

# Annual Treasury Management Report

## Cabinet Member for Finance and Procurement

Date: 24 July 2019  
Agenda Item: 5  
Contact Officer: Anthony Thomas  
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Email: Anthony.thomas@lichfielddc.gov.uk  
Key Decision? YES  
Local Ward Members : Full Council



## AUDIT (AND MEMBER STANDARDS) COMMITTEE

### 1. Executive Summary

- 1.1 The report covers the Treasury Management performance for the financial year 2018/19.
- 1.2 Capital expenditure was **£4,910,442** and this is **(£444,058)** less than the Approved Revised Budget of **£5,354,500** with the most significant variance in relation to the financial performance of Disabled Facilities Grants.
- 1.3 There have been **(£760,254)** of actual capital receipts received in 2018/19 compared to the Approved Budget of **(£356,000)** with a significant element being in relation to additional receipts from the Council's share of Right to Buy sales.
- 1.4 The funding of the Capital Programme in 2018/19 reflects the actual expenditure of **£4,910,442** and therefore **(£60,909)** less capital receipts have been utilised.
- 1.5 The borrowing need of **£4,986,706** and its financing is in line with the Approved Revised Budget of **£4,883,000**.
- 1.6 The Balance Sheet at **APPENDIX B** shows a variance between actual and budget of **(£4,886,000)** on Assets less Liabilities and **£4,886,000** on Total Equity. These variances are explained at 3.20 but are in the main related to an increase in the Long Term Pension Liability assessed by the Pension Fund Actuary that is statutorily offset by an increase in the Unusable Pension Reserve.
- 1.7 The level of cash available was **£27,548,920** compared to the budget of **£25,147,000**. This was utilised for internal borrowing of **£672,319** and investments of **£26,876,601**.
- 1.8 The Council's investments achieved a risk status of **AA-** that was more secure than the aim of **A-** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.
- 1.9 The Treasury Management function was reviewed by Internal Audit and received '**Substantial Assurance**'.
- 1.10 The report confirms the Council was compliant with all Treasury Limits and Prudential Indicators for 2018/19.

### 2. Recommendations

- 2.1 To review the report and issues raised within.
- 2.2 To review the actual 2018/19 Prudential Indicators contained within the report.

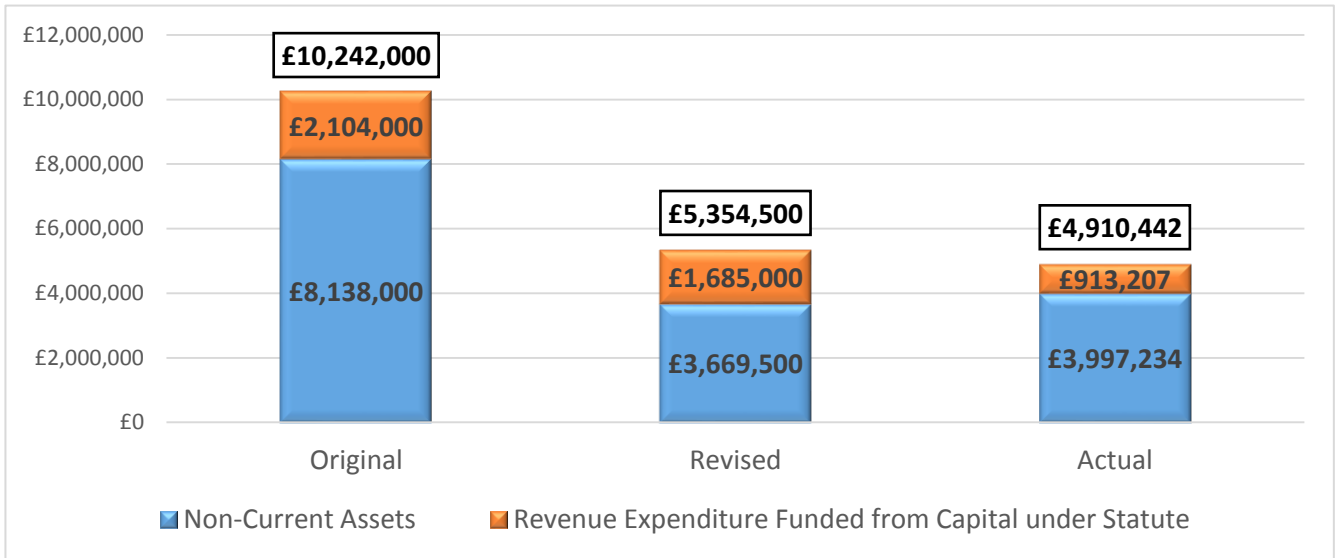
## 3. Background

### The Capital Programme and Treasury Management

- 3.1 This Annual Treasury Report is a requirement of the Council's reporting procedures. It covers the Treasury activity during 2018/19 and the actual Prudential Indicators for 2018/19.
- 3.2 Treasury Management is defined as: *"The management of the local authority's 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."*
- 3.3 Overall responsibility for Treasury Management remains with the Council. No Treasury Management activity is without risk; the effective identification and management of risk are integral to our Treasury Management objectives.
- 3.4 Our Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members be informed of treasury management activities at least twice a year. We report regularly to the Cabinet and Audit and Member Standards Committee on Treasury policy; strategy and activity.
- 3.5 This report is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential code and
- presents details of capital spend, capital financing, borrowing and investment transactions;
  - reports on the risk implications of Treasury decisions and transactions;
  - gives details of the outturn position on Treasury Management transactions in 2018/19;
  - confirms compliance with Treasury limits and Prudential Indicators
- 3.6 The performance of the Treasury Management function should be measured against the investment objectives of **Security** (the safe return of our monies), **Liquidity** (making sure we have sufficient money to pay for our services) and **Yield** (the return on our investments) contained in Statutory Guidance.
- 3.7 In addition, external borrowing is considered against the objectives of it being **affordable** (the impact on the budget and Council Tax), **prudent** and **sustainable** (over the whole life).

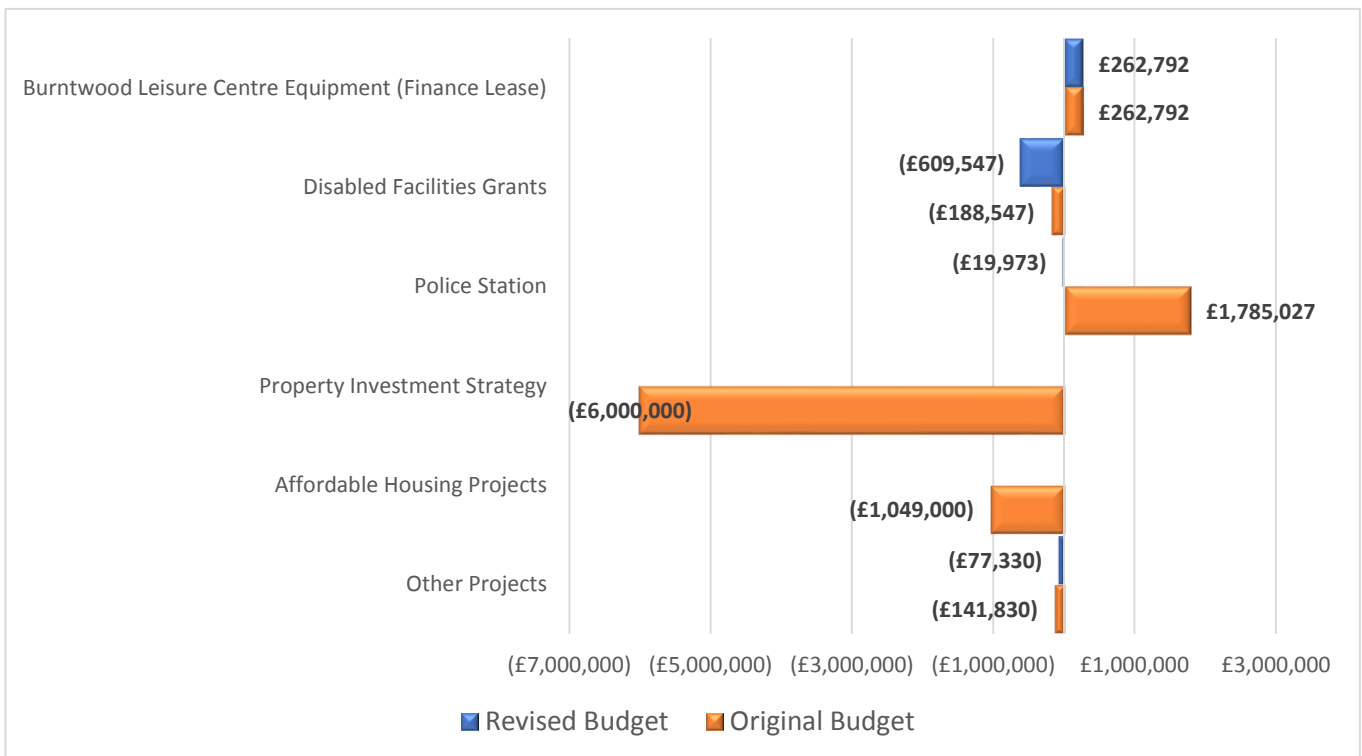
## The Capital Programme

3.8 A summary of the Capital Programme performance from the Original Budget to the Actual for 2018/19 is shown in detail at **APPENDIX A** and in the chart below:



3.9 Capital expenditure was **£4,910,442** and this is **(£444,058)** less than the Approved Revised Budget of **£5,354,500**.

3.10 The main reasons for the variance to both Original and Revised Budgets are shown below:

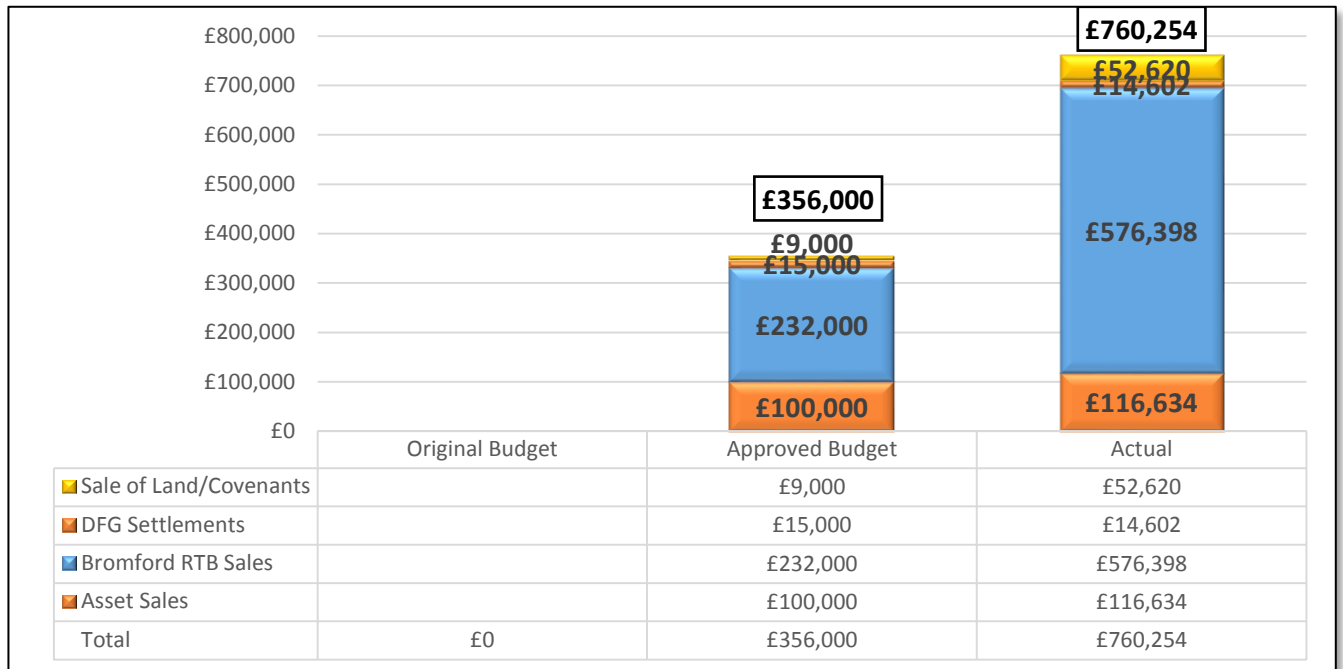


3.11 The most significant variance compared to the Approved Budget is related to Disabled Facilities Grants of **(£609,547)**.

3.12 The budget is underspent on completed adaptations as it was the first year of a contract with a new home improvement agency called Millbrook Healthcare Ltd; they have experienced performance issues while the service embeds itself and staff TUPE'd from the previous provider are trained to new systems. Millbrook were issued with an improvement notice on 28th March 2019 and performance continues to be closely monitored by the Partnership Steering group. From a budget perspective, there is £325,000 of spend on site or approved and £503,000 in the pipeline.

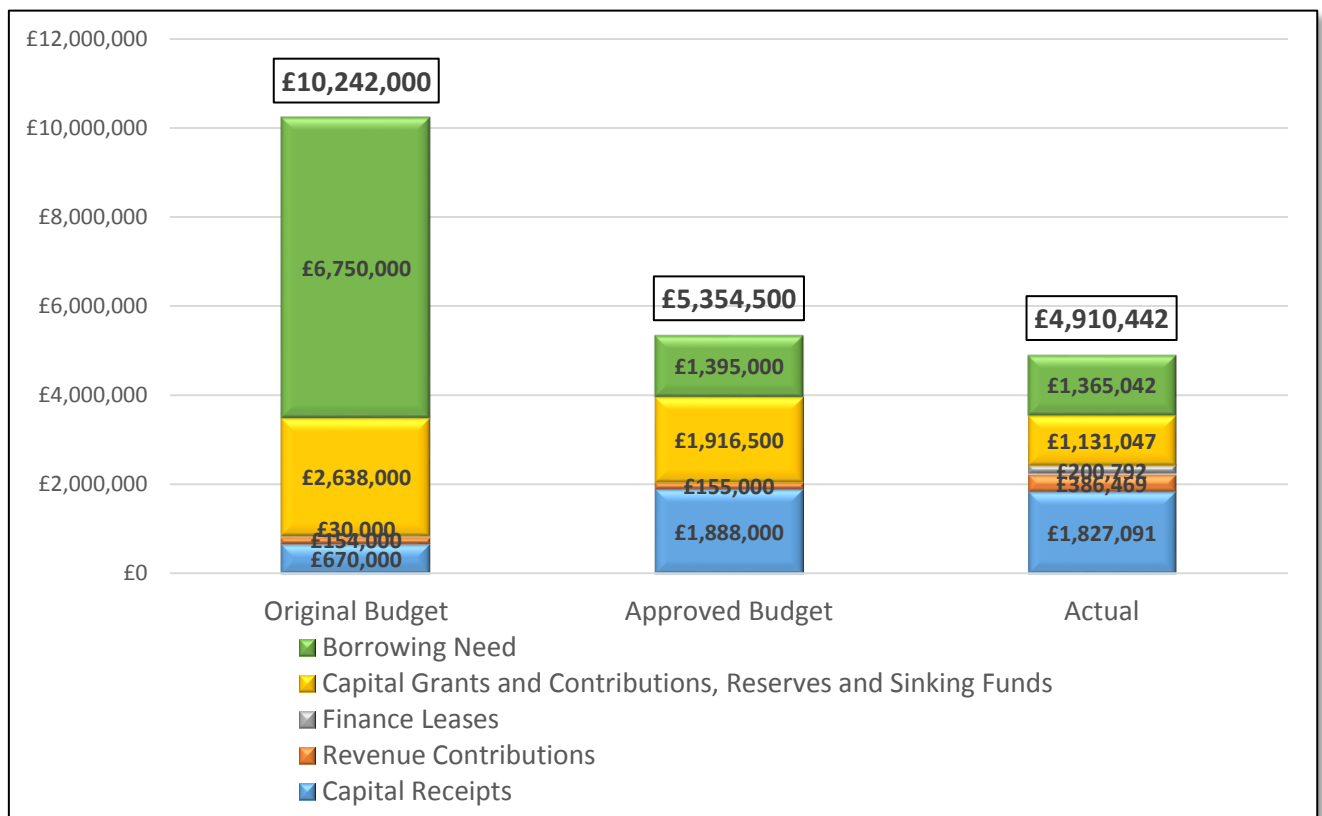
## Capital Receipts

- 3.13 There have been (£760,254) of actual capital receipts received in 2018/19 compared to the Approved Budget of (£356,000).
- 3.14 The additional capital receipts received of (£404,254) is related to the Council's share of Right to Buy sales and sale of land/covenants.
- 3.15 The Original and Approved Budgets together with the actual capital receipts received are shown below:



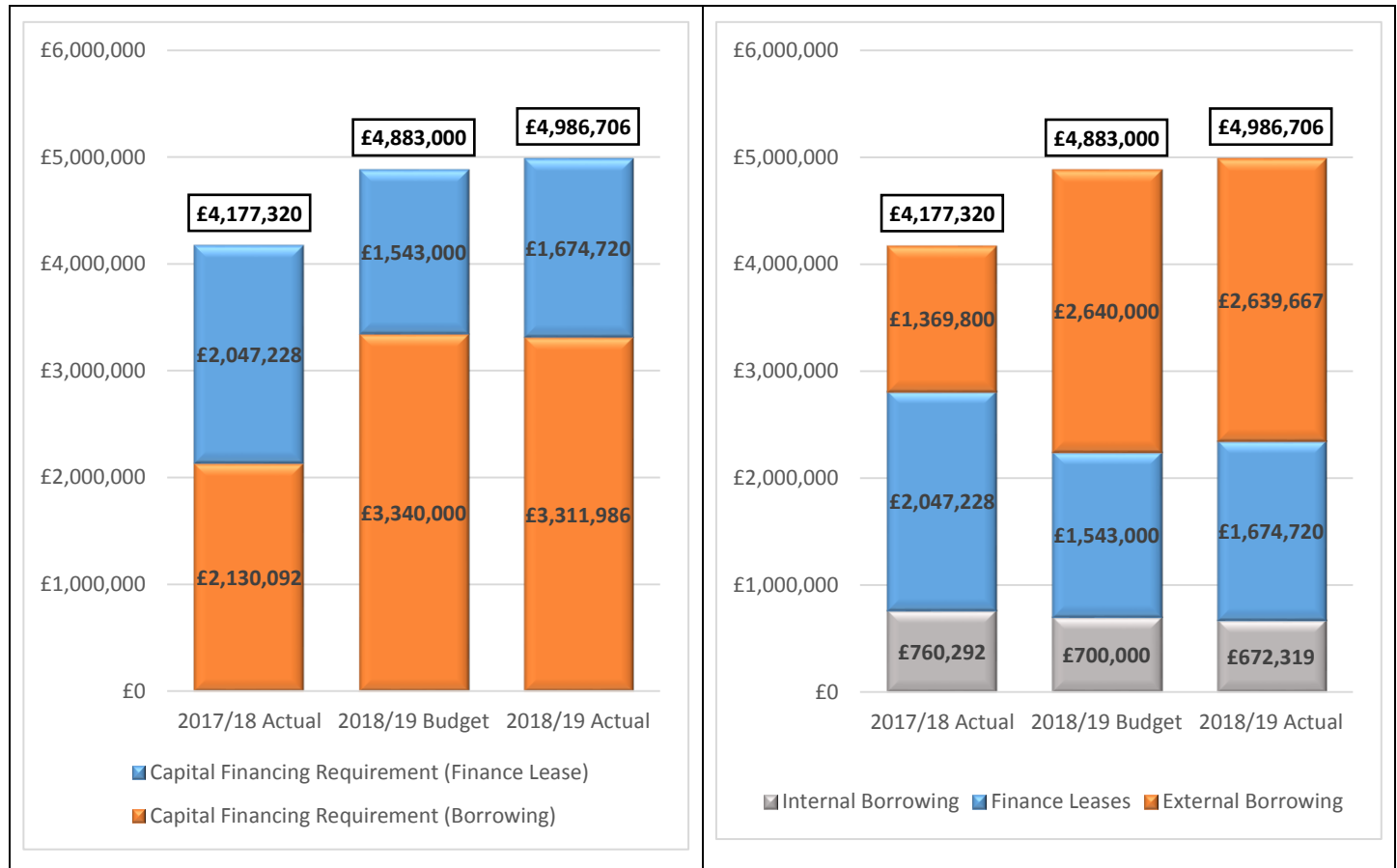
## The Funding of the Capital Programme

- 3.16 The budgeted and actual sources of funding for the Capital Programme are shown below:



## The Capital Financing Requirement (Borrowing Need) and its Financing

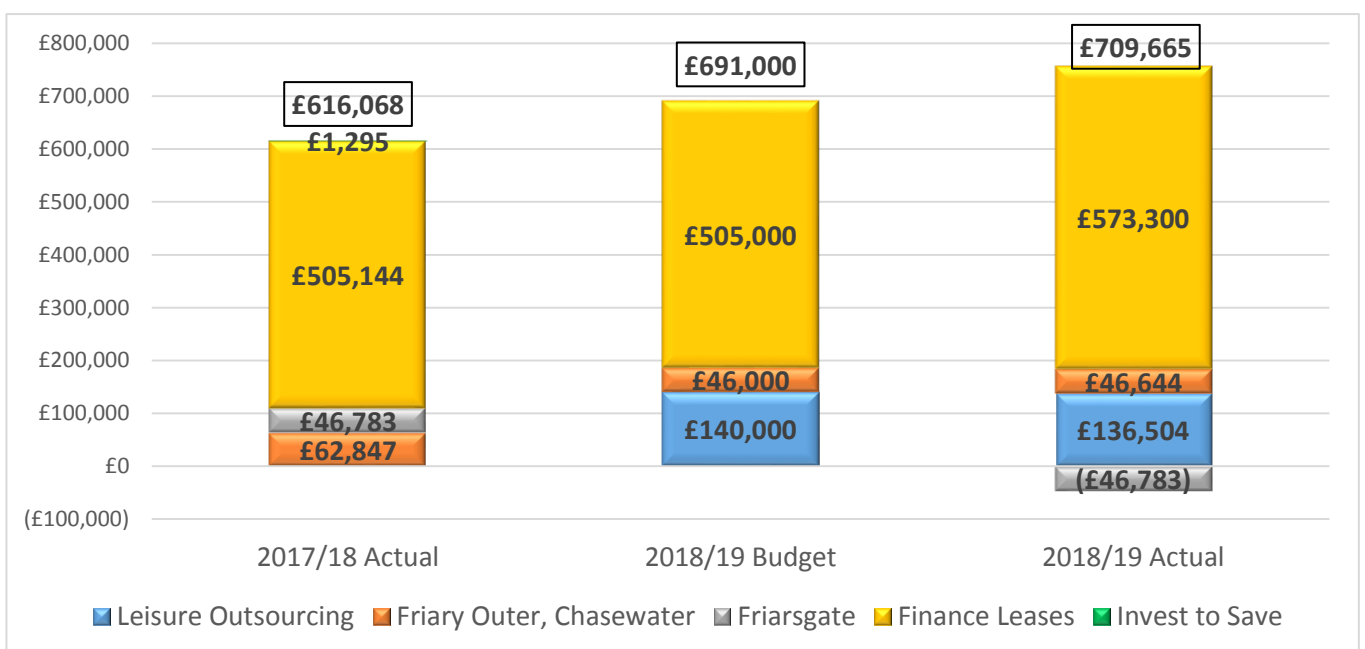
3.17 The actual and Budgeted Borrowing Need and its financing for 2017/18 and 2018/19 is shown below:



3.18 The Liability Benchmark (the lowest risk level of borrowing) has also been calculated at **APPENDIX B**. This is currently indicating that the Council does not need to externally borrow to fund its Capital Financing Requirement.

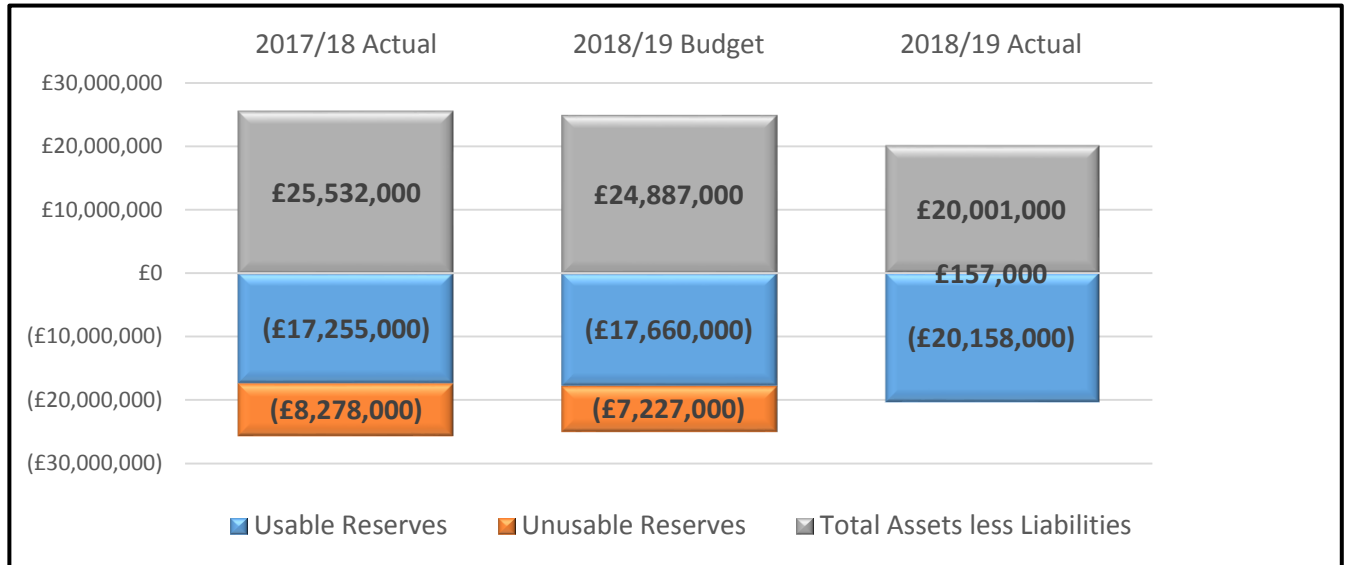
## Minimum Revenue Provision in 2018/19

3.19 The Minimum Revenue Provision charged to revenue in 2017/18, budgeted in 2018/19 and the actual in 2018/19 is shown below:



## The Balance Sheet

3.20 The actual Balance Sheet for 2017/18 together with the budgeted and actual Balance Sheet for 2018/19 are shown in detail at **APPENDIX B** and are summarised below:



3.21 The main reasons for the variance between the budgeted and actual Balance Sheet for 2018/19 are:

### Total Assets Less Liabilities – lower than the budget by (£4,886,000) (20%)

- The Actuary has increased the Long Term Liability for Pensions by (£7,593,000).
- An increase in investments of £1,760,000 partly due to higher usable reserves.

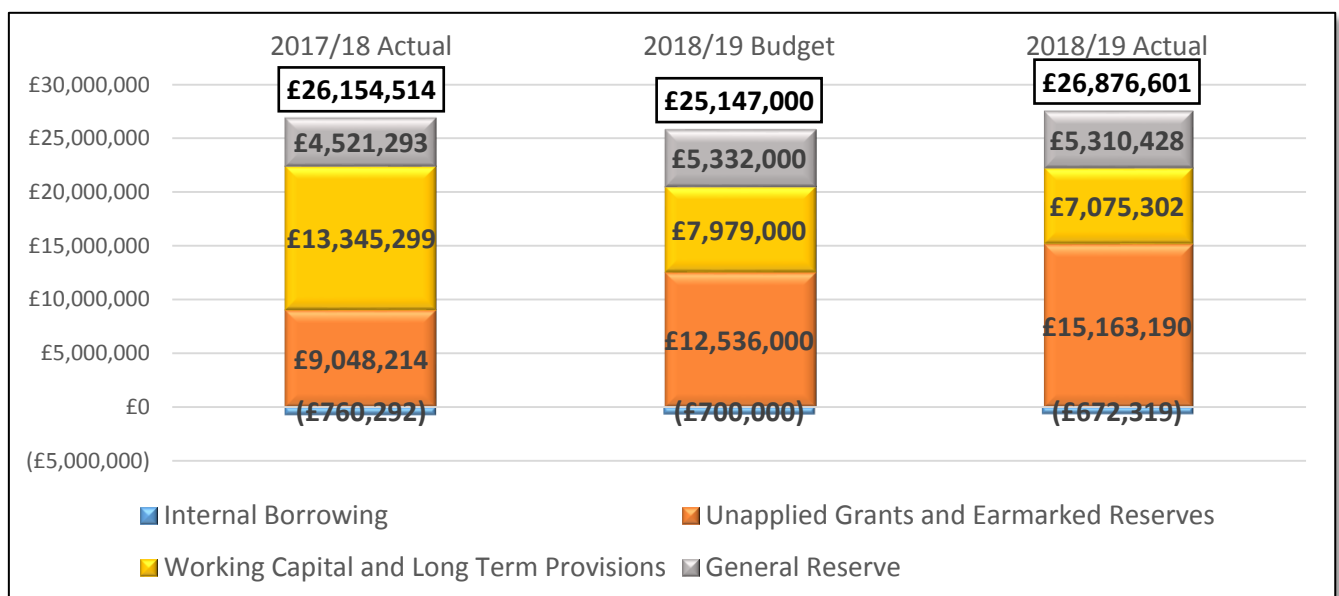
### Usable Reserves – higher than budget by (£2,498,000) (14%)

- An increase in the level of earmarked reserves of (£1,279,000) due mainly to the VAT reclaim.
- A higher level of capital receipts of (£465,000) due mainly to higher Right to Buy sales.
- A higher level of unapplied and capital grants of (£774,000) due mainly to higher Community Infrastructure Levy.

### Unusable Reserves – lower than budget by £7,384,000 (102%)

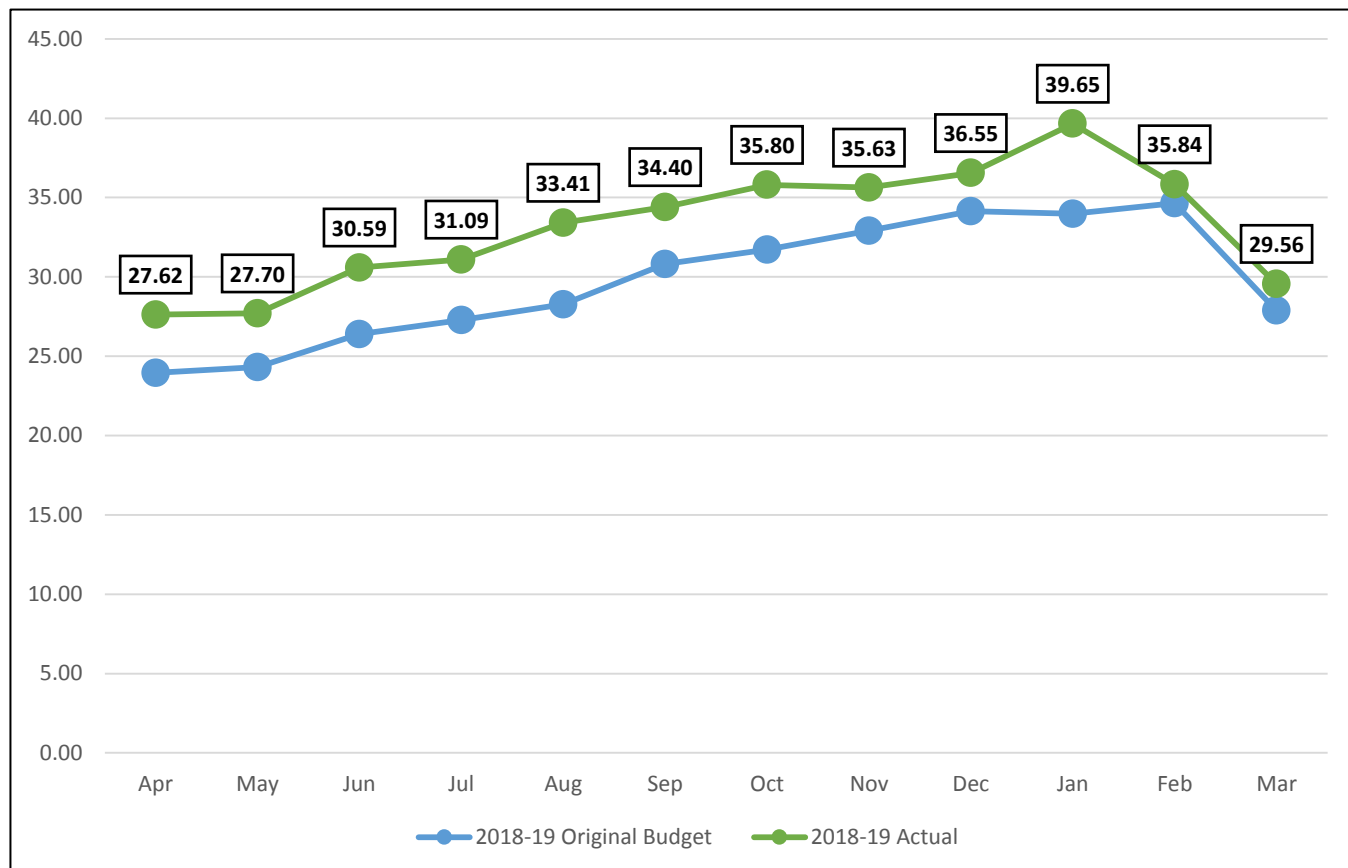
- An increase in the Pension Reserve of £7,593,000 to offset the increase in the long term liability.

3.21 The level of investments and the sources of cash are shown in the chart below:



## Cash Flow Forecasts

3.22 The graph below shows the average investment levels throughout the 2018/19 financial year compared to the budget:



3.23 The Treasury Management Performance for 2018/19 for both investment income and borrowing are shown below:

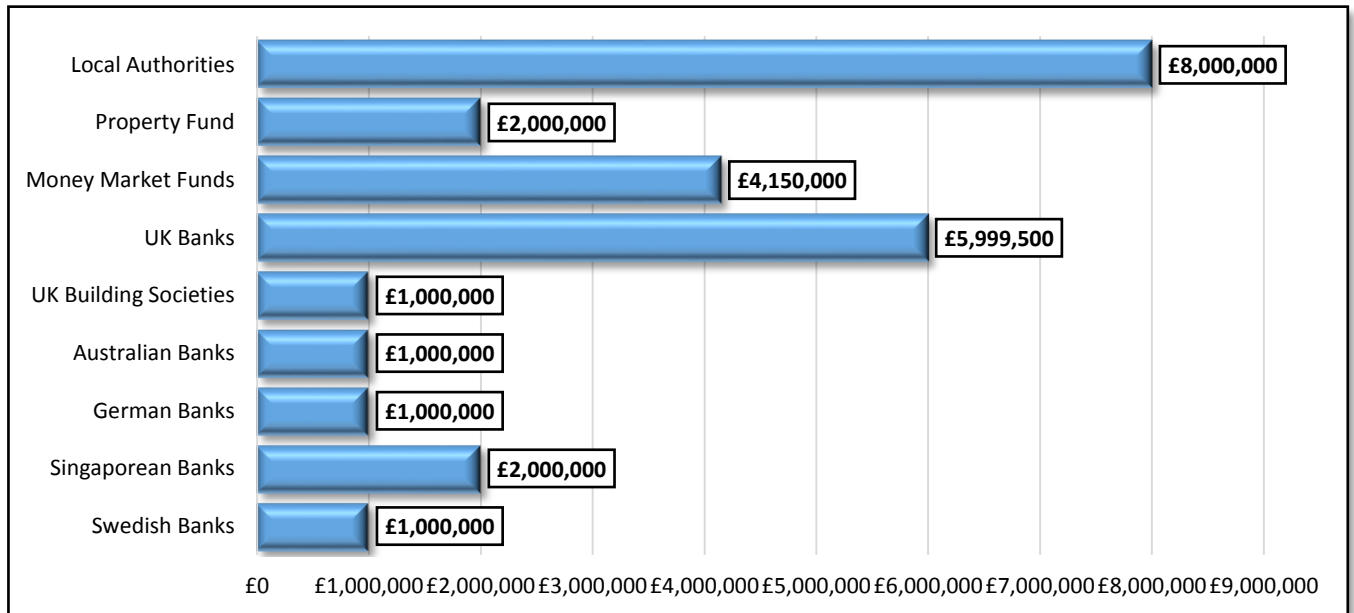
Treasury Management	2018/19			
	Approved Budget		Actual	
	Investment Income	Borrowing	Investment Income	Borrowing
Average Balance	£30.70m	£2.70m	£33.14m	£2.47m
Average Rate	0.81%	2.15%	0.90%	2.18%

Gross Investment Income	(£284,000)		(£298,369)	
Less Transfer to Earmarked Reserves	67,350		67,350	
CCLA Transfer to Reserves	£31,000		£33,582	
External Interest		£47,500		£53,777
Internal Interest		£3,000		£5,869
Minimum Revenue Provision (less Finance Leases)		£186,860		£183,148
<b>Net Treasury Position</b>	<b>(£185,650)</b>	<b>£237,360</b>	<b>(£197,437)</b>	<b>£242,794</b>
	<b>£51,710</b>		<b>£45,358</b>	

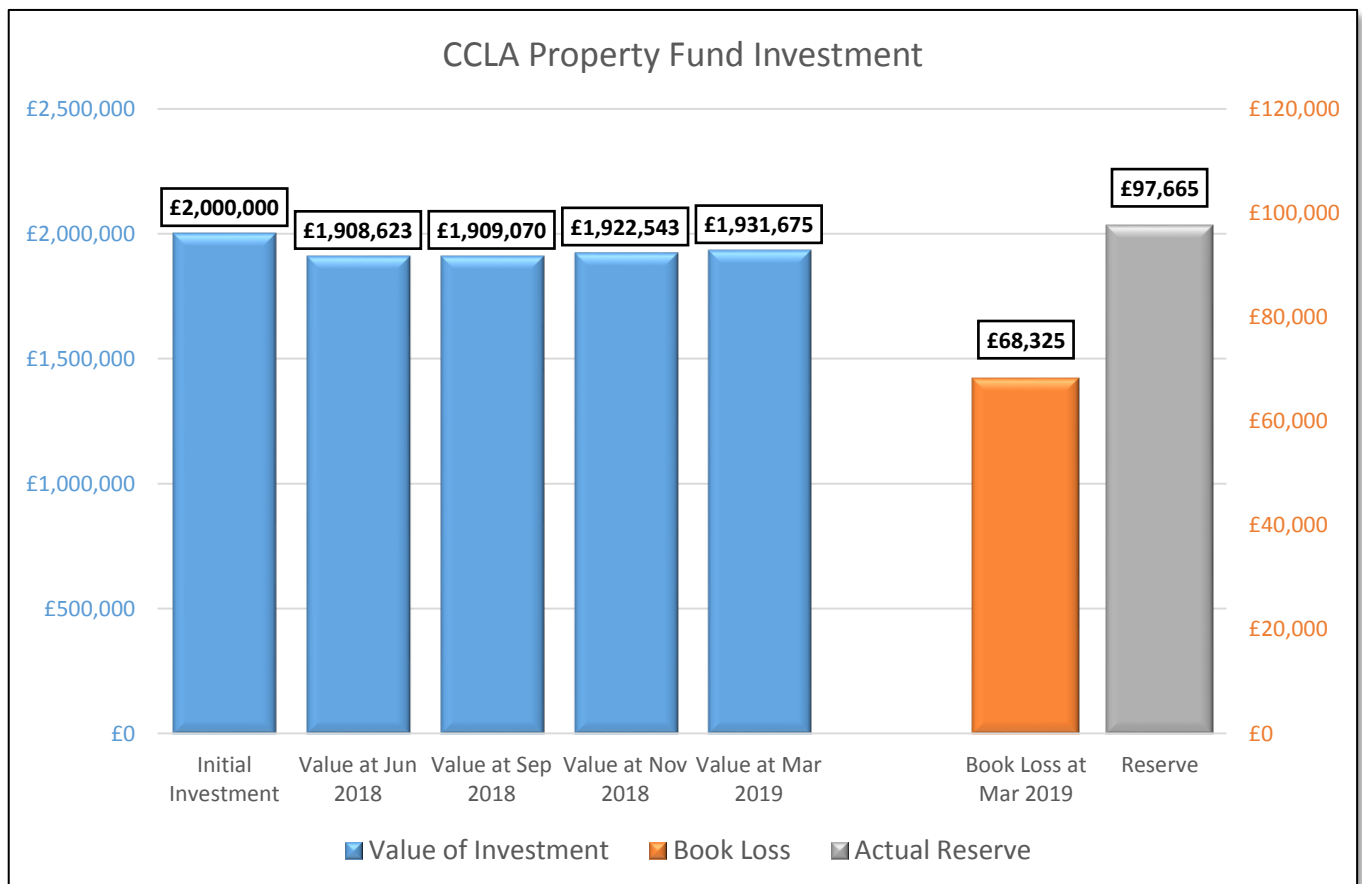
## Investments

### The Security of Our Investments

3.24 The investments the Council had at the 31 March 2019 of **£26.15m** (with the property fund valued at original investment of **£2m**) by type and Country are summarised below and in detail at **APPENDIX C**

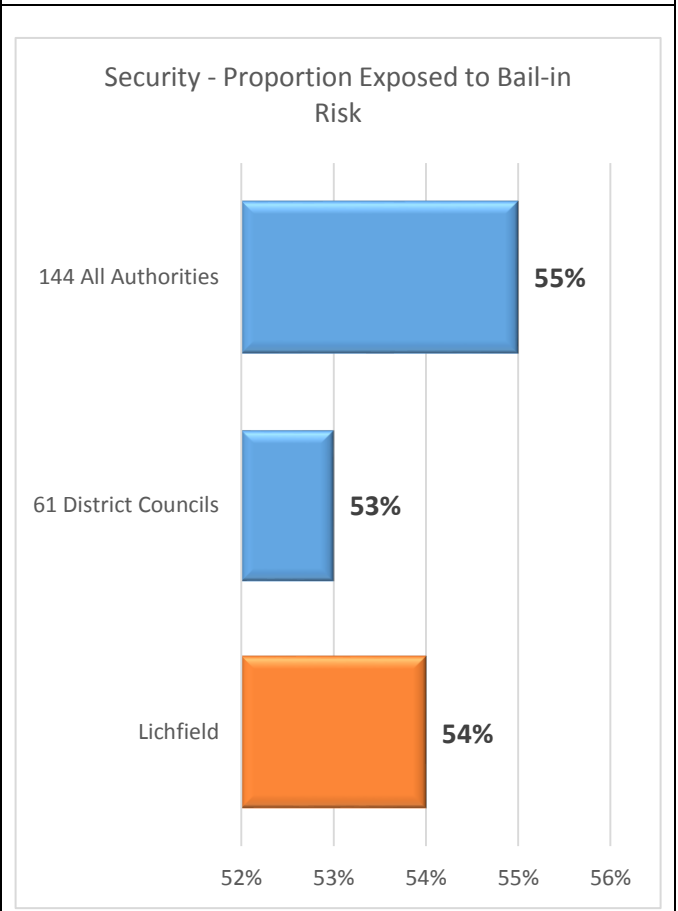
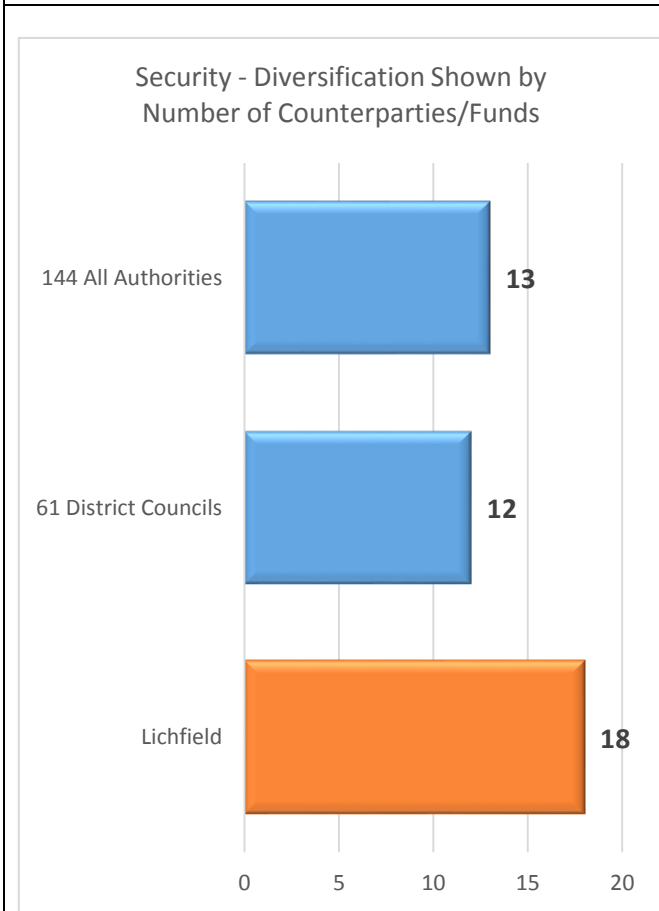
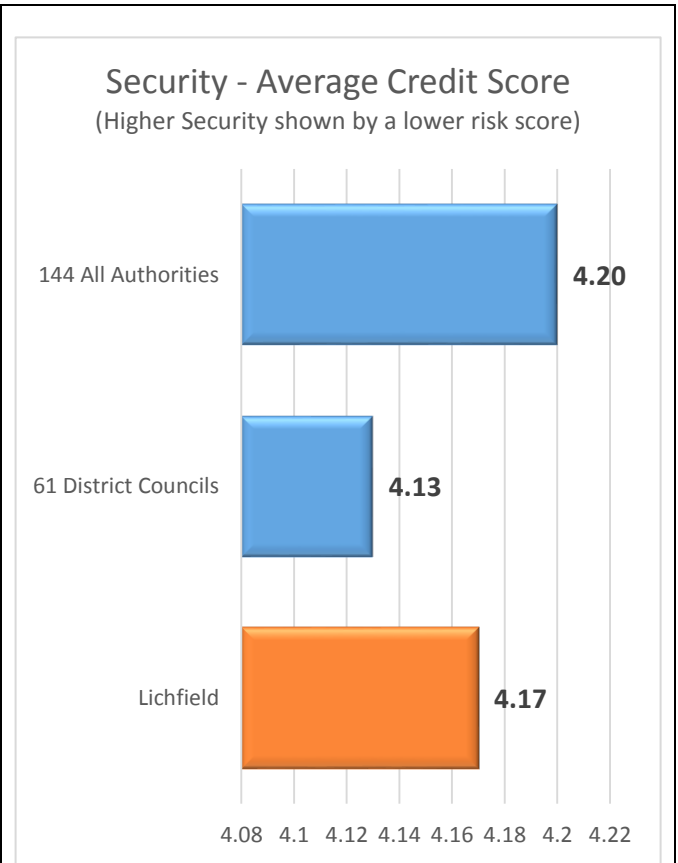
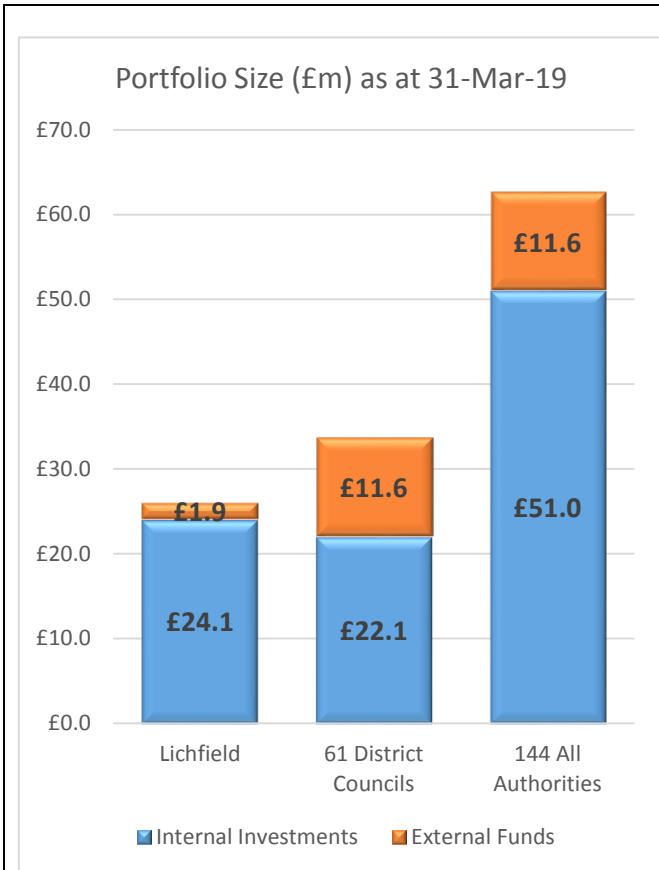


3.25 The current value of the Property Fund investment together with the value of the earmarked reserve at the end of 2018/19 intended to offset reductions in value is shown in the graph below:

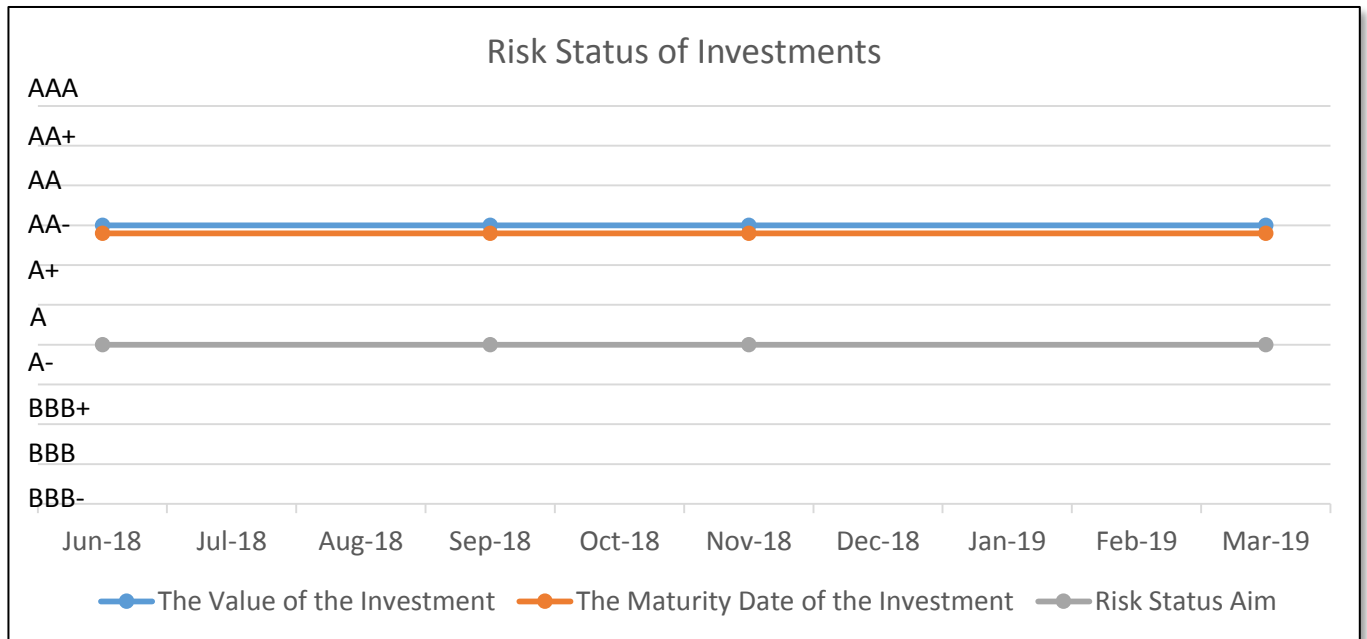




3.26 A comparison of the Council's portfolio size (with the property fund valued at its current value of **£1.9m**), average credit score, level of diversification and level of exposure to 'Bail in' risk compared to all Arlingclose Clients is shown in the charts below:

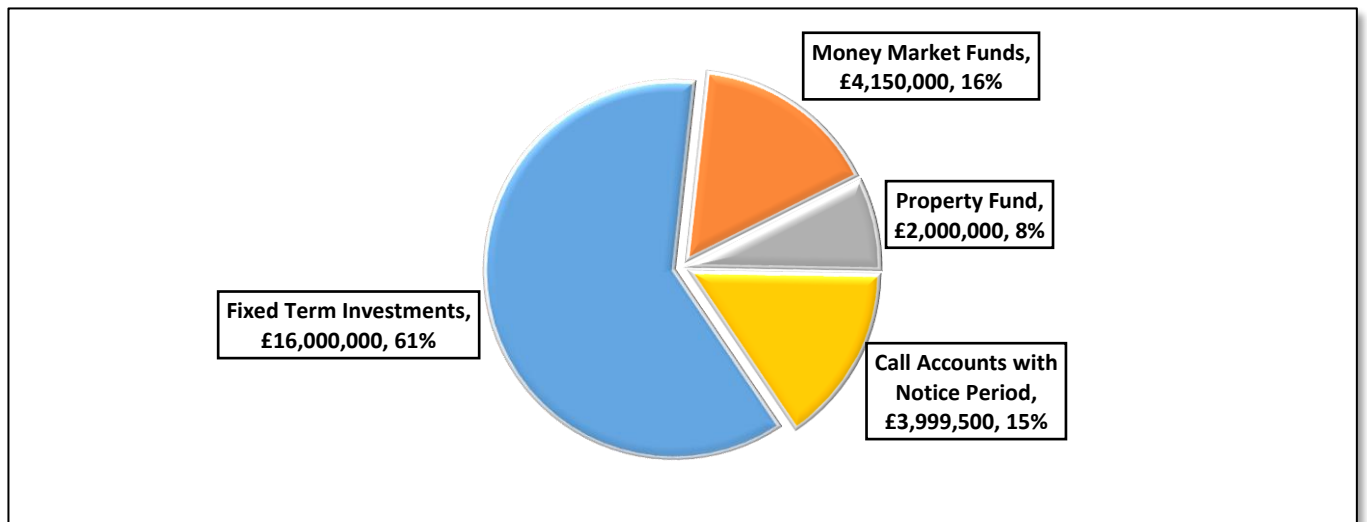


3.27 Our aim for the risk status of our investments was **A- or higher**. The risk status based on the length of the investment and the value for a 12 month period is summarised in the graph below:

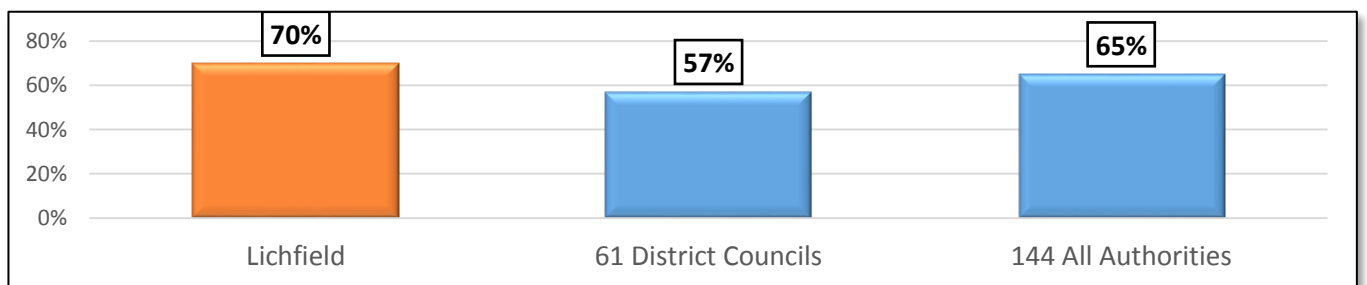


**The Liquidity of our Investments**

3.28 The Council has not had to temporarily borrow during 2018/19 and retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown in the graph below:

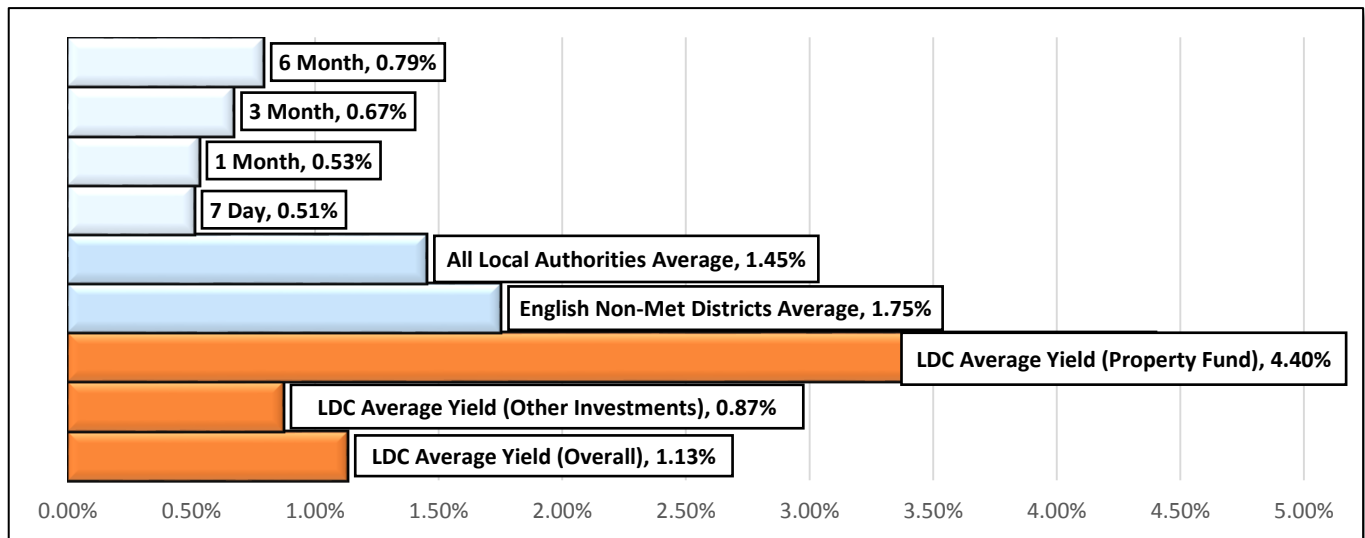


3.29 The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is below:



## The Return or Yield of our Investments

3.30 The yield the Council was achieving as at 31 March 2019 compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown below:



3.31 Investment activity generated (**£298,369**) of gross investment income.

## Treasury Management Updates

### **Independent Review of Treasury Management by Internal Audit**

3.32 In 2018/2019 as part of the Internal Audit Plan, Treasury Management was assessed by Internal Audit and the level of assurance placed on the system of internal control was the highest level available of 'Substantial Assurance'.

### **Temporary Increase to the Operational Bank Account Limit during 2018/19**

3.33 The Treasury Management Strategy includes an approved Investment Counterparty and limit for unsecured banks with a credit rating of **A-** including the National Westminster Bank used by the Council for operational banking of **£1 million** and **6 months**.

3.34 On 5 November 2018 the Deputy Section 151 Officer temporarily increased the limit by **£65,288**. It was necessary to temporarily increase the limit for one day due to the very low level of risk involved. This was due to the requirement to manage investments within the constraints of the approved credit criteria as a result of limited available options.

### **Recommended increase to a Treasury Management Limit**

3.35 The Annual Investment Strategy was approved by Council on 19 February 2019 and included the investment limit 'Any group of pooled funds under the same management' of **£4m per manager**.

3.36 We currently have the following actual or planned investments with Churches, Charities and Local Authorities (CCLA):

Investment	Approved Limit	Actual Investment at 13 May 2019
The Property Pooled Fund	£2 million	£2 million
UK Domiciled Money Market Fund	£5 million	£2 million
Diversified Income Fund (Approved by Cabinet 4 September 2018)	£2 million	£0
<b>Fund Manager Total</b>	<b>£9 million</b>	<b>£4 million</b>

3.37 Therefore to facilitate the investment in the Diversified Income Fund (a multi-asset fund investing in bonds, equities, infrastructure and operating assets) of £2m and thereby reduce risk through additional diversification and maximise investment income, the plan is to increase the limit from **£4m** to **£9m**.

**Alternative Options**

There are no alternative options.

**Consultation**

Consultation is undertaken as part of the Strategic Plan 2016-20 and with Leadership Team.

**Financial Implications****Prudential indicators (PI) 2018/19:**

- We can confirm that the Council has complied with its Prudential and Local Indicators for 2018/19; these were originally approved by Council at its meeting on 20 February 2018 and were fully revised and approved by Council on 19 February 2019.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2018/19.
- None of the other Prudential and Local Indicators have been breached. The Prudential and Local Indicators are summarised in the table below :

**Capital Strategy Indicators****Prudential Indicators**

Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2018/19 Actual	Compliant
<b>Capital Investment</b>					
Capital Expenditure (£m)	£2.608	£10.242	£5.355	£4.910	✓
Capital Financing Requirement (£m)	£4.177	£10.552	£4.881	£4.987	✓
<b>Gross Debt and the Capital Financing Requirement</b>					
Gross Debt	(£3.418)	(£10.142)	(£4.183)	(£4.315)	✓
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	No	No	✓
<b>Total Debt</b>					
Authorised Limit (£m)	£3.991	£21.377	£15.082	£4.751 <sup>1</sup>	✓
Operational Boundary (£m)	£3.991	£13.122	£7.197	£4.751	✓
Proportion of Financing Costs to Net Revenue Stream (%)	5%	7%	5%	5%	✓

**Local Indicators**

Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2018/19 Actual	Compliant
Replacement of Debt Finance or MRP (£m)	(£0.616)	(£0.699)	(£0.691)	(£0.710)	✓
Capital Receipts (£m)	(£0.426)	£0.000	(£0.356)	(£0.760)	✓
Liability Benchmark (£m) <sup>2</sup>	£13.242	£2.345	£12.572	£14.209	✓
Treasury Management Investments (£m)	£24.519	£20.911	£25.147	£26.150	✓

**Treasury Management Indicators****Prudential Indicators**

	Lower Limit	Upper Limit	2018/19 Actual	Compliant
<b>Refinancing Rate Risk Indicator</b>				
Under 12 months	0%	100%	7%	
12 months and within 24 months	0%	100%	7%	
24 months and within 5 years	0%	100%	22%	
5 years and within 10 years	0%	100%	36%	✓
10 years and within 20 years	0%	100%	23%	
20 years and within 30 years	0%	100%	3%	
30 years and within 40 years	0%	100%	0%	
40 years and within 50 years	0%	100%	0%	
50 years and above	0%	100%	0%	

<sup>1</sup> This is the highest level of debt outstanding during the financial year and is compared to the Authorised Limit and Operational Boundary to assess compliance.

<sup>2</sup> The liability benchmark (which is a CIPFA concept) measures an Authority's projected net borrowing requirement plus a short-term liquidity allowance for future periods. The purpose of a liability benchmark is to establish the level of risk which the Authority regards as its balanced or normal position so that it can take measured decisions about whether to be 'overweight' or 'underweight' in relation to that risk.

Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2018/19 Actual	Compliant
Principal Sums invested for periods longer than a year (£m)	£2.000	£6.000	£6.000	£2.000	✓
Local Indicators					
Indicators	2017/18 Actual	2018/19 Original	2018/19 Revised	2018/19 Actual	Compliant
	£m	£m	£m	£m	
<u>Balance Sheet Summary and Forecast</u>					
Borrowing Capital Financing Requirement	£2.129	£8.975	£3.338	£3.312	✓
Internal or (over) Borrowing	£0.759	£0.410	£0.698	£0.672	✓
(Investments) or New Borrowing	(£24.519)	(£20.910)	(£25.147)	(£26.150)	✓
Liability Benchmark	(£13.242)	(£2.345)	(£12.572)	(£14.209)	✓
	Target	2018/19 Actual	Compliant		
<u>Security</u>					
Portfolio average credit rating	A-	AA-	✓		
<u>Liquidity</u>					
Temporary Borrowing undertaken	£0.000	£0.000	✓		
Total Cash Available within 100 days (maximum)	90%	70%	✓		

### Contribution to the Delivery of the Strategic Plan

The MTFs underpins the delivery of the Strategic Plan 2016-20.

### Equality, Diversity and Human Rights Implications

There are no additional Equality, Diversity or Human Rights implications.

### Crime & Safety Issues

There are no additional Crime and Safety Issues.

	Risk Description	How We Manage It	Severity of Risk
A	Planned Capital Receipts are not received.	The budget for capital receipts will be monitored as part of the Council's normal budget monitoring procedures.	Green - Tolerable
B	Achievement of The Council's key Council priorities.	Close monitoring of performance and expenditure; maximising the potential of efficiency gains; early identification of any unexpected impact on costs including Central Government Policy changes, movement in the markets, and changes in the economic climate.	Green - Tolerable
C	The affordability and risk associated with the Capital Strategy.	Recruit an estates management team to provide professional expertise and advice in relation to the Property Investment Strategy and to continue to take a prudent approach to budgeting.	Yellow - Material

### Background Documents

- CIPFA Code of Practice for Treasury Management in the Public Services
- The Prudential Code for Capital Finance in Local Authorities
- The Treasury Management Strategy Statement (TMSS) 2018/19 – Audit and Member Standards Committee 22 January 2018.
- Mid-Year Treasury Management Report – Audit and Member Standards Committee 14 November 2018.
- The Treasury Management Strategy Statement (TMSS) 2019/20 – Audit and Member Standards Committee 6 February 2019.

### Relevant web link

## Capital Programme Performance in 2018/19

Project	Original Budget	Approved Budget	Actual	Variance to Approved Budget	Variance to Original Budget
BLC Enhancement Work	£42,000	£0	£0	£0	(£42,000)
Play Area at Hawksyard	£1,000	£0	£0	£0	(£1,000)
Friary Grange Capital Works	£0	£50,000	£28,203	(£21,797)	£28,203
Leisure Review: Capital Investment	£750,000	£1,395,000	£1,365,042	(£29,958)	£615,042
Replacement of Play Equipment at Hill Ridware Village Hall	£0	£0	£41,054	£41,054	£41,054
Fradley Village Heating & CCTV	£0	£15,000	£10,000	(£5,000)	£10,000
Fradley Youth & Community Centre Cladding & Porch	£0	£15,000	£0	(£15,000)	£0
Children's play equipment at Upper Lodge Play Area	£0	£21,000	£21,000	£0	£21,000
Armitage with Handsacre Village Hall heating upgrade	£0	£20,000	£15,000	(£5,000)	£15,000
Armitage with Handsacre Village Hall storage container	£0	£16,000	£10,000	(£6,000)	£10,000
Armitage War Memorial and surrounding area	£0	£80,000	£0	(£80,000)	£0
Canopy and installation of artificial grass at Armitage	£0	£13,000	£0	(£13,000)	£0
Burntwood Leisure Centre Equipment (Lease)	£0	£0	£262,792	£262,792	£262,792
Accessible Homes (Disabled Facilities Grants)	£772,000	£1,193,000	£583,453	(£609,547)	(£188,547)
Home Repair Assistance Grants	£15,000	£15,000	£1,756	(£13,244)	(£13,244)
Decent Homes Standard	£437,000	£0	£0	£0	(£437,000)
Energy Insulation Programme	£20,000	£41,000	£12,926	(£28,074)	(£7,074)
DCLG Monies	£212,000	£0	£0	£0	(£212,000)
Unallocated S106 Affordable Housing Monies	£400,000	£0	£0	£0	(£400,000)
Housing Redevelopment Scheme - Packington	£0	£40,000	£40,000	£0	£40,000
<b>Healthy and Safe Communities</b>	<b>£2,649,000</b>	<b>£2,914,000</b>	<b>£2,391,227</b>	<b>(£522,773)</b>	<b>(£257,773)</b>
Darnford Park	£13,000	£0	£0	£0	(£13,000)
Vehicle Replacement Programme	£30,000	£0	£14,750	£14,750	(£15,250)
Bin Purchase	£0	£0	£177,009	£177,009	£177,009
Vehicle Replacement Programme	£138,000	£15,000	£0	(£15,000)	(£138,000)
Shortbutts Park, Lichfield	£23,000	£0	£0	£0	(£23,000)
Env. Improvements - Upper St John St & Birmingham Road	£7,000	£0	£0	£0	(£7,000)
Stowe Pool Improvements	£100,000	£0	£0	£0	(£100,000)
The Leomansley Area Improvement Project	£3,000	£3,000	£0	(£3,000)	(£3,000)
Canal Culvert at Huddlesford	£90,000	£0	£0	£0	(£90,000)
Cannock Chase SAC	£43,000	£62,000	£64,736	£2,736	£21,736
<b>Clean, Green and Welcoming Places to Live</b>	<b>£447,000</b>	<b>£80,000</b>	<b>£256,495</b>	<b>£176,495</b>	<b>(£190,505)</b>
Data Management System	£6,000	£11,000	£0	(£11,000)	(£6,000)
Birmingham Road Site Support	£313,000	£143,000	£136,468	(£6,532)	(£176,532)
Birmingham Road Site - Castle Dyke/Frog Lane	£100,000	£0	£0	£0	(£100,000)
Birmingham Road Site - Railway Station Forecourt	£5,000	£0	£0	£0	(£5,000)
Birmingham Road Site - Coach Park	£450,000	£5,000	£6,613	£1,613	(£443,388)
Birmingham Road Site - Police Station Acquisition	£0	£1,805,000	£1,785,027	(£19,973)	£1,785,027
Sankey's Corner Environmental Improvements - Phase 4	£0	£3,000	£3,000	£0	£3,000
City Centre Strategy and Interpretation	£0	£23,500	£18,322	(£5,178)	£18,322
Car Parks Variable Message Signing	£32,000	£0	£0	£0	(£32,000)
Old Mining College - Refurbish access and signs	£0	£14,000	£1,298	(£12,702)	£1,298
Lichfield Festival Parade and Website	£0	£14,000	£13,752	(£248)	£13,752
St Mary's Cultural Hub	£0	£45,000	£44,979	(£21)	£44,979
Erasmus Darwin Lunar Legacy	£0	£25,000	£22,050	(£2,950)	£22,050
<b>A Vibrant and Prosperous Economy</b>	<b>£906,000</b>	<b>£2,088,500</b>	<b>£2,031,508</b>	<b>(£56,992)</b>	<b>£1,125,508</b>
Property Investment Strategy	£6,000,000	£0	£0	£0	(£6,000,000)
IT and Channel Shift Programme	£152,000	£187,000	£153,953	(£33,047)	£1,953
Asset Management - Works resulting from Condition Survey	£88,000	£85,000	£77,259	(£7,741)	(£10,741)
<b>A Council that is Fit for the Future</b>	<b>£6,240,000</b>	<b>£272,000</b>	<b>£231,212</b>	<b>(£40,788)</b>	<b>(£6,008,788)</b>
<b>Capital Programme Total</b>	<b>£10,242,000</b>	<b>£5,354,500</b>	<b>£4,910,442</b>	<b>(£444,058)</b>	<b>(£5,331,558)</b>
Non-Current Assets	£8,138,000	£3,669,500	£3,997,234	£327,734	(£4,140,766)
Revenue Expenditure Funded from Capital under Statute	£2,104,000	£1,685,000	£913,207	(£771,793)	(£1,190,793)

Funding Source	Original Budget	Approved Budget	Actual	Variance to Approved Budget	Variance to Original Budget
Capital Receipts	£670,000	£1,888,000	£1,827,091	(£60,909)	£1,157,091
Revenue Contributions	£154,000	£155,000	£386,469	£231,469	£232,469
Council Funding	£824,000	£2,043,000	£2,213,560	£170,560	£1,389,560
Borrowing Need	£6,780,000	£1,395,000	£1,565,834	£170,834	(£5,214,166)
Capital Grants and Contributions	£2,452,000	£1,544,500	£881,835	(£662,665)	(£1,570,165)
Reserves and Sinking Funds	£186,000	£372,000	£249,212	(£122,788)	£63,212
<b>Capital Programme Total</b>	<b>£10,242,000</b>	<b>£5,354,500</b>	<b>£4,910,442</b>	<b>(£444,058)</b>	<b>(£5,331,558)</b>

## The Council's Balance Sheet

	Type	2017/18 Actual £000s	2018/19 Actual £000s	2018/19 Budget £000s	Variance to Budget £000s
Property, Plant and Equipment	ASSET	41,968	42,786	42,325	461
Heritage Assets	ASSET	515	450	515	(65)
Investment Property	ASSET	5,200	4,867	5,200	(333)
Intangible Assets	ASSET	76	73	76	(3)
Assets Held for Sale	ASSET	300	200	0	200
Long Term Debtors	DEBT	93	288	93	195
Investments	INV	24,418	26,808	25,046	1,762
Borrowing	BOLE	(1,370)	(2,640)	(2,640)	0
Finance Leases	BOLE	(2,048)	(1,675)	(1,543)	(132)
Working Capital	CRED	(9,227)	(8,410)	(9,030)	620
Pensions	PEN	(34,393)	(42,747)	(35,154)	(7,593)
<b>TOTAL ASSETS LESS LIABILITIES</b>		<b>25,532</b>	<b>20,001</b>	<b>24,887</b>	<b>(4,886)</b>
<u>Unusable Reserves</u>					
Revaluation Reserve	REV	(9,016)	(9,419)	(9,016)	(403)
Capital Adjustment Account	CAP	(34,865)	(33,970)	(34,217)	247
Deferred Credits	CRED	(47)	(47)	(47)	0
Pension Scheme	PEN	36,028	43,621	36,028	7,593
Benefits Payable During Employment Adjustment Account	CRED	132	219	132	87
Collection Fund	UGER	(611)	(315)	(208)	(107)
Available for Sale Reserve	INV	101	0	101	(101)
Financial Instrument Revaluation Reserve	INV	0	68	0	68
<u>Usable Reserves</u>					
Unapplied Grants and Contributions - General	UGER	(705)	(650)	(509)	(141)
Unapplied Grants and Contributions - Cannock Chase	UGER	(22)	(4)	(0)	(4)
Unapplied Grants and Contributions - Section 106	UGER	(588)	(577)	(584)	7
Unapplied Grants and Contributions - CIL	UGER	(327)	(963)	(327)	(636)
Usable Capital Receipts	UGER	(2,936)	(1,950)	(1,488)	(462)
Usable Capital Receipts - Arts Statue	UGER	(134)	(53)	(50)	(3)
Burntwood Leisure Centre Sinking Fund	UGER	(236)	(236)	(236)	0
City Centre Redevelopment Sinking Fund	UGER	(25)	(25)	(18)	(7)
Elections	UGER	(194)	(222)	(194)	(28)
Public Open Spaces	UGER	(439)	(439)	(439)	0
Three Spires Multi Storey	UGER	(2,057)	(2,227)	(2,207)	(20)
Building Regulations	UGER	(148)	(135)	(147)	12
Other Earmarked Reserves	UGER	(4,904)	(7,342)	(6,111)	(1,231)
Grant Aid - Development	UGER	(20)	(25)	(20)	(5)
General Fund Balance	GEN	(4,521)	(5,310)	(5,332)	22
<b>TOTAL EQUITY</b>		<b>(25,532)</b>	<b>(20,001)</b>	<b>(24,887)</b>	<b>4,886</b>
	Type	2017/18 Actual £000s	2018/19 Actual £000s	2018/19 Budget £000s	Variance to Budget £000s
<b>Summary</b>					
Capital Funding	CAP	(34,865)	(33,970)	(34,217)	247
Revaluation Reserve	REV	(9,016)	(9,419)	(9,016)	(403)
Borrowing and Leasing	BOLE	(3,418)	(4,314)	(4,183)	(131)
Non-Current Assets	ASSET	48,059	48,376	48,116	260
Investments	INV	24,519	26,877	25,147	1,730
Unapplied Grants & Earmarked Reserves	UGER	(13,344)	(15,163)	(12,536)	(2,627)
General Reserve	GEN	(4,521)	(5,310)	(5,332)	22
Long Term Debtors	DEBT	93	288	93	195
Working Capital & Pensions	CRED	(7,507)	(7,364)	(8,071)	707
<b>Internal Borrowing</b>		<b>760</b>	<b>673</b>	<b>700</b>	<b>(27)</b>
<b>Liability Benchmark</b>					
Capital Financing Requirement (Borrowing)		2,130	3,312	3,339	(27)
Working Capital & Pensions		(7,507)	(7,364)	(8,071)	707
Usable Reserves		(17,255)	(20,158)	(17,660)	(2,498)
Collection Fund Account		(611)	(315)	(208)	(107)
Minimum Level of Investments		10,000	10,000	10,028	(28)
<b>Total</b>		<b>(13,242)</b>	<b>(14,525)</b>	<b>(12,572)</b>	<b>(1,953)</b>

### Investments in the 2018/19 Financial Year

The table below shows a breakdown of our investments at the end of March 2019:

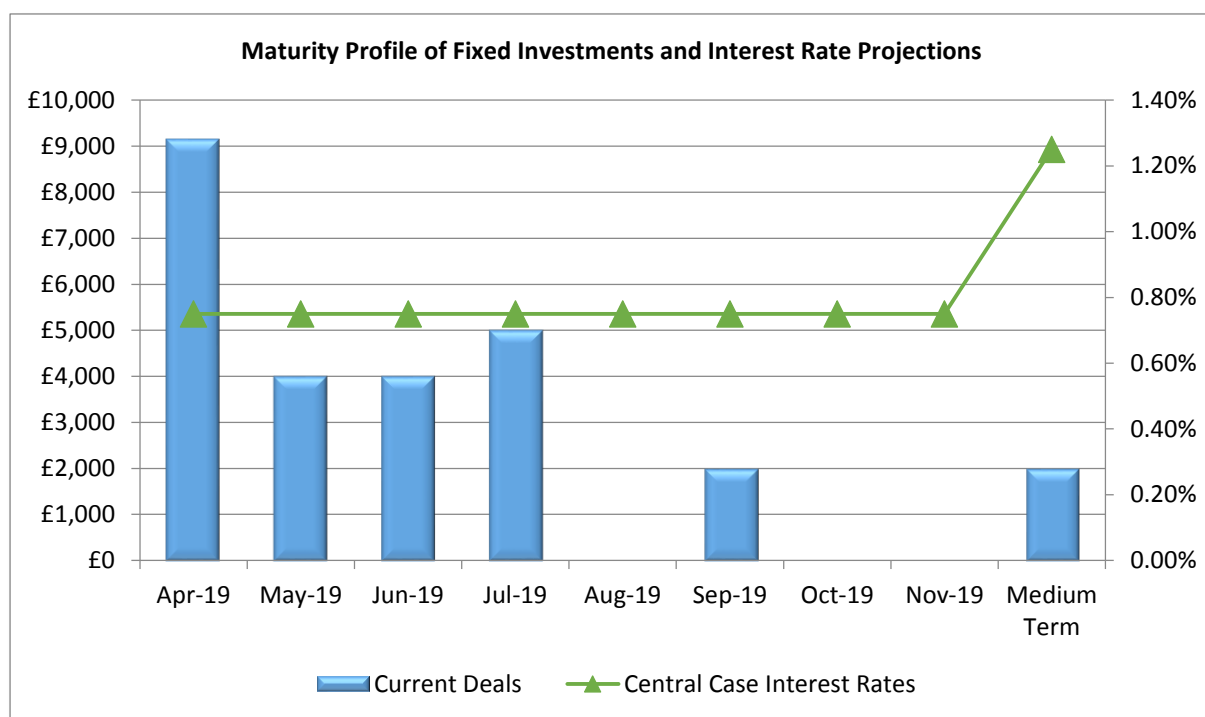
Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
<b>Money Market Funds</b>						
CCLA MMF	£4,150,000	01-Apr-19	Instant Access	0.74%	AAAMMF	N/A
<b>Property Fund</b>						
CCLA Property Fund	£2,000,000	N/A	N/A	4.15%	N/A	No
<b>Fixed Term Investments</b>						
United Overseas Bank	£1,000,000	17-May-19	47	0.84%	AA-	Yes
Blaenau Gwent County Borough	£2,000,000	03-Apr-19	3	0.90%	LOCAL	No
Coventry Building Society	£1,000,000	05-Apr-19	5	0.82%	A	No
Landesbank Hessen-Thüringen (Helaba)	£1,000,000	09-Apr-19	9	0.88%	A	Yes
Lloyds	£1,000,000	15-May-19	45	1.00%	A+	No
Surrey Heath Borough Council	£2,000,000	13-Jun-19	74	0.95%	LOCAL	No
Australia and New Zealand Banking Group	£1,000,000	12-Jun-19	73	0.98%	AA-	Yes
Close Bros	£1,000,000	18-Jun-19	79	1.00%	A	No
Highland Council	£2,000,000	29-Jul-19	120	0.93%	LOCAL	No
Merthyr Tydfil Council	£2,000,000	22-Jul-19	113	0.95%	LOCAL	No
DBS Bank	£1,000,000	19-Sep-19	172	0.99%	AA-	Yes
<b>Call Accounts with Notice Period</b>						
Santander UK plc	£1,000,000	27-Sep-19	180	0.95%	A	No
Goldman Sachs International Bank	£1,000,000	04-Jul-19	95	0.89%	A	No
Handelsbanken	£1,000,000	05-May-19	35	0.65%	AA-	No
HSBC	£999,500	01-May-19	31	0.85%	AA-	No
<b>Certificates of Deposit</b>						
Standard Chartered	£1,000,000	05-Apr-19	5	0.88%	A	No
<b>Total Investments</b>	<b>£26,149,500</b>					

### External Borrowing

Source	Loan Amount	Maturity Date	Interest Rate	Outstanding Balance as at 31 March 2019
Public Works Loan Board	£1,522,000	08-Apr-40	2.59%	£1,308,920
Public Works Loan Board	£1,395,000	31-May-28	1.71%	£1,330,747



The maturity profile of these investments at 31 March 2019 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:



### Performance of the Treasury Management Function

The performance of the Treasury Management function should be measured against the investment objectives of Security (the safe return of our monies), Liquidity (making sure we have sufficient money to pay for our services) and Yield (the return on our investments).

	Target	Actual
<b>Security</b>		
Risk Status (length of Investment)	A- minimum	AA-
Risk Status (Value of the investment)		AA-
<b>Liquidity</b>		
Length of Investments (days)	N/A	88 days
Temporary Borrowing	£0	£0
<b>Yield</b>		
Average amount we had available to invest (£m)	£30.70m	£33.14m
Average Interest Rate (%)	0.93%	0.90%
7-day London Inter-bank Bid (LIBID) rate	0.51%	
1 month London Inter-bank Bid (LIBID) rate	0.53%	
3 month London Inter-bank Bid (LIBID) rate	0.67%	
6 month London Inter-bank Bid (LIBID) rate	0.79%	
Gross Investment Income (£)	(£284,000)	(£298,369)
<b>Net Treasury Position including Borrowing (£)</b>	<b>£51,710</b>	<b>£45,358</b>

- The average interest rate of 0.93% is different to the LDC Average Yield (Overall) of 1.13% at para 3.30, due to one calculation is based on a whole year's worth of investments and one on the investments as at 31 March 2019.