Leeds CITY COUNCIL

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TREASURY MANAGEMENT STRATEGY UPDATE 2024/25

Date: 20th November 2024

Report of: Interim Assistant Chief Executive – Finance, Traded and Resources

Report to: Executive Board

Will the decision be open for call in? ☒Yes ☐No

Does the report contain confidential or exempt information? ☐Yes ☒No

Brief Summary

1. This report provides a review and update of the Treasury Management Strategy for 2024/25.

2. The Council's level of net external debt at 31st March 2025 is now forecast to be £2,652m, £54m lower than was forecast when the strategy was approved in February 2024. This lower forecast is due to a lower capital programme borrowing requirement (£45m) together with balance sheet movements (£9m).

3. Cash resources and short-term borrowing were used in lieu of external long-term borrowing during 2023/24 and this has continued into 2024/25.

4. The investment of surplus monies will continue to be carried out with due regard for security of capital in accordance with the Council's approved investment strategy.

5. The updated strategy for 2024/25 is currently forecast to deliver a saving of £800k against the budget. This is largely due to a lower than forecast borrowing need, partially offset by higher interest rates than were assumed when the budget was set. Bank of England base rates have been cut by 0.25% in August to 5.00% and further cuts are forecast, however the exact timing and scope for these is still subject to uncertainty. There is also scope for the council's borrowing requirement to further reduce during the remainder of the year, and thus some improvement in the current level of savings is likely.

Recommendations

That Executive Board:

a) Note the update on the Treasury Management borrowing and investment strategy 2024/25.

What is this report about?

1.1 The 2024/25 Treasury Management Strategy was approved by Executive Board on 7th February 2024. This report provides a review and update of the strategy for 2024/25.

1.2 Review of Strategy 2024/25

1.2.1 The current borrowing forecasts are shown in Table 1

Table 1

ANALYSIS OF BORROWING 2024/25		2024/25 Feb 24 Report £m	2024/25 This Report £m
Net Borrowing at 1 April		2,511	**2,494**
New Borrowing for the Capital Programme – Non HRA		154	**126**
New Borrowing for the Capital Programme – HRA		39	**30**
Debt redemption costs charged to Revenue (Incl HRA)		(64)	**(64)**
Reduced/(Increased) level of Revenue Balances		66	**66**
Net Borrowing at 31 March*		2,706	**2,652**
Capital Financing Requirement			**2,952**
* Comprised as follows			
Long term borrowing	Fixed	2,220	**2,290**
	Variable (less than 1 Year)	25	**0**
New Borrowing		195	**158**
Short term Borrowing (Previous years)		306	**244**
Total External Borrowing		2,746	**2,692**
Less Investments		40	**40**
Net External Borrowing		2,706	**2,652**
% borrowing funded by short term and variable rate loans		19%	**15%**

Note: The Capital Financing Requirement (CFR) is the maximum level of debt (i.e. borrowing PFI and finance leasing) that the Council can hold for its current year capital purposes. The Council is also allowed to borrow in advance for up to two future years capital programmes. The above reflects only the borrowing element of the CFR

Table 1 shows that net external borrowing is now forecast at the end of 2024/25 to be £2,652m, £54m lower than in the report to Executive Board on 7th February 2024. The outturn position at 31st March 2024 was £17m lower than forecast, which was due to slippage in new borrowing for the HRA capital programme into the 2024/25 financial year of £10m and higher revenue balances of £9m, offset by £2m higher borrowing than anticipated for the General Fund capital programme. Cumulatively the lower forecast for net borrowing at 31st March 2025 of £54m is due to a lower capital programme borrowing requirement (£45m) together with balance sheet movements of (£9m). The global economic position and its effect on UK interest rates and therefore on the cost of new borrowing for the Council continues to be uncertain and volatile. Domestically, the new Government's first autumn budget on 30th October may impact the economic forecasts detailed below.

1.2.4 The further easing in wage growth is a sign that labour market conditions are becoming more benign and reducing the domestic pressure on the broader CPI measure of inflation. The UK's unemployment rate fell for the fourth time in past five months, down to 4% in August from 4.1% in July. The three-month average growth rate of earnings, (excluding bonuses) fell from 5.1% to 4.9% in August.

1.2.5 Recent UK economic growth has been relatively weak and inconsistent. The UK's Gross Domestic Product (GDP) grew by 0.5% in the 2nd quarter of 2024, down from 0.7% in quarter 1. The council's advisors are forecasting GDP growth to hit 1.2% in 2024 and 1.5% in both 2025 and 2026. The 1.0% month on month jump in retail sales in August was stronger than the consensus forecast for a 0.4% month on month increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.

1.2.6 CPI inflation dropped from 2.2% in August to 1.7% in September. Although inflation has fallen significantly from its peak, experts predict it could rise again over the winter months due to increases in energy prices, after average household energy bills surged 10% from October. However, CPI inflation is expected to fall back towards the 2% target by mid-2025. Core inflation also decreased to 3.2% in September from 3.6% in August. Oil prices have been volatile during the year with international concerns regarding Ukraine and the Middle East driving markets. Prices had risen to over $91 per barrel on the Brent Crude index although it is currently below $75 per barrel and has been generally trending downwards.

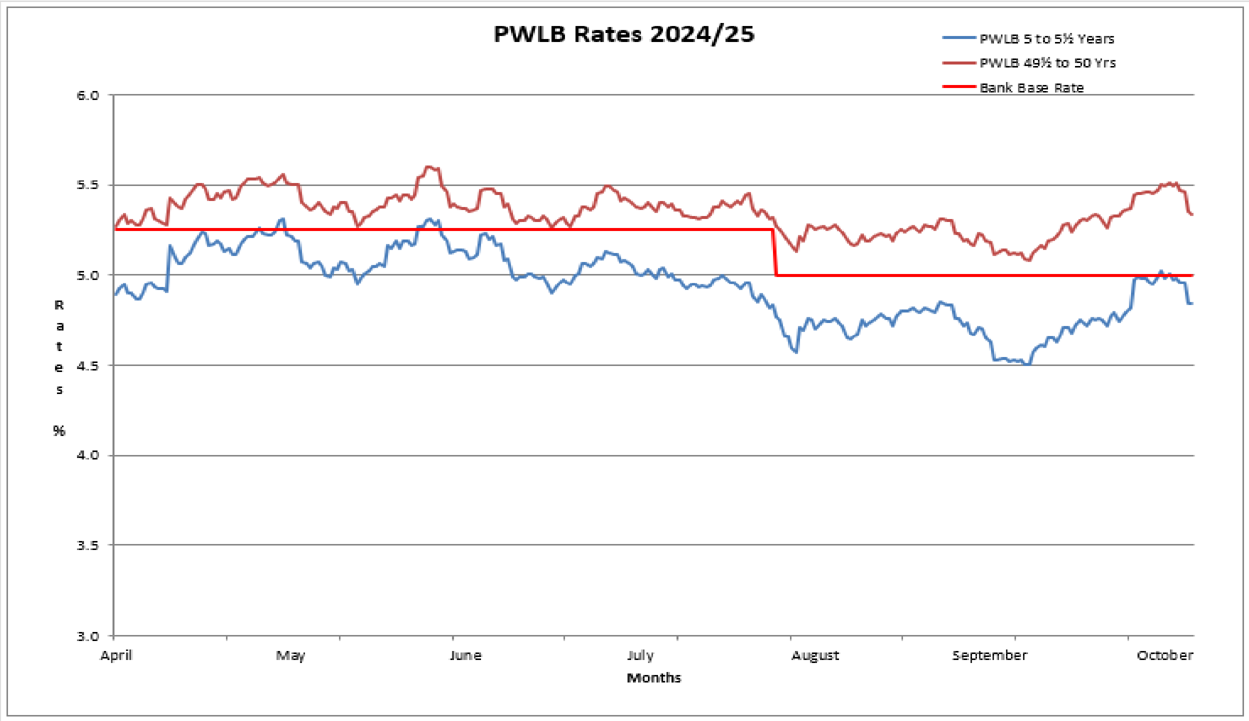
1.2.7 The Monetary Policy Committee (MPC) initiated its loosening cycle in August with a 25bps rate cut, with the base rate currently at 5.00%. In September it voted 8-1 to hold rates at 5.00% signalling a preference for a more gradual approach to rate cuts. It seems possible there will be another cut before the end of 2024 with November being more likely than December if inflation does begin to spike up towards 3.0%. The pound started the year at around $1.26 but did peak above $1.34 towards the end of September before falling back to around $1.30 currently.

1.2.8 Outside the UK, the United States decreased its policy interest rates from 5.5% to 5% whilst its inflation rate now stands at 2.4% in September, down from 2.5% in August. Non-farm payrolls continue to perform well, posting 254k new jobs in September, indicating the economy is performing well with GDP growth posting a 3.0% increase year on year in the second quarter up from 1.6%. The European Central Bank has also begun to cut rates, reducing to 3.4% in October from 3.65% most recently, and a previous high of 4.50%. GDP has fallen marginally to 0.2% in the second quarter down from 0.3% in quarter 1. Lastly the wars in Ukraine and the Middle East remain major disruption events to the global economy.

1.2.9 During 2024/25, no new PWLB borrowing has been taken by the Council. A lender's option to propose an increased interest rate on a Lenders option Borrowers option (LOBO) loan was exercised, which resulted in a £15m loan being repaid without penalty, as detailed below in Table 4 below (paragraph 6.3.13). This has been refinanced by temporary borrowing in the short term. The markets continue to be monitored for opportunities to secure long term borrowing.

1.2.10 Despite a cut in base rate on 1st August from 5.25% to 5.00% the general trend in interest paid on debt is that interest rates have remained relatively elevated and volatile. Chart 1 shows how the cost of longer term borrowing from the Government through Public Works Loan Board (PWLB) loans has performed since the start of the financial year. Long term rates shown by 50-year PWLB during the financial year have stayed just above the bank base rate, sharply spiking in September to around the 5.25% mark which is approximately the same rate as in April 2024. Medium term rates as shown by 5-year PWLB have followed a very similar pattern, starting at around 4.9%, decreasing at the rate cut in August before increasing back to around 4.9% again in October. The Council is entitled to a reduction of 20bp on all PWLB rates, including those listed above, reflecting its eligibility for PWLB certainty rates. For HRA borrowing from the PWLB a further discount of 40bp has also been accessible since June 2023 and this has been extended to June 2025. The Council anticipates a headroom for HRA external borrowing of £97m by the end of 2024/25.

Chart 1



1.2.11 Market expectations are that Bank of England Base Rate movements in the UK will continue to drop, given that domestic and international inflation concerns are continuing to ease. The Council's advisors are now forecasting that the bank base rate will continue to drop during the next financial year. As a result of these expectations the assumed borrowing rates within the treasury budget follow this downward trend into future years. Tables 2 and 3 below shows the Council's advisors forecast for interest rates and the assumptions contained within the budget projections based on these market expectations, which will be kept under review as the economic situation evolves.

Table 2

1st August 2024	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month Average	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month Average	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month Average	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

Table 3

Budget Rate Assumptions	2024/25	2025/26	2026/27	2027/28	2028/29
Exec Board Feb 24	4.50	3.75	3.50	n/a	n/a
Now	4.75	4.00	3.75	3.50	3.50

1.2.12 Due to the significant and substantial increase in interest rates experienced since late 2021/22 and the forecast for rates and assumptions in the budget, the borrowing strategy was revised in 2022/23. It is now clear that taking further long-term borrowing at current rates may lock in higher than necessary interest costs in the future, and therefore a strategy of managing the Council's borrowing need through its balance sheet strength and from short-term borrowing activity will continue to be employed. This strategy is supported by the Council's Treasury advisors, considering its forecast for rates shown in Table 2 above. This will of course be subject to constant review, in order to lock in some long-term borrowing as favourable opportunities arise. It should also be noted that due to the previously employed policy of locking in long-term borrowing need at historically low rates, the Council had no short-term borrowing outstanding at 31/03/2022, which increased to £173m at 31/03/2024. The fact that the Council's pre 2022/23 borrowing requirement is held in long term low fixed interest rate borrowing places the Council in a good position to manage the current volatile interest rate environment.

1.2.13 Table 4 below details the long-term funding activity during 2024/25.

Table 4

Repayments and Funding 2024/25								
Repayments					New / Replacement Borrowing			
Date	Amount (£m)	Original Rate (%)	Note	Discount Rate	Date	Amount (£m)	Term (Years)	Interest Rate (%)
PWLB					PWLB			
24/09/2024	25.000	2.06%		n/a				
14/06/2024	1.000	4.31%		n/a				
29/06/2024	1.000	3.81%		n/a				
14/12/2024	1.000	4.31%	*	n/a				
29/12/2024	1.000	3.81%	*	n/a				
11/03/2025	30.000	5.05%	*	n/a				
Sub Total	**59.000**					**0.000**		
Market Loans					Market Loans			
02/04/2024	0.315	0.00%		Salix				
02/04/2024	0.618	0.00%		Salix				
02/04/2024	0.320	0.00%		Salix				
02/09/2024	0.024	0.00%		Salix				
02/09/2024	0.172	0.00%		Salix				
30/09/2024	15.000	3.90%		Option call				
01/10/2024	0.315	0.00%		Salix				
01/10/2024	0.619	0.00%		Salix				
01/10/2024	0.321	0.00%		Salix				
03/03/2025	0.024	0.00%	*	Salix				
03/03/2025	0.172	0.00%	*	Salix				
Sub Total	**17.900**					**0.000**		
Total	**76.900**				**Total**	**0.000**		

* known maturities that are yet to occur

** Facility Committed not Drawndown at this time

1.2.14 The Council's current long-term debt of £2.322bn has an average maturity of just under 33 years if all debts run to maturity. Approximately 9% of the Council's long-term debt has lender options for repayment, and if all these options were exercised at the next option date, then the average maturity of long-term debt would be lowered to approximately 29 years. This compares favourably for example with the average maturity of the UK Government debt portfolio of 14.2 years. The existing profile of the Council's debt provides considerable certainty of funding costs. Prudential Indicator for the maturity of debt in Appendix A shows the maturity profile of the Council's debt and highlights that approximately 65% or £1,752m matures in periods greater than 10 years.

1.2.15 The management of the debt budget is currently forecast to deliver a saving against the budget of £800k in 2024/25. This is largely due to lower than forecast borrowing need, partially offset by higher interest rates than were forecast when the budget was set. Interest rates have been cut by 0.25% in August to 5.00% and further cuts are forecast however the exact timing and scope for these is still subject to uncertainty. There is also scope for the council's borrowing requirement to further reduce during the remainder of the year, and thus there is the potential for some further improvement in the current level of savings.

1.3 Investment Strategy & Limits

1.3.1 The Council's external debt is reduced by the availability of revenue balances. The Treasury policy also allows for the external investment of these balances at advantageous rates but with due regard for security of capital invested. At present the Council's surplus monies continue to be held in short periods until required. As market sentiment to counter-party risk improves, together with enhanced returns, surplus monies will be invested in accordance with the approved lending list. This lending list is based upon the assessment of the financial standing of counterparties as determined by international credit rating agencies and further refined and updated by the Council's advisors on a continual basis. The lending list is often further restricted based upon the Council's view of the credit worthiness of counterparties.

1.3.2 The investment strategy, as re-affirmed by Executive Board and Full Council in February, allows for the Council to invest in only the most highly rated financial institutions around the world. The Council will only lend up to a maximum of £15m to financial institutions that are rated as excellent. There is also a limit of £5m for financial institutions that are rated as very good. These limits do not apply to deposits with the Council's own bankers, or to deposits with the Government's Debt Management Office (the DMO).

What impact will this proposal have?

2. The report provides an update on progress towards delivering the approved Treasury Management Strategy and does not introduce any new proposals.

Borrowing Limits for 2024/25, 2025/26 and 2026/27

2.1 The strategy report submitted to Executive Board and Full Council in February 2024 required the Council to approve the strategy for 2024/25. The report also required Full Council to set or reaffirm the borrowing limits both for the Operational Boundary and the Authorised limit as well as the Prudential Indicators as outlined in Appendix A and to set the Investments limits for periods greater than 364 days. This process is a requirement of the Local Government Act 2003 having regard for CIPFA's Prudential Code (as amended 2021). This report is to update Executive Board on performance against these limits and indicators for the financial year 2024/25 as recommended by the Code of Practice.

2.2 It is anticipated that the Council will continue to remain within the Authorised Limit for 2024/25. Both the Authorised Limit and Operational Boundary are made up of a limit for external borrowing and a limit for other long-term liabilities.

2.3 The Interim Assistant Chief Executive – Finance, Traded and Resources has delegated authority to adjust between the two separate limits for borrowing and other long-term liabilities, provided that the overall limit remains unchanged. No adjustments between the limits have been made, and any such adjustments would be reported to the next available Council meeting following the change.

2.4 Borrowing limits for 2024/25 were approved by Council on 7th February 2024 and remain unchanged.

How Does this proposal impact the three pillars of the Best City Ambition?

☒Health and Wellbeing ☒Inclusive Growth ☒Zero Carbon

3.1 The Treasury Management strategy is one element of the overall arrangements which underpin the Council's financial robustness, and therefore enable the Council to pursue its objectives as set out in the Best City Ambition. The Treasury Management strategy secures funding to support the Council's capital programme, thus enabling the individual capital schemes within the programme to contribute towards the three pillars.

What consultation and engagement has taken place?

Wards Affected:		
Have ward members been consulted?	☐Yes	☒No

4.1 This is a factual report providing an update on the strategy as presented to Executive Board in February 2024, and is not subject to consultation. The Treasury Management budget represents one element of the Council's revenue budget. Public consultation on the Council's revenue budget proposals was carried out between December 2023 and January 2024 and was reported at Appendix 1 in the 2024-25 Revenue Budget and Council tax report presented to Executive board in February 2024.

4.2 Further, the borrowing requirement is an outcome of the capital programme. Consultation is undertaken by individual services in relation to capital investment schemes. A capital programme update report is included elsewhere on this agenda.

What are the resource implications?

5.1 This update on the Treasury Management Strategy recognises the borrowing necessary to fund the capital programme requirements of both General Fund and HRA. The borrowing revenue costs are met either by the General Fund or HRA.

5.2 The execution of the Treasury Management Strategy enables funds to be raised and managed in the most efficient manner in line with the approved strategy as presented to Executive Board on 7th February 2024.

5.3 The updated strategy 2024/25 is currently forecast to deliver a saving of £800k against the budget. This is largely due to lower than forecast borrowing need, partially offset by higher interest rates.

What are the key risks and how are they being managed?

6.1 This report sets out the framework for the treasury strategy for the current year. The execution of the strategy and associated risks are kept under regular review through:

- Monthly reports to the Finance Performance Group

- Quarterly strategy meetings between the Interim Assistant Chief Executive – Finance, Traded and Resources and the Council's treasury advisors
- Regular market, economic and financial instrument updates, and access to real time market information

6.2 The above monitoring mitigates the directorate level risk of "Failure to recover money invested in other financial institutions". In addition, the Treasury Management Strategy is linked to the corporate risk on 'Financial Forecasting'.

What are the legal implications?

7.1 There are no legal, or access to information issues arising from this report. The report is subject to call in.

7.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) made pursuant to the Local Government Act 2003 require the Council to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities ("The Prudential Code"). Regulations 23 and 24 provide respectively that capital receipts may only be used for specified purposes and that in carrying out its capital finance functions, a local authority must have regard to the code of practice in "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes" ("The Treasury Code") issued by CIPFA.

7.3 In relation to the Annual Investment Strategy, the Council is required to have regard to the Guidance issued by the Secretary of State under section 15(1)(a) of the Local Government Act 2003 entitled "Statutory guidance on Local Government Investments 3rd Edition" which is applicable from and effective for financial years commencing on or after 1 April 2018. In addition, the Prudential Code and the Treasury Management Code contain investment guidance which complements the Statutory Guidance mentioned above.

7.4 Local authorities are required to have regard to the current editions of the CIPFA codes by regulations 2 and 24 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended.

7.5 Under the provisions of Section 3(1) and (8) of the Local Government Act 2003, the Council must determine and keep under review how much money it can afford to borrow, and the function of determining and keeping these levels under review is a full Council, rather than an executive function.

7.6 The Council must also have regard to the Guidance issued by the Secretary of State under Section 21(1A) of the Local Government Act 2003 entitled "Statutory guidance on minimum revenue provision."

7.7 The Prudential Code requires authorities to prepare a capital strategy.

Options, timescales and measuring success

What other options were considered?

8.1 This report provides an update to Executive Board regarding the Treasury Management operation and activity. As such other options are not considered in this report.

How will success be measured?

9.1 Treasury Management continues to adhere to its governance framework including the CIPFA Code of Practice, the Prudential Codes 2021 and the revised CIPFA guidance notes issued in 2022. All borrowing and investments undertaken have been compliant with the governance framework. Success will therefore be the continued optimal performance of the Treasury Management function within this framework.

9.2 Benchmarking of Treasury Management activity is only undertaken on an ad-hoc basis as the structure of debt portfolios and balance sheets of similar authorities often reflect the timing of past spending and financing decisions and therefore can lead to anomalies. The CIPFA Prudential Code makes it clear that prudential indicators should not be used for benchmarking purposes for this reason.

What is the timetable for implementation?

10.1 This report is to confirm the successful operation of the Treasury Management strategy within the established legal and operational framework and is a continuous and on-going process.

Appendices

1. Appendix A — Prudential indicators 2024/25 to 2026/27
2. Appendix B — Liability Benchmark - Debt
3. Appendix C — Prudential Code Monitoring 2024/25 - Debt

Background papers

None

Appendix A - TMSS PI's

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	Notes		Current year 2024.25	Year+1 2025.26	Year+2 2026.27
PRUDENTIAL CODE INDICATORS					
CAPITAL EXPENDITURE					
Estimate of Capital Expenditure	a				
General Fund		£k	311,198	344,611	205,541
Housing Revenue Account		£k	128,872	170,150	133,815
Total		£k	440,070	514,761	339,356
Capital Financing Requirement	b				
Borrowing - General Fund		£k	2,149,204	2,241,606	2,296,232
Borrowing - Housing Revenue Account		£k	803,216	842,696	871,076
Sub Total Borrowing		£k	2,952,420	3,084,302	3,167,308
Other Long Term Liabilities - GF		£k	359,397	330,375	297,142
Other Long Term Liabilities - HRA		£k	90,579	82,336	74,680
Sub Total Other Long Term Liabilities		£k	449,976	412,711	371,822
Total Capital Financing Requirement		£k	3,402,396	3,497,013	3,539,130
EXTERNAL DEBT					
Operational Boundary	c				
External Borrowing		£k	2,900,000	2,950,000	3,000,000
Other Long Term Liabilities		£k	550,000	510,000	470,000
Total			3,450,000	3,460,000	3,470,000
Authorised Limit	c				
External Borrowing		£k	3,200,000	3,200,000	3,200,000
Other Long Term Liabilities		£k	570,000	530,000	490,000
Total		£k	3,770,000	3,730,000	3,690,000
Actual External Debt (year end Forecast)	d				
PWLB		£k	1,842,737	1,778,737	1,755,925
Market (Inc LOBO)		£k	446,936	444,037	435,509
Short term (Actual)		£k	0	0	0
Short term (Forecast)		£k	402,799	596,698	704,037
Total Gross External Debt		£k	2,692,472	2,819,472	2,895,471
Other Long Term Liabilities		£k	449,976	412,711	371,822
Total Including OLTL		£k	3,142,448	3,232,183	3,267,293
Gross Debt and the CFR	e				
External Borrowing			ok	ok	ok
Other Long term Liabilities			ok	ok	ok
Total Gross Debt and the CFR			ok	ok	ok
AFFORDABILITY					
Estimate of Financing Cost to Net revenue Stream	f				
External Borrowing Only - General Fund					
Financing Cost		£k	129,092	140,366	147,131
Net Revenue Stream		£k	621,960	647,290	680,590
Ratio		%	20.76%	21.69%	21.62%
Including Other Long Term Liabilities - GF	f				
Financing Cost		£k	177,047	188,769	197,770
Net Revenue Stream		£k	621,960	647,290	680,590
Ratio		%	28.47%	29.16%	29.06%
External Borrowing Only - Housing Revenue Account	f				
Financing Cost		£k	31,011	31,838	32,801
Net Revenue Stream		£k	281,715	287,604	291,719
Ratio		%	11.01%	11.07%	11.24%
Including Other Long Term Liabilities - HRA	f				
Financing Cost		£k	47,232	46,830	46,580
Net Revenue Stream		£k	621,960	647,290	680,590
Ratio		%	16.77%	16.28%	15.97%

INVESTMENTS					
Non Treasury Financial investments			80,000	80,000	80,000
Non Treasury Property investments			200,000	200,000	200,000
Limit on non-Treasury Investments and loans	g		280,000	280,000	280,000
Estimate of Net Income from Investments for Commercial and Service Purposes	g				
Income		£k	7,030	6,992	6,993
Ratio of Income from Commerical and Service Puposes to Net revenue Stream		%	1.13%	1.08%	1.03%

TREASURY MANAGEMENT CODE INDICATORS

Liability Benchmark for Borrowing

Liability Benchmark for Investments

Maturity Structure of Borrowing 2023/24	h	Lower	Upper	Projected 31/03/2025	%
under 12 mths		**0%**	**25%**	529,700	20%
12 mths and within 24 mths		**0%**	**20%**	76,339	3%
24 mths and within 5 years		**0%**	**35%**	205,241	8%
5 years and within 10 years		**0%**	**40%**	128,768	5%
10 years and within 20 years				59,000	
20 years and within 30 years				304,252	
30 years and within 40 years		**25%**	**90%**	669,173	65%
40 years and within 50 years				595,000	
50 years and above				125,000	
				2,692,473	100%

Upper limit for long term Treasury Investments to mature in following years	i	
Year +1		150,000
Year +2		150,000
Year +3		150,000

Notes

a Forecast of capital expenditure for year at period end, actual at year end outturn

b Forecast of CFR for year end at period end, actual at year end outturn

c Authorised limit and Operational Boudary as set at the Current setting time should only change in exceptional circumstances

d This is the year end forecast for DEBT and OLTL with Short term being the balancing figure

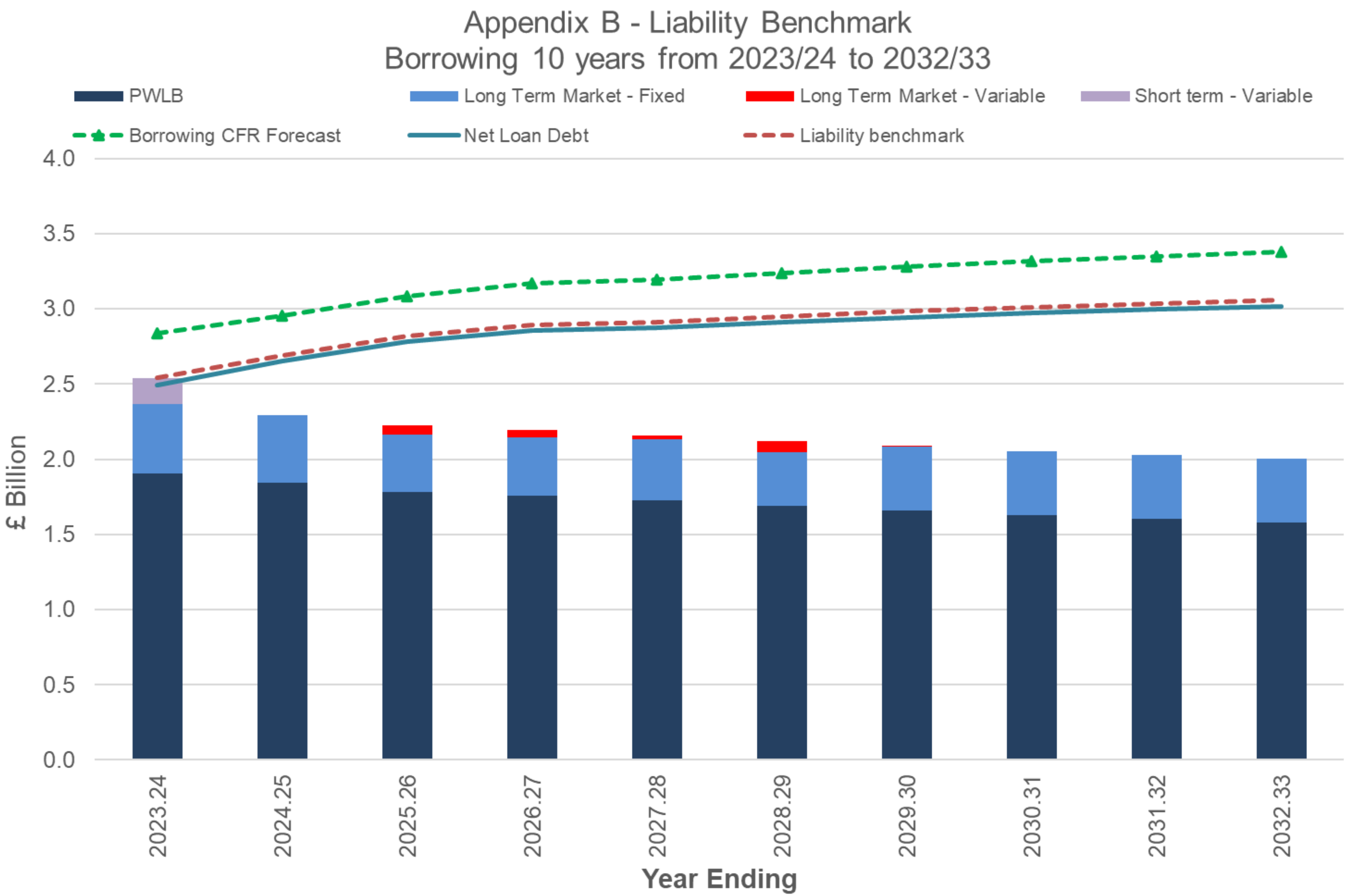
e In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that total gross debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. If in any of these years there is a reduction in the capital financing requirement, this reduction is ignored in estimating the cumulative

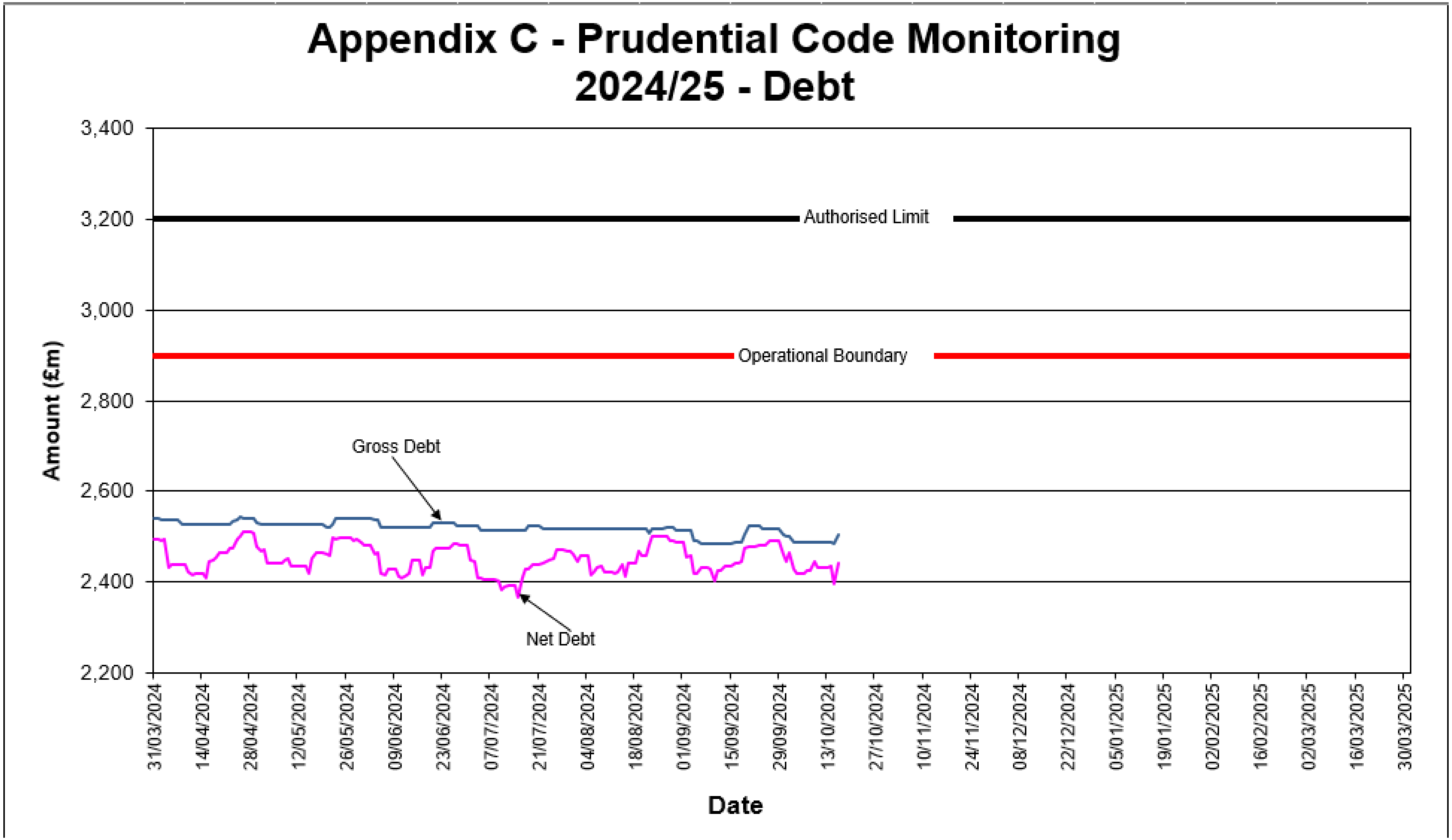
f Code only requires full comparison of debt costs including OLTL to Net revenue Streams however the Council have always reported the external borrowing metrics which are more informative.

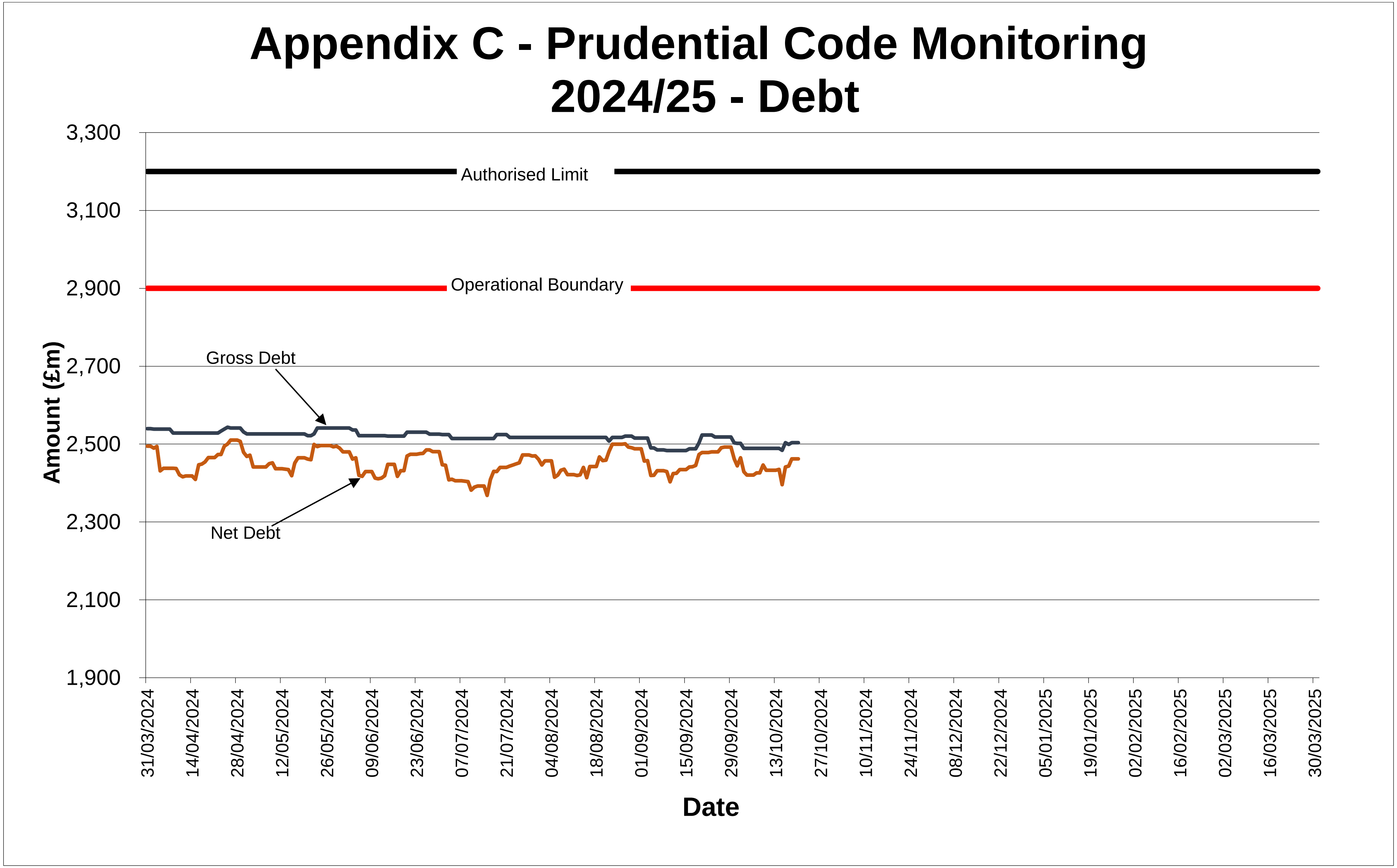
g This is all investments under the code for Service or Commercial purposes and excludes Investments for Treasury Management purposes

h This now includes all external debt including variable and short term external debt

i This is non specified Treasury Management investments typically with a duration of greater than 364 days


Appendix B - Liability Benchmark
Borrowing 10 years from 2023/24 to 2032/33
PWLB
Long Term Market - Fixed
Long Term Market - Variable
Short term - Variable
Borrowing CFR Forecast
Net Loan Debt
Liability benchmark
£ Billion
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2023.24
2024.25
2025.26
2026.27
2027.28
2028.29
2029.30
2030.31
2031.32
2032.33
Year Ending


Appendix C - Prudential Code Monitoring
2024/25 - Debt
3,400
3,200
3,000
2,800
2,600
2,400
2,200
Authorised Limit
Operational Boundary
Gross Debt
Net Debt
Amount (£m)
31/03/2024
14/04/2024
28/04/2024
12/05/2024
26/05/2024
09/06/2024
23/06/2024
07/07/2024
21/07/2024
04/08/2024
18/08/2024
01/09/2024
15/09/2024
29/09/2024
13/10/2024
27/10/2024
10/11/2024
24/11/2024
08/12/2024
22/12/2024
05/01/2025
19/01/2025
02/02/2025
16/02/2025
02/03/2025
16/03/2025
30/03/2025
Date


Appendix C - Prudential Code Monitoring 2024/25 - Debt
Authorised Limit
Operational Boundary
Gross Debt
Net Debt
Amount (£m)
3,300
3,100
2,900
2,700
2,500
2,300
2,100
1,900
31/03/2024
14/04/2024
28/04/2024
12/05/2024
26/05/2024
09/06/2024
23/06/2024
07/07/2024
21/07/2024
04/08/2024
18/08/2024
01/09/2024
15/09/2024
29/09/2024
13/10/2024
27/10/2024
10/11/2024
24/11/2024
08/12/2024
22/12/2024
05/01/2025
19/01/2025
02/02/2025
16/02/2025
02/03/2025
16/03/2025
30/03/2025
Date