Agenda Item No: 5

CITY OF WOLVERHAMPTON COUNCIL	**Cabinet (Resources) Panel** 23 March 2022

Report title	Treasury Management Activity Monitoring Quarter Three 2021-2022	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Ian Brookfield Leader of the Council	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee	Claire Nye Tel Email	Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Our Council Scrutiny Panel	9 March 2022 TBC

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. That the Council is continuing to operate within the Prudential and Treasury Management Indicators approved by Council, and also within the requirements set out in the Council's approved Treasury Management Strategy for 2021-2022.

2. That revenue underspends of £904,000 for the General Revenue Account and £720,000 for the Housing Revenue Account (HRA) are forecast from treasury management activities in 2021-2022, arising as a result of re-phasing of the capital programme and due to no borrowing being undertaken in 2020-2021 or so far in 2021-2022.

3. That mainly due to additional income being received than forecast over the Christmas period, the Council temporarily exceeded the limit of £10.0 million to be held in the Council's bank account by £487,000 from 31 December 2021 until rectified on 4 January 2022.

4. That there has been no change to the UK’s credit rating and therefore the Director of Finance has not been required to use the delegated authority approved by Council on 17 July 2020 to amend the Annual Investment Strategy.

1.0 Purpose

1.1 This report provides a monitoring and progress report on treasury management activity for the third quarter of 2021-2022 and highlights the revised Prudential Indicators which were approved by Council on 2 March 2022.

2.0 Background

2.1 The treasury management activities of the Council are underpinned by The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. For further information on the requirements of the Code please refer to the Treasury Management Strategy 2021-2022 report which can be accessed online on the Council's website here.

2.2 Treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, including 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."

2.3 The system of controls on local authority capital investment is based largely on self-regulation by local authorities themselves. At its heart is CIPFA's Prudential Code for Capital Finance.

2.4 Cabinet / Cabinet (Resources) Panel receives quarterly reports throughout the year to monitor performance against the strategy and Prudential Indicators that have previously been approved by Council.

2.5 The Council continues to use Link Group as its treasury management advisors throughout 2021-2022. Link provides market data and intelligence on which the Council can make decisions regarding all aspects of treasury management activities and in particular, managing the risks associated with investing surplus cash.

2.6 As reported to Councillors in previous treasury management reports during 2021, CIPFA has been undertaking consultations on proposed changes to the Treasury Management Code and the Prudential Code. In December 2021 the revised Codes were published with the detailed guidance notes being released in late January 2022. The Council must have regard to the new codes from the date of publication, however additional reporting requirements are recommended. It is important to note that the Council compiles with the principles of the codes, however due to the timing of the release of the new Codes, CIPFA has allowed reporting on the codes to be deferred until 2023-2024, including changes to the capital strategy, prudential indicators and investment reporting.

2.7 The Treasury Management Code introduces strengthened requirements for skills and training, and for investments that are not specifically for treasury management purposes. With regards the Prudential Code, there are two new required indicators; net income from commercial and service investments to net revenue stream and a new debt liability benchmark treasury indicator. Quarterly reporting of approved indicators will continue and will now incorporate the non-treasury management investment indicators required by the statutory guidance on local government investments.

2.8 The Prudential Code provides details of what is classed as legitimate examples of borrowing and what is classed as not prudent. Definitions are also provided for investments for treasury management, commercial and service purposes and the additional capital strategy requirements of these categories.

2.9 Where possible the changes to the Codes have been implemented in the appendices attached to this report. However, due to timescales, some areas will be implemented during 2022-2023. Therefore, at its meeting on 2 March 2022, Council approved delegated authority to Cabinet to approve updates to the Treasury Management Strategy and corresponding practices.

2.10 It should be noted that the Council does not undertake commercial investments, that is those held primarily for financial return. However, to be compliant with the Code, commercial investments will be referenced where required.

2.11 The Council Plan 2019-2024 was approved by Full Council on 4 April 2019 and covers a five-year period. Since the launch of the plan the world we live and work in has changed significantly. To ensure that the Council’s resources continue to be aligned to the needs and priorities of local people the plan has been refreshed. Our City: Our Plan sets out how the Council will continue to work alongside its local, regional and national partners to improve outcomes for local people.

2.12 Our City: Our Plan incorporates key policy areas into refreshed narrative and updated structure which has a focus on delivery and performance. The plan also aligns the key priorities and objectives identified by the Relighting Our City Recovery framework. The refreshed plan was approved by Full Council on 2 March 2022.

2.13 The plan continues to identify an overarching ambition that ‘Wulfrunians will live longer, healthier lives’ delivered through six Council Plan priorities:

- Strong families where children grow up well and achieve their full potential
- Fulfilled lives with quality care for those that need it
- Healthy, inclusive communities
- Good homes in well-connected neighbourhoods
- More local people into good jobs and training
- Thriving economy in all parts of the city

2.14 These priorities together with the associated key outcomes, objectives and activity form a framework to improve outcomes for local people and deliver our levelling up ambitions. Supporting the six overarching priorities are three cross cutting principles – Climate Conscious, Driven by Digital, Fair and Equal.

3.0 2021-2022

3.1 The forecast outturn for treasury management activities in 2021-2022 compared to budget is shown in Table 1.

Table 1 – Treasury management budget and forecast outturn 2021-2022

	Approved Budget £000	Forecast Outturn £000	Variance at Quarter three £000
General Revenue Account	37,555	36,651	(904)
Housing Revenue Account	10,823	10,103	(720)
Total	**48,378**	**46,754**	**(1,624)**

3.2 Overall, underspends of £904,000 for the General Revenue Account and £720,000 for the HRA are projected for the year 2021-2022.

3.3 In the main, the General Revenue Account underspend is due to a reduced borrowing need in year arising as a result of re-phasing of the capital programme and due to no borrowing being undertaken in 2020-2021 or so far in 2021-2022.

3.4 Due to the uncertain economic climate, it is likely that the outturn forecast will be subject to change during the financial year.

3.5 The forecast underspend will be considered more fully and in context of the whole General Revenue Account budget in the ‘Performance and Budget Monitoring 2021-2022’ report also on the agenda for this meeting.

3.6 The Council’s strategy is to continue to use cash balances to finance capital expenditure rather than external borrowing. Borrowings are actively managed to achieve savings wherever possible.

3.7 Appendix 1 to this report shows the revised Prudential and Treasury Management Indicators over the medium term period. These indicators are the same figures as those seen by Cabinet on 23 February 2022 and approved by Council on 2 March 2022.

4.0 Borrowing forecast for 2021-2022

4.1 The Council’s need to borrow and the rates available continue to be monitored in order to achieve optimum results. The Council’s medium term forecast is regularly updated to reflect actual borrowing that takes place along with any revisions to future anticipated borrowing.

4.2 Table 2 shows the average rate of interest payable in 2020-2021 and forecast for 2021-2022.

Table 2 – Average interest rate payable in 2020-2021 and 2021-2022

	2020-2021 Actual	2021-2022 Forecast
Average Interest Rate Payable	3.76%	3.79%

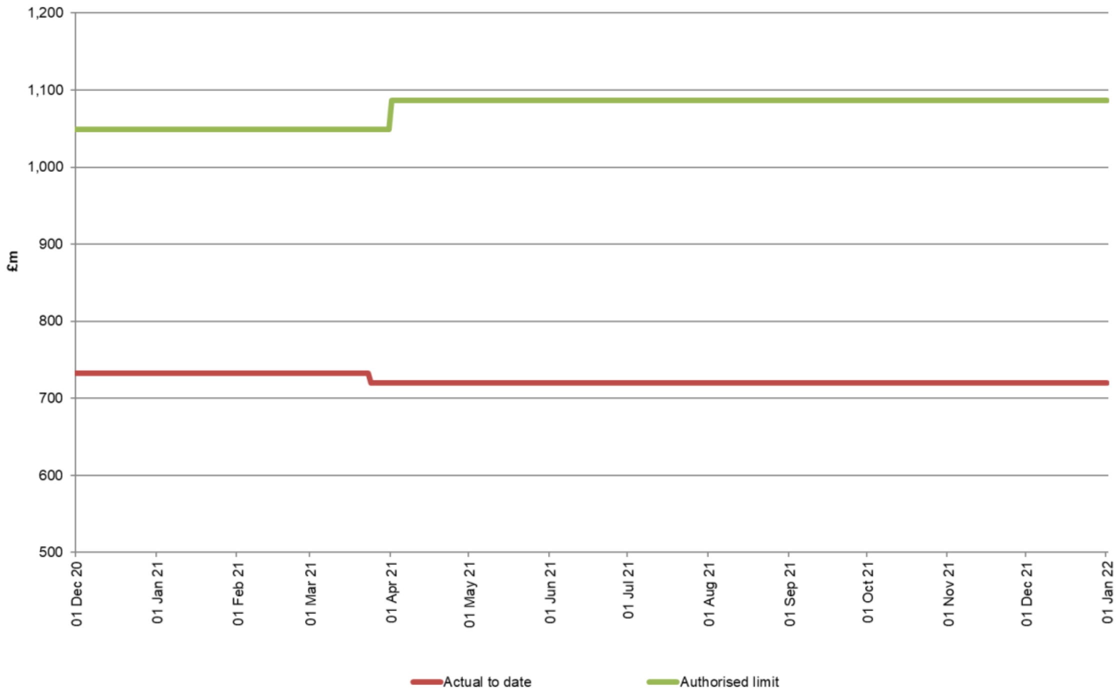
4.3 Each year it is necessary to raise new loans to finance capital expenditure and to replace existing maturing borrowing. The Council's policy is to prioritise the use of capital receipts to finance capital expenditure. Balances which are set aside to meet credit liabilities (i.e. to repay borrowing) are used to reduce the external borrowing requirement.

4.4 Decisions to take borrowing will be made by the Director of Finance when it is judged that rates are likely to be at their lowest levels, and probably about to rise according to market indications, and only when an inflow of funds is required to meet imminent cash flow commitments. This will keep overall surplus cash balances to a minimum, in line with the current strategy. Appendix 2 to this report shows the maturity profile of external borrowing.

4.5 As always, the Council needs to be mindful that the opportunity to secure short term efficiencies by postponing longer term borrowing requirements takes into account the risk of long term rates increasing in the future. Appendix 3 to this report includes the Link interest rate forecasts for quarter three 2021-2022 which forecasts that interest rates across all periods could increase in March, May and November 2022. The Director of Finance will continue to keep actual and forecast rates under close review.

4.6 The Council's borrowing profile continues to operate within the overall limits previously approved by Council, as shown in Chart 1.

Chart 1 – Comparison of borrowing within approved borrowing limits over the previous 12 months



4.7 The level of borrowing at 31 December 2021 is £720.4 million, appendix 4 to the report shows a summary of this position. During quarter three no new loans or repayments have occurred, and no existing borrowing is due to be repaid in quarter four.

4.8 In March 2021, Council approved a net borrowing requirement for 2021-2022 of £143.8 million. The forecast net borrowing requirement for 2021-2022 is £50.4 million, as shown in appendix 5, due to re-phasing in the capital programme. This appendix also shows the details for the disclosure for certainty rate, which enables the Council to access discounted borrowing at 0.20% below normal PWLB rates.

5.0 Investment forecast for 2021-2022

5.1 The approach during the year is to continue to use cash balances to finance capital expenditure so as to keep cash balances low.

5.2 Table 3 shows the total amount of surplus funds invested as at 30 September 2021 and 31 December 2021.

Table 3 – Total amounts invested 2021-2022

	30 September 2021 £000	31 December 2021 £000
Business Reserve Accounts	767	10,487
Debt Management Account Deposit Facility	-	6,740
Money Market Funds	59,775	57,495
Total invested	**60,542**	**74,722**
Average cash balance for the year to date	45,044	54,897

5.3 Money Market Funds and Busines Reserve Accounts are the main investments used as these have high credit ratings and instant access.

5.4 The Council's cash flow balance for the third quarter of the current financial year has moved between a low of £64.3 million and a maximum of £83.9 million. The average cash balance for the quarter being £74.3 million.

5.5 It should be noted that, mainly due to additional income being received than forecast over the Christmas period, the Council temporarily exceeded the limit of £10.0 million to be held in the Council's bank account by £487,000 from 31 December 2021 until rectified on 4 January 2022.

5.6 Table 4 shows the budgeted average rate of interest receivable in 2021-2022 and the forecast for the year.

Table 4 – Average interest rate receivable in 2021-2022

	2021-2022 Budget	2021-2022 Forecast
Average Interest Rate Receivable	0.05%	0.01%

5.7 At the time the budget was set a prudent percentage was used for budgeting purposes, the Covid-19 pandemic has seen interest rates available for investments decrease significantly. With the current uncertainties it is increasingly difficult to forecast future investment rates that could be achieved, in order to be prudent, a lower rate is forecast based on the rates achieved to the 31 December 2021. The impact of this reduction will be monitored throughout the year; however, this loss of income will be offset against savings generated by avoiding the cost of borrowing, due to re-phasing in the capital programme.

5.8 As reported in previous monitoring reports to date, Fitch and Moody's (two of the three credit rating agencies) had downgraded the UK's sovereign rating from AA to AA-, or equivalent, due to the unprecedented impact of the Covid-19 pandemic on the economy.

The Council's Annual Investment Strategy sets the minimum sovereign rating of AA with regard to the Council's investment lending list. As the other credit rating agency (Standard & Poors) had kept their UK sovereign rating equivalent to AA the Annual Investment Strategy did not require amendment. If they did also downgrade the UK's sovereign rating, the Council's bank account provider, National Westminster Bank plc, would no longer have met the current approved minimum sovereign rating. Therefore, to ensure that National Westminster Bank plc remained on the lending list, in the event that the UK sovereign rating was downgraded by Moody's and Standard & Poors, delegation was sought to enable the minimum sovereign rating to be lowered by the Director of Finance in a timely manner. This delegation hasn't been utilised to the date of this report, however, if Standard & Poors were to downgrade the rating, the Director of Finance will be required to use the delegated authority to lower the minimum sovereign rating in the Annual Investment Strategy.

5.9 While investment rates continue to be below long term borrowing rates, the Council can minimise its overall net treasury costs in the short term by continuing to avoid new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external borrowing (this is referred to as internal borrowing).

5.10 The Council manages its investments in-house and invests only in the institutions listed in the Council's approved lending list, which is reviewed each time a counterparty is subject to a credit rating amendment. The Council's strategy allows for investments for a range of periods from overnight to five years, depending on the Council's cash flows, its interest rate view and the interest rates on offer. However, in order to maintain sufficient liquidity whilst total investment levels are relatively low, investments have been placed for shorter durations.

5.11 The approved Treasury Management Code of Practice sets out the criteria to be used for creating and managing approved counterparty lists and limits. As a result of any changes to credit criteria, the Director of Finance is authorised to make changes to the list of approved counterparties. In the event that any of these counterparties fall below the Council's minimum lending criteria, activity in that account will temporarily cease and any balance withdrawn immediately. Appendix 6 to this report shows the Council's current specified investments lending list.

5.12 In quarter three 2021-2022 the Director of Finance has not been required to use her discretion to temporarily exceed any upper limits with approved counterparties.

6.0 Evaluation of alternative options

6.1 As this is a monitoring report of treasury management activities undertaken in line with the approved Treasury Management Strategy for 2021-2022, there are no alternative options available.

7.0 Reasons for decision(s)

7.1 This report provides an update on treasury management activities undertaken in line with the approved Treasury Management Strategy for 2021-2022.

8.0 Financial implications

8.1 The financial implications are discussed in the body of this report.
[SH/08032022/W]

9.0 Legal implications

9.1 The Council's treasury management activity must be carried out in accordance with the requirements of the Local Government Act 2003. In addition, the Local Government and Housing Act 1989 sets out requirements for local authorities in respect of capital controls, borrowing and credit arrangements. The Council is also required to comply with the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

9.2 Treasury management relates to the management of the Council's cash flow, borrowing and cash investments. This involves seeking the best rates of interest for borrowing, earning interest on investments, whilst managing risk in making financial decisions and adopting proper accounting practice.

9.3 The area is heavily regulated. The Local Government and Housing Act 1989 regulates the operation of the Housing Revenue Account. The 'CIPFA Code of Practice for Treasury Management in the Public Services', contains treasury management indicators and advice on treasury management strategy. Investment strategy is regulated by 'DLUHC Guidance on Local Government Investments' issued initially in 2004 and reissued in 2010 and 2018. Part 2 of this Guidance is statutory guidance.
[TC/01022022/A]

10.0 Equalities implications

10.1 Whilst there are no direct equalities implications arising from treasury management activity, the Council's capital programme of individual projects can have significant impact on specific groups and equality implications. These implications are considered when the individual capital projects are being developed.

11.0 All other implications

11.1 Due to the Covid-19 pandemic, there has been re-phasing of the capital programme which reduces the borrowing need in year. This is to reflect new timescales for completing projects to take into account any social distancing measures which may be required or for any disruptions due to supply chains. In addition, the Council is monitoring its cash balances to see how the economic impact of Covid-19 is affecting the cash that it receives from local taxpayers. Any pressure in this area may have a negative impact on the Council's cash flow balances which may require borrowing to be undertaken sooner than planned to temporarily fund revenue costs.

11.2 As highlighted in previous monitoring reports, Covid-19 has impacted on the economy resulting in lower interest rates being available for investments. The impact on the treasury management budget of the reduced interest rates available for the Council's investments will be closely monitored.

12.0 Schedule of background papers

12.1 Treasury Management Strategy 2021-2022, Report to Cabinet, 17 February 2021

12.2 Treasury Management – Annual Report 2020-2021 and Activity Monitoring Quarter One 2021-2022, Report to Cabinet, 7 July 2021

12.3 Treasury Management Activity Monitoring – Mid Year Review 2021-2022, Report to Cabinet, 17 November 2021

12.4 Treasury Management Strategy 2022-2023, Report to Cabinet, 23 February 2022

12.5 Performance and Budget Monitoring 2021-2022, Report to Cabinet (Resources) Panel, 23 March 2022

13.0 Appendices

13.1 Appendix 1 – Prudential and Treasury Management Indicators

13.2 Appendix 2 – Borrowing maturity profile

13.3 Appendix 3 – Link interest rate forecasts

13.4 Appendix 4 – Borrowing type, borrowing and repayments

13.5 Appendix 5 – Disclosure for certainty rate

13.6 Appendix 6 – Lending list

This page is intentionally left blank

Appendix 1

Prudential Indicators (PI) required by The Prudential Code

PI for Prudence - Ensuring that external debt is sustainable and compliance with good professional practice are essential features of prudence.

PI 1 - Estimates and actual capital expenditure.
Full details of capital expenditure plans and funding can be found in the quarter three capital budget monitoring 2021-2022 report.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
General *	173,116	32,264	13,003	99,995	139,412	59,970
HRA	95,287	86,260	84,280	54,900	84,663	88,488
	268,403	118,524	97,283	154,895	224,075	148,458
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	23,057	10,000	10,000	21,030	13,057	10,000

PI 2 - Estimates and actual capital financing requirement General and HRA.
The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
General *	754,006	728,584	706,460	691,887	723,620	707,006
HRA	316,385	357,387	396,495	275,967	316,145	359,879
	1,070,391	1,085,971	1,102,955	967,854	1,039,765	1,066,885
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	23,789	15,744	14,816	42,350	45,165	40,730
Movement in capital financing requirement represented by:						
New borrowing for capital expenditure	145,604	60,572	60,336	58,536	109,302	68,029
Less minimum revenue provision/voluntary minimum revenue provision	(34,474)	(44,992)	(43,352)	(32,765)	(37,391)	(40,909)
Movement in capital financing requirement	111,130	15,580	16,984	25,771	71,911	27,120

PI 3 - Authorised limit for external debt.
These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI). This is a self determined level reviewed and set each budget setting cycle.

	Approved by Council 2 March 2022		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,086,578	1,080,693	1,139,076
Other Long Term Liabilities	79,626	82,628	79,660
Total Authorised Limit	1,166,204	1,163,321	1,218,736
Forecast External Debt as at 31 December 2021:			
Borrowing	770,830	872,611	940,699
Other Long Term Liabilities	79,626	80,628	77,660
	850,456	953,239	1,018,359
Variance (Under) / Over Authorised limit	(315,748)	(210,082)	(200,377)
Authorised limit for service investments included in the above figures			
Authorised Limit	47,014	66,049	63,600
Forecast External Debt as at 31 December 2021:	43,120	45,935	44,500
Variance (Under) / Over Authorised limit	(3,894)	(20,114)	(19,100)

Appendix 1

Prudential Indicators (PI) required by The Prudential Code

PI 4 - Operational boundary for external debt.
This is based on the same estimates as the authorised limit but directly reflects the Director of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included. This is a self determined level reviewed and set each budget setting cycle.

	Approved by Council 2 March 2022		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,050,255	1,054,388	1,122,138
Other Long Term Liabilities	79,626	80,628	77,660
Total Operational Boundary Limit	1,129,881	1,135,016	1,199,798
Forecast External Debt as at 31 December 2021:			
Borrowing	770,830	872,611	940,699
Other Long Term Liabilities	79,626	80,628	77,660
	850,456	953,239	1,018,359
Variance (Under) / Over Operational Boundary Limit	(279,425)	(181,777)	(181,439)
Operational boundary for service investments included in the above figures			
Operational Boundary Limit	45,874	65,035	63,600
Forecast External Debt as at 31 December 2021:	43,120	45,935	44,500
Variance (Under) / Over Operational Boundary Limit	(2,754)	(19,100)	(19,100)

PI 5 - 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 local 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".

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,102,955	1,102,955	1,102,955	1,066,885	1,088,964	1,088,964
Gross Debt	1,004,740	1,044,320	1,061,304	850,456	953,239	1,018,359
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	Yes	Yes

PI for Affordability - These indicators are used to ensure the total capital investment of the Council is within a sustainable limit and the impact of these decisions are considered with regard to acceptable council tax and housing rent levels.

PI 6 - Estimates and actual ratio of financing costs to net revenue stream.
This represents the cost of financing capital expenditure as a % of net revenue for both General and HRA.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
General *	14.5%	18.6%	16.5%	17.7%	18.1%	18.6%
HRA	29.3%	29.5%	30.1%	30.4%	31.4%	31.7%
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	1.0%	1.0%	0.9%	1.1%	1.1%	1.2%

PI 7 - Estimates and actual ratio of net income from commercial and service investments to net revenue stream.
This represents the financial exposure of the Council to the loss of income from commercial and service investments. Only costs directly attributable to the investments are netted off, so unlike PI 6, the costs of borrowing (interest and MRP) cannot be deducted as they are not directly attributable to managing the investments and will contine regardless of the existence or performance of the investments. This is a new indicator required by the revised Prudential Code.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Commercial	-	-	-	-	-	-
Service	-	-	-	0.7%	0.6%	0.8%

Appendix 1

Treasury Management Indicators (TMI) required by The Treasury Management Code

TMI 1 - Upper limits for long-term treasury management investments (previously called 'upper limits to the total of principal sums invested over 365 days').
This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.5 of the Annual Investment Strategy). It has been deteremined that a maximum of 50% of total investments with a cap of £35.0 million could be prudently committed to long term investments should the Director of Finance decide it is appropriate to.

	Approved by Council 2 March 2022		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Upper limit for long-term treasury management investments	35,000	35,000	35,000
Actual and Forecast Invested at 31 December 2021	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)

TMI 2 - Upper and lower limits to the maturity structure of its borrowing.
These limits relate to the % of fixed and variable rate debt maturing.

	Approved by Council 2 March 2022		Approved by Council 2 March 2022
	Upper Limit	Lower Limit	2021-2022 Forecast Borrowing
Under 12 months	25%	0%	1.32%
12 months and within 24 months	25%	0%	0.92%
24 months and within 5 years	40%	0%	3.17%
5 years and within 10 years	50%	0%	10.23%
10 years and within 20 years	50%	0%	13.11%
20 years and within 30 years	50%	0%	23.77%
30 years and within 40 years	50%	0%	25.84%
40 years and within 50 years	50%	0%	21.64%
50 years and within 60 years	50%	0%	-

Appendix 1

Non-treasury management investment indicators

The statutory guidance on local government investments encourages local authorities to develop qualitative indicators that allow the reader to assess the Council's total risk exposure as a result of commercial investment decisions.

NTM 1 - Estimates and actual non-treasury management investment expenditure.
This identifies the level of any non-treasury management investments (e.g. service and commercial investments).

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Service investments	23,057	10,000	10,000	21,030	13,057	10,000
Commercial investments	-	-	-	-	-	-
	23,057	10,000	10,000	21,030	13,057	10,000

NTM 2 - Estimates and actual net debt for service and commercial investment to net service expenditure ratio.
This indicator measures the level of net debt for service and commercial investments in comparison to the Council's forecast net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Net debt for service and commercial investments	43,389	35,344	34,416	42,350	45,165	40,730
Net service expenditure	258,497	247,274	251,839	258,497	267,150	268,326
Debt to net service expenditure ratio	16.8%	14.3%	13.7%	16.4%	16.9%	15.2%

NTM 3 - Estimates and actual service and commercial income to net service expenditure ratio.
This indicator measures the level of service and commercial investment generated income in comparison to the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority. The % indicates the Council's financial resilience and how reliant on the service/commercial investment income it is. A low % indicates the Council is not heavily reliant on service/commercial investment income.

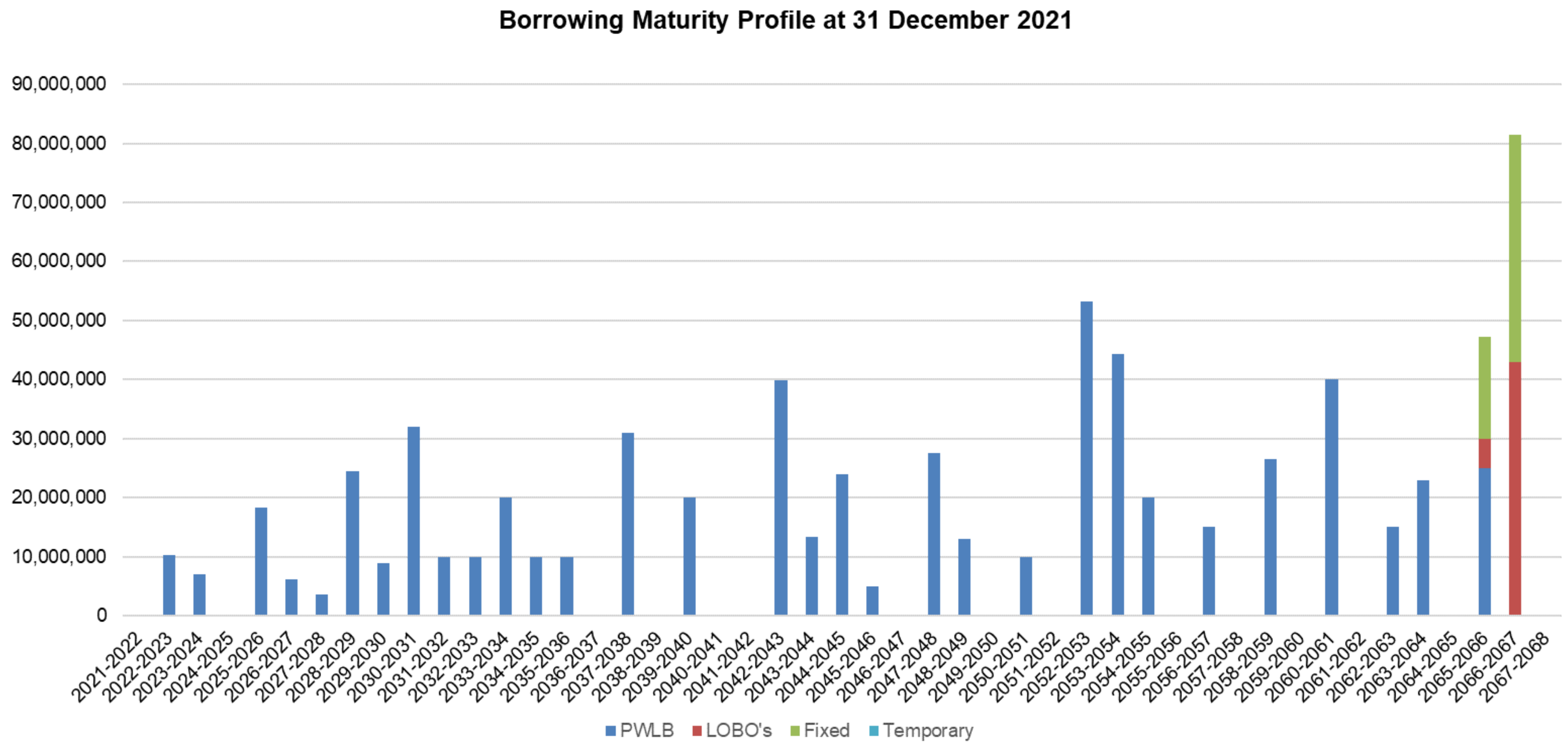
	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Service and commercial investment income	2,004	2,286	2,085	2,061	1,819	2,115
Net service expenditure	258,497	247,274	251,839	258,497	267,150	268,326
Service and commercial income to net service expenditure ratio	0.8%	0.9%	0.8%	0.8%	0.7%	0.8%

NTM 4 - Estimates and actual loan to value ratio
This indicator measures the net debt for service and commercial investments compared to the forecast total asset value. A decrease in the ratio over the medium term indicates a reducing level of borrowing due to repayments, whereas an increase indicates an increase in the level of borrowing due to new loans being issued.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Loan to value ratio	91.4%	87.4%	85.1%	72.2%	72.1%	68.3%

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

Appendix 2



This page is intentionally left blank

Appendix 3

Link interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 7 February 2022 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View 07.02.22	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month ave earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month ave earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month ave earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

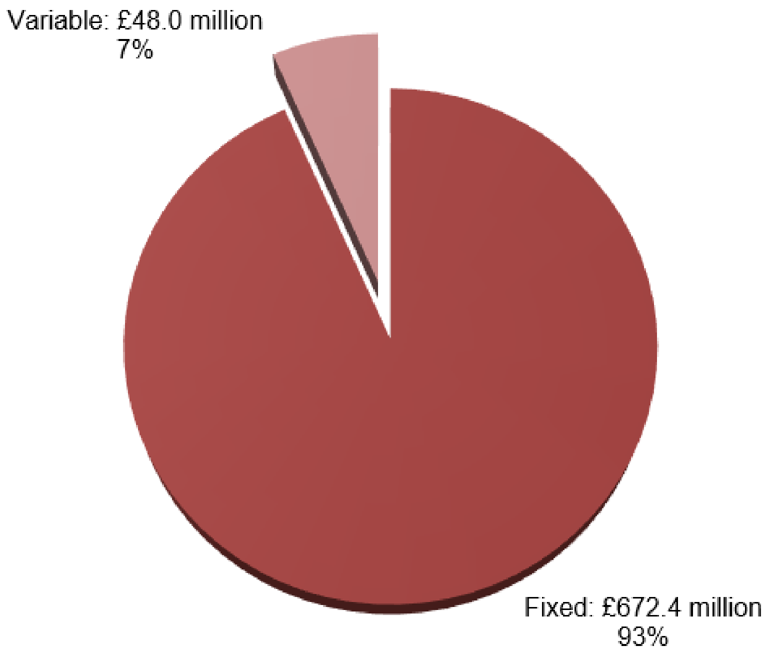
This page is intentionally left blank

Appendix 4

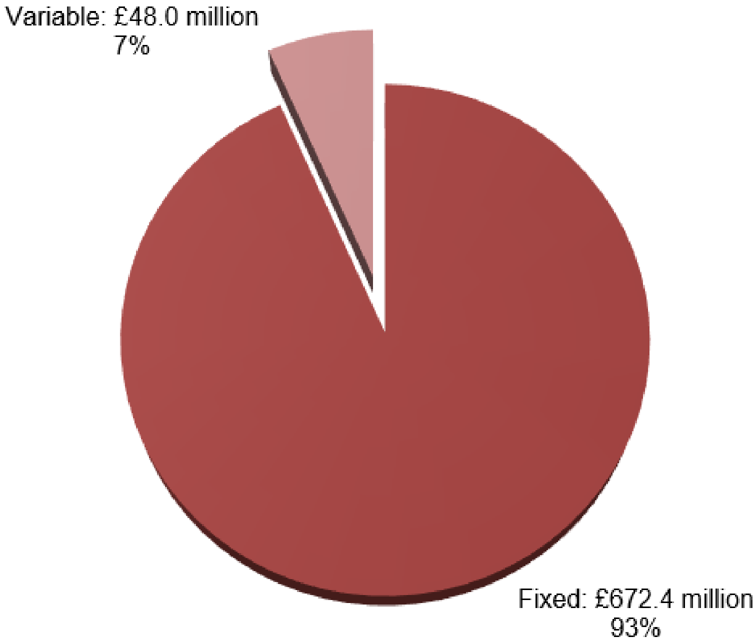
Borrowing: Graphical Summary

Borrowing by Type

As at 30 September 2021



As at 31 December 2021



Appendix 4

Borrowing and Repayments in 2021-2022

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
2021-2022 Borrowing						
PWLB Fixed Maturity:						
No activity in quarter 3						
Sub total for PWLB			-			-
Temporary Loans:						
No activity in quarter 3						
Sub total for Temporary Loans			-			-
Grand total borrowing			-			-

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
2021-2022 Repayments						
PWLB Fixed Maturity:						
No activity in quarter 3						
Sub total for PWLB			-			-
Temporary Loans						
No activity in quarter 3						
Sub total for Temporary Loans			-			-
Grand total repayments			-			-
Net movement			-			-

Appendix 5

Disclosure for Certainty Rate

Certainty Rate
This table details the information that is required to enable the Council to submit a return for 2021-2022

	Approved by Council 3 March 2021			As at 31 December 2021		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Net Borrowing Requirement:						
Borrowing to finance planned capital expenditure	145,292	57,189	60,057	58,224	105,219	67,750
Existing maturity loans to be replaced during the year	30,059	88,199	57,095	22,000	41,071	95,095
Less:						
Minimum Revenue Provision for debt repayment	(18,153)	(25,546)	(21,987)	(18,338)	(19,817)	(21,121)
Voluntary debt repayment	(13,397)	(16,365)	(18,118)	(11,503)	(14,493)	(16,541)
	(31,550)	(41,911)	(40,105)	(29,841)	(34,310)	(37,662)
Loans replaced less debt repayment	(1,491)	46,288	16,990	(7,841)	6,761	57,433
Net Advance Requirement	**143,801**	**103,477**	**77,047**	**50,383**	**111,980**	**125,183**
Analysed by:						
Service delivery	55,984	48	2,831	29,884	28,743	8,374
Housing	54,508	50,367	57,226	9,674	58,821	57,275
Regeneration	34,800	6,774	-	18,666	17,655	2,101
Preventative action	-	-	-	-	-	-
Treasury Management	(1,491)	46,288	16,990	(7,841)	6,761	57,433
Primarily for yield	-	-	-	-	-	-
Total	**143,801**	**103,477**	**77,047**	**50,383**	**111,980**	**125,183**

Appendix 6

Lending List

2021-2022 Specified Investments as at 31 December 2021

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Bank Netherlandse Gemeenten	Netherlands (AAA)	20,000	12 mths
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
HSBC Bank plc	UK (AA-)	5,000	3 mths
Landwirtschaftliche Rentenbank	Germany (AAA)	20,000	12 mths
National Bank of Abu Dhabi	Abu Dhabi (U.A.E) (AA)	5,000	3 mths
NRW.BANK	Germany (AAA)	20,000	12 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	10,000	6 mths
United Overseas Bank Ltd	Singapore (AAA)	10,000	6 mths
Nationalised Banks			
Royal Bank of Scotland Group plc			
National Westminster Bank plc	UK (AA-)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AA-)	10,000	3 mths
AAA Rated and Government Backed Securities			
Debt Management Office	UK (AA-)	20,000	30 mths
Money Market Funds	**Fund Rating**		
Invesco STIC Account	Fitch AAAmmf	20,000	Instant Access
Aberdeen Liquidity Fund (LUX) Class 2	Fitch AAAmmf	20,000	Instant Access
Federated Short-Term Sterling Prime Fund	Fitch AAAmmf	20,000	Instant Access
Black Rock Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access

Non-rated Institutions

County Councils, London Boroughs, Metropolitan Districts and Unitary Authorities - limits £6m and 12 months.
Shire District Councils, Fire and Civil Defence Authorities, Passenger Transport Authorities and Police Authorities - limits £3m and 12 months.