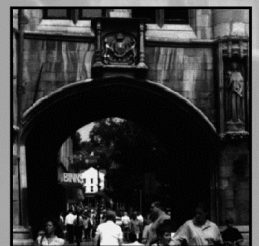


CITY OF
Lincoln
COUNCIL

Council Summons



For the meeting to be held on
Tuesday, 23 July 2019

Council Summons

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CITY OF LINCOLN COUNCIL

Sir/Madam,

You are hereby summoned to attend the meeting of the COUNCIL of the City of Lincoln to be held at The Guildhall on Tuesday, 23 July 2019 at 6.30 pm.



Chief Executive and Town Clerk

Angela Andrews

A G E N D A

SECTION A	Page(s)
1. Confirmation of Minutes - 9 April 2019	5 - 10
2. Confirmation of Minutes - 14 May 2019	11 - 12
3. Declarations of Interest	
Please note that, in accordance with the Members' Code of Conduct, when declaring interests members must disclose the existence and nature of the interest, and whether it is a disclosable pecuniary interest (DPI) or personal and/or pecuniary.	
4. Receive Any Questions under Council Procedure Rule 11 from Members of the Public and Provide Answers thereon	
5. Receive Any Questions under Council Procedure Rule 12 from Members and Provide Answers thereon	
6. Motion under Council Procedure Rule 14 - City of Lincoln Council Climate and Environment Emergency Declaration	13 - 14
7. To Consider the Following Recommendations of the Executive and Committees of the Council	
(a) Treasury Management Stewardship and Actual Prudential Indicators Report 2018/19	15 - 38

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Present: Councillor Keith Weaver (*in the Chair*),
Councillor Biff Bean, Councillor Bill Bilton, Councillor Alan Briggs, Councillor Kathleen Brothwell, Councillor Chris Burke, Councillor Sue Burke, Councillor Bob Bushell, Councillor Thomas Dyer, Councillor Geoff Ellis, Councillor Gary Hewson, Councillor Ronald Hills, Councillor Jackie Kirk, Councillor Rosanne Kirk, Councillor Helena Mair, Councillor Adrianna McNulty, Councillor Laura McWilliams, Councillor Ric Metcalfe, Councillor Neil Murray, Councillor Donald Nannestad, Councillor Lucinda Preston, Councillor Christopher Reid, Councillor Fay Smith, Councillor Hilton Spratt, Councillor Edmund Strengiel, Councillor Ralph Toofany, Councillor Naomi Twedde, Councillor Pat Vaughan and Councillor Loraine Woolley

Apologies for Absence: Councillor Yvonne Bodger, Councillor Gill Clayton-Hewson, Councillor Jim Hanrahan and Councillor Andy Kerry

59. Confirmation of Minutes - 26 February 2019

RESOLVED that the minutes of the meeting held on 26 February 2019 be confirmed.

60. Confirmation of Minutes - 4 March 2019

RESOLVED that the minutes of the meeting held on 4 March 2019 be confirmed.

61. Declarations of Interest

No declarations of interest were received.

62. Receive Any Questions under Council Procedure Rule 11 from Members of the Public and Provide Answers thereon

No questions were received.

63. Receive Any Questions under Council Procedure Rule 12 from Members and Provide Answers thereon

No questions were received.

64. Receive Reports under Council Procedure Rule 2 (vi) from Members

(a) Report by Councillor Fay Smith - Portfolio Holder for Remarkable Place

Councillor Fay Smith, Portfolio Holder for Remarkable Place, presented a report which covered the work of her Portfolio since her last report to Council.

A significant new addition to the Portfolio this year had been a range of duties associated with open space management, with updates on the following functions set out in the report:

- allotments;
- equipped play areas;
- parks;
- Hartsholme Country Park and camp site;
- park advisory groups;
- common land;
- volunteering.

The report also provided updates on the following service responsibilities of the Portfolio:

- arboriculture;
- street scene;
- waste and recycling;
- street cleansing;
- public toilets;
- food safety;
- enforcement;
- bereavement services;
- air quality;
- carbon reduction;
- licensing;
- sport recreation and leisure services;
- Yarborough and Birchwood Leisure Centres in partnership with Active Nation;
- fairs and circuses.

Councillor Ronald Hills welcomed the development of a masterplan for Hartsholme Country Park, and was particularly pleased to see reference made in the report to bringing buildings at the Park back into active use as soon as possible.

Councillor Smith was convinced that something would be happening in respect of the buildings at Hartsholme Country Park as part of delivery of the masterplan.

Councillor Thomas Dyer asked what steps the Council was taking to achieve plastic free status and cut out its use of single-use plastic, stating that there was a lot the authority could do internally to take action in this respect. More provision should be included in high-use areas of the high street in particular for recycling bins, allowing disposal of food, glass and plastic waste. Water filling stations should also be introduced across the city, which should reduce the need for people to buy plastic bottles of water and refill their own containers.

Councillor Smith agreed that the Council should be looking at its own status regarding use of single-use plastics and recycling and was sure that whoever succeeded her as Portfolio Holder in the new municipal year would seek to address this. She referred to the Government's recently launched Waste Strategy which specifically committed the Government to cease using single-use plastics within its buildings by 2021. The countywide Lincolnshire Waste Partnership's Waste Strategy was consistent with many of the themes of the Government's Strategy.

Councillor Smith added that the Council was currently in the process of reviewing its litter bin provision and agreed that water refilling points in the city were an excellent idea, with one soon to be placed at the Lincoln Central Market.

Members took this opportunity to pay tribute to Councillor Fay Smith, who had decided not to stand for election this year, for her dedicated and conscientious service since being elected in 1998. She was presented with a certificate by the Mayor to thank her, on behalf of the residents of Lincoln, for her 21 years of service to the Council.

Councillor Smith thanked the Council's officers for their hard work and commitment.

RESOLVED that the report be noted.

(b) Report by Councillor Jackie Kirk - Portfolio Holder for Customer Experience and Review

Councillor Jackie Kirk, Portfolio Holder for Customer Experience and Review, presented a report which covered the work of her Portfolio since her last report to Council. Councillor Kirk provided updates on the following aspects of her Portfolio:

- high performing services;
- customer services;
- customer experience board;
- business development and information technology;
- audit arrangements;
- electoral activity;
- performance overview;
- new performance system;
- complaints.

Councillor Kirk thanked service managers for their help and assistance in her time as Portfolio Holder, particularly the time they took to explain what their respective service areas were responsible for and how they operated.

RESOLVED that the report be noted.

(c) Report by Councillor Bob Bushell - Chair of the Community Leadership Scrutiny Committee

Councillor Bob Bushell, Chair of the Community Leadership Scrutiny Committee, presented a report which covered the work of the Committee since his last report to Council. The report provided Council with an overview of the Committee's scrutiny review into welfare reform and, in particular, its impact on local communities with the review focussing on Universal Credit and housing.

As part of the scrutiny review a range of internal and external representatives attended meetings and provided evidence which helped shape the Committee's recommendations, noted as follows:

1. That the Council, as part of the City Centre Masterplan and associated work already underway, seeks to increase the vibrancy of the city centre and undertake a review of empty commercial units, particularly units above shops to ascertain whether there are any opportunities to convert them to residential use.
2. In view of the fact that the Welfare Advice Team, Universal Credit Team, Customer Service Team and Citizen's Advice all currently work independently to provide support to Universal Credit claimants and customers and in light of the national decision to withdraw funding from local authorities and relocate this to Citizens Advice, that the Council undertakes a comprehensive review of the areas within its service delivery that supports welfare advice to the city's residents.
3. That the Council agrees to lobby local and regional Department for Work and Pensions representatives to better understand why there continues to be a delay in the payment of Universal Credit payments, which causes significant issues for Council's tenants as well as tenants in the private sector.
4. That the Council's Housing Directorate undertakes a review of housing allocations and tenant services in order to increase and improve the sustainability of Council tenants.
5. That the Council reviews the provision and considers a re-launch of a scheme with the Acts Trust, which had previously been set up under a Service Level Agreement regarding the re-use and distribution of abandoned furniture to Council tenants, and identifies any further opportunities to work with other charities or organisations to improve access to free furniture or white goods for those tenants struggling to furnish their homes.
6. That recommendations 1) to 5) be referred to the relevant Vision 2020 Groups for consideration and addition to their respective work programmes.

These recommendations were subsequently approved by the Executive on 5 March 2019.

RESOLVED that the report be noted.

(d) Report by Councillor Jim Hanrahan - Design Advocate

Councillor Jim Hanrahan, Design Advocate, presented a report on his role as the Council's Design Advocate.

The report outlined the principles behind the Lincoln Good Design Awards and provided details of the winners at the 2019 Awards held at the Lawn in Lincoln.

In launching this initiative three years ago it was hoped that it would stimulate debate and interest amongst a wider audience, especially those who lived with the Council's planning decisions. Councillor Hanrahan believed that the holding of the Lincoln Good Design Awards every two years kept good design in the minds of developers and their agents and boded well for the positive reputation the City had for investors and developers alike.

RESOLVED that the report be noted.

65. To Consider the Following Recommendations of the Executive and Committees of the Council

(a) Review of Hackney Carriage Fares

It was proposed, seconded and RESOLVED that the proposed increase in Hackney Carriage Fares be approved.

At the close of the meeting members paid tribute to Councillors Gill Clayton-Hewson and Jim Hanrahan who had both been elected in 2012 and would not be standing for re-election this year.

Councillor Clayton-Hewson had contributed significantly to the equalities agenda, promoting the rights and needs of people with disabilities. Members thanked her for everything she had done.

Councillor Jim Hanrahan had previously been an officer of the Council, so members had benefitted from his extensive knowledge. He was currently the Chair of the Planning Committee and the Leader of the Council said that he had become very distinguished in that role.

Certificates for Councillor Clayton-Hewson and Hanrahan had been presented by the Mayor in recognition of their service.

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Present: Councillor Sue Burke (*in the Chair*), Councillor Biff Bean, Councillor Bill Bilton, Councillor Yvonne Bodger, Councillor Alan Briggs, Councillor Kathleen Brothwell, Councillor Chris Burke, Councillor Bob Bushell, Councillor Liz Bushell, Councillor Thomas Dyer, Councillor Geoff Ellis, Councillor Jim Hanrahan, Councillor Ronald Hills, Councillor Jackie Kirk, Councillor Rosanne Kirk, Councillor Jane Loffhagen, Councillor Rebecca Longbottom, Councillor Helena Mair, Councillor Adrianna McNulty, Councillor Laura McWilliams, Councillor Ric Metcalfe, Councillor Neil Murray, Councillor Donald Nannestad, Councillor Lucinda Preston, Councillor Hilton Spratt, Councillor Ralph Toofany, Councillor Naomi Twedde, Councillor Pat Vaughan and Councillor Loraine Woolley

Apologies for Absence: Councillor Andy Kerry, Councillor Christopher Reid, Councillor Edmund Strengiel and Councillor Keith Weaver

1. To elect the Mayor for the ensuing year

Upon the recommendation of Councillor Helena Mair and seconded by Councillor Laura McWilliams it was

RESOLVED that Councillor Sue Burke be hereby elected as Mayor of the City of Lincoln for the ensuing year. Councillor Burke made and subscribed the Declaration of Acceptance of Office and took the Oath of Allegiance. The newly elected Mayor then returned thanks for her appointment.

(The Mayor [Councillor Sue Burke] in the Chair)

2. To appoint the Sheriff for the ensuing year

It was moved by Councillor Patrick Vaughan, seconded by Councillor Ric Metcalfe and

RESOLVED that Jo Rimmer be appointed Sheriff of the City of Lincoln for the ensuing year. The newly appointed Sheriff made and subscribed the Declaration of Office, took the Oath of Allegiance and returned thanks for his appointment.

3. To appoint the Deputy Mayor for the ensuing year

Upon the announcement of the Mayor it was

RESOLVED that Councillor Jackie Kirk be appointed as Deputy Mayor for the ensuing year.

4. To receive notification of the appointment of the Mayor's Chaplain

The Mayor notified the Council of her appointment of Reverend Canon Edward Jarosz as her Chaplain for the ensuing year.

5. Vote of Thanks to the Outgoing Civic Party

Councillor Ronald Hills paid tribute to the outgoing civic party.

Council stood to observe a moment of silence in memory of the late Roy South, outgoing Sheriff of Lincoln, who had passed away earlier in the year.

6. To appoint to Committees, Advocacy Roles and Outside Bodies

It was moved by Councillor Ric Metcalfe, seconded by Councillor Donald Nannestad and

RESOLVED that:

- (1) The schedule of appointments to the Executive be noted.
- (2) The schedule of appointments to Committees, Sub-Committees and Chairs and Vice-Chairs be approved.
- (3) The removal of the Asset Management Group from the Council's committee and decision-making structure be approved.
- (4) The schedule of appointments to outside bodies be approved.

NOTICE OF MOTION
CITY OF LINCOLN COUNCIL – 23 JULY 2019

City of Lincoln Council Climate and Environment Emergency Declaration

The Council takes note of:

1. Growing public awareness of climate and environmental crises and widespread concern not least among young people anxious for their own and others' future, and as expressed in recent school strikes.
2. The growing scientific evidence of the extent of the crises, indicated in:
 - 2.1 The IPCC report of 2018 which indicated that the world's leading climate scientists warned that humanity has only 12 years left in which to cap temperature rises at 1.5C or face a higher risk of drought, floods and heatwaves
 - 2.2 The Intergovernmental Science Policy Platform on Biodiversity and Eco Systems Services (IPBES) report of May 2019 cites "The health of ecosystems on which we and all other species depend is deteriorating more rapidly than ever. We are eroding the very foundations of our economies, livelihoods, food security, health and quality of life worldwide."
 - 2.3 The Introducing the UK State of Nature Report 2016 where Sir David Attenborough writes "Our wonderful nature is in serious trouble and it needs our help as never before."

AND the Council recognises that:

3. Urgent action to combat the climate and emergencies is essential to protect future wellbeing of all citizens in Lincoln, Lincolnshire, nationally and internationally.
4. Urgent action is affordable. The expert advice to the Government's committee on Climate Change affirms that "Macro-modelling suggests GDP costs of a net-zero target are likely to be small and could even be positive."
5. The many benefits that accrue from urgent action, including: enhanced wellbeing and health; reduced air pollution; sustainable employment in "green" industries; community energy; enhanced biodiversity and an attractive city environment for residents and visitors.
6. Local government cannot wait for national government to provide more money and support to reduce emissions and commit to the ambition of carbon neutrality by 2030 at the latest.
7. The UK Parliament has already approved a motion to declare an environment and climate emergency; many other Councils in the UK have declared a 'climate emergency;' and all governmental (national, regional and local) have a duty to play their part in seeking to limit the negative impacts of climate breakdown.

8. With the support of the Council, the Lincoln Climate Commission is being set up to provide a strategic forum for championing Lincoln's transition to a zero carbon and climate resilient future by driving positive action, developing communication strategies and creating the space for collaboration and cooperation between stakeholders, interest groups and partnerships.
9. The climate and environment emergencies disproportionately affect the poor and vulnerable in our society and globally, so action about these emergencies will resonate strongly with the council's existing agenda to reduce inequality.
10. Many in business and industry are ready and waiting to take action, and seeking leadership from Councils and from Government.

Therefore, the City of Lincoln Council resolves to:

1. Acknowledge the reality of the climate and environmental crises and commits to urgent emergency action.
2. Join with Parliament and other Councils in declaring a Climate and Environment Emergency, and commit to the vision of a carbon neutral LINCOLN by 2030 at the latest.
3. Sign up to a science based carbon reduction target that is consistent with achieving the Paris Agreement of no more than 1.5°C global temperature increase.
4. Call on central government to provide the funding and powers to make this possible, and ask local MPs to lobby government to achieve this.
5. Call on Lincolnshire County Council to cooperate with the City and District Councils to enable the City & District Councils to deliver on the carbon neutral vision by 2030, especially in such critical areas as highways & transport, energy, waste, food and health & wellbeing.
6. Work with partners in the area to deliver carbon reductions and support environmentally sustainable industry, business & employment.
7. Ask the Lincoln Climate Commission to consider ways of involving all interested people to have a voice through a citizens assembly or something that serves this purpose.
8. Facilitate the work of a Lincoln Climate Commission to draw upon expertise in the community (industry, commerce, education, health etc.) and general public, to devise a carbon reduction road map with staged targets and policies consistent with carbon neutrality by 2030, and bring a report to the Council's Executive as soon as practicable.

SUBJECT:	TREASURY MANAGEMENT STEWARDSHIP AND ACTUAL PRUDENTIAL INDICATORS REPORT 2018/19 (OUTTURN)
REPORT BY:	CHIEF EXECUTIVE AND TOWN CLERK
LEAD OFFICER:	SARAH HARDY – GROUP ACCOUNTANT (TECHNICAL & EXCHEQUER)

1. Purpose of Report

- 1.1 The annual Treasury Management stewardship report is a requirement of the Council's reporting procedures under regulations issued under the Local Government Act 2003. It covers the treasury management activities and the actual prudential and treasury indicators for 2018/19. 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).

2. Executive Summary

- 2.1 During 2018/19 the Council complied with its legislative and regulatory requirements. The key prudential indicators for the year, with comparators, are as follows:

Actual Prudential Indicators	2018/19 £000	2017/18 £000
Actual Capital Expenditure	38,954	39,805
Capital Financing Requirement		
General Fund	61,803	50,977
HRA	58,328	58,503
Total	120,131	109,480
Net borrowing (borrowing less investments)	86,154	65,504
External debt (borrowing)	115,354	81,104
Investments		
• Longer than 1 year*	0	0
• Under 1 year	29,200	15,600
• Total	29,200	15,600

Other prudential and treasury indicators are to be found in section 4.

3. Background

3.1 The prudential system for capital expenditure is now well established. One of the requirements of the Prudential Code is to ensure adequate monitoring of the capital expenditure plans, prudential indicators (PIs) and treasury management response to these plans. This report fulfils that requirement and shows the status of the Prudential Indicators at 31st March 2019. For the 2018/19 financial year the minimum reporting requirements were that members should receive the following reports:

- an annual Treasury Management Strategy in advance of the year (Council 27th February 2018)
- a mid-year Treasury Update report (Executive 26th November 2018)
- an annual report following the year describing the activity compared to the strategy (this report)

3.2 Recent changes in the regulatory environment place a much greater onus on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

3.3 In compliance with the Prudential Code treasury management reports are scrutinised by Performance Scrutiny Committee and reviewed by the Executive prior to reporting to full Council if required. Member training for the Performance Scrutiny Committee was undertaken on 22nd November 2018 to support their role in scrutinising the half yearly report. Member training for the Audit Committee on treasury management issues was undertaken during the year on 12th February 2019 in order to support their role in scrutinising the treasury management strategy and policies.

4. Summary of Performance against Treasury Management Strategy 2018/19

4.1 The full details of transactions in the year and performance against the Prudential Indicators are included at Appendices A and B.

4.2

Actual Prudential Indicators	2018/19	2017/18
Actual Capital Expenditure	38,954	39,805
Capital Financing Requirement		
General Fund	61,803	50,977
HRA	58,328	58,503
Total	120,131	109,480

Financing Costs as a proportion of Net Revenue Stream		
General Fund	11.9%	13.7%
HRA	30.1%	45.6%

4.3 The Chief Finance Officer confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit, the Authorised Limit was not breached.

Additional borrowing of £34.25m was taken in 2018/19.

At 31st March 2019, the principal value of the Council's external debt was £115.354m (£81.104m at 31st March 2018) and that of its investments was £29.2m (£15.6m at 31st March 2018).

4.4 The small decrease in General Fund Financing costs as a % of net revenue stream in 2018/19, when compared with 2017/18, is due to changes in the revenue budget. The actual financing cost for the General Fund increased from the previous year due to additional borrowing. The decrease in HRA Financing costs results from a change to depreciation charge calculations in the HRA.

4.5 The financial year 2018/19 continued the challenging environment of previous years; low investment returns and continuing counterparty risk were the main features.

4.6 Key issues to note from activity during 2018/19:

- The Council's total debt (including leases and lease-type arrangements) at 31st March 2018 was £115.696m (Appendix A section 4.4) compared with the Capital Financing Requirement of £120.131m (Appendix A section 3.5). This represents an under-borrowing position of £4.435m, which is currently being supported by internal resources. Additional long-term borrowing will be taken in future years to bring levels up to the Capital Financing Requirement, subject to liquidity requirements, if preferential interest rates are available.
- The Council's Investments at the 31st March 2019 were £29.2m (Appendix A section 4.3), which is £13.6m higher than at 31st March 2018. Average investment balances for 2018/19 were £22.344m, which was higher than estimated balances of £14.97m in the Medium Term Financial Strategy 2018-23 due to the timing of borrowing taken. It should be noted that this refers to the principal amounts of investments held, whereas the investment values included in the balance sheet are based on fair value. In most cases, this will simply be equal to the principal invested, unless the investment has been impaired.
- Actual investment interest earned on balances was £143k compared to £77k estimated in the Medium Term Financial Strategy 2018-23 (Appendix A section 10.2).
- The interest rate achieved on investments was 0.77% which was 0.26% above the target average 7-day LIBID rate (for 2018/19 the average was 0.51%).

4.7 Risk Benchmarking

The following reports the outturn position against the security and liquidity benchmarks in the Treasury Management Strategy.

Security

- The Council's actual average security risk for the portfolio as at 31st March 2019 is 0.002%, which compares with the 0.008% for the budgeted portfolio. This gives the estimated default rate on the investment counterparties which comprise the portfolio at 31st March 2019. This equates to a potential financial loss of £584 on the investment portfolio of £29.2m.
- Specified Investments are high security sterling investments (i.e. high credit quality) with a maturity of no more than one year. Non-specified investments are all other investments representing a potentially greater risk; however the risk is still minimal due to the stringent controls over counterparty credit quality contained within the Investment Strategy. The 2018/19 strategy set a maximum limit of 75% of the portfolio to be held in non-specified investments. At 31st March 2018, 100% of the investment portfolio was held in specified investments. The Chief Finance Officer can report that the investment portfolio was maintained within this limit throughout the year.

Liquidity

In respect of this area the Council set liquidity benchmarks to maintain:

- Liquid short term deposits of at least £5 million available with a week's notice.
- Weighted Average Life benchmark was expected to be 0.45 years (164 days).

The actual liquidity indicators at 31st March 2018 were as follows:

- Liquid short term deposits of £19.2 million as at 31st March 2019.
- Weighted Average Life of the investment portfolio was 0.04 years (15 days). This reflects that larger amounts of investments were deposited in short term accounts to deal with cash flow requirements.

The Chief Finance Officer can report that liquidity arrangements were adequate throughout the year.

4.8 Benchmarking

The Council participates in the following benchmarking club:

- The Link Asset Services benchmarking club. Link Asset Services is the Council's treasury management advisors and they offer a benchmarking club for their clients. This is organised on a regional group basis. The group to which City of Lincoln belongs has 9 members within the East Midlands region. Unfortunately, at the date of writing this report, benchmarking comparatives are not yet available.

5. Strategic Priorities

- 5.1 Through its Treasury Management Strategy the Council seeks to reduce the amount of interest it pays on its external borrowing and maximise the interest it achieves on its investments in order to support the Medium Term Financial Strategy and the delivery of the Council's Vision 2020.

6. Organisational Impacts

- 6.1 Finance - The financial impacts are contained within the main body of the report and within appendices A and B.
- 6.2 Legal Implications including Procurement Rules - Section 15 of the Local Government Act 2003 requires local authorities 'to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify'. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 in Regulation 24 require local authorities to have regard to the TM Code of Practice. Investment guidance issued by the Ministry for Housing Communities and Local Government (MHCLG) which came into effect from 1st April 2010 requires investment policy to emphasise security and liquidity over income.

7. Risk Implications

- 7.1 The Council has the freedom to adopt its own treasury management policies. The CIPFA code of practice, which specifies the format and frequency of reporting, is part of the risk management procedures for treasury.

8. Recommendation

- 8.1 That Council approves the actual prudential indicators contained within appendices A and B.
- 8.2 That Council notes the annual treasury management report for 2018/19.

Key Decision	No
Do the Exempt Information Categories Apply?	No
Call in and Urgency: Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
How many appendices does the report contain?	2

**List of Background
Papers:**

Link Annual Stewardship Reports for 2018/19
Medium Term Financial Strategy 2018-23 and 2019-24
Prudential Indicators 2018/19 – 2020/21 and Treasury
Management Strategy 2018/19 and 2019/20

Lead Officer:

Sarah Hardy – Group Accountant, Technical & Exchequer
Telephone 873839

Annual Report on the Treasury Management Service and Actual Prudential Indicators 2018/19

1. Introduction

1.1 The Council undertakes capital expenditure on long-term assets. These activities can 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 resources, the capital expenditure will give rise to a borrowing need.

Capital expenditure activity is regulated by the CIPFA Prudential Code, which requires actual outturn to be reported in the following areas: -

- Capital expenditure;
- Capital Financing Requirement;
- Debt;
- Ratio of financing costs to net revenue stream.

The remaining prudential indicators are included to make the annual reporting comprehensive and to comply with the requirements of the Treasury Management Code.

1.2 Part of the Council's treasury activities is to address any borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cash flows, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost, and then optimise performance. This area of activity is regulated by the CIPFA Code of Practice on Treasury Management.

1.3 Wider information on the regulatory requirements is shown in section 11.

2. The Council's Capital Expenditure and Financing 2018/19

2.1 This forms one of the required prudential indicators and shows total capital expenditure for the year and how this was financed.

	2018/19 Actual £'000	2018/19 Revised Estimate £'000	2017/18 Actual £'000
General Fund capital expenditure	13,968	16,867	29,098
HRA capital expenditure	24,985	33,048	10,707
Total capital expenditure	38,953	49,915	39,805
Resourced by:			
Capital receipts	8,192	12,206	4,674
Capital grants & contributions	1,004	1,683	3,016
Direct Revenue Financing	4,956	309	486
Major repairs reserve	13,160	21,835	9,190
Un-financed capital expenditure (additional need to borrow)	11,642	13,882	22,439

2.2 Further details on 2018/19 Capital Expenditure and Financing can be found in the Financial Performance Detailed Outturn 2018/19 report elsewhere on the agenda.

3. The Council's Overall Borrowing Need

3.1 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). This figure is a gauge for the Council's debt position and represents 2018/19 and prior years' net capital expenditure that has not yet been charged to revenue or other resources.

3.2 Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council.

3.3 The General Fund element of the CFR is reduced each year by a statutory revenue charge (called the Minimum Revenue Provision - MRP). The total CFR can also be reduced by:

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

3.4 The Council's MRP policy for 2018/19 was approved by Council on 27th February 2018 as part of the Prudential Indicators 2018/19 – 2021/22 and Treasury Management Strategy 2018/19.

- 3.5 The Council's CFR for the year is shown below, and represents a key prudential indicator. The CFR includes leasing schemes which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract. During the year £175k of land appropriations resulted in an appropriation between the General Fund and HRA CFR.

Capital Financing Requirement General Fund	31 March 2019 Actual £'000	31 March 2019 Revised Estimate £'000	31 March 2018 Actual £'000
Opening balance 1 April	50,977	50,977	30,173
Plus un-financed capital expenditure	11,642	13,882	22,439
Finance leases	(342)	(342)	(559)
Less MRP/VRP*	(992)	(787)	(1,076)
CFR appropriation	175	0	0
Closing balance 31 March	61,803	63,730	50,977

Capital Financing Requirement HRA	31 March 2019 Actual £'000	31 March 2019 Revised Estimate £'000	31 March 2018 Actual £'000
Opening balance 1 April	58,503	58,503	58,503
Plus un-financed capital expenditure	0	0	0
Less MRP/VRP*	0	0	0
CFR appropriation	(175)	0	0
Closing balance 31 March	58,328	58,503	58,503

* includes finance lease repayments

4. Treasury Position at 31st March 2019

- 4.1 Whilst the Council's gauge of its underlying need to borrow is the CFR, the Chief Finance Officer and the treasury team manage the Council's actual borrowing position by either:
- borrowing to the CFR,
 - choosing to temporarily utilise some flow funds instead of borrowing (under-borrowing)
 - borrowing for future increases in the CFR (borrowing in advance of need).

4.2 It should be noted that the figures in this report are based on the principal amounts borrowed and invested and so may differ from those in the final accounts by items such as accrued interest (outstanding interest due to be paid and received as at 31st March), or where the carrying amount is based on fair values .

4.3 During 2018/19 the Chief Finance Officer managed the borrowing position to £115.354 million. The treasury position at the 31st March 2019 compared with the previous year was:

	31 March 2019		31 March 2018	
	Principal £'000	Average Rate (full year)	Principal £'000	Average Rate (full year)
Borrowing Position				
Fixed Interest Rate Debt	115,354	3.24%	81,104	4.09%
Variable Interest Rate Debt	0	N/A	0	N/A
Total Debt (borrowing) *	115,354	3.24%	81,104	4.09%
Capital Financing Requirement (borrowing only)	120,131	N/A	109,480	N/A
Over/(under) borrowing	(4,777)	N/A	(27,817)	N/A
Investment Position				
Fixed Interest Investments	10,000	0.88%	9,000	0.74%
Variable Interest Investments	19,200	0.76%	6,600	0.46%
Total Investments **	29,200	0.80%	15,600	0.68%
Net Borrowing Position	86,154		65,504	

* Excludes local Bonds & Mortgages and other long-term liabilities (e.g. finance leases)

** The interest rate given differs from the interest rate given in Paragraph 4.6 of the main report because the rates above are for investments held at 31 March whereas the average rate of investment is for investments held during 2018/19.

4.4 The total debt position also includes other long term liabilities such as finance leases and embedded leases within service contracts. The total debt position at 31st March 2019 was £115.913 million as shown below:

	31 March 2019 Actual £'000	31 March 2019 Revised Estimate £'000	31 March 2018 Actual £'000
Gross borrowing	115,354	95,354	81,104
Other long term liabilities	342	342	559

Total External debt	115,696	95,696	81,663
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4.5 The maturity structure of the debt portfolio was as follows:

	31 March 2019 Actual £'000	31 March 2018 Actual £'000
Under 12 months	20,200	4,311
12 months and within 24 months	9,705	2,000
24 months and within 5 years	5,645	5,000
5 years and within 10 years	7,076	5,897
10 years and above	72,728	63,896
Total	115,354	81,104

4.6 The maturity structure of the investment portfolio was as follows:

	31 March 2019 Actual £'000	31 March 2018 Actual £'000
Longer than 1 year	0	0
Under 1 year	29,200	15,600
Total	29,200	15,600

5. The Strategy for 2018/19

5.1 The Council's overall core borrowing objectives are:

- To reduce the revenue costs of debt in line with the targets set for the Chief Finance Officer by Council (see local indicators).
- To manage the Council's debt maturity profile, leaving no one future year with a high level of repayments that might cause problems in re-borrowing.
- To effect funding at the cheapest cost commensurate with future risk.
- To forecast average future interest rates and borrow accordingly i.e. short term/variable when rates are 'high', long term/fixed when rates are 'low'.
- To monitor and review the level of variable rate loans in order to take greater advantage of interest rate movements.
- To proactively reschedule debt in order to take advantage of potential savings as interest rates change. Each rescheduling exercise will be considered in terms of the effect of premiums and discounts on the General Fund and the Housing Revenue Account.
- To manage the day-to-day cash flow of the Authority in order to, where possible, negate the need for short-term borrowing. However, short-term

borrowing will be incurred, if it is deemed prudent to take advantage of good investment rates.

6. Actual Debt Management Activity during 2018/19

6.1 Borrowing

6.1.1 Long term borrowing, totalling £20m, was taken in 2018/19; short term borrowing of £18m was taken in 2018/19; short term borrowing of £3.75m was repaid in 2018/19.

6.1.2 The average rate achieved for borrowing (excluding finance and embedded leases) in 2018/19 was 3.24%, which compares favourably to the target of 4.25% (2018/19 4.09% actual compared to the target of 4.25%). The lower rate is due to more borrowing being taken on a short term basis through other local authorities and a low rate of PWLB borrowing being available during the year.

	31 March 2019 Actual £'000	31 March 2019 Revised Estimate £'000	31 March 2018 Actual £'000
Interest payable on borrowing	3,260	3,221	3,135
- General Fund	908	824	783
- HRA	2,352	2,352	2,352
Interest payable on finance leases	42	93	60
- General Fund	42	93	60
- HRA	0	0	0

6.2 Rescheduling

6.2.1 No rescheduling was undertaken during the year as the differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

7. Prudential Indicators and Compliance Issues

7.1 Some of the required prudential indicators provide either an overview or specific limits on treasury activity. These are shown below:

7.2 Net Borrowing and the CFR

7.2.1 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. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2018/19 plus the expected changes to the CFR over 2019/20 and 2020/21 from financing the capital programme. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2018/19. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2019 Actual £'000	31 March 2019 Revised Estimate £'000	31 March 2018 Actual £'000
Net borrowing position	86,154	80,754	65,504
Capital Financing Requirement	120,131	122,233	109,480

7.3 The Authorised Limit and Operational Boundary

7.3.1 The Authorised Limit is the "Affordable Borrowing Limit" required by section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2018/19 the Council has maintained gross borrowing within its Authorised Limit.

7.3.2 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 is acceptable subject to the Authorised Limit not being breached.

7.3.3 The table below shows the highest borrowing position reached in the year (including temporary borrowing and other long term liabilities) compared to the Authorised Limit and Operational Boundary.

	2018/19 £'000
Authorised Limit (revised estimate)	135,800
Maximum gross borrowing position during 2018/19	115,913
Operational Boundary (revised estimate)	128,000
Average gross borrowing position during 2018/19	98,788
Minimum gross borrowing position during the year	81,663

7.4 Actual financing costs as a proportion of net revenue stream

- 7.4.1 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.

Financing costs as a proportion of net revenue stream -	2018/19 Actual %	2018/19 Revised Estimate %	2017/18 Actual %
General Fund	11.9%	14.1%	13.7%
HRA	30.1%	46.4%	45.8%

The small decrease in General Fund Financing costs as a % of net revenue stream in 2018/19, when compared with 2017/18, is due changes in the revenue budget. The actual financing cost for the General Fund increased from the previous year due to additional borrowing.

The decrease in HRA Financing costs results from a change to depreciation charge calculations in the HRA.

8. Economic Background for 2018/19

The following commentary on the economic conditions for 2018/19 is provided by Link Asset Services, the Council's treasury management advisers.

- 8.1 UK. After weak economic growth of only 0.1% in quarter one of 2018/19, growth picked up to 0.4% in quarter 2 and to a particularly strong 0.7% in quarter 3, before cooling off to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was as to be expected. However, some recovery in the rate of growth is expected going forward. The annual growth in Q4 came in at 1.4% y/y confirming that the UK was the third fastest growing individual country in the G7 in quarter 4.

After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August 2018, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. If there were a disorderly exit, it is likely that Bank Rate would be cut to support growth. Nevertheless, the MPC does have concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses), in the three months to December before falling marginally to 3.4% in the three months to January. British employers ramped up their hiring at the fastest pace in more than three years in the three months to January as the country's labour market defied the broader weakness in the overall economy as Brexit approached. The number of people in work surged by 222,000, helping to push down the unemployment rate to 3.9 percent, its lowest rate since 1975. Correspondingly, the total level of vacancies has risen to new highs.

As for CPI inflation itself, this has been on a falling trend, reaching 1.8% in January before rising marginally to 1.9% in February. However, in the February Bank of England Inflation Report, the latest forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1.5%, i.e. a real terms increase. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

Brexit. The Conservative minority government has so far, (1.4.19), been unable to muster a majority in the Commons over its Brexit deal. The EU has set a deadline of April 12 for the House of Commons to propose what form of Brexit it would support. If another form of Brexit, other than the current deal, does get a majority by April 12, then it is likely there will need to be a long delay to Brexit to allow time for negotiations with the EU. It appears unlikely that there would be a Commons majority which would support a disorderly Brexit or revoking article 50, (cancelling Brexit). There would also need to be a long delay if there is no majority for any form of Brexit. If that were to happen, then it increases the chances of a general election in 2019; this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the strong rate of growth; this rose from 2.2%, (annualised rate) in quarter 1 to 4.2% in quarter 2, 3.5% in quarter 3 and then back to 2.2% in quarter 4. The annual rate came in at 2.9% for 2018, just below President Trump's aim for 3% growth. The strong growth in employment numbers has fed through to an upturn in wage inflation which hit 3.4% in February, a decade high point. However, CPI inflation overall fell to 1.5% in February, a two and a half year low, and looks to be likely to stay around that number in 2019 i.e. below the Fed's target of 2%. The Fed increased rates another 0.25% in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in the upward swing cycle. However, the Fed now appears to be edging towards a change of direction and admitting there may be a need to switch to taking action to cut rates over the next two years. Financial markets are now predicting two cuts of 25 bps by the end of 2020.

EUROZONE. Growth has been weak at 0.4% in quarter 2, 0.2% in quarter 3, 0.2% in quarter 4 and likely to be 0.1- 0.2% in quarter 1 of 2019. The annual rate of growth for 2018 was 1.8% but is expected to fall to possibly around half that rate in 2019. The European Central Bank (ECB) ended its programme of quantitative easing purchases of debt in December 2018, which means that the central banks in the US, UK and EU have all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by purchases of debt. However, the downturn in growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. However, with its refinancing rate already at 0.0% and the deposit rate at -0.4%, it has probably reached the bottom of cutting rates. At its March meeting it said that it expects to leave interest rates at their present levels "at least through the end of 2019", but that is of little help to boosting growth in the near term. Consequently, it announced a third round of TLTROs; this provides banks with cheap borrowing

every three months from September 2019 until March 2021 which means that, although they will have only a two-year maturity, the Bank is making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank's eligible loans.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

WORLD GROWTH. Equity markets are currently concerned about the synchronised general weakening of growth in the major economies of the world: they fear there could even be a recession looming up in the US, though this fear is probably overblown. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US), and there are concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks.

9. Investment Position

9.1 The Council's investment policy is governed by MHCLG Guidance, which has been implemented in the Annual Investment Strategy approved by Council on 27th February 2018. 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.

9.2 The Council's longer-term cash balances comprise primarily revenue and capital resources, although these are influenced by cash flow considerations. The Council's core cash resources comprised as follows, and meet the expectations of the budget.

Balance Sheet Resources - General Fund	31 March 2019 £'000	31 March 2018 £'000
Balances	1,857	1,609
Earmarked reserves	6,705	4,599
Provisions	4,210	3,910
Usable capital receipts	1,166	41
Total	13,938	10,159

Balance Sheet Resources - HRA	31 March 2019 £'000	31 March 2018 £'000
Balances	1,027	1,023
Earmarked reserves	1,604	1,732
Usable capital receipts	3,408	9,204
Total	6,039	11,959
Total General Fund & HRA	19,977	22,118

10. Investments Held by the Council

10.1 The Council does not have the expertise or resources to actively use a wide range of investment products and therefore performance tends to be more stable but lower over the longer term than for professionally managed funds (whose performance may fluctuate more). The Council maintained an average balance of £22.344m and received an average return of 0.77%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.51%. Based on the average investment balance this performance margin of 0.26% in the Council's favour.

10.2 In 2018/19, £143k interest was earned on balances (£110k in 2017/18). This is £66k more than the £77k estimated in the Medium Term Financial Strategy 2018-23. The analysis of this result is shown in the table below.

	MTFS 2018-23 Budget £'000	Outturn 2018/19 £'000
Interest earned - General fund & other commitments	46	68
- HRA	31	75
Total interest earned	77	143
Average balance invested in year	14,967	22,344
Average interest rate achieved	0.51%	0.77%*

* The interest rate given differs from that given in Paragraph 4.3 of the main report because this is an average interest for the year whereas the interest rate given in paragraph 4.3 is a rate for balances at 31 March 2019.

The Economic Background for 2018/19 (see Section 8) sets out the economic conditions during this period, resulting in still falling deposit rates, which impacted adversely on investment returns. Counterparty security remains an issue, shown by little improvement in the credit ratings for the majority of financial institutions. There remained few counterparties available to the Council for investment, however, and there has been virtually no change in yield. Lending to local authorities for longer periods has again given an enhanced return at very low risk.

11. Risk Benchmarking

The regulatory framework also requires the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess

investment performance (i.e. rate achieved compared with the 7-day LIBID). Security and liquidity benchmarks are used to assess the level of risk in the investment portfolio and whether sufficient liquidity is being maintained.

- 11.1 The following reports the current position against the benchmarks originally approved in the 2018/19 Treasury Management Strategy.

Security

- The Council's security risk for the portfolio as at 31st March 2019 is 0.002%, which compares with the 0.008% for the budgeted portfolio. This gives the estimated default rate on the investment counterparties which comprise the portfolio at 31st March 2019. This equates to a potential financial loss of £584 on the investment portfolio of £29.2m.
- Specified Investments are high security sterling investments (i.e. high credit quality) with a maturity of no more than one year. Non-specified investments are all other investments representing a potentially greater risk however the risk is still minimal due to the stringent controls over counterparty credit quality contained within the Investment Strategy. The 2018/19 strategy set a maximum limit of 75% of the portfolio to be held in non-specified investments. At 31st March 2019, 100% of the investment portfolio was held in specified investments. The Chief Finance Officer can report that the investment portfolio was maintained within this limit throughout the year.

Liquidity

In respect of this area the Council set liquidity benchmarks to maintain:

- Liquid short term deposits of at least £5 million available with a week's notice.
- Weighted Average Life benchmark was expected to be 0.45 years (164 days).

The actual liquidity indicators at 31st March 2019 were as follows:

- Liquid short term deposits of £19.2 million as at 31st March 2019.
- Weighted Average Life of the investment portfolio was 0.04 years (15 days).

11.2 Performance Indicators set for 2018/19

- 11.3 The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury management function over the year. The Chief Finance Officer set 8 local indicators for 2018/19, which aim to add value and assist the understanding of the main prudential indicators. These indicators, detailed in Appendix B, are:

- Debt – Borrowing rate achieved against average 7 day LIBOR.
- Investments – Investment rate achieved against average 7 day LIBID.

- Average rate of interest paid on the Councils Debt during the year – this will evaluate performance in managing the debt portfolio to release revenue savings.
- The amount of interest on debt as a percentage of gross revenue expenditure.
- Limit on fixed interest rate investments
- Limit on fixed interest rate debt
- Limit on variable rate investments
- Limit on variable rate debt

12. Regulatory Framework, Risk and Performance

12.1 The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:

- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
- The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2014/15);
- Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the ODPM has issued Investment Guidance to structure and regulate the Council's investment activities;

Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices.

12.1 The Council has complied with all of the above relevant statutory and regulatory requirements, which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

13. 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 advisers, has proactively managed its treasury position over the year. The Council has continued to utilise historically low borrowing costs and has complied with its internal and external procedural requirements. There is little risk of volatility of costs in the current debt portfolio as the interest rates are predominantly fixed, utilising long-term loans.

- 13.1 Shorter-term variable rates and likely future movements in these rates predominantly determine the Council's 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.

Prudential and Treasury Indicators 2018/19

1. PRUDENTIAL INDICATORS	2018/19 Actual	2018/19 Revised	2017/18 Actual
Capital Expenditure	£'000	£'000	£'000
General Fund	13,968	16,867	29,098
HRA	24,985	33,048	10,707
TOTAL	38,953	49,915	39,805
Ratio of financing costs to net revenue stream	%	%	%
General Fund	11.9%	14.1%	13.7%
HRA	30.1%	46.4%	45.6%
Borrowing requirement General Fund	£'000	£'000	£'000
Borrowing requirement at 1 April	50,977	50,977	30,173
Borrowing requirement at 31 March	61,803	63,730	50,977
In-year borrowing requirement	10,826	12,753	20,804
Borrowing requirement HRA	£'000	£'000	£'000
Borrowing requirement at 1 April	58,503	58,503	58,503
Borrowing requirement at 31 March	58,328	58,503	58,503
In-year borrowing requirement	(175)	0	0
Net Debt	£'000	£'000	£'000
General Fund	40,968	29,794	16,316
HRA	45,186	50,960	49,188
Total	86,154	80,754	65,504
CFR	£'000	£'000	£'000
General Fund	61,803	63,730	50,977
HRA	58,328	58,503	58,503
TOTAL	120,131	122,233	109,480
Annual change in Capital Financing Requirement	£'000	£'000	£'000
General Fund	10,826	12,753	20,804
HRA	(175)	0	0
TOTAL	10,651	12,753	20,804

2. TREASURY MANAGEMENT INDICATORS	2018/19 Actual	2018/19 Revised	2017/18 Actual
Authorised Limit for external debt –	£'000	£'000	£'000
Borrowing	115,354	134,000	81,104
Other long term liabilities	342	1,800	559
TOTAL	115,696	135,800	81,663
Operational Boundary for external debt -	£'000	£'000	£'000
Borrowing	115,354	126,400	81,104
Other long term liabilities	342	1,600	559
TOTAL	115,696	128,000	81,663
Actual external debt	£'000	£'000	£'000
General Fund	57,583	37,241	22,991
HRA	58,113	58,113	58,113
TOTAL	115,696	95,354	81,104
Upper limit for fixed interest rate exposure	£m	Target £m	£m
Net principal re fixed rate borrowing / investments	108.1	96.5	77.2
Upper limit for variable rate exposure	£m	Target £m	£m
Net principal re variable rate borrowing / investments	24.2	30	20.7
Upper limit for total principal sums invested for over 1 year (per maturity date)	£'000	£'000	£'000
	Nil	5,000	Nil

Maturity structure of fixed rate borrowing during 2018/19	Actual %	Upper limit %	Lower limit %
Under 12 months	18.14	40	0
12 months and within 24 months	8.41	40	0
24 months and within 5 years	4.89	60	0
5 years and within 10 years	6.13	80	0
10 years and above	63.05	100	10

Local Indicators Treasury Management Indicators

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Debt - Borrowing rate achieved i.e. temporary borrowing (loans of less than 1 year)	Achieved 0.98% Average 0.63% +0.35%	Less than 7 day LIBOR	Achieved 0.71% Average 0.34% +0.37%

The indicator above uses the average of the 7 day LIBOR rate for temporary borrowing however the temporary borrowing taken during the year was for periods on average of 280 days – the average rates for PWLB loans for a up to 1 year were around 1.7%.

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Investment rate achieved	Achieved 0.77% LIBID 0.51% +0.26%	Greater than 7 day LIBID	Achieved 0.67% LIBID 0.22% +0.45%

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Average rate of Interest Paid on Council Debt (%)	3.24%	Less than 4.25%	4.09%

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Interest on Debt as a % of Gross Revenue Expenditure	3.4%	3.1%	3.3%
General Fund	1.34%	1.1%	1.23%
HRA	8.36%	8.0%	8.26%

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Upper limits on fixed interest rate investments	34%	100%	58%

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Upper limits on fixed interest rate debt	100%	100%	100%

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Upper limits on variable interest rate investments	66%	75%	42%

	2018/19 Actual %	2018/19 Revised %	2017/18 Actual %
Upper limits on variable interest rate debt	0%	40%	0%