COUNCIL
17 JULY 2014

ITEM NO. 8 (c)

TREASURY MANAGEMENT ANNUAL REPORT AND OUTTURN PRUDENTIAL INDICATORS 2013/14

Councillor Stephen Harker, Efficiency and Resources Portfolio

Paul Wildsmith, Director of Neighbourhood Services and Resources

SUMMARY REPORT

Purpose of the Report

1. This report provides important information regarding the regulation and management of the Council's borrowing, investments and cash-flow. It is a requirement of the Council's reporting procedures and covers treasury activity for 2013/14. The report also seeks approval of the Prudential Indicators results for 2013/14 in accordance with the Prudential Code.

Summary

2. The financial year 2013/14 presented similar circumstances to 2012/13 with regard to treasury management. Investments continued to be made only where there was low risk, for Darlington Borough Council this manifested itself in the continuing reliance on internal borrowing (reducing external investments and using the money to pay for capital expenditure rather than borrowing). This in turn had a positive effect on the MTFP's financing costs as investment rates are lower than borrowing rates.

3. During 2013/14 the Council complied with its legislative and regulatory requirements. The need for borrowing was only increased for capital purposes.

4. At 31st March 2014, the Council's external debt was £120.161M which is £8.000M more than the previous year. The average interest rate for borrowing was up to 3.92% from 3.42% in 2012/13. Investments totalled £31.743M at 31st March 2014 (£16.454M at 31st March 2013) earning interest of 0.59% on short term investments and 1.02% on longer term investments.

5. Financing costs have been reduced during the year and a saving of £0.211M achieved from the original MTFP as a result of a mixture of reduced debt costs both principal and interest arising from the continued reliance on internal borrowing, the timing of capital expenditure and increased income from investments.

Recommendation

6. It is recommended that:

   (a) The outturn 2013/14 Prudential Indicators within this report and those in **Appendix 1** be noted.

   (b) The Treasury Management Annual Report for 2013/14 be noted.

Reasons

7. The recommendations are supported by the following reasons:

   (a) In order to comply with the Prudential Code for Capital Finance in Local Authorities.

   (b) To inform members of the Performance of the Treasury Management function.

   (c) To comply with the requirements of the Local Government Act 2003.

Paul Wildsmith
Director of Neighbourhood Services and Resources

Background Papers
(i) Accounting Records
(ii) Annual Investment Strategy 2013/14
(iii) Prudential Indicators and Treasury Management Strategy Report 2013/14

Elaine Hufford : Extension 2447

S17 Crime and Disorder	This report has no implications for crime and disorder
Health and Well Being	There are no issues relating to health and wellbeing which this report needs to address
Carbon Impact	There are no issues relating to carbon impact
Diversity	There are no specific implications for diversity
Wards Affected	The proposals affect all wards
Groups Affected	The proposals do not affect any specific group
Budget and Policy Framework	The report does not change the Council's budget or Policy framework but needs to be considered by Council
Key Decision	This is not an Executive decision
Urgent Decision	This is not an Executive decision
One Darlington: Perfectly Placed	The proposals in the report support delivery of the Community Strategy through appropriate and effective deployment of the Councils Resources
Efficiency	The report outlines movements in the national economic outlook that has enabled officers to take advantage of changing interest rates to benefit the Revenue MTFP.

MAIN REPORT

Information and Analysis

8. This report summarises:

   (a) Capital expenditure and financing for 2013/14
   (b) The Council's underlying borrowing need
   (c) Treasury position at 31st March 2014
   (d) Prudential indicators and compliance issues
   (e) The economic background for 2013/14
   (f) A summary of the Treasury Management Strategy agreed for 2013/14
   (g) Treasury Management activity during 2013/14
   (h) Performance and risk benchmarking

9. Throughout this report a number of technical terms are used, a glossary of terms can be found at the end of this report.

The Council's Capital Expenditure and Financing 2013/14

10. The Council undertakes capital expenditure on long term assets, which is financed either,

    (a) immediately through capital receipts, capital grants, contributions and from revenue; or
    (b) by borrowing.

11. Part of the Council's treasury activities is to address this borrowing need, either through borrowing from external bodies, or utilising temporary cash resources within the Council. The wider treasury activities also include managing the Council's cashflow, its previous borrowing activities and the investment of surplus funds. These activities are structured to manage risk foremost and then optimise performance.

12. Capital Expenditure forms one of the prudential indicators that are used to regulate treasury activity. Table 1 shows total capital expenditure and how this was financed, compared with what was expected to be spent and how this would have been financed. Actual expenditure was £0.049M less than planned. However the mix of funding differs from that that was expected as some schemes progressed quicker than others. This impacted on borrowing needed to fund expenditure resulting in £1.269M more borrowing need than expected at this time.

Table 1 – Capital Expenditure and Financing

	2012/13	**2013/14**		
	Outturn £m	**Revised Estimate £m**	**Outturn £m**	**Variance £m**
General Fund Capital Expenditure	13.088	21.136	23.431	+2.295
HRA Capital Expenditure	6.220	8.252	5.908	-2.344
Total Capital Expenditure	**19.308**	**29.388**	**29.339**	**-0.049**
Resourced by:				
Capital Receipts	0.280	0.164	1.936	1.772
Capital Grants	10.999	12.079	11.776	-0.303
Capital Contributions	0.257	1.189	0.296	-0.893
Revenue	5.465	7.517	5.623	-1.894
Total Resources	**17.001**	**20.949**	**19.631**	**-1.318**
Borrowing needed to finance 2013/14 expenditure	**2.307**	**8.439**	**9.708**	**+1.269**

The Council's Underlying Borrowing Need

13. The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). The figure is a gauge for the Council's debt position. It represents 2013/14 and prior years' net capital expenditure which has not yet been paid for by revenue or other resources.

14. The General Fund element of the CFR is reduced each year by a statutory charge to the revenue accounts called the Minimum Revenue Provision (MRP). The total CFR can also be reduced each year through a Voluntary Revenue Provision (VRP).

15. The Council's CFR for the year is shown in table 2 below, and represents a key prudential indicator. The CFR outturn for 2013/14 is £174.821M which is £0.981M above the approved because of the higher borrowing need than expected for 2013/14.

Table 2 - Capital Financing Requirement

	2012/13	2013/14		
	Outturn £m	Approved Indicator £m	31 March Actual £m	Variance £m
Opening Balance	152.923	150.879	150.834	-0.045
Add Capital Expenditure financed by borrowing	2.307	8.439	9.708	1.269
Add adjustment for the inclusion of leases on the balance sheet under IFRS	21.858	20.295	20.295	0
Less MRP/VRP Housing and General Fund	-4.350	-4.258	-4.501	-0.243
Less MRP / VRP PFI and Leasing	-1.565	-1.515	-1.515	0
Closing balance	**171.173**	**173.840**	**174.821**	**0.981**

Treasury Position at 31 March 2014

16. Whilst the measure of the Council's underlying need to borrow is the CFR, the Director of Neighbourhood Services and Resources can manage the Council's actual borrowing position by:

    (a) borrowing to the CFR level; or
    (b) choosing to utilise some temporary cash flows instead of borrowing ("under borrowing"); or
    (c) borrowing for future increases in CFR (borrowing in advance of need, the "over borrowed" amount can be invested).

17. The financial reporting practice that the Council is required to follow (the Statement of Recommended Practice (SORP)), changed in 2007/08. Financial instruments (borrowing and investments etc) must now be reported in the Statement of Accounts in accordance with national Financial Reporting Standards. The figures in this report are based on actual amounts borrowed and invested and so will differ from those in the Statement of Accounts.

18. The Council's total debt outstanding at 31st March 2014 was £120.161M. In addition to this a liability of £18.779M relating to the PFI scheme and Finance Leases brings the total to £138.940M. The Council's revised CFR position was estimated to be £173.840M however the actual out turn position was slightly higher at £174.821M. When comparing this to our actual borrowing of £138.940M this meant that the Council was "under borrowed" by £35.881M this "under borrowed" amount was financed by internal borrowing i.e. the amount that could have been invested externally was reduced to cover this. The treasury position at the 31st March 2014, including investments compared with the previous year is shown in table 3 below.

Table 3 – Summary of Borrowing and Investments

Treasury Position	31 March 2013		31 March 2014	
	Principal £m	Average Rate %	Principal £m	Average Rate %
Fixed Rate Debt Market and Public Works Loan Board (PWLB)	112.161	3.42	120.161	3.92
Total Debt	**112.161**	**3.42**	**120.161**	**3.92**
Cashflow Investments	8.454	0.56	27.743	0.59%
Capital Investments	8.000	2.07	4.000	1.02%
Total Investments	**16.454**		**31.743**	
Net borrowing position	**95.707**		**88.418**	

Prudential Indicators and Compliance Issues

19. Some prudential indicators provide an overview while others are specific limits on treasury activity. These indicators are shown below:

20. **Gross Borrowing and the CFR –** Over the medium term the Council's external borrowing, net of investments, must only be for capital purposes. Gross borrowing should not therefore, except in the short term, have exceeded the CFR for 2013/14 plus the expected changes to the CFR over 2014/15 and 2015/16. Table 4 highlights the Council's Gross borrowing position against CFR. The Council has complied with this prudential indicator.

Table 4 – Gross Borrowing Compared with CFR

	31 March 2013 Actual £m	31 March 2014 Approved Indicator £m	31 March 2014 Actual £m
Gross Borrowing Position	**112.161**	**118.000**	**120.161**
CFR Excluding PFI & leases	**150.879**	**154.840**	**156.041**
CFR	**171.173**	**173.840**	**174.821**

21. **The Authorised Limit –** The Authorised Limit is the "Affordable Borrowing Limit" required by section 3 of the Local Government Act 2003. The Council does not have power to borrow above this level.

22. **The Operational Boundary –** The Operational Boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the Boundary are both acceptable, subject to the Authorised Limit not being breached.

23. **Actual financing costs as a proportion of net revenue expenditure -** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue expenditure.

The actual for this indicator has increased due to the overall level of Council revenue expenditure during 2013/14 falling from £87.171M to £80.376M

Table 5 – Key Prudential Indicators

	Actual 2012/13 £M	Original Approved Limits 2013/14 £M	Revised Approved Limits 2013/14 £M	Actual Total Liabilities Borrowing + PFI/ leases 2013/14 Maximum £M
Approved Indicator – Authorised Limit	**150.368**	**170.420**	**173.840**	**138.940**
Approved Indicator – Operational Boundary	**132.455**	**134.000**	**137.000**	**138.940**
Financing costs as a percentage of net revenue expenditure	**7.88%**	**7.2%**	**7.19%**	**7.67%**

24. At 31st March 2014 the total liabilities of £138.940M were below the Authorised Limit but above the Operational Boundary. The Operational Boundary is the point at which we expect borrowing to be, but it can be lower or higher. Borrowing cannot exceed the Authorised Limit.

25. A further six prudential indicators are detailed in **Appendix 1**.

Economic Background for 2013/14

26. A summary of the general economic conditions that have prevailed through 2013/14 provided by Capita Asset Services, the Council's treasury management advisors is attached at **Appendix 2.**

Summary of the Treasury Management Strategy agreed for 2013/14

27. The revised Prudential Indicators anticipated that during 2013/14 the Council would need to borrow £8.439M to finance part of its capital programme.

28. The Annual Investment Strategy stated that the use of specified (usually less than 1 year) and non-specified (usually more than 1 year) investments would be carefully balanced to ensure that the Council has appropriate liquidity for its operational needs. In the normal course of the Council's business it is expected that both specified and non-specified investments will be utilised for the control of liquidity as both categories allow for short term investments.

29. Longer term instruments (greater than one year from inception to repayment) will only be used where the Council's liquidity requirements are safeguarded. An estimate of long term investments (over 1 year) were included in the report on the

Prudential Indicators update these were as follows £10M for 2013/14, £10M for 2014/15 and £10M for 2015/16. However in view of the prevailing interest rates and counterparty risk no investments were made for longer than I year.

Treasury Management Activity during 2013/14

Debt Position

30. **Borrowing –** this increased during 2013/14 by £8.000M in total

	PWLB	Market Loans (other Local Authorities)	Total
	£M	£M	£M
New Loans taken	0	20.000	20.000
Loans Repaid	-3.500	-8.500	-12.000
Total New Borrowing	-3.500	11.500	8.000

31. All new borrowing was taken on a short term basis from 1 month to 2 years as this fits in with the authority's debt maturity profile and interest rates for those periods are at the lower end of the scale and give good value at this time.

32. **Rescheduling –** No loans were rescheduled during 2013/14

33. **Summary of Debt Transactions –**The consolidated rate of interest increased from 3.42% to 3.92% this was due to a low interest rate period ending on one of the market loans we hold towards the end of the financial year. This fixed interest rate is replaced with a variable rate based on 10 year interest rates. The full year's effect of this change will further increase the consolidated rate in 2014/15.

Investment Position

34. **Investment Policy –** the Council's investment policy for 2013/14 is governed by the DCLG Guidance which has been implemented in the annual investment strategy for 2013/14 approved by Council on 28th February 2013.

35. The investment activity during the year conformed to the approved Strategy and the Council had no liquidity difficulties.

36. Investments held by the Council consist of temporary surplus balances, capital receipts and other funds.

Table 6 - Temporary Surplus Cash Balances

	Original Budget 2013/14	Approved Revised Budget 2013/14	Actual 2013/14
Monthly Average level of Investments	**£13.200M**	**£20.000M**	**£20.860M**
Average Rate of Return on Investment	**0.50%**	**0.55%**	**0.585%**
Interest Earned	**£66,000**	**£110,000**	**£122,100**

Table 7 - Capital Receipts and Funds

	Original Budget 2013/14	Approved Revised Budget 2013/14	Actual 2013/14
Monthly Average level of Investments	**£8.000M**	**£7.500M**	**£7.510M**
Average Rate of Return on Investment	**1.025%**	**1.04%**	**1.024%**
Interest Earned	**£82,000**	**£78,000**	**£76,900**

Performance and Risk Benchmarking

37. A regulatory development is the consideration and approval of security and liquidity benchmarks. Yield benchmarks are currently widely used to assess investment performance and these are shown in **Table 10**. Discrete security and liquidity benchmarks are relatively new requirements to the member reporting. These were first set in the Treasury Strategy report of the 25th February 2010.

38. The following reports the current position against the benchmarks originally approved.

39. Security – The Council's maximum security risk benchmarks for the current portfolio of investments, when compared to historic default tables was set as follows:

    0.077% historic risk of default when compared to the whole portfolio

40. The investment portfolio was maintained within this overall benchmark during this year as shown in **Table 8**.

Table 8

Maximum	Benchmark 2013/14	Actual June 2013	Actual October 2013	Actual December 2013	Actual March 2014
Year 1	0.077%	0.023%	0.030%	0.011%	0.020%

41. The counterparties that we use are all high rated therefore our actual risk of default based on the ratings attached to counterparties is virtually nil.

42. Liquidity – In respect of this area the Council set liquidity facilities/ benchmark to maintain

    (a) Bank Overdraft £0.100M
    (b) Liquid short term deposits of at least £3.000M available within a weeks notice.
    (c) Weighted Average Life benchmark is expected to be 0.4 years with a maximum of 1year.

43. Liquidity arrangements have been adequate for the year to date as shown in Table 9.

Table 9

	Benchmark	Actual June 2012	Actual October 2013	Actual Dec 2013	Actual March 2014
Weighted Average life	**0.4 to 1 years**	**0.25 years**	**0.34 years**	**0.19 years**	**0.22 years**

44. This benchmark was set expecting that some investments would be made for more than 1 year, but because of the current economic climate new investments are just being made up to 1 year so the actual weighted average life is lower than expected. The majority of the cashflow investments are placed in Money Market Funds on a call basis which can be accessed immediately.

45. Yield - In respect of this area performance indicators relating to interest rates for borrowing and investments were set with reference to comparative interest rates. For borrowing, the indicator is the average rate paid during the year compared with the previous year. Investment rates are compared with a representative set of comparative rates.

Table 10 – Performance Compared With Indicators

Borrowing	Average overall rate paid compared to previous years	**2012/13 3.42%**	**2013/14 3.92%**
Investments		**DBC 2012/13**	**DBC 2013/14**
Short term	Cash flow investment rate returned against comparative average rate	0.56%	0.59%
Long term	Capital investment rate returned against comparative average rates	2.06%	1.02%
Comparative rates used to compare DBC performance: -		**Short Term Investments**	**Long Term Investments**
Comparative Rates			
Local Authority 2 day rate		0.27%	
Local Authority 7 day rate		0.27%	
Local Authority 6 month rate			0.60%
Local Authority 12 month rate			0.89%
London Inter Bank Bid (LIBID) 7 day rate		0.36%	0.36%
Average		**0.30%**	**0.61%**

46. As can be seen from the table, the actual investment rate achieved for both short and longer term investments exceeds the average of comparative rates for both short term and longer term investments.

Risk

47. The Council's treasury management activities are regulated by a variety of professional codes, statutes and guidance:-

    (a) The Local Government Act 2003(the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity.

    (b) The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken (although no restrictions were made in 2013/14).

    (c) Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act.

    (d) The SI requires the Council to undertake any borrowing activity with regard to the CIFPA Prudential Code for Capital Finance in Local Authorities.

(e) The SI also requires the Council to operate the overall treasury function with regard to the CIPFA code of Practice for Treasury Management in Public Services.

(f) Under the Act the Department for Communities and Local Government has issued Investment Guidance to structure and regulate the Council's investment activities.

(g) Under section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices. Guidance on Minimum Revenue Provision was issued under this section on 8 November 2007.

48. The Councils Treasury Management function has complied with all of the relevant statutory and regulatory requirements, which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the code of Practice for Treasury Management means both that its capital expenditure is prudent, affordable and sustainable and its treasury practices demonstrate a low risk approach.

49. Officers of the Council are aware of the risks of passive management of the treasury portfolio and, with the support of Capita Asset Services, the Council's advisers, have proactively managed the debt and investments over the year.

Treasury Management Budget

50. There are three main elements within the Treasury Management Budget :-

(a) Long Term capital investments interest earned – a cash amount of around £7.500M which earns interest and represents the Council's revenue and capital balances, unused capital receipts, reserves and provisions.

(b) Cashflow interest earned – since becoming a unitary council in 1997, the authority has consistently had positive cashflow. Unlike long term capital investments it does not represent any particular sum but it is the consequence of many different influences such as receipts of grants, the relationship between debtors and creditors, cashing of cheques and payments to suppliers.

(c) Debt servicing costs – This is the principal and interest costs on the Council's long term debt to finance the capital programme.

Table 11 Changes to the Treasury Management Budget 2013/14

	£M	£M
Original Treasury Management Budget 2013/14		**3.899**
Less Reduced Repayment of Principal	**-0.060**	
Less Reduced interest payments made on debt	**-0.160**	
Add reduced net interest from Investments	**+0.002**	
Add increased broker charges on debt	**+0.007**	
Outturn Treasury Management Budget 2013/14		**3.688**

Conclusion

51. The Council's treasury management activity during 2013/14 has been carried out in accordance with Council Policy and within legal limits. Financing costs have been reduced during the year and a saving of £0.211M achieved from the original MTFP this is as a result of a number of actions taken throughout the year to manage the financing costs in the changing economic climate.

Outcome of Consultation

52. No formal consultation has been undertaken regarding this report.

Additional Prudential Indicators not reported in the body of the report

		2012/13 Actual	2013/14 Approved Indicator	2013/14 Outturn
1	**Incremental impact of capital investment decisions on the Band D Council tax**	**19p**	**68p**	**£1.52***
2	**Incremental impact of capital investment decisions on the housing rent levels**	**Nil**	**Nil**	**Nil**
3	**Upper limits on fixed interest rates (*against maximum position*)**	**85%**	**100%**	**77%**
4	**Upper limits on variable interest rates (*against maximum position*)**	**15%**	**40%**	**23%**
5	**Maturity structure of fixed rate borrowing (*against maximum position*)**			
	Under 12 months	**6%**	**25%**	**11%**
	12 months to 2 years	**0%**	**40%**	**2%**
	2 years to 5 years	**0%**	**60%**	**0%**
	5 years to 10 years	**6%**	**80%**	**5%**
	10 years and above	**88%**	**100%**	**82%**
6	**Maximum Principal funds invested greater than 364 days**	**£0.0M**	**£10M**	**£0.0M**

*****Includes additional expenditure agreed late in the Budget round

The Economy and interest rates

1. The original expectation for 2013/14 was that Bank Rate would not rise during the year and for it only to start gently rising from quarter 1 2015. This forecast rise has now been pushed back to a start in quarter 3 2015. Economic growth (GDP) in the UK was virtually flat during 2012/13 but surged strongly during the year. Consequently there was no additional quantitative easing during 2013/14 and Bank Rate ended the year unchanged at 0.5% for the fifth successive year. While CPI inflation had remained stubbornly high and substantially above the 2% target during 2012, by January 2014 it had, at last, fallen below the target rate to 1.9% and then fell further to 1.7% in February. It is also expected to remain slightly below the target rate for most of the two years ahead.

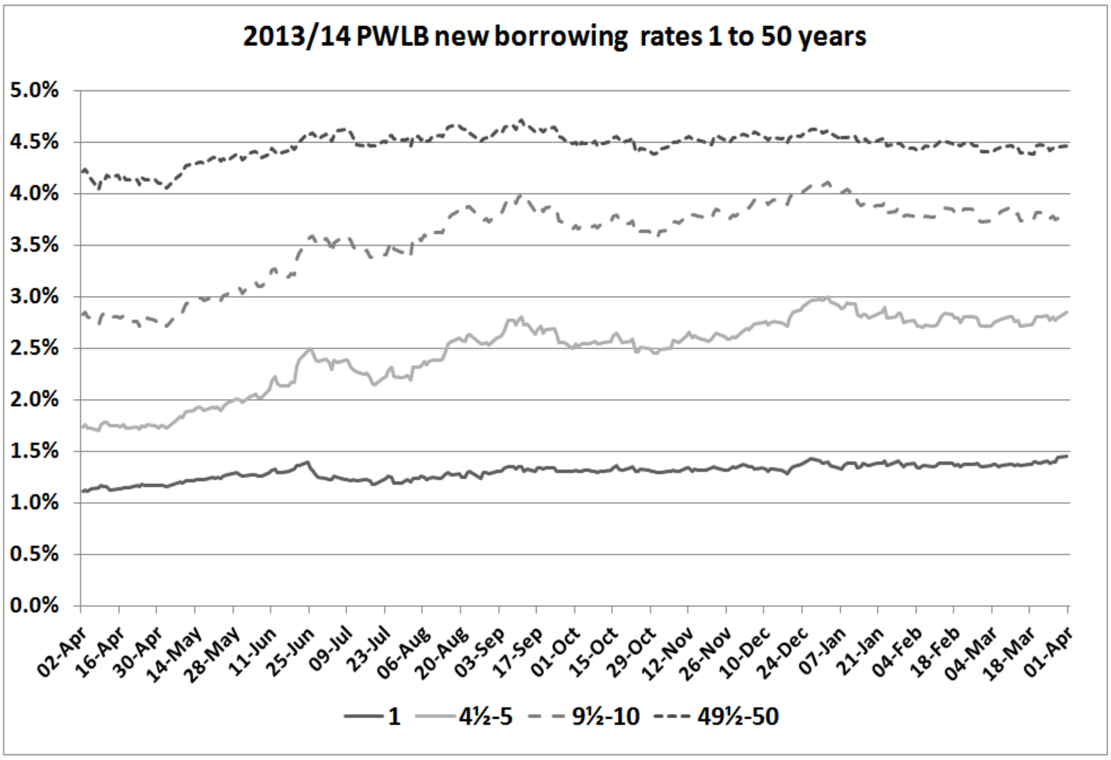
2. Gilt yields were on a sharply rising trend during 2013 but volatility returned in the first quarter of 2014 as various fears sparked a flight to quality (see paragraph 4.) The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing into 2013/14. That part of the Scheme which supported the provision of credit for mortgages was terminated in the first quarter of 2014 as concerns rose over resurging house prices.

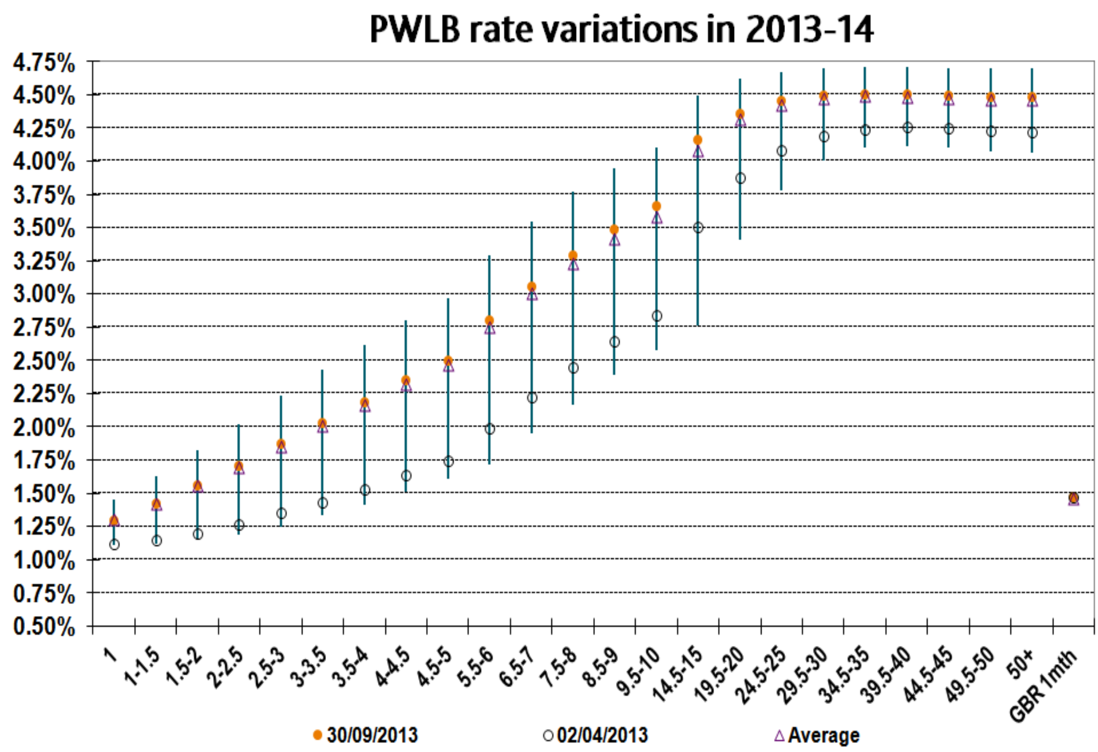
3. The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth has led to a cumulative, (in the Autumn Statement and the March Budget), reduction in the forecasts for total borrowing, of £97bn over the next five years, culminating in a £5bn surplus in 2018-19.

4. The EU sovereign debt crisis subsided during the year and confidence in the ability of the Eurozone to remain intact increased substantially. Perceptions of counterparty risk improved after the ECB statement in July 2012 that it would do “whatever it takes” to support struggling Eurozone countries; this led to a return of confidence in its banking system which has continued into 2013/14 and led to a move away from only very short term investing. However, this is not to say that the problems of the Eurozone, or its banks, have ended as the zone faces the likelihood of weak growth over the next few years at a time when the total size of government debt for some nations is likely to continue rising. Upcoming stress tests of Eurozone banks could also reveal some areas of concern.

PWLB borrowing rates

5. The graphs and table for PWLB certainty maturity rates below show, for a selection of maturity periods, the high and low points in rates, the average rates, spreads and individual rates at the start and the end of the financial year.

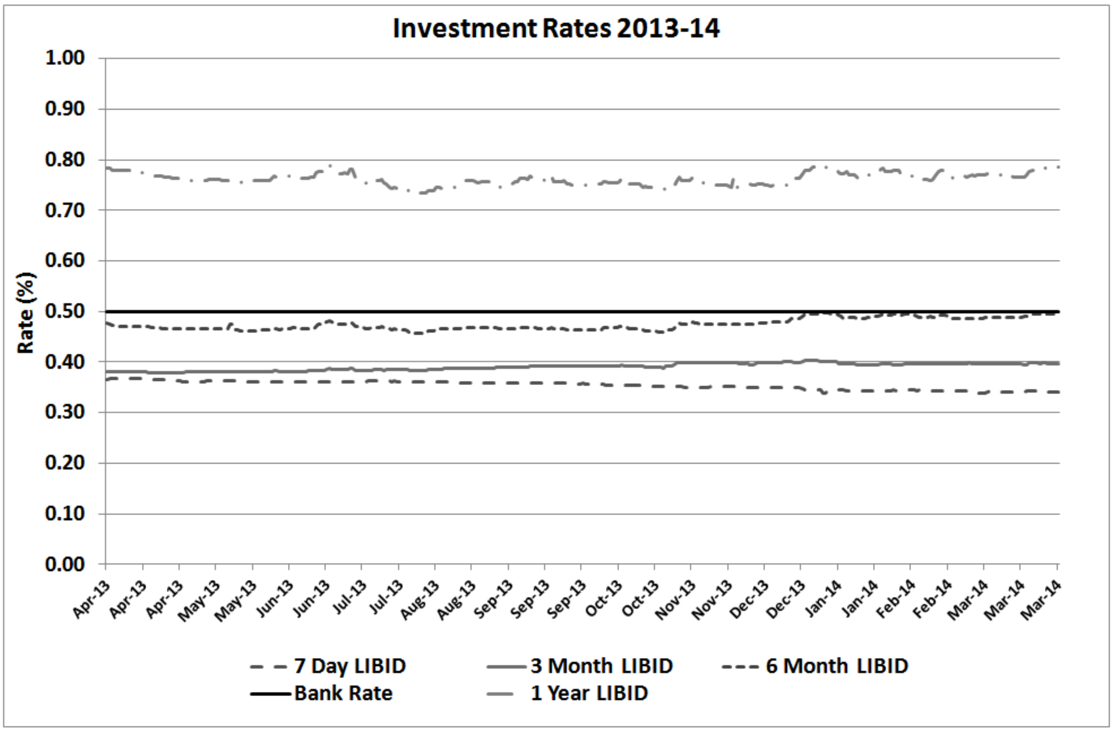




PWLB borrowing rates 2013/14 for 1 to 50 years									
	1	1-1.5	2.5-3	3.5-4	4.5-5	9.5-10	24.5-25	49.5-50	1 month variable
2/4/13	1.120%	1.150%	1.350%	1.530%	1.750%	2.840%	4.080%	4.230%	1.470%
30/9/13	1.300%	1.420%	1.870%	2.190%	2.500%	3.660%	4.450%	4.480%	1.470%
High	1.450%	1.630%	2.230%	2.620%	2.970%	4.100%	4.670%	4.700%	1.480%
Low	1.110%	1.120%	1.250%	1.410%	1.610%	2.580%	3.780%	4.070%	1.450%
Average	1.305%	1.421%	1.853%	2.164%	2.469%	3.584%	4.427%	4.467%	1.466%
Spread	0.340%	0.510%	0.980%	1.210%	1.360%	1.520%	0.890%	0.630%	0.030%
High date	31/3/14	31/3/14	27/12/13	27/12/13	27/12/13	2/1/14	10/9/13	10/9/13	9/4/13
Low date	5/4/13	15/4/13	15/4/13	15/4/13	15/4/13	19/4/13	19/4/13	3/5/13	10/5/13

Investment rates 2013/14

6. Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for five years. Market expectations as to the timing of the start of monetary tightening ended up almost unchanged at around the end of 2014 / start of 2015. The Funding for Lending Scheme resulted in deposit rates remaining depressed during the whole of the year, although the part of the scheme supporting provision of credit for mortgages came to an end in the first quarter of 2014.



	Money market investment rates 2013/14					
	overnight	7 day	1 month	3 month	6 month	1 year
1/4/13	0.361	0.365	0.371	0.382	0.478	0.784
31/3/14	0.321	0.342	0.363	0.397	0.497	0.786
High %	0.361	0.368	0.371	0.403	0.498	0.790
Low %	0.258	0.338	0.357	0.379	0.457	0.734
Average %	0.347	0.354	0.364	0.391	0.475	0.762
Spread %	0.104	0.029	0.015	0.023	0.041	0.056
High date	1/4/13	2/4/13	1/4/13	24/12/13	31/12/13	24/6/13
Low date	31/12/13	26/3/14	18/3/14	17/4/13	31/7/13	1/8/13

Glossary of Terms

Capital Financing Requirement (CFR)	This is the Councils underlying need to borrow which can be traced back to the Councils Balance Sheet and it the value of the Councils assets which have yet to be paid for.
Call	Investments that can be returned without a period of notice
Specified Investments	Investments in Banks and Building Societies with a high credit rating for periods of less than 1 year
Non-Specified Investments	Investments in un rated Building Societies and any investments in Banks and Building Societies for more than 1 year.
Operational Liquidity	Working Cashflow
Capital Financing Requirement	The authority's underlying need to borrow for capital purposes
Authorised Limit	Maximum amount of borrowing that could be taken in total.
Operational Boundary	The expected amount of borrowing assumed in total.
PWLB	Public Works Loan Board. The Governments lending body to Local Authorities
Discount	Amount payable by the PWLB when loans are repaid if the current loan rate is less than the rate borne by the original debt
Yield Curve	Is a graph that shows the relationship between the interest rate paid and length of time to repayment of a loan.
Gilts	Government Borrowing Bonds
Spreads	The difference between the highest rate of interest and the lowest rate of interest earned/charged on any one particular maturity period ie 1 year, 2 year 5 year etc.