Classification: Part 1 – Public
Key Decision: No

Gravesham Borough Council

Report to:	Finance and Audit Committee
Date:	16 November 2016
Reporting officer:	Stuart Bobby – Director (Corporate Services)
Subject:	Treasury Management Mid-Year Review 2016/17

PURPOSE AND SUMMARY OF REPORT:

To provide a mid-year review update report to Members of the Finance and Audit Committee on treasury management activity undertaken during the period April to September 2016.

RECOMMENDATIONS

1) The Finance and Audit Committee note the report.

2) The Finance and Audit Committee recommends to Full Council that the revised estimates against the prudential and treasury indicators are endorsed.

1. INTRODUCTION

1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management was adopted by this Council on 2 March 2010.

1.2 The primary requirements of the Code are as follows:

- 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 the Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** and an Annual Report (stewardship report) covering activities during 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.

- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Finance and Audit Committee.

1.3 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2016/17 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Council's capital expenditure (prudential indicators);
- A review of the Council's investment portfolio for 2016/17;
- A review of the Council's borrowing strategy for 2016/17;
- A review of any debt rescheduling undertaken during 2016/17;
- A review of compliance with Treasury and Prudential Limits for 2016/17.

2. ECONOMIC BACKGROUND

2.1 The following economic performance update has been provided by Capita Asset Services – Treasury Solutions.

2.2 UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

2.3 The Bank of England meeting on August 4th addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on November 23.

2.4 The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years.

However, the MPC is expected to look thorough a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

2.5 The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

2.6 In the Eurozone, the ECB commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

2.7 Japan is still experiencing low growth and making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.

3. INTEREST RATE FORECASTS

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

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

3.2 Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4th August cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney has repeatedly stated 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 could well turn negative when inflation rises during the next two years to exceed average pay increases.

3.3 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates. Our PWLB rate forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

3.4 The overall balance of risks to economic recovery in the UK remains to the downside. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.

- Weak capitalisation of some European banks.

- A resurgence of the Eurozone sovereign debt crisis.

- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a further flight to safe havens (bonds).

- 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.

3.5 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.

4. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY UPDATE

4.1 The Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS) for 2016/17 were approved by Council on 23 February 2016. A verbal update was given to the Finance and Audit Committee in June on Managed Property Funds. . No changes have been made to the TMSS or AIS during the first half of the financial year; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

5. THE COUNCIL'S CAPITAL POSITION (PRUDENTIAL INDICATORS)

5.1 This part of the report is structured to update:

- The Council's capital expenditure plans;
- How these plans are being financed
- The impact of changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.2 **Prudential Indicator for Capital Expenditure -** The table below shows the revised estimates for capital expenditure and the changes since the capital programme was agreed by Council as part of the budget. This increase is attributable to the rolled forward allocations from 2015/16, as presented to Cabinet in September 2016 and new schemes for 2016/17 and an additional £10 million being approved for Property Acquisition.

Capital Expenditure	2016/17 Original Estimate £m	2016/17 Current Position £m	2016/17 Revised Estimated £m
Non HRA	5.985	4.983	17.417
HRA	9.773	3.383	10.903
Total	15.758	8.366	28.320

5.3 **Prudential Indicator for the Financing of the Capital Programme** - The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increased the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2016/17 Original Estimate £m	2016/17 Current Position £m	2016/17 Revised Estimated £m
Total	15.758	8.366	28.320
Financed by:			
Capital Receipts	1.930	846	2.294
Capital Grants	2.186	971	2.840
Capital Reserves	2.289	1.234	2.847
Revenue	1.261	3.299	12.086
Depreciation	5.492	2.016	5.653
Total Financing	10.322	8.157	25.720
Borrowing Need	2.600	-	2.600

5.4 **Prudential Indicator for the Capital Financing Requirement** - The table below shows the CFR, which is the amount of capital spending that has not been financed by capital receipts, capital grants or contributions from revenue.

Capital Financing Requirement	2016/17 Original Estimate £m	2016/17 Revised Estimated £m
CFR – General Fund	12.979	12.979
CFR – HRA	92.169	92.169
Total CFR	105.148	105.148
Net Movement in CFR	(0.617)	(0.617)

5.5 **Prudential Indicator for External Debt and the Operational Boundary –** The table below shows the current level of debt against the expected debt position over the financial year.

External Debt and Operational Boundary	External Debt	Operational Boundary	
	Current Debt Position £m	2016/17 Original Estimated £m	2016/17 Revised Estimate £m
Borrowing	103.975	125.000	125.000
Other long term liabilities	--	1.500	1.500
Total debt 31 March	103.975	126.500	126.500

5.6 The operational boundary is the maximum amount of borrowing which the council is permitted to undertake on a day to day basis and must not be breached other than for temporary cash flow demand purposes. This level has not been breached during the first six months of 2016/17. There is also no requirement to increase the operational boundary at this stage.

5.7 **Prudential Indicator for Limits to Borrowing Activity** - The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Council has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

Borrowing Activity	2016/17 Original Estimate £m	2016/17 Current Position £m	2016/17 Revised Estimated £m
Debt as at 1 April	104.780	104.781	104.781
Debt repayment	(3.105)	(0.041)	(3.105)
New Loan	2.300	-	2.600
Plus other long term liabilities	--	-	--
Gross Debt	103.975	104.741	104.276
CFR (year-end position)	105.148		105.148

5.8 The Director (Corporate Services) reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

5.9 **Prudential Indicator for the Authorised Limit** - A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Authorised limit for External Debt	2016/17 Original Estimate £m	2016/17 Current Position £m	2016/17 Revised Estimated £m
Borrowing	126.500	126.500	126.500
Other long term liabilities	1.600	1.600	1.600
Total	128.100	128.100	128.100

6. INVESTMENT PORTFOLIO 2016/17

6.1 In accordance with the Treasury Management Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As set out in Section 3, it is a very difficult investment market in terms of earning the level of interest returns commonly seen in previous decades as rates are very low and in line with the 0.25% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis together with the other risks which could impact on the creditworthiness of banks prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low.

6.2 The Council held £32.115m of market investments and £9.984m of Property Fund investments as at 30 September 2016 (£35.550m at 31 March 2016). The investment portfolio yield for the first six months of the year is 0.69156% against the 3 month LIBID benchmark of 0.38%. A full list of investments held as at 30th September 2016 can be found at appendix 2.

6.3 The Director (Corporate Services) confirms that the approved limits within the Annual Investment Strategy were not breached during the first six months of 2016/17.

6.4 As per the Quarter 2 Budget Monitoring Report, the forecast income is anticipated to be £460,000, some £286,000 lower than originally budgeted.

7. PROPERTY FUNDS

7.1 In the 2016/17 TMSS the use of Property Funds was identified as an alternative investment tool. Following Full Council's ratifications of the TMSS in February 2016, Officers met with three Property Funds at a Selection Panel on 20 April, it was subsequently recommended to split the £10m investment funds between Lothbury £5m, Hermes £2.5m and CCLA £2.5m.

7.2 The Property Acquisition Cross Party Working Group met on 20 May 2016, to discuss the above proposal. Following discussion at this meeting it was agreed to change the split between Hermes and CCLA to £3m and £2m retrospectively.

7.3 The fees incurred entering Managed Property Funds can be very high and therefore once the decision had been agreed the option of entering the funds via the secondary market was explored. As CCLA is only available to Local Authorities there is a very limited secondary market and therefore direct entry was the only option available. Entry into the fund occurred on 31 May 2016 at a price of Net Asset Value (NAV) + 6.5%.

7.4 Lothbury identified an existing investor who was looking to sell some units in the fund. It was agreed to purchase 2,658 units from Ambac at the May NAV + 1% instead of the NAV + 5.75% that would have been incurred had we entered the fund directly. Entry into the fund occurred on 1 July 2016.

7.5 Hermes do not deal directly with the secondary market, however, Capita liaised with a broker on our behalf and they were able to find two companies who were looking to sell some units in the fund, CBRE Global Investment Partners and AON Hewitt. Some broker fees and a commission payable to Capita were incurred as a result, however, 481,600 units were purchased in Hermes from these companies at a fee of NAV + 3.5% instead of NAV + 6.3% had we entered the fund directly. Entry into the fund occurred on 27 June 2016

7.6 Significant savings were achieved by entering two of the funds via the secondary market, which has resulted over £290,000 more being invested into the fund. The table below shows the holdings and various fees at entry into each fund

	Purchase Price	Entry Fee	Broker Fee	Capita Commission	Total Consideration	Savings resulting from entry through secondary market
CCLA	£1,873,528	£126,472	-	-	**£1,999,999**	-
Lothbury	£4,949,648	£49,492	-	-	**£4,999,140**	£222,376
Hermes	£2,883,821	£100,934	£7,462	£7,329	**£2,999,545**	£68,403
Total	**£9,706,997**	**£276,897**	**£7,462**	**£7,329**	**£9,998,684**	**£290,779**

7.7 Following the EU Referendum a number of Property Funds were suspended to prevent significant outflows from the funds. The three funds that we invested were not suspended and those which were suspended are now back up and running as normal.

7.8 The table shows the NAV for each of the Property Funds as at end of September compared to the Purchase Price, along with the average gross return on investment to date.

	Purchase Price	Sept NAV	% Change NAV	Average Gross Return on Investment
CCLA	£1,873,528	£1,791,541	-4.38%	5.09%
Lothbury	£4,949,648	£4,770,254	-3.62%	3.94%
Hermes	£2,883,821	£2,860,222	-0.82%	Note 1
Total	**£9,706,997**	**£9,422,017**	**-2.94%**	

Note 1 – The dividend from Hermes is available 6 weeks after the end of the quarter, therefore it was not available at the time of writing this report.

7.9 We have carried out some analysis on the capital values invested within the three property funds to establish the impact on those sums had we invested the amounts prior to 2008 for a period of 8 years. Whilst it must be remembered that past performance is not an indication of future performance, this analysis has shown that despite the capital values dropping between 30-40% during the period, by the end of the 8 year period the total capital value across the three funds showed an increase in value of 10%.

8. CASHFLOW

8.1 Prior to including the use of Managed Property Funds within the TMSS for 2016/17 and establishing a £10 million fund within the capital programme for the purchase of commercial properties, a 10 year cashflow model was created. This demonstrated that these two activities could be undertaken on the basis that the authority would have surplus cash for around an eight year period.

8.2 Following the meeting of the Finance and Audit Committee on 16 June, a cashflow graph was circulated to members of the committee along with the key assumptions made in creating the model.

8.3 At the meeting of the Overview Scrutiny Committee on 20 October, the Chair of the Committee requested that Members were regularly updated on the authority's cashflow position. It was agreed that this would be included within the Treasury Management updates to the Finance and Audit Committee.

8.4 An updated version of the graph is included in Appendix 3 to this report. This reflects the following changes

- Revised capital programme for both the General Fund and Housing Revenue Account, including slippage from 2015/16 as well as new schemes for 2016/17

- Purchase of both Network House and Springhead Units A4, A5 and C1-C6 and an assumption that the remaining funds will be spent before the end of the financial year.

- Rental income generated from the purchase of the above two properties.

- An income forecast from the Managed Property Funds.

8.5 These updates have not significantly changed the period for which the Council has a surplus cash position.

9. BORROWING

9.1 The Council's Capital Financing Requirement (CFR) for 2016/17 is £105,147,771. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

9.2 The capital programme for 2016/17 includes a provision of £2.6m for the Redevelopment of the former Fleet Leisure Site, which is to be funded by unsupported borrowing. As per the Quarter 2 Budget Monitoring report to Cabinet on 7 November, a future report on the way forward will be submitted to a future Cabinet meeting. External borrowing will be secured as and when appropriate, depending on the recommendations within the report.

10. DEBT RESCHEDULING

10.1 Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to the gilt yields which has impacted PWLB rates since October 2010. No debt rescheduling was undertaken during the first six months of 2016/17.

11. OTHER

11.1 In January 2015, a report to Cabinet outlined proposals by the Local Government Association (LGA) to set up the Municipal Bonds Agency (MBA) in the belief that this would provide councils with the opportunity to raise funds at significantly lower rates than those offered by the Public Works Loan Board (PWLB).

11.2 The MBA is wholly owned by the LGA and 56 local authorities who together have invested over £6 million in the Agency. The Council is a shareholder in the MBA having made an investment of £20,000 in the Agency in February 2015.

11.3 Although the Council is not seeking to borrow funds from the MBA at this time, approval was granted by the Council in October 2016 for the Authority to sign up to the MBA's Framework Agreement. This framework sets out the arrangements for borrowing from the Agency and incorporates a joint and several guarantee that requires all local authorities borrowing from the MBA to guarantee the money owed by the Agency to those who have lent it funds to finance its loans. If the Council has no borrowings with the MBA, it cannot be called upon to make any contribution that might be required to cover the default of another borrower within the Agency. By adopting the Framework at this time, the Council is only agreeing to its terms and conditions that will enable it to obtain funding from the MBA should it wish to pursue this as an option in the future. Any borrowing from the MBA deemed necessary by the Council in the future would be the subject of a further report.

11.4 Last year Finance Officers were given a demonstration of a new product being offered by Capita called Treasury Live. The system provided an online suite of tools to assist with treasury management activities and ongoing cash flow monitoring. Management Team agreed to the purchase of the system, and following discussion with Capita, we have now received a Test System. Officers are currently working through the data contained within the system, to confirm its accuracy prior to introducing it into day to day treasury management activities.

11.5 It is our intention to invite Capita and representatives from one of the managed Property Funds to the meeting of the Finance and Audit Committee on 7 February when the Treasury Management Strategy Statement for 2017-18 is presented.

12. BACKGROUND PAPERS

12.1 There are no Background Papers pertaining to this Report.

IMPLICATIONS	APPENDIX 1
Legal	As per Section 1.13B.67 of the Council's constitution, the Chief Finance Officer has delegated responsibility from Cabinet "in respect of borrowing and investments to arrange such loans as are legally permitted to meet the Council's borrowing requirements".
Finance and Value for Money	Due to the nature of the report, the financial implications are contained within the report. In order to achieve a balanced budget, the authority relies upon generating maximum interest from its investments whilst minimising and managing the exposure to risk. In order to achieve this, investments are only placed with institutions which meet the criteria set out within the TMSS. Where the authority is required to borrow to meet the needs of the authority, officers will seek advice from Capita Asset Services on timings and options in order to ensure the best deal for the authority.
Risk Assessment	A summary of the perceived risks associated with Treasury Management were identified in the Treasury Management Strategy approved by Council on 23 February 2016. Officers continue to monitor the risks on a day to day basis and identify mitigating actions to minimise risks..
Equality Impact Assessment	**Screening for Equality Impacts**
	Question
	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No
	In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above
Corporate Plan	Corporate Plan Objective 4 - Sound and Self Sufficient Council
Crime and Disorder	N/A
Digital and website implications	No direct implications.

Safeguarding children and vulnerable adults	**N/A**

Investments held as at 30 September 2016

Institution	£m		Interest Rate	Start Date	End date	%
UK External Investments						
Lloyds	3.000	Fixed	0.65%	14/07/16	14/10/16	15.57%
Lloyds	2.000	Fixed	0.65%	15/08/16	15/02/17	
Non UK External Investments						
Nordeutsche Landesbanken (Germany)	2.000	CD*1	0.55%	14/07/16	14/10/16	6.23%
Co-operative Rabobank (Netherlands)	2.000	CD*1	0.62%	21/04/16	21/10/16	9.34%
Co-operative Rabobank (Netherlands)	1.000	CD*1	0.73%	13/04/16	13/01/17	
Nordea Bank (Sweden)	2.000	CD*1	0.71%	19/02/16	21/11/16	6.23%
Toronto Dominion (Canada)	4.000	CD*1	0.81%	31/03/16	30/12/16	15.57%
Toronto Dominion (Canada)	1.000	CD*1	0.88%	14/04/16	13/04/17	
DZ Bank (Germany)	4.000	CD*1	0.54%	07/07/16	06/01/17	12.46%
UBS (Switzerland)	4.000	CD*1	0.69%	05/08/16	31/07/17	12.46%
Money Market Funds						
Invesco STIC Global	4.990	Call	0.43%*2			15.54%
Goldman Sachs	0.185	Call	0.38%*2			0.58%
Standard Life (Ignis)	1.940	Call	0.40%*2			6.04%
Total	**£32.115**					

*1 – Certificate of Deposit

*2 –.This represents the weighted average return on the fund for Quarter 2 2016-17

Property Funds						
Lothbury	4.999					
Hermes Investment Management	2.985					
CCLA	2.000					
Total	**£9.984**					