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 IT

TREASURY MANAGEMENT ACTIVITIES & INVESTMENT PERFORMANCE - QUARTER ENDING 31 DECEMBER 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 The UK Bank Rate remained unchanged at 0.25% during the quarter and other monetary policy measures remained unaltered by the Bank of England. This was in line with market expectations, but a major change from the previous report issued in August by the Bank of England stating that it was likely to cut the Bank Rate again by the end of the year. The Governor of the Bank of England, Mark Carney, has since stated that the Bank Rate could go either up or down depending on how economic data evolves in the coming months.

3.2 Despite many ominous warnings that there could be significant turbulence in financial markets if Donald Trump won the election, markets have surprised by their lack of such a reaction. In fact, stock markets in America hit a new record high in the first few days after the election and have reached further highs since then. However, Treasury yields have risen sharply in expectation of a significant rise in inflation, as an economy which is already working near full capacity could be in line for a significant boost to economic growth if Trump's expansion of infrastructure expenditure plans become a reality.

3.3 Economic growth in the Euro area has been lack lustre. Upcoming referendums and presidential elections in several European countries are all adding to mounting concerns over European political uncertainty. The UK economy is also vulnerable should negotiations over Britain's new relationship with the EU turn sour.

3.4 Economic forecasting remains difficult with so many external influences weighing on the UK, particularly with the current uncertainty over the final terms, and impact, of Brexit. There has been huge volatility within financial markets during 2016. Officers continue to receive regular forecasts and data from our Treasury Advisors, Capita Asset Services, and will monitor economic events and rates closely.

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

4. Interest Rate Forecast

4.1 The latest forecast from Capita is as follows:

	Mar 2017	Jun 2017	Sep 2017	Dec 2017	Mar 2018	Jun 2018	Sep 2018	Dec 2018	Mar 2019	Jun 2019	Sep 2019	Dec 2019
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%

4.2 The Monetary Policy Committee (MPC) cut the Bank Rate from 0.50% to 0.25% on 4th August 2016 in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was going to cut the Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half of 2016 than originally forecast, and consequently the Bank Rate was not cut again in November or December.

4.3 The table above shows a first increase to 0.50% is not expected by Capita until June 2019. However, if strong domestically generated inflation (e.g. from wage increases in the UK) were to emerge, then the pace and timing of increases in the Bank Rate could be brought forward.

4.3 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 2016/17, 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 31st December 2016, the Authority has £54.65M of investments, broken down as follows:

Counterparty	**Rating**	**Principal £m**	**Status**
Landesbank Hessen Thuringen	A	3.00	Fixed deposit to 07.03.17
Lloyds	A	5.00	Fixed deposit to 06.04.17
Goldman Sachs International Bank	A	5.00	Fixed deposit to 02.06.17
Barclays	A-	9.50	Instant Access
Money Market Funds	AAAmmf	25.15	Instant Access
Enhanced Money Market Funds	AAAmmf	7.00	Accessible within 3 days
TOTAL INVESTMENTS		**54.65**	

5.3 All of the above investments are in-line with the 2016-17 Treasury Management Strategy. Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31st December 2016.

5.4 The table below summarises the investment transactions undertaken during the quarter. There was an increase in the overall investment position of the Authority by £15.2M during the period. This can be attributed to an increase in temporary borrowing, where the Council has taken advantage of cheap funding on offer from other local authorities. A more detailed analysis of the Authority's investment portfolio as at 31st December 2016 is provided at Appendix 3.

	Balance on 01/10/2016 £m	**Investments Made £m**	**Investments Repaid £m**	**Balance on 31/12/2016 £m**	**Increase/ (Decrease) in Investments for Q3 £m**
Long-Term Investments	9.000	-	2.000	7.000	(2.000)
Short-Term Investments	13.000	-	-	13.000	0.000
Money Market Funds / Instant Access	17.450	120.100	102.900	34.650	17.200
TOTAL INVESTMENTS	**39.450**	**120.100**	**104.900**	**54.650**	**15.200**

5.5 Following the announcement in August of the cut in the base rate from 0.50% to 0.25%, the Authority has seen interest rate reductions across its instant access accounts and money market funds. Officers are continuing to assess daily cash flows and liquidity requirements to ensure the Authority's investments are the most suitable within the current environment.

5.6 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 3rd Quarter was 0.11%. The average rate of return on the Authority's total investments for the quarter exceeded the benchmark and was 0.46%.

6. The Authority's Capital Programme Funding Position

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

	Balance on 01/10/2016 £m	**Debt Repaid £m**	**New Borrowing £m**	**Balance on 31/12/2016 £m**	**Increase/ (Decrease) in Borrowing for Q3 £m**
Short Term Borrowing	41.803	15.000	28.350	55.153	13.350
PWLB Borrowing	421.491	0.911	-	420.580	(0.911)
Other Long Term Loans	63.000	-	-	63.000	0.000
Long Term Local Authority	1.757	-	-	1.757	0.000
TOTAL BORROWING	**528.051**	**15.911**	**28.350**	**540.490**	**12.439**

6.2 The Authority's debt position has increased by almost £12.5M during the quarter, mainly consisting of new temporary loans taken from other Local Authorities offered at very low rates. The Authority recently negotiated to borrow £20M for 2 years from another Local Authority at a rate of 0.56%.

6.3 A Debt Options analysis has been carried out to assess the current position of the GF and requirements over the next 5 years. It is important to ascertain the right approach in a difficult climate. An analysis has been completed to project the impact of taking various decisions and how this feeds through to the Capital Financing Budget.

6.4 Recommendations have been made in the 2017/18 Treasury Management Strategy as to the options available in terms of both the General Fund and Housing Revenue Account debt positions. Proposals include borrowing from the newly formed Municipal Bond Agency, switching from a high level of variable rate debt to fixed rate debt and looking into the option of taking out deferred loans to cover future borrowing requirements. Progress into the various recommendations will be reported to Cabinet in due course.

New Borrowing

6.5 There has been significant volatility in PWLB rates during the quarter as rates rose from historically very low levels at the beginning of the quarter, but then fell back somewhat towards the end of December.

6.6 No new long-term borrowing was undertaken during the quarter, but the borrowing requirements of the Authority, together with the borrowing rates available are being closely monitored by Officers. The latest PWLB certainty rate forecasts 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 31st December 2016.

7. Debt Rescheduling

7.1 During the quarter ended 31st December 2016, no debt rescheduling was undertaken. As mentioned above, 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 Services continue to closely monitor the Council's borrowing position together with projected interest rate forecasts for the next two years.

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 the town centre and other previously approved commitments. 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 Several borrowing recommendations have been included in the 2017/18 Treasury Management Strategy which include:

1) Borrowing from the newly formed Municipal Bond Agency. The Agency has been established to provide an alternative source of funding for Local Authorities from the PWLB. The Agency is a new initiative and it is worth noting that at the time of writing it has yet to make its first bond issue. This will only go ahead with a sufficient level of commitment and interest from local authorities. Should the bond issue fail to materialise within our required timescales, the Authority will look into alternative borrowing options.

2) It is recommended in the 2017/18 Strategy that a proportion of the debt portfolio is fixed out, to move towards fixing out temporary variable loans as a policy objective. The variable rate debt will not incur a penalty if repaid early, will reduce variable rate risk, but clearly will introduce additional costs to refinance.

3) The Council will look at the option of taking out deferred loans to cover off a large variable loan due to mature in 2019/20. Options are available to fix the rate now for a period of up to 5 or 6 years in advance. This would allow the Authority to maintain a short term, cheap position, with the comfort of fixed rate loans being delivered in the future. The risks are, once committed the funds must be taken and the market rates could potentially be cheaper in 3 years' time. Arranging the loans could be quite a lengthy process involving a great deal of due diligence with commercial lenders.

9.4 In addition to the above, ongoing work is being undertaken to review other areas in the Council's debt portfolio to create further savings. For example, a review of the Building Schools for the Future PFI programme and reviewing the terms of the Lender Option Borrower Option (LOBO's) loans. A report is being submitted to Cabinet in January 2017 to outline the proposed revised terms that the Local Education Partnership and Council have arrived at in relation to a refinancing proposal. Proceeding to financial close is expected to take place during the 2017/18 financial year.

9.5 Opportunities to repay the Authority's LOBO loans have been investigated, but at this time further progress has not been made. This is primarily due to the German lenders, FMS, who do not appear to want to engage in discussions to re-negotiate the deal despite initially encouraging dialogue. Further updates will be provided in due course.

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.

10.2 Appendix 5 includes a quarterly investment benchmarking analysis graph to illustrate the Authority's position in terms of risk verses return for the quarter ended December 2016. The graph shows that the Authority has a low risk profile, but despite this our returns are currently significantly outperforming our benchmark for risk appetite. This is mostly driven by the performance of the enhanced money market funds in our portfolio, which are AAA rated, easily accessible and performing well (and therefore meeting each of the security, liquidity and yield principles).

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 31st December 2016
2. Detailed Commentary on Interest Rate Forecasts and Capita Asset Services' Forward View
3. Analysis of Investment Portfolio as at 31st December 2016
4. Prudential and Treasury Indicators as at 31st December 2016
5. Investment Benchmarking December 2016

Appendix 1

Detailed Economic Commentary on Developments during Quarter Ended 31st December 2016

- During the quarter ended 31 December 2016:
  - The economy maintained its momentum, despite Brexit;
  - Households continued to drive overall economic growth;
  - The labour market showed some signs of weakening;
  - CPI inflation rose above 1% for the first time in two years;
  - The Chancellor eased the planned fiscal squeeze, but the MPC kept policy unchanged;
  - Monetary policy in the US and the Euro-zone diverged.
- Economic growth appears to have barely lost pace, despite the vote for Brexit. Consumer spending continued to be the key driver of growth, with the largest increase since the second quarter of 2014. This level of growth does not look sustainable though. Data has revealed a fall in households' real disposable incomes, and therefore the rise in consumer spending was funded entirely through a fall in the household saving ratio.
- The labour market's recent strength seems to be waning. Employment actually fell in the three months to October, the first fall since Q2 2015. Annual growth in employment remained positive, albeit weak, at 1.1%. Granted, the unemployment rate held steady at its post-crisis low of 4.8%. But note that this was due to people moving into inactivity rather than employment.
- Some slowdown in employment growth was inevitable, regardless of the outcome of the referendum, as labour market slack has diminished. The unemployment rate is now around the level often thought to be its "natural" rate. Looking ahead, it is considered that any job losses will not be particularly severe or sustained. Survey measures of firms' employment intentions are consistent with annual growth in private sector employment of about 1% over the coming months.
- Meanwhile, perhaps in response to past tightening in the labour market, there have been some more optimistic signs on the wages front, with annual growth in average weekly earnings (including bonuses) holding broadly stable at 2.5% in the three months to October, following a 2.4% rise in Q3.
- At the current time, this is enough to outpace inflation. CPI inflation picked up from 0.7% in Q3 to average 1.1% in October and November. The 1.2% level reached in November was the highest since October 2014, although this still remains low by historical standards. However, inflation is on a steep upward trajectory. Components of inflation that typically respond quite quickly to exchange rate movements, such as petrol and food prices, have had big upward influences on the headline rate recently, and will continue to do so as the drop in the pound makes its way through the inflation pipeline.
- Price pressures at the beginning of the pipeline are already building rapidly. Producer input price inflation rose from 6.5% in Q3 to an average of 12.6% in October and November. There is typically quite a long lag between producer prices and CPI inflation, but we should start to see this feed through to higher prices on the high street over the course of 2017. Indeed, CPI inflation is still on track to breach the 2% inflation target in spring 2017, and should peak at around 3% by spring 2018.
- For now at least, the MPC doesn't appear to be too fazed by this overshoot of the 2% inflation target: it left interest rates unchanged at 0.25% during Q4 of 2016. Given the uncertainty about the economic

outlook, and especially the impact from the two year window for Brexit negotiations from March 2017, interest rates look set to remain on hold for a long while yet.

- By contrast, the US Fed pressed ahead and raised interest rates by 0.25% in December, as expected. At the same time, the European Central Bank announced that it would slow the pace of its asset purchases from April 2017, but committed to extending the purchases by another nine months (to December 2017). This highlights the unusual divergence in western monetary policy set to occur over the next year or so.
- Hopes of a complete "reset" of fiscal policy were dashed in November's Autumn Statement. Chancellor Philip Hammond did lessen the fiscal squeeze slightly, but the UK still faces another bout of austerity over the coming years. Of course, the new fiscal rules – which include achieving a cyclically-adjusted budget deficit of below 2% by 2020/21 – do offer the Chancellor a bit of room for manoeuvre if the economy were to turn out much weaker. On the basis of new forecasts, the deficit will be about 0.8% on this measure by that point, leaving him about 1.2% of GDP to play with.
- Ongoing deficit reduction in the UK is in contrast to the US, where major fiscal stimulus is expected on the back of Trump's victory.
- Meanwhile, in financial markets, the FTSE 100 rose by 2.4% between Q3 and Q4 of 2016, taking it to a record high. This partly reflected the 3.5% drop in the trade-weighted value of sterling, (which boosts the sterling value of UK firms' overseas profits), but also the generally positive market reaction to Trump's victory in the US election. That said, Brexit worries are still lingering, with the FTSE UK Local Index, which only includes firms of which more than 70% of their sales are generated in the UK, falling by 5.4%.
- Finally, the UK government still plans to trigger Article 50 and begin Brexit negotiations by the end of March, and has promised to lay out its plans before it does so. A soft(ish) form of Brexit still looks in prospect. Granted, controlling immigration and ending the influence of the European Court of Justice appear to be key priorities, but the government has stated it wants to retain a very close trading relationship, and that a transitional deal may be considered in order to smooth the process.

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

November quarterly inflation report and post US Presidential election review

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

	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 MPC meeting of 3 November left the Bank Rate unchanged at 0.25% and other monetary policy measures also remained unaltered. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer in its forward guidance that it was likely to cut the Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The Governor of the Bank of England, Mark Carney, has stated that the Bank Rate could go either up or down depending on how economic data evolves in the coming months. Capita's view remains that the Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in June 2019. However, at this point it is not possible to discount the risk of a cut in the Bank Rate if economic growth were to take a significant dip downwards.
- It is important to note that that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on interest rate forecasts.
- Despite many ominous warnings that there could be significant turbulence in financial markets if Donald Trump won the election, markets have surprised by their lack of such a reaction. In fact, stock markets in America hit a new record high in the first few days after the election and have reached further highs since then. However, Treasury yields have risen sharply in expectation of a significant rise in inflation, as an economy which is already working near to full capacity could be in line for a significant boost to economic growth if Trump's expansion of infrastructure expenditure plans become a reality.
- Although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.
- In the UK, the Chancellor has said he will do 'whatever is needed' i.e. to promote growth; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses and/or increase government expenditure on infrastructure, housing etc. While the Autumn Statement contained only moderate measures, the PSBR deficit elimination timetable did slip further into the

future, as expected, so as to place the priority on promoting economic growth, (and ultimately boosting tax revenues / reducing the budget deficit in the longer term).

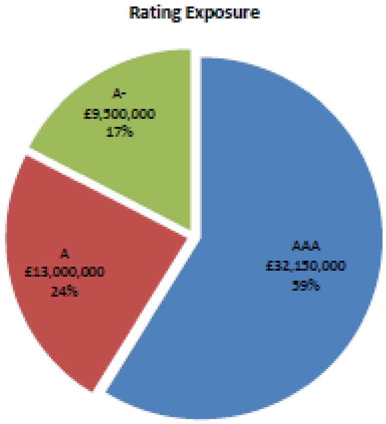
- Employment had been continuing to grow weakly during 2016 but in the three months to October, there was the first small fall. House prices are also continuing to rise at a modest pace; but any downturn in prices could dampen consumer confidence and expenditure.
- Economic growth in the EU, (the UK's biggest trading partner), has been lack lustre, but latest economic statistics give some grounds for optimism that as a result of aggressive quantitative easing, growth could at last be accelerating going into 2017. However, growth could be negatively impacted by adverse political developments - which could then also impact on UK exports and growth.
- Japan has been struggling to gain consistent significant growth and to put deflation firmly behind it and to get inflation up to reasonable levels, despite huge monetary and fiscal stimulus. It has been making little progress on fundamental reform of the economy. Chinese economic growth has been weakening despite successive rounds of central bank stimulus. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.
- Global markets are experiencing exceptional levels of volatility which are highly correlated to geo-political and sovereign debt crisis developments. As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts. In the UK, the general expectation for an eventual trend of gently rising gilt yields and PWLB rates is expected to remain unchanged. Negative, (or positive), developments could significantly impact safe-haven flows of investor money into UK, US and German bonds and produce shorter term movements away from current forecasts. Officers will continue to monitor events and will provide updated forecasts as and when appropriate.

Appendix 3

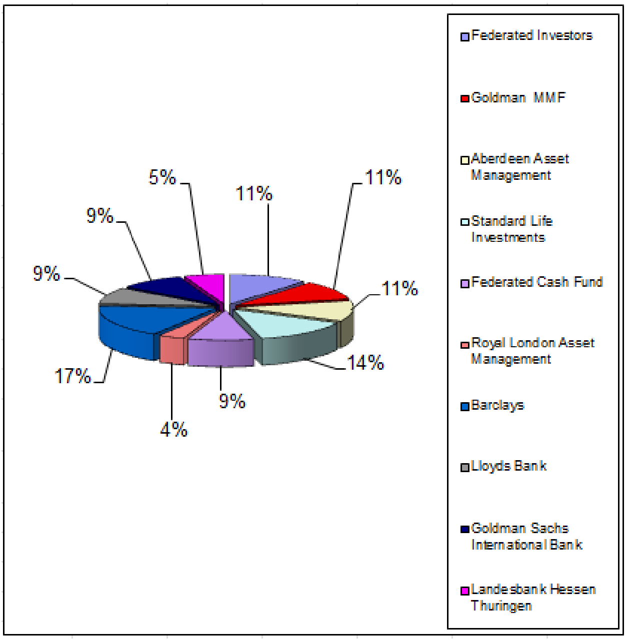
Analysis of Investment Portfolio as at 31st December 2016

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF Federated Investors (UK)	6,000,000	0.35%		MMF	AAA	0.000%
MMF Aberdeen	6,000,000	0.29%		MMF	AAA	0.000%
MMF Goldman Sachs	5,750,000	0.24%		MMF	AAA	0.000%
MMF Standard Life	7,400,000	0.30%		MMF	AAA	0.000%
Barclays Bank Plc	9,500,000	0.20%		Call	A-	0.000%
ECF Federated Sterling Cash Plus Fund	5,000,000	0.86%		ECF	AAA	0.000%
ECF Payden Sterling Reserve Fund	2,000,000	1.45%		ECF	AAA	0.000%
Landesbank Hessen-Thueringen Girozentrale (Helaba)	3,000,000	0.80%	07/06/2016	07/03/2017	A	0.012%
Lloyds Bank Plc	5,000,000	0.65%	07/10/2016	06/04/2017	A	0.018%
Goldman Sachs International Bank	5,000,000	0.63%	02/12/2016	02/06/2017	A	0.028%
Total Investments	**£54,650,000**	**0.46%**				0.005%

Counterparty Rating	£	%
AAAmmf	32,150,000	59%
A	13,000,000	24%
A-	9,500,000	17%
TOTAL	**54,650,000**	**100%**



Investments by Counterparty	£	Type	%
Federated Investors	6,000,000	MMF	11%
Goldman MMF	5,750,000	MMF	11%
Aberdeen Asset Management	6,000,000	MMF	11%
Standard Life Investments	7,400,000	MMF	14%
Federated Cash Fund	5,000,000	Short Duration	9%
Royal London Asset Management	2,000,000	Short Duration	4%
Barclays	9,500,000	UK Bank	17%
Lloyds Bank	5,000,000	UK Bank	9%
Goldman Sachs International Bank	5,000,000	UK Bank	9%
Landesbank Hessen Thuringen	3,000,000	Non-UK Bank	5%
TOTAL	**54,650,000**		**100%**



Appendix 4

Prudential and Treasury Indicators as at 31st December 2016

Prudential Indicators	Limit for 2016/17 £'000	Actual at 31/12/2016 £'000	Compliance with Indicator
Maximum debt compared to Authorised Limit	961.000	787.453	Yes
Average debt compared to Operational Boundary	931.000	774.322	Yes

Maturity structure of fixed rate borrowing - upper and lower limits	Upper Limit (%)	Lower Limit (%)	Actual Fixed Borrowing 30/09/16 £'000	% Fixed Borrowing at 31/12/16	Compliance with Indicator
Under 12 months	50	0	147.493	32%	Yes
12 months to 2 years	25	0	4.374	1%	Yes
2 years to 5 years	25	0	16.338	4%	Yes
5 years to 10 years	25	0	53.571	12%	Yes
10 years to 20 years	75	0	27.125	6%	Yes
20 years to 30 years	75	0	38.359	8%	Yes
30 years to 40 years	75	0	84.541	18%	Yes
40 years to 50 years	75	0	86.030	19%	Yes

Prudential Indicators	Limit for 2016/17 (%)	Actual at 31/12/2016 (%)	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

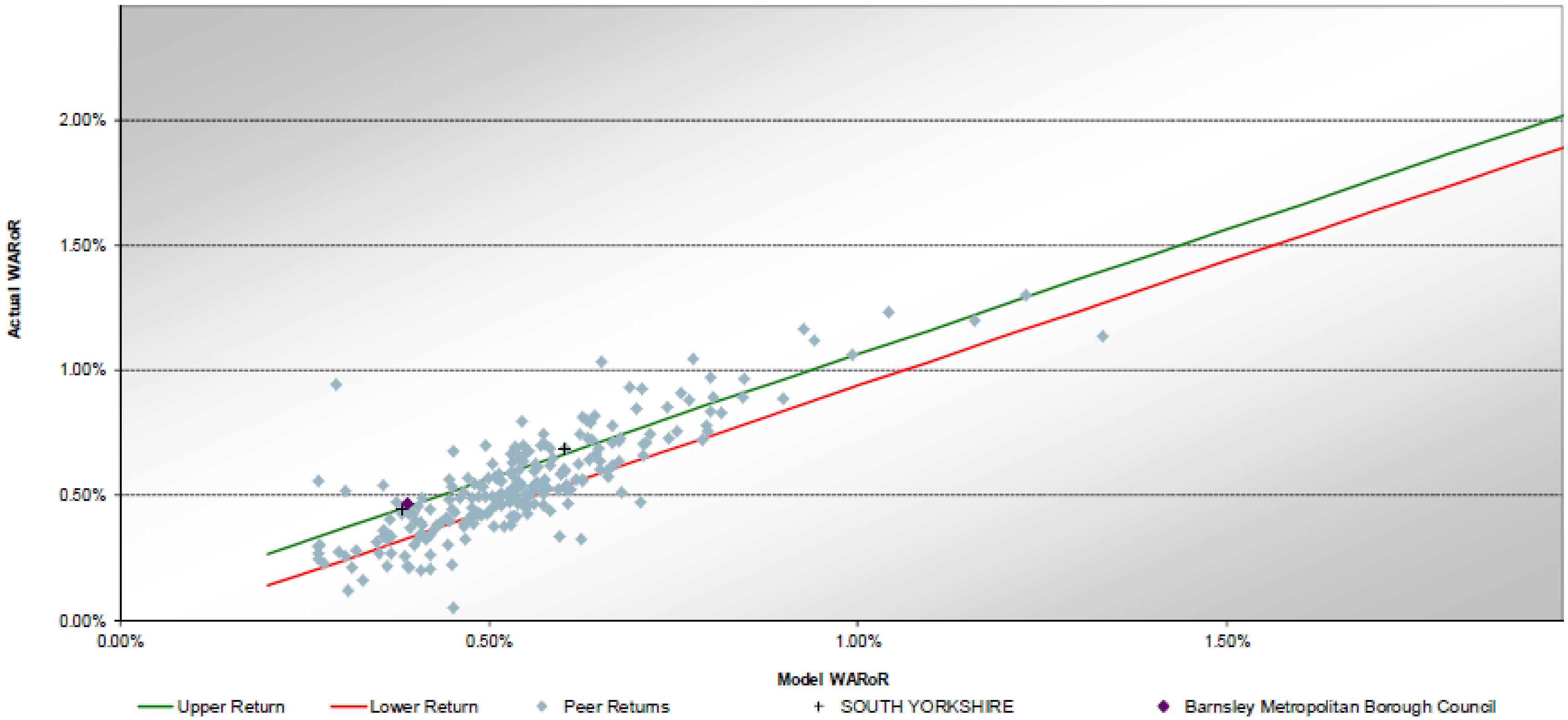
Prudential Indicators	Limit for 2016/17 £'000	Actual at 31/12/2016 £'000	Compliance with Indicator
Upper limit for principal sums invested over 364 days	20.000	0	Yes

Appendix 5

CAPITA

Asset Services

Investment Benchmarking December 2016 – Barnsley MBC



	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Barnsley Metropolitan Borough Council	0.46%	0.39%	0.07%	0.33%	0.45%	Above