



**MINUTES OF THE MEETING OF THE
AUDIT AND GOVERNANCE COMMITTEE**

**TUESDAY 17 MAY 2016
COUNCIL CHAMBER, TOWN HOUSE, HADDINGTON**

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Committee Members Present:

Councillor K McLeod (Convener)
Councillor S Currie
Councillor A Forrest
Councillor J Goodfellow
Councillor F McAllister
Councillor J Williamson

Council Officials Present:

Mrs A Leitch, Chief Executive
Mr A McCrorie, Depute Chief Executive - Resources and People Services
Mrs M Patterson, Depute Chief Executive – Partnerships and Community Services
Mr J Lamond, Head of Council Resources
Mr R Montgomery, Head of Infrastructure
Mr T Shearer, Head of Communities & Partnerships
Mr D Proudfoot, Head of Development
Mrs M Ferguson, Service Manager – Legal & Procurement
Mr J Cunningham, Service Manager - Benefits
Mr K Christie, Service Manager - Revenues
Mr P Vestri, Service Manager – Corporate Policy and Improvement
Mr C Hall, Systems Development & Business Support Team Leader
Mr G Miller, Cost & Procurement Manager
Ms M Garden, Internal Audit Manager
Mr S Allan, Senior Auditor

Clerk:

Ms F Currie

Apologies:

Councillor S Brown
Councillor J Caldwell

Declarations of Interest:

None

1. MINUTES OF THE AUDIT & GOVERNANCE COMMITTEE MEETING HELD ON 22 MARCH 2016 (FOR APPROVAL)

The minutes of the Committee's meeting on 22 March 2016 were approved.

2. 2016 CORPORATE GOVERNANCE SELF-EVALUATION/ANNUAL GOVERNANCE STATEMENT

A report was submitted by the Chief Executive to advise the Committee of the outcome of the 2016 Corporate Governance Self-evaluation and seek approval for the content of the Annual Governance Statement.

Paolo Vestri, Service Manager – Corporate Policy and Improvement, presented the report reminding Members that Cabinet had previously approved the adoption of a Code of Corporate Good Governance in 2010. He advised that the self-evaluation had identified twelve areas of development and improvement which would be incorporated into the 2016/17 Council Improvement Plan which would be submitted for approval to Council in June 2016.

Mr Vestri responded to questions from Members on approval of the Plan, the decisions on the scope of Best Value reviews, the potential for providing additional information to local council election candidates and the East Lothian Poverty Commission.

Councillor Currie welcomed the responses regarding the induction of Elected Members and suggested that additional information might be provided to target potential candidates from under-represented groups. He also supported the action to further enhance the Council's relationship with the third sector.

Councillor McAllister commented on the induction programme for Elected Members. Referring to his own experience, he commended officers for putting together such a comprehensive programme and he acknowledged the importance of ongoing training and development.

Decision

The Committee agreed to consider and comment on the self-evaluation and to approve the summary for inclusion in the Annual Governance Statement that will form part of the Council's 2015/16 Annual Accounts.

3. AN OVERVIEW OF SCOTTISH LOCAL GOVERNMENT 2016 (ACCOUNTS COMMISSION, MARCH 2016)

A report was submitted by the Depute Chief Executive – Partnerships and Community Services to review East Lothian Council's position in relation to the findings of the Accounts Commission report, '*An overview of Local Government in Scotland 2016*'.

Mr Vestri presented the report outlining the findings of the review and the actions being taken by East Lothian Council. He explained that the report was in two parts: the first reviewed the financial context in which councils were operating; and the

second part looked at how councils were performing in delivering services. He advised that results of the self-assessment would be used to review the Council's own performance and to inform action on areas such as the Members' induction programme.

In response to questions from Members, Jim Lamond, Head of Council Resources, provided clarification on issues relating to total funding costs, debt levels, sickness absence and budget-setting.

Councillor Currie said that it was clear from the report that Councils were not doing enough to deal with the financial challenges ahead. The current arrangements were not sustainable and the Council needed to do more: changes to the way services are delivered, understanding and addressing the reasons for increased sick absence and considering longer-term budget planning.

Councillor Goodfellow welcomed a comment in the report indicating that East Lothian was not the only local authority to have increased its reserves in the past year. He hoped this answered the critics of this outcome and he commended officers for their diligence.

Decision

The Committee agreed to:

- (i) Note the position of East Lothian Council in regard to the issues raised in the Overview of Local Government in Scotland 2016; and
- (ii) Use the recommendations in the Overview of Local Government in Scotland 2016 and the self-assessment tool that accompanies the report to identify any further information or scrutiny activity it would wish to have reported back to future meetings of the Audit & Governance Committee.

4. UNIVERSAL CREDIT

A report was submitted by the Depute Chief Executive – Resources and People Services to provide the Committee with an update on the introduction of Universal Credit.

Mala Garden, Internal Audit Manager, presented the report summarising the background and key points. She advised Members that this report represented an update on the position since the roll out of Universal Credit in the Musselburgh Job Centre began in April 2015. A detailed audit review would be undertaken in 2016/17 and the findings reported to the Audit & Governance Committee.

John Cunningham, Service Manager - Benefits, and Kenny Christie, Service Manager - Revenues, responded in detail to questions from Members relating to delays with initial payments made by the DWP, claimants without bank accounts, managing the change from weekly to monthly budgeting and the impact on rent and Council Tax payments. They also addressed Members' concerns over impact of Universal Credit on the accrual of rent arrears and whether non-payment of rent due to delays in benefits payments could result in someone being declared intentionally homeless.

Mr Cunningham added that full use had been made of the Scottish Welfare Fund in the first year of the roll out and he expected the same to occur this year, although demand may exceed supply. The forthcoming introduction of the Scottish flexibilities may also allow the Council to mitigate the impact of some aspects of Universal Credit but that the scope of these new powers was yet to be determined. In the meantime, the Council would continue to work closely with third sector agencies and claimants themselves to provide advice and support despite the uptake on this service having been disappointingly low.

Mr Christie said that the roll out over the past year had placed a strain on staff resources and that this was being kept under review. He also acknowledged that the current IT system required upgrading to reflect the new arrangements. He confirmed that direct payments to landlords could be introduced where there were arrears of 8 weeks or more and that more flexible payment arrangements were being considered.

Councillor Currie pointed to the increase in bad debt and subsequent requirement for an increase in rents. He expressed concerns over the potential for more people to be found intentionally homeless as a result of delays in payment and a failure to pay rents. He hoped that the new powers to be introduced in the Scottish Parliament would allow measures to be put in place to tackle this issue.

Councillor McAllister commented that there were always unknowns and this made it difficult for staff to respond. His concern was that the poorest and most vulnerable would be made worse off by the changes.

The Convener acknowledged that the roll out of the Full Digital Service by the DWP via Musselburgh Job Centre was the first in Scotland and one of only a few in the UK. The Council has responded very positively to this challenge. He thanked the staff for their hard work and said he looked forward to receiving the results of the full audit review later in the year.

Decision

The Committee agreed to note the contents of this update.

5. INTERNAL AUDIT REPORT – COUNCIL TAX

A report was submitted by the Depute Chief Executive – Resources and People Services to inform the Committee of the recently issued audit report on Council Tax.

Ms Garden presented the report outlining the findings and the recommendations contained in the Action Plan which had been accepted by Management.

She responded to questions from Councillor Goodfellow regarding 'failed bills' and the recommendations contained in the Action Plan.

Decision

The Committee agreed to note the contents of the Executive Summary and Action Plan.

6. INTERNAL AUDIT REPORT – OTHER INCOME

A report was submitted by the Depute Chief Executive – Resources and People Services to inform the Committee of the recently issued audit report on Other Income.

Ms Garden presented the report summarising the audit findings and she responded to questions from the Convener regarding the recommendations contained in the Action Plan.

Decision

The Committee agreed to note the contents of the Executive Summary and Action Plan.

7. INTERNAL AUDIT REPORT – AGENCY WORKERS

A report was submitted by the Depute Chief Executive – Resources and People Services to inform the Committee of the recently issued audit report on Agency Workers.

Ms Garden presented the report summarising the areas where controls had been met, those with scope for improvement and the recommendations contained in the Action Plan which had been accepted by Management.

Ms Garden responded to a number of questions from Members relating to length of agency assignment, trends in the use of agency staff and raising managers' awareness of their responsibilities.

Angela Leitch, Chief Executive, observed that agency staff had been, and would remain, a useful tool in dealing with issues such as peaks in workloads and the provision of maternity and other long-term absence cover.

Decision

The Committee agreed to note the contents of the Executive Summary and Action Plan.

8. INTERNAL AUDIT PROGRESS REPORT 2015/16

A report was submitted by the Depute Chief Executive – Resources and People Services informing the Committee of Internal Audit's progress against the annual audit plan for 2015/16.

Ms Garden presented the report which had been prepared to assist the Committee in their remit to evaluate Internal Audit's work and measure progress against the annual audit plan.

Decision

The Committee agreed to note the contents of the Internal Audit Progress Report 2015/16.

9. ANNUAL INTERNAL AUDIT REPORT 2015/16

A report was submitted by the Internal Audit Manager to provide the Committee with a summary of the work undertaken by East Lothian Council's Internal Audit Unit in 2015/16 and to support both the Council's Annual Governance Statement and the Internal Audit Manager's Controls Assurance Statement.

Ms Garden presented the report advising Members that the Public Sector Internal Audit Standards (PSIAS) require that the Internal Audit Manager prepares an annual internal audit opinion and report to support the Council's Annual Governance Statement. She summarised the contents of the report including the list of reviews completed as part of the 2015/16 audit plan.

Councillor Currie expressed concern about the resource implications of Internal Audit's additional responsibilities in relation to the East Lothian Integration Joint Board (IJB).

Mrs Leitch advised that discussions were taking place with colleagues in NHS Lothian over shared resources however Members should bear in mind that half of the service areas involved, such as Adult Wellbeing, were existing Council services and would, in any case, be subject to review by Internal Audit.

Decision

The Committee agreed to note the contents of the Annual Internal Audit Report 2015/16.

10. CONTROLS ASSURANCE STATEMENT 2015/16

A report was submitted by the Internal Audit Manager informing the Committee of her responsibility to independently review the internal control systems within East Lothian Council, make an assessment of the control environment and report annually on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.

Ms Garden presented the report summarising the background and basis for her opinion; referring to the assessment of controls and governance; and highlighting that the majority of Internal Audit recommendations made in 2015/16 were categorised as medium risk. She added that the implementation by Management of agreed actions to address these weaknesses should provide assurance that the system of internal controls is operating effectively.

Decision

The Committee agreed to note that the Controls Assurance Statement is a formal confirmation of Internal Audit's opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, for the year ended 31 March 2016.

SUMMARY OF PROCEEDINGS – EXEMPT INFORMATION

The Committee agreed to exclude the public from the following business containing exempt information by virtue of Paragraph 6 of Schedule 7A of the Local Government (Scotland) Act 1973.

(a) Internal Audit Review – New Business Units, Mid Road, Prestonpans

The Depute Chief Executive - Resources and People Services submitted a report to inform the Committee of the Internal Audit review on the New Business Units, Mid Road, Prestonpans. The Committee agreed to note the contents of the report and made one further recommendation in relation to additional audit work to be undertaken.

DRAFT

REPORT TO: Audit & Governance Committee

MEETING DATE: 14 June 2016

BY: Depute Chief Executive (Resources & People Services)

SUBJECT: East Lothian Council Annual Accounts (Draft) 2015-16

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1 PURPOSE

- 1.1 To provide those members charged with governance, the draft financial statements for 2015-16 prior to formal submission by end of June 2016.

2 RECOMMENDATIONS

- 2.1 Note that a presentation setting out the main elements within the financial statements will be presented to members at the meeting;
- 2.2 That members are asked to consider and comment on the information contained with the draft annual statement of accounts for 2015-16;
- 2.3 Note that the draft accounts for 2015-16 will be submitted to audit by end of June in line with statutory requirements.

3 BACKGROUND

- 3.1 The annual financial accounts for East Lothian Council are prepared in accordance with proper accounting practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting.
- 3.2 It is a further statutory requirement that the draft accounts are prepared and submitted for external audit no later than 30 June.
- 3.3 In order to comply with both the statutory submission deadline and also service an earlier meeting of the Audit and Governance Committee, the Finance Team are now operating on an accelerated accounts timetable, and at the time of writing, the draft financial statements are still being finalised. Given this, we have agreed with the Chair of the Audit & Governance Committee that a short presentation will be made to members of the Committee setting out the core financial statements contained within the accounts and the key financial results emerging.

3.4 It has also been agreed that copies of the draft accounts will be shared with Committee members in advance of the meeting and will reflect the working position as at 9 June 2016.

4 POLICY IMPLICATIONS

4.1 There are no direct policy implications associated with this report.

5 EQUALITIES IMPACT ASSESSMENT

5.1 This report is not applicable to the wellbeing of equalities groups and an Equalities Impact Assessment is not required.

6 RESOURCE IMPLICATIONS

6.1 Financial – the key financial results from the accounts will be presented to the members at the Committee.

6.2 Personnel - none

6.3 Other – none

7 BACKGROUND PAPERS

7.1 Annual accounts 2015-16 (Draft)

AUTHOR'S NAME	Jim Lamond
DESIGNATION	Head of Council Resources
CONTACT INFO	jlamond@eastlothian.gov.uk
DATE	7 June 2016

REPORT TO: Audit and Governance Committee

MEETING DATE: 14 June 2016

BY: Depute Chief Executive – Resources and People Services

SUBJECT: Annual Treasury Management Review 2015/16

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1 PURPOSE

- 1.1 To update the Committee on Treasury Management activity during 2015/16.

2 RECOMMENDATIONS

- 2.1 The Committee is asked to note the contents of the report.

3 BACKGROUND

- 3.1 The Council is required by regulations issued under the Local Government Scotland Act 2003 to produce an Annual Treasury Management Review.
- 3.2 The attached review updates members on the Treasury Management activity during 2015/16.

4 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications associated with this report; however the Council's Treasury Management activity is determined by the policy framework set out in the approved Treasury Management Strategy.

5 INTEGRATED IMPACT ASSESSMENT

- 5.1 The subject of this report does not affect the wellbeing of the community or have a significant impact on equality, the environment or economy.

6 RESOURCE IMPLICATIONS

- 6.1 Financial – There are no direct financial implications associated with this report however the Council's Treasury Management activity clearly has a significant impact on the management of the Council's financial resources.
- 6.2 Personnel - none.
- 6.3 Other - none.

7 BACKGROUND PAPERS

- 7.1 Treasury Management Strategy 2015/16 to 2017/18 – East Lothian Council 24 February 2015.

AUTHOR'S NAME	Liz Shaw
DESIGNATION	Corporate Finance Manager
CONTACT INFO	lshaw@eastlothian.gov.uk
DATE	3 June 2016

Annual Treasury Management Review 2015/16

1. Introduction

This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2015/16. 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 2015/16 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24/02/2015)
- a mid-year (minimum) treasury update report (Council 01/12/2015)
- an annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This 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.

This 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 Audit and Governance Committee.

2. The Economy and Interest Rates

Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many fears including concerns that China's economic growth could be heading towards a hard landing; the potential destabilisation of some emerging market countries particularly exposed to the Chinese economic slowdown; and the continuation of the collapse in oil prices during 2015 together with continuing Eurozone growth uncertainties.

These concerns have caused sharp market volatility in equity prices during the year with corresponding impacts on bond prices and bond yields due to safe haven flows. Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back. In addition, a notable trend in the year was that several central banks introduced negative interest rates as a measure to stimulate the creation of credit and hence economic growth.

The ECB commenced a full blown quantitative easing programme of purchases of Eurozone government and other bonds starting in March at €60bn per month. This put downward pressure on Eurozone bond yields. There was a further increase in this programme of QE in December 2015.

As for America, the economy has continued to grow healthily on the back of resilient consumer demand. The first increase in the central rate occurred in December 2015 since when there has been a return to caution as to the speed of further increases due to concerns around the risks to world growth.

The UK government has maintained its tight fiscal policy stance but the more recent downturn in expectations for economic growth has made it more difficult to return the public sector net borrowing to a balanced annual position within the period of this parliament.

3. Overall Treasury Position as at 31 March 2016

At the beginning and the end of 2015/16 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

TABLE 1	31 March 2015 Principal	Rate/ Return	Average Life yrs	31 March 2016 Principal		Rate/ Return	Average Life yrs
Total debt	£335m	3.78%	17.2		£337m	4%	17.3
CFR	£368m				£384m		
Over / (under) borrowing	£(33)m				£(47)m		
Total investments	£6m				£10m		
Net debt	£335m	3.78%			£337m	4%	

The Gross Capital Financing Requirement includes PFI and finance leases but as there are no capital borrowing requirements associated with these elements they are not included within the Treasury CFR. The Council Gross CFR at the 31 March 2016 is £426m.

4. The Strategy for 2015/16

The expectation for interest rates within the treasury management strategy for 2015/16 anticipated low but rising Bank Rate, (starting in quarter 1 of 2016), 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 minimise borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

The sharp volatility in equity markets during the year was reflected in sharp volatility in bond yields. However, the overall dominant trend in bond yields since July 2015 has been for yields to fall to historically low levels as forecasts for inflation have repeatedly been revised downwards and expectations of increases in central rates have been pushed back.

5. The Borrowing Requirement and Debt

The Council's underlying need to borrow to finance **capital** expenditure is termed the Capital Financing Requirement (CFR).

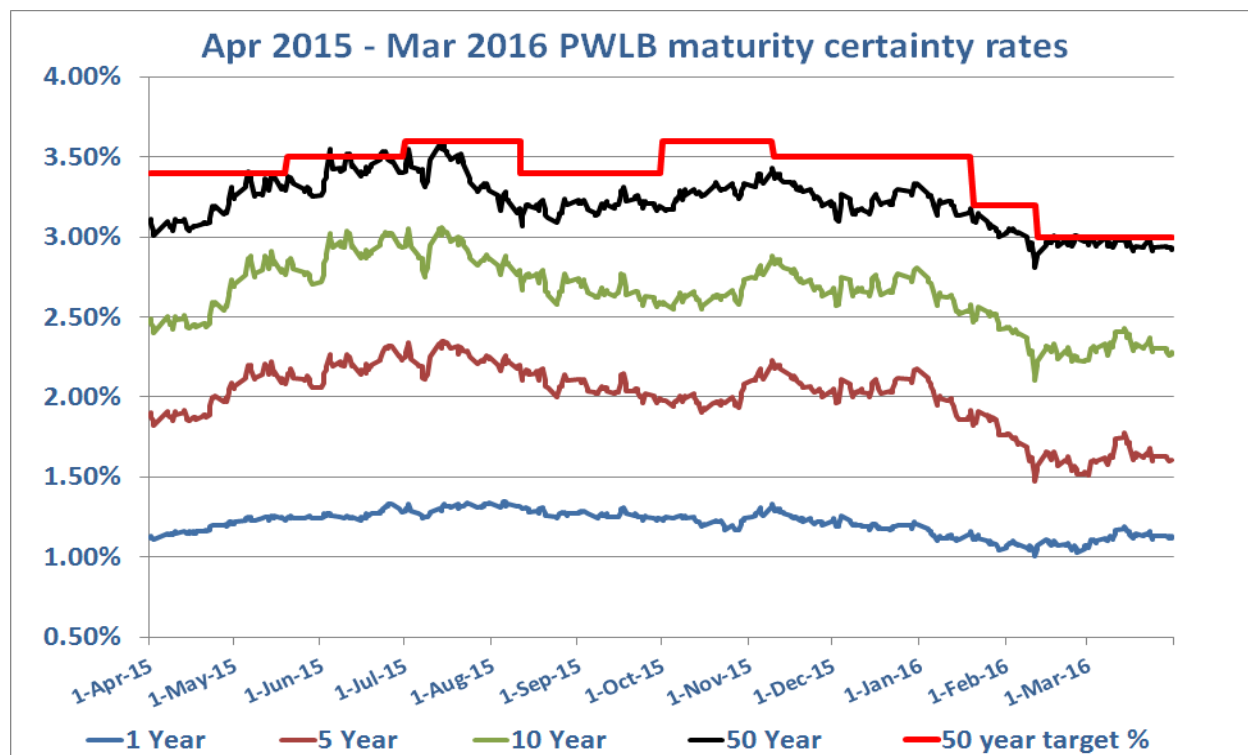
The General Fund CFR outturn saw an increase in CFR compared to budget of £2m. This comprises an increase in General Fund Capital Expenditure of £4m mainly due to the provision of a £3m loan to ELHA and £1m of additional capital spend. There was also a £2m increase in income compared to budget.

The HRA CFR has reduced by £6m and is attributable to an increase in income of over £2.4m as well as a reduction in capital spend of £3.5m

	31 March 2015 Actual	31 March 2016 Budget	31 March 2016 Actual
CFR General Fund (£m)	220	221	223
CFR HRA (£m)	148	167	161
Total CFR (£m)	368	388	384

6. Borrowing Rates in 2015/16

PWLB certainty maturity borrowing rates - the graph below shows how PWLB certainty rates have fallen to historically very low levels during the year.



7. Borrowing Outturn for 2015/16

Borrowing – the following loans were taken during the year: -

Lender	Principal	Type	Interest Rate	Maturity	Date
PWLB	£2.896m	Fixed interest rate	3.01%	48 years	03/09/15
PWLB	£3.5m	Fixed interest rate	2.94%	14 years	29/09/15
PWLB	£3.5m	Fixed interest rate	3.21%	44 Years	29/09/15
Stoke on Trent City Council	£6.5m	Fixed interest Rate	0.5%	3 Months	15/12/15
Kensington & Chelsea	£5m	Fixed interest rate	0.6%	6 Months	29/03/16

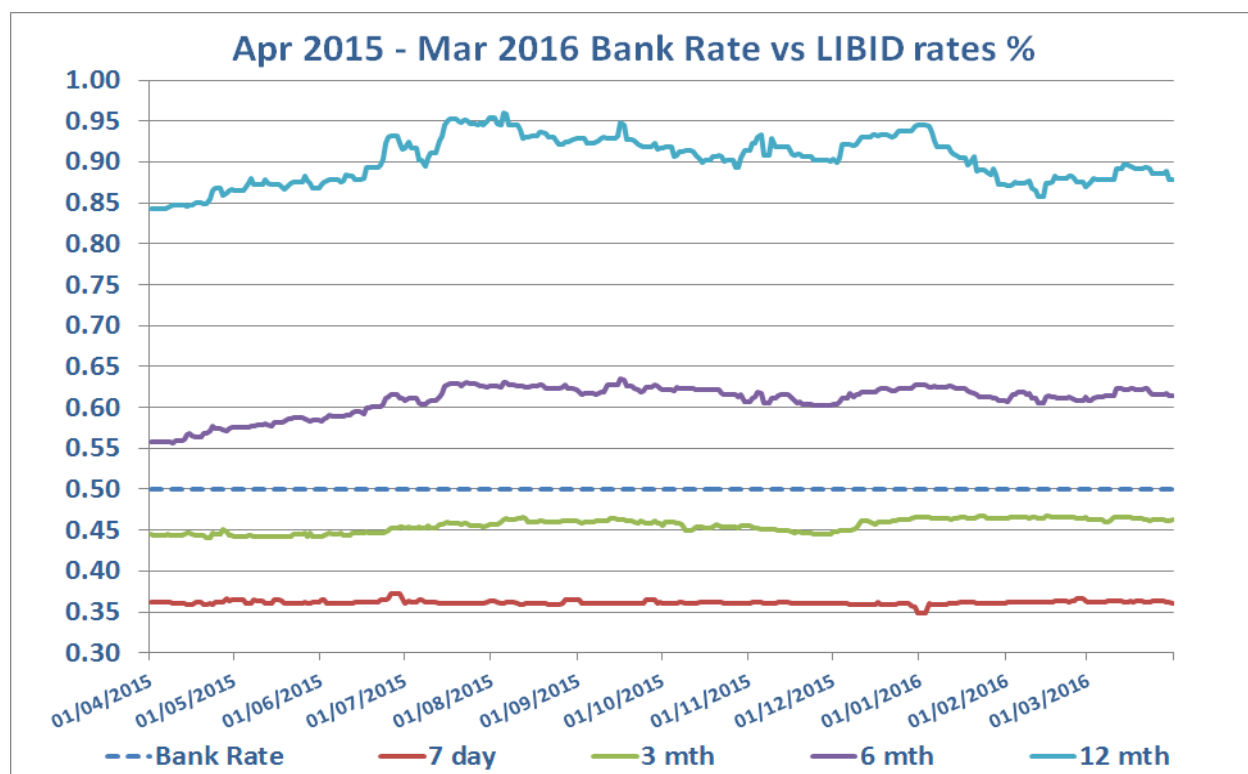
Repayment – the following loans were repaid during the year: -

Lender	Principal	Type	Interest Rate	Maturity	Date
PWLB	£6m	Fixed interest rate	3.12%	6 years	24/09/16
PWLB	£1.324m	Fixed interest rate	8.625%	21 years	08/10/15
Northamptonshire County Council	£3m	Fixed interest Rate	0.7%	1 Year	30/09/15
Stoke on Trent City Council	£6.5m	Fixed interest rate	0.5%	3 Months	15/03/16

Rescheduling

No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

8. Investment Rates in 2015/16



Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for seven years. Market expectations as to the timing of the start of monetary

tightening started the year at quarter 1 2016 but then moved back to around quarter 2 2018 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme and due to the continuing weak expectations as to when Bank Rate would start rising.

9. Investment Outturn for 2015/16

Investment Policy – the Council’s investment policy is governed by Scottish Government investment regulations which have been implemented in the annual investment strategy approved by the Council on 24/02/2015. 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, bank share prices etc.).

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

Investments held by the Council - the Council had minimal investment balances during the year as it sought to minimise its debt costs i.e. the Council temporarily used its reserves instead of external borrowing during 2015/16. It did, however, have the following loans to third parties which fall within the scope of the Councils Approved Investment Strategy:

Loan	Balance at 31/3/16
East Lothian Housing Association	£9.801m
East Lothian Investments	£0.010m
Haddington Golf Club	£0.002m

Investments held by fund managers – the Council uses Investec External Fund Managers to invest part cash balances held on behalf of the 4 Common Good funds and ELC Charitable Trusts . The performance of the managers against the benchmark return was:

Fund Manager	Investments Held 31 March 2015	Investments Held 31 March 16	Return	Benchmark*
Common Good	£3.053m	£2.849m	-3.1%	-0.7 %
Charitable Trust	£2.985m	£2.807m	-2.7%	-0.2. %
Total	£6.038m	£5.656m	-£0.382	

The return on the Common Good investment was -3.1% which was 0.7% less than the benchmark figure. The return on the Charitable Trust investment was -2.7% which was -2.5% less than the benchmark figure.

However for the same period the FTSE All Share produced a total return of -3.9%. The performance of the East Lothian portfolio and the Common Good was helped by holding defensive assets such as bonds and infrastructure but the Funds underperformed against their benchmark, having been hindered by a weak relative return at the start of 2016 when markets became fearful of a downturn in Chinese growth and of a further financial crisis. Against this background the discount on investment trust holdings widened and financial stocks fell back causing the bulk of the underperformance. Over the longer-term performance remains reasonable with the return over the last three years of 18.0% for the Council Charitable Fund and 17.7% for the Common Good Fund.

Appendix 1: Prudential and treasury indicators

Please choose which format you prefer between appendices 1 and 2.

1. PRUDENTIAL INDICATORS	2014/15	2015/16	2015/16
Extract from budget and rent setting report	actual	original	actual
	£'000	£'000	£'000
Capital Expenditure			
Non - HRA	£19,781	£27,380	£31,268
HRA (applies only to housing authorities)	£20,798	£25,450	£22,020
TOTAL	£40,579	£52,830	£53,288
Ratio of financing costs to net revenue stream			
Non - HRA	8.44%	8.62%	8.11%
HRA	30.42%	34.56%	33.21%
Borrowing requirement General Fund			
brought forward 1 April	£225,424	£219,841	£219,841
carried forward 31 March	£219,841	£220,637	£222,484
in year borrowing requirement	£(5,583)	£796	£2,643
Borrowing requirement HRA			
brought forward 1 April	£140,378	£148,354	£148,354
carried forward 31 March	£148,354	£167,159	£161,364
in year borrowing requirement	£7,976	£18,805	£13,010
Non – HRA	£219,841	£220,637	£222,484
HRA	£148,354	£167,159	£161,364
TOTAL	£368,195	£387,796	£383,848
Annual change in Cap. Financing Requirement			
Non – HRA	£(5,583)	£796	£2,643
HRA	£7,976	£18,805	£13,010
TOTAL	£2,393	£19,601	£15,653
Incremental impact of capital investment decisions	£ p	£ p	£ p
Increase in council tax (band D) per annum	£3.14	£8.16	£(3.59)
Increase in average housing rent per week	£2.61	£1.21	£2.33

2. TREASURY MANAGEMENT INDICATORS	2014/15	2015/16	2015/16
	actual	original	actual
	£'000	£'000	£'000
Authorised Limit for external debt -			
Borrowing	£433,000	£409,000	£409,000
other long term liabilities	£55,000	£52,000	£52,000
TOTAL	£488,000	£461,000	£461,000
Operational Boundary for external debt -			
borrowing	£403,259	£388,957	£388,957
other long term liabilities	£44,763	£42,490	£42,490
TOTAL	£448,022	£431,447	£431,447
Actual external debt	£334,930	£360,333	£337,160
Gross debt (includes PPP and Finance leases)	£386,508	£411,139	£387,976
Upper limit for fixed interest rate exposure			
Net principal re fixed rate borrowing / investments	100 %	100 %	100 %
Upper limit for variable rate exposure			
Net principal re variable rate borrowing / investments	30 %	30 %	30 %
Upper limit for total principal sums invested for over 364 days	£30,000	£30,000	£30,000

Maturity structure of fixed rate borrowing during 2015/16	upper limit	lower limit
under 12 months	20%	0%
12 months and within 24 months	30%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	40%	0%
10 years and over	75%	0%