WIRRAL

 **CLLR JANETTE WILLIAMSON**	**CABINET** **26 JUNE 2017** **TREASURY MANAGEMENT** **ANNUAL REPORT 2016/17**

Councillor Janette Williamson (Cabinet Member for Finance and Income Generation) said:

'The effective management of resources is integral to the success of the Council. Our commercial and proactive approach to the management of borrowings and investments continues to deliver substantial benefits whilst ensuring the sums invested are safe. This is real cash and amounted to £9.4 million of savings during 2016/17 which helps to fund services.'

REPORT SUMMARY

The Authority's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires the production of annual Prudential Indicators and a Treasury Management Strategy Statement on likely financing and investment activity. The Code also recommends that Members are informed of treasury management activities at least twice a year.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the Department for Communities and Local Government (CLG) Investment Guidance.

Proactive Treasury Management activity has resulted in savings of £9.4 million:

- £7 million via a combination of a revised in-year Minimum Revenue Provision (MRP) calculation and associated backdated MRP adjustments.
- £2.4 million in year from interest costs deferred due to the use of internal resources.

The level of Capital Financing Debt, including the Merseyside Residuary Body Debt managed by the Council on behalf of the constituent authorities, was £191 million at 31 March 2017. This is reduction of £74 million since 1 April 2012.

The Council has complied with the Prudential Indicators as set out in the agreed Treasury Management Strategy for 2016/17.

This matter affects all Wards within the Borough.

The decisions in this report are key decisions.

RECOMMENDATIONS

1 That the Treasury Management Annual Report for 2016/17 be agreed.

2 That the saving of £9.4 million from capital financing activities in 2016/17 be noted.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

1.1 Wirral has adopted the CIPFA Code of Practice on Treasury Management ("the Code"), which includes regular update reports to Members of treasury activity. This report is the annual review for 2016/17

1.2 Under the Council's Financial Regulations any surplus resources, including any additional income, are returned to General Fund Balances and so used to support the delivery of other Council services.

2.0 OTHER OPTIONS CONSIDERED

2.1 There is a legal requirement to produce an Annual Report on Treasury Management activities so no other options have been considered.

3.0 BACKGROUND INFORMATION

3.1 Treasury management is defined by CIPFA as: "The management of the local authority investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

3.2 Cabinet approves the Treasury Management Strategy at the start of each financial year. This identifies how it is proposed to finance capital expenditure, borrow and invest in the light of capital spending requirements, the interest rate forecasts and the expected economic conditions. During the year Cabinet receives a mid-year report on treasury management activities and at the end of each financial year and an Annual Report.

ECONOMIC BACKGROUND

3.3 **Growth & Inflation**: Uncertainty over the UK's future relationship with the European Union (EU) following the 'Brexit' result, the outcome of the US presidential election, and the slowdown witnessed in the Chinese economy in 2016 all resulted in significant market volatility during the year. UK inflation had been subdued in the first half of 2016 as a consequence of weak global price pressures, past movements in sterling and restrained domestic price growth. However the sharp fall in the Sterling exchange rate following the Referendum had an impact on import prices which, together with rising energy prices, resulted in Consumer Price Index (CPI) rising from 0.3% year on year in April 2016 to 2.3% year on year in March 2017.

3.4 Whilst economic growth consequences of leaving the EU remain speculative, there is uniformity in expectations that uncertainty over the UK's future trade relations with the EU and the world will impact on economic activity and business investment, constrain investment and tighten credit availability.

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3.5 However, despite growth forecasts being downgraded, economic activity was buoyant and GDP grew 0.6%, 0.5% and 0.7% in the second, third and fourth calendar quarters of 2016. The labour market also proved resilient, with the International Labour Organisation unemployment rate dropping to 4.7% in February, its lowest level in 11 years.

3.6 **Monetary Policy**: This negative sentiment on economic growth prompted the Monetary Policy Committee to initiate substantial monetary policy easing at its August meeting to mitigate economic risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases (Quantitative Easing) and cheap funding for banks to maintain the supply of credit to the economy.

3.7 **Market Reaction**: In response to the Bank of England's August policy announcement, money market rates and bond yields declined to new record lows, based on the view that Bank Rate would remain extremely low for the foreseeable future. Equity markets rallied, although they displayed some volatility at the beginning of November following the US presidential election result. Money market rates for overnight and one week periods remained low since the Bank Rate was reduced in August 2016.

BORROWING AND DEBT MANAGEMENT

3.8 The Authority's underlying need to borrow as measured by the Capital Financing Requirement (CFR) at 31 March 2017 was £332.4 million.

	Balance on 01/04/16 £000	Maturing Debt £000	New Borrowing £000	Balance on 31/03/17 £000
CAPITAL FINANCING REQUIREMENT	**340,954**			**332,378**
Short Term Capital Debt	10,948	(10,948)	11,494	11,497
Long Term Capital Debt	188,185	(9,101)	0	179,084
TOTAL CAPITAL DEBT	**199,133**	**(20,049)**	**11,494**	**190,578**
Temporary Cash flow Loans	9,003	(9,003)	28,003	28,003
Other Long Term Liabilities	50,403	(2,418)	0	47,985
TOTAL EXTERNAL DEBT	**258,539**	**(31,470)**	**39,497**	**266,566**

3.9 The difference between the Capital Financing Requirement and the level of External Debt is the extent to which the Authority is 'internally borrowed'. This is where the Authority utilises its own resources rather than take on external borrowing.

3.10 Affordability and the “cost of carry” remained important influences on the borrowing strategy alongside the consideration that, for any borrowing undertaken ahead of need, the proceeds would have to be invested in the money markets at rates of interest significantly lower than the cost of borrowing. As short-term interest rates have remained lower than long-term rates, it was more cost effective in the short-term to use internal resources.

3.11 The benefits of internal borrowing were monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose, the treasury management advisers, assist the Authority with this ‘cost of carry’ and breakeven analysis.

3.12 The chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the long-term plans change being a secondary objective.

3.13 Given the reductions in local government funding, the borrowing strategy continued to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.14 As a consequence of the decision to borrow internally, the Authority’s level of external borrowing has reduced significantly over recent years. The increase during 2016/17, (see section 3.8), is the result of the Authority undertaking temporary cash flow loans over the year end period. Long term external borrowing reduced during the year by £8.5 million.

3.15 With external borrowing reducing, the annual cost of financing this debt has also fallen year on year, generating savings, as illustrated below. These cost reductions, coupled with the deferral of further borrowing costs through internal borrowing provided substantial one-off savings.

Year	**Capital Financing Loans £m**	**Annual Interest Cost £m**
2011/12	264.4	10.9
2012/13	247.1	10.5
2013/14	216.9	9.8
2014/15	203.9	9.4
2015/16	199.1	9.2
2016/17	190.6	9.1

3.16 At 31 March 2017 the total external debt included £40.2 million for the Merseyside Residuary Body debt, which is repayable by other external organisations, which is administered by the Authority (£44.7 million at 31 March 2016).

3.17 The following table shows the long term loans repaid during the year.

Loans maturing in 2016/17	Principal £m	Fixed/ Variable	Rate %	Loan start date	Terms
*PWLB	6.00	Fixed	9.38	May 1989	Maturity
PWLB	0.50	Fixed	3.04	February 2010	E I P
PWLB	0.50	Fixed	2.94	March 2010	E I P
PWLB	0.50	Fixed	1.89	October 2010	E I P
PWLB	0.50	Fixed	2.30	November 2011	E I P
SALIX	0.50	Fixed	0.00	October 2015	E I P
Total Maturing Borrowing	**8.50**				
** Loan repaid was in respect of Merseyside Residual Debt Fund*					

3.18 The average rate of interest paid on long term borrowings as at 31 March 2017 was 5.75% (5.90% for 2015/16) and the average life is 29 years, the same as for 2015/16. It should be noted that the average rate calculation excludes the benefit received from the policy of using internal borrowing to delay borrowing for capital financing purposes. This incurs a £nil borrowing cost at the expense of foregone investment income (currently approximately 0.5%) and if included would reduce the average rate.

3.19 Temporary, short dated loans, predominantly from other local authorities remain affordable and attractive for periods of low cash flow.

Other Long-Term Liabilities

3.20 Other Long-Term Liabilities include the schools Private Finance Initiative (PFI) scheme and finance leases used to purchase vehicles plant and equipment. Under the International Financial Reporting Standards (IFRS) these items are now shown on the Balance Sheet as a Financial Liability and therefore need to be considered within any Treasury Management decision making process.

3.21 As at 31 March 2017 the PFI liability was valued at £48.0 million to be repaid by 2031.

Minimum Revenue Provision (MRP)

3.22 Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the Revenue Budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance (DCLG) on Minimum Revenue Provision most recently issued in 2012.

3.23 The broad aim of the DCLG Guidance is to ensure that debt is repaid over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. DCLG prescribe various options to calculate this repayment provision.

3.24 One of the options given regarding the calculation of MRP to be charged in a year is 'Option 3' which bases the charge on the asset life of the asset funded from unsupported borrowing. The Treasury Management Mid-Year Report (Cabinet 7 November 2016) explained that within 'Option 3' there are two sub-options of calculation method. Adoption of either of these calculation methods would result in substantial savings, but to varying degrees dependant on the option chosen:

The difference between the two MRP option 3 methods is (subject to ratification) calculated to be £3.2 million (£3.2 million equal instalments v £6.4 million for annuity). Wirral's treasury advisers Arlingclose have assisted with work on the MRP calculations and approach. Given the technical accounting nature of the calculations and the backdating of adjustments in respect of past years liaison is also taking place with our external auditors Grant Thornton to ensure necessary compliance with accounting regulation and legislation. A number of authorities including others on Merseyside are currently calculating MRP using both methods within Option 3.

3.25 The Authority's MRP policy is now based upon Option 3 – The Annuity Method. This amendment in policy has resulted in a one-off saving of £7 million being generated in 2016/17 via a combination of a revised in-year calculation and associated backdated adjustments.

3.26 In 2016/17 the decision to continue to use internal resources in lieu of borrowing for capital purposes, thereby delaying the charging of MRP costs and the reduction in borrowing costs as illustrated in section 3.15 has helped generate further savings of £2.4 million whilst complying with the Regulations. In future years the temporary use of internal funds will have to be replaced by increased external borrowing so provides a short-term saving.

INVESTMENT ACTIVITY

3.27 Both the CIPFA and the CLG's Investment Guidance require the Authority to invest prudently and have regard to the security and liquidity of investments before seeking the optimum yield. The following table summarises the investment activity during the year.

Investment Counterparty	Balance 01/04/16 £000	Investments Made £000	Maturities £000	Balance 31/03/17 £000	Credit Rating
UK Local Authorities	13,000	2,000	(15,000)	0	AA
Banks	1,500 13,000	36,430 26,000	(26,930) (27,000)	11,000 12,000	AA- A
Building Societies	3,000 1,000	4,500 3,000	(7,500) (3,000)	0 1,000	A Unrated
Money Market Funds	16,595	449,550	(441,115)	25,030	AAA
Corporate	600	1,150	(650)	1,100	Unrated
Funds Managed Externally	2,000	0	0	2,000	AAA
TOTAL INVESTMENTS	**50,695**	**522,630**	**(521,195)**	**52,130**	

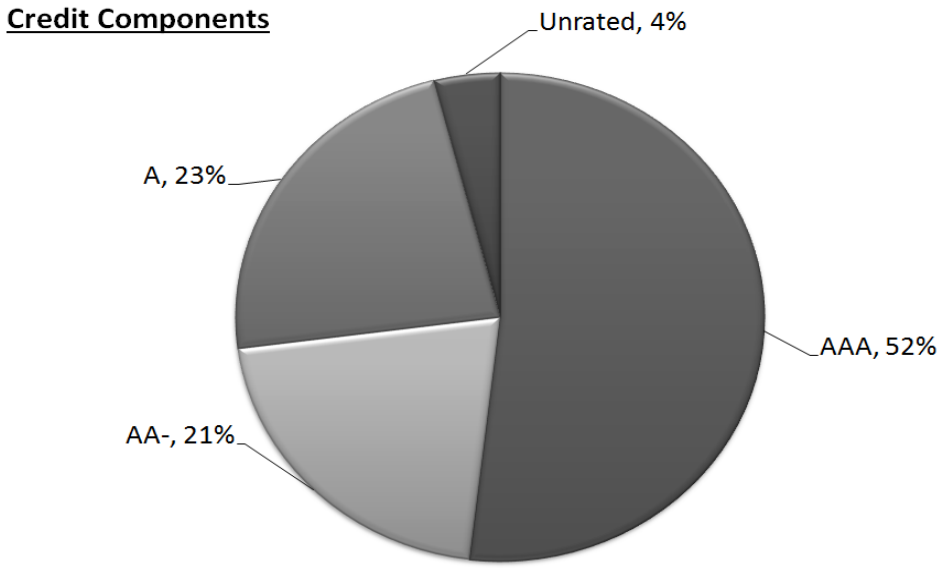
Note: Any unrated Building Societies utilised have been independently assessed as credit worthy

3.28 Security of capital remained the main investment objective. This was maintained by following the counterparty policy set out in the Treasury Management Strategy Statement for 2016/17 which defined "high credit quality" organisations as those having a long-term credit rating of BBB+ or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher.

3.29 Counterparty credit quality was assessed and monitored with reference to credit ratings (the Authority's minimum long-term counterparty rating for 2016/17 was BBB+ across rating agencies Fitch, S&P and Moody's); credit default swap prices, financial statements, information on potential government support and reports in the quality financial press.

3.30 The following chart shows the credit composition of the Council's investment portfolio as at 31 March 2017:

Chart 1: Investment Portfolio – Credit Components



Note: *'Unrated' institutions are Building Societies that despite the absence of a formal rating, are deemed credit worthy due to analysis of their performance over a variety of credit metrics. These institutions are subject to a lower counterparty limit than those with formal credit ratings.*

3.31 Investments with Banks and Building Societies were primarily call accounts and fixed-rate term deposits. The maximum duration of any new investment was constantly reviewed in line with the prevailing credit outlook during the year as well as market conditions.

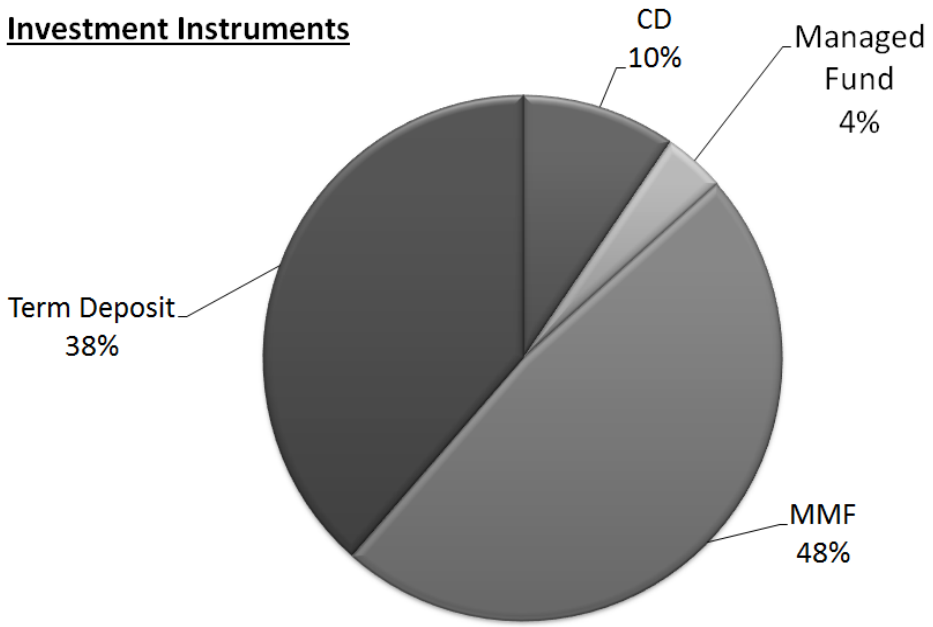
3.32 The outlawing of bail-outs, the introduction of bail-ins, and the preference being given to large numbers of depositors other than local authorities means that the risks of making unsecured deposits has risen relative to other investment options. The Authority included further options for investment diversification in the Treasury Management Strategy Statement for 2016/17. In keeping with the DCLG Guidance on Investments, the Council maintained a sufficient level of liquidity through the use of Money Market Funds and the use of call accounts.

3.33 The Authority also has investments in externally managed cash plus funds which allow the Authority to diversify into asset classes other than cash with the need to own and manage the underlying investments. The funds which are operated on a variable net asset value (VNAV) basis offer diversification of investment risk, coupled with the services of a professional fund manager; they also offer enhanced returns over the longer term but are more volatile in the short-term. The Authority's pooled fund investments are in the respective fund's 'distributing' share class which pay out the income generated.

3.34 Although money can be redeemed from the pooled funds at short notice, the Authority's intention is to hold them for the medium-term. Their performance and suitability in meeting the Authority's investment objectives are monitored regularly and discussed with Arlingclose.

3.35 For diversification purposes the Treasury Management team invest in a variety of counterparties and financial instruments to help mitigate counterparty and liquidity risks. A summary of the instruments invested in follows:

Chart 2: Investment Portfolio – Financial Instruments



3.36 Various indicators of credit risk reacted negatively to the result of the Referendum on the UK's membership of the European Union. UK bank credit default swaps saw a modest rise but bank share prices fell sharply, on average by 20%, with UK-focused banks experiencing the largest falls. Non-UK bank share prices were not immune, although the fall in their share prices was less pronounced.

3.37 Fitch and Standard & Poor's downgraded the UK's sovereign rating to AA. Fitch, S&P and Moody's have a negative outlook on the UK. Moody's has a negative outlook on those banks and building societies that it perceives to be exposed to a more challenging operating environment arising from the EU Referendum outcome.

3.38 None of the banks on the Authority's lending list failed the stress tests conducted by the European Banking Authority in July and by the Bank of England in November, the latter being designed with more challenging stress scenarios. The tests were based on banks' financial position at 31December 2015, 11 months out of date for most. As part of its creditworthiness research and advice, the Authority's treasury advisor Arlingclose regularly undertakes analysis of relevant ratios to determine whether there would be a bail-in of senior investors, such as local authority unsecured investments, in a stressed scenario.

3.39 On the advice of Arlingclose, new investments with Deutsche Bank and Standard Chartered Bank were suspended in March 2016 due to the banks' relatively higher Credit Default Swap (CDS) levels and disappointing 2015 financial results. Standard Chartered was reintroduced to the counterparty list in March 2017 following its strengthening financial position, but Deutsche Bank was removed altogether from the list.

3.40 In July 2016, following a review of unrated building societies' annual financial statements, Cumberland, Harpenden and Vernon building societies were removed from the Authority's list due to a deterioration in credit indicators. The maximum advised maturity was also lowered for eleven other societies from 6 months to 100 days due to the uncertainty facing the UK housing market following the EU referendum.

3.41 As stated in the Revenue Monitoring reports the budgeted investment income for the year estimated at £0.86 million was unlikely to be achieved. The final income for the year was £0.36 million with the reduction due to:-

a) The continuing policy of relying on internal borrowing to temporarily fund and thereby delay borrowing for the Capital Programme, which also reduces balances available to put into investments.
b) Low interest rates offered for investments.

3.42 The average return on investments for 2016/17 was 0.5% (which compares with 0.6% for 2015/16). However this does not reflect the savings of an estimated 2.5% on delayed borrowing for amounts internally borrowed. The UK Bank Rate was reduced further to a new historic low of 0.25% in August 2016. The return on investments, along with our policy of internally borrowing, reflects prevailing market conditions and the objective of optimising returns commensurate with the principles of security and liquidity.

COMPLIANCE WITH PRUDENTIAL INDICATORS

3.43 The Authority confirms that it has complied with its Prudential Indicators for 2016/17, which were approved on 22 February 2016 as part of the Treasury Management Strategy Statement. Details can be found in the Appendix.

3.44 In compliance with the requirements of the CIPFA Code of Practice this report provides Members with a summary report of the treasury management activity during 2016/17. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

4.0 FINANCIAL IMPLICATIONS

4.1 In the financial year 2016/17 proactive treasury management activities produced a one-off saving of £2.4 million. Adoption of the Annuity method for calculating MRP, as outlined above, increased this to £9.4 million.

4.2 Capital financing debt has reduced to £191 million, a decrease of £74 million since 2012, despite additional annual Capital commitments. This has also contributed to the generation of substantial savings.

4.3 Investment income has also helped to generate resources for service delivery.

5.0 LEGAL IMPLICATIONS

5.1 The Council's has adopted the CIPFA Code of Practice on Treasury Management. This requires the annual production of Prudential Indicators and a Treasury Management Strategy Statement and the reporting of treasury management activities at least twice a year.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

7.1 The Council is responsible for treasury decisions and activity and none of these decisions are without risk. The successful identification, monitoring and control of risk are important and the main risks are:-

- Liquidity Risk (Inadequate cash resources).
- Market or Interest Rate Risk (Fluctuations in interest rate levels).
- Inflation Risk (Exposure to inflation).
- Credit and Counterparty Risk (Security of investments).
- Refinancing Risk (Impact of debt maturing in future years).
- Legal and Regulatory Risk.

8.0 ENGAGEMENT/CONSULTATION

8.1 There has been no specific consultation with regards to this report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

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APPENDICES

Appendix Prudential Indicators 2016/17

SUBJECT HISTORY

Council Meeting	Date
Treasury Management Annual Report 2015/16	16 July 2016
Treasury Management Strategy Statement 2016/17	22 February 2016
Treasury Management Mid-Year Report 2016/17	7 November 2016

APPENDIX

PRUDENTIAL INDICATORS 2016/17

(a) Capital Financing Requirement (CFR)

Estimates of the Authority's cumulative maximum external borrowing requirement for 2016/17 to 2018/19 are shown in the table below:

Capital Financing Requirement	**31/03/2017 Actual £m**	31/03/2018 Estimate £m	31/03/2019 Estimate £m
General Fund	**332.4**	354.0	354.0

Gross Debt and the Capital Financing Requirement:

In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of Capital Financing Requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	**31/03/2017 Actual £m**	31/03/2018 Estimate £m	31/03/19 Estimate £m
Borrowing	**218.6**	240.5	268.6
Finance Leases	**0.0**	0.4	0.5
PFI liabilities	**48.0**	45.5	43.0
Total Debt	**266.6**	286.4	312.1
Borrowing in excess of CFR?	**No**	**No**	**No**

Total debt is expected to remain below the CFR during the forecast period.

(b) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Authority's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance leases and the Private Finance Initiative that are not borrowing but form part of the Authority's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

There were no breaches to the Authorised Limit and the Operational Boundary during 2016/17.

	Operational Boundary (Approved) 31/03/2017 £m	Authorised Limit (Approved) 31/03/2017 £m	**Actual External Debt 31/03/2017 £m**
Borrowing	418.0	428.0	218.6
Other Long-term Liabilities	60.0	65.0	48.0
Total	**478.0**	**493.0**	**266.6**

(c) Upper Limits for Fixed and Variable Interest Rate Exposure

These allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on the portfolio of investments.

Interest Rate Exposure	**Fixed Rate of Interest**	**Variable Rate of Interest**	**Total**
Borrowings	£218.6m	£0m	**£218.6m**
Proportion of Borrowings	100%	0%	**100%**
Upper Limit	100%	100%	
Investments	£25.1m	£27.0m	**£52.1m**
Proportion of Investments	48%	52%	**100%**
Upper Limit	100%	100%	
Net Borrowing	£193.5m	-£27.0m	**£166.5m**
Proportion of Total Net Borrowing	116%	-16%	**100%**

(d) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	**Lower Limit**	**Upper Limit %**	**Actual Fixed Rate Borrowing at 31/03/17 £m**	**Actual Fixed Rate Borrowing at 31/03/17 %**
Under 12 months	0	80	39.5	18.1
12 months and within 24 months	0	50	7.6	3.5
24 months and within 5 years	0	50	19.4	8.9
5 years and within 10 years	0	50	23.7	10.8
10 years and over	0	100	128.4	58.7
Total			218.6	100.0

(e) Total principal sums invested for periods longer than 364 days

This indicator allows the Council to manage the risk inherent in investments longer than 364 days and for 2016/17 the limit was set at £30 million.

As at 31 March 2017 the Council had £1.1 million that potentially could be invested for longer than 364 days.

(f) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and in particular, to consider the impact on Council Tax. The updated projections for 2017/18 and 2018/19 are included as a separate agenda item to this committee.

Expenditure	**31/03/17 Actual £m**	31/03/18 Estimate £m	31/03/19 Estimate £m
General Fund	**25.3**	**77.5**	**28.3**

Capital expenditure has or will be funded as follows:

Capital Financing	**31/03/17 Actual £m**	31/03/18 Estimate £m	31/03/19 Estimate £m
Capital receipts	**5.9**	17.7	0
Grants and Contributions	**11.8**	24.6	14.5
Revenue and Reserves	**0.3**	0.2	0
Unsupported borrowing	**7.3**	35.0	13.8
Total Funding	**25.3**	**77.5**	**28.3**

(g) Ratio of financing costs to net revenue stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The ratio is based on costs net of investment income.

Ratio of Finance Costs to Net Revenue Stream	**2016/17 Actual %**	**2017/18 Actual %**	**2018/19 Actual %**
Ratio	6.29	9.85	11.18

(h) Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council tax levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with the equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	**2016/17 Actual £**	**2017/18 Actual £**	**2018/19 Actual £**
Increase in Band D Council Tax	0.00	7.70	27.46

(i) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Authority adopted the principles of best practice.

The Council has previously approved the adoption of the CIPFA Treasury Management Code 2011 Edition.