

Appendix 4.1

Treasury Management

Total investments placed during the period
1 April 2023 to 31 December 2023

	Cumulative No. Of Investments To 31 December	Total Value Invested To 31 December	Average Interest Rate	Average Duration	Interest Earned (Accrued)
		£ 000's	%		£ 000's
British Clearing Banks					
National Westminster Bank PLC	153	63,233	1.45	6 days	16
Local Authorities					
Derbyshire Country Council	1	3,000	4.25	6 months	84
Kent Police & Crime Commissioner	1	1,500	5.21	7 weeks	6
Government Bodies					
Debt Management Office	18	43,600	5.17	3 days	17
Total	163	124,833			123

Appendix 4.2

Prudential Indicators

- 1. The Capital Financing Requirement (CFR)** – This represents the Council’s underlying need to borrow for capital purposes, based on the cumulative value of capital expenditure not fully paid for. The CFR will change year-on-year in accordance with the value of capital spending.

The key control over treasury activities is to ensure that over the medium term, net borrowing will only be for capital purposes. The Authority must ensure that net external borrowing does not, except for short periods, exceed the total of the CFR. A comparison of the estimate against the actuals is shown in the table below.

	2023/24 Original Estimate At Year End £000’s	2023/24 Revised Estimate At Year End £000’s
Gross Borrowing	34,474	36,474
Investments	-	-
Net Borrowing 31st March	34,474	36,474
Total CFR 31st March	41,146	42,020

The Section 151 Officer reports that the Council is expected to comply with the requirement to keep borrowing below the relevant CFR in 2023/24 and no difficulties are foreseen for the current or future years.

- 2. Borrowing Levels** – The following two indicators control the overall level of borrowing;
 - The Authorised Limit** – This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3(1) of the Local Government Act 2003;
 - The Operational Boundary** – This indicator is based on the probable external debt during the course of the year. It is not a limit and actual borrowing could vary around the boundary for short times during the year. It should act as a barometer to ensure the authorised limit is not breached;

- **The actual borrowing compared to the Authorised and Operational limits agreed by Council are as follows.**

	2023/24 Original Limit £000's	2023/24 Revised Limit £000's
Authorised Limit	45,000	45,000
Operational Boundary	40,000	40,000

- 3. Ratio of Financing Costs to Net Revenue Stream** – This indicator compares net financing costs (borrowing costs less investment income) to net revenue income from revenue support grant, business rates, housing revenue account subsidy, Council tax and rent income. The purpose of the indicator is to show how the proportion of net income used to pay for financing costs is changing over time.

	2023/24 Original Estimate %	2023/24 Revised Estimate %
General Fund	14.7	8.7
HRA	13.3	12.9

The above indicator shows that within the General Fund, financing costs were originally expected to be 14.7% of the net revenue income. We are now estimating 8.7% due to slippage in the capital programme resulting in borrowing taking place later in the year, plus the recalculation of the basis for the MRP charge.

In the case of the HRA there is net interest payable which was expected to be 13.3% of the net revenue income. This is now estimated at 12.9%.

- 4. Limits on Activity** – The following indicators constrain the activity of the treasury function to within certain limits, thereby reducing the risk of an adverse movement in interest rates impacting negatively on the Council's overall financial position.
- **Upper Limits on Variable Rate Exposure** – This indicator identifies a maximum limit for variable interest rates;
 - **Maturity Structures of Borrowing** – These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing;

- **Total Principal Funds Invested** – This limit is set to reduce the need for early sale of investments and is based on the availability of investments after each year-end.

	2022/23 Original Indicators		2022/23 Revised Indicators		2022/23 Actual Maturity Structure	
	%		%		%	
Fixed Interest Rates Limit	100		100		100	
Variable Interest Rates Limit	100		25		0	
Maturity Structure of Borrowing	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 Months	0	50	0	50	0	49
12 Months to 2 Years	0	50	0	50	0	3
2 Years to 5 Years	0	50	0	50	0	9
5 Years to 10 Years	0	100	0	100	0	14
10 Years & Above	0	100	0	100	0	25
Total						100

The Prudential Code requires indicators to be set for the maturity structure of fixed borrowings only.