disadvantages of different sources of borrowing.
- Sought to appropriately manage the different exposures of the HRA and the General Fund (see 5.3 below)

- 5.3 Opportunities to improve risk management or make savings by prematurely repaying loans are kept under review. Prematurely repaying PWLB loans is generally disadvantageous due to the high repayment premium required. Instead, PWLB loans totalling £30.0m were transferred from the HRA to the General Fund, reflecting the respective treasury strategies which sought to reduce HRA fixed rate debt and increase General Fund fixed rate debt. This achieved savings for both Funds compared with the cost of new borrowing and premature repayment.

- 5.4 The majority of the Council's borrowing needs during the year were met from short term borrowing, minimising interest costs. £54.9m of long term fixed rate borrowing was taken during the year, all from the PWLB (details are provided at Annex 2 and on the graph at Annex 1).
- 5.5 HRA loan debt is accounted for separately in accordance with the two pool debt system, which the City Council introduced following the reform of Housing Subsidy. The level of HRA loan debt has fallen from £1,108.061m to £1,089.1m, taking account of HRA debt repayment provision (or MRP) in the year. No long term loans were taken for the HRA during the year, in order to maximise the HRA's exposure to cheaper short term interest rates.

## 6. Investment management

- 6.1 Under the current treasury strategy, a working balance of at least £40m short term investments is targeted in order to provide liquidity to meet cash flow fluctuations.
- 6.2 Treasury Investments are made in accordance with the creditworthiness criteria in the Treasury Management Policy and are also reported to Cabinet as part of the quarterly capital monitoring reports. Lending has continued to be limited to very short periods (of no longer than three months) to the institutions within the Treasury Management Policy's criteria. A range of information has been used to assess investment risk, in addition to credit ratings. Regular meetings are held to review outstanding investments and criteria for new investments in the light of developments in market conditions. None of the City Council's treasury investments has been impaired or suffered default.
- 6.3 Actual investments are reported quarterly to Cabinet as part of accountability for decisions made under treasury management delegations. Annex 3.1 lists all investments made during Quarter 4 of 2015/16 for the City Council.
- 6.4 Investments outstanding at 31<sup>st</sup> March 2016 are summarised as follows.

Period Outstanding	Value Invested £m	Average Interest Rate %
Instant Access	58.73	0.46%
Fixed Overnight	0.00	0.00%
Up to 3 months	0.00	0.00%
3 to 6 months	0.00	0.00%
<b>Total</b>	<b>58.73</b>	<b>-</b>

- 6.5 The Council also continues to manage substantial funds as Accountable Body for an increasing number of Government programmes, the Growing Places Fund, the Regional

Growth Fund and the Advanced Manufacturing Supply Chain Initiative (AMSCI). These funds are managed by the City Council but are not the Council's own money. The unspent balance of the funds at 31 March 2016 was £101.5m as set out in Annex 3.2. These funds are being invested in accordance with the Accountable Body agreements in very low-risk deposits with the UK Government (predominantly in Treasury Bills).

## 7. Debt profile

- 7.1 Long term borrowing is taken at a range of maturities to ensure that debt maturing in any year does not generally exceed 10% of total external debt, and that short-term/variable rate debt does not exceed the limit of 30% set in the City Council's prudential indicators (full maturity profile at Annex 4). This ensures that the Council is not overly exposed to the risk of high refinancing costs in any year. The following table summarises how the maturity profile of the Council's debt changed within the year.

<b>Debt Profile (General Fund and HRA combined)</b>	<b>31.03.15</b>	<b>31.03.16</b>	<b>Average Interest Rate</b>
	<b>£m</b>	<b>£m</b>	<b>%</b>
Fixed rate over 40 years	591.5	444.0	4.4
Fixed rate 20 to 40 years	1,036.5	1,155.7	4.6
Fixed rate 10 to 20 years	611.1	700.9	6.4
Fixed rate 5 to 10 years	207.1	229.0	5.5
Fixed rate 1 to 5 years	204.0	165.9	4.3
Fixed < 1 year	30.1	82.7	7.7
Variable and short term	444.3	267.3	0.5
Gross Debt	3,124.6	3,045.5	
Investments < 1 year	(73.7)	(58.7)	0.5
Net Debt	3,050.9	2,986.8	
Average Maturity (final Maturity date)	23.0	23.3	

*Nominal value of debt and excluding accruals; LOBO loans at final maturity*

The average interest rate paid on all the City Council's debt in 2015/16 was 4.9%. This includes the cost of historic debt taken when fixed interest rates were higher.

The average maturity profile of 23.3 years assumes that Lender's Option Borrower's Option loans with options are repaid at their final maturity date. A full maturity profile at 31 March 2016 compared to 31 March 2015 is given in Annex 4.

- 7.2 At 31 March 2016, the gross loan debt of the HRA and General Fund pools is summarised by maturity as follows:

<b>Debt Profile</b>	<b>31.03.16 HRA £m</b>	<b>31.03.16 GF £m</b>	<b>31.03.16 TOTAL £m</b>
Fixed rate over 40 years	268.0	176.0	444.0
Fixed rate 20 to 40 years	497.8	657.9	1,155.7
Fixed rate 10 to 20 years	138.9	562.0	700.9
Fixed rate 5 to 10 years	54.9	174.1	229.0
Fixed rate 1 to 5 years	59.3	106.6	165.9
Fixed < 1 year	28.5	54.2	82.7
Variable and short term	41.7	225.6	267.3
<b>Total Debt</b>	<b>1,089.1</b>	<b>1,956.4</b>	<b>3,045.5</b>

*Note: LOBOS shown at FINAL Maturity Date*

The Council's short term loan debt at 31 March related largely to the General Fund. This is because the loans attributed to the HRA at the Reform in April 2012 were all long term loans.

## **8. Revenue cost of borrowing**

- 8.1 The actual net cost of borrowing to corporate treasury budgets was £41.6m. This is £16.1m below the budget, due largely to interest savings arising from lower than budgeted interest rates, and additional service prudential borrowing costs. The Treasury Management outturn is summarised in the table below:

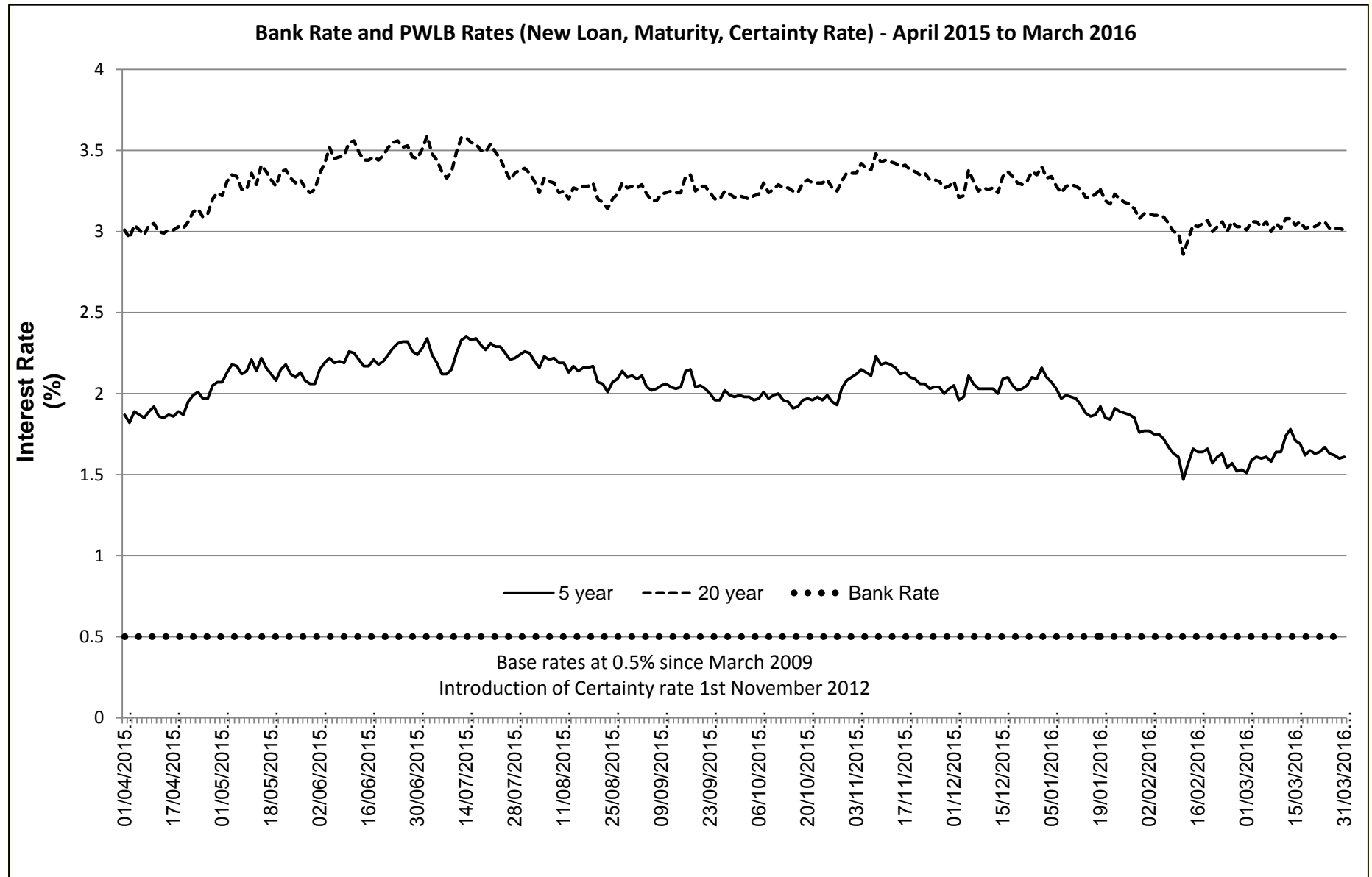
	Budget	Actual	Variation	Narrative
	£'m	£'m	£'m	
Gross interest payable	139.6	138.7	(0.9)	Interest savings arising from lower than budgeted interest rates, offset by the cost of additional service prudential borrowing not included in original budget
Interest receivable	(0.4)	(0.7)	(0.3)	Interest received on additional investment balances
Revenue charge for debt repayment	118.6	130.5	11.9	Increased HRA debt repayment provision funded from the HRA
Contributions to (from) reserves	11.8	11.8	0.0	
Other Costs	1.6	1.5	(0.1)	Lower than budgeted Debt Management Expenditure
<b>Total Treasury Management Budget</b>	<b>271.2</b>	<b>281.8</b>	<b>10.6</b>	
<i>Less recharges to:</i>				
HRA	(66.1)	(75.1)	(9.0)	Increase in MRP from £10.9m to £19.8m
Other Services	(147.4)	(165.1)	(17.7)	Additional service prudential borrowing costs not included in original budget
<b>Net Corporate Treasury</b>	<b>57.7</b>	<b>41.6</b>	<b>(16.1)</b>	

## 9. Prudential Indicators

- 9.1 At the time of setting the Budget the City Council is required under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities to set various prudential indicators and limits covering capital finance and treasury management. The outturn position against the Council's approved prudential indicators are attached at Annex 5 and 6.

## 10. Risk management arrangements

- 10.1 Treasury management activities are regulated by law and under the CIPFA Treasury Management Code. The adequacy of risk control arrangements are tested regularly by internal and external audit. The Treasury Management Policy and Strategy set out policies, limits and strategies for managing treasury risks, which have been reviewed throughout this report.





1st April 2015 - 31st March 2016

Annex 2

**New Long Term Loans**

<b>Date of loan</b>	<b>Loan</b>	<b>Counter Party</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
27 April 2015	£29.9m	PWLB	3.02%	31 January 2040
02 February 2016	£25m	PWLB	3.04%	02 February 2035

**Long Term Loans Transferred to the General Fund from the HRA**

<b>Date of transfer</b>	<b>Loan</b>	<b>Counter Party</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Premia paid to General Fund</b>
26 October 2015	£8,942,734.85	PWLB	4.25%	31 December 2031	£1,826,558.89
26 October 2015	£10,731,281.82	PWLB	4.05%	31 October 2051	£2,732,535.47
26 October 2015	£10,325,983.33	PWLB	4.50%	30 April 2032	£2,439,360.76

**Commentary**

The General Fund and the HRA have separate loan portfolios. In order to produce a better balance of short term and long term borrowing in each fund, the long term loans above have been transferred from the HRA to the General Fund, in exchange for an equal amount of short term loans, on terms reflecting market rates. This provides long term fixed rate funding for the General Fund at an interest rate below PWLB rates, and short term funding for the HRA, which is consistent with the treasury management strategies for both funds.

## Annex 3.1

**Treasury Management Investments**  
**1st January 2016 to 31st March 2016**

**New Investments Market Fixed Term Deposits**

	<b>Date Out</b>	<b>Date In</b>	<b>Borrower</b>	<b>Amount £</b>	<b>Interest Rate</b>
1	04-Jan-16	Call Account	HANDELSBANKEN	6,000,000	0.45%
2	05-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,200,000	0.50%
3	06-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	400,000	0.50%
4	06-Jan-16	Call Account	HSBC BANK PLC	1,500,000	0.30%
5	08-Jan-16	Call Account	HANDELSBANKEN	1,750,000	0.45%
6	13-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	300,000	0.50%
7	15-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	2,232,447	0.50%
8	21-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,900,000	0.50%
9	22-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	410,000	0.50%
10	25-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	200,000	0.50%
11	26-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	260,000	0.50%
12	28-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,000,000	0.50%
13	29-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,440,000	0.50%
14	29-Jan-16	Call Account	HSBC BANK PLC	3,000,000	0.30%
15	01-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	795,000	0.50%
16	02-Feb-16	Call Account	HANDELSBANKEN	2,775,000	0.45%
17	03-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	935,699	0.50%
18	03-Feb-16	Call Account	HSBC BANK PLC	630,000	0.30%
19	05-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	250,000	0.50%
20	10-Feb-16	Call Account	HANDELSBANKEN	2,826,000	0.45%
21	11-Feb-16	12-Feb-16	DEBT MGMT AC DEP FACILITY	167,000,000	0.25%
22	11-Feb-16	Call Account	HANDELSBANKEN	3,174,000	0.45%
23	11-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	9,250,000	0.50%
24	11-Feb-16	Call Account	HSBC BANK PLC	25,000,000	0.30%
25	12-Feb-16	26-Feb-16	DEBT MGMT AC DEP FACILITY	150,000,000	0.25%
26	15-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	3,595,000	0.50%
27	22-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	200,000	0.50%
28	24-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	2,100,000	0.50%
29	25-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,000,000	0.50%
30	26-Feb-16	29-Feb-16	DEBT MGMT AC DEP FACILITY	32,000,000	0.25%
31	26-Feb-16	04-Mar-16	DEBT MGMT AC DEP FACILITY	21,000,000	0.25%
32	26-Feb-16	Call Account	HANDELSBANKEN	25,000,000	0.45%
33	01-Mar-16	Call Account	HSBC BANK PLC	6,515,000	0.30%
34	03-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	4,050,000	0.50%
35	04-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	100,000	0.50%
36	07-Mar-16	08-Mar-16	DEBT MGMT AC DEP FACILITY	10,000,000	0.25%
37	08-Mar-16	09-Mar-16	DEBT MGMT AC DEP FACILITY	8,500,000	0.25%
38	09-Mar-16	10-Mar-16	DEBT MGMT AC DEP FACILITY	8,700,000	0.25%
39	10-Mar-16	14-Mar-16	DEBT MGMT AC DEP FACILITY	14,000,000	0.25%
40	11-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	315,000	0.50%
41	14-Mar-16	21-Mar-16	DEBT MGMT AC DEP FACILITY	18,000,000	0.25%
42	15-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	4,500,000	0.50%
43	21-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	2,055,000	0.50%
44	22-Mar-16	Call Account	HSBC BANK PLC	3,000,000	0.30%
45	24-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	550,000	0.50%
46	30-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	300,000	0.50%

In addition to the above deposits with individual institutions the Council uses money market funds and other call accounts where money may be added or withdrawn usually without notice. A summary of transactions for the quarter is as follows:

**New Investments Call Accounts**

	<b>No of Transactions</b>		<b>Average</b>	<b>Average</b>
	<b>Investments</b>	<b>Withdrawals</b>	<b>Balance £</b>	<b>Rate Earned</b>
Aberdeen (SWIP)	4	4	34,979,121	0.52%
Amundi Money Market Fund	2	2	34,648,352	0.53%
BlackRock ICS Sterling Fund Heritage Shares Dist.	1	0	581,077	0.47%
BlackRock ICS Sterling Government Fd Heritage	8	13	13,962,989	0.35%
CCLA Public Sector Deposit Fund	0	0	5,000,000	0.46%
Deutsche Managed Sterling Fund	6	4	26,062,363	0.51%
Federated Money Market Fund	9	7	28,432,857	0.52%
LGIM	6	12	9,344,505	0.48%
Morgan Stanley	5	4	13,912,036	0.48%
Standard Life (Ignis) Sterling Liquidity	3	6	24,421,703	0.50%

Deposits may be made with Barclays Bank as the City Council's bank to invest balances overnight which otherwise would remain in the current account at a lower rate of interest. These are minimised as far as possible.

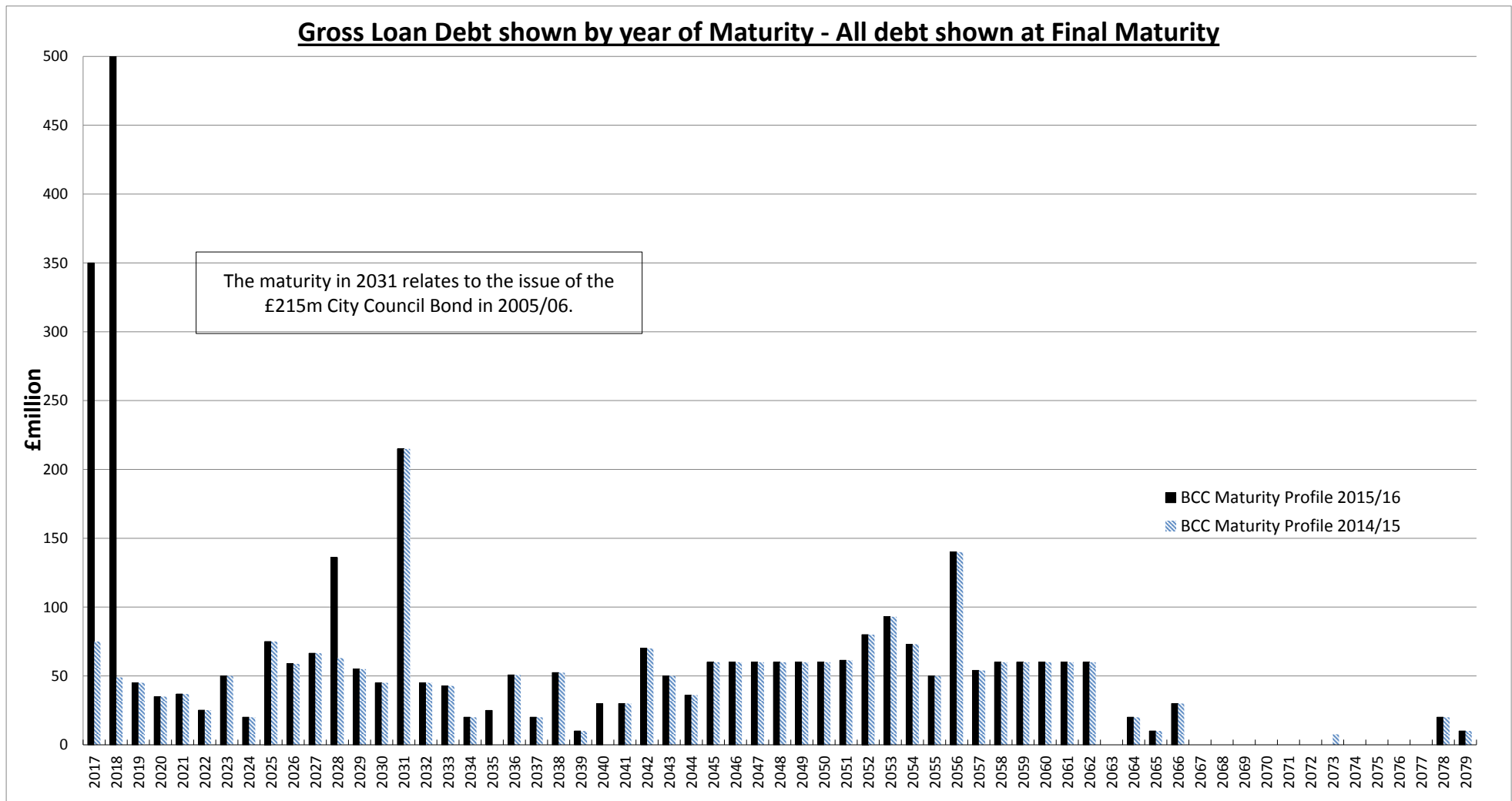
## Annex 3.2

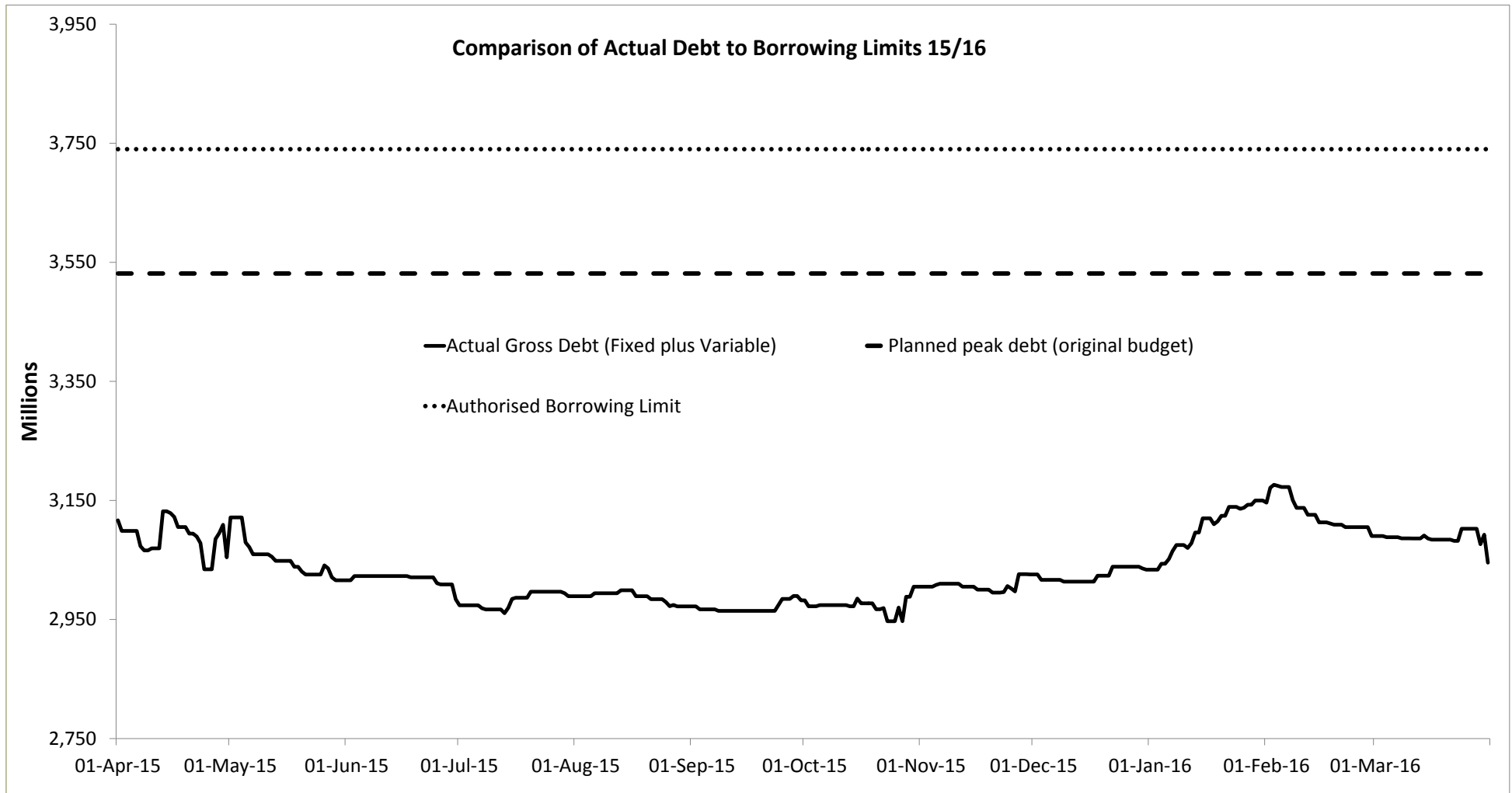
**Accountable Body Investments - 31st March 2016**

	Growing Places Fund	Advanced Manufacturing Supply Chain Initiative	Regional Growth Fund	Total
	£000	£000	£000	£000
Goldman Sachs Money Market Fund	4,183	21,428		<b>25,611</b>
JP Morgan Money Market Fund			13,523	<b>13,523</b>
<b>Total Money Market Funds</b>	4,183	21,428	13,523	<b>39,134</b>
Debt Management Office	6,000			<b>6,000</b>
Treasury Bills	6,394	49,985		<b>56,378</b>
<b>Total Accountable Body investments</b>	<b>16,576</b>	<b>71,413</b>	<b>13,523</b>	<b>101,512</b>

**Note**

This appendix shows amounts invested externally by the City Council as Accountable Body. These are separate from the Council's own investments.





## Annex 6A

**DEBT AND PRUDENTIAL INDICATORS****WHOLE COUNCIL**

	15/16 Indicators £m	15/16 Outturn £m
<b>Capital Finance</b>		
1 Capital Expenditure - Capital Programme	487.5	458.0
2 Capital Expenditure - other long term liabilities	27.8	28.6
3 Capital expenditure	515.3	486.6
4 Capital Financing Requirement (CFR)	4,663.7	4,525.3
<b>Planned Debt</b>		
5 Peak loan debt in year	3,531.3	3,176.3
6 + Other long term liabilities (peak in year)	513.8	590.6
7 = Peak debt in year	4,045.1	3,766.9
8 does peak debt exceed year 3 CFR?	no	no
<b>Prudential limit for debt</b>		
9 Gross loan debt	3,740.0	3,176.3
10 + other long term liabilities	560.0	590.6
11 = Total debt	4,300.0	3,766.9

**Notes**

- 4 The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.
- 5-7 These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.
- 8 It would be a cause for concern if the Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Borrowing and the capital financing requirement.
- 11 The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.

		Annex 6B	
DEBT AND PRUDENTIAL INDICATORS: HOUSING REVENUE ACCOUNT		15/16 Indicators £m	15/16 Outturn £m
<b>Capital Finance</b>			
1	Capital expenditure	100.1	100.5
<b>HRA Debt</b>			
2	Capital Financing Requirement (CFR)	1,113.5	1,089.1
3	Statutory cap on HRA debt	1,141.6	1,140.1
<b>Affordability</b>			
4	HRA financing costs	98.4	93.2
5	HRA revenues	290.0	285.5
6	HRA financing costs as % of revenues	33.9%	32.6%
7	HRA debt : revenues	3.8	3.8
8	Forecast Housing debt per dwelling	£17,717	£17,376
9	Estimate of the incremental impact of new capital investment decisions on housing rents. (expressed in terms of ave. weekly housing rent)	£0.00	£0.00
<b>Notes</b>			
2-3	The HRA Capital Financing Requirement (CFR) is being used by the Government as the measure of HRA debt for the purposes of establishing a cap on HRA borrowing for each English Housing authority.		
4	Financing costs include interest and MRP (or depreciation in the HRA)		
7	This indicator is not in the Prudential Code but is a key measure of long term sustainability. This measure is forecast to fall below 2.0 by 2026/27, which is two years later than previously forecast.		
8	This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time.		
9	The cost of borrowing for the Capital Programme represents the interest and repayment costs arising from any new prudential borrowing introduced in the capital programme since the last revision at Quarter 2, expressed in terms of an average weekly rent. The calculation excludes the cost of borrowing which is funded from additional income or savings. As all planned HRA borrowing is funded from additional income in this way, the impact is zero. The Prudential Code calls this the Estimate of the incremental impact of capital investment decisions on housing rents.		

## Annex 6C

**DEBT AND PRUDENTIAL INDICATORS:****GENERAL FUND**

	15/16 Indicators £m	15/16 Outturn £m
<b>Capital Finance</b>		
1 Capital expenditure (including other long term liabilities)	415.3	386.1
2 Capital Financing Requirement (CFR)	3,550.2	3,436.2
<b>General Fund debt</b>		
3 Peak loan debt in year	2,417.8	2,087.2
4 + Other long term liabilities (peak in year)	513.8	590.6
5 = Peak General Fund debt in year	2,931.6	2,677.8
<b>General Fund Affordability</b>		
6 Total General Fund financing costs	264.7	661.5
7 General Fund net revenues	874.5	874.5
8 General Fund financing costs (% of net revenues)	30.3%	75.6%
9 Estimate of the incremental impact of new capital investment decisions on Council Tax.	£0.23	£0.71

Expressed in terms of Council Tax (Band D equiv)

(impact already included in Council Tax increases assumed in LTFP)

**Note**

- 4 Other long term liabilities include PFI, finance lease liabilities, and transferred debt liabilities
- 6 Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases
- 8 This indicator includes the gross revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.
- 9 The cost of borrowing for the Capital Programme represents the interest and repayment implications arising from any changes in forecast prudential borrowing in the capital programme since Quarter 2, expressed in terms of Council Tax at Band D. The implications are cumulative in later years as successive years' borrowing is added. This impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2017/18. The calculation excludes the cost of borrowing which is funded from additional income or savings.



		Annex 6D	
PRUDENTIAL INDICATORS: TREASURY MANAGEMENT		15/16 Indicators	15/16 Outturn
<b>CIPFA Treasury Management Code</b>			
1	Has the authority adopted the TM Code?	Yes	Yes
<b>Interest rate exposures</b>		<b>Limit</b>	<b>Outturn</b>
2	upper limit on fixed rate exposures	130%	98%
3	upper limit on variable rate exposures	30%	15%
<b>Maturity structure of borrowing</b> (lower limit and upper limit)			
4	under 12 months	0% to 30%	13%
5	12 months to within 24 months	0% to 30%	3%
6	24 months to within 5 years	0% to 30%	7%
7	5 years to within 10 years	0% to 30%	8%
8	10 years to within 20 years	5% to 40%	16%
9	20 years to within 40 years	10% to 60%	38%
10	40 years and above	0% to 40%	15%
<b>Investments longer than 364 days</b> upper limit on amounts maturing in:		<b>Limit</b>	<b>Outturn</b>
11	1-2 years	200	-
12	2-3 years	100	-
13	3-5 years	100	-
14	later	-	-
<b>Note</b>			
2-10 These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.			