

## Appendix 1 Treasury Management Prudential Indicators

### 1. 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	2023/24 Target	30/09/23 Actual	Complied
Portfolio Average Credit Rating	A	AA-	Yes

### 2. 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	2023/24 Target £m	30/09/23 Actual £m	Complied?
Total cash available within 3 months	20.0	118.5	Yes

### 3. Interest Rate exposure

This indicator 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.

Interest Rate risk indicator	2023/24 Upper Limit £m	30/09/23 Actual £m	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	5.0	1.4	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	5.0	(1.4)	Yes

For context, a summary of the changes in interest rates in the first half of 2023/234 is below.

Interest Rate	31/03/2023	30/09/2023
Bank of England base rate	4.25%	5.25%
1-year PWLB certainty rate, maturity loans	4.78%	5.69%
5-year PWLB certainty rate, maturity loans	4.31%	5.22%

10-year PWLB certainty rate, maturity loans	4.33%	5.26%
20-year PWLB certainty rate, maturity loans	4.70%	5.64%
50-year PWLB certainty rate, maturity loans	4.41%	5.43%

#### 4. Maturity Structure of Fixed Rate Borrowing

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

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing at 30/09/23	% of Fixed Rate Borrowing at 30/09/23	Compliance with set limits?
	%	%	£m	%	Yes / No
Under 12 months	40%	0%	52.5	7.0%	Yes
12 months and within 24 months	40%	0%	0.0	0.0%	Yes
24 months and within 5 years	40%	0%	0.0	0.0%	Yes
5 years and within 10 years	60%	0%	4.5	0.6%	Yes
10 years and within 20 years	75%	0%	209.4	27.8%	Yes
20 years and within 30 years	75%	0%	126.3	16.8%	Yes
30 years and within 40 years	75%	0%	199.3	26.5%	Yes
40 years and within 50 years	75%	0%	160.5	21.3%	Yes
50 years and above	75%	0%	0.0	0%	Yes
			<b>752.5</b>	<b>100%</b>	

#### 5. Prudential Indicator: Capital Financing Requirement

	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	Actual	Forecast	Forecast	Forecast
	£m	£m	£m	£m
Capital Financing Requirement	1,146.4	1,369.5	1,624.2	1,757.7
Other debt liabilities*	36.2	32.5	74.9	70.4
<b>Loans CFR</b>	<b>1,182.6</b>	<b>1,402.0</b>	<b>1,699.1</b>	<b>1,828.1</b>
(less) External borrowing	(781.0)	(707.6)	(697.2)	(686.9)
<b>Internal Borrowing</b>	<b>401.6</b>	<b>694.4</b>	<b>1,001.9</b>	<b>1,141.2</b>
(less) Balance Sheet Resources	(517.8)	(517.8)	(517.8)	(517.8)
<b>New borrowing (or Treasury Investments)</b>	<b>(116.2)</b>	<b>176.6</b>	<b>484.1</b>	<b>623.4</b>

## 6. Prudential Indicator: Liability Benchmark

	31/03/23	31/03/24	31/03/25	31/03/26
	Actual	Forecast	Forecast	Forecast
	£m	£m	£m	£m
Loans CFR	1,182.6	1,401.9	1,699.1	1,828.1
Less: Balance sheet resources	(517.8)	(517.8)	(517.8)	(517.8)
<b>Net loans requirement</b>	<b>664.8</b>	<b>884.2</b>	<b>1,181.3</b>	<b>1,310.5</b>
Plus: Liquidity allowance	20.0	20.0	20.0	20.0
<b>Liability benchmark</b>	<b>684.8</b>	<b>904.2</b>	<b>1,201.3</b>	<b>1,330.3</b>
<b>Existing borrowing</b>	<b>781.0</b>			

## 7. Debt and the Authorised Limit and Operational Boundary for external debt

	2023/24 H1 Maximum £m	30.09.23 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied?
Borrowing	781.0	752.5			
PFI and Finance Leases	34.5	34.5			
<b>Total debt</b>	<b>815.5</b>	<b>787.0</b>	<b>1,500.0</b>	<b>1,700.0</b>	<b>Yes</b>

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.

## 8. Investment Limits

	2023/24 Maximum £m	30.09.23 Actual £m	2023/24 Time Limit	Complied?
Any single organisation, except a Government Entity	20	0	n/a	Yes
UK Government	Unlimited	0	50 Years	Yes
Local Authorities & other government entities	Unlimited	0	25 Years	Yes
Banks (unsecured)	20	0	13 months	Yes
Building Societies (unsecured)	20	0	13 months	Yes

Registered providers and registered social landlords	20	0	5 years	Yes
Secured investments	20	0	5 years	Yes
Money market funds	Lower of 5% of total net assets of the fund or £20m	20	n/a	Yes
Strategic pooled funds	20	0	n/a	Yes

### 9. Upper Limit for Total Principal Sums invested over 364 Days

Upper Limit for Total Principal Sums Invested Over 364 Days	2023/24 Approved	Q2 2023/24 Actual
	£m	£m
Limit on principal invested beyond a year	50	0

### 10. Investment Rate of Return

This indicator demonstrates the rate of return obtained from the different investment categories.

Investments rate of return	2023/24 Budget	2023/24 Actual
Treasury management investments	3.10%	5.08%
Service investments: Loans	3.90%	3.11%