Agenda Item No: 5

CITY OF WOLVERHAMPTON COUNCIL	**Cabinet** 17 November 2021

Report title	Treasury Management Activity Monitoring - Mid Year Review 2021-2022	
Decision designation	RED	
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 Council Our Council Scrutiny Panel	4 November 2021 1 December 2021 19 January 2022

Recommendations for decision:

That Cabinet recommend that Council is asked to note:

1. That a mid-year review of the Treasury Management Strategy Statement has been undertaken and the Council has operated within the limits and requirements approved in March 2021, however due to the reprofiling of some capital programmes the authorised limit and operational boundary for commercial activities for 2022-2023 is forecast to be slightly in excess of the best estimate included in the Treasury Management Strategy presented to Council on 3 March 2021. This will be reviewed as part of the 2022-2023 Treasury Management Strategy.

2. That revenue underspends of £899,000 for the General Revenue Account and £706,000 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 lower interest rates forecast on borrowing.

Recommendation for noting:

The Cabinet is asked to note:

1. 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 The report provides a monitoring and progress report on treasury management activity for the second quarter of 2021-2022 as part of the mid-year review, in line with the Prudential Indicators approved by Council in March 2021.

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 by following the link:

https://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=14445&Ver=4

2.2 Treasury management is defined as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

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

2.4 Cabinet / Cabinet (Resources) Panel receive 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 On 1 February 2021 CIPFA announced two consultations on proposed changes to the Treasury Management Code and the Prudential Code. This is to reflect the changing environment in treasury management and following recommendations from the Public Accounts Committee. Both consultations closed on 12 April 2021, CIPFA have reviewed the responses and on 21 September 2021 issued stage 2 consultation papers which includes draft revisions to the Codes and is seeking comments on the proposed changes. The closing date for this second round of consultation is 16 November 2021. The results are expected to be published towards the end of 2021-2022 and full adoption expected from 2022-2023. An update on the outcome of the consultations will be reported to Councillors in future Treasury Management reports.

2.7 The Council, alongside managing the emergency response to the pandemic, has undertaken extensive planning for recovery which was approved by Cabinet in September 2020. It engaged with around 2,500 people including residents, young people, the voluntary and community sector and other partners, employees, Councillors and businesses across the city. This engagement has shaped the Council's five-point recovery plan, 'Relighting Our City'.

2.8 Relighting Our City sets out the priorities which will guide the Council's approach as the organisation and the City starts to transition from the response to the recovery phase of the pandemic:

- Support people who need us most
- Create more opportunities for young people
- Support our vital local businesses
- Generate more jobs and learning opportunities
- Stimulate vibrant high streets and communities.

2.9 Relighting Our City also references three cross cutting themes which cut across all of our recovery work, namely being climate focused, driven by digital and fair and inclusive in our approach. The capital programme, partly funded through borrowing, makes a significant contribution to the shaping of the City and on the economy of the City and therefore will contribute to the Council's plans for Relighting Our City.

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 two £000
General Revenue Account	37,555	36,656	(899)
Housing Revenue Account	10,823	10,117	(706)
Total	**48,378**	**46,773**	**(1,605)**

3.2 Overall, underspends of £899,000 for the General Revenue Account and £706,000 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.

3.4 Due to the uncertain economic climate caused by Covid-19, it is likely that the outturn forecast will be subject to change during the financial year.

3.5 The forecast underspend was considered more fully in context of the whole General Fund budget in the 'Draft Budget and the Medium Term Financial Strategy 2022-2023 to 2023-2024' report approved by Cabinet on 20 October 2021. The underspend will be kept under review over the remainder of 2021-2022 financial year.

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 shows a comparison of the latest estimates of Prudential and Treasury Management Indicators over the medium term period with the equivalent figures which were approved by Council in March 2021. It can be seen that with regards 'PI 3 – Authorised limit for external debt' and 'PI 4 – Operational boundary for external debt' that although the overall level for these indicators are forecast to be under the approved limit for 2022-2023, the forecast for commercial activities is slightly in excess of the best estimates presented to Council in the Treasury Management Strategy on 3 March 2021. Both of these limits are self determined and set each budget setting cycle. This has occurred due to forecast rephasing of commercial activity between financial years within the overall approved capital programme. The rephasing of this activity is considered to be prudent in the opinion of the Director of Finance.

4.0 Borrowing forecasts for 2021-2022

4.1 The main source of borrowing for local authorities is the Public Works Loan Board (PWLB). As previously reported, the lending terms of the PWLB changed during 2020-2021, they will no longer lend to local authorities that intend to buy commercial assets primarily for yield. The Council does not believe this restriction will affect its capital investment programme and its ability to access PWLB. However, as a result of scrutiny by the PWLB of loan applications made by local authorities, from 8 September 2021 the length between the application being made and the funds being released has increased from two days to five days.

4.2 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.

4.3 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%

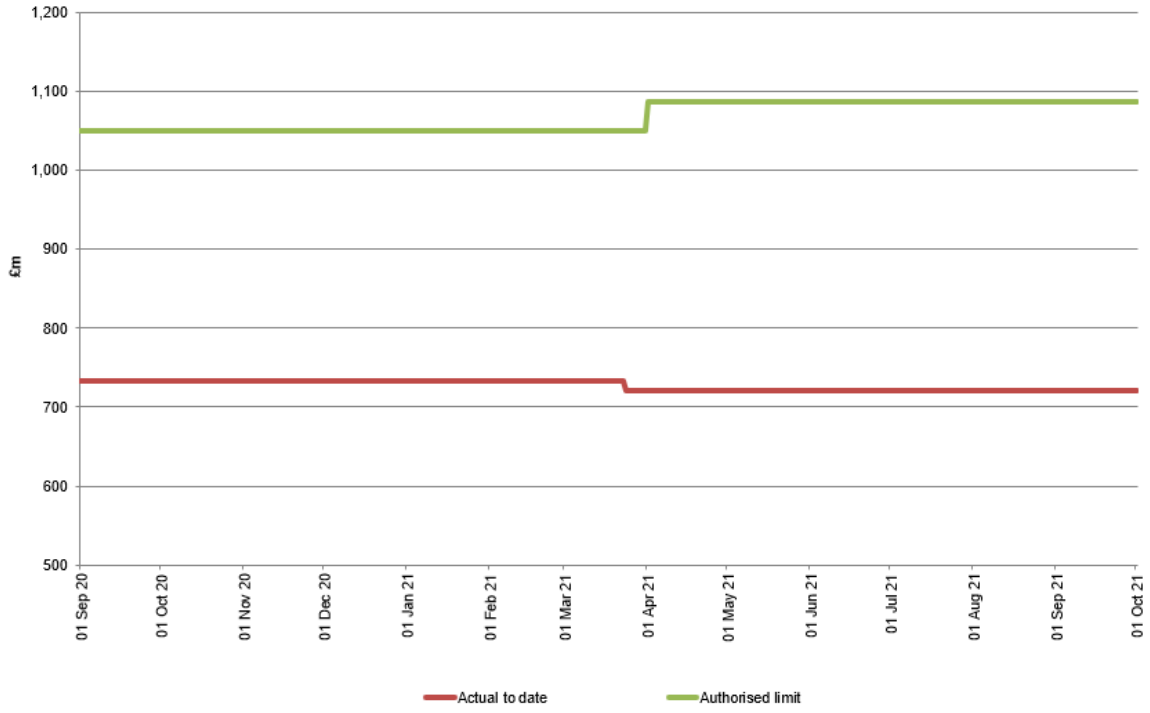
4.4 Each year it is usually necessary to raise new loans to finance capital expenditure and to replace existing maturing borrowing. The Council's policy is to prioritise the use of capital receipts to finance capital expenditure. Balances which are set aside to meet credit liabilities (i.e. to repay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

4.5 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.

4.6 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 forecast for quarter two 2021-2022 which forecasts that interest rates across all periods will slowly increase up to March 2024. The Director of Finance will continue to keep actual and forecast rates under close review.

4.7 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



4.8 The level of borrowing at 30 September 2021 is £720.4 million, appendix 4 to the report shows a summary of this position. During quarter two no new loans or repayments have occurred and no existing borrowing is due to be repaid between quarters three to four.

4.9 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 £74.8 million, as shown in appendix 5, due to rephasing 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 28 May 2021 and 30 September 2021.

Table 3 – Total amounts invested 2021-2022

	28 May 2021 £000	30 September 2021 £000
Business Reserve Accounts	267	767
Money Market Funds	20,900	59,775
Total invested	**21,167**	**60,542**
Average cash balance for the year to date	20,933	45,044

5.3 Money Market Funds and Business 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 second quarter of the current financial year has moved between a low of £28.8 million and a maximum of £71.4 million. The average cash balance for the quarter being £57.1 million.

5.5 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%

5.6 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 30 September 2021. The impact of this reduction will be monitored throughout the year; however, this loss of income will be offset against the savings generated by avoiding the cost of borrowing, due to re-phasing in the capital programme.

5.7 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.

5.8 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).

5.9 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.

5.10 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.

5.11 In quarter two 2021-2022 the Director of Finance has not been required to use her discretion to temporarily exceed any upper limits with approved counter-parties.

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 decisions

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/03112021/O]

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 'MHCLG Guidance on Local Government Investments' issued initially in 2004 and reissued in 2010 and 2018. Part 2 of this Guidance is statutory guidance.
[TC/28102021/D]

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 Draft Budget and Medium Term Financial Strategy 2022-2023 to 2023-2024, Report to Cabinet, 20 October 2021

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

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 two capital budget monitoring 2021-2022 report.

	Approved by Council 3 March 2021			As at 30 September 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
General *	173,116	32,264	13,003	112,930	116,767	43,566
HRA	95,287	86,260	84,280	62,094	91,553	90,540
	268,403	118,524	97,283	175,024	208,320	134,106
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	23,057	10,000	10,000	20,700	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			As at 30 September 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
General *	754,006	728,584	706,460	699,920	718,373	697,488
HRA	316,385	357,387	396,495	284,252	331,103	376,582
	1,070,391	1,085,971	1,102,955	984,172	1,049,476	1,074,070
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	23,789	15,744	14,816	13,170	16,175	11,939
Movement in capital financing requirement represented by:						
New borrowing for capital expenditure	145,604	60,572	60,336	74,981	104,365	66,795
Less minimum revenue provision/voluntary minimum revenue provision	(34,474)	(44,992)	(43,352)	(32,892)	(39,061)	(42,201)
Movement in capital financing requirement	111,130	15,580	16,984	42,089	65,304	24,594

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.

	As at 30 September 2021		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,086,578	1,121,741	1,182,515
Other Long Term Liabilities	79,626	81,928	78,960
Total Authorised Limit	1,166,204	1,203,669	1,261,475
Forecast External Debt as at 30 September 2021	874,833	975,137	1,034,731
Variance (Under) / Over Authorised limit	(291,371)	(228,532)	(226,744)
Authorised limit for commercial activities / non-financial investments included in the above figures			
Authorised Limit	47,014	45,874	45,874
Forecast External Debt as at 30 September 2021	43,120	46,125	44,889
Variance (Under) / Over Authorised limit	(3,894)	251	(985)

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.

	As at 30 September 2021		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,050,255	1,107,444	1,167,501
Other Long Term Liabilities	79,626	79,928	76,960
Total Operational Boundary Limit	1,129,881	1,187,372	1,244,461
Forecast External Debt as at 30 September 2021	874,833	975,137	1,034,731
Variance (Under) / Over Operational Boundary Limit	(255,048)	(212,235)	(209,730)
Operational boundary for commercial activities / non-financial investments included in the above figures			
Total Operational Boundary Limit	45,874	45,874	45,874
Forecast External Debt as at 30 September 2021	43,120	46,125	44,889
Variance (Under) / Over Operational Boundary Limit	(2,754)	251	(985)

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			As at 30 September 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
Forecast Capital Financing Requirement at end of Second Year	1,102,955	1,102,955	1,102,955	1,074,069	1,091,069	1,094,543
Gross Debt	1,004,740	1,044,320	1,061,304	874,833	975,137	1,034,731
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			As at 30 September 2021		
	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%	14.2%	16.4%	16.4%
HRA	29.3%	29.5%	30.1%	30.0%	30.3%	30.6%
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	1.0%	1.0%	0.9%	1.1%	1.1%	1.2%

Appendix 1

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

TMI 1 - 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 3 March 2021		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Upper limit for more than 365 days	35,000	35,000	35,000
Actual and Forecast Invested at 30 September 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 3 March 2021		As at 30 September 2021
	Upper Limit	Lower Limit	2021-2022 Forecast Borrowing
Under 12 months	25%	0%	-
12 months and within 24 months	25%	0%	2.17%
24 months and within 5 years	40%	0%	2.63%
5 years and within 10 years	50%	0%	9.10%
10 years and within 20 years	50%	0%	13.96%
20 years and within 30 years	50%	0%	26.11%
30 years and within 40 years	50%	0%	25.04%
40 years and within 50 years	50%	0%	20.99%
50 years and within 60 years	50%	0%	-

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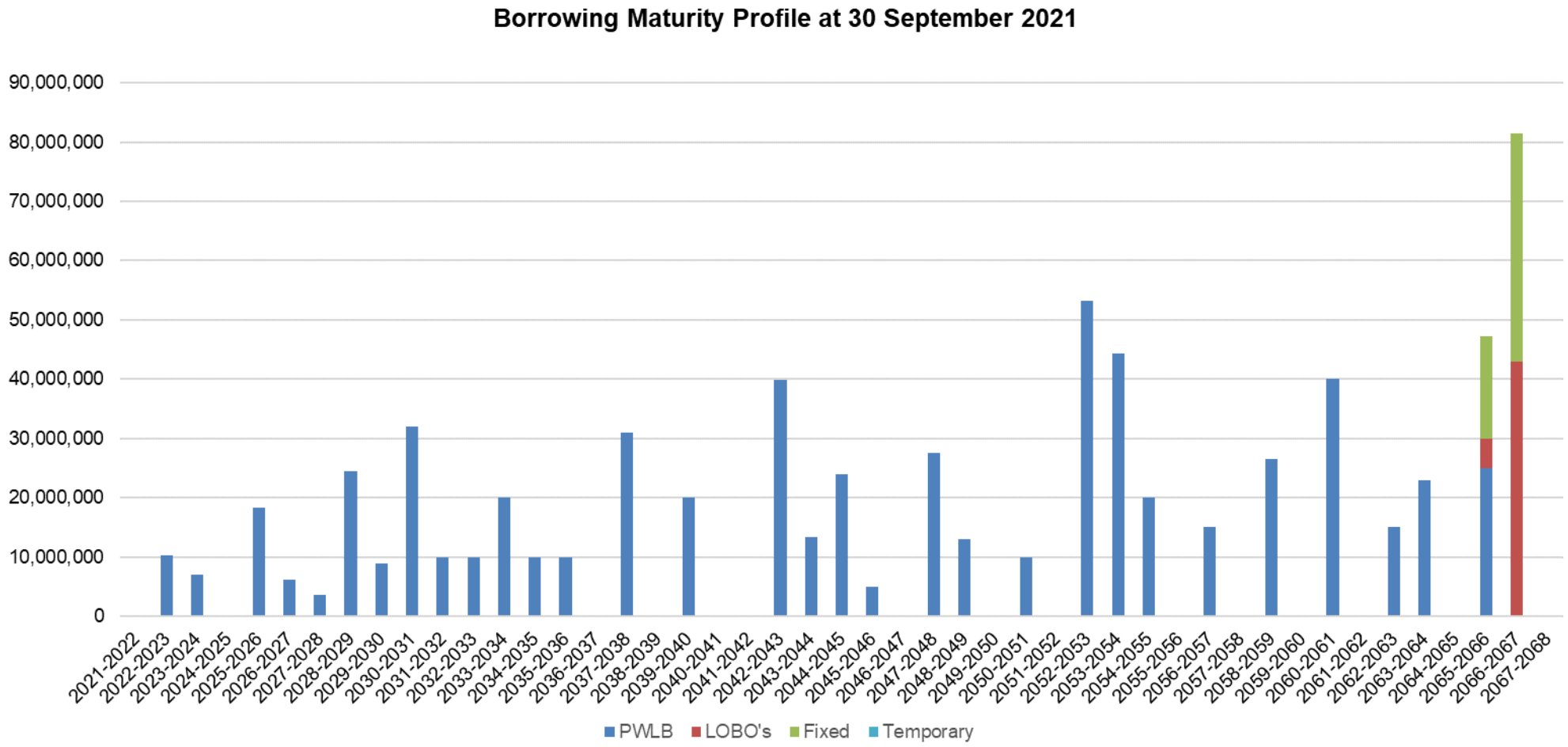
Appendix 2


Borrowing Maturity Profile at 30 September 2021
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Appendix 3

Link interest rate forecasts

The Council's treasury advisor, Link Group, provided the following forecasts on 29 September 2021 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View 29.9.21										
	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

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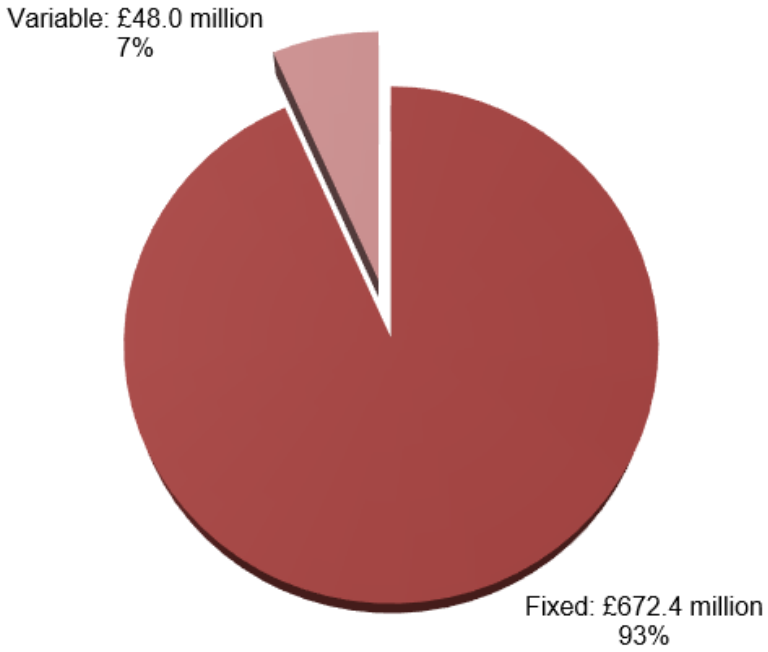
Appendix 4

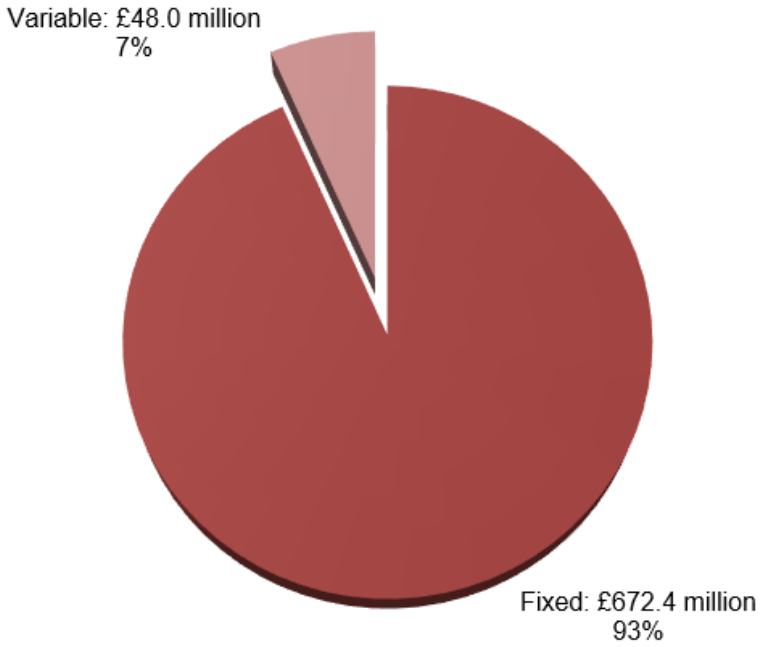
Borrowing: Graphical Summary

Borrowing by Type

As at 30 June 2021



As at 30 September 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 2						
Sub total for PWLB			-			-
Temporary Loans:						
No activity in quarter 2						
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 2						
Sub total for PWLB			-			-
Temporary Loans:						
No activity in quarter 2						
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 30 September 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	74,669	100,982	66,516
Existing maturity loans to be replaced during the year	30,059	88,199	57,095	30,059	45,199	69,095
Less:						
Minimum Revenue Provision for debt repayment	(18,153)	(25,546)	(21,987)	(18,338)	(20,171)	(20,947)
Voluntary debt repayment	(13,397)	(16,365)	(18,118)	(11,630)	(15,809)	(18,007)
	(31,550)	(41,911)	(40,105)	(29,968)	(35,980)	(38,954)
Loans replaced less debt repayment	(1,491)	46,288	16,990	91	9,219	30,141
Net Advance Requirement	**143,801**	**103,477**	**77,047**	**74,760**	**110,201**	**96,657**

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Appendix 6

Lending List

2021-2022 Specified Investments as at 30 September 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
Scottish Widows 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.

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