

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet</b> <b>15 November 2023</b>
--	---

<b>Report title</b>	Treasury Management Activity Monitoring – Mid Year Review 2023-2024	
<b>Decision designation</b>	RED	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Tim Johnson, Chief Executive	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee</b>	Claire Nye Tel Email	Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Strategic Executive Board Council Resources and Equality Scrutiny Panel	31 October 2023 6 December 2023 7 December 2023

---

**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 2023.
2. That revenue underspends of £793,000 for the General Fund and £1.5 million for the Housing Revenue Account (HRA) are forecast from treasury management activities in 2023-2024.



2.8 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
- Health, inclusive communities
- Good homes in well-connected neighbourhoods
- More local people into good jobs and training
- Thriving economy in all parts of the city

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

### 3.0 2023-2024

3.1 The Performance and Budget monitoring report to Cabinet, also on the agenda for this meeting, seeks approval to a virement of £1.5 million from the General Fund treasury management budget to go towards the efficiency target for 2023-2024. The General Fund budget has therefore been reduced from £40.3 million to £38.8 million in this report.

3.2 In addition, the Performance and Budget monitoring report is also seeking approval for a virement of £1.8 million from Housing Revenue Account held to fund interest payments to support additional cost pressures on repairs and maintenance. The HRA budget has therefore been reduced from £14.7 million to £12.9 million.

3.3 The forecast outturn for treasury management activities in 2023-2024 compared to budget is shown in Table 1.

**Table 1 – Treasury management budget and forecast outturn 2023-2024**

	<b>Approved Budget £000</b>	<b>Forecast Outturn £000</b>	<b>Variance at Quarter Two £000</b>
General Fund	38,765	37,972	(793)
Housing Revenue Account	12,999	11,512	(1,487)
<b>Total</b>	<b>51,764</b>	<b>49,484</b>	<b>(2,280)</b>

3.4 Overall, underspends of £793,000 for the General Fund and £1.5 million for the Housing Revenue Account (HRA) are projected for the year 2023-2024.

3.5 In the main, the General Fund underspend is due to; no borrowing being undertaken so far in 2023-2024 and better interest rates achieved on the investment of surplus cash balances than budgeted.

- 3.6 Due to the uncertain economic climate and the increase in interest rates the forecast outturn is difficult to project, and the position will continue to be monitored and updates provided over the remainder of 2023-2024 financial year.
- 3.7 The forecast positions will be considered and incorporated in the Performance and Budget monitoring report to Cabinet also on the agenda for this meeting.
- 3.8 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.
- 3.9 Appendix 1 to this report 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 2023.

**4.0 Borrowing forecast for 2023-2024**

- 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 2022-2023 and forecast for 2023-2024.

**Table 2 – Average interest rate payable in 2022-2023 and 2023-2024**

	<b>2022-2023</b>	<b>2023-2024</b>
	<b>Actual</b>	<b>Forecast</b>
Average Interest Rate Payable	3.78%	3.81%

- 4.3 The average interest rate payable for 2023-2024 in Table 2 includes the latest rates forecast provided by Link on 25 September 2023. Although interest rates have been rising, due to the majority of the maturing loans in 2023-2024 being a higher rate than those available now, the weighted average rate is forecast to be only marginally higher than that achieved in 2022-2023.
- 4.4 Each year it is usually necessary to raise new loans to finance capital expenditure and to replace existing maturing borrowing. Any borrowing (whether internal or external) must comply with CIPFA's Prudential Code for Capital Finance, importantly this means that borrowing has to be within prudent and sustainable levels and can only be used to invest in local priorities and services that deliver benefits for the City and residents, including physical regeneration with communities, job creation, economic growth etc. 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 At 31 March 2023, the Council held nine Lender Option Borrower Option loans (LOBOs) totalling £48.0 million which were due to mature in 2065-2066 and 2066-2067. LOBOs carry the risk that the lender can 'call' the loan i.e. change certain conditions of the loan such as the dates and the interest rate. If this occurs, the Council then has the option of either continuing with the loan or redeeming it in full without a penalty, so long as this is done within the allowed timescale. Due to current market conditions some LOBO lenders are 'calling' their options and offering inflated long term rates deliberately set unattractively high so it would not be accepted. In October, the Council received one such 'call' for a £7.0 million loan with an interest rate of 4.60%, proposing a new interest rate of 5.94%. Following consultation with Link and a review of alternative options available to the Council, the Council decided to reject the proposal and the loan was repaid, it will be shown as repaid in the quarter three report. In order to be prudent, an assumption that more LOBOs will be called has been reflected in the borrowing requirement for 2023-2024.
- 4.7 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 2023-2024 which forecasts that Bank Rate may remain at 5.25% for the remainder of the 2023-2024 financial year. The Director of Finance will continue to keep actual and forecast rates under close review.
- 4.8 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**



4.9 The level of borrowing at 30 September 2023 is £703.2 million, Appendix 4 to the report shows a summary of this position. During quarter two no new loans or repayments have occurred, £7.0 million of existing borrowing is due to be repaid between quarters three to four. There was also no debt rescheduled during quarter two.

4.10 In March 2023, Council approved a net borrowing requirement for 2023-2024 of £158.8 million. The forecast net borrowing requirement for 2023-2024 is £160.7 million, as shown in Appendix 5, mainly due to the inclusion of the potential for repaying any LOBO loans being called during the remainder of the financial year, offset by re-phasing of both the capital programme and the allowance made for switching some internal borrowing into external borrowing. 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 2023-2024

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 31 May 2023 and 30 September 2023.

**Table 3 – Total amounts invested 2023-2024**

	31 May 2023 £000	30 September 2023 £000
Business Reserve Accounts	288	322
Debt Management Account Deposit Facility	-	-
Money Market Funds	29,705	17,035
<b>Total invested</b>	<b>29,993</b>	<b>17,357</b>
Average cash balance for the year to date	34,233	37,750

- 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 £17.4 million and a maximum of £57.2 million. The average cash balance for the quarter being £39.1 million.
- 5.5 Table 4 shows the budgeted average rate of interest receivable in 2023-2024 and the forecast for the year.

**Table 4 – Average interest rate receivable in 2023-2024**

	2023-2024 Budget	2023-2024 Forecast
Average Interest Rate Receivable	2.20%	5.20%

- 5.6 At the time the budget was set a prudent percentage was used for budgeting purposes as the economic uncertainties made it difficult to forecast what future investment rates could be achieved. As the Bank of England has increased the base rate since budget setting, the rates achieved on investments has increased. With the current inflation uncertainties remaining and the subsequent impact this may have on future base rate levels, a prudent rate is forecast based on the increased rates achieved to the 30 September 2023.
- 5.7 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).
- 5.8 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.

- 5.9 The Council's approved Treasury Management Practices 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.
- 5.10 In quarter two 2023-2024 no upper limits with approved counterparties were exceeded. In addition, no institutions in which investments were made had any difficulty in repaying investments or, interest in full, during the quarter and no arrangements had to be made to prematurely withdraw funds from any investments, as a result of a downgrade in their respective credit rating.

## **6.0 Evaluation of alternative options**

- 6.1 As this is a monitoring report on treasury management activities undertaken in line with the approved Treasury Management Strategy for 2023-2024, 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 2023-2024.

## **8.0 Financial implications**

- 8.1 The financial implications are discussed in the body of this report.  
[SH/26102023/G]

## **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 relevant secondary legislation including the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).
- 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. This guidance includes statutory guidance.

[TC/26102023/B]

## **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 There are no other implications arising from this report.

## **12.0 Schedule of background paper**

12.1 [Treasury Management Strategy 2023-2024](#), Report to Cabinet, 22 February 2023

12.2 [Treasury Management – Annual Report 2022-2023 and Activity Monitoring Quarter One 2023-2024](#), Report to Cabinet, 12 July 2023

12.3 [Performance and Budget Monitoring 2023-2024](#), Report to Cabinet, 15 November 2023

## **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

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 2023-2024 report.

	Approved by Council 1 March 2023			As at 30 September 2023		
	2023-2024	2024-2025	2025-2026	2023-2024	2024-2025	2025-2026
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
General Fund *	168,372	69,053	9,810	106,145	164,329	68,557
HRA	131,111	142,117	106,290	112,447	126,929	111,780
	299,483	211,170	116,100	218,592	291,258	180,337
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	13,000	11,900	3,000	3,563	10,430	8,900

**PI 2 - Estimates and actual capital financing requirement General Fund and HRA.**

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.

	Approved by Council 1 March 2023			As at 30 September 2023		
	2023-2024	2024-2025	2025-2026	2023-2024	2024-2025	2025-2026
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
General Fund *	719,461	719,195	685,234	679,266	711,659	710,222
HRA	391,937	493,346	561,714	373,963	462,606	539,040
	1,111,398	1,212,541	1,246,948	1,053,229	1,174,265	1,249,262
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	44,792	42,692	32,776	35,390	42,064	40,011
<b>Movement in capital financing requirement represented by:</b>						
New borrowing for capital expenditure	156,049	138,600	71,882	117,980	156,217	107,838
Less minimum revenue provision/voluntary minimum revenue provision	(33,299)	(37,457)	(37,475)	(34,346)	(35,181)	(32,841)
Movement in capital financing requirement	122,750	101,143	34,407	83,634	121,036	74,997

**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 2023		
	2023-2024 Limit £000	2024-2025 Limit £000	2025-2026 Limit £000
Borrowing	1,137,035	1,284,348	1,336,593
Other Long Term Liabilities	75,960	76,416	72,939
Total Authorised Limit	1,212,995	1,360,764	1,409,532
Forecast External Debt as at 30 September 2023:			
Borrowing	829,850	966,430	1,047,903
Other Long Term Liabilities	73,960	74,416	70,939
	903,810	1,040,846	1,118,842
Variance (Under) / Over Authorised limit	(309,185)	(319,918)	(290,690)
<b>Authorised limit for service investments included in the above figures</b>			
Authorised Limit	57,928	72,778	71,762
Forecast External Debt as at 30 September 2023:	45,273	51,947	50,993
Variance (Under) / Over Authorised limit	(12,655)	(20,831)	(20,769)

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 2023		
	2023-2024 Limit £000	2024-2025 Limit £000	2025-2026 Limit £000
Borrowing	1,098,093	1,251,917	1,318,658
Other Long Term Liabilities	73,960	74,416	70,939
<b>Total Operational Boundary Limit</b>	<b>1,172,053</b>	<b>1,326,333</b>	<b>1,389,597</b>
Forecast External Debt as at 30 September 2023:			
Borrowing	829,850	966,430	1,047,903
Other Long Term Liabilities	73,960	74,416	70,939
	903,810	1,040,846	1,118,842
Variance (Under) / Over Operational Boundary Limit	(268,243)	(285,487)	(270,755)
<b>Operational boundary for service investments included in the above figures</b>			
Operational Boundary Limit	54,678	72,778	71,762
Forecast External Debt as at 30 September 2023:	45,273	51,947	50,993
Variance (Under) / Over Operational Boundary Limit	(9,405)	(20,831)	(20,769)

**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 1 March 2023			As at 30 September 2023		
	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,212,541	1,257,210	1,257,915	1,249,259	1,296,124	1,296,906
Gross Debt	1,028,001	1,138,144	1,174,550	903,810	1,040,846	1,118,842
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 Fund and HRA.

	Approved by Council 1 March 2023			As at 30 September 2023		
	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast
General Fund *	15.8%	16.3%	16.4%	15.0%	15.6%	16.5%
HRA	34.8%	37.0%	40.4%	31.9%	35.4%	38.6%
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	0.8%	0.9%	0.8%	0.7%	0.8%	0.8%

**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 continue regardless of the existence or performance of the investments.

	Approved by Council 1 March 2023			As at 30 September 2023		
	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast	2023-2024 Forecast	2024-2025 Forecast	2025-2026 Forecast
Commercial	-	-	-	-	-	-
Service	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%

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 determined 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 1 March 2023		
	2023-2024 Limit £000	2024-2025 Limit £000	2025-2026 Limit £000
Upper limit for long-term treasury management investments	35,000	35,000	35,000
Actual and Forecast Invested at 30 September 2023	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)

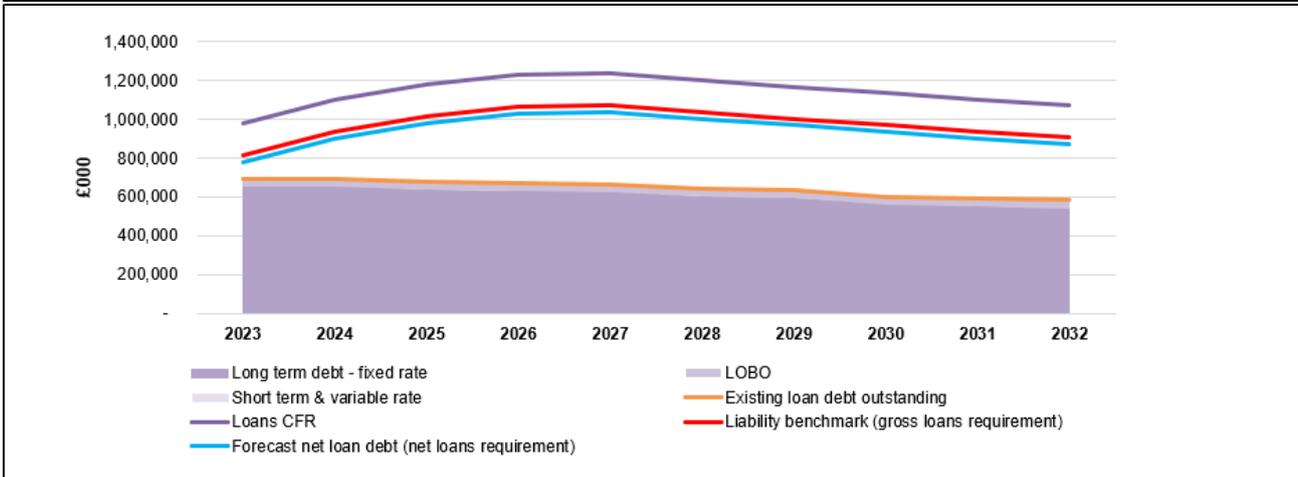
**TMI 2 - Upper and lower limits to the maturity structure of its borrowing.**

These limits relate to the % of fixed and variable rate debt maturing.

	Approved by Council 1 March 2023		As at 30 September 2023 2023-2024 Forecast Borrowing
	Upper Limit	Lower Limit	
Under 12 months	25%	0%	0.81%
12 months and within 24 months	25%	0%	6.46%
24 months and within 5 years	40%	0%	5.40%
5 years and within 10 years	50%	0%	7.05%
10 years and within 20 years	50%	0%	16.71%
20 years and within 30 years	50%	0%	33.31%
30 years and within 40 years	50%	0%	13.50%
40 years and within 50 years	50%	0%	16.76%
50 years and within 60 years	50%	0%	-

**TMI 3 - Liability benchmark**

A liability benchmark is a measure of how well the Council's existing loans portfolio matches its planned borrowing needs. It is a projection of the amount of loan debt outstanding that the Council needs each year into the future to fund its existing debt liabilities, planned prudential borrowing and other cash flows. This indicator highlights any mismatches between actual loan debt outstanding and the planned borrowing needs. Where actual loans are less than the benchmark, this is an indication of a future borrowing requirement. Whereas actual loans exceeding the benchmark indicate an overborrowed position which will result in excess cash balances requiring investment



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 1 March 2023			As at 30 September 2023		
	2023-2024	2024-2025	2025-2026	2023-2024	2024-2025	2025-2026
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
Service investments	13,000	11,900	3,000	3,563	10,430	8,900
Commercial investments	-	-	-	-	-	-
	13,000	11,900	3,000	3,563	10,430	8,900

**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 1 March 2023			As at 30 September 2023		
	2023-2024	2024-2025	2025-2026	2023-2024	2024-2025	2025-2026
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
Net debt for service and commercial investments	44,792	42,692	32,776	35,390	42,064	40,011
Net service expenditure	306,414	316,409	315,580	306,414	316,409	315,580
Debt to net service expenditure ratio	14.6%	13.5%	10.4%	11.6%	13.3%	12.7%

**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.

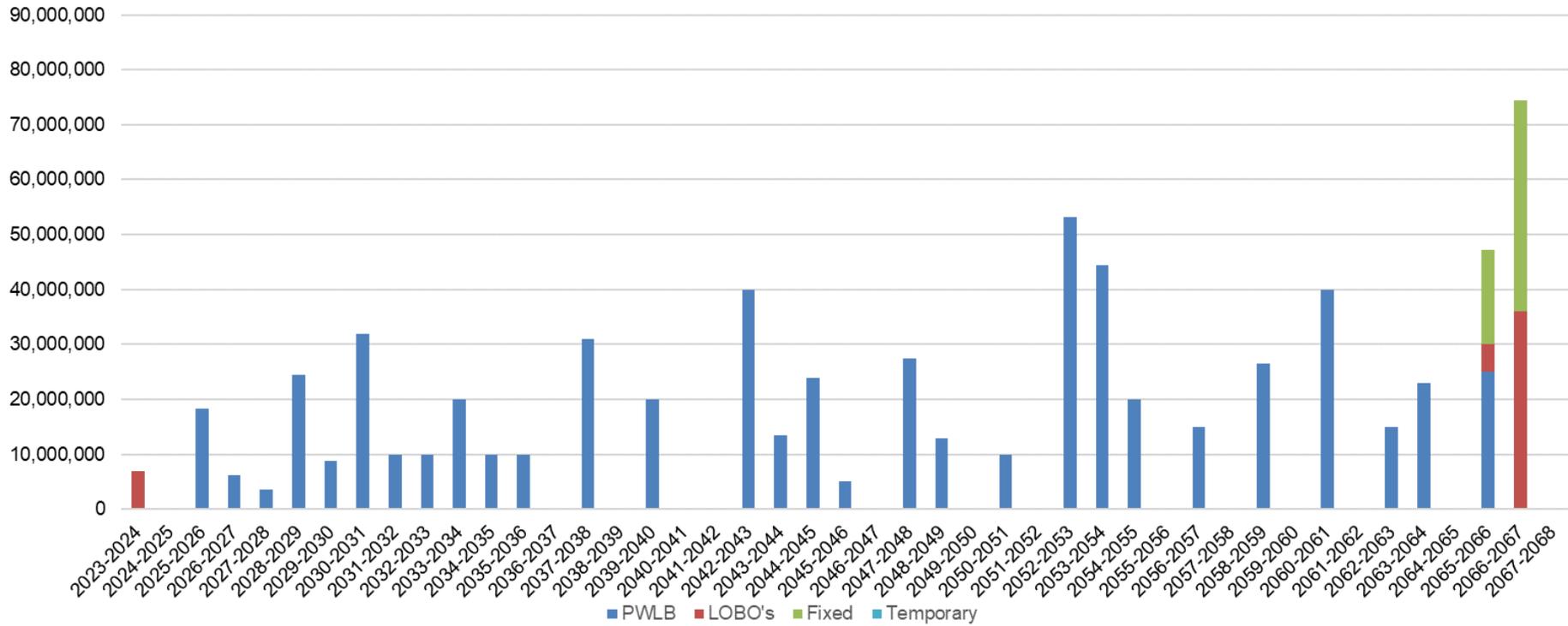
	Approved by Council 1 March 2023			As at 30 September 2023		
	2023-2024	2024-2025	2025-2026	2023-2024	2024-2025	2025-2026
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
Service and commercial investment income	1,573	1,666	1,666	1,642	1,742	1,648
Net service expenditure	306,414	316,409	315,580	306,414	316,409	315,580
Service and commercial income to net service expenditure ratio	0.5%	0.5%	0.5%	0.5%	0.6%	0.5%

**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 1 March 2023			As at 30 September 2023		
	2023-2024	2024-2025	2025-2026	2023-2024	2024-2025	2025-2026
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Loan to value ratio	72.9%	70.7%	63.7%	60.5%	64.2%	62.1%

### Borrowing Maturity Profile at 30 September 2023



This page is intentionally left blank

**Link interest rate forecasts**

The Council's treasury advisor, Link Group, provided the following forecasts on 25 September 2023 (PWLB rates are certainty rates, gilt yields plus 80bps):

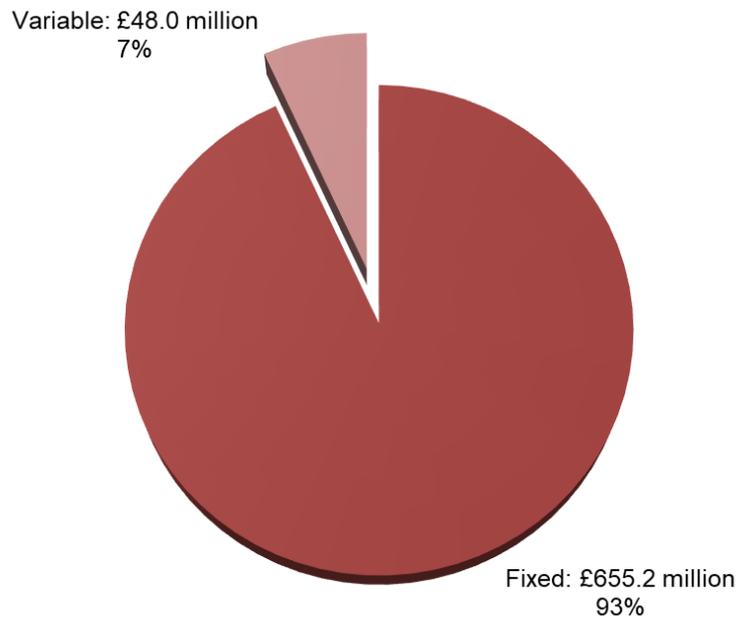
<b>Link Group Interest Rate View</b>		<b>25.09.23</b>											
	<b>Dec-23</b>	<b>Mar-24</b>	<b>Jun-24</b>	<b>Sep-24</b>	<b>Dec-24</b>	<b>Mar-25</b>	<b>Jun-25</b>	<b>Sep-25</b>	<b>Dec-25</b>	<b>Mar-26</b>	<b>Jun-26</b>	<b>Sep-26</b>	<b>Dec-26</b>
<b>BANK RATE</b>	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

This page is intentionally left blank

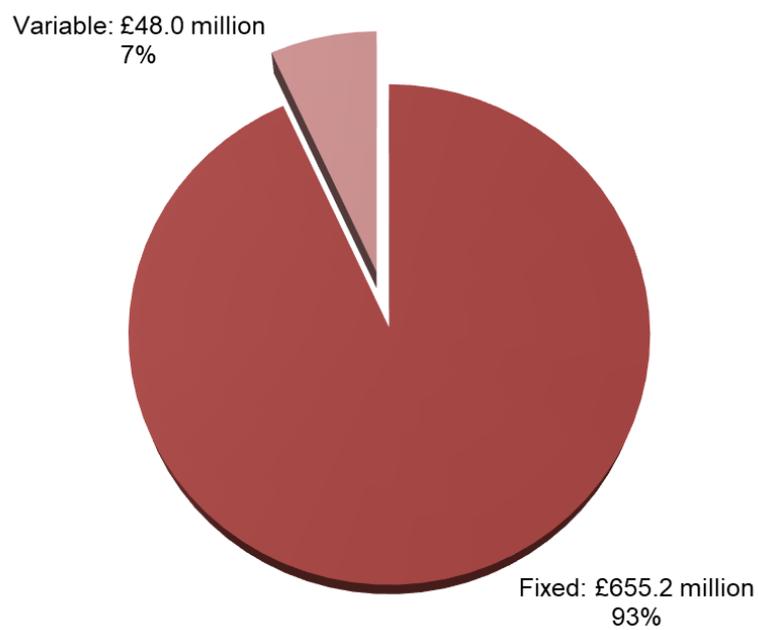
**Borrowing: Graphical Summary**

**Borrowing by Type**

**As at 30 June 2023**



**As at 30 September 2023**



### Borrowing and Repayments in 2023-2024

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
<b>2023-2024 Borrowing</b>						
<b>PWLB Fixed Maturity:</b>						
No activity to date						
<b>Sub total for PWLB</b>			-			-
<b>Temporary Loans:</b>						
No activity to date						
<b>Sub total for Temporary Loans</b>			-			-
<b>Grand total borrowing</b>			-			-

	Start Date	Maturity Date	Amount £000	Length years	Interest Rate	Full Year Interest £000
<b>2023-2024 Repayments</b>						
<b>PWLB Fixed Maturity:</b>						
479749	01/08/1997	23/05/2023	2,661	26	6.875%	183
479644	10/07/1997	12/06/2023	4,434	26	7.000%	310
<b>Sub total for PWLB</b>			<b>7,095</b>			<b>493</b>
<b>Temporary Loans:</b>						
No activity to date						
<b>Sub total for Temporary Loans</b>			-			-
<b>Grand total repayments</b>			<b>7,095</b>			<b>493</b>
<b>Net movement</b>			<b>(7,095)</b>			<b>(493)</b>

**Disclosure for Certainty Rate**

<b>Certainty Rate</b>						
This table details the information that is required to enable the Council to submit a return for 2023-2024						
	Approved by Council 1 March 2023			As at 30 September 2023		
	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000	2025-2026 Forecast £000
<b>Net Borrowing Requirement:</b>						
Borrowing to finance planned capital expenditure	155,770	134,724	71,741	117,701	152,341	107,697
Existing maturity loans to be replaced during the year	33,095	65,000	70,264	74,095	73,000	71,264
Less:						
Minimum Revenue Provision for debt repayment	(20,577)	(22,381)	(23,175)	(20,436)	(20,877)	(22,167)
Voluntary debt repayment	(9,475)	(11,656)	(10,683)	(10,663)	(10,884)	(7,057)
	(30,052)	(34,037)	(33,858)	(31,099)	(31,761)	(29,224)
Loans replaced less debt repayment	3,043	30,963	36,406	42,996	41,239	42,040
<b>Net Advance Requirement</b>	<b>158,813</b>	<b>165,687</b>	<b>108,147</b>	<b>160,697</b>	<b>193,580</b>	<b>149,737</b>
<b>Analysed by:</b>						
Service delivery	19,201	7,930	-	23,637	14,684	12,218
Housing	110,819	111,965	70,151	85,362	106,527	82,391
Regeneration	25,750	14,829	1,590	8,702	31,130	13,088
Preventative action	-	-	-	-	-	-
Treasury Management	3,043	30,963	36,406	42,996	41,239	42,040
Primarily for yield	-	-	-	-	-	-
<b>Total</b>	<b>158,813</b>	<b>165,687</b>	<b>108,147</b>	<b>160,697</b>	<b>193,580</b>	<b>149,737</b>

This page is intentionally left blank

## Lending List

### 2023-2024 Specified Investments as at 30 September 2023

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Bank Netherlandse Gemeenten	Netherlands (AAA)	20,000	12 mths
Bank of Montreal	Canada (AA+)	10,000	6 mths
Bank of Nova Scotia	Canada (AA+)	10,000	6 mths
Canadian Imperial Bank of Commerce	Canada (AA+)	10,000	6 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
Nordea Bank Abp	Finland (AA+)	10,000	6 mths
NRW.BANK	Germany (AAA)	20,000	12 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	10,000	6 mths
Royal Bank of Canada	Canada (AA+)	10,000	6 mths
Skandinaviska Enskilda Banken AB	Sweden (AAA)	10,000	6 mths
Svenska Handelsbanken AB	Sweden (AAA)	20,000	12 mths
Swedbank AB	Sweden (AAA)	10,000	6 mths
Toronto Dominion Bank	Canada (AA+)	10,000	6 mths
United Overseas Bank Ltd	Singapore (AAA)	10,000	6 mths
Wells Fargo Bank NA	USA (AA+)	10,000	6 mths
<b>Nationalised Banks</b>			
<b>Royal Bank of Scotland Group plc</b>			
National Westminster Bank plc	UK (AA-)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AA-)	10,000	3 mths
<b>AAA Rated and Government Backed Securities</b>			
Debt Management Office	UK (AA-)	20,000	30 mths
<b>Money Market Funds</b>		<b>Fund Rating</b>	
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.

NB: This is a list of institutions that could be used if the Council wished to do so, as they meet the Council's minimum credit criteria.

This page is intentionally left blank