

INVESTMENTS HELD AS AT 31ST MARCH 2017

| | Start Date | Maturity Date | Rate of Interest % | Amount £m |
|---|------------|---------------|--------------------|--------------|
| <u>FIXED DEPOSITS</u> | | | | |
| GOLDMAN SACHS INTERNATIONAL BANK | 03/08/2016 | 02/08/2017 | 0.75 | 10.0 |
| NORTHUMBERLAND COUNTY COUNCIL | 15/08/2014 | 15/08/2017 | 1.50 | 5.0 |
| DONCASTER MBC | 15/08/2014 | 15/08/2017 | 1.88 | 5.0 |
| GOLDMAN SACHS INTERNATIONAL BANK | 18/08/2016 | 18/08/2017 | 0.74 | 10.0 |
| LB CROYDON | 22/08/2014 | 22/08/2017 | 1.50 | 10.0 |
| ROYAL BANK OF SCOTLAND - CD | 30/10/2014 | 30/10/2017 | 1.85 | 40.0 |
| STANDARD CHARTERED | 02/11/2016 | 02/11/2017 | 0.88 | 10.0 |
| STANDARD CHARTERED | 07/11/2016 | 07/11/2017 | 0.87 | 10.0 |
| BLAENAU GWENT CBC | 04/12/2014 | 04/12/2017 | 1.90 | 3.0 |
| LLOYDS BANK | 16/04/2015 | 16/04/2018 | 1.49 | 30.0 |
| LLOYDS BANK | 26/05/2016 | 25/05/2018 | 1.48 | 10.0 |
| LLOYDS BANK | 19/11/2015 | 19/11/2018 | 1.82 | 5.0 |
| LANCASHIRE COUNTY COUNCIL | 18/12/2015 | 18/12/2018 | 1.50 | 10.0 |
| LLOYDS BANK | 29/07/2016 | 31/07/2019 | 1.34 | 2.5 |
| LLOYDS BANK | 18/08/2016 | 19/08/2019 | 1.18 | 7.5 |
| LLOYDS BANK | 05/12/2016 | 05/12/2019 | 1.37 | 25.0 |
| TOTAL FIXED DEPOSITS | | | | 193.0 |
| <u>OTHER INVESTMENTS</u> | | | | |
| STANDARD LIFE (IGNIS) LIQUIDITY FUND | 25/01/2010 | | | 6.9 |
| SANTANDER (180 DAYS CALL ACCOUNT) | 23/11/2015 | | 0.90 | 10.0 |
| SANTANDER (180 DAYS CALL ACCOUNT) | 03/08/2016 | | 0.90 | 10.0 |
| SANTANDER (180 DAYS CALL ACCOUNT) | 09/08/2016 | | 0.90 | 10.0 |
| CCLA LOCAL AUTHORITY PROPERTY FUND | 30/01/2014 | | | 30.0 |
| STANDARD LIFE - DIVERSIFIED GROWTH FUND | 22/12/2014 | | | 5.0 |
| NEWTON - DIVERSIFIED GROWTH FUND | 22/12/2014 | | | 5.0 |
| TOTAL INVESTMENTS | | | | 269.9 |

INVESTMENTS HELD AS AT 31ST MARCH 2017

| | Start Date | Maturity Date | Rate of Interest % | Amount £m | Total £m | Limit £m | Remaining £m |
|---|------------|---------------|--------------------|--------------|--------------|----------|--------------|
| <u>UK BANKS</u> | | | | | | | |
| LLOYDS BANK | 16/04/2015 | 16/04/2018 | 1.49 | 30.0 | | | |
| LLOYDS BANK | 26/05/2016 | 25/05/2018 | 1.48 | 10.0 | | | |
| LLOYDS BANK | 19/11/2015 | 19/11/2018 | 1.82 | 5.0 | | | |
| LLOYDS BANK | 29/07/2016 | 31/07/2019 | 1.34 | 2.5 | | | |
| LLOYDS BANK | 18/08/2016 | 19/08/2019 | 1.18 | 7.5 | | | |
| LLOYDS BANK | 05/12/2016 | 05/12/2019 | 1.37 | 25.0 | 80.0 | 80.0 | 0.0 |
| ROYAL BANK OF SCOTLAND - CD | 30/10/2014 | 30/10/2017 | 1.85 | 40.0 | 40.0 | 80.0 | 40.0 |
| GOLDMAN SACHS INTERNATIONAL BANK | 03/08/2016 | 02/08/2017 | 0.75 | 10.0 | | | |
| GOLDMAN SACHS INTERNATIONAL BANK | 18/08/2016 | 18/08/2017 | 0.74 | 10.0 | 20.0 | 20.0 | 0.0 |
| STANDARD CHARTERED | 02/11/2016 | 02/11/2017 | 0.88 | 10.0 | | | |
| STANDARD CHARTERED | 07/11/2016 | 07/11/2017 | 0.87 | 10.0 | 20.0 | 30.0 | 10.0 |
| <u>LOCAL AUTHORITIES</u> | | | | | | | |
| NORTHUMBERLAND COUNTY COUNCIL | 15/08/2014 | 15/08/2017 | 1.50 | 5.0 | 5.0 | 15.0 | 10.0 |
| LB CROYDON | 22/08/2014 | 22/08/2017 | 1.50 | 10.0 | 10.0 | 15.0 | 5.0 |
| BLAENAU GWENT CBC | 04/12/2014 | 04/12/2017 | 1.90 | 3.0 | 3.0 | 15.0 | 12.0 |
| DONCASTER MBC | 15/08/2014 | 15/08/2017 | 1.88 | 5.0 | 5.0 | 15.0 | 10.0 |
| LANCASHIRE COUNTY COUNCIL | 18/12/2015 | 18/12/2018 | 1.50 | 10.0 | 10.0 | 15.0 | 5.0 |
| <u>OTHER INVESTMENTS</u> | | | | | | | |
| STANDARD LIFE (IGNIS) LIQUIDITY FUND | 25/01/2010 | | | 6.9 | 6.9 | 15.0 | 8.1 |
| SANTANDER (180 DAYS CALL ACCOUNT) | 23/11/2015 | | 0.90 | 10.0 | | | |
| SANTANDER (180 DAYS CALL ACCOUNT) | 03/08/2016 | | 0.90 | 10.0 | | | |
| SANTANDER (180 DAYS CALL ACCOUNT) | 09/08/2016 | | 0.90 | 10.0 | 30.0 | 30.0 | 0.0 |
| CCLA LOCAL AUTHORITY PROPERTY FUND | 30/01/2014 | | | 30.0 | | | |
| STANDARD LIFE - DIVERSIFIED GROWTH FUND | 22/12/2014 | | | 5.0 | | | |
| NEWTON - DIVERSIFIED GROWTH FUND | 22/12/2014 | | | 5.0 | 40.0 | 40.0 | 0.0 |
| TOTAL INVESTMENTS | | | | 269.9 | 269.9 | | |

Prudential and Treasury Indicators – Actual 2016/17

Prudential and Treasury Indicators are relevant for the purposes of setting an integrated treasury management strategy and require the approval of the Council. The table below shows the actual performance in relation to the indicators in 2015/16 and compares the actual in 2016/17 with the original estimates approved in February 2016 and with the revised estimates (“probable”) reported in the mid-year review in December 2016. Further details on capital expenditure outturn are due to be reported to the Executive on 20th June 2017.

The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The revised Code (published in 2009) was adopted by full Council on 15th February 2010.

| PRUDENTIAL INDICATORS | 2015/16 | 2016/17 | 2016/17 | 2016/17 |
|--|---------|----------|----------|---------|
| | actual | estimate | probable | actual |
| Total Capital Expenditure | £76.2m | £77.6m | £59.0m | £53.0m |
| Ratio of financing costs to net revenue stream | 0% | 0% | 0% | 0% |
| Net borrowing requirement (net investments for Bromley) | | | | |
| brought forward 1 April | £254.8m | £282.3m | £261.1m | £261.1m |
| carried forward 31 March | £261.1m | £245.3m | £244.4m | £269.9m |
| in year borrowing requirement /movement in net investments | £1.1m | -£37.0m | -£16.7m | £8.8m |
| Capital Financing Requirement as at 31 March | £3.8m | £2.6m | £3.8m | £3.1m |
| Incremental impact of capital investment decisions | £ p | £ p | £ p | £ p |
| Increase in council tax (band D) per annum | - | - | - | - |

| TREASURY MANAGEMENT INDICATORS | 2015/16 | 2016/17 | 2016/17 | 2016/17 |
|--|---------|----------|----------|---------|
| | actual | estimate | probable | actual |
| Authorised Limit for external debt - | | | | |
| borrowing | £30.0m | £30.0m | £30.0m | £30.0m |
| other long term liabilities | £30.0m | £30.0m | £30.0m | £30.0m |
| TOTAL | £60.0m | £60.0m | £60.0m | £60.0m |
| Operational Boundary for external debt - | | | | |
| borrowing | £10.0m | £10.0m | £10.0m | £10.0m |
| other long term liabilities | £10.0m | £20.0m | £20.0m | £20.0m |
| TOTAL | £20.0m | £30.0m | £30.0m | £30.0m |
| Actual external debt | £28.2m | £2.6m | £3.8m | £3.1m |
| Upper limit for fixed interest rate exposure | 100% | 100% | 100% | 100% |
| Upper limit for variable rate exposure | 20% | 20% | 20% | 20% |
| Upper limit for total principal sums invested for more than 364 days beyond year-end dates | £170.0m | £170.0m | £170.0m | £170.0m |

**Further Information on the Global Economic Background during 2016/17
(provided by Capita Treasury Solutions)**

USA. Quarterly growth in the US has been very volatile during 2016 but a strong performance since mid-2016, and strongly rising inflation, prompted the Fed into raising rates in December 2016 and March 2017. The US is the first major western country to start on a progressive upswing in rates. Overall growth in 2016 was 1.6%.

EU. The EU is furthest away from an upswing in rates; the European Central Bank (ECB) has cut rates into negative territory, provided huge tranches of cheap financing and been doing major quantitative easing purchases of debt during 2016-17 in order to boost growth from consistently weak levels, and to get inflation up from near zero towards its target of 2%. These purchases have resulted in depressed bond yields in the EU, but, towards the end of 2016, yields rose, probably due at least in part to rising political concerns around the positive prospects for populist parties and impending general elections in 2017 in the Netherlands, France and Germany. The action taken by the ECB has resulted in economic growth improving significantly in the eurozone to an overall figure of 1.7% for 2016, with Germany achieving a rate of 1.9% as the fastest growing G7 country.

On the other hand, President Trump's election and promise of fiscal stimulus, which are likely to increase growth and inflationary pressures in the US, have resulted in Treasury yields rising sharply since his election. Gilt yields in the UK have been caught between these two influences and the result is that the gap in yield between US treasuries and UK gilts has widened sharply during 2016/17 due to market perceptions that the UK is still likely to be two years behind the US in starting on an upswing in rates despite a track record of four years of strong growth.

Japan struggled to stimulate consistent significant growth with GDP averaging only 1.0% in 2016 with current indications pointing to a similar figure for 2017. It is also struggling to get inflation up to its target of 2%, only achieving an average of -0.1% in 2016, despite huge monetary and fiscal stimulus, though this is currently expected to increase to around 1% in 2017. It is also making little progress on fundamental reform of the economy.

China and emerging market counties. At the start of 2016, there were considerable fears that China's economic growth could be heading towards a hard landing, which could then destabilise some emerging market countries particularly exposed to a Chinese economic slowdown and / or to the effects of a major reduction in revenue from low oil prices. These fears have largely subsided and oil prices have partially recovered so, overall, world growth prospects have improved during the year.

Equity markets. The result of the referendum, and the consequent devaluation of sterling, boosted the shares of many FTSE 100 companies which had major earnings which were not denominated in sterling. The overall trend since then has been steeply upwards and received further momentum after Donald Trump was elected President as he had promised a major fiscal stimulus to boost the US economy and growth rate.