CITY OF WOLVERHAMPTON COUNCIL

Cabinet (Resources) Panel

28 February 2017

Report title	Quarter Three Treasury Management Activity Monitoring		
Decision designation	AMBER		
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources		
Key decision	No		
In forward plan	Yes		
Wards affected	All		
Accountable director	Mark Taylor, Director of Finance		
Originating service	Strategic Finance		
Accountable employee(s)	Claire Nye Tel Email	Chief Accountant 01902 550478 Claire.Nye@wolverhampton.gov.uk	
Report to be/has been considered by	Strategic Executive Board Confident, Capable Council Scrutiny Panel		14 February 2017 15 March 2017

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The contents of this report and in particular that the Council is continuing to operate within the Prudential and Treasury Management Indicators approved by Council, and also within the requirements set out in the Council's approved Treasury Management Policy Statement for 2016/17.
2. Savings of £1.2 million for the General Fund and £2.4 million for the Housing Revenue Account are forecast from treasury management activities in 2016/17.

1.0 Purpose

1.1 This report provides a monitoring and progress report on treasury management activity for the third quarter of 2016/17, in line with the Prudential Indicators approved by Council in March 2016.

2.0 Background

2.1 The treasury management activities of the Council are underpinned by The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. For further information on the requirements of the Code please refer to the Treasury Management Strategy 2016/17 report which can be accessed online on the Council's website by following the link:

https://wolverhamptonintranet.moderngov.co.uk/documents/s21176/Treasury%20management%20strategy%20201617.pdf

2.2 Treasury management is defined as:

"The management of the local authority'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."

2.3 The system of controls on local authority capital investment is based largely on self-regulation by local authorities themselves. At its heart is CIPFA's Prudential Code for Capital Finance.

2.4 Cabinet / Cabinet (Resources) Panel receives quarterly reports throughout the year to monitor performance against the strategy and Prudential Indicators that have previously been approved by Council.

2.5 The Council continues to use Capita Asset Services as its treasury management advisors throughout 2016/17. Capita provides market data and intelligence on which the Council can make decisions regarding all aspects of treasury management activities and in particular, managing the risks associated with investing surplus cash.

3.0 2016/17 forecast

3.1 The forecast outturn for treasury management activities in 2016/17 compared to budget is shown in Table 1.

Table 1 – Treasury management budget and forecast outturn 2016/17

	Approved Budget £000	Forecast Outturn £000	Variance £000
General Fund	14,419	13,196	(1,223)
Housing Revenue Account	13,310	10,862	(2,448)
Total	27,729	24,058	(3,671)

3.2 Savings of £1.2 million for the General Fund and £2.4 million for the HRA are projected for the year 2016/17. This is mainly due to a reduced borrowing need in year because of rephasing in the capital programme; a change in the split of interest between the General Fund and HRA resulting in a reduced proportion to the HRA and an increase in dividends received from Birmingham Airport Holdings. The Council's strategy is to continue to use cash balances to finance capital expenditure rather than external borrowing. Borrowings are actively managed to achieve efficiencies wherever possible.

3.3 Appendix A shows a comparison of the latest estimates of Prudential and Treasury Management Indicators over the medium term period with the equivalent figures which were approved by Council in March 2016.

4.0 Borrowing forecast for 2016/17

4.1 The Council's need to borrow and the rates available continue to be monitored in order to achieve optimum results. The Council's medium term forecast is regularly updated to reflect actual borrowing that takes place along with any revisions to future anticipated borrowing.

4.2 Table 2 shows the average rate of interest payable in 2015/16 and forecast for 2016/17.

Table 2 – Average interest rate payable in 2015/16 and 2016/17

	2015/16 Actual	2016/17 Forecast
Average Interest Rate Payable	3.74%	3.71%

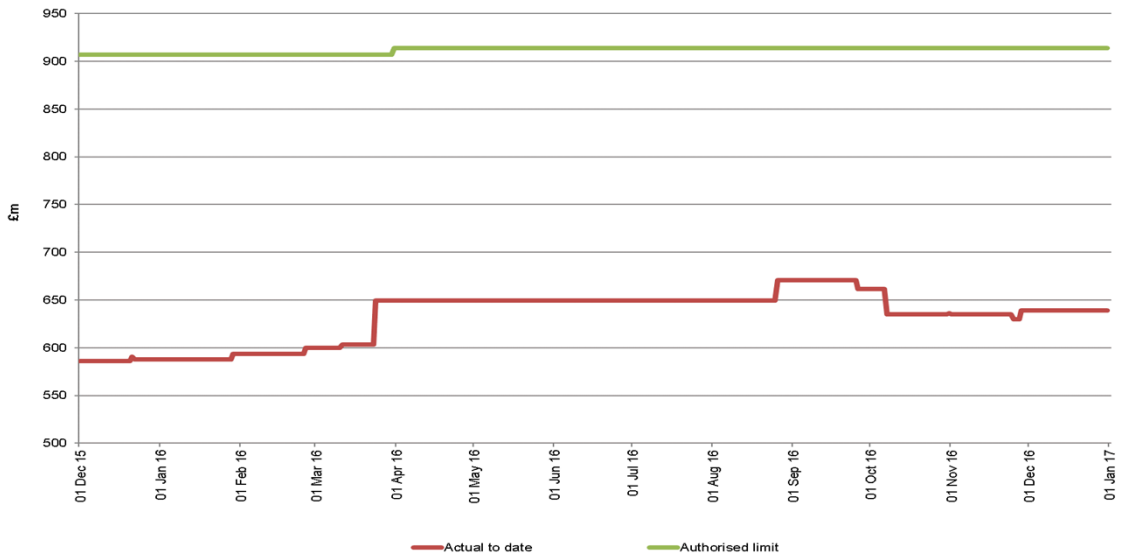
4.3 Each year it is necessary to raise new loans to finance capital expenditure and to replace existing maturing borrowing. The Council's policy is to prioritise the use of capital receipts to finance capital expenditure. Balances which are set aside to meet credit liabilities (i.e. to repay borrowing) are used to reduce the external borrowing requirement. Decisions to take borrowing will be made by the Director of Finance when it is judged that rates are likely to be at their lowest levels, and probably about to rise according to market indications, and only when an inflow of funds is required to meet imminent cash flow

commitments. This will keep overall surplus cash balances to a minimum, in line with the current strategy. Appendix B shows the maturity profile of external borrowing.

4.4 As always, the Council needs to be mindful that the opportunity to secure short term savings by postponing longer term borrowing requirements takes into account the risk of long term rates increasing in the future. Appendix C includes the Capita commentary for quarter three 2016/17 and forecasts that interest rates across all periods will increase up to March 2020. The Director of Finance will continue to keep actual and forecast rates under close review.

4.5 The Council's borrowing profile continues to operate within the overall limits previously approved by Council, as shown in Chart 1.

Chart 1: Comparison of borrowing within approved borrowing limits over the previous 12 months



4.6 The level of borrowing at 31 December 2016 is £638.9 million. Appendix D shows a summary of this position along with a detailed breakdown of new loans and repayments made throughout the year.

4.7 In March 2016, Council approved a net borrowing requirement for 2016/17 of £165.7 million. The forecast net borrowing requirement for 2016/17 is £157.3 million, as shown in appendix E. This appendix also shows the details for the disclosure for certainty rate, which enables the Council to access discounted borrowing at 0.20% below normal PWLB rates.

5.0 Investment forecast for 2016/17

5.1 The approach during the year is to continue to use cash balances to finance capital expenditure so as to keep cash balances low.

5.2 Table 3 shows the total amount of surplus funds invested as at 30 September 2016 and 31 December 2016.

Table 3 – Total amounts invested 2016/17

	30 September 2016 £000	31 December 2016 £000
Business Reserve Accounts Money Market Funds	258 23,955	46 9,350
	24,213	**9,396**
Average cash balance for the year to date	34,244	27,218

5.3 Money Market Funds and Business Reserve Accounts are the main investments used as these have high credit ratings and instant access. This is based on the Council's low appetite for risk.

5.4 The Council's cash flow balance for the third quarter of the current financial year has moved between a low of £257,000 and a maximum of £23.2 million. The average cash balance for the quarter being £12.6 million.

5.5 Table 4 shows the budgeted average rate of interest receivable in 2016/17 and the forecast for the year.

Table 4 – Average interest rate receivable in 2016/17

	2016/17 Budget	2016/17 Forecast
Average Interest Rate Receivable	0.50%	0.45%

5.6 The low interest rates will have minimal impact on the budget due to savings generated by avoiding the cost of borrowing.

5.7 The Council will avoid locking into longer term deals while investment rates are at historically low levels. Investment rates are expected to continue to be below long term borrowing rates, in which case, the Council can minimise its overall net treasury costs in the short term by continuing to avoid new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external borrowing (this is referred to as internal borrowing).

5.8 The Council manages its investments in-house and invests only in the institutions listed in the Council's approved lending list, which is reviewed each time a counterparty is subject to a credit rating amendment. The Council's strategy allows for investments for a range of periods from overnight to five years, depending on the Council's cash flows, its interest rate view and the interest rates on offer. However, in order to maintain sufficient

liquidity whilst total investment levels are relatively low, most investments have been placed for shorter durations.

5.9 The approved Treasury Management Code of Practice sets out the criteria to be used for creating and managing approved counterparty lists and limits. As a result of any changes to credit criteria, the Director of Finance is authorised to make changes to the list of approved counterparties. In the event that any of these counterparties fall below the Council's minimum lending criteria, activity in that account will temporarily cease and any balance withdrawn immediately. Appendix F shows the Council's current specified investments lending list.

5.10 In quarter three 2016/17 the Director of Finance has not been required to use his discretion to temporarily exceed any upper limits with approved counter-parties.

6.0 Financial implications

6.1 The financial implications are discussed in the body of this report.
[SH/09022017/M]

7.0 Legal implications

7.1 The Council's Treasury Management activity must be carried out in accordance with the requirements of the Local Government Act 2003. In addition the Local Government and Housing Act 1989 sets out requirements for local authorities in respect of capital controls, borrowing and credit arrangements. The Council is also required to comply with the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

7.2 Treasury Management relates to the management of the Council's cash flow, borrowing and cash investments. This involves seeking the best rates of interest for borrowing, earning interest on investments, whilst managing risk in making financial decisions and adopting proper accounting practice.

7.3 The area is heavily regulated. The Local Government and Housing Act 1989 regulates the operation of the Housing Revenue Account. The 'CIPFA Code of Practice for Treasury Management in the Public Services', contains Treasury Management indicators and advice on Treasury Management Strategy. Investment strategy is regulated by 'DCLG Guidance on Local Government Investments' issued initially in 2004 and re-issued in 2010. Part 2 of this Guidance is statutory guidance.
[TS/08022017/F]

8.0 Equalities implications

8.1 This report has no equality implications.

9.0 Environmental implications

9.1 This report has no environmental implications.

10.0 Human resources implications

10.1 This report has no human resources implications.

11.0 Corporate landlord implications

11.1 This report has no corporate landlord implications.

12.0 Schedule of background papers

Treasury Management Strategy 2016/17, Report to Cabinet, 24 February 2016

Treasury Management – Annual Report 2015/16 and Activity Monitoring Quarter One 2016/17, Report to Cabinet, 20 July 2016

Revenue Budget Monitoring 2016/17, Report to Cabinet (Resources) Panel, 6 December 2016

Capital Budget Quarter Two Monitoring 2016/17, Report to Cabinet, 30 November 2016

Treasury Management Activity Monitoring – Mid Year Review 2016/17, Report to Cabinet, 30 November 2016

13.0 Schedule of appendices

App	Title
A	Prudential and Treasury Management Indicators
B	Maturity rate profile
C	Capita commentary quarter three 2016/17
D	Borrowing type, borrowing and repayments
E	Certainty rate disclosure
F	Lending list

APPENDIX A

Debt and Treasury Management - Prudential and Treasury Management Indicators

Prudential Indicators (PI)

PI for Affordability - These indicators are used to ensure the total capital investment of the council is within a sustainable limit and the impact of these decisions are considered with regard to acceptable council tax and housing rent levels.

PI 1 - Estimates and Actual ratio of financing costs to net revenue stream.
This represents the cost of financing capital expenditure as a % of net revenue for both the General Fund and HRA.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
General Fund	6.0%	7.6%	14.4%	6.0%	7.7%	12.6%
HRA	35.2%	36.1%	38.0%	33.2%	34.3%	34.9%

PI 2 - Estimates of the incremental impact of capital investment decisions on the council tax and housing rents.
The council could consider different options for its capital investment programme in relation to their different impact on the council tax and housing rents. Negatives reflect a reduction in total capital expenditure.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Forecast £	2017/18 Forecast £	2018/19 Forecast £	2016/17 Forecast £	2017/18 Forecast £	2018/19 Forecast £
Financial year impact						
Implications of the capital programme for year:						
For Band D council tax	97.03	120.34	127.56	88.90	208.46	249.50
For average weekly housing rents	1.42	3.36	3.93	0.99	2.44	5.04
Marginal impact to previous quarter						
Implications of the capital programme for year:						
For Band D council tax	7.98	12.65	14.11	(10.20)	(17.02)	(15.37)
For average weekly housing rents	(0.25)	(0.50)	(0.60)	(0.09)	(1.15)	0.47

PI 3 - Estimates and actual capital expenditure.
Full details of capital expenditure plans and funding can be found in the quarter three capital budget monitoring 2016/17 report.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
General Fund	108,733	45,622	13,884	113,768	116,888	49,281
HRA	48,616	52,014	32,269	43,052	47,977	59,158
	157,349	97,636	46,153	156,820	164,865	108,439

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Debt and Treasury Management - Prudential and Treasury Management Indicators

PI 4 - Estimates and actual capital financing requirement General Fund and HRA.
The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
General Fund	632,523	646,065	636,114	604,640	683,790	699,787
HRA	293,338	304,899	301,482	278,679	279,825	299,412
	925,861	950,964	937,596	883,319	963,615	999,199

PI 5 - Authorised limit for external debt.
These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI).

	Approved by Council 2 March 2016		
	2016/17 Limit £000	2017/18 Limit £000	2018/19 Limit £000
Borrowing	914,038	913,021	918,009
Other Long Term Liabilities	94,585	92,488	90,005
Total Authorised Limit	1,008,623	1,005,509	1,008,014
Actual and Forecast External Debt as at 31 December 2016	819,680	916,769	973,277
Variance (Under) / Over Authorised limit	(188,943)	(88,740)	(34,737)

PI 6 - Operational boundary for external debt.
This is based on the same estimates as the authorised limit but directly reflects the Director of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included.

	Approved by Council 2 March 2016		
	2016/17 Limit £000	2017/18 Limit £000	2018/19 Limit £000
Borrowing	893,284	902,994	915,006
Other Long Term Liabilities	94,585	92,488	90,005
Total Operational Boundary Limit	987,869	995,482	1,005,011
Actual and Forecast External Debt as at 31 December 2016	819,680	916,769	973,277
Variance (Under) / Over Operational Boundary Limit	(168,189)	(78,713)	(31,734)

Debt and Treasury Management - Prudential and Treasury Management Indicators

PI 7 - HRA limit on indebtedness.
This maximum debt limit has been set by Government as part of the self-financing regime and is compared to the HRA capital financing requirement.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
HRA Debt Limit	356,770	356,770	356,770	356,770	356,770	356,770
HRA Capital Financing Requirement	293,338	304,899	301,482	278,679	279,825	299,412
Headroom	63,432	51,871	55,288	78,091	76,945	57,358

PI for Prudence - Ensuring that external debt is sustainable and compliance with good professional practice are essential

PI 8a - Gross debt and the capital financing requirement.
"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years". This replaced PI 8 net debt and the capital financing requirement from 2013/14 onwards.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	950,963	950,963	950,963	999,199	1,000,692	1,025,180
Gross Debt	829,350	867,363	876,892	819,680	916,769	973,277
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	Yes	Yes

PI 9 - Has the local authority adopted the CIPFA Treasury Management in the Public Services: Code of Practice. Yes

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Debt and Treasury Management - Prudential and Treasury Management Indicators

Treasury Management Indicators (TMI)

TMI 1 - Upper limits on fixed interest and variable interest exposures.
These relate to the levels of net outstanding principal sums exposed to fixed and variable interest rates.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Limit	2017/18 Limit	2018/19 Limit	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
Upper limit for fixed rate	100%	100%	100%	93%	94%	95%
Upper limit for variable rate	20%	20%	20%	7%	6%	5%

TMI 2 - Upper and lower limits to the maturity structure of its borrowing.
These limits relate to the % of fixed rate debt maturing.

	Approved by Council 2 March 2016		As at 31 December 2016
	Upper Limit	Lower Limit	2016/17 Forecast Borrowing
Under 12 months	25%	0%	4.58%
12 months and within 24 months	25%	0%	12.25%
24 months and within 5 years	40%	0%	2.73%
5 years and within 10 years	50%	0%	5.64%
10 years and above	90%	50%	74.80%

TMI 3 - Upper limits to the total of principal sums invested longer than 364 days.
This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.6 of the Annual Investment Strategy).

	Approved by Council 2 March 2016		
	2016/17 Limit £000	2017/18 Limit £000	2018/19 Limit £000
Upper limit for more than 364 days	35,000	35,000	35,000
Actual and Forecast Invested at 31 December 2017	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)

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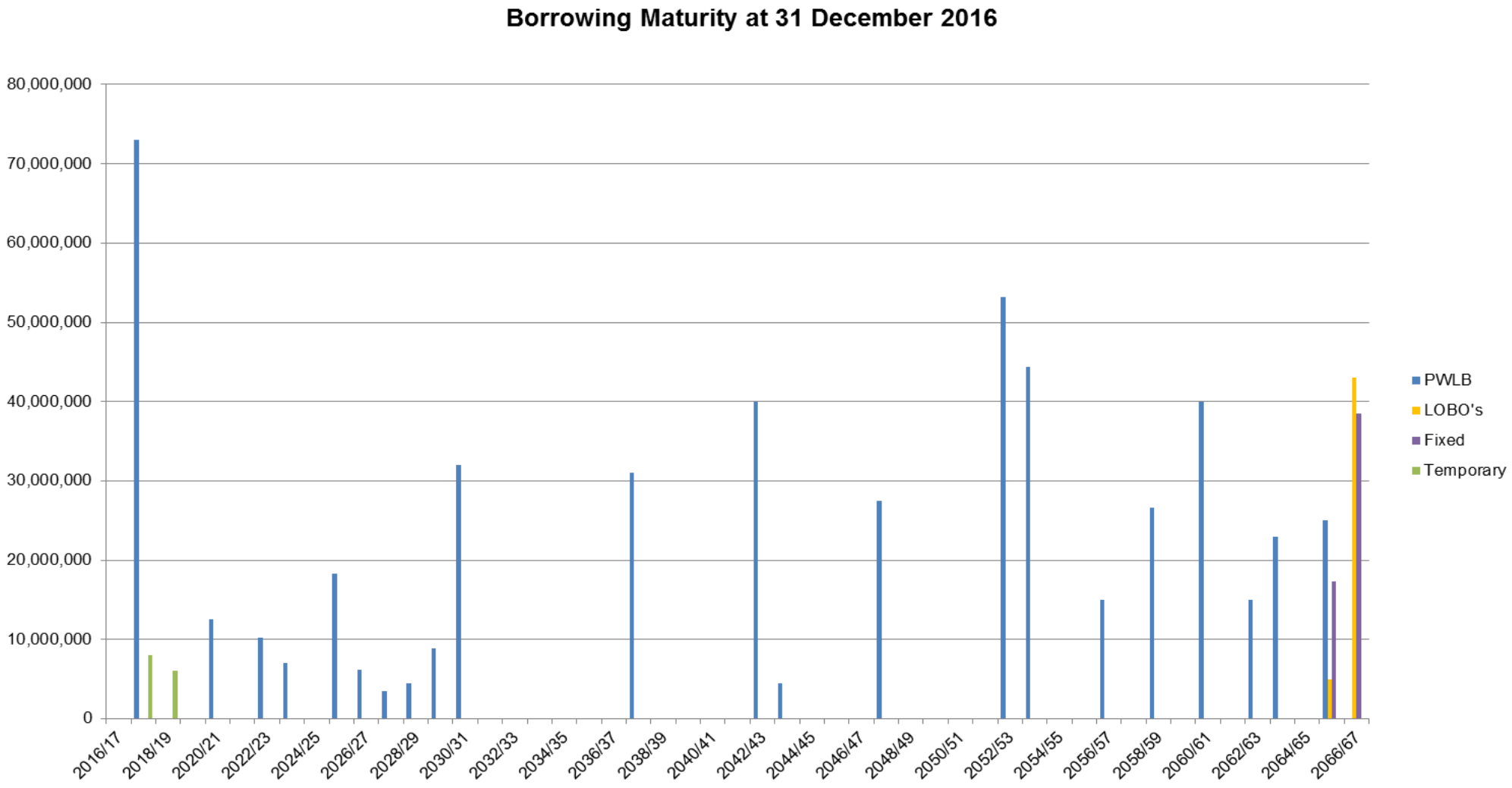
Borrowing Maturity at 31 December 2016
80,000,000
70,000,000
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
0
2016/17
2018/19
2020/21
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2054/55
2056/57
2058/59
2060/61
2062/63
2064/65
2066/67
PWLB
LOBO's
Fixed
Temporary

APPENDIX C

Economic Background

The following economic background has been provided by the Council's Treasury Advisors, Capita Asset Services.

UK

UK GDP growth rate in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth has been fairly robust at +0.6% q/q, +2.2% y/y in quarter 3 of 2016 to confound the pessimistic forecasts by the Bank of England in August and by other forecasters, which expected to see near zero growth during 2016 after the referendum. Prior to the referendum, the UK economy had been facing headwinds for exporters from the appreciation of sterling against the Euro plus weak growth in the EU, China and emerging markets, and the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, there was then a sharp recovery in confidence and business surveys and the fall in the value of sterling has had a positive effect in boosting manufacturing in the UK due to improved competitiveness in world markets.

The Bank of England meeting on 4th August addressed its forecast of a slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report cut the forecast for growth in 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. While the MPC was prepared to cut Bank Rate again by the end of 2016, Carney also warned that the Bank could not do all the heavy lifting and suggested that the Government would need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on November 23 and which he duly delivered.

The robust growth in quarter 3 of +0.6%, plus forward indicating business surveys also being very positive on growth, caused the MPC in November to pull back from another cut in Bank Rate. The November Inflation Report also included a forecast for inflation to rise to around 2.7% in 2018 and 2019, well above its 2% target, due to a sharp rise in the cost of imports as a result of the sharp fall in the value of sterling after the referendum. However, the MPC is expected to look thorough a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

USA

The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Growth in quarter 1 of 2016 of +0.8% on an annualised basis, and quarter 2 at +1.4%, was disappointing. However, quarter 3 came in very strongly at

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+3.5% and forward indicators are pointing towards robust growth in 2017, especially if Trump's expansionary plans are put into effect.

The Fed embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, caused a delay in the timing of the second increase of +0.25% until this December's meeting. Three or four further increases are now expected in both 2017 and 2018.

Eurozone

In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December 2015 and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March 2006 meeting, it also increased its monthly asset purchases to €80bn. In December 2016, it extended its QE programme; monthly purchases at €80bn will continue to March 2017 and then continue at €60bn until December 2017. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 3 2016 (1.7% y/y) but forward surveys are, at last, positive about a modest upturn to growth while inflation has also started to increase significantly. There have been many comments from forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

Interest rate forecasts

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second

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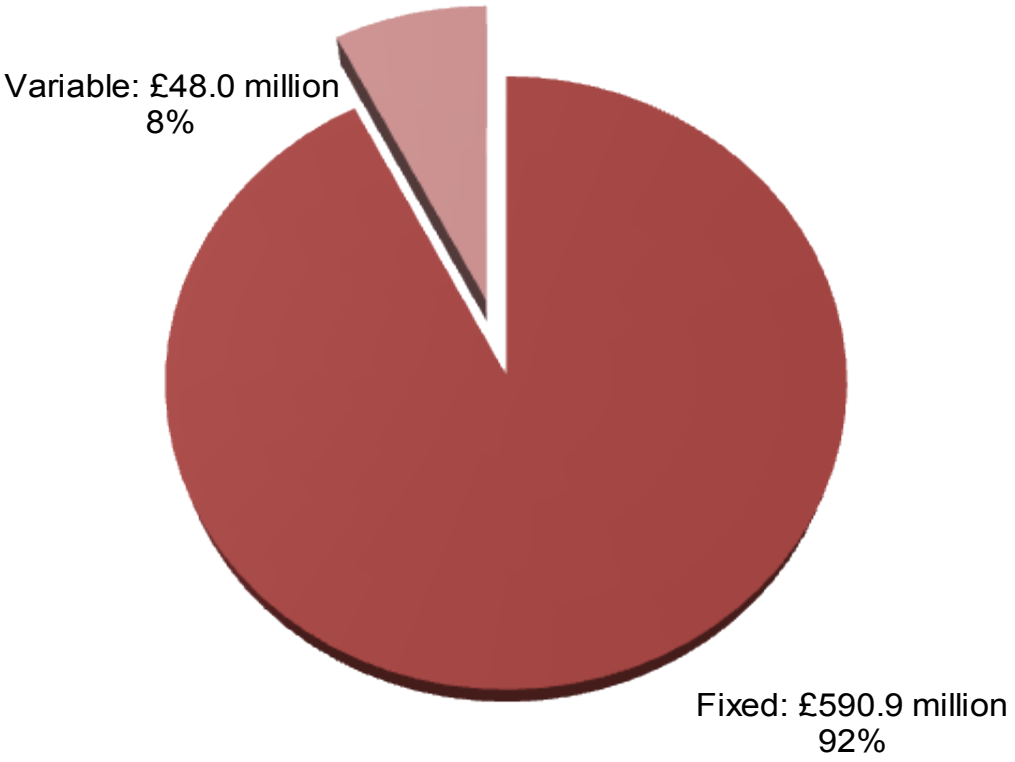
half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling after early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

APPENDIX D

Borrowing: Graphical Summary

As at 31 December 2016
Borrowing by Type



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Borrowing and Repayments in 2016/17

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £
2016/17 Borrowing						
PWLB Fixed Maturity:				**years**		
505322	26/08/2016	20/08/2060	40,000	44	1.90%	760,000
505514	28/11/2016	28/11/2062	15,000	46	2.63%	394,500
505615	19/12/2016	19/12/2056	15,000	40	2.73%	409,500
Sub total for PWLB			**70,000**		**2.42%**	**1,564,000**
Temporary Loans:				**days**		
Rhondda Cynon Taff Pension Fund	31/10/2016	01/11/2016	1,000	1	0.34%	3,400
Sub total for temporary loans			**1,000**		**0.34%**	**3,400**
Grand total borrowing			**71,000**			**1,567,400**

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £
2016/17 Repayments						
PWLB Fixed Maturity:				**years**		
498079	08/10/2010	07/10/2016	26,605	6	2.22%	590,631
Sub total for PWLB			**26,605**		**2.22%**	**590,631**
Temporary Loans:				**days**		
Bristol City Council	28/08/2015	26/08/2016	14,000	364	0.60%	84,000
Bristol City Council	28/08/2015	26/08/2016	3,000	364	0.60%	18,000
Wokingham Borough Council	28/08/2015	26/08/2016	2,000	364	0.58%	11,600
London Borough of Hillingdon	28/09/2015	26/09/2016	7,000	364	0.60%	42,000
Solihull MBC	28/09/2015	26/09/2016	2,000	364	0.60%	12,000
Rhondda Cynon Taff Pension Fund	31/10/2016	01/11/2016	1,000	1	0.34%	3,400
Solihull MBC	27/11/2015	25/11/2016	2,000	364	0.65%	13,000
Derbyshire County Council	27/11/2015	25/11/2016	3,000	364	0.67%	20,100
Bristol City Council	30/11/2015	28/11/2016	6,000	364	0.65%	39,000
Milton Kenyes Borough Council	21/12/2015	19/12/2016	10,000	364	0.64%	64,000
West Sussex County Council	21/12/2015	19/12/2016	4,000	364	0.70%	28,000
Bath & North East Somerset DC	21/12/2015	19/12/2016	1,000	364	0.64%	6,400
Sub total for temporary loans			**55,000**		**0.61%**	**341,500**
Grand total repayments			**81,605**			**932,131**

Net movement	**(10,605)**	**635,269**

APPENDIX E

Disclosure for Certainty Rate

Certainty Rate
This table details the information that is required to enable the Council to submit a return for 2016/17.

	Approved by Council 2 March 2016			As at 31 December 2016		
	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Net Borrowing Requirement:						
Borrowing to finance approved capital expenditure	83,018	40,110	12,012	72,145	100,481	60,329
Total new borrowing	83,018	40,110	12,012	72,145	100,481	60,329
Existing maturity loans to be replaced during the year	97,605	134,000	50,000	103,605	132,000	31,537
Less:						
Minimum Revenue Provision for debt repayment	-	-	(12,315)	-	-	(8,182)
Voluntary Debt Repayment	(14,882)	(12,910)	(10,582)	(18,434)	(16,793)	(12,741)
	(14,882)	(12,910)	(22,897)	(18,434)	(16,793)	(20,923)
Loans Replaced Less Debt Repayment	82,723	121,090	27,103	85,171	115,207	10,614
Net Advance Requirement	**165,741**	**161,200**	**39,115**	**157,316**	**215,688**	**70,943**

APPENDIX F

City of Wolverhampton Council
2016/17 Specified Investments Lending List as at 31 December 2016

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Australia & New Zealand Banking Group Ltd	Australia (AAA)	10,000	6 mths
Bank Netherlandse Gemeenten	Netherlands (AAA)	20,000	12 mths
Bank of Montreal	Canada (AAA)	10,000	6 mths
Bank of New York Mellon, The	USA (AAA)	20,000	12 mths
Bank of Nova Scotia	Canada (AAA)	10,000	6 mths
Canadian Imperial Bank of Commerce	Canada (AAA)	10,000	6 mths
Commonwealth Bank of Australia	Australia (AAA)	10,000	6 mths
Cooperatieve Rabobank U.A.	Netherlands (AAA)	10,000	6 mths
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
HSBC Bank plc	UK (AA)	10,000	6 mths
JP Morgan Chase Bank NA	USA (AAA)	10,000	6 mths
National Australia Bank Ltd	Australia (AAA)	10,000	6 mths
National Bank of Abu Dhabi	Abu Dhabi (U.A.E) (AA)	5,000	3 mths
Nordea Bank AB	Sweden (AAA)	10,000	6 mths
Nordea Bank Finland plc	Finland (AA+)	10,000	6 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	10,000	6 mths
Qatar National Bank	Qatar (AA)	5,000	3 mths
Royal Bank of Canada	Canada (AAA)	10,000	6 mths
Svenska Handelsbanken AB	Sweden (AAA)	10,000	6 mths
Toronto Dominion Bank	Canada (AAA)	10,000	6 mths
United Overseas Bank Ltd	Singapore (AAA)	10,000	6 mths
Wells Fargo Bank NA	USA (AAA)	20,000	12 mths
Westpac Banking Corporation	Australia (AAA)	10,000	6 mths
Nationalised Banks			
Royal Bank of Scotland Group plc			
National Westminster Bank plc	UK (AA)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AA)	10,000	3 mths
Money Market Funds	**Fund Rating**		
Invesco STIC Account	Fitch AAAmmf	20,000	Instant Access
Standard Life Investments Sterling Liquidity Fund	Fitch AAAmmf	20,000	Instant Access
Federated Short-Term Sterling Prime Fund	Fitch AAAmmf	20,000	Instant Access
Black Rock Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access
Scottish Widows Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access

Non-rated Institutions

County Councils, London Boroughs, Metropolitan Districts and Unitary Authorities - limits £6m and 12 months. Shire District Councils, Fire and Civil Defence Authorities, Passenger Transport Authorities and Police Authorities - limits £3m and 12 months.