

27th July 2017

Subject: Budget and Treasury Management Monitoring – Period 1 2017/18

Report by:

Director of Resources (S151)
Ian Knowles

Contact Officer:

Tracey Bircumshaw
Financial Services Manager (Deputy S151)
01427 676560
tracey.bircumshaw@west-lindsey.gov.uk

Purpose / Summary:

This report sets out the revenue, capital and treasury management activity from 1 April 2017 to 31 May 2017

RECOMMENDATION(S):

- a) That Members accept the forecast out-turn position of a £50k net contribution to reserves as at 31 May 2017. (2.1).
- b) Members note the use of Earmarked Reserves during the quarter approved by the Director of Resources using Delegated powers (2.1).
- c) Members accept the forecast Capital out turn position of £19,254k
- d) Members approve capital expenditure on land acquisition
- e) Members accept the Commercial Income position.
- f) That Members accept the Treasury position to 31 May 2017.

IMPLICATIONS

Legal: None arising as a result of this report.

Financial FIN/31/18/TJB

The final out-turn position saw a contribution of £1.059m to General Fund Balances.

The draft revenue forecast out-turn position for 2017/18 is currently reflecting a net contribution to reserves of £50k as at 31 May 2017, this is after approved carry forwards of £19k detailed at Appendix A.

The items with significant variances are contained within this report at 2.2.

The capital out-turn position for 2017/18 is £19,354k

The Treasury Management activities during the reporting period are disclosed in the body of this report. Average investments were £20,280k at an average rate of 1.23%.

There have been no breaches of Treasury or Prudential Indicators to report and we again out-perform our benchmark in relation to investment yields.

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

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

No

REVENUE BUDGET MONITORING PERIOD 1 (Forecast out turn for 2017/18)

- 1 The Revenue Budget forecast out-turn currently stands at a net contribution to reserves of £50k as detailed in the table below;

Forecast Outturn by Cluster

CLUSTER	2017/18 Budget £	2017/18 Forecast Outturn £	May 2017 Forecast Outturn Variance £
Corporate Management	485,600	499,600	14,000
Commercial Development	2,400,200	2,369,540	(30,660)
Customer First	1,412,900	1,379,769	(33,131)
Democratic and Business Support	3,062,699	2,996,599	(66,100)
Economic Development and Neighbourhoods	1,413,000	1,374,900	(38,100)
Housing and Regeneration	753,000	1,208,520	455,520
Organisational Transformation	1,176,900	1,133,700	(43,200)
Controllable Total	10,704,299	10,962,628	258,329
Corporate Accounting:			
Interest and Investment Income	(220,200)	(220,200)	0
Interest Payable	398,000	216,200	(181,800)
Precepts and Levies	2,210,787	2,210,787	0
Movement in Reserves:			
To / (From) General Fund	(1,897,100)	(1,897,100)	0
Use of Specific Reserves	(1,759,600)	(1,823,300)	(63,700)
Contribution to Specific Reserves	3,621,700	3,608,900	(12,800)
Repayment of Borrowing	195,900	145,900	(50,000)
Net Revenue Expenditure	13,253,786	13,203,815	(49,971)
Funding Total	(13,253,786)	(13,253,786)	0
NET SUBSIDY/(CONTRIBUTION) TO RESERVES FOR THE YEAR	0	(49,971)	(49,971)

1.1 The significant movements being;

EXPENDITURE	£000	Direction of Travel
BUDGET UNDERSPENDS		
Salary savings.	-£187	new
Fuel - forecast saving based on current fuel prices and previous year usage.	-£25	new
Insurance renewal contract saving.	-£38	new
PRESSURES		
Various forecast outturn variances <£10k	£51	new
	-£199	

INCOME	£000	Direction of Travel
BUDGETED INCOME EXCEEDED		
Business Improvements - provision of services to other Authorities.	-£21	new
Trade Waste income - increased demand for service.	-£15	new
BUDGETED INCOME NOT ACHIEVED		
Projected rental income from purchase of investment properties not yet realised.	£135	new
Projected rental income and car park income from acquisition - est. to commence Nov-17	£35	new
Corporate Fraud - aim to achieve half target for external work.	£15	new
	£149	

TOTAL VARIANCE	-£50
-----------------------	-------------

1.2 Significant items of note;

- Approval to spend up to £20m in investment property (with £13m budgeted this financial year) was estimated to provide a net contribution of £270k in 2017/18 raising to £600k by 2020/21. Work is ongoing to identify suitable properties which meet our Policy criteria. A recent bid on a £4m property was not successful, therefore no purchases have been made to date. We are therefore estimating that it

will be October before any acquisitions are finalised and therefore there will be a £135k pressure in year, this will increase by £22.5k per month if acquisitions are not made.

- The exchange of contracts is imminent in our acquisition of a commercial property as part of our Gainsborough Growth Programme. Vacant possession will be November and therefore a budget pressure, due to timing, of £35k is estimated.
- Current vacancy levels after costs of interims is forecast to achieve a £187k budget underspend.

1.3 Fees and Charges

£1.144m has been received in Fees and Charges up to the end of the period further detail and level of demand is attached in the graphs at Appendix B.

1.4 Use and Contribution to Reserves

1.4.1 2017/18 Use of Reserves

The Director of Resources has used delegated powers to approve the use of earmarked reserves under £50k, new delegated decisions totalled £45k;

- £45k from Revenue Grants Unapplied reserve. Use of Homes and Community Agency (HCA) Grant received in previous year to fund surveying and legal work which current staff members do not have the skills or capacity to complete.

1.5 Grants

As at 1st April 2017 we had an amount of £435k relating to grants received which had yet to be expended. Budget provision will be created throughout the financial year as required to deliver projects in accordance with grant terms.

1.5.1 Successful Grant Bids and New Grant determinations

- £20k – DWP FERIS Grant – Right Benefit Initiative. Grant conditions ring fenced to FERIS work within benefits - claim based on additional staff hours so will be used to fund overtime for existing staff.

1.6 Other Items for information

1.7 Planning Appeals

In period 1 2017/18 there were 12 appeals determined, as follows;

April 2017 – 3 appeals – 1 allowed, 2 dismissed.

May 2017 – 6 appeals – 1 allowed, 5 dismissed.

1.8 Aged Debt Summary

Aged Debt Summary Period 1 Monitoring Report

At the end of May 2017 there was a total of £322k outstanding debt in the system over 90 days. The majority of this debt was over 150 days old and mainly comprised of:

Property and Assets £157k

Housing Benefits £72k

Housing £66k

Waste £16k

Month	90 – 119 days	120 – 149 days	150+ days	Total
April	23,860	1,933	217,685	243,478
May	8,164	918	312,972	322,054

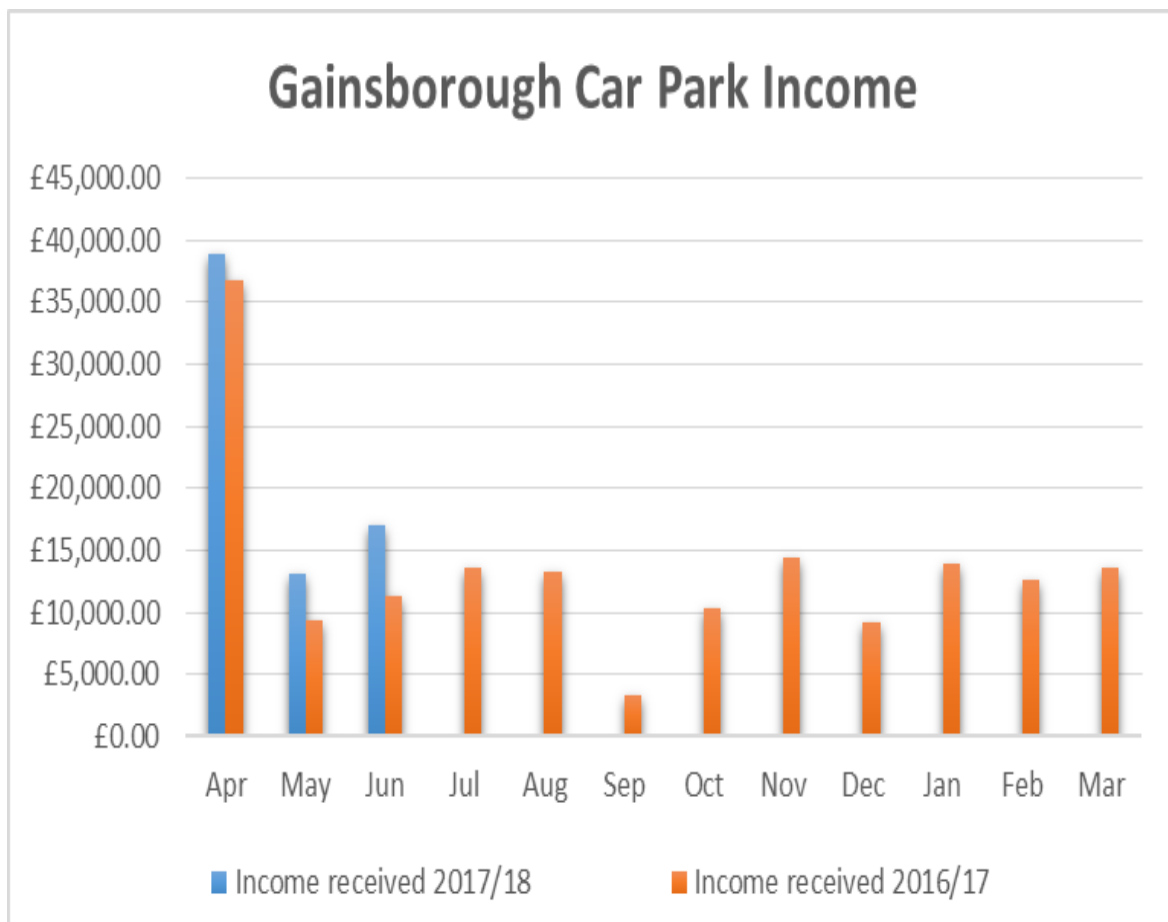
1.9 CHANGES TO THE ORGANISATION STRUCTURE

There have been no changes to the establishment made under Corporate Delegation by the Chief Executive and S151 Officer during this period.

APPENDIX A – REVENUE

REVENUE CARRY FORWARDS – APPROVED DURING YEAR BY COMMITTEE/BOARDS

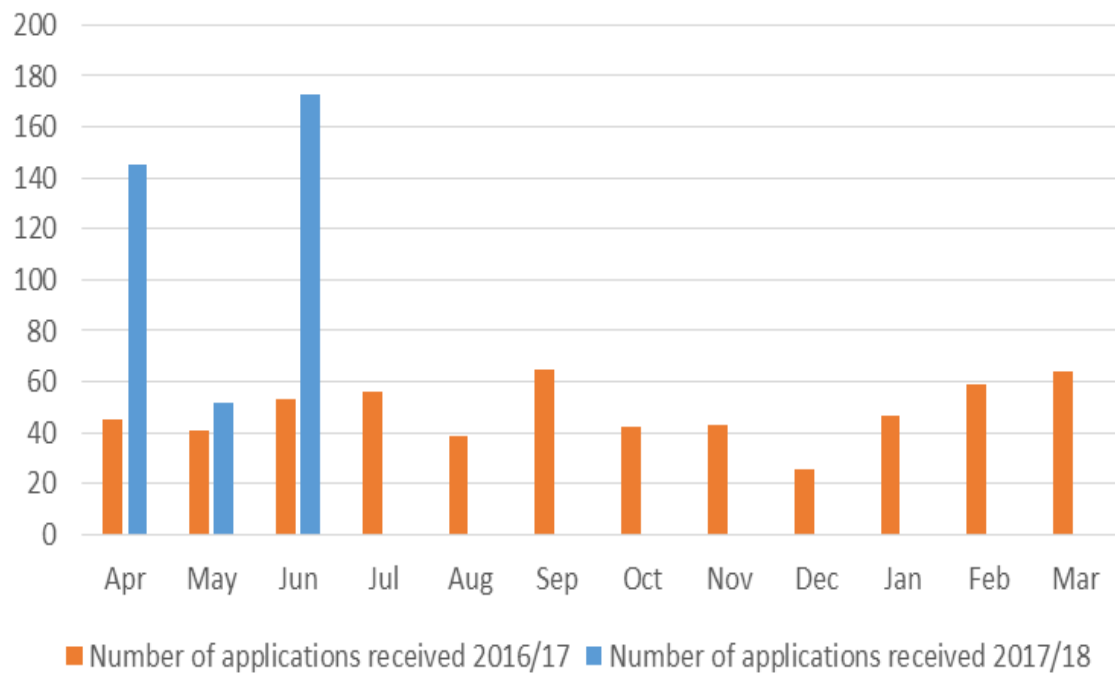
BASE BUDGET C/FWDS APPROVED IN YEAR			May-17	Purpose of Carry Forward
Committee	Cluster	Business Unit	£	
PC	Housing and Regeneration	Housing Strategy	18,800	Selective Licensing - to fund post in 17/18 and 6mths in 18/19. Approved by GCLT 07.02.17
TOTAL			18,800	



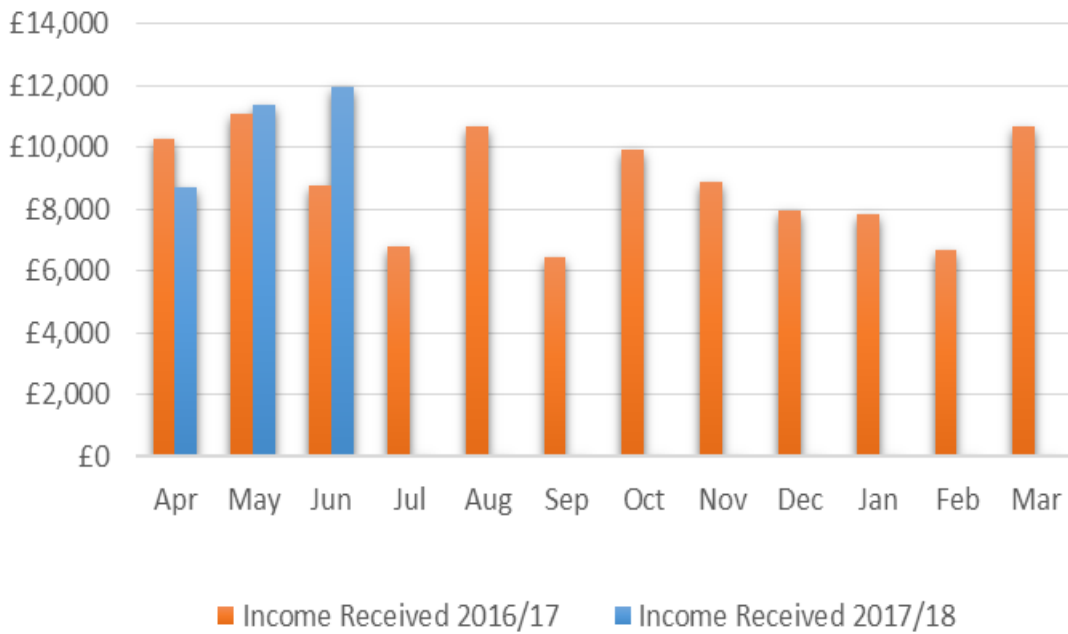
Building Control Income



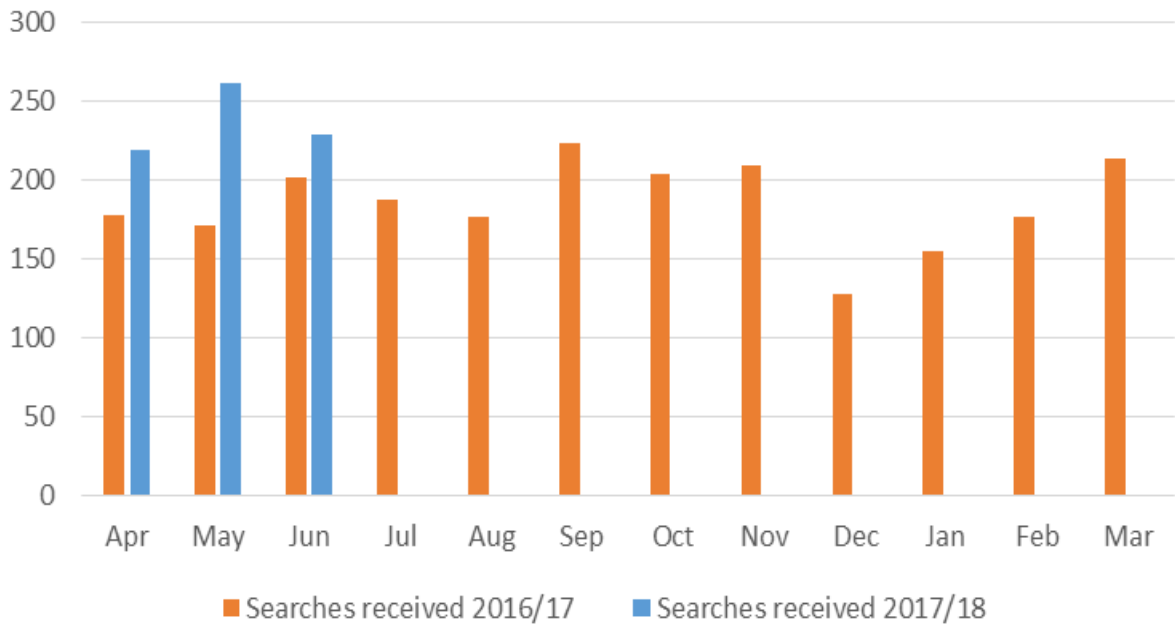
Building Control Applications Received



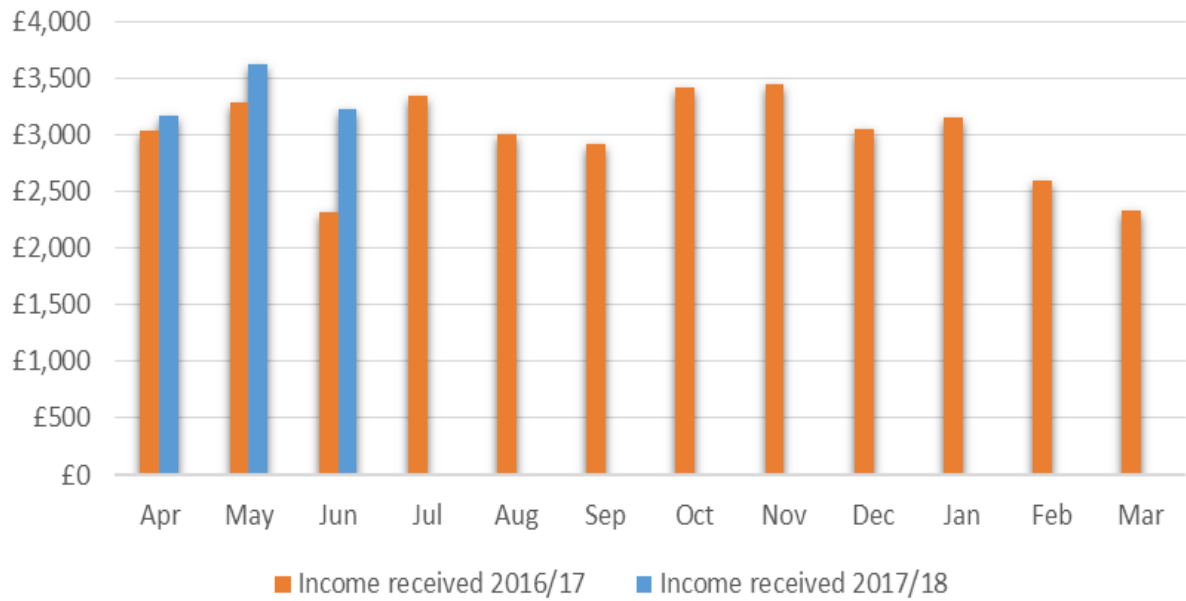
Land Charges Income



Land Charges - searches received



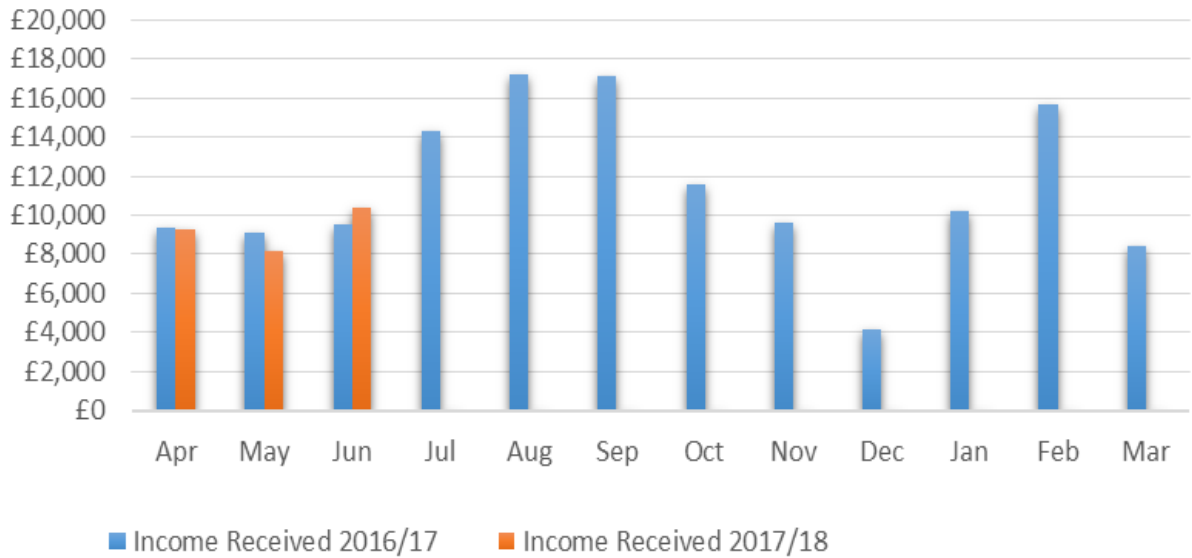
Gainsborough Markets Income



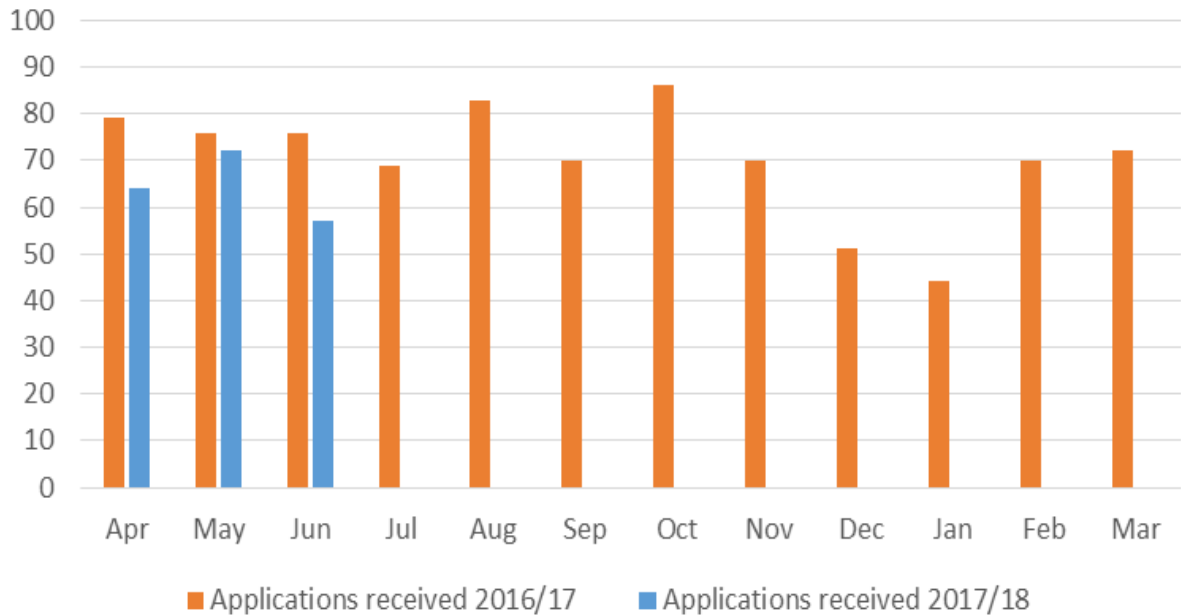
Gainsborough Market Number of Stalls



Gainsborough Licensing Income



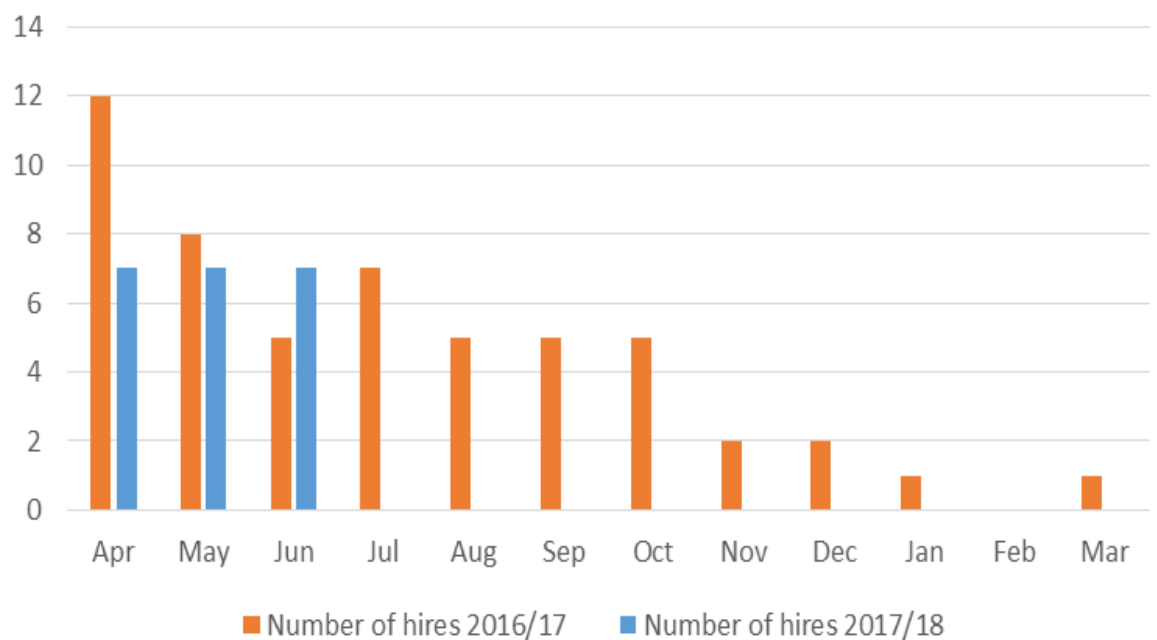
Licensing - Applications



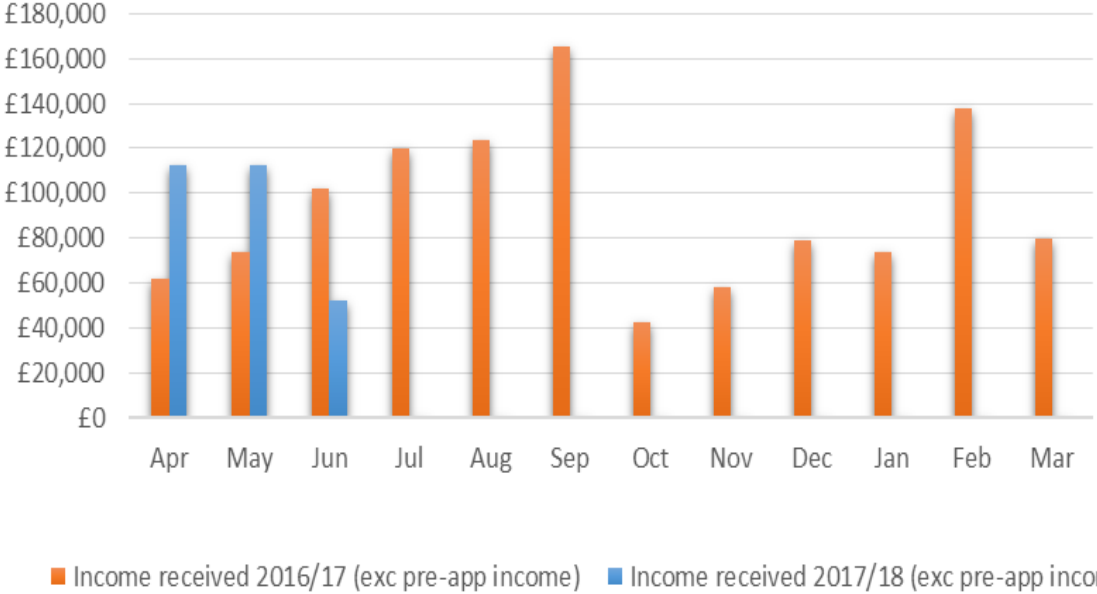
Trinity Arts Centre Income



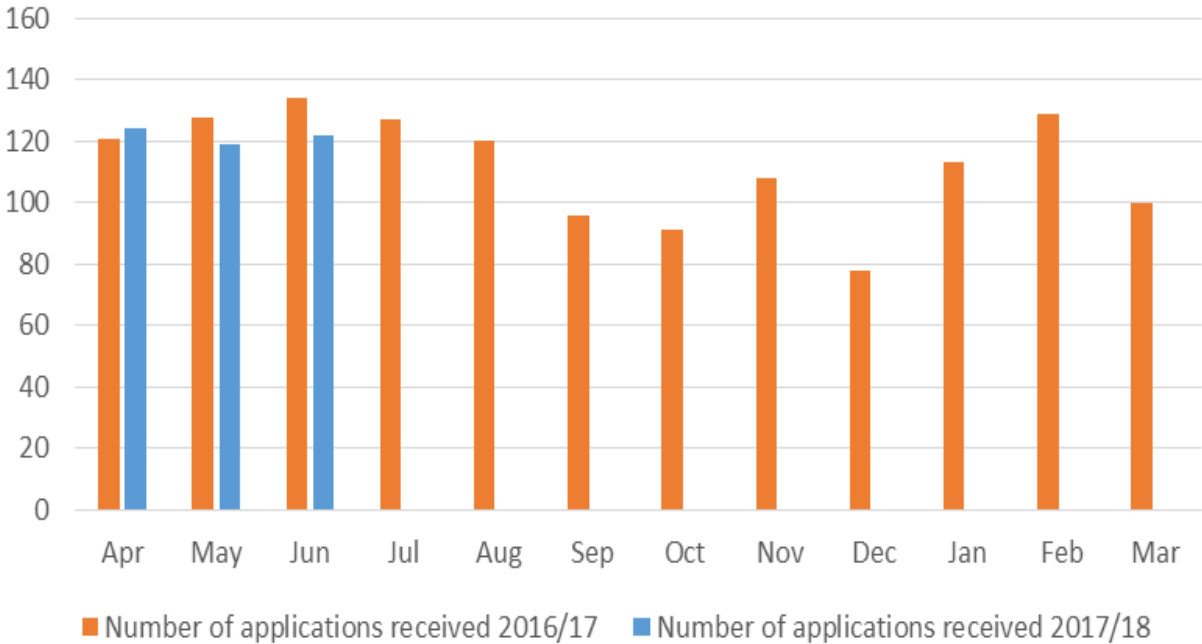
Trinity Arts - Number of hires



Planning Income



Planning applications received



APPENDIX B - REVENUE

CAPITAL BUDGET MONITORING – PERIOD 1

- 2 The Capital Budget forecast out-turn for schemes approved for spend (includes Stage 3 and Business as Usual) totals £19.254m against a budget of £19.994m with pipeline schemes (Pre Stage 1, Stage 1 and Stage 2) totalling £7.012m is detailed in the table below;

Corporate Priority / Scheme	Actuals to 31/05/2017	Original Budget	Revised Budget 2017/18	Forecast Outturn	Over/ (Underspend)
		£	£	£	£
Open for Business					
Broadband	0	0	555,000	555,000	0
People First					
Disabled Facilities Grants	58,770	601,400	648,500	648,500	0
Asset Management					
Capital Enhancements to Council Owned Assets	9,227	270,000	576,700	576,700	0
Carbon Management Plan	0	27,000	47,000	47,000	0
5-7 Market Place	0	100,000	57,000	57,000	0
Development Loan	0	0	400,000	400,000	0
	14,950	1,270,000	1,270,000	530,000	(740,000)
Commercial Investment					
Commercial Investment - Property Portfolio	0	8,000,000	13,000,000	13,000,000	0
Central Lincolnshire Local Plan					
Gainsborough Growth Fund	0	175,000	128,200	128,200	0
Market Street - JV Loan	0	0	250,000	250,000	0
Acquisitions	0	995,000	995,000	995,000	0
Viability Funding - Capital Grant	0	1,400,000	1,400,000	1,400,000	0
Excellent, VFM Services					
Vehicle Replacement Programme	15,000	255,000	335,600	335,600	0
Replacement Planning/Building Control/Land Charges System	0	20,000	135,400	135,400	0
Desktop Refresh	0	185,000	185,000	185,000	0
Website Replacement	7,125	0	10,800	10,800	0
Total Capital Programme Gross Expenditure - Stage 3 and BAU	105,072	5,198,400	19,994,200	19,254,200	(740,000)
Stage 2	3,425	9,821,500	1,741,500	1,741,500	0
Stage 1	0	3,690,300	3,689,500	3,689,500	0
Pre Stage 1	0	1,420,000	1,581,400	1,581,400	0
Total Capital Programme Gross Expenditure - all stages	108,497	20,130,200	27,006,600	26,266,600	(740,000)

3 The capital programme spend to date is £105k against a budget of £19.994m.

3.1 Capital Programme Update 2017/18

- 3.1.1 The Better Care Grant Funding of £602k has now been confirmed. This grant has historically been used to support Disable Facilities Grants, however for 2017/18 18.5% can be utilised to support strategy and policy development, these are revenue based costs. It is proposed that £61k will be utilised for this purpose, therefore reducing the Capital Budget to £548,500
- 3.1.2 Proposals have been received in relation to the procurement of a Development Partnership for the delivery of the Gainsborough Regeneration Scheme. A process of competitive dialogue will now progress.
- 3.1.3 A bid to acquire an investment property at a value of £4.1m was not successful, however there are a number of new opportunities which are currently being evaluated and it is hoped that an acquisition will be imminent.
- 3.1.4 The commercial investment project surveys are currently being undertaken, concept designs have been provided with the next stage being the development of a planning application.
- 3.1.5** Members are requested to approve a budget of £100k and approval to spend on a land acquisition as part of the Gainsborough Regeneration Programme and this to be funded by S106 contributions.

TREASURY MONITORING - PERIOD 1

- 4 . The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on

treasury management activities regularly (TMSS, annual and midyear reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

4.1 There have been no breaches of Prudential Indicators as detailed at 4.5 below.

4.2 Interest received has been in excess of the 7 day libid benchmark (0.24%) with an average yield of 1.23%

4.3 Interest Rate Forecasts

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

UK Interest Rate Forecast

Bank Rate													
	NOW	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	-
5yr PWLB Rate													
	NOW	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Capita Asset Services	1.18%	1.40%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
Capital Economics	1.18%	1.30%	1.40%	1.60%	2.00%	2.30%	2.60%	2.90%	2.90%	2.90%	2.90%	2.90%	-
10yr PWLB Rate													
	NOW	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Capita Asset Services	1.84%	2.00%	2.10%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	1.84%	2.10%	2.20%	2.30%	2.60%	2.80%	3.10%	3.30%	3.30%	3.30%	3.30%	3.30%	-
25yr PWLB Rate													
	NOW	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Capita Asset Services	2.61%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%
Capital Economics	2.61%	2.65%	2.75%	2.95%	3.15%	3.45%	3.65%	3.90%	3.90%	3.90%	3.90%	3.90%	-
50yr PWLB Rate													
	NOW	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Capita Asset Services	2.37%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%
Capital Economics	2.37%	2.60%	2.70%	2.80%	3.10%	3.30%	3.60%	3.80%	3.80%	3.80%	3.80%	3.80%	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012

4.4 Investment in Local Authority Property Fund (CCLA)

The Council has invested a further £1m and the total invested now stands at £3m. Interest is receivable on a quarterly basis with Q1 due during July.

4.5 New External Borrowing

No borrowing was undertaken during this period.

Borrowing in advance of need

This Council has not borrowed in advance of need during the period ended 31 May 2017.

4.6 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Council to determine and keep under review the affordable borrowing. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the approved TMSS.

During the financial year to date the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices. The prudential and treasury Indicators are shown below.

	Original £'000	P1 £'000	Q2 £'000	Q3 £'000	Q4 £'000
Treasury Indicators					
Authorised limit for external debt	31,680	31,680			
Operational boundary for external debt	17,667	17,667			
External Debt	14,527	14,527			
Long term Leases	122	122			
Investments	(9,533)	(18,250)			
Net Borrowing	5,116	(3,601)	0	0	0
Prudential Indicators					
Capital Expenditure	20,130	26,017			
Capital Financing Requirement (CFR)*	18,632	18,632			
Annual change in CFR*	11,870	11,870			
In year borrowing requirement	17,540	17,735			
Under/(over)borrowing	4,105	4,105			
Ratio of financing costs to net revenue stream*	5.99%	2.93%			
Incremental impact of capital investment decisions:					
Increase/Reduction (-) in Council Tax (band change per annum)	(£10.62)	(£1.80)			

4.7 The Monthly Investment Review report for May is attached below;

West Lindsey District Council

Monthly Investment Analysis Review

May 2017



West Lindsey District Council

Monthly Economic Summary

General Economy

May was a month dominated by party manifesto releases ahead of the snap election on the 8th June. The Tory lead over Labour in the polls was halved after the releases with the Conservatives dropping 5% to 43% whilst Labour gained 5%, pushing them up to 34%. The Liberal Democrats have also gained momentum in recent polls, suggesting the election will be closer than many first thought.

The Manufacturing Purchasing Managers Index was the first release after the early May Bank Holiday. It spiked to a three year high of 57.3 in April from 54.2 in March. This jump was predominantly down to the weaker Sterling helping new factory orders increase. Construction PMI followed the positive trend as it accelerated to a four month high of 53.1 in April. Within the report, civil engineering saw its fastest pace of growth in a year, while house building registered a fourth consecutive month of improvement. As usual Services PMI was the last to be released and this echoed the positive releases from the previous two surveys as it rose to an unexpected four month high of 55.8, from 55.0 in March.

The Bank of England (BoE) released its Quarterly Inflation Report during the early stages of the month, noting that they may need to raise interest rates before the late 2019 date that markets had been pricing in as the Report was being compiled. The BoE amended its growth forecast for the UK to reach 1.9% in 2017. Inflation forecasts are now expected to remain above the 2% target until 2020. The report also noted that the Bank expects to see a pick-up in foreign trade and investment in 2017, which should offset a shortfall in domestic demand. Implications are that the BoE could raise interest rates for the first time since 2007 just as we leave the European Union.

UK CPI jumped up again in April, rising to its highest level since late 2013. Consumer prices increased at an annual rate of 2.7% up from the 2.3% increase seen in the previous month. The monthly rate showed that prices rose by 0.5% in April. The weaker Sterling, as a result of the Brexit vote almost a year ago, and the rise in oil prices globally are still seen to be instrumental in this jump. Other measures of inflation continued the upward trend as the annual growth rate in the Retail Price Index (RPI) rose to 3.5% from 3.1% in March. The rising inflation took its toll on household spending as Britain's economy slowed by more than previously thought in the first quarter of this year. Q1 grew at a quarterly rate of just 0.2%, down from the initial estimate of 0.3%. Meanwhile, the annual rate was at 2.0%, below the forecast of 2.1%.

There were positives and negatives with the UK unemployment release last month. On a positive note the unemployment rate dropped to 4.6% - a 42 year low with 31.947m people in work. However, more importantly wage growth grew by just 2.1% on an annual basis. This was significant as it fell behind the inflation level, tightening the current squeeze on household's disposable income and thus overshadowed the positive fall in the unemployment rate. Elsewhere, consumer credit in the 12 months to March was also disappointing as it grew by 10.2%, the weakest increase since July of last year.

UK trade was another disappointing release this month. Britain's goods trade deficit widened to £13.441bn taking the total trade deficit for the first quarter of 2017 to £10.540bn. This was down to growth in export orders slowing to 0.2% whilst import volumes jumped by 3.3%. UK Public Finances continued this negative trend as VAT revenues stalled in April. This caused the deficit to widen further than expected to £10.4bn, 13.1% higher compared with the same period last year.

On a more positive note, UK retail sales rebounded by more than expected in April. After a poor recording in March, retail sales grew at a monthly rate of 2.3% whilst the annual rate was recorded at 4.0%, showing British shoppers are shrugging off inflation pressures as the sun begins to appear. The UK GfK consumer confidence reading showed confidence rose to a four-month high in May to -5 from -7 in April, suggesting consumer demand is not slowing as previously anticipated, in light of the Brexit vote.

Further afield, Eurozone Q1 GDP flash estimates were released in April. The annual growth rate was recorded at 1.7% whilst the quarterly figure was at 0.5%. Romania produced one of the strongest annual rates at 5.6% whilst Greece's negative 0.5% growth rate proved to be one of the lowest. Elsewhere, the unemployment rate in the bloc remained stable at 9.3% in April 2017 as it fell from a downwardly revised 9.4% recorded in March 2017. This is the lowest rate recorded in the euro area since March 2009. The EU28 unemployment rate dropped to 7.8% in April from 7.9%. Spain had one of the highest unemployment rates at 17.8% whilst the Czech Republic had one of the lowest rate recorded at 3.2%.

Across the pond the Federal Reserve's meeting minutes were released for April. The Committee concluded to keep interest rates at the range of 0.75%-1.0% in April after raising them in March. It felt the central bank's monetary stance remains accommodative, supporting further strengthening in labour market conditions and a sustained return to 2% inflation. Non-Farm payrolls produced some positive figures for Donald Trump's first 100 days in charge. They increased by 211,000 a jump from the downwardly revised 79,000 in March. The unemployment rate also fell to 4.4% whilst earnings per hour increased by 0.3% in April an improvement on the 0.1% seen in the previous month. Meanwhile, the second estimates for US GDP showed an annual rate of 1.2%, a jump from original estimates of 0.7%. However, it still remains the weakest performance since Q1 2016. Analysts have suggested that there are issues related to the seasonal adjustment factors affecting Q1 growth, as this quarter has been consistently weak for a number of years.

Housing

Halifax house prices produced disappointing results for April. House price growth remained at a near four year low as prices rose at an annual rate of just 3.8% in the three months to April. On a monthly basis prices actually fell by 0.1% between March and April. The Bank of England released their mortgage approval figures for March this month and they were at a 6 month low. The number of mortgage approvals fell to 66,837 from 67,936. In addition, Nationwide house prices fell for the third consecutive month by 0.2% in May, dragging down the annualised figure to 2.1% from 2.6%. A recent squeeze on household income as a result of the weak Sterling may have been a contributing factor to the slowdown in the housing market.

Forecast

Neither Capita Asset Services (CAS) nor Capital Economics (CE) altered their forecasts this month. It is forecasted by CAS that a rate hike to 0.50% will occur in Q2 2019 followed by a further hike to 0.75% in Q4 2019. CE expects a hike in the bank rate to occur in Q2 2018 to 0.50% with further hikes forecasted in Q4 2018 to 0.75% and in Q2 2019 to 1.00%.

Bank Rate	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.50%

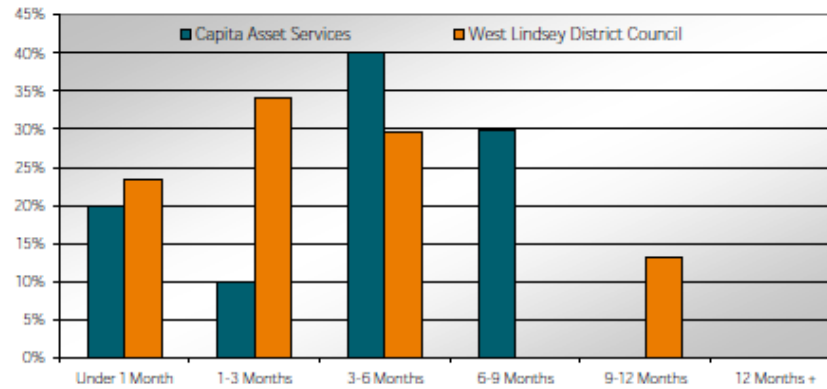
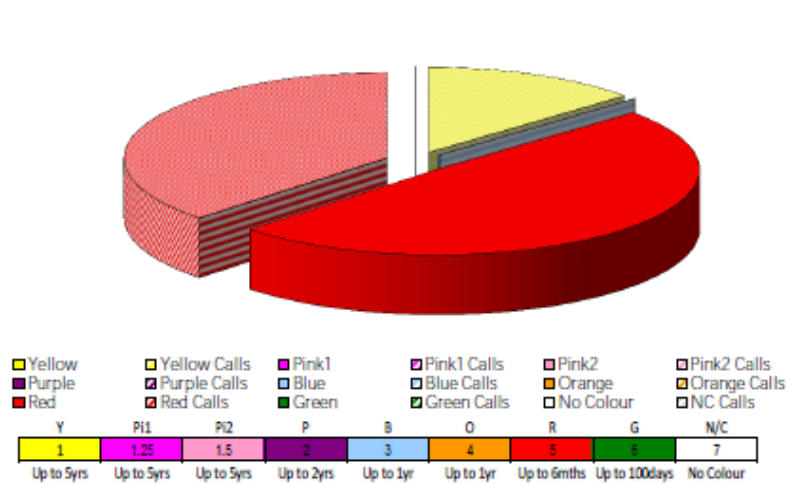
West Lindsey District Council

Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Lowest Long Term Rating	Historic Risk of Default
MMF LGIM	2,050,000	0.24%		MMF	AAA	0.000%
Goldman Sachs International Bank	1,500,000	0.51%	16/03/2017	16/06/2017	A	0.002%
Lloyds Bank Plc	700,000	0.25%		Call32	A	0.005%
Lloyds Bank Plc	1,000,000	1.25%	15/07/2016	14/07/2017	A	0.007%
Lloyds Bank Plc	500,000	0.80%	17/10/2016	17/07/2017	A	0.007%
Lloyds Bank Plc	1,000,000	1.05%	03/08/2016	02/08/2017	A	0.010%
Lloyds Bank Plc	500,000	0.60%	08/05/2017	08/08/2017	A	0.011%
Lloyds Bank Plc	500,000	0.60%	08/02/2017	08/08/2017	A	0.011%
Lloyds Bank Plc	1,000,000	1.00%	19/08/2016	18/08/2017	A	0.012%
Lloyds Bank Plc	500,000	1.00%	12/09/2016	11/09/2017	A	0.016%
Santander UK Plc	2,000,000	0.80%		Call120	A	0.019%
Goldman Sachs International Bank	1,000,000	0.79%	05/04/2017	05/10/2017	A	0.020%
Santander UK Plc	1,000,000	0.90%		Call180	A	0.028%
Santander UK Plc	2,000,000	1.05%		Call365	A	0.056%
Total Investments	£15,250,000	0.76%				0.017%

West Lindsey District Council

Portfolio Composition by Capita Asset Services' Suggested Lending Criteria



Portfolios weighted average risk number = **4.46**

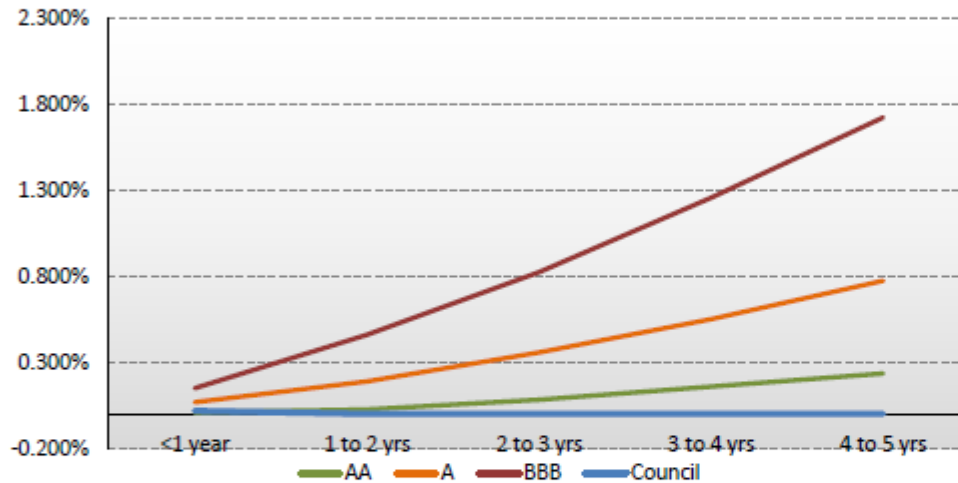
WARoR = Weighted Average Rate of Return
WAM = Weighted Average Time to Maturity

	% of Portfolio	Amount	% of Colour in Calls	Amount of Colour in Calls	% of Call in Portfolio	WARoR	WAM	WAM at Execution	Excluding Calls/MMFs/USDBFs	
									WAM	WAM at Execution
Yellow	13.44%	£2,050,000	100.00%	£2,050,000	13.44%	0.24%	0	0	0	0
Pink1	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Pink2	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Purple	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Blue	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Orange	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Red	86.56%	£13,200,000	43.18%	£5,700,000	37.38%	0.84%	125	230	64	249
Green	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
No Colour	0.00%	£0	0.00%	£0	0.00%	0.00%	0	0	0	0
Total	100.00%	£15,250,000	50.82%	£7,750,000	50.82%	0.76%	108	199	64	249

West Lindsey District Council

Investment Risk and Rating Exposure

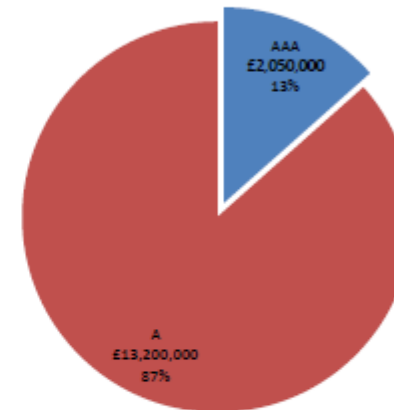
Investment Risk Vs. Rating Categories



Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.007%	0.024%	0.081%	0.158%	0.234%
A	0.067%	0.189%	0.356%	0.551%	0.775%
BBB	0.150%	0.460%	0.824%	1.257%	1.726%
Council	0.017%	0.000%	0.000%	0.000%	0.000%

Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments.

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

West Lindsey District Council

Monthly Credit Rating Changes FITCH

Date	Update Number	Institution	Country	Rating Action
02/05/2017	1521	Sumitomo Mitsui Banking Corporation Europe Ltd	U.K	Long Term Rating affirmed at 'A', Outlook changed to Stable from Negative. Short Term Rating affirmed at 'F1'
24/05/2017	1524	Credit Agricole Corporate and Investment Bank	France	Long Term Rating upgraded to 'A+' from 'A', Outlook changed to Stable from Positive. Short Term Rating affirmed at 'F1'
24/05/2017	1524	Credit Agricole SA	France	Long Term Rating upgraded to 'A+' from 'A', Outlook changed to Stable from Positive. Short Term Rating affirmed at 'F1'

West Lindsey District Council

Monthly Credit Rating Changes S&P

Date	Update Number	Institution	Country	Rating Action
22/05/2017	1523	Nordea Bank AB	Sweden	Long Term Rating affirmed at 'AA-', Outlook changed to Stable from Negative. Short Term Rating affirmed at 'A-1+'

