Agenda Item No: **5**

Cabinet (Resources) Panel

10 February 2015

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 — Chief Accountant Tel — 01902 550478 Email — Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board — 20 January 2015

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.

2. Savings of £4.5 million for the General Fund and £6.0 million for the Housing Revenue Account are forecast from treasury management activities in 2014/15.

1.0 Purpose

1.1 This report provides a monitoring and progress report on treasury management activity for the third quarter of 2014/15, in line with the Prudential Indicators approved by Council in March 2014 and December 2014.

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 2011. The primary requirements of the Code are the:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by Cabinet / Council of an annual strategy report for the year ahead, a mid-year review report and an annual review report of the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Nomination of the Confident, Capable Council Scrutiny Panel to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2.2 Treasury management in this context 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 has been in place since 1 April 2004. This replaced the previous complex regulatory framework governing local authority capital expenditure. The current system is one based largely on self-regulation by local authorities themselves. At its heart is CIPFA's Prudential Code for Capital Finance.

2.4 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, previously known as Sector Treasury Services Limited, as its treasury management advisors throughout 2014/15. 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. This service contract expired 31 December 2014 and following a re-tendering exercise, Capita have been awarded the contract for a further three years.

3.0 2014/15 forecast outturn

3.1 The forecast outturn for treasury management activities in 2014/15 compared to budget is shown in Table 1 below.

Table 1 – Treasury Management Budget and Forecast Outturn 2014/15

	Approved Budget £000	Forecast Outturn £000	Variance £000
General Fund	22,852	18,357	(4,495)
Housing Revenue Account	16,975	10,975	(6,000)
Total	**39,827**	**29,332**	**(10,495)**

3.2 Overall savings of £4.5 million for the General Fund and £6.0 million for the HRA are projected for the year 2014/15. 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 savings wherever possible.

3.3 As reported to Cabinet on 4 February 2015 further detailed work is being undertaken to identify additional savings by revisiting the approach to the provision for the redemption of debt (Minimum Revenue Provision), the outcome of which will be reported to Cabinet on 25 February 2015 and could have a significant impact on the projected figures included in this report.

3.4 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 2014.

4.0 Borrowing forecast for 2014/15

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 2013/14 and forecast for 2014/15.

Table 2 - Average interest rate payable in 2013/14 and 2014/15

	2013/14 Actual	2014/15 Forecast
Average Interest Rate Payable	3.97%	3.70%

4.3 The average rate of interest payable by the Council is estimated to fall from 3.97% to 3.70% for 2014/15.

4.4 Each year it is necessary to raise new loans to finance capital expenditure and to replace existing maturing debt. 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 debt) 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.

4.5 Any short term savings made by avoiding new long term external borrowing in 2014/15 and thereafter, will also need to be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years, when Public Works Loan Board (PWLB) long term rates are forecast to be significantly higher. Appendix C includes the Capita commentary for quarter three 2014/15 and forecasts that interest rates for both short and long term borrowing will increase up to March 2018. The Director of Finance will continue to keep actual and forecast rates under close review.

4.6 In March 2014, Council approved a net borrowing requirement for 2014/15 of £168.3 million. The forecast net borrowing requirement for 2014/15 is £130.3 million, as shown in appendix F. Temporary borrowing of £29.2 million has been taken out during quarter three, and there have been no repayments. £35.2 million of existing borrowing is due to be repaid in quarter four. Appendix D shows a detailed breakdown of new loans and repayments made throughout the year.

4.7 Appendix E shows a graphical summary of current borrowing by type; fixed and variable as at 31 December 2014.

4.8 Appendix F shows details for the disclosure for certainty rate, which will enable the Council to submit a return for 2014/15 and thereby secure access to discounted borrowing at 0.20% below normal PWLB rates.

5.0 Investment forecast for 2014/15

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 2014 and 31 December 2014.

Table 3 – Total amounts invested 2014/15

	30 September 2014 £000	31 December 2014 £000
Business Reserve Accounts Money Market Funds	7 15,815	5,297 11,770
	15,822	**17,067**
Average cash balance for the year to date	46,301	35,497

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 £72,000 and a maximum of £25.0 million. The average cash balance for the quarter being £14.7 million.

5.5 Table 4 shows the budgeted average rate of interest receivable in 2014/15 and the forecast for the year.

Table 4 – Average interest rate receivable in 2014/15

	2014/15 Budget	2014/15 Forecast
Average Interest Rate Receivable	0.50%	0.44%

5.6 This reduction is due to the significantly reduced interest rates currently available and anticipated throughout the year.

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 debt (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 G shows the Council's current specified investments lending list

5.10 In quarter three 2014/15 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/23012015/P]

7.0 Legal implications

7.1 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.

7.2 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.

[RB/27012015/L]

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 2014/15, Report to Cabinet, 25 February 2014

Treasury Management – Annual Report 2013/14 and Activity Monitoring Quarter One 2014/15, Report to Cabinet, 23 July 2014

2015/16 Budget and Medium Term Financial Strategy 2015/16 – 2018/19, Report to Cabinet, 22 October 2014

Treasury Management Activity Monitoring – Mid Year Review 2014/15, Report to Cabinet (Resources) Panel, 9 December 2014

2015/16 Budget and Medium Term Financial Strategy 2015/16 – 2018/19, Report to Cabinet, 4 February 2015

13.0 Schedule of appendices

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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 5 March 2014			As at 31 December 2014		
	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
General Fund	10.3%	14.0%	15.6%	7.7%	9.9%	12.8%
HRA	12.3%	12.1%	12.6%	11.0%	10.9%	12.6%

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 5 March 2014			As at 31 December 2014		
	2014/15 Forecast £	2015/16 Forecast £	2016/17 Forecast £	2014/15 Forecast £	2015/16 Forecast £	2016/17 Forecast £
For Band D council tax						
Implications of the Capital Programme for Year	201.41	236.60	243.92	109.28	212.62	247.29
Financial Year Impact	201.41	236.60	243.92	109.28	212.62	247.29
For average weekly housing rents						
Implications of the Capital Programme for Year	4.65	5.34	6.13	3.09	6.17	6.65
Financial Year Impact	4.65	5.34	6.13	3.09	6.17	6.65
For Band D council tax						
Implications of the Capital Programme for Year	2.02	(7.64)	(15.44)	(48.42)	(15.63)	(1.28)
Marginal Impact to Quarter Two	2.02	(7.64)	(15.44)	(48.42)	(15.63)	(1.28)
For average weekly housing rents						
Implications of the Capital Programme for Year	-	-	-	(0.19)	(0.15)	(0.87)
Marginal Impact to Quarter Two	-	-	-	(0.19)	(0.15)	(0.87)

PI 3 - Estimates and actual capital expenditure.
Full details of capital expenditure plans and funding can be found in the Capital Quarter Three Monitoring 2014/15 report.

	Approved by Council 5 March 2014			As at 31 December 2014		
	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000
General Fund	111,799	36,889	18,290	91,621	78,032	39,093
HRA	57,928	30,477	33,228	73,035	62,501	29,057
	169,727	67,366	51,518	164,656	140,533	68,150

APPENDIX A

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 5 March 2014			As at 31 December 2014		
	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000
General Fund	570,638	573,285	556,896	527,737	581,509	590,014
HRA	352,603	347,163	340,438	321,232	344,687	333,959
	923,241	920,448	897,334	848,969	926,196	923,973

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 5 March 2014		
	2014/15 Limit £000	2015/16 Limit £000	2016/17 Limit £000
Borrowing	896,862	909,345	919,984
Other Long Term Liabilities	109,740	98,092	96,145
Total Authorised Limit	1,006,602	1,007,437	1,016,129
Forecast External Debt As at 31 December 2014	733,336	835,260	861,120
Variance (Under) / Over Authorised Limit	(273,266)	(172,177)	(155,009)

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 5 March 2014		
	2014/15 Limit £000	2015/16 Limit £000	2016/17 Limit £000
Borrowing	870,926	901,661	916,319
Other Long Term Liabilities	100,057	98,092	96,145
Total	970,983	999,753	1,012,464
Forecast External Debt As at 31 December 2014	733,336	835,260	861,120
Variance (Under) / Over Operational Boundary Limit	(237,647)	(164,493)	(151,344)

APPENDIX A

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 5 March 2014			As at 31 December 2014		
	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000
HRA Debt Limit	356,770	356,770	356,770	356,770	356,770	356,770
HRA Capital Financing Requirement	352,603	347,163	340,438	321,232	344,687	333,959
Headroom	4,167	9,607	16,332	35,538	12,083	22,811

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

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 5 March 2014			As at 31 December 2014		
	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	920,448	923,241	920,448	926,197	926,197	926,197
Gross Debt	804,343	833,112	845,824	733,336	835,260	861,120
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

APPENDIX A

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 5 March 2014			As at 31 December 2014		
	2014/15 Limit	2015/16 Limit	2016/17 Limit	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
Upper limit for fixed rate	100%	100%	100%	84%	86%	86%
Upper limit for variable rate	20%	20%	20%	16%	14%	14%

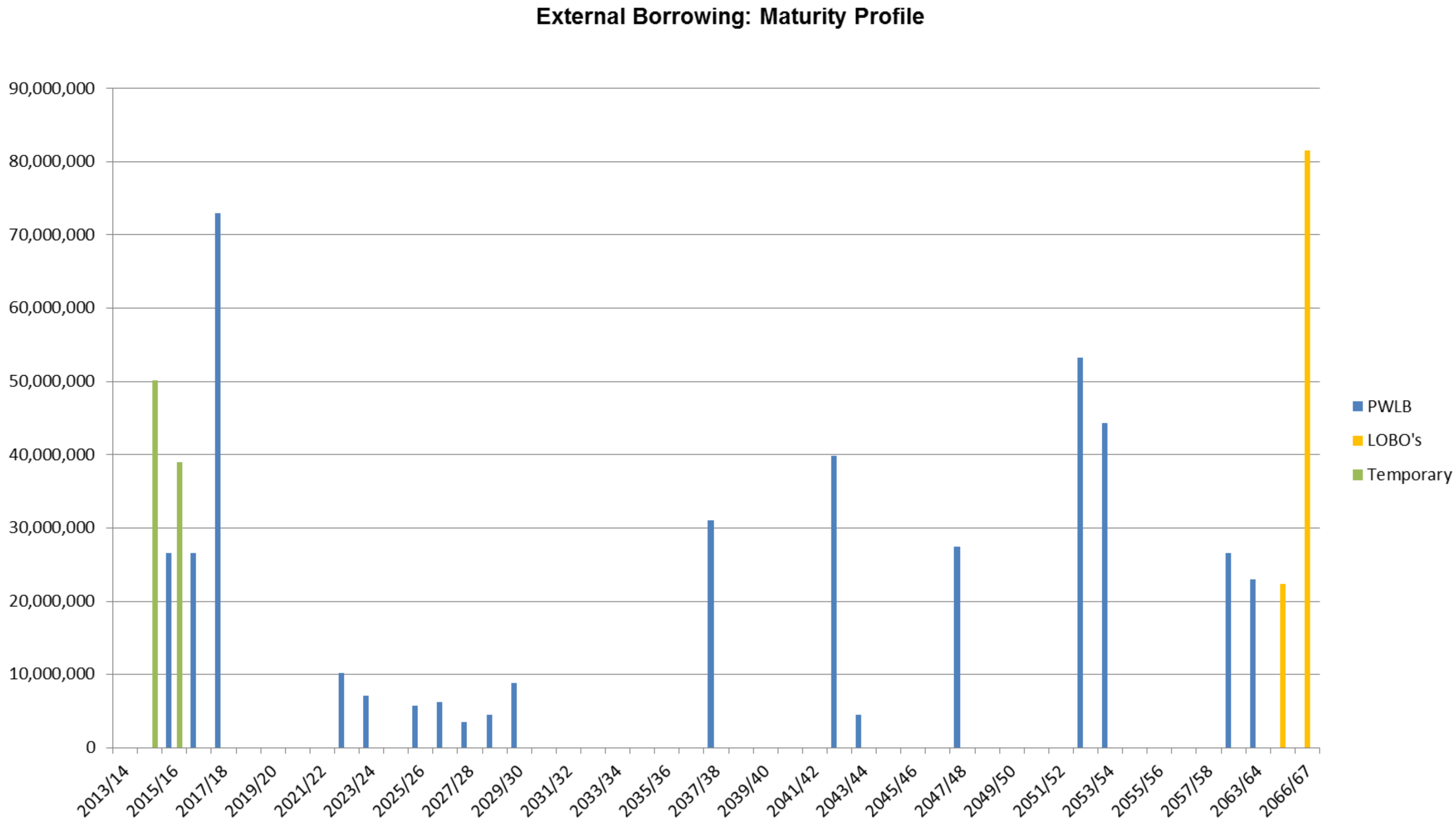
TMI 2 - Upper and lower limits to the maturity structure of its borrowing.
These limits relate to the % of fixed rate debt maturing.

	Approved Council 17 December 14		As at 31 December 2014
	Upper Limit	Lower Limit	2014/15 Forecast Borrowing
Under 12 months	25%	0%	17.72%
12 months and within 24 months	25%	0%	4.93%
24 months and within 5 years	40%	0%	13.53%
5 years and within 10 years	50%	0%	3.21%
10 years and above	90%	50%	60.61%

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 1.5 of the Annual Investment Strategy).

	Approved by Council 5 March 2014			As at 31 December 2014		
	2014/15 Limit £000	2015/16 Limit £000	2016/17 Limit £000	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000
Upper limit for more than 364 days	35,000	35,000	35,000	35,000	35,000	35,000

APPENDIX B


External Borrowing: Maturity Profile
90,000,000
80,000,000
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PWLB
LOBO's
Temporary

APPENDIX C

Economic background

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

After strong UK GDP growth in 2013 at an annual rate 2.7%, and then in 2014 0.7% in Q1, 0.9% in Q2 2014 (annual rate 3.2% in Q2), Q3 has seen growth fall back to 0.7% in the quarter and to an annual rate of 2.6%. It therefore appears that growth has eased since the surge in the first half of 2014 leading to a downward revision of forecasts for 2015 and 2016, albeit that growth will still remain strong by UK standards. For this recovery to become more balanced and sustainable in the longer term, the recovery needs to move away from dependence on consumer expenditure and the housing market to exporting, and particularly of manufactured goods, both of which need to substantially improve on their recent lacklustre performance. This overall strong growth has resulted in unemployment falling much faster than expected. The MPC is now focusing on how quickly slack in the economy is being used up. It is also particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back significantly above the level of inflation in order to ensure that the recovery will be sustainable. There also needs to be a major improvement in labour productivity, which has languished at dismal levels since 2008, to support increases in pay rates. Unemployment is expected to keep on its downward trend and this is likely to eventually feed through into a return to significant increases in wage growth at some point during the next three years. However, just how much those future increases in pay rates will counteract the depressive effect of increases in Bank Rate on consumer confidence, the rate of growth in consumer expenditure and the buoyancy of the housing market, are areas that will need to be kept under regular review.

Also encouraging has been the sharp fall in inflation (CPI), reaching 1.0% in November, the lowest rate since September 2002. Forward indications are that inflation is likely to remain around or under 1% for the best part of a year. The return to strong growth has helped lower forecasts for the increase in Government debt over the last year but monthly public sector deficit figures during 2014 have disappointed until November. The autumn statement, therefore, had to revise the speed with which the deficit is forecast to be eliminated.

The U.S. Federal Reserve ended its monthly asset purchases in October 2014. GDP growth rates (annualised) for Q2 and Q3 of 4.6% and 5.0% have been stunning and hold great promise for strong growth going forward. It is therefore confidently predicted that the first increase in the Fed. rate will occur by the middle of 2015.

The Eurozone is facing an increasing threat from deflation. In November the inflation rate fell to 0.3%. However, this is an average for all EZ countries and includes some countries with negative rates of inflation. Accordingly, the ECB did take some rather limited action in June and September to loosen monetary policy in order to promote growth and is currently expected to embark on quantitative easing early in 2015 to counter this threat of deflation and to stimulate growth.

APPENDIX C

Interest rate forecast

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

	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Bank rate	0.50%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	1.75%	2.00%
5yr PWLB rate	2.20%	2.20%	2.30%	2.50%	2.60%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.60%
10yr PWLB rate	2.80%	2.80%	3.00%	3.20%	3.30%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%
50yr PWLB rate	3.40%	3.50%	3.70%	3.80%	4.00%	4.20%	4.30%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%

Capita Asset Services undertook a review of its interest rate forecasts on 5 January 2015 after a proliferation of fears in financial markets around the plunge in the price of oil had caused a flight from equities into bonds and from exposure to the debt and equities of emerging market oil producing countries to safe havens in western countries. These flows were compounded by further fears that Greece could be heading towards an exit from the Euro after the general election on January 25 and financial flows generated by the increasing likelihood that the ECB would soon be starting on full blown quantitative easing (QE) purchase of Eurozone government debt. In addition, there has been a sharp increase in confidence that the US will start increasing the Fed. rate by the middle of 2015 due to the stunning surge in GDP growth in quarters 2 and 3 of 2014. This indicated that the US is now headed towards making a full recovery from the financial crisis of 2008.

The result of the combination of the above factors is that we have seen bond yields plunging to phenomenally low levels, especially in long term yields. These falls are unsustainable in the longer term but just how quickly these falls will unwind is hard to predict. In addition, positive or negative developments on the world political scene could have a major impact in either keeping yields low or prompting them to recover back up again. We also have a UK general election coming up in May 2015; it is very hard to predict what its likely result will be and the consequent impact on the UK economy, and how financial markets will react to those developments.

This latest forecast includes a move in the timing of the first increase in Bank Rate from quarter 2 of 2015 to quarter 4 of 2015 as a result of the sharp fall in inflation due to the fall in the price of oil and the cooling of the rate of GDP growth in the UK, albeit, that growth will remain strong by UK standards, but not as strong as was previously forecast. The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only currently increasing marginally as a result of wage inflation now running slightly above the depressed rate of CPI inflation, though some consumers will not have seen that benefit come through for them. In addition, whatever party or coalition wins power in the next general election, will be faced with having to implement further major cuts in expenditure and / or increases in taxation in order to eradicate the annual public sector net borrowing deficit.

APPENDIX D

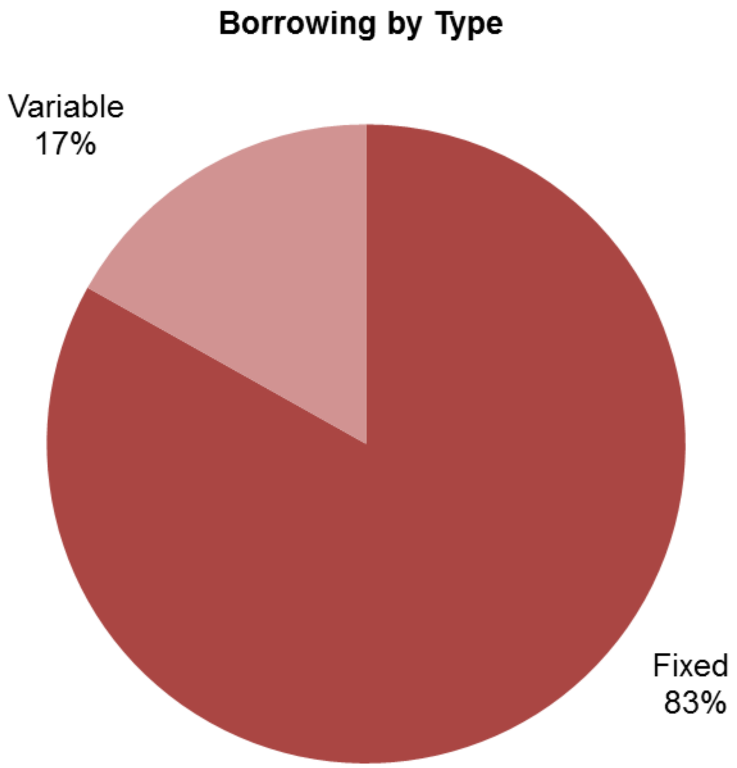
Borrowing and repayments in 2014/15

	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
2014/15 Borrowing					
PWLB Fixed Maturity			years		
503341	30/09/2017	23,000	3	2.05%	472
Temporary Loans			days		
Nottingham City Council	27/02/2015	2,200	119	0.55%	4
Welwyn Hatfield BC	27/02/2015	2,000	119	0.48%	3
Wirral Borough Council	27/02/2015	1,000	119	0.48%	2
West Midlands Police Authority	27/11/2015	5,000	364	0.65%	32
Bristol City Council	27/11/2015	6,000	364	0.70%	42
Milton Kenyes Borough Council	21/12/2015	10,000	364	0.68%	68
Portsmouth City Council	22/12/2015	3,000	365	0.64%	19
		52,200		**0.78%**	**642**
2014/15 Repayments					
Temporary Loans			days		
Caerphilly BC	02/05/2014	5,000	86	0.35%	4
Portsmouth City Council	29/08/2014	6,000	182	0.43%	13
Derbyshire CC Super. Fund	29/08/2014	4,000	182	0.45%	9
		15,000		**0.41%**	**26**

APPENDIX E

Borrowing: Graphical Summary

As at 31 December 2014



APPENDIX F

Disclosure for Certainty Rate

Certainty Rate
This table details the information that is required to enable the Council to submit a return for 2014/15.

	As at 25 February 2014			As at 31 December 2014		
	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000
Net Borrowing Requirement:						
Borrowing to Finance approved Capital Expenditure	103,742	30,735	14,658	71,714	103,832	27,746
Existing Maturity Loans to be Replaced During the Year	90,000	76,605	86,605	85,200	105,605	76,605
Less:						
Minimum Revenue Provision for Debt Repayment	(13,646)	(17,394)	(19,020)	(7,690)	(8,968)	(11,302)
Voluntary Debt Repayment	(11,804)	(14,169)	(16,805)	(18,911)	(15,729)	(16,781)
	(25,450)	(31,563)	(35,825)	(26,601)	(24,697)	(28,083)
Loans Replaced Less Debt Repayment	64,550	45,042	50,780	58,599	80,908	48,522
Net Advance Requirement	168,292	75,777	65,438	130,313	184,740	76,268

APPENDIX G

Wolverhampton City Council
2014/15 Specified Investments Lending List as at 31 December 2014

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)	10,000	6 mths
Bank of Nova Scotia	Canada (AAA)	10,000	6 mths
Canadian Imperial Bank of Commerce	Canada (AAA)	10,000	6 mths
Clearstream Banking	Luxembourg (AAA)	20,000	12 mths
Commonwealth Bank of Australia	Australia (AAA)	10,000	6 mths
Cooperatieve Centrale Raiffeisen - Boerenleenbank BA	Netherlands (AAA)	5,000	3 mths
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
Hong Kong and Shanghai Banking Corporation Ltd	Hong Kong (AA+)	10,000	6 mths
HSBC Bank plc	UK (AA+)	10,000	6 mths
HSBC Bank USA	USA (AAA)	10,000	6 mths
National Australia Bank Ltd	Australia (AAA)	10,000	6 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
Royal Bank of Canada	Canada (AAA)	10,000	6 mths
Standard Chartered Bank	UK (AA+)	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)	10,000	6 mths
Westpac Banking Corporation	Australia (AAA)	10,000	6 mths
Nationalised Banks			
Lloyds Banking Group plc			
Bank of Scotland plc	UK (AA+)	10,000	3 mths
Lloyds Bank plc	UK (AA+)	10,000	3 mths
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
Ignis 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.