

Appendix 1

Treasury Management Indicators

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	30/09/2022 Target	30/09/2022 Actual
Portfolio average credit rating	A	A+

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator	30/09/2022 Target £m	30/09/2022 Actual £m
Total cash available within 3 months	20	76.2

Interest Rate exposure

This indicators is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

	2022/23 Approved Limits £m	30/09/2022 Actual £m
Upper limit on one-year revenue impact of a 1% rise in interest rates Compliance with limits:	5.0	0.1 Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates Compliance with limits:	5.0	0.1 Yes

Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replace at times of uncertainty over interest rates. The Council uses the option date as the maturity date for it's LOBO loans.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing at 30/09/2022	% of Fixed Rate Borrowing at 30/09/2022	Compliance with set limits?
	%	%	£m	%	Yes / No
Under 12 months	40%	0%	35.0	5.3%	Yes
12 months and within 24 months	40%	0%	-	0.0%	Yes
24 months and within 5 years	40%	0%	-	0.0%	Yes
5 years and within 10 years	60%	0%	5.0	0.8%	Yes
10 years and within 20 years	75%	0%	197.3	29.7%	Yes
20 years and within 30 years	75%	0%	101.9	15.4%	Yes
30 years and within 40 years	75%	0%	223.7	33.7%	Yes
40 years and within 50 years	75%	0%	100.5	15.2%	Yes
50 years and above	75%	0%	0	0%	Yes
			663.4	100%	

Prudential Indicator: Capital Financing Requirement

The table below sets out the forecast levels of borrowing expected. As our capital financing requirement grows over the coming years, this is expected to lead to additional external borrowing.

	31.3.22	31.3.23	31.3.24	31.3.25	31.3.26
	Actual	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Capital financing requirement	998.5	1,146.6	1,395.1	1,571.6	1,632.0
Other debt liabilities *	25.6	25.6	25.6	25.6	25.6
Loans CFR	1,024.1	1,172.3	1,420.7	1,597.3	1,657.6
External borrowing **	(684.6)	(681.7)	(618.3)	(609.9)	(601.6)
Internal (over) borrowing	339.6	490.6	802.4	987.4	1,056.0
Less: Balance Sheet resources	(438.2)	(438.2)	(438.2)	(438.2)	(438.2)
Treasury Investments (or New borrowing)	98.6	(52.4)	(364.2)	(549.2)	(617.8)

* leases and PFI liabilities that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

Prudential Indicator: Liability Benchmark

	31.3.22	31.3.23	31.3.24	31.3.25	31.3.26
	Actual	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m
Loans CFR	1,024.1	1,172.3	1,420.7	1,597.3	1,657.6
Less: Balance sheet resources	(438.2)	(438.2)	(438.2)	(438.2)	(438.2)
Net loans requirement	586.0	734.1	982.5	1,159.1	1,219.4
Plus: Liquidity allowance	20.0	20.0	20.0	20.0	20.0
Liability benchmark	606.0	754.1	1,002.5	1,179.1	1,239.4

Prudential Indicator: Authorised Limit and Operational Boundary for external debt

	2022/23 Forecast £m	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m
Authorised Limit	1,500.0	1,500.0	1,500.0	1,500.0
Operational Boundary	1,300.0	1,300.0	1,300.0	1,300.0

The Authorised Limit sets the maximum level of external borrowing that the Council can incur. The Operational Boundary for External Debt is not a limit and actual borrowing can vary around the boundary. The Operational Boundary acts as an early indicator to ensure that the Authorised Limit is not breached.