Committee: Council

Date: 16 November 2022

Wards: All

Subject: Mid-year Treasury Management Performance Report

Lead officer: Roger Kershaw- Interim Director of Finance and Digital

Lead member: Councillor Billy Christie – Cabinet Member for Finance and Corporate Services

Contact officer: Nemashe Sivayogan- Head of Treasury and Pensions

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Recommendations:

A. That Council note the update on Treasury Management performance for the half year to 30 September 2022

B. That Council delegates authority to the Executive Director of Finance and Digital (S151 officer) to make short term treasury investment decisions, even if those investments would not currently be in accordance with the Council's Treasury Management Strategy, based on current market conditions/interest rates movements and funds availability to maximise investment returns. The Annual Treasury Management Strategy for FY2023/24 will be presented to the Council in March 2023.

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report provides an update on Treasury Management performance for the half year to 30 September 2022. The last performance update report was presented to the Cabinet on the 18 July and covered the full year to 31 March 2022. This report was approved by Cabinet on 7 November 2022.

1.2. Since the beginning of the Covid-19 out break and continued lock downs the Council took a precautionary move and held most of its cash in liquid form. A large proportion of our cash was placed in money market funds which gave us instant liquidity and security.

1.3. Now the BOE base interest has started to go up resulting in raising interest rate/returns on fixed deposits and other cash investments. The current investment strategy has limitations on amount, duration, and counter parties that the Council can deposit cash in. This report asks the Council to delegate short-term investment decisions to the S151 officer in order to utilise any favourable investment opportunities as a result of the financial market movement and/or availability of excess cash balances even if those investments would not currently be in accordance with the existing treasury management policy. This will help us to maximise our investment income for the year.

2 DETAILS

2.1. The Council's Treasury Management Strategy and Prudential Indicators were set out in Section 1, A to the Business Plan Report 2022-2026 presented to the Council on 3rd March 2022. They follow the requirements of the CIPFA Treasury Management Code of Practice and incorporate a debt management strategy that reflects the Council's potential need to borrow to finance its capital expenditure plans.

2.2. In addition, the Council follows the Ministry for Housing, the Department for Levelling Up, Housing and Communities (DLUHC), revised guidance on local authority investments of March 2018 that requires the Council to approve an investment strategy before the start of each financial year. The Guidance stipulated that the Council monitors the Treasury management activity undertaken.

2.3 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being deposited with low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

2.4 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer-term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

2.5 Accordingly, treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

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

- A review of the Treasury Management Strategy Statement
- An economic update for the first half of the 2022/23 financial year;
- The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Council's investment portfolio for 2022/23;
- A review of compliance with Treasury and Prudential Limits for 2022/23.

2.7 The Council approved the 2022/23 Treasury Management Strategy (TMS) at its meeting on 3rd March 2022. The Council's stated investment strategy is to prudently manage an investment policy achieving first of all, security (protecting the capital sum from loss), liquidity (keeping money readily available for expenditure when needed), and to consider what yield can be obtained consistent with those priorities.

2.8 The total cash and deposit balance as at the end of 30 September 2022 was £115m. The current forecast of interest income receivable for 2022/23 is £0.938m against a budget of £0.495m. With the Bank of England base rate rising steadily since December 2021 coupled with the recent volatile market conditions driven by global political events interest rates and therefore income returns have increased significantly.

2.9 The Council's gross debt is £109.01m at 30 September 2022 and the average rate of interest is 5.87%. Out of the total debt, £26.5m will mature between now and March 2025. Based on the council capital programme the council will make new long-term borrowings if needed.

2.10 The Council's stated borrowing strategy is to finance long term borrowing from cash balances to the extent that reserves allow in addition to external borrowing.

2.11 Monthly Treasury meetings are held to discuss issues and to review the performance of the investments. Part of these meetings is to establish a position on whether the Council will go to the market to seek external borrowing or to continue funding its financial obligations through internal cash balances.

2.12 So far this year the decision has been not to borrow externally. This is mainly due to the fact the Council at this time does not need to borrow for any significant capital projects. PWLB interest rates are steadily increasing and the cost of carry will be a factor in making the decision. The decision not to borrow has been further influenced by the availability of cash balances and expected future capital expenditure. This decision is reviewed every month as part of the monthly treasury meeting.

2.13 We are pleased to report that all treasury management activity undertaken between 1 April 2022 and 30 September 2022 period complied with the approved strategy, the CIPFA Code of Practice, and the relevant legislative provisions.

2.14 The key drivers for an effective treasury strategy are security, liquidity and yield management. A robust cash flow forecast is in place and is continuously reviewed to take account of the funding requirements both operational and major programme financing. This will better inform the borrowing and investment decisions providing an opportunity to review the budgeted investment income level.

Treasury Management Performance

2.15 The investment balance held as at the 30 September 2022 stood at £115 million and the average rate of return on these investments was 1.45%. The forecast full year interest receivable income is £0.938m set against a budget of £0.495m.

2.16 The table below shows how the cash flow has moved for the half year and the projected cash flow for the next six months.

	Actual	Actual	Actual	Actual	Actual	Actual	Proj	Proj	Proj	Proj	Proj	Proj
	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Opening Balance	23.17	32.32	30.03	30.73	38.77	27.82	8.22	9.60	9.93	11.85	13.95	3.97
Total Payments	-77.23	-66.66	-57.49	-68.18	-60.00	-72.49	-66.86	-61.96	-61.58	-72.35	-61.55	-62.04
Total Receipts	85.69	66.05	59.17	78.67	50.76	55.74	70.08	65.07	65.07	75.16	52.61	52.61
Capital Expenditure (projected)	0.69	-1.69	-0.98	-2.45	-1.71	-2.86	-1.84	-2.77	-1.57	-0.71	-1.04	-6.09
Net position (balance in the bank)	32.32	30.03	30.73	38.77	27.82	8.22	9.60	9.93	11.85	13.95	3.97	-11.55
Money Market investment	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Total Cash (bank + MMF)	82.32	80.03	80.73	88.77	77.82	58.22	59.60	59.93	61.85	63.95	53.97	38.45
0- 3 months Investments	20.00	10.00	0.00	5.00	15.00	15.00						
3- 6 months Investments	20.00	25.00	25.00	30.00	30.00	40.00						
6- 9 months Investments	0.00	20.00	30.00	20.00	10.00	0.00						
9-12 Months	20.00	0.00	0.00	0.00	0.00	0.00	60.00	60.00	60.00	60.00	40.00	40.00
CCLA- Property investment (3-4months liquidity)	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Total Cash Position	152.32	145.03	145.73	153.77	142.82	123.22	129.60	129.93	131.85	133.95	103.97	88.45

2.17 The table overleaf sets out the key performance indicators of our treasury management activities and the position as at 30 September 2022. Each indicator has been RAG rated for ease of reference.

Indicator Description	Agreed Performance or target	Status at 30 September 2022	RAG Status
Borrowing Limits for the years 2022/23			
Authorised Limit	£241m	£235m	
Operational Limit	£206m	£200m	
Security: average credit rating			
Portfolio average credit rating	A-	A-	
Compliance with CLG Non-specified investments Limits			
Total investments in Money Markets Fund (MMF)* increased to £100m at Sept 2021 Council meeting	£100m	£50m	
Total of other Pooled Funds	£10m	£10m	
Budgeted Investment Return			
Return on Investments	0.50%	1.45%	
Liquidity: cash available			
Total cash available without borrowing	£10m	£72m	
Total cash available including borrowing (cash + under borrowing)	£20m	£104m	
Deposit Interest rate exposure			
Fixed rate exposures	No limit	£55m	
Variable rate exposures	£100m	0	
Maturity structure of borrowing			
Under 12 months	0% - 20%	0.1%	
1 to 2 years	0% - 20%	18%	
2 to 5 Years	0% - 40%	10%	
Five years and within 10 years	0% - 20%	1%	
10 to 20 years	0% - 30%	11%	
20 to 30 years	0% - 50%	19%	
30 to 40 years	0% - 70%	41%	
Principal sums invested for periods longer than 365 days			
Investments longer than 365 but less than 2 years	£0m	£0m	

3.0 Risk Management and Creditworthiness Policy

3.1 This Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

3.2 This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money Limit	Time Limit
Banks	yellow	£25m	5yrs
Banks	purple	£25m	2 yrs
Banks	orange	£25m	1 yr
Banks – part nationalised	blue	£25m	1 yr
Banks	red	£10m	6 mths
Banks	green	£5m	100 days
Banks	No colour	Not to be used	
Other institutions limit	-	£5m	1yrs
Government (DMADF)		unlimited	6 months
Local authorities	Yellow	£35m	5yrs
	Fund rating	**Money Limit**	**Time Limit**
Money market funds (maximum 5 Funds, £20m per Fund)	AAA	£100m	Instant
Ultra-Short Dated Bond funds with a credit score of 1.25	Dark pink / AAA	£25m	Instant
Ultra-Short Dated Bond funds with a credit score of 1.5	Light pink / AAA	£10m	Instant

4. CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2025/26

4.1 The Council is required to calculate various indicators for the next three years. The aim of prudential indicators is to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The prudential indicators are calculated for the Medium Term Financial Strategy (MTFS) period and are linked to the CIPFA Prudential Code and TM Code of Practice. The indicators relate to capital expenditure, external debt and treasury management.

4.2 The Council will monitor performance against the indicators and prepare indicators based on the Statement of Accounts (SoA) at year end. Actuals are calculated from the SoAs with estimates based on the Capital programme.

Capital Expenditure

4.3 The Council's capital expenditure plans are fundamental to its treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, which are designed to provide Council members an overview and confirm the impact of capital expenditure plans.

4.4 This indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle as reported in the MTFS. Environment and Regeneration figures include projects relating to Public Health programmes. However these are fully funded and have no impact on the Council's net financing need for the year or borrowing requirement

Please find below the capital expenditure forecast (as at September 2022).

Capital Forecast	2021/22	2022/23	2023/24	2024/25	20245/26
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Corporate Services	2,260	4,358	16,658	8,502	11,538
Community & Housing	1,275	812	782	2228.008	1302.882
Children Schools & Families	6,682	7,010	8,380	8,449	3,751
Environment & Regeneration	11,559	11,371	10,879	6,802	20,301
Total	**21,776**	**23,552**	**36,698**	**25,982**	**36,893**

4.5 The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

4.6 The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A shortfall of resources means a borrowing need. The capital programme expenditure figures used in calculating the financing costs have been adjusted for slippage in the programme as at September 2022.

Capital Expenditure	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000
Capital Budget*	21,776	32,428	39,847	22,761	40,066
Slippage	0	(8,876)	(3,149)	3,221	(3,173)
Leasing Budgets	0	0	0	(600)	0
Total Capital Expenditure	21,776	23,552	36,698	25,382	36,893
Financed by:					
Capital Receipts	3,448	900	900	900	500
Capital Grants & Contributions	14,860	13,868	24,979	14,930	6,163
Capital Reserves	0	0	0	0	0
Revenue Provisions	3,469	270	188	24	4
Other Financing Sources	0	0	0	0	0
Net financing need for the year (a)	0	8,514	10,631	9,528	30,226

* Includes finance lease expenditure table in Treasury Management Strategy which excludes this expenditure.

5.0 ECONOMIC UPDATE ALTERNATIVE OPTIONS

5.1 The second quarter of 2022/23 saw:

- GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
- Signs of economic activity losing momentum as production fell due to rising energy prices;
- CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
- The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
  - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
  - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.

5.2 The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.

5.3 There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.

5.4 The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households' bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.

5.5 The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.

5.6 CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below $90pb, we would expect to see fuel prices fall further in the coming months.

5.7 However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.

5.8 Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.

5.9 During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.

5.10 Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of $1.035 on the Monday following the government's "fiscal event", it has since recovered to around $1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.

5.11 The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.

5.12 Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.

5.13 Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.

5.14 Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.

5.15 There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.

5.16 After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

6.0 Interest rate forecasts

6.1 The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

6.2 The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

6.3 The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

6.4 Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

7. CONSULTATION UNDERTAKEN OR PROPOSED

Regular discussion with Treasury consultants and peer group.

8. TIMETABLE

Throughout the year

9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

Covered in the main report.

10 LEGAL AND STATUTORY IMPLICATIONS

There are no legal implications arising out of the contents of the report and Recommendation B is permissible under Section 9E of the Local Government Act 2000.

11 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATION

none

12 CRIME AND DISORDER IMPLICATIONS

none

13 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

None

14 APPENDICES-

None