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TREASURY MANAGEMENT STRATEGY UPDATE 2022/23

Date: 23rd November 2022

Report of: Chief Officer Financial Services

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

This report provides a review and update of the treasury management strategy for 2022/23.

The Council's level of net external debt at 31st March 2023 is forecast to be £2,437m, £158m lower than approved in February 2022. This lower forecast is due to lower MRP (£2m) together with lower capital programme borrowing requirement (£60m) and balance sheet movements (£100m).

Cash resources have been used in lieu of external long-term borrowing during 2021/22 and this has continued into 2022/23. However, £23m of new long-term borrowing has been taken in 2022/23 as detailed in Table 4. Treasury activity is currently forecast to deliver a balanced position against the budget.

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

Recommendations

That Executive Board:

a) Note the update on the Treasury Management borrowing and investment strategy 2022/23.
b) Approve the change to the Borrowing strategy as detailed at 6.3.13

What is this report About?

1.1 The 2022/23 treasury management strategy was approved by Executive Board on 9th February 2022. This report provides a review and update of the strategy for 2022/23.

What impact will this proposal have?

2. Borrowing Limits for 2022/23, 2023/24 and 2024/25

2.1 The Council is required to set various limits for 2022/23, 2023/24 and 2024/25 in accordance with the Local Government Act 2003, having regard for CIPFA's prudential code (as amended 2021). These limits including prudential indicators are detailed in Appendix A.

2.2 It is anticipated that the Council will continue to remain within the Authorised Limit for 2022/23. Both the Authorised Limit and Operational Boundary are made up of a limit for borrowing and a limit for other long-term liabilities.

2.3 The Chief Officer Financial Services 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 2022/23 were approved by Council on 9th February 2022 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 Treasury Management strategy secures funding to support the Council's Policies and City Priorities as set out in the Council capital programme and is consistent with the Best City Ambition and 3 pillars.

3.2 Equality, diversity, cohesion and integration requirements are addressed as part of individual capital scheme and programme approvals. The borrowing to deliver these capital schemes is executed through treasury strategy and as such there are no further equality, diversity, cohesion and integration issues.

3.3 Treasury Management strategy secures funding for the council's capital programme that supports the authority's policies and priorities as set out in the Best City Ambition. These include our Best City ambition to be an efficient and enterprising organisation.

What consultation and engagement has taken place?

Wards Affected:

Have ward members been consulted? ☐Yes ☒No

4.1 This report is an update on the strategy as presented to Executive Board in February 2022, as such no consultation has taken place. However, consultation with the Council's treasury advisors takes place regularly throughout the year.

4.2 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 strategy recognises the borrowing necessary to fund the capital programme requirements of both General Fund and HRA. Where borrowing is supported, the revenue costs are met by the Government, whilst for unsupported borrowing revenue costs are met either by the General Fund or HRA.

5.2 The execution of the Treasury 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 9th February 2022.

5.3 The updated strategy 2022/23 is currently forecast to deliver a balanced budget. This is largely due to lower than anticipated MRP offset by marginally higher net interest costs. These net higher interest costs are as a result of increased interest rates assumed for the remainder of 2022/23 which is offset by lower forecast borrowing need.

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 year ahead. The execution of strategy and associated risks are kept under regular review through:

- Monthly reports to the Finance Performance Group
- Quarterly strategy meeting with the Chief Officer Financial Services 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" and in addition the Treasury Management Strategy is linked to the corporate risk on 'Financial Forecasting'.

6.3 Review of Strategy 2021/22

6.3.1 The current borrowing forecasts are shown in Table 1

Table 1

ANALYSIS OF BORROWING 2022/23		2022/23 Feb 22 Report £m	2022/23 This Report £m
Net Borrowing at 1 April		2,366	**2,165**
New Borrowing for the Capital Programme – Non HRA		178	**152**
New Borrowing for the Capital Programme – HRA		46	**43**
Debt redemption costs charged to Revenue (Incl HRA)		(63)	**(61)**
Reduced/(Increased) level of Revenue Balances		68	**138**
Net Borrowing at 31 March*		2,595	**2,437**
Capital Financing Requirement			**2,829**
* Comprised as follows			
Long term borrowing	Fixed	2,209	**2,259**
	Variable (less than 1 Year)	45	**20**
	New Borrowing	229	**182**
Short term Borrowing (Previous years)		152	**16**
Total External Borrowing		2,635	**2,477**
Less Investments		40	**40**
Net External Borrowing		2,595	**2,437**
% borrowing funded by short term and variable rate loans		16%	**9%**

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 above shows that net external borrowing is now forecast at the end of 2022/23 to be £2,437m, £158m lower than in the report to Executive Board on 9th February 2022. The outturn position at 31st March 2021 was £201m lower than forecast, however this was due to 2 factors. Slippage in new borrowing for the capital programme into the 2022/23 financial year of £31m and increased revenue balances of £170m. Cumulatively the lower forecast for net borrowing at 31st March 2023 of £158m is due to lower MRP (£2m) together with lower capital programme borrowing requirement (£60m) and balance sheet movements (£100m). 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 particularly with events in late September, the mini budget and the Bank of England (BOE) intervention in the gilt markets to restore orderly markets.

6.3.4 The UK's unemployment rate has fallen to 3.5% its lowest level since 1974. Economists had predicted that the unemployment rate would remain steady at 3.6% in the 3 months to August, the rate it hit during the previous quarter. The figures add to worries surrounding labour shortages as a tight labour market prevents many businesses being able to expand. The number of job vacancies fell again - the estimated number of vacancies in the 3 months to September fell by 46,000 to 1,246,000, which is the largest fall since mid-2020 during the pandemic, but still close to record highs. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. Furthermore, the Office for National Statistics (ONS) reported that average earnings growth, excluding bonuses rose to 5.4%, but was well below the 9.9% inflation, highlighting the squeeze on living standard in the UK.

6.3.5 The Office for National Statistics (ONS) reported on 12th October that the UK's Gross Domestic Product (GDP) unexpectedly contracted by 0.3% in August, after growth of 0.1% in July 2022 and the 0% expected by analysts. The latest data indicates the economy is on track to contract in Q3, with the ONS confirming there would need to be growth of more than 1% in September to prevent a quarterly decline.

6.3.6 CPI inflation eased from 10.1% in July to 9.9% in August and returned to 10.1% in September although it is anticipated that inflation has not yet peaked. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. With the oil price falling below $90pb, we would expect to see fuel prices fall further in the coming months however following the recent OPEC+ announcement of production cuts, Brent crude has risen back to approximately $95pb as at 12th October 2022. Further, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation. Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.

6.3.7 The Monetary Policy Committee (MPC) have increased Base rate steadily during 2022 from 0.25% in January to the current level of 2.25% with more increases expected with the current forecast of a peak of 5% from the Councils advisors. However other market commentators are forecasting base rate to peak higher than this. The pound fell to a record low of $1.035 in late September following the new chancellors “mini Budget”, it has since recovered to around $1.11. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November which was brought forward to an expected release date in October and has subsequently been pushed back to late November again. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.

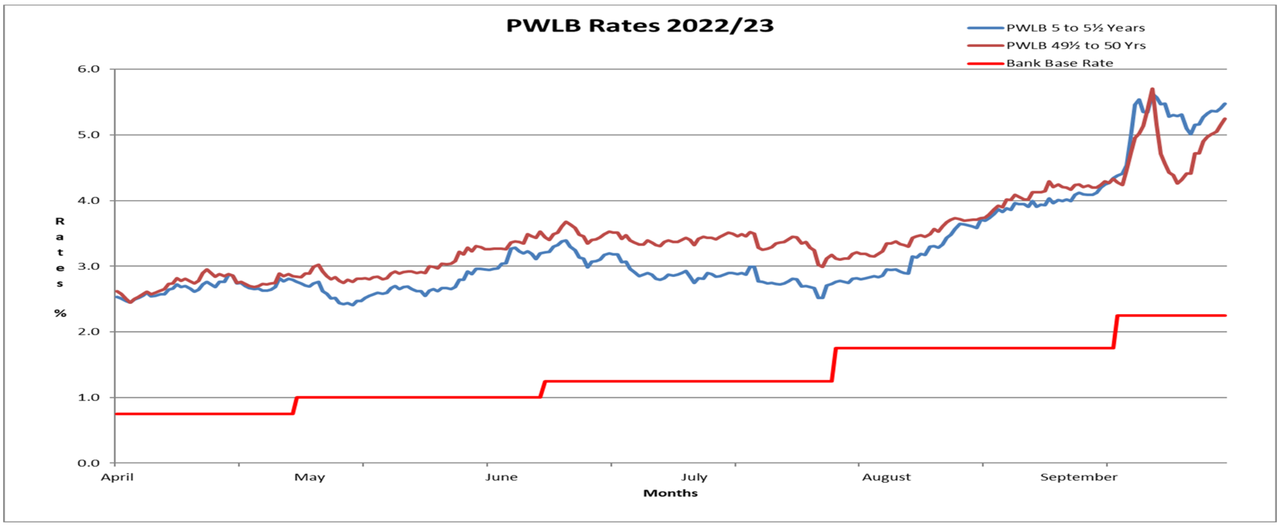
6.3.8 Outside the UK the US has increased its policy rates by 3% and the ECB has also begun to tighten monetary policy as have all major world central banks apart from Japan. Lastly the war in Ukraine remains a major disruption event to the global economy with impact not just on Oil but on the global supply of other commodities. The world economy appears to be heading towards a significant slowdown and continues the trend seen in 2021.

6.3.9 During 2022/23, £20m of PWLB borrowing has been taken as detailed below in Table 4 below (paragraph 6.3.14). The markets continue to be monitored for further opportunities to secure long term borrowing. However, it should be noted that due to current balance sheet strength and the relatively low interest rates available on investments this would result in a net cost of carry in the short term as Long term borrowing rates are in excess of what can be obtained for short term investments.

6.3.10 The Council has however taken advantage of 0% long term funding in 2022/23 for energy efficient capital investments and £3.420m of SALIX finance is anticipated to be drawn down during 2022/23. The Council will continue to seek longer term funding opportunities both from the PWLB as well as from other sources.

6.3.11 The general trend in interest paid on debt is an increase in rates from short term and long term and this steady increase in rates is proving exceptionally 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 has sharply spiked up this year from around the 2.5% mark to approximately 5.25%. Medium term rates as shown by 5-year PWLB have likewise increased from approximately 2.5% to around 5.50%. It should be noted that these are not the peak in these rates seen this year which is more volatile that has been seen for many years. Please note the Council is entitled to a reduction of 20bp on all PWLB rates, including those listed above, reflecting eligibility for PWLB certainty rates.

Chart 1



6.3.12 Market expectations of Bank Rate movements in the UK are increasing due to domestic and international inflation concerns. The Council's advisors are now forecasting further rate rises in quarters 3 and 4 of 2022/23. As a result of these expectations the assumed borrowing rates within the treasury budget have been increased however these increases have been contained within the overall debt budget due to assumptions already built into the projection, slippage in the capital programme and resilience in the level of revenue balances. 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 but will be kept under review as the economic situation evolves.

Table 2

28th September 2022	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month Average	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month Average	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month Average	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

Table 3

Budget Rate Assumptions	2022/23	2023/24	2024/25	2025/26	2026/27
Exec Board Feb 22	2.25	2.50	2.75	n/a	n/a
Now	4.50	4.00	3.50	3.00	3.00

6.3.13 Due to the significant and substantial increase in rates experienced this year and the forecast for rates and assumptions in the budget the borrowing strategy is now being revised. It is now clear that taking further long term borrowing at current rates may lock in higher than necessary interest costs in the future therefore manging the Council's borrowing need through its balance sheet strength and from short term borrowing activity will be employed. This strategy is also supported by the Council's Treasury advisors in light of its forecast for rates shown in Table 2 above. This will of course be subject to constant review to lock in 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 on its books at 31/03/2022 and this places the Council in a good position to manage the current volatile interest rate environment.

6.3.14 Table 4 below details the long-term funding activity undertaken during 2022/23 which includes a SALIX finance facility of £3.42m which is being drawn in tranches during the year.

Table 4

Repayments and Funding 2022/23							
Repayments				New / Replacement Borrowing			
Date	Amount (£m)	Original Rate (%)	Discount Rate	Date	Amount (£m)	Term (Years)	Interest Rate (%)
PWLB				PWLB			
11/05/2022	10.000	2.95%	n/a	09/08/2022	20.000	48 years	2.79%
17/05/2022	8.812	3.26%	n/a				
21/05/2022	10.000	2.90%	n/a				
04/03/2023	8.812	3.74%	* n/a				
Sub Total	**37.624**				**20.000**		
Market Loans				Market Loans			
01/04/2022	0.315	0.00%		Salix **	1.709	8 year	0.00%
01/09/2022	0.024	0.00%		Salix **	1.709	8 year	0.00%
03/10/2022	0.315	0.00%					
03/10/2022	0.618	0.00%					
01/03/2023	0.024	0.00% *					
Sub Total	**1.296**				**3.418**		
Total	**38.92**			**Total**	**23.418**		

* know n maturities that are yet to occur

** Facility Committed not Draw ndow n at this time

6.3.15 The Council's current long-term debt of £2.285bn has an average maturity of just over 35 years if all debts run to maturity. Approximately 10% of the Council's long-term debt has lender options for repayment, in the event that all these options were exercised at the next option date then the average maturity of long-term debt would be lowered to approximately 31 years. This compares favourably for example with the average maturity of the UK Government debt portfolio of nearly 15 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 77% or £1,805m matures in periods greater than 10 years.

6.3.16 The management of the debt budget is forecast to deliver a balanced position in 2022/23. This is largely due to lower than anticipated MRP offset by marginally higher net interest costs. These net higher interest costs are as a result of increased interest rates assumed for the remainder of 2022/23 which is offset by lower forecast borrowing need.

6.4 Investment Strategy & Limits

6.4.1 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.

6.4.2 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.

6.4.3 In July this policy was breached when an investment of £15m was placed with a large international bank for a period of 3 months. The rating at the time mandated a maximum sum of £5m for a maximum of 100 days although this limit was increased the following week and has remained at £15m / 6 months since the deal was struck. This breach was reported to senior management as soon as it was realised and repayment without incident was made by the Counterparty at the end of the term.

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 operation of the Treasury Management function is governed by provisions set out under part 1 of the Local Government Act 2003 whereby the Council is required to have regard to the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities as amended 2021 in particular:

- The Prudential Code requires that full Council set certain limits on the level and type of borrowing before the start of the financial year together with a number of prudential indicators.
- Any in year revision of these limits must be set by Council.
- Policy statements are prepared for approval by the Council at least three times a year.

7.3 CIPFA published revised codes of practice for the Prudential code for Capital Finance in Local Authorities and the Treasury Management in the Public Services Code of Practice and associated guidance notes in December 2021.

7.4 These codes are to be fully implemented for the financial year 2023/24 and work towards full adoption is ongoing however the Prudential Indicators provided at Appendix A have been revised in light of the new codes and are therefore shown in accordance with the new code.

7.5 The Prudential Indicators have been updated in light of the 2021 code revision and are now provided in compliance with the code. Changes to the Prudential indicators are detailed below.

PI	Name	Change
1	Estimate of Capital Expenditure	No Change
2	Capital Financing Requirement	No Change
3	Capital Financing Requirement	No Change
4	Operational Boundary	No Change
5	Authorised Limit	No Change
6	Actual External Debt (year-end Forecast)	No Change
7	Gross Debt and the CFR	No Change
8	Estimate of Financing Cost to Net revenue Stream – External Borrowing General Fund	Not required by Code but provided to show true external borrowing impact. External Investment income now excluded from calculation of financing cost
9	Estimate of Financing Cost to Net revenue Stream – General Fund including Other Long-Term Liabilities Including	External Investment income now excluded from calculation of financing cost
10	Estimate of Financing Cost to Net revenue Stream - External Borrowing Housing Revenue Account	Not required by Code but provided to show true external borrowing impact. External Investment income now excluded from calculation of financing cost
11	Estimate of Financing Cost to Net revenue Stream – Housing Revenue Account including Other Long-Term Liabilities Including	External Investment income now excluded from calculation of financing cost
12	Limit on non-Treasury Investments	New Indicator
13	Estimate of Net Income from Investments for Commercial and Service Purposes	New Indicator - full metrics are not available at this time
14	Net Income from Investments for Commercial and Service Purposes as a Proportion of usable Reserves	New Indicator suggested but not required – again full metrics are not available at this time
15	Liability Benchmark for Borrowing	New Indicator
16	Maturity Structure of Borrowing	Indicator now relates to all borrowing and is not longer limited to fixed long-term maturity debt. This will require the limits to be reset when establishing the limits for 2023/24 due to impact of the inclusion of short term and variable rate debt
17	Upper limit for long term Treasury Investments to mature in following years	No Change
The Following indicators have been retired		
	Upper limit for fixed interest rate exposure	Previously PI14
	Upper Limit for variable interest rate exposure	Previously PI15
	Net debt as a Percentage of Gross debt	Previously PI18

Options, timescales and measuring success

What other options were considered?

8.1 This report provides an update to the 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 revised CIPFA guidance notes issued in 2018. All borrowing and investments undertaken have been compliant with the governance framework except for the one issue identified in 6.4.3. 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. The latest benchmarking exercise was undertaken in January 2021 as at the balance sheet date of 31/03/2020 for a comparison of external debt in relation to fixed assets for the core cities and significant variations in the resultant metrics were noted.

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 2022/23 to 2024/25
2. Appendix B Liability Benchmark - Debt
3. Appendix C Prudential Code Monitoring 2022/23 - Debt

Background papers

None

Appendix A - Prudential Indicators's

	Notes		Year+1	Year+2	Year+3
DM10e			2022.23	2023.24	2024.25
PRUDENTIAL CODE INDICATORS					
CAPITAL EXPENDITURE					
1 Estimate of Capital Expenditure	a				
General Fund		£k	336,316	332,666	166,926
Housing Revenue Account		£k	169,909	151,597	151,571
Total		£k	506,225	484,263	318,497
2 Capital Financing Requirement	b				
Borrowing - General Fund		£k	2,067,953	2,166,552	2,192,224
Borrowing - Housing Revenue Account		£k	761,540	798,665	835,775
Sub Total Borrowing		£k	2,829,493	2,965,217	3,027,999
3 Other Long Term Liabilities - GF		£k	411,381	386,110	359,397
Other Long Term Liabilities - HRA		£k	107,623	99,376	90,579
Sub Total Other Long Term Liabilities		£k	519,004	485,486	449,976
Total Capital Financing Requirement		£k	3,348,497	3,450,703	3,477,975
EXTERNAL DEBT					
4 Operational Boundary	c				
External Borrowing		£k	2,850,000	2,850,000	2,950,000
Other Long Term Liabilities		£k	650,000	650,000	650,000
Total			3,500,000	3,500,000	3,600,000
5 Authorised Limit	c				
External Borrowing		£k	3,150,000	3,200,000	3,200,000
Other Long Term Liabilities		£k	630,000	600,000	570,000
Total		£k	3,780,000	3,800,000	3,770,000
6 Actual External Debt (year end Forecast)	d				
PWLB		£k	1,805,172	1,763,737	1,738,737
Market (Inc LOBO)		£k	474,320	472,085	469,529
Short term (Actual)		£k	0	0	0
Short term (Forecast)		£k	197,500	422,171	557,726
Total Gross External Debt		£k	2,476,992	2,657,993	2,765,992
Other Long Term Liabilities		£k	519,004	485,486	449,976
Total Including OLTL		£k	2,995,996	3,143,479	3,215,968
7 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				
8 External Borrowing Only - General Fund					
Financing Cost		£k	115,234	121,839	126,050
Net Revenue Stream		£k	521,900	560,900	597,000
Ratio		%	22.08%	21.72%	21.11%
9 Including Other Long Term Liabilities - GF	f				
Financing Cost		£k	163,653	170,071	174,005
Net Revenue Stream		£k	521,900	560,900	597,000
Ratio		%	31.36%	30.32%	29.15%
10 External Borrowing Only - Housing Revenue Account	f				
Financing Cost		£k	27,907	30,311	30,756
Net Revenue Stream		£k	16,527	16,390	16,221
Ratio		%	11.06%	11.53%	11.27%
11 Including Other Long Term Liabilities - HRA	f				
Financing Cost		£k	44,434	46,701	46,977
Net Revenue Stream		£k	16,527	16,527	16,527
Ratio		%	17.60%	17.76%	17.21%

	INVESTMENTS						
12	Limit on non-Treasury Investments	g			0	0	0
13	Estimate of Net Income from Investments for Commercial and Service Purposes	g			(Figures are not available at this time)		
	Income		£k		0	0	0
	Ratio of Income from Commerical and Service Puposes to Net revenue Stream		%		0.00%	0.00%	0.00%
14	Net Income from Investments for Commercial and Service Purposes as a Proportion of usable Reserves	g			(Figures are not available at this time)		
	Useable Reserves		£k		0	0	0
	Ratio of Income from Commerical and Service Puposes to Usable reserves		%		0.00%	0.00%	0.00%

TREASURY MANAGEMENT CODE INDICATORS

15	Liability Benchmark for Borrowing	See attached
15a	Liability Benchmark for Investments	Not Applicable

					Projected	
16	Maturity Structure of Borrowing	h	Lower	Upper	31/03/2023	%
	under 12 mths		**0%**	**15%**	336,171	14%
	12 mths and within 24 mths		**0%**	**20%**	52,556	2%
	24 mths and within 5 years		**0%**	**35%**	157,061	6%
	5 years and within 10 years		**0%**	**40%**	142,783	6%
	10 years and within 20 years				95,000	
	20 years and within 30 years				174,123	
	30 years and within 40 years		**25%**	**90%**	679,302	72%
	40 years and within 50 years				715,000	
	50 years and above				125,000	
					2,476,996	100%

17	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 Budget 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

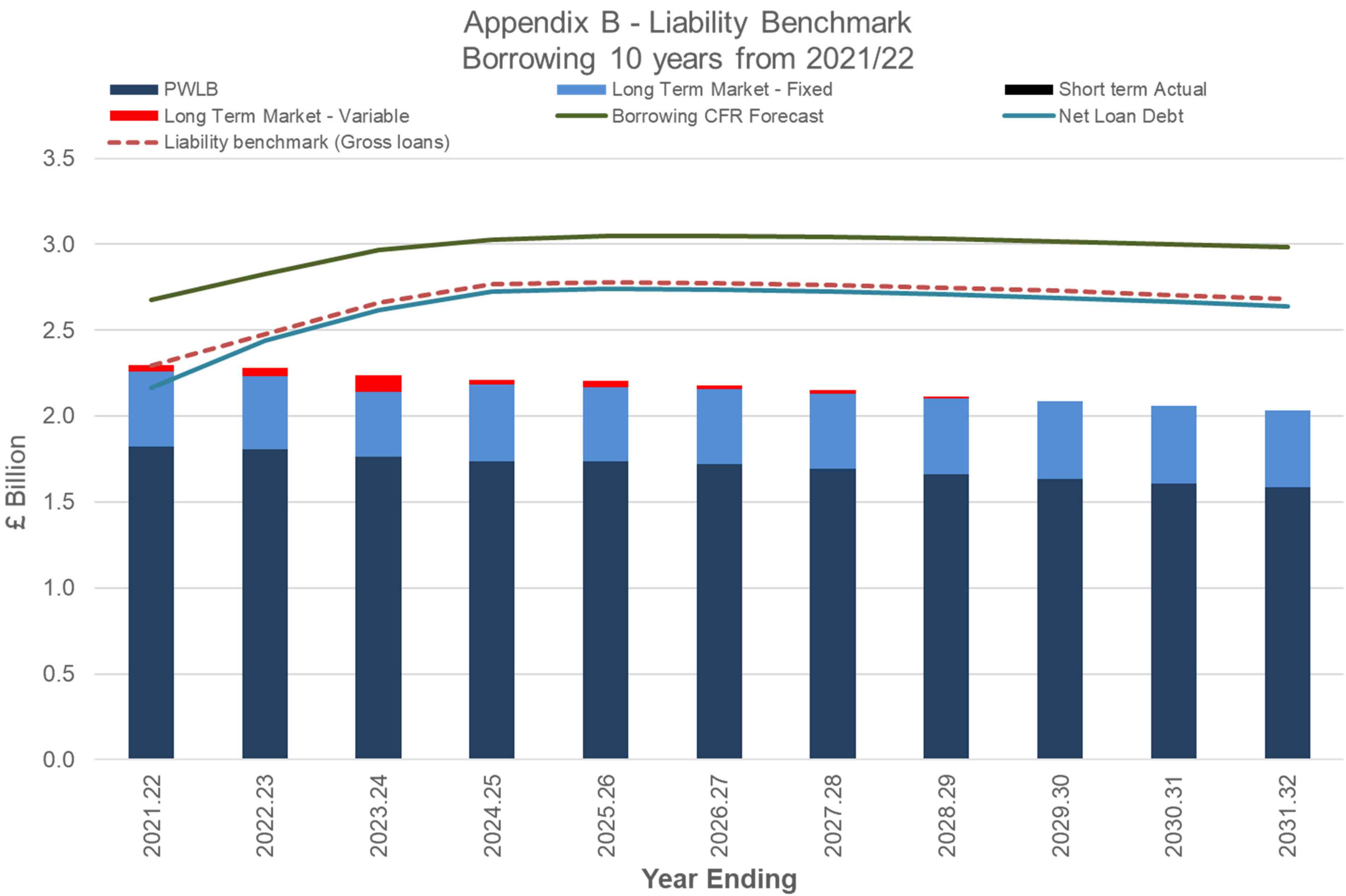
e In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that total gross debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing 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 increase in the capital financing requirement, which is used for comparison with gross external debt. This is a key indicator of prudence. (This is shown as "OK" or "Breach" depending on the result of the above comparison)

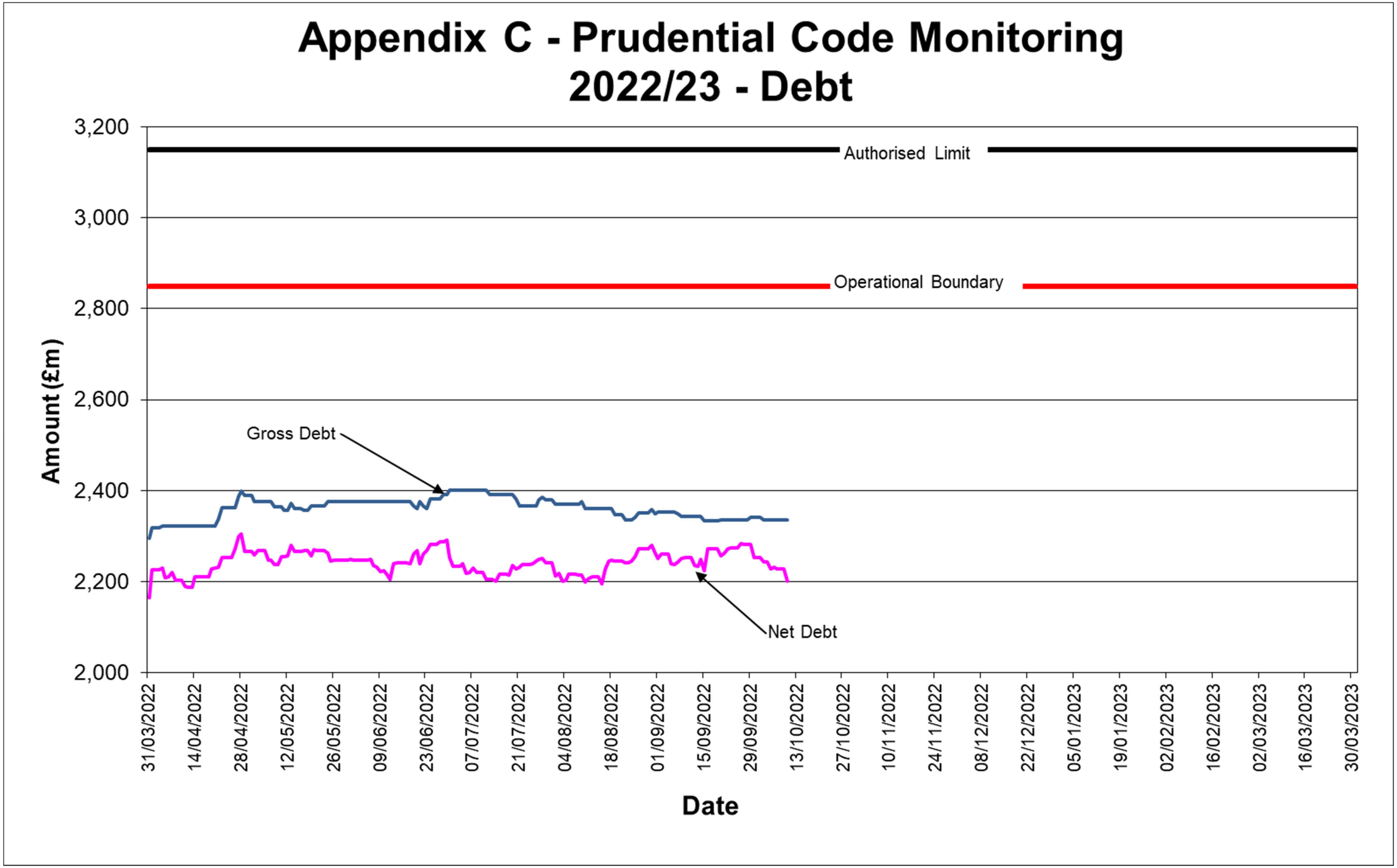
f Code only requires full comparison of debt costs including OLTL to Net revenue Streams however the Council have always reported the external borrowing metrics which are more informative.

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 2021/22
PWLB
Long Term Market - Fixed
Short term Actual
Long Term Market - Variable
Borrowing CFR Forecast
Net Loan Debt
Liability benchmark (Gross loans)
£ Billion
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
2021.22
2022.23
2023.24
2024.25
2025.26
2026.27
2027.28
2028.29
2029.30
2030.31
2031.32
Year Ending


Appendix C - Prudential Code Monitoring
2022/23 - Debt
Authorised Limit
Operational Boundary
Gross Debt
Net Debt
Amount (£m)
3,200
3,000
2,800
2,600
2,400
2,200
2,000
Date
31/03/2022
14/04/2022
28/04/2022
12/05/2022
26/05/2022
09/06/2022
23/06/2022
07/07/2022
21/07/2022
04/08/2022
18/08/2022
01/09/2022
15/09/2022
29/09/2022
13/10/2022
27/10/2022
10/11/2022
24/11/2022
08/12/2022
22/12/2022
05/01/2023
19/01/2023
02/02/2023
16/02/2023
02/03/2023
16/03/2023
30/03/2023