Council
3 July 2017

Subject: Annual Report on the Treasury Management Service and Actual Prudential and Treasury Indictors 2016/17

Report by:	Financial Services Team Manager (Deputy S151) Tracey Bircumshaw
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Purpose / Summary:	This annual treasury report is a requirement of the Council's reporting procedures. It covers the treasury activity during 2016/17 and the actual Prudential Indicators for 2016/17.

RECOMMENDATION(S):

That Members approve the Annual Treasury Management Report for 2016/17 and including the actual 2016/17 Prudential and Treasury Indicators contained therein.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial: FIN/TJB/33: None arising from this report.

Staffing: None arising as a result of this report.

Equality and Diversity including Human Rights: None arising as a result of this report.

Risk Assessment: This is a monitoring report only.

Climate Related Risks and Opportunities: This is a monitoring report only.

Title and Location of any Background Papers used in the preparation of this report:

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)	**Yes**		**No**	**x**

Key Decision:

A matter which affects two or more wards, or has significant financial implications	**Yes**		**No**	**x**

Background

The Council is required by regulations issued under the Local Government Act 2003 to produce an Annual Treasury Management review of activities and the actual prudential and treasury indictors for 2016/17. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (The Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2016/17 the minimum reporting requirements were that the full Council should receive the following reports:

- an Annual Treasury Strategy in advance of the year - Council meeting held 3 March 2016
- a Mid-Year (minimum) Treasury Update Report – Council meeting held 10 November 2016
- an Annual Treasury Management Report following the year describing the activity compared to the strategy (this report).

In addition, the Corporate Policy and Resources Committee has received quarterly Treasury Management update reports on 28 July 2016, 10 November 2016, 9 February 2017 and 4 May 2017.

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. The report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Governance and Audit Committee (Annual Investment Strategy) and Policy and Resources Committee (Capital Programme, Mid-Year and Annual Report) before they were reported to the full Council. Member training on treasury management issues was undertaken during the year on 9 January 2017 in order to support Members' scrutiny role.

Executive Summary

During 2016/17, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Prudential and treasury indicators	**2015/16 Actual £'000**	**2016/17 Original £'000**	**2016/17 Revised £'000**	**2016/17 Actual £'000**
Capital expenditure	962	15,109	10,928	2,584
Capital Financing Requirement:	1,403	11,476	7,181	1,219
Gross Borrowing	0	0	0	0
Finance Leases	346	221	221	128
Gross Investments				
• Longer than 1 year	2,000	2,000	2,000	2,000
• Under 1 year	18,200	14,882	21,155	16,600
Total	**20,200**	**16,882**	**23,155**	**18,600**
Net borrowing/ (investments)	**(19,854)**	**(16,661)**	**(22,934)**	**(18,472)**

Other prudential and treasury indicators are to be found in the main body of this report. The S151 Officer also confirms that no borrowing was undertaken and the statutory borrowing limit (the Authorised Limit) was not breached.

The financial year 2016/17 continued with a challenging investment environment of previous years, namely low investment returns.

1. Introduction and Background

1.1 This report summarises the following:

- Capital activity during the year
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement)
- The actual prudential and treasury indicators
- Overall treasury position identifying if the Council has borrowed in relation to this indebtedness, and the impact on investment balances
- Summary of interest rate movements in the year
- Detailed debt activity; and
- Detailed investment activity

2. The Council's Capital Expenditure and Financing 2016/17

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or

- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

2.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

General Fund	2015/16 Actual £'000	2016/17 Original £'000	2016/17 Revised Estimate £'000	2016/17 Actual £'000
Capital expenditure	**962**	**15,109**	**10,928**	**2,584**
Resourced by:				
Capital receipts	560	806	1,104	405
Capital grants / Contributions	356	898	1,045	660
Revenue	46	3,115	2,784	1,484
Leases	0	0	0	0
S106	0	0	0	0
Prudential Borrowing	0	10,290	5,995	35

3. The Council's Overall Borrowing Need

3.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2016/17 prudential borrowing (see table 2.2), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

3.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

3.3 **Reducing the CFR** – The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of borrowing need. This differs from the treasury management arrangements, which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

3.4 The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

3.5 The Council's 2016/17 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2016/17 on 3 March 2016.

3.6 The Council's CFR for the year is shown below, and represents a key prudential indicator. It is made up of £1.065m resulting from changes in capital financing regulations, this effectively represents unfunded capital expenditure ie from cash under previous capital financing regulations and will remain within the CFR for the foreseeable future. As this is a technical accounting adjustment, there is no requirement to repay this amount through the MRP regulations.

3.7 In addition it includes leasing schemes held on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as the borrowing facility is included in the contract.

Capital Financing Requirement	31 March 2016 Actual £'000	31 March 2017 Budget £'000	31 March 2017 Revised £'000	31 March 2017 Actual £'000
Opening balance	**1,631**	**1,407**	**1,407**	**1,407**
Adj for previous year financing	0	0	0	0
Add adjustment for the inclusion of on-balance sheet leasing arrangements	4	10,290	5,995	35
Less Finance Lease repayments/MRP	(228)	(221)	(221)	(218)
Closing balance	**1,407**	**11,476**	**7,181**	**1,224**

3.7 Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

3.8 **Gross borrowing and the CFR** – in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its maximum gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2015/16) plus the estimates of any additional capital financing requirement for the current year (2016/17) and the next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2016/17. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator with the gross borrowing position reflecting outstanding finance leases on vehicles and equipment.

	31 March 2016 Actual £'000	31 March 2017 Original £'000	31 March 2017 Revised £'000	31 March 2017 Actual £'000
Gross borrowing position	**346**	**10,290**	**5,995**	**35**
CFR	**1,407**	**11,476**	**7,181**	**1,224**

3.9 **The Authorised Limit** – the authorised limit is the "affordable borrowing limit" required by section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during

2016/17 the Council has maintained gross borrowing within its authorised limit.

3.10 **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 is acceptable subject to the authorised limit not being breached.

3.11 **Actual financing costs as a proportion of net revenue stream** – 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 stream.

	2016/17 £'000
Authorised Limit	**22,931**
Maximum gross borrowing position	**35,684**
Operational Boundary	**10,411**
Average gross borrowing position	**0**
Financing costs as a proportion of net revenue stream (Leasing)	**1.27%**

4. Treasury Position as at 31 March 2017

4.1.1 The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2016/17 the Council's treasury position (excluding finance leases) was as follows:

Actual borrowing position	**31 March 2016**		**31 March 2017**	
	Principal £'000	**Average Rate**	**Principal £'000**	**Average Rate**
Fixed Interest Rate Debt	0	0%	0	0%
Variable Interest Rate Debt	0	0%	0	0%
Total Debt	**0**	**0%**	**0**	**0%**
Capital Financing Requirement £'000	**1,403**		**1,224**	
Finance lease liabilities £'000	**346**		**128**	
Over/(under) borrowing £'000	**(1,065)**		**(1,096)**	

Bank and Money Market deposits	**31 March 2016**		**31 March 2017**	
	Principal £'000	**Average Rate**	**Principal £'000**	**Average Rate**
Fixed Interest money market and bank deposits	13,500	0.94%	14,000	0.85%
Variable Interest money market and bank deposits	4,700	2.10%	2,600	0.74%
Total Investments/Cash Equivalents	**18,200**	**3.04%**	**16,600**	**1.59%**
Property Fund Investment	2,000	5.75%	2,000	5.43%
Less Finance lease Liabilities	(346)		(128)	
Net borrowing/(Investing) position	**(19,854)**		**(18,472)**	

The maturity of the investment portfolio was as follows:

	31 March 2016 Actual £'000	**2016/17 Forecast £'000**	**31 March 2017 Actual £'000**
Investments/Cash Equivalents			
Longer than 1 year	2,000	2,000	2,000
Under 1 year	18,200	14,882	16,600
Total	**20,200**	**16,882**	**18,600**

Note: Excludes bank current account balance.

5. The Strategy for 2016/17

5.1 The expectation for interest rates within the treasury management strategy for 2016/17 anticipated low but rising Bank Rate, (starting in quarter 1 of 2017), and gradual rises in medium and longer term fixed borrowing rates during 2016/17. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2016/17 there was major volatility in PWLB rates with rates falling during quarters 1 and 2 to reach historically very low levels in July and August, before rising significantly during quarter 3, and then partially easing back towards the end of the year.

No borrowing was undertaken during the year.

6. Investment Out turn for 2016/17

6.1 **Investment Policy** – the Council's investment policy is governed by CLG guidance, which has been implemented in the annual investment strategy approved by Council on 3 March 2016. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps and equity prices).

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

6.2 **Resources** – the Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's core cash resources comprised as follows:

Balance Sheet Resources	31 March 2016 £'000	31 March 2017 £'000
Balances	3,715	4,839
Earmarked reserves	13,847	13,334
Provisions	1,012	928
Usable capital receipts	2,984	2,895
Total	**21,558**	**21,996**

6.3 **Investments held by the Council** – the Council maintained an average balance of £23.2m of investments as at 31st March 2017. The investment portfolio earned an average rate of return of 1.16%, the improvement reflects the investment in the Local Authority Property Fund.

6.4 From a budget perspective £267k of investment interest was generated against a budget of £196k investment balances earning an average rate of 1.16%, (excluding the Local Authority Property Fund £158k of investment interest was generated earning an average rate of 0.76%).

No external borrowing was undertaken during this quarter. However £35k of internal borrowing was undertaken to finance the Capital Programme.

7. Performance Measurement

7.1 One of the key requirements in the Code is the formal introduction of performance measurements relating to investments, debt and capital financing activities. Whilst investment performance criteria have been well developed and universally accepted, debt performance indicators continue to be a more problematic area with the traditional average portfolio rate of interest acting as the main guide. The Council's performance indicators were set out in the Annual Treasury Management Strategy.

7.2 The following performance indicator is measured

- **Investments – Internal returns above the 7 day London Interbank Bid rate (LIBID)**

Whilst interest rates remained low the team generated an overall rate of 1.16% which is comparable to average 0.20% LIBID.

7.3 The actual income generated from investments totalled £267k against a budget of £196k.

7.4 Security and liquidity benchmarks are being developed and were introduced for 2015/16. These are attached at Appendix A:

7.5.1 The economy and the effect on interest rates are contained at Appendix B:

Security Benchmarking (Supplementary Per Capital Watch 4 August 2009)

APPENDIX A

Today's Date	**31/03/2017**	**PUT THIS TO TODAY'S DATE**
	Prudential Indicators & Liquidity Limits	**Credit Risk Maximum**
Liquidity	£2,000,000	
1 year		0.00%
2 years		0.00%
3 years		0.00%
4 years		0.03%
5 years	£2,000,000	0.06%

Start Date (not needed for the analysis)	Counterparty	Principal	Maturity Date	Rate (not needed for the credit analysis)	Country	Sector Limits	Current Long Term rating (Fitch or equivalent)	Long Term Rating for Table	Remaining Life in Years	Life Per table Equivalent	Historic Risk of default	Weighting
	A	B	C	D	E	F	G	H	I	J	K	L = B*K*I/J
	Investment Position											
	Deutsche Bank - Sterling				UK	MMF	AAA	AAA	0.00	1	0.000%	**£0**
	Lloyds Bank	£1,000,000	18-Aug-17	1.000%	UK	Banks - UK	A+	A	0.38	1	0.089%	**£341**
	Royal Bank of Scotland(95 day notice)				UK	Banks - UK	BBB+	BBB	0.00	1	0.212%	**£0**
	Santander - 180 day notice account	£1,000,000	26-Sep-17	1.150%	UK	Banks - UK	A	A	0.49	1	0.089%	**£436**
	LGIM	£2,600,000	03-Apr-17		UK	MMF	AAA	AAA	0.00	1	0.000%	**£0**
					UK	Building Societies - Term	A	A	-117.25	1	0.089%	**£0**
	Lloyds Bank	£500,000	11-Sep-17	1.000%	UK	Banks - UK	A+	A	0.45	1	0.089%	**£200**
	Lloyds Bank	£500,000	08-May-17	0.450%	UK	Banks - UK	A+	A	0.10	1	0.089%	**£46**
	Lloyds Bank	£500,000	08-Aug-17	0.600%	UK	Banks - UK	A+	A	0.36	1	0.089%	**£158**
	Lloyds Bank - Deposit Account				UK	Banks - UK	A+	A	0.00	1	0.089%	**£0**
	Standard Life (Ignis) - Liquidity Fund				UK	MMF	AAA	AAA	0.00	1	0.000%	**£0**
	Insight - Liquidity Fund				UK	MMF	AAA	AAA	-117.25	1	0.000%	**£0**
	CCLA - LAPF	£2,000,000			UK	Property		CCC		1		
	Santander - 365 day notice account	£2,000,000	30-Mar-18	1.300%	UK	Banks - UK	A	A	1.00	1	0.089%	**£1,774**
	Santander - 120 day notice account	£2,000,000	28-Jul-17	1.050%	UK	Banks - UK	A	A	0.33	1	0.089%	**£580**
	Goldman & Sachs	£1,000,000	05-Apr-17	0.460%	UK	Banks - UK	A	A	0.01	1	0.089%	**£12**
	Goldman & Sachs				UK	Banks - UK	A	A	-117.25	1	0.089%	**£0**
	Goldman & Sachs	£1,500,000	16-Jun-17	0.510%	UK	Banks - UK	A	A	0.21	1	0.089%	**£281**
	Goldman & Sachs	£1,500,000	18-Apr-17	0.460%	UK	Banks - UK	A	A	0.05	1	0.089%	**£66**
	Lloyds Bank	£1,000,000	14-Jul-17	1.250%	UK	Banks - UK	A+	A	0.29	1	0.089%	**£256**
	Lloyds Bank	£500,000	17-Jul-17	0.800%	UK	Banks - UK	A+	A	0.30	1	0.089%	**£132**
	Insight - Liquidity Plus Fund				UK	MMF	AAA	AAA	-117.25	1	0.000%	**£0**
	Ignis - Short Duration Fund				UK	MMF	AAA	AAA	0.00	1	0.000%	**£0**
	Lloyds Bank	£1,000,000	02-Aug-17	1.050%	UK	Banks - UK	A+	A	0.34	1	0.089%	**£302**
							A	A	-117.25	1	0.089%	**£0**
	Total	**£18,600,000**				**LIQUIDITY - Weighted Average Life**			**0.24**	**RISK Factors**	**0.025%**	**£4,585**
							Added by RG	WLDC Benchmarks	0.25		0.03%	

Risk Weighting per year	
Total weighting per £m	0.025%
Weighting for investment maturing < 1 year	0.027%
Weighting for investments maturing 1 to 2 years	0.000%
Weighting for investments maturing 2 to 3 years	0.000%
Weighting for investments maturing 3 to 4 years	0.000%
Weighting for investments maturing 4 to 5 years	0.000%

APPENDIX B

The Economy and Interest Rates

The two major landmark events that had a significant influence on financial markets in the 2016-17 financial year were the UK EU referendum on 23 June and the election of President Trump in the USA on 9 November. The first event had an immediate impact in terms of market expectations of when the first increase in Bank Rate would happen, pushing it back from quarter 3 2018 to quarter 4 2019. At its 4 August meeting, the Monetary Policy Committee (MPC) cut Bank Rate from 0.5% to 0.25% and the Bank of England's Inflation Report produced forecasts warning of a major shock to economic activity in the UK, which would cause economic growth to fall almost to zero in the second half of 2016. The MPC also warned that it would be considering cutting Bank Rate again towards the end of 2016 in order to support growth. In addition, it restarted quantitative easing with purchases of £60bn of gilts and £10bn of corporate bonds, and also introduced the Term Funding Scheme whereby potentially £100bn of cheap financing was made available to banks.

In the second half of 2016, the UK economy confounded the Bank's pessimistic forecasts of August. After a disappointing quarter 1 of only +0.2% GDP growth, the three subsequent quarters of 2016 came in at +0.6%, +0.5% and +0.7% to produce an annual growth for 2016 overall, compared to 2015, of no less than 1.8%, which was very nearly the fastest rate of growth of any of the G7 countries. Needless to say, this meant that the MPC did not cut Bank Rate again after August but, since then, inflation has risen rapidly due to the effects of the sharp devaluation of sterling after the referendum. By the end of March 2017, sterling was 17% down against the dollar but had not fallen as far against the euro. In February 2017, the latest CPI inflation figure had risen to 2.3%, above the MPC's inflation target of 2%. However, the MPC's view was that it would look through near term supply side driven inflation, (i.e. not raise Bank Rate), caused by sterling's devaluation, despite forecasting that inflation would reach nearly 3% during 2017 and 2018. This outlook, however, is dependent on domestically generated inflation, (i.e. wage inflation), continuing to remain subdued despite the fact that unemployment is at historically very low levels and is on a downward trend. Market expectations for the first increase in Bank Rate moved forward to quarter 3 2018 by the end of March 2017 in response to increasing concerns around inflation.

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%.

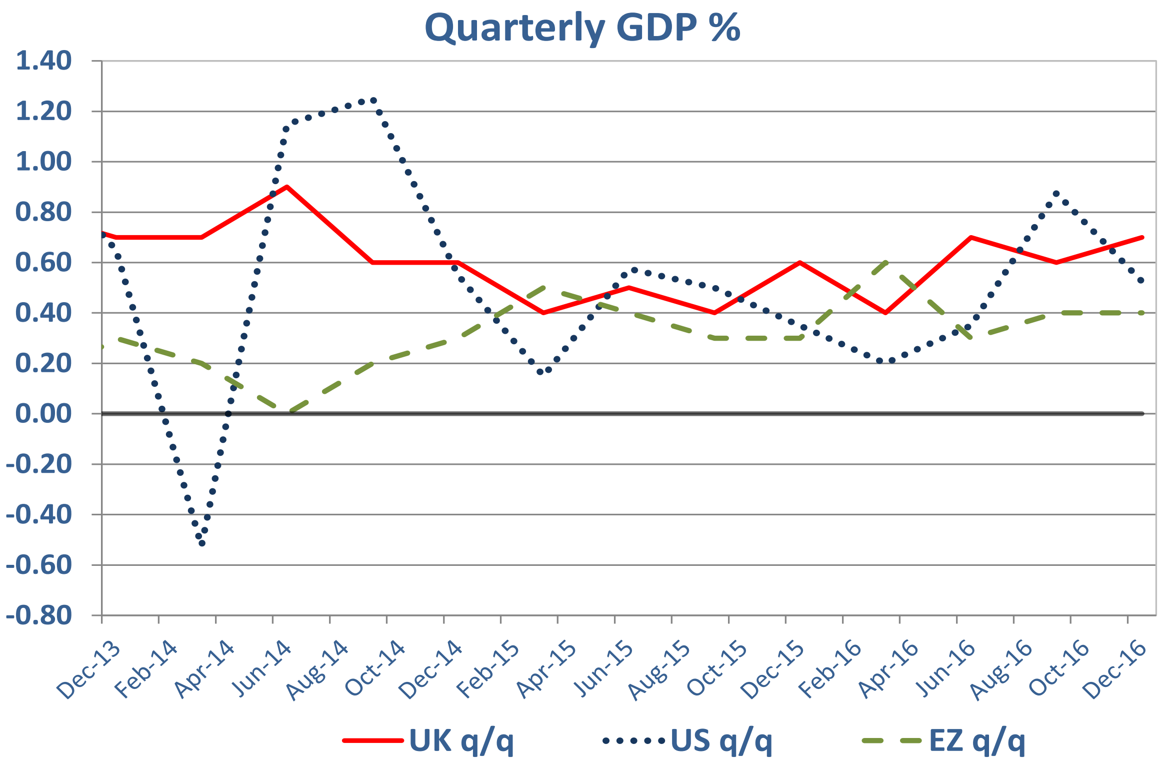
EU. The EU is furthest away from an upswing in rates; the European Central Bank (ECB) has cut rates into negative territory, provided huge tranches of cheap financing and been doing major quantitative easing purchases of debt during 2016-17 in order to boost growth from consistently weak levels, and 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.

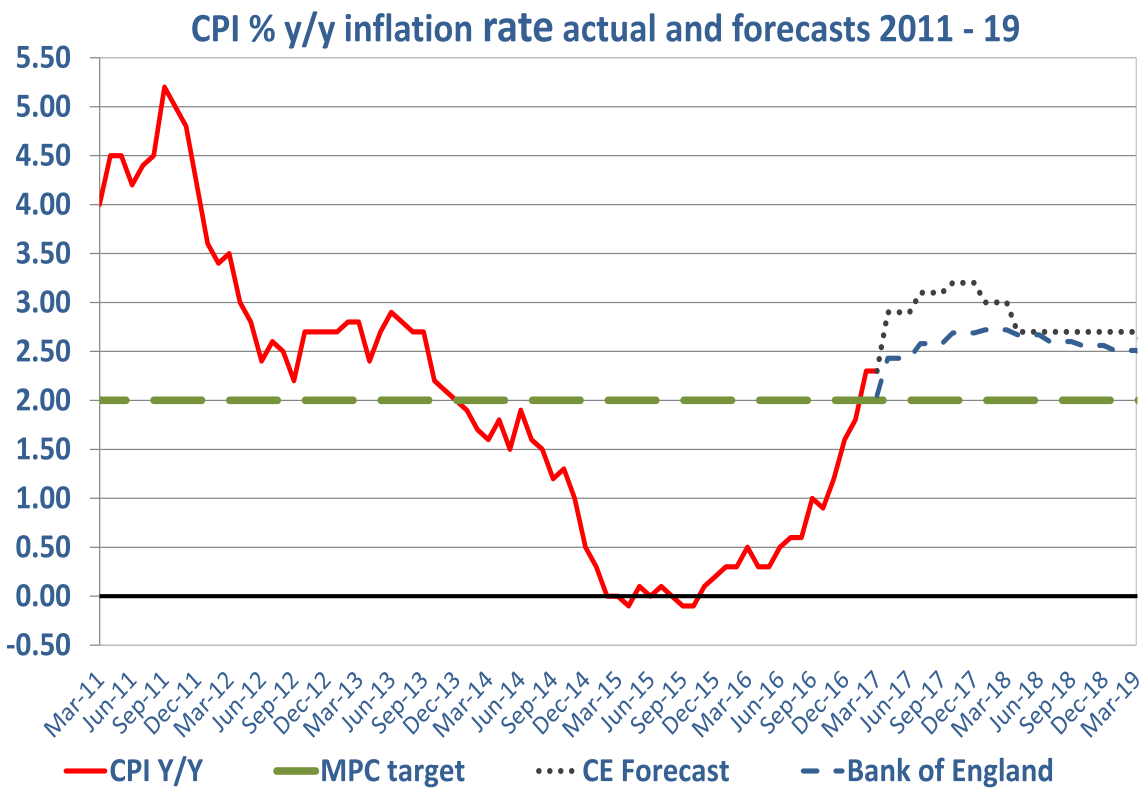
On the other hand, President Trump’s election and promise of fiscal stimulus, which are likely to increase growth and inflationary pressures in the US, have resulted in Treasury yields rising sharply since his election. Gilt yields in the UK have been caught between these two influences and the result 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.

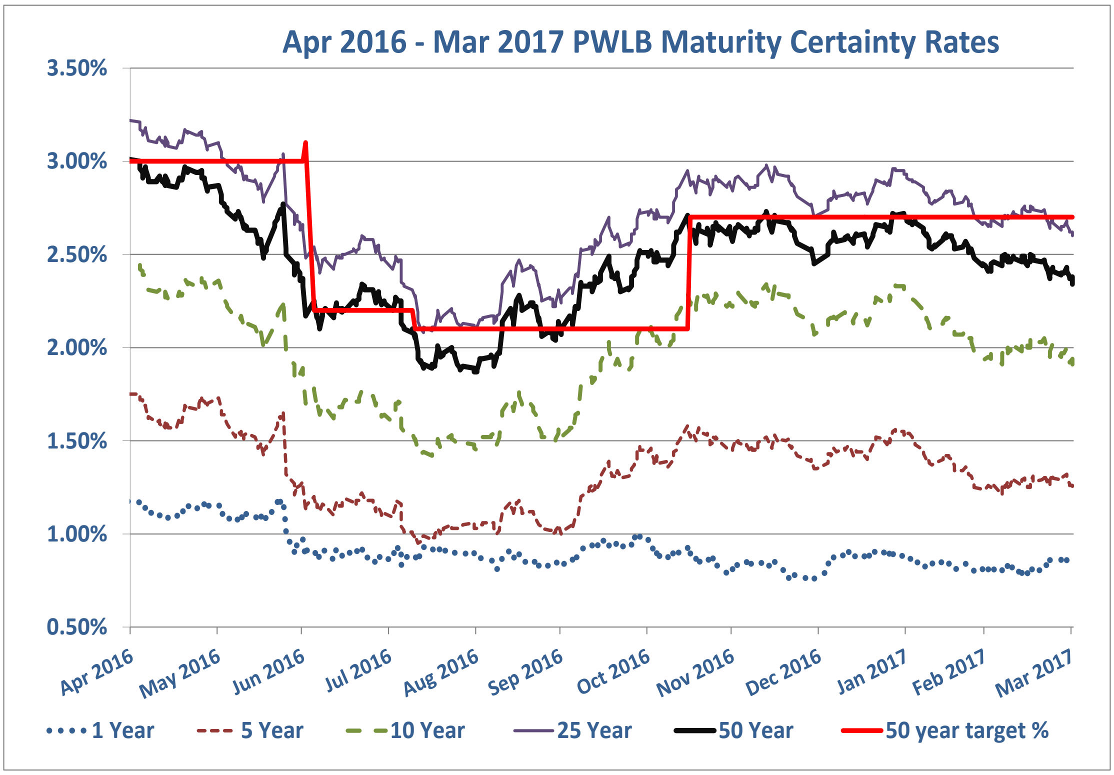




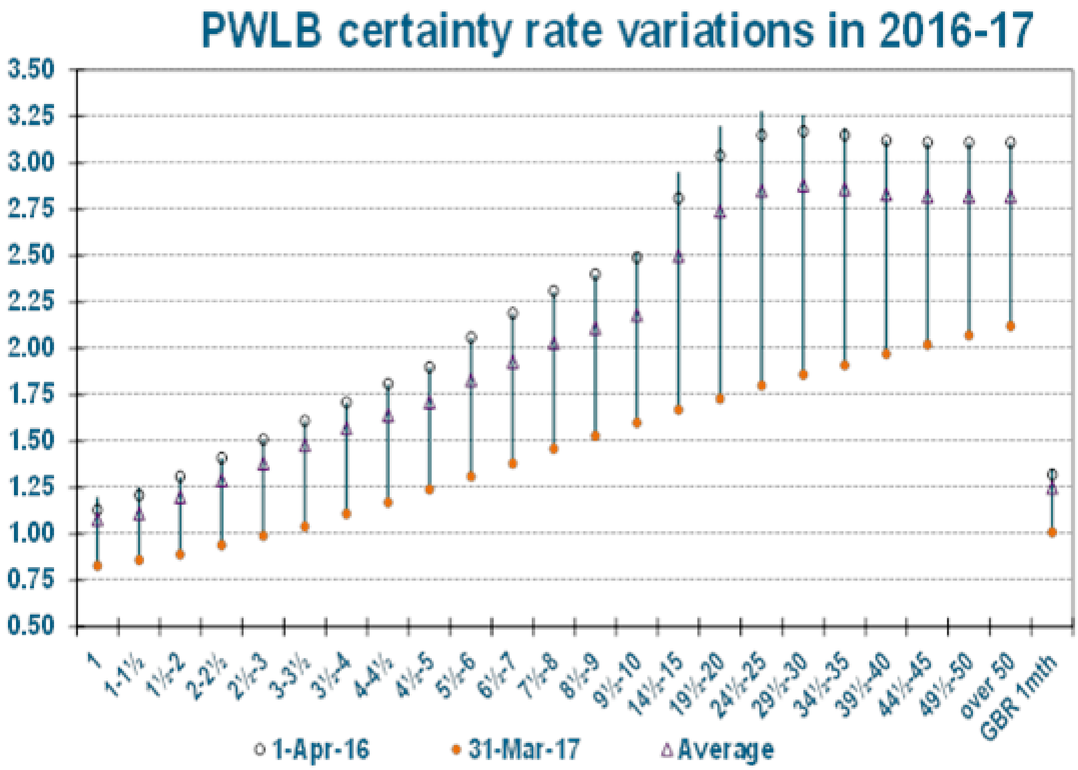
Borrowing Rates in 2016/17

PWLB certainty maturity borrowing rates – During 2016-17, PWLB rates fell from April to June and then gaining fresh downward impetus after the referendum and Bank Rate cut, before staging a partial recovery through to

December and then falling slightly through to the end of March. The graphs and table for PWLB rates below show, for a selection of maturity periods, the average borrowing rates, the high and low points in rates, spreads and individual rates at the start and the end of the financial year.



	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
1/4/16	1.130%	1.160%	1.330%	1.470%	1.620%	2.310%	3.140%	2.950%	1.310%
31/3/17	0.830%	0.860%	0.990%	1.110%	1.240%	1.600%	1.800%	2.070%	1.010%
High	1.200%	1.250%	1.460%	1.630%	1.800%	2.510%	3.280%	3.080%	1.350%
Low	0.760%	0.800%	0.840%	0.880%	0.950%	1.420%	2.080%	1.870%	1.040%
Average	0.928%	0.961%	1.104%	1.226%	1.361%	2.007%	2.724%	2.494%	1.150%
Spread	0.440%	0.450%	0.620%	0.750%	0.850%	1.090%	1.200%	1.210%	0.310%
High date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016	20/05/2016
Low date	20/12/2016	15/03/2017	10/08/2016	10/08/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016	30/11/2016



	1 Year	5 Year	10 Year	25 Year	50 Year
1/4/16	1.13%	1.62%	2.31%	3.14%	2.95%
31/3/17	0.83%	1.24%	1.60%	1.80%	2.07%
Low	0.76%	0.95%	1.42%	2.08%	1.87%
Date	20/12/2016	10/08/2016	10/08/2016	12/08/2016	30/08/2016
High	1.20%	1.80%	2.51%	3.28%	3.08%
Date	27/04/2016	27/04/2016	27/04/2016	27/04/2016	27/04/2016
Average	0.93%	1.36%	2.01%	2.72%	2.49%

Money market investment rates 2016/17

	7 day	1 month	3 month	6 month	1 year
1/4/16	0.363	0.386	0.463	0.614	0.877
31/3/17	0.111	0.132	0.212	0.366	0.593
High	0.369	0.391	0.467	0.622	0.902
Low	0.107	0.129	0.212	0.366	0.590
Average	0.200	0.220	0.315	0.462	0.702
Spread	0.262	0.262	0.255	0.256	0.312
High date	27/5/16	21/6/16	10/5/16	22/4/16	26/4/16
Low date	28/12/16	21/12/16	30/3/17	31/3/17	10/8/16

Investment Rates in 2016/17

After the EU referendum, Bank Rate was cut from 0.5% to 0.25% on 4 August and remained at that level for the rest of the year. Market expectations as to the timing of the start of monetary tightening started the year at quarter 3 2018, but then moved back to around the end of 2019 in early August before finishing the year back at quarter 3 2018. Deposit rates continued into the start of 2016/17 at previous depressed levels but then fell during the first two quarters and fell even further after the 4 August MPC meeting resulted in a large tranche of cheap financing being made available to the banking sector by the Bank of England. Rates made a weak recovery towards the end of 2016 but then fell to fresh lows in March 2017.