Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter:	Treasury Management Annual Report 2016/17
Meeting/Date:	Overview and Scrutiny Panel (Performance and Customers) – 14th June 2017
Executive Portfolio:	Executive Member for Strategic Resources, Councillor Jonathan Gray
Report by:	Head of Resources
Wards affected:	All Wards

Executive Summary:

The Council's 2016/17 Treasury Management Strategy, was approved by Council on the 24th February 2016.

CIPFA's Treasury Management code requires Councils to report on performance of the treasury management function twice a year; the first report being the mid-year review (reported to cabinet on the 17th November 2016) and the annual report after the financial year end.

The main purpose of the Treasury Management Strategy is to;

- Ensure the Council has sufficient cash to meet its day to day obligations.
- Borrow when necessary to fund capital expenditure, including borrowing in anticipation of need when rates are considered to be low.
- Invest surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

The key market Treasury Management issues though 2016/17 influencing the Council's decision-making were;

- A moderate improvement in the credit rating of financial institutions.
- Bail-in legislation (replaces bail-out) placing the burden of rescuing failing EU banks disproportionately onto unsecured institutional investors including local authorities.
- A continuation of the Bank of England's policy of very low interest rates, with the result that market rates also remain very low. The Council's average investing rate was 0.32%.

The Council's response to the key issues in 2016/17 was;

- Where the Council has surplus funds to primarily make short term investments (the majority on call on a daily basis) in liquidity accounts and money market funds.

- Where possible to take a higher return without sacrificing liquidity.

- When borrowing the Council has used the Public Works Loan Board (PWLB), which offers low fixed rate borrowing over a long period. The interest rate ranges from 2.18% to 3.91%.

Recommendation:

The Overview and Scrutiny Panel is invited to

- Comment on the contents of this report

1. PURPOSE OF THE REPORT

1.1 To report to members on the performance of the Treasury Management activity over the past financial year.

2. BACKGROUND

2.1 This report covers treasury activity and the associated monitoring and control of risk. The key areas to be addressed includes

- Economic Review
- Performance of Funds
- Risk Environment
- Risk Management
- Compliance with Regulations and Codes

2.2 The key points in the 2016/17 Strategy were:

- Ensuring the Council has sufficient cash to meet its day to day obligations.
- Borrowing when necessary to fund capital expenditure.
- Investing surplus funds in a manner that balances low risk of default by the borrower with a fair rate of interest.

3. ANALYSIS

Economic Review

3.1 An economic review of the year has been provided by our Treasury Management advisors, Arlingclose and is attached with an analysis of the local context implications in **Appendix A**. The main reliance to the Council is

- Interest rates are likely to remain low in the short-term, allowing the Council to borrow at low interest rates both for short-term cash flow purposes and for longer term borrowing, such as the borrowing used to fund the loans to Luminus
- However low rates mean few opportunities to make significant returns from investments. This requires the Council to use other investing opportunities which the Commercial Investment Strategy provides.
- Low inflationary increases are likely in the short-term, reducing pressure on Council budgets of price increases.
- Whilst wages growth has been low or negative in recent years, there is now evidence of increasing wage inflation, as a result of low unemployment rates and high employment rates.

Performance of Council Funds

3.2 The following table summarises the treasury management transactions undertaken during the 2016/17 financial year and the details of the investments and loans held as at 31st March 2017 are shown in detail in **Appendix B**.

	Principal Amount £m	Interest Rate %
Investments		
at 31st March 2016	7.5	1.42
less matured in year	-225.8	
plus arranged in year	+227.1	
at 31st March 2017	8.8	2.24
Average Investments (Annual)	**19.7**	**1.30**
Borrowing		
at 31st March 2016	13.4	3.63
less repaid in year	-6.2	
plus arranged in year	+8.7	
at 31st March 2017	15.9	3.46
Average Borrowing (Annual)	**15.0**	**3.40**

Note;
Interest rates above are as at dated apart from averages, where these are the average for the whole year.

Investments

3.3 The Council's strategy for 2016/17 was based on all investments being managed in-house. The investments were of three types:

- Time deposits, these are deposits with financial institutions that are of fixed term and mature on an agreed date. In the Council's case usually in 1 to 2 weeks.

- Liquidity (call) accounts, these are accounts held with banks where there is no fixed term and the money can be deposited or withdrawn on the day.

- Money Market Funds, these are funds where investor's deposits are aggregated together and invested across a large range of financial products, giving a high degree of diversification.

3.4 The average rate of interest on all investments was 1.30%, 1.12% above the 7 day LIBID (London Interbank Bid Rate) benchmark rate of 0.18%, this represents a return of over three times the bench-mark rate. This good performance was due to £1.080m of the investments being locked into higher rates before the year started together with the use of liquidity accounts with major banks and Money Market Funds which gave the added safety of instant access together with interest rates in excess of the benchmark.

3.5 When only short-term cash flow investment activity is considered, the rate of interest on investments was 0.32%, which is around 78% higher than the 7-day benchmark rate of 0.18%.

Borrowing

3.6 The Council's exposure to interest rate risk at the end of the year was:

- £15.9m long term borrowing from the PWLB, at a weighted average rate of 3.46%.
- Short term borrowing at 31 March 2017 was nil.

3.7 The actual net investment interest payable (after deduction of interest receivable on loans) was £265,000 against a budget of £384,000. This is a saving of £119,000 against the original budget. This is due to delays in capital, CIS and revenue expenditure resulting in higher than estimated average cash balances which have been invested.

3.8 In September 2015 Cabinet agreed to make a loan of £5m to Luminus in order to finance part of the cost of constructing care facility at Langley Court St Ives. During the year the Council has advanced £2.750m (£2.250 was advanced in 2015/16) of funding to Luminus and the Council has in turn borrowed the same amount from the PWLB over a period of 31 years.

3.9 Short-term borrowing at 31 March 2017 was nil as the Council held sufficient cash balances to meet its obligations.

Risk Environment

3.10 The changes to the environment in which investing takes place are detailed in **Appendix C** the main points to note are;

- Bail in legislation requiring investors to contribute to bank losses has replaced government bail outs.

- Slight improvements in the credit ratings of financial institutions.

- Improvements in the financial strength of financial institutions as evidenced by the Bank of England stress tests.

Risk Management

3.11 The Council's primary objectives for the management of its investments are to give priority to the **security** and **liquidity** (how quickly cash can be accessed) of its funds before seeking the best rate of **return**.

3.12 The Council manages security by investing short-term with highly-rated banks and building societies, as well as investing with local authorities in the UK which are deemed to be intrinsically safe.

3.13 In addition to this the Council makes significant use of a number of Money Market Funds, where a large numbers of investors' funds, including the Council's, are aggregated and spread across a wide range of investments. The Council is therefore able to access a spread of investments across a number of funds not available if it were to invest on its own.

3.14 In order to manage liquidity the Council invests funds in call accounts or Money Market Funds, which provide instant access to funds.

3.15 The Council's priority has been security and liquidity, over the return on investments, which resulted in investments during 2016/17 generally being of short duration (the majority on call). The result of low interest rates across the market is that the margin gained from the benefit of investing for longer period does not out-weigh the potential costs of failure of the investment.

Compliance with Regulations and Codes

3.16 All the treasury management activity undertaken during the financial year complied with the approved strategy, the CIPFA Code of Practice, and relevant legislation.

3.17 The Code requires the Council to approve both Treasury Management and Prudential Indicators. Those for 2016/17 were approved at the Council meeting on 24th February 2016. **Appendix D** shows the relevant prudential indicators and the actual results, the table below is a summary of key indicators.

Prudential Management Indicators			
	2016/17 Estimate	**2016/17 Actual**	**Impact on the Council**
Net capital expenditure	£32.2m	£16.9m	Expenditure less than estimated as a result of rephasing asset schemes (£4.8m) and underspends (£1.2m). In addition the CIS did not spend the estimate of £20m.
Expenditure on interest and MRP (Minimum Revenue Provision)	14.9%	8.0%	As a result of underspends in 2015/16 the MRP is lower for 2016/17.
Capital Financing Requirement (CFR)	£65.5m	£38.8m	The CFR is lower due to reduced expenditure detailed above and increased capital receipts.
	31/03/16	**31/03/17**	
Long-term borrowing total	£13.4m	£15.9m	Borrowing has increased to fund the series of loans to Luminus
Treasury Management Indicators			
	2016/17 Limit	**2016/17 Actual**	
Authorised Limit for debt	£108.0m	£22.3m	The Council's debt has increased as a result of loans to finance the Luminus loan, but is still within the approved limits
Operational boundary for debt	£103.0m	£22.3m	
Borrowing fixed and variable interest	75%-100%	100%	All borrowing has been undertaken at a fixed rate to avoid the risk of interest rate increases in the future.
Borrowing repayment profile (10 years)	9%-100%	86%	The loan repayment profile has shortened from last year as the Luminus loans are repaid annually.
Investments longer than 364 days	£34.5m	£0m	Only short-term or instant access investments.

4. RISKS

4.1 The risks arising from treasury management activities are highlighted in the report and are measured by reference to the prudential indicators in **Appendix D**.

5. WHAT ACTIONS WILL BE TAKEN

5.1 Treasury management activities will continue to be monitored, in order to mitigate security and liquidity risks.

6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND / OR CORPORATE OBJECTIVES

7.1 Treasury management activity is a corporate function of the Council and supports the achievement of the Councils three corporate priorities; consequently it is a key element in the budget setting and management process.

7.2 In addition, over the last year the Councils Treasury function directly contributed to the “Working with our communities” strategic theme (Corporate Plan 2014-2016) in that it provided loan finance to support an external partner (Luminus) to fund the construction of the Langley Court Extra Care Facility in St. Ives.

7. LEGAL IMPLICATIONS

7.1 No direct, legal implications arise out of this report

8. RESOURCE IMPLICATIONS

8.1 The resource implications relating to the net interested due to the council is explained in paragraph 3.7.

9. REASONS FOR THE RECOMMENDED DECISIONS

9.1 Text

10. LIST OF APPENDICES INCLUDED

Appendix A – Economic review (Source: Arlingclose)
Appendix B – Borrowing and Investments as at 31st March 2017
Appendix C – Risk Environment 2016-17
Appendix D – CIPFA Prudential Indicators
Appendix E – Commercial Investment Strategy Indicators (Preliminary)

BACKGROUND PAPERS

Working papers in Resources; including investment and borrowing records, capital programme outturn, prudential indicator calculations.
CIPFA Treasury Management Code of Practice

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APPENDIX A

Economic Review of 2016/17	
Economic Growth	**Local Context**
Following the sharp decline in household, business and investor sentiment that was prompted by the unexpected outcome of the referendum on EU membership in Q2, the preliminary estimate of Q3 2016 GDP defied expectations as the economy grew 0.5% quarter-on-quarter, down only slightly from 0.7% in Q2 and year/year growth running at a healthy pace of 2.3%.	The rate of growth suggests that Council services that are based on consumer demand, such as Leisure and CIS are likely to experience a steady rate of growth over the short-term.
Inflation	**Local Context**
Economic data continued to challenge the current market expectations throughout the quarter. Consumer Price Inflation (CPI) fell to 0.9% in October but rose to 1.2% in November, both predominantly driven by clothing, fuel and hotel prices. The Office for National Statistics (ONS) pointed out that there was little evidence to link this rise to the decline in the value of sterling. With sterling having now fallen by around 20% with its impact on prices still to come, according to the ONS.	The low rate of inflation will reduce the pressure for inflationary increases in the short-term. However CPI has risen above the Bank of England's target of 2%, as the fall in the value of sterling (making imports more expensive), and whilst there seems to be no intent to raise interest rates, inflation could rise further. For the Councils' budget holders this could mean that in the medium term budgets start to be eroded by inflation, and increasing pressure to increase fees and charges.
Labour Market	**Local Context**
Labour market data also proved resilient, showing a small rise in the level of unemployment by 10,000, and average earnings dipping slightly, but at 2.3% still delivering real earnings growth although clearly under pressure from higher prices. The unemployment rate remained at 4.9%, its lowest level in 11 years.	With employment at a record high then recruiting is likely to become more difficult for the Council, as the number of candidates are likely to reduce. In addition wage growth is starting to pick up, and so whilst general inflation remains low but increasing, there is a potential for increased pressure to increase the Council's pay by greater percentage than in recent years.
Consumer Expenditure	**Local Context**
After a weak August, British consumers picked up the pace of their spending in Q3. UK retail sales growth surged to a 14-year high in October as consumers kept spending and colder weather boosted clothing sales. According to the British Retail Consortium (BRC), fears over Brexit are likely to weigh on sales in the period ahead.	Overall economic growth in the UK is strong and this has been largely driven by consumer spending. This augurs well for the services the Council provides, suggesting there is likely to be strong demand for services into the medium term.
Global Influences	**Local Context**
Uncertainty surrounds whether or not	Whilst the Council is insulated to some

President Trump, will make good the fiscal, regulatory and policy initiatives and changes which were central to his campaign and, if so, their timing and size and their effect on growth, employment and inflation both domestic and globally. Following a strengthening labour market, in a move that was largely anticipated, at its meeting in December, the Federal Reserve's Open Market Committee (FOMC) increased the target range for official interest rates for just the second time in the last decade. The range was increased to between 0.5% and 0.75%, from 0.25% and 0.5%. In the accompanying statement, FOMC Chair Janet Yellen also highlighted the expectation of three further rate hikes in 2017, followed by three hikes in each of 2018 and 2019.	extent from global fluctuations, the depreciating pound will make imported goods more expensive, so could have an impact on items such as IT equipment that are purchased from abroad or equipment which contain components purchased from abroad.
UK Monetary Policy	**Local Context**
At its August meeting, the Bank of England's Monetary Policy Committee (MPC) had stated that the majority of members expected to support a further cut in Bank Rate at one of the MPC's forthcoming meetings during the course of the year. However, in the final calendar quarter of 2016/17 the MPC kept Bank Rate unchanged at 0.25% and asset purchases at £435bn.	The economy's low growth rates and low inflation have resulted in the Bank of England's reluctance to increase interest rates. The main ramification of this for the Council is that the investments that it makes in financial instruments, for example money market funds and call accounts will continue to offer very low rates of return. The continuing expansion Commercial Investment Strategy offers an opportunity to achieve higher returns (yields) but still with a high degree of security. The security is as a result of the ownership of an asset (property) or and investment in assets (Property Funds). An attempt to achieve higher returns using financial investments would result in the taking on of more risky investments.
Market Reaction	**Local Context**

Following the referendum result, gilt yields had fallen sharply across various maturities on the view that Bank Rate would remain extremely low for the foreseeable future. Since September there has been a reversal in longer dated gilt yields which have moved higher, largely due to the MPC revising its earlier forecast that Bank Rate would be dropping to near 0% by the end of 2016. The yield on the 10-year gilt rose from 0.75% at the end of September to 1.24% at the end of December, which is almost back at pre-Brexit levels of 1.37% on 23rd June. 20- and 50-year gilt yields have also risen considerably in the third quarter to 1.76% and 1.7% respectively, and are nearly back up to pre-Brexit levels. After recovering from an initial sharp drop in Quarter 2, equity markets appear to have continued their rally, although displaying some volatility at the beginning of November following the US presidential election result. The FTSE-100 and FTSE All Share indices closed at 7142.83 and 3873.22 respectively on 30th December, up 3.5% and 3.1% over the quarter. Money market rates for very short-dated periods (overnight to 1 month) have largely started recovering from a noticeable fall in the previous quarter.	PWLB borrowing rates are based on gilt yields. As a result when the Council needs to borrow the rates on offer are low by historic standards but the direction of travel is for increases but at a moderate rate. The majority of the Council's cash balances are kept in Money Market Funds or instant access accounts. Whilst rates on instant access accounts have fallen, the recovery of overnight rates may push up rates offered by Money Market Accounts. The rates on Money Market Accounts fluctuate and are therefore more likely to increase than bank accounts, which tend to change rate less often.
Source of Data: Arlingclose Ltd	

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APPENDIX B

BORROWING AND INVESTMENTS AT 31 MARCH 2017

	Short-term Rating		Date Invested/ Borrowed	Amount		Interest Rate	Year of Maturity
	Fitch	Moody's		£m	£m		
Borrowing							
Short-term							
NIL							
Long-term							
PWLB			19/12/08	5.000		3.91%	2057/58
PWLB			19/12/08	5.000		3.90%	2058/59
PWLB			07/08/13	1.013		2.24%	2023/24
PWLB			25/11/15	0.736		3.28%	2046/47
PWLB			19/01/16	0.980		3.10%	2046/47
PWLB			21/03/16	0.490		2.91%	2046/47
PWLB			29/04/16	0.396		3.10%	2047/48
PWLB			02/06/16	0.322		2.92%	2047/48
PWLB			29/07/16	0.643		2.31%	2047/48
PWLB			23/09/16	0.494		2.18%	2047/48
PWLB			06/01/17	0.875		2.67%	2047/48
					15.949		
Total Borrowing					**15.949**		
Investments In-House							
Investments							
NatWest Current	F2	P2		0.028		0.00%	On-call
NatWest Liquidity	F2	P2		0.647		0.05%	On-call
Cambridge Building Society	Not rated			0.100		0.15%	On-call
Santander	F1	P1		0.650		0.25%	On-call
Blackrock	AAAmmf			0.400		0.25%	On-call
Federated	AAAmmf			0.300		0.22%	On-call
Legal and General	AAAmmf			0.400		0.25%	On-call
PSDF	AAAmmf			0.200		0.25%	On-call
Total Investments					**2.725**		
Loans							
Huntingdon Regional College	Not rated			1.030		3.34%	2023/24
Huntingdon Gym	Not rated			0.049		5.13%	2023/24
Luminus	Not rated			0.750		4.78%	2047/48
Luminus	Not rated			1.000		4.60%	2047/48
Luminus	Not rated			0.500		4.41%	2047/48
Luminus	Not rated			0.400		4.60%	2047/48
Luminus	Not rated			0.325		4.42%	2047/48
Luminus	Not rated			0.650		3.81%	2047/48
Luminus	Not rated			0.500		3.68%	2047/48
Luminus	Not rated			0.875		4.17%	2047/48

Total Loans					**6.079**		
Total Investments					**8.804**		
Net Borrowing					**7.145**		

Definition of Credit Ratings

Fitch	Rating	Definition
Short term	**F1**	Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added "+" to denote any exceptionally strong credit feature.
	F2	Good rated intrinsic capacity for timely payment of financial commitments.
	F3	Fair rated intrinsic capacity for timely payment of financial commitments.
Long-term	**AAA**	Highest credit quality organisations, reliable and stable. 'AAA' ratings denote the **lowest expectation of default risk.** They are assigned only in cases of exceptionally strong capacity for payment of financial commitments.
	AA	Very high credit quality. 'AA' ratings denote **expectations of very low default risk.** They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
	AA-	
	A	High credit quality. 'A' ratings denote e**xpectations of low default risk**. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
	A-	
	BBB	Good credit quality. BBB ratings indicate **expectations of low default risk**. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.
Notes The modifiers "+" or "-"may be appended to a rating to denote relative status within major rating categories.		

APPENDIX C

Risk Environment 2016/17	
Bail In	**Local Context**
During the banking crisis the government, invested large sums of public money into banks in order that they remained solvent, and these are still being paid back by the banks. Legislation over the last year has moved the risk to investors in banks, and due to various exemptions for, for instance retail deposits, risks for public bodies have increased.	Whilst some public bodies will carry higher levels of long-term cash and as a result have a need to invest long term, the Council generally has cash that will be needed in the short-term and as a result places funds where they are accessible in the short-term and generally on the day.
Credit Ratings	**Local Context**
Changes to long-term credit ratings over the quarter included Moody's upgrades to rating of both Barclays Bank and Credit Suisse to A1 and to Santander UK plc's rating to Aa3 from A1. S&P upgraded the long-term rating of Goldman Sachs International Bank to A+ from A.	The Council receives monthly updates from its advisors on changes to credit ratings. Whilst the Council maintains deposits on a short-term or available instant basis the risk is reduced from failures, as the Council will be able to withdraw funds as soon as there is an indication of a credit problem. Whereas other investors with longer term fixed investments will not be able to.
Stress Tests	**Local Context**
At the end of November, the Bank of England released the results of its latest stress tests on the seven largest UK banks and building societies (Barclays, HSBC, Lloyds/Bank of Scotland, Santander UK, HSBC, RBS/Natwest and Nationwide BS). The 2016 stress tests were more challenging and designed under a new Bank of England framework, which tested the resilience of banks to tail risk events. Royal Bank of Scotland, Barclays and Standard Chartered Bank were found to be the weakest performers.	The RBS group includes Natwest the Council's transactional banker. Advice from Arlingclose on the way in which the Council uses Natwest for holding funds is being followed. The Council only maintains balances with of less than £1m, which is instantly accessible.

APPENDIX D

CIPFA Prudential Indicators for Capital Finance in Local Authorities
Prudential Indications and Treasury Management Indications for 2016/17
Comparison of actual results with limits

PRUDENTIAL MANAGEMENT INDICATORS

1. Actual and Estimated Capital Expenditure.

	2016/17 Estimate £m	2016/17 Actual £m
Asset and Loans		
Gross	**15.6**	**9.0**
Net	**12.2**	**7.7**
Commercial Investment Strategy (CIS)		
Gross	**20.0**	**9.2**
Net	**20.0**	**9.2**
Net Total	**32.2**	**16.9**

2. The proportion of the budget financed from government grants and council tax that is spent on interest and the provision for debt repayment.

2016/17 Estimate	2016/17 Actual
14.9%	**8.0%**

3. The impact of schemes with capital expenditure on the level of council tax.
This item is only provided to demonstrate affordability at budget setting and has already been superseded by the equivalent figure in the 2016/17 Treasury Management Strategy indicators.

4. The capital financing requirement.
This represents the estimated need for the Authority to borrow to finance capital expenditure less the estimated provision for redemption of debt (the MRP).

	2016/17 Estimate £m	2016/17 Actual £m
Assets and Loans	46.4	38.8
CIS	19.1	0
Total	**65.5**	**38.8**

5. Net borrowing and the capital financing requirement.
Net external borrowing as at the 31st March 2017, was £15.9m; this is £22.9m less than the capital financing requirement. Thereby confirming that the council has not borrowed for revenue purposes other than in the short-term for cash flow purposes.

6. The actual external long-term borrowing at 31 March 2017
£15.9m

7. Adoption of the CIPFA Code

The Council has adopted the 2011 edition of the CIPFA Treasury Management Code of Practice.

TREASURY MANAGEMENT INDICATORS

8. The authorised limit for external debt.

This is the maximum limit for borrowing and is based on a worst-case scenario.

	2016/17 Limit £m	**2016/17 Actual £m**
Short-Term	20.0	0.0
Long Term	47.0	15.9
Other long-term liabilities (leases)	6.0	0.5
Total	**73.0**	**16.4**
Long-term for loans to organisations	**15.0**	**5.9**
Total	**88.0**	**22.3**

9. The operational boundary for external debt.

This reflects a less extreme position. Although the figure can be exceeded without further approval, it represents an early warning monitoring device to ensure that the authorised limit (above) is not exceeded.

	2016/17 Limit £m	**2016/17 Actual £m**
Short-Term	15.0	0.0
Long Term	47.0	15.9
Other long-term liabilities (leases)	6.0	0.5
Total	**68.0**	**16.4**
Long-term for loans to organisations	**15.0**	**5.9**
Total	**83.0**	**22.3**

Both of these actual results reflect the fact that long term rates were not considered low enough to borrow in anticipation of need

10. Exposure to investments with fixed interest and variable interest.

These limits are given as a percentage of total investments. Investments of less than 12 months count as variable rate.

		Limits		**Actual**
		Max.	**Min.**	**As at 31.3.17**
Borrowing:				
longer than 1 year	Fixed	100%	75%	100%
	Variable	25%	0%	0%
Investments:				
longer than 1 year	Fixed	100%	100%	100%
	Variable	0%	0%	0%

11. Borrowing Repayment Profile

The proportion of 2016/17 borrowing that matured in successive periods.

Borrowing	Upper limit	Lower limit	Actual As at 31.3.17
Under 12 months	91%	0%	2%
12 months and within 24 months	91%	0%	2%
24 months and within 5 years	91%	0%	5%
5 years and within 10 years	92%	1%	5%
10 years and above	100%	8%	86%

12. Investment Repayment Profile

Limit on the value of investments that cannot be redeemed within 364 days.

	Limit £m	Actual £m
Limit on principal invested beyond year end (31 March 2017)	34.5	0

APPENDIX E

Commercial Investment Strategy Indicators

The Treasury Management Strategy for 2016/17 includes three indicators specific to the Commercial Investment Strategy (CIS);

- Investment cover ratio
- Loan to value ratio
- Target income returns

It is at this stage too early to in the lifecycle of the CIS to report on these indicators; however the basis metrics are;

	Purchase Cost £000	**Income £000**
2015-16 Purchases		
CCLA Property Shares	2,500	(112)
Unit 3 Stonehill, Huntingdon	1,358	(125)
2016-17 Purchases		
CCLA Property Shares	1,500	(68)
Wilbury Way, Hitchin	2,313	(170)
Shawlands Retail Park, Sudbury	6,890	(483)
Note: The income shown is full year this may not be the actual rent received in the first year of purchase, where the Council has only held the asset for a part year. CCLA Property Share income is assumed at 4.5% yield		