

CABINET

12th January 2021

TREASURY MANAGEMENT STRATEGY AND CAPITAL INVESTMENT STRATEGY

Report of the Strategic Director for Resources

Strategic Aim:	Customer-focussed services	
Key Decision: Yes	Forward Plan Reference: FP/100920	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr G Brown, Deputy Leader and Portfolio Holder for Planning and Finance	
Contact Officer(s):	Saverio Della Rocca, Strategic Director for Resources (s.151 Officer)	01572 758159 sdrocca@rutland.gov.uk
	Andrew Merry, Finance Manager	01572 758152 amerry@rutland.gov.uk
Ward Councillors	Not Applicable	

DECISION RECOMMENDATIONS

That Cabinet RECOMMENDS TO COUNCIL to approve:

- a) the Treasury Management Strategy in Appendix 1 including the Investment Strategy, Borrowing strategy, Minimum Revenue Provision statement and Capital Expenditure Prudential indicators.
- b) the Capital Investment Strategy which is unchanged from that approved last year in Report 05/2020

1 PURPOSE OF THE REPORT

- 1.1 This report sets out the statutory reports expected in relation to treasury and capital investment operations for 2021/22, linked to the Council's Budget, Medium Term Financial Strategy and Capital Programme.

2 BACKGROUND AND MAIN CONSIDERATIONS

2.1 Statutory guidance

- 2.1.1 Both the Treasury Management Strategy and the Capital Investment Strategy

(CIS) have been prepared in line with the guidance, including:

- Prudential Code for Capital Finance in Local Authorities (2017) (Prudential Code)
- Treasury Management: Code of Practice and Cross-Sectoral Guidance Notes (Treasury Management Code)
- Minimum Revenue Provision - Guidance issued by the Secretary of State under section 21(1A) of the Local Government Act 2003. This prevents various practices such as spreading the MRP charge over a period longer than 50 years or making retrospective changes which give rise to a credit – “Changing the method used to calculate MRP can never give rise to an overpayment and should not result in a LA making a charge of £nil for the accounting period in which the change is made”.
- Guidance on Local Authority investments - Issued under section 15(1)(a) of the Local Government Act 2003. This guidance is consistent with the Codes described above.
- CIPFA Prudential Property Investment – covering non-financial investments (Commercial Property)

2.2 Coverage

2.2.1 The two strategies cover a range of issues as set out below:

Treasury Management Strategy (TMS)	Capital Investment Strategy (CIS)
Treasury Management Requirements	Capital Investment Strategy objectives
Capital Prudential Indicators	Capitalisation policy
Borrowing	Objectives and priorities
Annual Investment Strategy	Resourcing strategy
MRP Statement	Indicative plans and available funding
Investment Selection Criteria	Appraisal process for Capital Investment
Economic Outlook	Commercial Investment Policy (objectives, rules, assessment process, governance and reporting)
	Reporting Requirements
	Performance Indicators

2.3 Treasury Management Strategy (TMS)

2.3.1 The TMS outlines that the Council's approach to treasury investment is largely unchanged.

2.3.2 Our focus is on deposits for up to a 12 month period given the uncertainty in the markets.

2.3.3 There are no changes proposed from last year's TMS in terms of the Council's approach to borrowing. The Council will look to repay borrowing if there is a financial business case. It will also only borrow where that borrowing is likely to deliver a positive revenue impact. In the context of the budget and medium term financial position, no other borrowing is advisable at this stage.

2.3.4 There has been no changes to Treasury Management Practices Counterparty & Credit Risk Management or Glossary of Terms since the last Treasury Management Strategy report (Report 05/2020). The list of countries approved for investments based on those countries which have sovereign ratings of AA+ or higher remains the same.

2.4 Capital Investment Strategy (CIS)

2.4.1 The CIS outlines the Council's approach to non-financial investment and was updated in 20/21 to reflect CIPFA issuing the Prudential Property Investment guidance.

2.4.2 There are changes to the Council CIS this year other than the current capital programme, which can be found in the Councils budget report. The CIS can be found in report 05/2020.

2.4.3 The key points to note on the Capital Investment Strategy are:

- The Council incurs capital expenditure/makes capital investment to deliver on its aims and priorities including statutory objectives
- It has indicative plans which are approved as part of the budget and updated throughout the year
- It holds funds which are available to meet spending plans and can supplement these funds with borrowing if required
- Capital investment/expenditure has traditionally focused on what are called "service investments" – investment in assets held primarily for the delivery of operational services
- The Council has a Commercial Investment Policy (Appendix 2 – Annexe A1 of Report 05/2020). The Council has not yet made any investments in line with this Policy.

2.4.4 The Government has raised serious concerns about Councils borrowing to invest in commercial properties. It recently published the consultation results on proposed changes to PWLB lending terms. The key change is to try and restrict the use of borrowing for purely commercial investments outside of Council boundaries. The Council's CIS requires investment in-county for regeneration

reasons so the change in lending terms will not impact the way the Council intends to operate.

3 CONSULTATION

- 3.1 No formal consultation is required. However, CIPFA guidance encourages Councils to use Scrutiny to review proposals prior to approval by Council. This report will therefore be presented at the Budget Scrutiny panel in January which will then allow Council to consider any comments before it is presented for approval in February.

4 ALTERNATIVE OPTIONS

- 4.1 Option 1. To approve the Capital Strategy and Treasury Management Strategy as presented. This is the recommended option.
- 4.2 Option 2. Not to accept the 2021/22 Treasury Management Strategy and Capital Strategy. This is not recommended as it means that the Council will be in breach of its statutory obligations.
- 4.3 Option 3. To approve the Strategies with any revisions.

5 FINANCIAL IMPLICATIONS

- 5.1 The Medium Term Financial Plan includes three amounts for interest payable on loans (this is fixed), interest receivable on investments (changes in the Treasury Management Strategy may result in increased returns) and MRP (which is based on the current capital plans). PWLB loans will be monitored and if it is advantageous for the Council, repayment or restructuring will be considered.
- 5.2 The implementation of the Commercial Investment Policy aims to deliver Revenue Income and a net return for the Revenue Account but this is not included in the MTFP at this time.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The report meets the requirements of both the CIPFA Code of Practice on Treasury Management, the CIPFA Prudential Code for Capital Finance in Local Authorities and the Council's Financial Procedure Rules. The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003.
- 6.2 The Council's treasury management activities are regulated by a variety of professional codes and statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
 - The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing which may be undertaken;
 - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;

- The SI requires the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities;
- The SI also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
- Under the Act the CLG has issued Investment Guidance to structure and regulate the Council's investment activities; and
- Under Section 238(2) of the Local Government and Public Involvement in Health Act 2007 the Secretary of State has taken powers to issue guidance on accounting practices.

6.3 The Council's Treasury Management Strategy explains how it complies with this legal framework.

6.4 As per Article 4 of the Council's Constitution the Treasury Management Strategy and Capital Investment Strategy form part of the Council's Policy Framework. It therefore requires the approval of Full Council.

7 DATA PROTECTION IMPLICATIONS

7.1 A Data Protection Impact Assessment (DPIA) has not been completed because there are no service, policy or organisational changes being proposed.

8 EQUALITY IMPACT ASSESSMENT

8.1 An Equality Impact Assessment (EqIA) has not been completed because the report does not represent the introduction of a new policy or service or a change / to an existing policy or service that has an impact on any particular group.

9 COMMUNITY SAFETY IMPLICATIONS

9.1 There are no community safety implications.

10 HEALTH AND WELLBEING IMPLICATIONS

10.1 There are no health and wellbeing implications.

11 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

11.1 The Council is required to approve a Treasury Management Strategy and Capital Strategy.

12 BACKGROUND PAPERS

12.1 Treasury Management Strategy and Capital Strategy 2020/21 (05/2020)

13 APPENDICES

13.1 Appendix 1 Treasury Management Strategy

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.



Rutland County Council

Treasury Management Strategy

2021 - 22

Contents

1	INTRODUCTION.....	3
1.1	Background to Treasury Management	3
1.2	Reporting Requirements	3
1.3	Treasury Management Strategy for 2021/22.....	5
1.4	Training	5
1.5	Treasury Management Consultants	5
2	THE CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2023/24.....	6
2.1	Capital Expenditure	6
2.2	The Council’s Borrowing Need (the Capital Financing Requirement)	7
2.3	Core Funds and Expected Investment Balances	8
3	BORROWING	9
3.1	Borrowing objectives	9
3.2	Current borrowing portfolio.....	10
3.3	Treasury Indicators: Limits to Borrowing Activity.....	12
3.4	Prospects for Interest Rates.....	13
3.5	Borrowing Strategy.....	14
3.6	Policy on borrowing in advance of need.....	15
3.7	Proportionality	15
3.8	Debt repayment and rescheduling	16
4	ANNUAL INVESTMENT STRATEGY	16
4.1	Investment overview	16
4.2	Investment policy objectives.....	17
4.3	Investment rules.....	18
4.4	Creditworthiness policy	18
4.5	Use of additional information other than credit ratings	19
4.6	Time and monetary limits applying to investments.....	19
4.7	Other considerations	20
4.8	Investment approach.....	21
4.9	Investment returns expectations and benchmarking	22
4.10	End of Year Investment Report.....	23
5	THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2021/22 – 2023/24 AND MRP STATEMENT	23
5.1	Capital Expenditure	23
5.2	Minimum Revenue Provision Policy	23
5.3	Affordability Prudential Indicators.....	24
	Annexe A1 - Public Works Loan Board (PWLB) Debt Analysis.....	26

1 INTRODUCTION

1.1 Background to Treasury Management

- 1.1.1 The Council is required to operate a balanced budget, which means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed to meet day-to-day running costs and planned capital expenditure. Any surplus monies are invested in counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.
- 1.1.2 The second main function of the treasury management service is the funding of the Council's capital plans as set out in the Budget and Capital Investment Strategy (CIS). These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.1.3 The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 1.1.4 Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, arising usually from capital expenditure and are separate from the day to day treasury management activities.
- 1.1.5 CIPFA defines treasury management 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."

1.2 Reporting Requirements

Treasury Management Reporting

- 1.2.1 The Council is required to receive and approve, as a minimum, three main reports each year which incorporate a variety of policies, estimates and

actuals.

1.2.2 **Prudential and treasury indicators and treasury strategy** (this report) -

The first and most important report covers:

- the capital plans (including prudential indicators) as derived through the budget and CIS;
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy for treasury investments (the parameters on how investments are to be managed).

1.2.3 **A mid-year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary and whether any policies require revision. In addition, this Council will receive an update on investment returns.

1.2.4 **An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

1.2.5 **Scrutiny** - The above reports are required to be adequately scrutinised before being recommended to Council. This role is undertaken by Cabinet and reports are also made available to Scrutiny Panels.

Capital Investment Strategy

1.2.6 The Treasury Management Strategy should be read in conjunction with the Council's Capital Investment Strategy as the Council's debt and MRP policy are directly impacted by capital plans.

1.2.7 The overall aim of the Council, with respect to capital expenditure and investment, is to achieve council objectives and priorities whilst ensuring that capital plans are affordable, prudent and sustainable.

1.2.8 The CIS provides a framework that allows that objective to be achieved. It sets out:

- what is capital expenditure/investment and why we incur it (section 2);
- the Council's overall capital objectives, priorities and plans (section 3);
- how the Council's capital expenditure/investment will be funded/ resourced (section 4);
- how the Council's capital expenditure/investment plans will be appraised (section 5) including the Council's commercial investment policy (Annexe B1);

- how capital plans will be approved (section 6), monitored and reported upon (Section 7); and
- the skills and knowledge required to deliver the capital plans (section 8).

1.3 **Treasury Management Strategy for 2021/22**

1.3.1 The strategy for 2021/22 covers two main areas.

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury Management Issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy and policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy (for treasury investments);
- creditworthiness policy; and
- the policy on use of external service providers.

1.3.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 **Training**

1.4.1 The CIPFA Code requires the Section 151 Officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. The training needs of treasury management officers and members are periodically reviewed.

1.5 **Treasury Management Consultants**

1.5.1 The Council uses Link Group, Treasury solutions as its external treasury management advisors.

1.5.2 The Council recognises that responsibility for treasury management

decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

- 1.5.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

2 THE CAPITAL PRUDENTIAL INDICATORS 2021/22 – 2023/24

2.1 Capital Expenditure

- 2.1.1 The Council's capital expenditure plans as set out in the budget are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

- 2.1.2 The capital expenditure prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously and those forming part of this budget cycle. As at 1 April 2021 the Council estimates that it will have capital projects approved of £28.723m. The details of this are shown in Budget Report (Report No: 3/2020).

- 2.1.3 The table below shows the indicative spend profile of approved capital projects included in the 2021/22 Budget. Whilst the Council may have approved a project in 2021/22 spending may not occur until 2022/23. Members are asked to approve the capital expenditure forecasts:

Estimates of capital expenditure (Prudential Indicator (PI) 3) and Actual capital expenditure (PI4)

Estimated Capital expenditure	Actuals	Projects	Projects	Projects	Projects
	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Total Projects	4,076	9,041	449	249	249
Total Commercial Activities/non-financial investments*	0	0	10,000	0	0
Total	4,076	9,041	10,449	249	249
Non ring fenced grants-unallocated	0	0	3,378	1,689	1,689
Total **	4,076	9,041	13,828	1,939	1,939

* Commercial activities / non-financial investments relate to areas such as capital expenditure on investment properties, loans to third parties etc. There are no immediate plans to spend but reflects the inclusion of this project in our capital programme.

**The existing capital programme in the budget for 20/21 is £28.723m. The table above is not replicating the Capital Programme as there are projects that would have been started prior to 2019/20 and some of the future year's projects will not yet be in the approved capital budget. However the 2019/20 outturn and 2020/21 budget do agree with the Statement of Accounts and latest budget report.

2.1.4 These figures do not yet include proposals for new projects being developed. In these areas Cabinet reports are expected in 2021/22. Funding for any future projects will be funded in full or in part from the unallocated funding.

2.1.5 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need. The table also shows the percentage of the borrowing need relating solely to commercial investments.

Estimated Capital Programme	Actuals	Projects	Projects	Projects	Projects
	2019/20	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000	£000
Grant	3,355	7,740	3,628	1,939	1,939
Capital Receipts	140	242	0	0	0
RCCO	415	42	0	0	0
Oakham North	0	0	0	0	0
S106/CIL	166	330	0	0	0
Total Funding	4,076	8,354	3,628	1,939	1,939
Borrowing Need	0	687	10,200	0	0
Borrowing relating to Commercial Investments	0	0	10,000	0	0
Percentage of total net financing need %	0%	0%	98%	0%	0%

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

2.2.1 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

2.2.2 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each assets life and so charges the economic consumption of capital assets as they are used.

2.2.3 The Council is asked to approve the CFR projections below:

Estimates of CFR (PI5) and Actual CFR (PI6)

	2019/20 Actual £000	2020/21 Est £000	2021/22 Est £000	2022/23 Est £000	2023/24 Est £000
Capital Financing Requirement					
CFR – Services 1 Apr	21,244	20,630	20,703	30,262	29,413
Movement in Year	(614)	73	9,559	(849)	(849)
Total CFR	20,630	20,703	30,262	29,413	28,564
Movement in CFR represented by					
Net financing need for the year (above)	0	687	10,200	0	0
Less MRP/VRP and other financing movements	(614)	(614)	(641)	(849)	(849)
Movement in CFR	(614)	73	9,559	(849)	(849)

2.2.4 A key aspect of the regulatory and professional guidance is that elected members should be aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The capital expenditure figures shown in 2.1.3 and the details below demonstrate the scope of this activity and, by approving these figures, members should consider the scale proportionate to the Authority's remaining activity.

	2019/20 Actual £000	2020/21 Est £000	2021/22 Est £000	2022/23 Est £000	2023/24 Est £000
Capital Financing Requirement – Commercial Activity					
CFR – Services 1 Apr	0	0	0	10,000	9,800
Movement in Year	0	0	10,000	(200)	(200)
Total CFR	0	0	10,000	9,800	9,600
Movement in CFR represented by					
Net financing need for the year (above)	0	0	10,000	0	0
Less MRP/VRP and other financing movements	0	0	0	(200)	(200)
Movement in CFR	0	0	10,000	(200)	(200)

2.3 Core Funds and Expected Investment Balances

2.3.1 The application of resources (capital receipts, reserves etc.) to either finance

capital expenditure or to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated cash flow balances.

Year End Resources	2019/20 Actual £000	2020/21 Est £000	2021/22 Est £000	2022/23 Est £000	2023/24 Est £000
Fund balances / reserves	30,205	21,407	18,380	15,176	14,478
Capital receipts	1,518	1,276	1,326	1,376	1,426
Provisions	1,112	1,112	1,112	1,112	1,112
Total core funds	32,835	23,795	20,818	17,664	17,016
Working capital*	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
New borrowing**	-	-	(5,000)	-	-
Expected investments	30,835	21,795	13,818	15,664	15,016

* Working capital balances shown are estimated year-end; these may be higher mid-year

**Prudential borrowing in line with CIS.

3 BORROWING

3.1 Borrowing objectives

3.1.1 Councils borrow to fund capital expenditure or refinance/reschedule existing borrowing e.g. replace one loan with one at a lower rate. There are 7 types of borrowing that may be considered under this strategy.

- a) Borrowing to fund a scheme that will reduce the Council's ongoing revenue costs in future years or avoid increased costs in future years.
- b) Borrowing to fund the purchase of essential vehicles, plant and equipment in order to maintain Council functions.
- c) Borrowing in advance of anticipated receipts to enable the Council to invest in capital expenditure before it has the income to fund the investment.
- d) Borrowing to enable the Council to fund a larger capital programme than it is able to do using Government grant and self-financed borrowing.
- e) Borrowing to fund an overspend on a large-scale capital scheme that would otherwise have to be funded from a revenue contribution to capital outlay with major impact on the Council's revenue budget.
- f) Borrowing to fund a capital development which the Council believes is so essential to the transformation of Rutland, and able, within the context of setting a robust budget and medium term financial strategy, to allocate to the development a specific, ongoing, relatively secure

source of funding that can clearly be seen to be able to cover the cost of debt financing for the project over its expected life.

- g) Borrowing to reschedule existing borrowing i.e. replace existing loans with others.

3.1.2 Effectively, the Council works out its capital expenditure plans and then calculates how much it needs to borrow having considered whether it should fund capital expenditure using other options. The Council's objectives are to:

- avoid external borrowing as far as possible (i.e. use other sources of funding first where possible) unless that borrowing yields income or deliver savings beyond the cost of borrowing;
- repay borrowing early if this is financially prudent and viable;
- reduce its borrowing charge if this represents value for money;
- ensure any new borrowing is affordable; and
- work within prudential indicator limits.

3.2 **Current borrowing portfolio**

3.2.1 The Council currently has loans outstanding of £22.436m of which £21.386m are long term loans with the Public Works Loans Board (PWLB). PWLB is managed as part of the UK Debt Management Office, which is a HM Treasury Executive Agency. The remainder is a £630k Local Enterprise Partnership interest free loan which matures in 2023 and an interest free Salix loan of £420k repayable in 2022. Included within the £21.386m is £8.232m of debt that was inherited from Leicestershire in the Local Government Re-organisation in 1997.

3.2.2 The last time the Council actually borrowed from the PWLB was in 2008 to contribute towards funding the Oakham bypass, the value of this loan was £4m.

3.2.3 All PWLB loans have been borrowed on a maturity basis. Interest payments will be made every six months on equal instalments throughout the term of the loan, with the principal being re-paid on the maturity date.

3.2.4 The external debt projections are shown overleaf. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

ACTUAL EXTERNAL DEBT (PI9) AND GROSS DEBT AND THE CFR (PI10)

Year End Resources	2019/20 Actual £000	2020/21 Est £000	2021/22 Est £000	2022/23 Est £000	2023/24 Est £000
External Debt					
Debt - 1 April	22,310	22,226	22,142	27,058	26,386
Expected Change in Debt	(84)	(84)	4,916	(672)	0
Actual /projected Gross Debt 31 March	22,226	22,142	27,058	26,386	26,386
Capital Financing Requirement	20,630	20,703	30,262	29,413	28,564
Under / (Over) Borrowing*	(1,596)	(1,439)	3,204	3,027	2,178

*Over Borrowing Position explained in Treasury Management Strategy 2017/18 (41/2017)

3.2.5 Within the above figures the level of debt relating to commercial activities / non-financial investment would be £5m.

External Debt for commercial activities / non-financial investments	2019/20 Actual	2020/21 Est	2021/22 Est	2022/23 Est	2023/24 Est
Actual/projected debt at 31 March £000	0	0	5,000	5,000	5,000
Percentage of total external debt %	0	0	18	18	19

3.2.6 Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2021/22 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

3.2.7 The Section 151 Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans and the proposals in this budget report.

3.3 Treasury Indicators: Limits to Borrowing Activity

3.3.1 **Operational boundary for external debt (PI6)** - This is the limit beyond which external debt is not normally expected to exceed. It is not an absolute limit, it can be temporarily breached. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resource.

Operational boundary	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Debt	23,000	23,000	23,000	23,000
Commercial activities/non-financial investments	5,000	5,000	5,000	5,000
Total	28,000	28,000	28,000	28,000

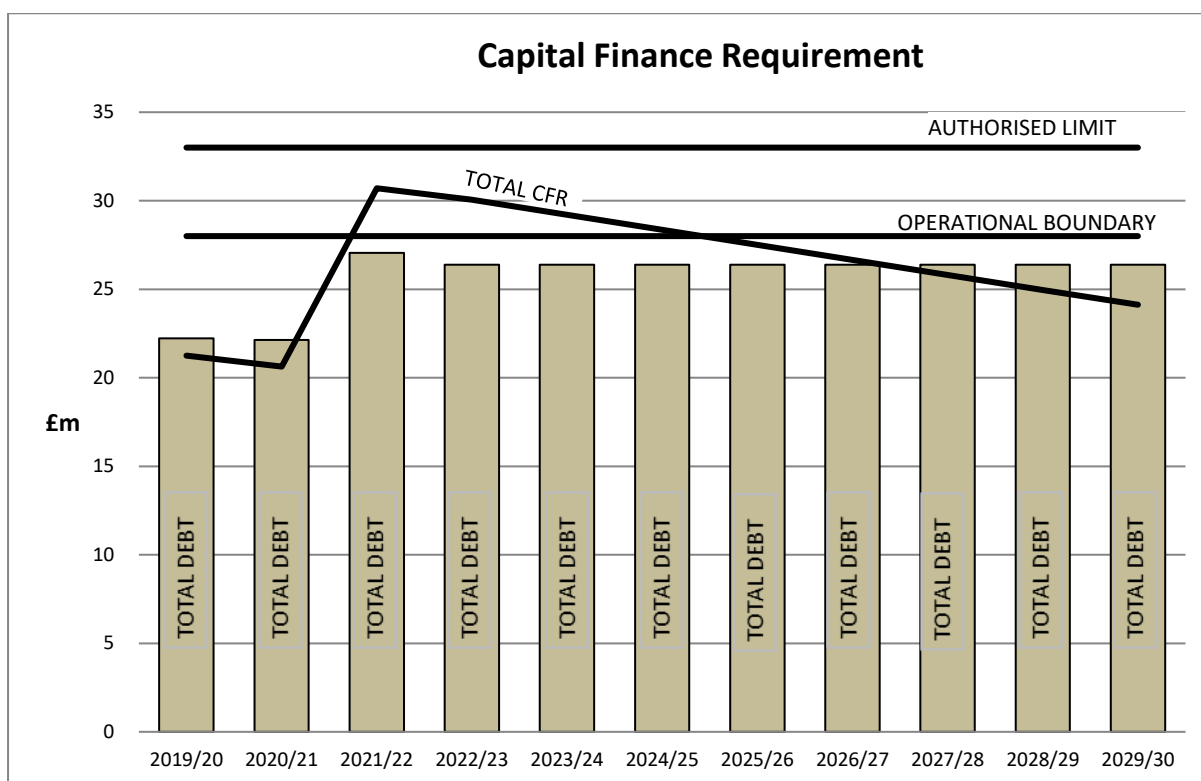
3.3.2 **Authorised limit for external debt (PI7)** - A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term but is not sustainable in the longer term i.e. if the Council borrowed in the short term in advance of a capital receipt being received.

3.3.3 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

3.3.4 The Council is asked to approve the following authorised limit:

Authorised limit	2020/21 Estimate £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Debt	28,000	28,000	28,000	28,000
Commercial activities/non-financial investments	5,000	5,000	5,000	5,000
Total	33,000	33,000	33,000	33,000

3.3.5 The graph below shows where we currently are against all of the borrowing prudential indicators.



3.4 Prospects for Interest Rates

3.4.1 Link Group, Treasury Solutions have provided a view on interest rates as per the table below.

	Dec 2020 %	Mar 2021 %	Jun 2021 %	Sep 2021 %	Dec 2021 %	Mar 2022 %	Jun 2022 %	Sep 2022 %	Dec 2022 %	Mar 2023 %
Bank Rate	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 Month average earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 Month average earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 Month average earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 Yr PWLB	0.80	0.80	0.80	0.80	0.80	0.90	0.90	0.90	0.90	0.90
10 Yr PWLB	1.10	1.10	1.10	1.10	1.10	1.20	1.20	1.20	1.20	1.20
25 Yr PWLB	1.50	1.50	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.70
50 Yr PWLB	1.30	1.30	1.40	1.40	1.40	1.40	1.50	1.50	1.50	1.50

3.4.2 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left the Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action

becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected during the time period shown as economic recovery is expected to be only gradual and, therefore, prolonged.

3.4.3 Investment and borrowing rates

- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- Borrowing interest rates fell to historically very low rates as a result of the coronavirus crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 2020/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. The unexpected increase of 100 bps in PWLB rates on top of the then current margin over gilt yields of 80 bps in October 2019, required an initial major rethink of local authority treasury management strategy and risk management. However, in March 2020, the Government started a consultation process for reviewing the margins over gilt rates for PWLB borrowing for different types of local authority capital expenditure. On 25th November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows:
 - PWLB Standard Rate is gilt plus 100 basis points
 - PWLB Certainty Rate is gilt plus 80 basis points
 - Local Infrastructure Rate is gilt plus 60bps

3.4.4 If an opportunity arises regarding the commercial investments consideration will also need to be given to sourcing funding at cheaper rates from the following:

- a) Local authorities (primarily shorter dated maturities)
- b) Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
- c) Municipal Bonds Agency (no issuance at present but there is potential).

3.5 **Borrowing Strategy**

3.5.1 From 2021/22 the Council is maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

3.5.2 Against this background and the risks within the economic forecast, caution

will be adopted with the 2021/22 treasury operations. The Strategic Director of Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

- 3.5.3 If the Council were to borrow then the Strategic Director for Resources would monitor the market to ensure that the borrowing was undertaken at the optimum time for the Council. If the Strategic Director for Resources thought rates would fall then they may choose to hold off long term borrowing. If they thought rates would rise then they may choose to borrow in advance of need (see section 3.6) to ensure borrowing is secured at a lower rate.
- 3.5.4 Any decisions will be reported to the Cabinet at the next available opportunity.

3.6 **Policy on borrowing in advance of need**

- 3.6.1 Prudential Code and CIPFA guidance says that the Council must not borrow more than or in advance of their needs purely to profit from the investment of the extra sums borrowed. The Council has some flexibility to borrow funds in advance of need for use in future years. The Section 151 Officer may do this under delegated power where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial or meet budgetary constraints. Whilst the Section 151 Officer will adopt a cautious approach to any such borrowing, where there is a clear business case for doing so borrowing may be undertaken to fund the approved capital programme or to fund future debt maturities.
- 3.6.2 If the Council does borrow in advance of need it will only be to fund statutory services rather than to solely invest in a yield bearing opportunity in non-financial investments.
- 3.6.3 Borrowing in advance will be made within the constraints that:
- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
 - The authority would not look to borrow more than 18 months in advance of need.
- 3.6.4 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

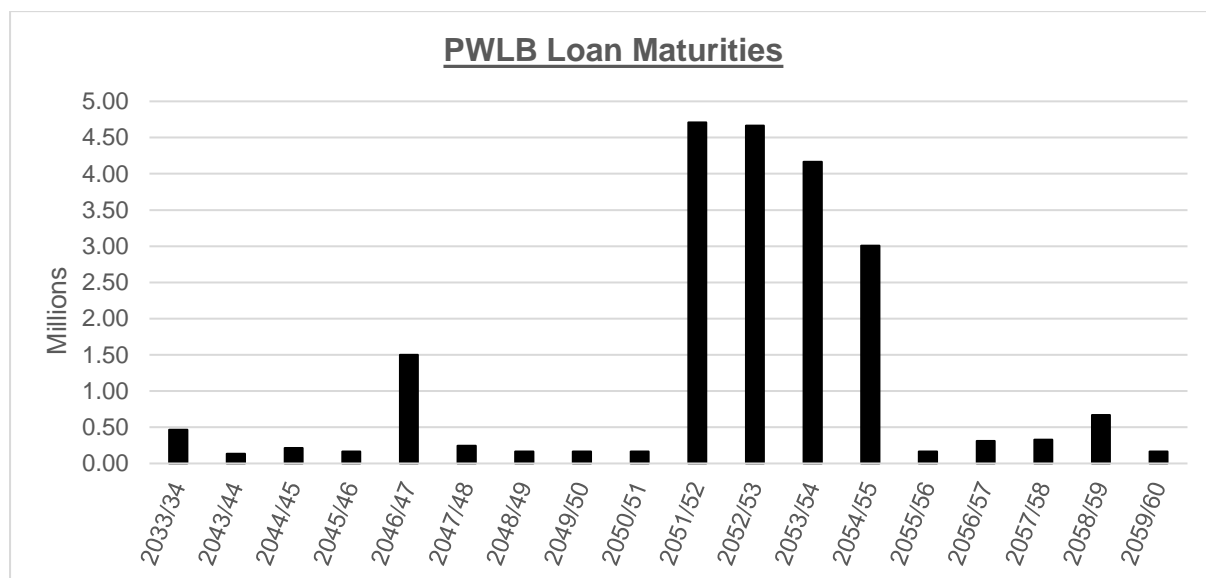
3.7 **Proportionality**

- 3.7.1 The Council will consider the concept of proportionality, alongside that of affordability needs when analysing funding projects through borrowing. The costs and risks associated with that borrowing will be examined as part of the whole financial position of the council, so that the Council does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources. The Council needs to be aware of the scale and relationship with the asset base and revenue delivery to inform decision making.

3.7.2 To demonstrate the proportionality between the treasury operations and the non-treasury operation, key indicators are shown for the Council as a whole as well as for non-treasury investments throughout this report e.g. the operational boundary is split to show commercial investments separately.

3.8 Debt repayment and rescheduling

3.8.1 The graph below demonstrates when PWLB debt is due to be repaid.



3.8.2 Rescheduling of current borrowing in our debt portfolio is unlikely to occur as the 100 basis points increase in PWLB rates applied to new borrowing rates and not to premature debt repayment rates.

3.8.3 The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

3.8.4 All rescheduling will be reported to the Cabinet at the earliest meeting following its action.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment overview

4.1.1 The Council receives substantial income from council tax, business rates and central government. The majority of council tax and business rates payments are received between April and January, with expenditure being fairly static throughout the year.

4.1.2 At any point of time in the year, the Council can have between £36m - £52m available to invest. The estimated level of investments at year end based on the current cash flow calculations and for the next few years is shown below.

The total investments at Quarter 2 show the estimated level of investment at the mid-point during the financial year. The large movement from £44m to £29m is due to c£30m of investments maturing in the final quarter and although some of these will be re-invested, the Council typically receives less income in the final quarter as Council Tax receipts drop off.

	2020/21 Actual £000	2020/21 Forecast £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Total Investments at Quarter 2	44,266		18,000	17,000	17,000
Total Investments at 31 March		29,000	14,000	15,000	15,000

4.1.3 The Council will invest surplus money in various ways to get a return on balances thus generating extra income.

4.2 Investment policy objectives

4.2.1 The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, as managed by the treasury management team. Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

4.2.2 The Council’s investment policy has regard to the MHCLG’s Guidance on Local Government Investments (“the Guidance”); CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (“the CIPFA TM Code”) and CIPFA Treasury Management Guidance Notes 2018.

4.2.3 This policy only covers treasury investments. The objectives of non-treasury investments are covered in the CIS.

4.2.4 The Council’s investment strategy primary objectives, in order of importance are:

- safeguarding the re-payment of the principal and interest of its investments on time – losing any funds like in the case of Icelandic banks would be very significant in this financial climate;
- adequate liquidity – the Council does not want to run short of money so it cannot pay its bills or does not have money available to make investments in capital expenditure;
- maximising the investment return – this is clearly important but the Council does not want to maximise returns at the expense of the first two objectives.

4.2.5 These objectives filter through this strategy.

4.3 **Investment rules**

- 4.3.1 In accordance with the above guidance from the MHCLG and CIPFA and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.
- 4.3.2 The Council engages with its advisors to monitor markets to support the ratings systems which ensures the Council is aware of the standing of the bank / building society.
- 4.3.3 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

4.4 **Creditworthiness policy**

- 4.4.1 The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.
 - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 4.4.2 The Section 151 Officer will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it provides an overall pool of counterparties considered high quality the Council may use rather than defining what its investments are.
- 4.4.3 Typically, the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalent) of F1 and a long term rating of A-. There may be occasions when the counterparty ratings from one or two of the rating agencies are marginally lower than these ratings but may still be used. In these instances, when counterparty ratings from one of the credit rating agencies (Fitch) meet the minimum criteria and also other relevant market data shows a stable position the counterparty can be used. If there is a major disparity between the counterparty ratings issued by Fitch and the other credit rating agencies then the counterparty will not be used.
- 4.4.4 Credit rating information is supplied by our treasury consultants daily on all active counterparties that comply with the criteria below. Any counterparty

failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance for overseas counterparties a negative rating watch at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market, the negative ratings watch will only be a factor in the selection process for overseas banks or if the negative rating applies only to one or several counterparties

4.4.5 The criteria for providing a pool of high quality investment counterparties (both Specified and Non-specified investments) is:

- Banks 1 - good credit quality – the Council will only use banks which:
 - a) are UK banks; and/or
 - b) are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA+
 - c) and have, as a minimum, the following Fitch (where rated): Short Term A-/ Long Term F1
- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland ring-fenced operations. These banks can be included provided they continue to be part nationalised or meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker for transactional purposes if the bank falls below the above criteria, in this case balances will be minimised in both monetary size and time invested.
- Building societies. The Council will only use societies which:
 - a) Meet the ratings for banks outlined above;
 - b) Have assets in excess of £1bn;
- Money Market Funds (MMFs) CNAV LVNAV
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities, parish councils etc.
- Property Funds

4.5 **Use of additional information other than credit ratings**

4.5.1 Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

4.6 **Time and monetary limits applying to investments**

4.6.1 The time and monetary limits for institutions on the Council's counterparty list are as follows (for both specified and non-specified investments):

	Fitch Rating (long-term/short-term)	Money Limit	Time Limit
Banks/ Building Society higher quality	AA-/F1+	£7m	3yrs
Banks /Building Society medium quality	A-/F1	£7m	364 days
Banks – part nationalised	N/A	£7m	364 days
Council's banker (not meeting Banks above)	BBB/F2	£1m	overnight
Building Society (not meeting Banks above & minimum assets £1 bn)	Not Rated	£1m	6 months
UK Government Gilts	UK sovereign rating	£5m	3 years
Debt Management Account Deposit Facility managed by the DMO (Debt Management Office)	UK sovereign rating	£5m	364 days
Local authorities	N/A	£7m	364 days
Property Funds	N/A	£2m	No limit set*
	Fund rating	Money Limit	Time Limit
Money Market Funds CNAV	AAA	£5m	liquid
Money Market Funds LVNAV	AAA	£5m	liquid

* No time limit as investment would need to be left to mature to ensure no loss on investments.

4.7 Other considerations

4.7.1 Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a minimum sovereign credit rating of AA+ from Fitch or equivalent. there has been no changes to the criteria from report 05/2020 . This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.
- **Other limits.**
 - no more than 10% will be placed with any non-UK country at any time;
 - All limits in place will apply to a group of companies.

4.8 Investment approach

4.8.1 As per our overall objectives, we ensure that these surplus balances are managed in a way to maximise the income potential whilst having regard to security risk.

4.8.2 The Council's approach is influenced by numerous issues:

- Cash flow – when will the Council need the funds to pay general running costs of the Council or fund capital investment activity
- The vehicles allowed for investment as outlined in this strategy as referenced on 4.4.5
- The rate of return on offer - Bank Rate is unlikely to rise from 0.10% for a considerable period. It is very difficult to say when it may start rising so it may be best to assume that investment earnings from money market-related instruments will be sub 0.50% for the foreseeable future.
- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is subject to major uncertainty due to the virus and how quickly successful vaccines may become available and widely administered to the population. It may also be affected by what, if any, deal the UK agrees as part of Brexit.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, or a return of investor confidence in equities, could impact gilt yields, (and so PWLB rates), in the UK.

4.8.3 Our focus is on traditional investments e.g. deposits for up to 12 month period – this is in line with the advice from our consultants (Link Group, Treasury Solutions) We will also consider longer term options (Government bonds, Property Funds etc.) once the position on Commercial Investments is clear. For example, placing funds in long term investments may not be an option depending on capital expenditure and investment plans.

4.8.4 Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Upper limit on total principal sums invested for periods of longer than a year (PI12)

£000	2021/22	2022/23	2023/24
Principal sums invested for longer than 365 days	0	0	0

4.9 Investment returns expectations and benchmarking

4.9.1 This Council will use an investment benchmark to assess the investment performance of its investment portfolio of 6 month LIBOR. The Council is appreciative that the provision of LIBOR and associated LIBID rates is expected to cease at the end of 2021. It will work with its advisors in determining suitable replacement investment benchmark(s) ahead of this cessation and will report back to members accordingly.

4.9.2 Security – Each counterparty the Council invests in has a risk of default (a calculated percentage to demonstrate the potential loss on the investment). The Council’s maximum security risk benchmark for the current portfolio, is:

- 0.10% historic risk of default when compared to the whole portfolio. The table below demonstrates a financial representation of how much the Council would stand to lose at 0.10%.

	2020/21 Forecast £000	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000
Total Investments at 31 March	29,000	14,000	15,000	15,000
Revenue impact of risk of default at 0.10%	29	14	15	15

4.9.3 Risks arising from commercial investments will be assessed during the evaluation process as detailed in the CIS.

4.9.4 Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0m
- Liquid short term deposits of at least £1m available with a week’s notice.

4.9.5 Yield - local measures of yield benchmarks

- Investments – internal returns above the 6 month LIBOR rate. The LIBOR benchmark is being withdrawn and is likely to be replaced with an iteration of SONIA (Sterling Overnight Index Average), when the

new comparable benchmark when it has been published this will be reported at the earliest available opportunity.

4.10 **End of Year Investment Report**

4.10.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5 **THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2021/22 – 2023/24 AND MRP STATEMENT**

5.1 **Capital Expenditure**

5.1.1 The Council's capital expenditure plans (see 2.1.3) are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

5.2 **Minimum Revenue Provision Policy**

5.2.1 Minimum revenue provision (MRP) policy statement - The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

5.2.2 MHCLG regulations have been issued which require Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement

- For capital expenditure incurred before 1 April 2008 The Council will reduce on a straight line basis over 50 years.
- From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be (either / and):
 - a) Asset life method – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction);
 - b) Depreciation method – MRP will follow standard depreciation accounting procedures. These options provide for a reduction in the borrowing need over approximately the asset's life.

5.2.3 **MRP Overpayments** - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget i.e. if the Council wanted to reverse the VRP in 2013/14, this policy must disclose the cumulative overpayment made each year. Up until the 31 March 2020 the total VRP overpayments were £1.41m in 2013/14 and £0.597m in 2015/16 giving a total MRP overpayment of £2.01m.

5.3 Affordability Prudential Indicators

5.3.1 Sections two and three cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

5.3.2 **Estimates of Financing Costs to Net Revenue Stream (PI1) and Actual financing costs to net revenue stream (PI2)** - This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream (the total income the Council receives i.e. the financing part of the MTFP).

%	2019/20 Actual	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate
Services	3.31	3.63	3.62	3.39	3.27

The estimates of financing costs include current commitments and the proposals in the budget report. This indicator has not been split between services and commercial activities because the MRP charge for the borrowing to fund Investment Properties will not commence until 2021/22.

5.3.3 **Incremental Impact of Capital Investment Decisions on Band D Council Tax (PI13)**. This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

Council Tax - Band D	2019/20 Actual £	2020/21 Estimate £	2021/22 Estimate £	2022/23 Estimate £	2023/24 Estimate £
Services	0%	0%	0.13%	0.12%	0.12%
Commercial Investments	0%	0%	0%	1.26%	1.20%

5.3.4 **Upper and lower of maturity structure of borrowing (fixed & variable) (PI11)**

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing all at the same time causing cash flow problems, and are required for upper and lower limits. The Council is asked to approve the following treasury indicators and limits:

Maturity structure of fixed interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	25%
12 months to 2 years	0%	25%
2 years to 5 years	0%	20%
5 years to 10 years	0%	20%
10 years and above	0%	100%
Maturity structure of variable interest rate borrowing 2020/21		
	Lower	Upper
Under 12 months	0%	25%
12 months to 2 years	0%	25%
2 years to 5 years	0%	20%
5 years to 10 years	0%	20%
10 years to 20 years	0%	100%

5.3.5 **Debt to net service expenditure (PI14)** - This indicator shows gross debt as a percentage of net service expenditure. Net service expenditure is considered to be a proxy for the size and financial strength of a local authority.

£'000	Services	Commercial Activities
Gross Debt	22,058	5,000
Net Service Expenditure	41,850	41,850
Debt to net service expenditure %	53%	12%
Maximum Level	60%	15%

ANNEXE A1 - PUBLIC WORKS LOAN BOARD (PWLB) DEBT ANALYSIS

The table below shows the number of outstanding loans with the PWLB, the maturity date, Principal outstanding, interest rate and the premium payable if the council was to settle the outstanding loan.

PWLB 2020-21 Loan Repayment Premiums as at 3-Dec-2020					
Loan Reference	Start Date	Maturity Date	Principal Balance	Interest Rate %	Premium
461697	27-Mar-1987	31-Dec-2043	132,529.13	9.000	227,368
461698	27-Mar-1987	31-Dec-2044	212,550.13	9.000	378,050
461699	27-Mar-1987	31-Dec-2045	163,500.10	9.000	301,684
461700	27-Mar-1987	31-Dec-2046	196,200.12	9.000	374,965
476645	30-Nov-1995	28-Jul-2053	163,500.10	8.000	337,561
476646	30-Nov-1995	28-Jul-2054	163,500.10	8.000	346,578
476647	30-Nov-1995	28-Jul-2055	163,500.10	8.000	356,613
476842	21-Dec-1995	13-Dec-2052	163,500.10	7.875	325,407
476843	21-Dec-1995	13-Dec-2051	163,500.10	7.875	316,466
476844	21-Dec-1995	13-Dec-2050	163,500.10	7.875	306,569
477672	05-Aug-1996	08-May-2048	163,500.10	8.375	302,172
477673	05-Aug-1996	08-May-2049	163,500.10	8.375	311,947
478210	26-Sep-1996	25-Sep-2047	217,138.76	8.125	380,173
478211	26-Sep-1996	25-Sep-2056	163,500.10	8.125	374,737
478214	26-Sep-1996	25-Sep-2047	28,111.39	8.125	49,218
479404	21-May-1997	08-May-2057	327,000.20	7.125	657,216
479405	21-May-1997	08-May-2056	147,150.09	7.125	287,750
481709	13-Oct-1998	25-Sep-2058	163,500.10	4.625	206,635
482002	14-Jan-1999	25-Sep-2058	320,460.20	4.375	378,774
482386	30-Mar-1999	25-Mar-2059	23,271.98	4.625	29,746
482875	08-Nov-1999	25-Mar-2059	163,500.10	4.500	201,948
483562	18-Nov-1999	25-Sep-2059	163,500.10	4.250	191,428
491043	19-Jan-2006	19-Jan-2034	465,521.00	4.000	208,750
491501	05-Mar-2006	03-Nov-2051	2,689,694.00	4.400	2,624,136
491580	19-May-2006	19-Nov-2046	1,303,000.00	4.250	1,038,435
492151	20-Sep-2006	20-Mar-2052	1,856,434.00	4.200	1,736,166

PWLB 2020-21 Loan Repayment Premiums as at 3-Dec-2020

Loan Reference	Start Date	Maturity Date	Principal Balance	Interest Rate %	Premium
492927	19-Feb-2007	19-Aug-2052	2,000,000.00	4.400	2,003,686
492928	19-Feb-2007	19-Aug-2053	2,000,000.00	4.400	2,067,925
492929	19-Feb-2007	19-Aug-2054	1,427,410.00	4.400	1,515,232
493087	03-Aug-2007	19-Aug-2052	2,500,000.00	4.250	2,399,958
493088	03-Aug-2007	19-Aug-2053	2,000,000.00	4.250	1,981,761
493089	03-Aug-2007	19-Aug-2054	1,414,351.00	4.250	1,438,812
			21,386,323.30		23,657,865

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Rutland
County Council

Rutland County Council
Catmose, Oakham, Rutland LE15 6HP

01572 722 577
enquiries@rutland.gov.uk
www.rutland.gov.uk