BARNSLEY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

Report of the Director of Finance, Assets and Information Services

TREASURY MANAGEMENT ACTIVITIES & INVESTMENT PERFORMANCE - QUARTER ENDING 30 JUNE 2016

1. Purpose of the Report

1.1 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (TMSS, annual and mid-year reports). This report, therefore, ensures that the Council is implementing best practice in accordance with the Code.

2. Recommendations

2.1 It is recommended that Members note:-

- **the Treasury Management activities undertaken for the period and compliance with the Prudential Indicators;**
- **the Authority's Capital Programme Funding Position; and**
- **the performance of the Authority's investments for the reported quarter.**

3. Economic Summary

3.1 As a result of the vote to leave the EU following the Referendum on 23rd June 2016, financial markets are in turmoil with commentators stating that the global economy is in "completely unchartered waters". Moving forward into the second quarter, markets will remain volatile until it becomes clear what deal and trade agreements will be negotiated. As a result, the economy is expected to contract over the next two years.

3.2 There are huge variables which could have a major impact on the UK economy and interest rates over the next four to five years especially emanating from the political uncertainty in the UK and Europe.

3.3 Following "Brexit", the rating agency Standard and Poor's downgraded the sovereign rating of the UK from AAA to AA. The downgrade reflects S&P's view that the leave result will weaken the predictability, stability, and effectiveness of policymaking in the UK and affect its economy, GDP growth, and fiscal and external balances. The rating agency Moody's followed suit and downgraded four local authorities from a "stable" outlook to a "negative" outlook.

3.4 In the past we have tended to see a high correlation between rates in the US and in the UK. The Federal Reserve in the US increased rates in December 2015 and confidence was high that there would be a series of further rises. Since then, more downbeat news on the international scene and then the "Brexit" vote, has caused a re-emergence of caution over the timing and pace of further increases. The impact that this has on the UK economy will be closely monitored.

3.5 A detailed economic commentary on developments during quarter ended 30th June 2016 is provided at Appendix 1.

4. Interest Rate Forecast

4.1 Interest rates have been at 0.5% for more than seven years after they were slashed during the UK's downturn and the global financial crisis in 2008. Before the referendum, economists were forecasting that in the event of a vote to stay, the next move in official interest rates would be up. However, following the leave vote, the Governor of the Bank of England, Mark Carney, has said the UK economy is already showing signs of strain and the base rate could be **cut** from 0.5% in an attempt to improve business and consumer confidence.

4.2 The Council's treasury advisor, Capita Asset Services, undertook a quarterly review of its interest rate forecasts on 4th July 2016 after letting markets settle down somewhat after the "Brexit" result. Expectations are for the Bank Rate to be cut by 0.25% either at the Monetary Policy Committee (MPC) meeting on 14th July 2016, or at the quarterly Inflation Report meeting on 4th August when it has greater opportunity to report in depth on its research and findings. The Bank Rate could even be cut to 0% or 0.10% over this period.

4.3 The latest forecast from Capita is as follows:

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank Rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%	0.50%

4.4 The above forecast shows the timing of the first increase in the Bank Rate to be quarter 2 of 2018 and increases then to be at a slower pace than before. Mark Carney, continues to state that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and for some consumers, who have had no increases in pay, could be non-existent.

4.5 A detailed commentary on interest rate forecasts is provided at Appendix 2.

5. Annual Investment Strategy

5.1 The Treasury Management Strategy Statement (TMSS) for 2015/16, which includes the Annual Investment Strategy, was approved by the Council in February 2016. It sets out the Council's investment priorities as being:

- Security of capital;
- Liquidity; and
- Yield.

5.2 As at 30th June 2016, the Authority has £43.7M of investments, broken down as follows:

Counterparty	Rating	Principal £	Status
Lloyds	A	5.0M	Fixed deposit to 20.08.16
Goldman Sachs International Bank	A	5.0M	Fixed deposit to 02.12.16
Landesbanken Hessen Thuringen	A+	3.0M	Fixed deposit to 07.03.17
Barclays	A-	5.2M	Instant Access
Svenska Handelsbanken	AA	5.3M	Instant Access
Money Market Funds	AAAmmf	11.2M	Instant Access
Enhanced Money Market Funds	AAAmmf	9.0M	Accessible within 3 days
Total		43.7M	

5.3 All of the above investments are in-line with the 2016-17 Treasury Management Strategy. Having experienced financial crisis in the past, the Annual Investment Strategy was designed to deal with economic instability. Advice from our Treasury Management Advisors, Capita, is that the current instability stems from a crisis of confidence in the market, not a liquidity crisis. UK banks have been subject to rigorous stress testing by the Bank of England to ensure there will be no repeat of the financial crisis of 2008. The banks that are on the Authority's lending list have much stronger balance sheets now than before 2008, and they have sufficient capital to cover their obligations.

5.4 The table below summarises the investment transactions undertaken during the first quarter. There was a net increase of almost £18M during the period, due to a large proportion of funding being received in the first quarter of the year. This surplus was invested in short-term fixed deposits with counterparties meeting the Authority's investment criteria. An analysis of the Authority's investment portfolio as at 30th June 2016 is provided at Appendix 3.

5.5 Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30th June 2016.

	Balance on 01/04/2016 £m	**Investments Made £m**	**Investments Repaid £m**	**Balance on 30/06/2016 £m**	**Increase/ (Decrease) in Investments for Q1 £m**
Long-Term Investments	9.000	-	-	9.000	0.000
Short-Term Investments	5.000	8.000	-	13.000	8.000
Money Market Funds / Instant Access	11.850	93.672	83.822	21.700	9.850
TOTAL INVESTMENTS	**25.850**	**101.672**	**83.822**	**43.700**	**17.850**

5.6 Investment rates available in the market were broadly stable during the first half of the quarter but then took a slight downward path in the second half concluding with a significant drop after the referendum. Officers will continue to closely monitor the situation but in the immediate term will not make any fixed term-investments. Surplus cash will be invested in instant access accounts and Money Market Funds.

5.7 The 7 day London Interbank Bid Rate (LIBID) is used as a performance indicator for measuring the return on investments. The average 7 day LIBID for the 1st Quarter was 0.36%. The average rate of return on the Authority's total investments for the quarter exceeded the benchmark and was 0.58%.

6. The Authority's Capital Programme Funding Position

6.1 Borrowing transactions during the quarter are summarised in the table below:

	Balance on 01/04/2016 £m	Debt Repaid £m	New Borrowing £m	Balance on 30/06/2016 £m	Increase/ (Decrease) in Borrowing £m
Short Term Borrowing	28.003	17.500	29.500	40.003	12.000
PWLB Borrowing	423.645	0.904	-	422.741	(0.904)
Other Long Term Loans	63.500	-	-	63.000	(0.500)
Long Term Local Authority	1.757	-	-	1.757	0.000
TOTAL BORROWING	**516.905**	**18.404**	**29.500**	**527.501**	**10.596**

6.2 The Authority's debt position remained relatively stable during the quarter with a slight increase in external debt of £10.596M consisting of short-term temporary borrowing from other Local Authorities. This represents an inexpensive method of financing and will continue to form an integral part of the borrowing strategy for 2016-17.

6.3 There has been significant volatility in PWLB rates during in quarter 1, culminating in a progressive fall in rates during the first three weeks in June as confidence rose that the polls were indicating an "IN" result for the referendum, followed by a sharp rise in the run up to the 23rd June as the polls swung the other way, then a sharp fall to the end of the month following the "Brexit" vote. This volatility makes it extremely difficult to make long term borrowing decisions and the situation will be closely monitored.

6.4 Affordability and the 'cost of carry' (the difference between long-term borrowing rates and short-term investment rates) remain important influences on the borrowing strategy and the Authority determines it cost effective in the short-term to use internal resources. The Authority's internally borrowed position is a good insulator against volatile "post-Brexit" rates.

New Borrowing

6.5 During the quarter ended 30th June 2016, the 50 year PWLB target (certainty) rate for new long term borrowing remained at 3%. However, the target rate was cut to 2.20% on 4th July 2016 due to the fall in gilt yields after the referendum.

6.6 Due to the overall financial position no new long-term borrowing was undertaken during the quarter. The PWLB certainty rates for the quarter ended 30th June 2016 are shown within Appendix 2.

Borrowing in Advance of Need

6.7 The Council has not borrowed in advance of need during the quarter ended 30th June 2016.

7. Debt Rescheduling

7.1 During the quarter ended 30th June 2016, no debt rescheduling was undertaken. Various borrowing opportunities are currently being explored with an ongoing review of the Council's treasury management position.

8. Compliance with Treasury and Prudential Limits

8.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Prudential and Treasury Indicators (affordability limits) are included in the approved TMSS.

8.2 During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators are shown in Appendix 4.

9. Review of TM Activities

9.1 Financial markets will remain volatile in the midst of political and economic uncertainty. Financial Services continue to closely monitor the Council's borrowing position together with a potential movement in interest rates.

9.2 Affordability and the 'cost of carry' (the difference between long-term borrowing rates and short-term investment rates) remain important influences on the borrowing strategy and the Authority determines it cost effective in the short-term to use internal resources. However, the Council will not be able to sustain a temporary / internally borrowed position and will need to fix out more borrowing in the near future to fund town centre spend. In addition to this, the Council has a number of loans that will mature over the next 2-3 years at relatively high rates. Financial Services will again seek to replace these loans at lower rates as part of the process to optimise the Council's longer term borrowing position.

9.3 Ongoing work is being undertaken on other areas affecting capital financing including a review of the Council's BSF programme and the Council's LOBO's. Both these are complex areas and will be outlined in further detail through separate updates and reports.

9.4 The change to Minimum Revenue Provision (MRP) was implemented in 2015/16 and the impact on the budget monitoring position is reported in the Quarter 1 Corporate Financial Performance report.

10. Benchmarking

10.1 The Council receives benchmarking information from Capita which compares investment performance against that of their other clients. This information has the added advantage of including risk weightings and allows comparison with other counterparties who are receiving the same investment advice. Quarterly information for June 2016 was not available at the time of writing this report but will be provided in due course.

10.2 Officers will continue to measure and manage its exposure to treasury management risks by using benchmarking data and other performance indicators.

APPENDICES

1. Detailed Economic Commentary on Developments During Quarter Ended 30th June 2016
2. Detailed Commentary on Interest Rate Forecasts and Capita Asset Services' Forward View
3. Analysis of Investment Portfolio as at 30th June 2016
4. Prudential and Treasury Indicators as at 30th June 2016

Appendix 1

Detailed Economic Commentary on Developments during Quarter Ended 30th June 2016

- During the quarter ended 30 June 2016:
  - The UK voted to leave the EU;
  - The economic recovery lost some momentum ahead of the vote;
  - Growth remained highly dependent on consumer spending;
  - The jobs recovery slowed, but wage growth picked up;
  - Inflation remained stuck at very low levels;
  - Sharp fall in sterling following the referendum result;
  - Post-referendum uncertainty brought the prospect of a near-term rate cut onto the agenda;
  - Both the ECB and the Federal Reserve kept policy unchanged.
- The economic recovery lost a little momentum in the first three months of 2016. Business surveys suggested that activity slowed further in run up to the EU referendum.
- Industrial production rose by a monthly 2% in April – which suggests that the sector may have pulled out of recession in the second quarter – and construction output rose by a monthly 2.5%. Beyond the referendum, the first PMI survey conducted after the vote – released on August 1st – will provide an initial indication of the extent to which the vote to leave has affected activity. The first post-referendum official activity data are for industrial production, due to be released on August 9th.
- Consumers generally appear to have taken pre-referendum uncertainty in their stride, with household spending still the principal driver of economic growth. The pace of retail sales volumes growth has picked up, rising to a healthy annual rate of 6% in May. However, consumer confidence is likely to weaken following the referendum result.
- The labour market performed fairly well prior to the EU referendum too, with employment rising by 55,000 in the three months to April. Admittedly, this is below the strong rises seen last year, but some easing in the pace of the jobs recovery was always to be expected given how much slack has already been eroded. Indeed, the International Labour Organisation (ILO) unemployment rate fell to 5.0% in the three months to April, its lowest in over a decade.
- However, the labour market story hasn't been entirely positive. At least some of April's rise in pay growth was probably down to the imposition of the National Living Wage, so may not entirely be a reflection of a tighter labour market. And much of the rise in employment in the three months to April was driven by self-employment, which may reflect people struggling to find employee roles. In any case, employment growth may slow markedly in the next few months due to the disruption associated with the vote to leave the EU.
- Away from the labour market, inflation has been very subdued in the months preceding the EU referendum. CPI inflation has stood at just 0.3% every month so far this year, with the exception of March when Easter timing effects distorted the figures. But price pressures are likely to pick up in the months ahead. Around 80% of the difference between headline inflation and the Bank of England's 2% target is due to low food and energy price inflation. But the dampening influence of food and energy prices is set to wane as last year's sharp falls drop out of the annual comparison. What's more, sterling dropped by more than 8% following the UK's decision to leave the EU, leaving it around 14% below its mid-November peak. This should eventually feed through to higher inflation, which is expected to rise above the Bank of England's 2% target in the first half of next year.

- Like the Bank of England, both the Federal Reserve in the United States and the ECB kept rates on hold during Q2. The financial market turmoil which followed the results of the UK's EU referendum could delay hikes even further. Meanwhile, we expect the ECB to respond to the economic damage generated by the UK's vote to leave the EU by accelerating the pace of its asset purchases and possibly with another small cut in interest rates.
- Finally, the FTSE 100 has now recovered the ground it lost following the UK's vote to leave the EU, and stands around 3% higher than at the start of Q2. But the multinational-heavy FTSE 100 has benefitted from sterling's collapse, which boosts the value of firms' overseas earnings. The FTSE 250, which better reflects the domestic economy, is down 5% since the start of the quarter. Meanwhile, 10-year bond yields have sunk to new record lows of just under 1% on the back of safe-haven demand.

Appendix 2

Detailed Commentary on Interest Rate Forecasts and Capita Asset Services' Forward View

Post EU Referendum Interest Rate Review

Our treasury management advisers, Capita Asset Services have provided us with the following update to their interest rate forecasts and PWLB rate forecasts.

	NOW	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
BANK RATE	0.50	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
3 month LIBID	0.50	0.30	0.30	0.30	0.30	0.30	0.40	0.50	0.50	0.60	0.60	0.60	0.60
6 month LIBID	0.55	0.50	0.50	0.50	0.50	0.60	0.60	0.70	0.70	0.70	0.70	0.70	0.70
12 month LIBID	0.75	0.60	0.60	0.60	0.60	0.70	0.80	0.90	0.90	0.90	0.90	0.90	0.90
5 yr PWLB	1.20	1.00	1.10	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.30	1.30
10 yr PWLB	1.80	1.60	1.60	1.60	1.70	1.70	1.70	1.70	1.80	1.80	1.80	1.80	1.90
25 yr PWLB	2.50	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60	2.60	2.60	2.70	2.70
50 yr PWLB	2.20	2.20	2.20	2.20	2.30	2.30	2.30	2.30	2.40	2.40	2.40	2.50	2.50

- *The outcome of the EU referendum has necessitated a review of interest rate forecast as the UK now faces a very different situation from what it was in prior to 23rd June 2016 both politically and economically.*

- *This also puts the Monetary Policy Committee (MPC), in a very difficult position in terms of knowing how much the vote for Brexit will impact the real economy. What most forecasters expect is that the first two quarters growth in 2016 of around +0.4% is likely to fall to zero in the second half of the year. However, after the initial shock, the economy may recover some momentum so Capital Economics are forecasting growth of 1.5% for 2017, (after average overall growth for 2016 of 1.5%), and then recovery back to 2.5% in 2018. The Governor of the Bank of England, Mark Carney, made clear that the MPC will consider cutting Bank Rate in the very near future but will also give consideration to using further quantitative easing (QE) purchasing of gilts, (and possibly other assets), as a means of providing further stimulus to economic growth by lowering borrowing rates.*

- ***Capita's interest rate forecast shown above is based on a cut of Bank Rate of 0.25% in the current quarter. However, a further cut to zero or possibly 0.10% is not being ruled out. The first increase in Bank Rate does not then occur until quarter 2 2018 and the pace of increases thereafter has also been slowed down from previous forecasts. However, there are so many variables over this time period that it is very likely that these forecasts will be subject to significant updating as events evolve on both the political and economic scenes.***

- *Carney's comments last Friday on the possibility of further quantitative easing caused an immediate fall in gilt yields of around 25 – 37 basis points (bps) in gilts with a duration of 10 and 50 years, so it could be said that just the threat of further QE has already achieved a significant drop in gilt yields and so borrowing costs. This, arguably, means that the benefits of <u>actually</u> implementing further QE are reduced. PWLB rate forecasts have been revised downward to take account of these movements in gilt yields since the referendum - which have fallen to all-time lows (with 2 year gilt yields even briefly turning negative!).*

- *However, Carney did make a strong point that it is not the role of the Bank of England to be the sole combatant in helping to stimulate growth of the UK economy and employment by using the monetary policy measures at its disposal. The Government has fiscal policy as a powerful tool to promote growth and it has various policy measures it could employ. Already the Chancellor of the Exchequer has said that the target of achieving a budget surplus in 2020 will need to be put back to avoid austerity measures creating an unwelcome headwind for growth during the near future. In addition,* *there are already comments in the public arena around lowering corporation tax - from falling from 20% to 17% by 2020 to falling from 20% to 15% as a stimulus to stop corporates moving out of the UK and attracting corporates to come to the UK. Fiscal policy could also include cuts in income tax, national insurance, VAT etc to stimulate consumer demand in the economy: however, such cuts may impact on the size of the budget deficit.*

- *In addition, the Government could take advantage of the plunge in gilt yields to borrow extra money to invest in infrastructure to improve the productivity of the UK economy.*

- *However, what will be vital will be to ensure that the UK retains the trust of international investors, both in terms of the fact that about 30% of all gilts are owned by overseas investors, who will want to be assured that the Government is not borrowing beyond the means of the economy to sustain the ability to pay interest and to repay the debt, and in terms of the value of sterling against other currencies. The current size of the balance of payments deficit of 6.9% of GDP is a major concern. The fall of 14% in the value of sterling since November 2015 will feed through eventually to stimulate demand for UK exports and to choke off imports into the UK by making home made goods and services more competitive. However, this will take time to feed through into reducing the size of this deficit.*

- *What will make the decision making of the MPC more difficult in the next few years is that the fall in the value of sterling will feed through over the next 3-4 years into the economy and cause an increase in inflation. Manufacturers and service providers could absorb some of the extra costs from the increased cost of imports of materials etc, or could increase productivity to offset extra costs, so there is considerable uncertainty about the timing and size of this feedthrough into inflation. Capital Economics have revised their interest rate forecast for inflation as follows: - 2016 0.6%; 2017 2.2% (was 1.5%); 2018 2.8% (was 2.1%). The MPC's target for CPI inflation is 2% but in the past they have looked through temporary spikes of imported inflation on the basis that they will drop out of the calculation of CPI after 12 months. So it is by no means certain that the MPC will, or will not, take action to counter such a rise in inflation.*

- *Apart from the uncertainties already explained above, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:*

  - Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a further flight to safe havens (bonds).
  - Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
  - UK economic growth and increases in inflation are weaker than we currently anticipate.
  - Weak growth or recession in the UK's main trading partners - the EU and US.
  - A resurgence of the Eurozone sovereign debt crisis.
  - Recapitalisation of European banks requiring more government financial support.
  - Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

- *The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -*

  - The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
  - UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

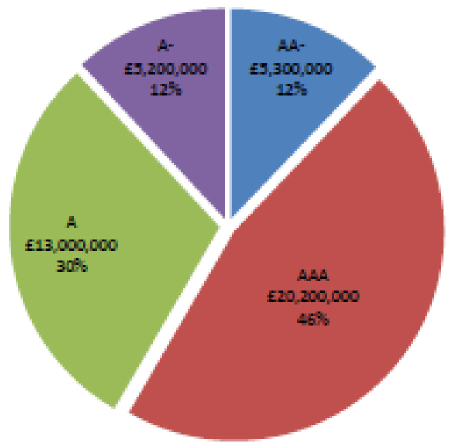
Appendix 3

Analysis of Investment Portfolio as at 30th June 2016

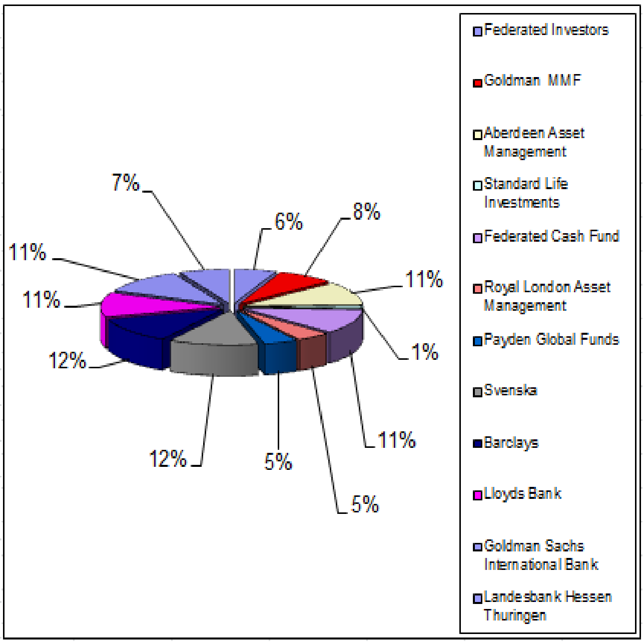
Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Federated Investors (UK)	2,500,000	0.46%		MMF	AAA	0.000%
MMF Aberdeen	4,800,000	0.48%		MMF	AAA	0.000%
MMF Goldman Sachs	3,400,000	0.46%		MMF	AAA	0.000%
MMF Standard Life	500,000	0.53%		MMF	AAA	0.000%
Barclays Bank Plc	5,200,000	0.50%		Call	A-	0.000%
Svenska Handelsbanken AB	5,300,000	0.45%		Call	AA-	0.000%
EMMF Federated Sterling Cash Plus Fund	5,000,000	0.63%		EMMF	AAA	0.000%
EMMF Royal London Asset Management Cash Plus	2,000,000	0.62%		EMMF	AAA	0.000%
EMMF Payden Sterling Reserve Fund	2,000,000	0.97%		EMMF	AAA	0.000%
Lloyds Bank Plc	5,000,000	1.00%	20/08/2015	22/08/2016	A	0.009%
Goldman Sachs International Bank	5,000,000	0.75%	02/06/2016	02/12/2016	A	0.026%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	3,000,000	0.80%	07/06/2016	07/03/2017	A	0.042%
Total Investments	**£43,700,000**	**0.63%**				0.007%

Counterparty Rating	£	%
AAAmmf	20,200,000	46%
AA-	5,300,000	12%
A	5,200,000	12%
A-	13,000,000	30%
TOTAL	**43,700,000**	**100%**

Rating Exposure



Investments by Counterparty	£	Type	%
Federated Investors	2,500,000	MMF	6%
Goldman MMF	3,400,000	MMF	8%
Aberdeen Asset Management	4,800,000	MMF	11%
Standard Life Investments	500,000	MMF	1%
Federated Cash Fund	5,000,000	Short Duration	11%
Royal London Asset Management	2,000,000	Short Duration	5%
Payden Global Funds	2,000,000	Short Duration	5%
Svenska	5,300,000	Non-UK Bank	12%
Barclays	5,200,000	UK Bank	12%
Lloyds Bank	5,000,000	UK Bank	11%
Goldman Sachs International Bank	5,000,000	UK Bank	11%
Landesbank Hessen Thuringen	3,000,000	Non-UK Bank	7%
TOTAL	**43,700,000**		**100%**



Appendix 4

Prudential and Treasury Indicators as at 30th June 2016

Prudential Indicators	Limit for 2016/17 £'000	Actual at 30/06/2016 £'000	Compliance with Indicator
Maximum debt compared to Authorised Limit	961.000	787.632	Yes
Average debt compared to Operational Boundary	931.000	782.329	Yes

Maturity structure of fixed rate borrowing - upper and lower limits	Upper Limit (%)	Lower Limit (%)	Actual Fixed Borrowing 30/06/16 £'000	% Fixed Borrowing at 30/06/16	Compliance with Indicator
Under 12 months	50	0	132.328	30%	Yes
12 months to 2 years	25	0	4.358	1%	Yes
2 years to 5 years	25	0	16.281	4%	Yes
5 years to 10 years	25	0	49.819	11%	Yes
10 years to 20 years	75	0	33.125	7%	Yes
20 years to 30 years	75	0	25.500	6%	Yes
30 years to 40 years	75	0	77.400	17%	Yes
40 years to 50 years	75	0	106.030	24%	Yes

Prudential Indicators	Limit for 2016/17 (%)	Actual at 30/06/2016 (%)	Compliance with Indicator
Upper limit of fixed interest rates based on net debt	90%	90%	Yes
Upper limit of variable interest rates based on net debt	25%	10%	Yes

Prudential Indicators	Limit for 2016/17 £'000	Actual at 30/06/2016 £'000	Compliance with Indicator
Upper limit for principal sums invested over 364 days	20.000	0	Yes