APPENDIX A

Annual Treasury Management Report 2023/24

East Staffordshire Borough Council

1. Introduction and Background

This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2023/24 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council - February 2023)
- a mid year (minimum) treasury update report (Council – December 2023)
- an annual report following the year describing the activity compared to the strategy (this report)

In addition, the Audit Committee has received quarterly treasury management updates as part of the overall financial reporting during the course of the year.

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny of treasury management reports by the Audit Committee before they were reported to the full Council.

2. This Annual Treasury Report Covers

- the strategy for 2023/24 – a summary;
- the council's treasury position as at 31 March 2024;
- borrowing and investments outturn
- the economy and interest rates in 2023/24;
- compliance with treasury limits and prudential indicators;
- other treasury related issues.

3. The Strategy for 2023-24 - Summary

The Treasury Management Strategy Statement (TMSS) for 2023/24, which includes the Annual Investment Strategy, was approved by the Council in February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity

- Yield

Accordingly, the Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. Further, the TMSS for 2023/24 affirmed that in accordance with proper levels of security and liquidity, no more that £5m would be invested for a fixed term period in excess of one year.

4. The Council's treasury position as at 31 March 2024

Capital Programme and Borrowing

The 2023/24 Revenue and Capital Outturn was reported to Cabinet on 17 June 2024. The report shows a Capital Outturn of £8.247m (£4.127m mainstream Capital Programme & £4.120m on the Towns Fund) and no borrowing.

Capital Financing Requirement (CFR)

The Capital Financing Requirement (CFR) is the borrowing balance in relation to the Capital Programme – technically this is known as the Council's underlying need to borrow for capital purposes.

Broadly, by regulation, the Authority is able to externally borrow for the long-term up to the value of the CFR.

However, Councils make external borrowing decisions after considering the amalgamated cash position relating to all its reserves. The CFR borrowing balance is therefore nominal: it can be funded using cash from the Council's internal reserves, in order to save external interest payments. Where cash is used from internal reserves to fund the CFR, this is called being under-borrowed.

At the start of the 2023/24 financial year, on 1 April 2023, the CFR was £14.326m. As noted above, there was no borrowing during the 2023/24 financial year to finance the Capital Programme, and therefore no increase to the CFR.

By regulation, the Council is required to pay off a portion of the CFR each year (this portion being charged to the revenue budget and known as the Minimum Revenue Provision). The amount repaid in 2023/24 was £0.854m. This means therefore that the CFR reduced in 2023/24 by £0.854m. The changes in the CFR balance during 2023/24 and the comparative year, are summarised in the table below:

Table 1 Capital Financing Requirement Balance

CFR	2023/24 Actual £'000	2022/23 Actual £'000
Opening Balance	**14,326**	**15,791**
Add unfinanced capital expenditure	**0**	**337**
Less MRP	**-854**	**-842**
Less Debt Repayment from Capital Receipt	**0**	**-960**
Closing Balance	**13,472**	**14,326**

The 2023/24 Treasury Strategy set out a plan for the CFR balance during 2023/24. The main variance between the Outturn reported in the table above and the strategy relates to a plan to reduce the CFR in excess of the amount required by regulation.

The Treasury Strategy planned to reduce the CFR balance during 2023/24 by an additional £1.35m. This plan was contingent on a planned receipt from a land sale, which was to be used to fund the additional reduction in the CFR balance.

However, as noted in the Quarter 4 Outturn Report, the contract for the anticipated land sale was agreed on May 14th 2024. This means that the variance in the plan will be a timing difference, with the planned repayment now being made in the 2024/25 financial year.

5. Borrowing and Investments outturn

Borrowing Limits

The Treasury Strategy sets limits to external borrowing, which are agreed by Audit Committee and delegated to the Section 151 officer.

It is confirmed that the Council was within all set borrowing limits for the 2023/24 financial year.

Borrowing Position

The Council's actual external borrowing at the start of the 2023/24 financial year on 1 April 2024 was £10.9m. As can be seen from the table below, this amount includes a market loan of £4.5m. The borrowing portfolio is shown in the table below:

Table 2: 1 April 2024 External Borrowing Portfolio

Debt Type	Principal Outstanding (£)	Average Rate
Total Fixed Debt		
PWLB Maturity	5,700,000	4.65%
PWLB Annuity	349,946	9.06%
Total Variable Debt		
Market	4,500,000	5.91%
GBSLEP Loan	375,000	
Total External Debt	**10,981,487**	5.35%

By the end of the financial year, as at 31 March 2024, the Council's external borrowing reduced to £6.365m.

As previously reported in the mid-year Treasury Update, most of the reduction in external borrowing relates to the decision to repay a £4.5m market loan in April 2024 – because doing so, was financially advantageous to the Council. The table below shows the external borrowing portfolio as at 31 March 2024.

Table 3: 31 March 2024 External Borrowing Portfolio

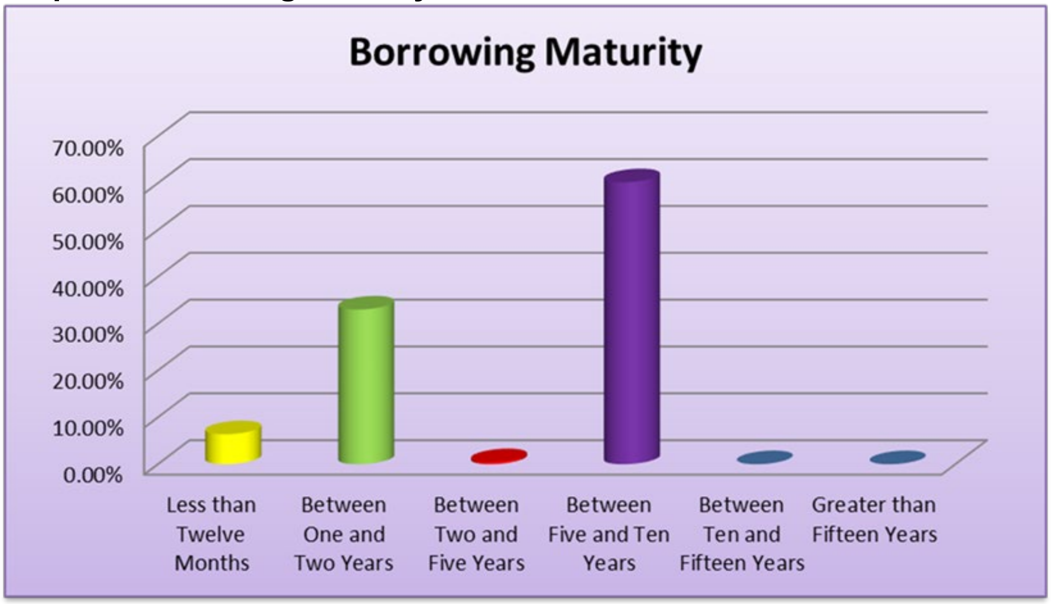
Debt Type	Principal Outstanding (£)	Average Rate
Total Fixed Debt		
PWLB Maturity	5,700,000	4.646%
PWLB Annuity	289,667	9.369%
Total Variable Debt		
Market	-	0.000%
GBSLEP Loan	375,000	
Total External Debt	**6,364,667**	4.875%

The actual borrowing of £6.365m at 31 March 2024, shown in the table above, is approximately 47% of the CFR nominal borrowing requirement of £13.472m. This means that the Council's CFR position at 31 March 2024 was under-borrowed.

Under-borrowing can reduce the cost of interest payments. This risk always needs to be balanced against the risk of needing to increase external borrowing when interest rates are high. However, this risk can also be mitigated by borrowing for shorter loan periods if there is an expectation that interest rates will reduce in the future.

The majority of the Council's current loan portfolio does not have to be repaid for another 5 years. This means there will be only a small demand to refinance the existing loan portfolio. The graph below, analyses the dates on which the Council is due to repay the external borrowing taken out as at 31 March 2024:

Graph 1: Borrowing Maturity 31 March 2024



Looking also specifically at 2024/25, the graph above shows only a small proportion of the loan portfolio has to be repaid in this financial year.

In-Year Borrowing

Consistent with the approved strategy, no new external borrowing was undertaken during the year, as the Council is seeking to reduce its underlying need to borrowing. Scheduled repayments were made during the year in relation to historical annuity loans amounting to £60,279.

Short-term Borrowing

No short term borrowing was necessary during the year.

Debt Rescheduling

As noted above and in the previous mid-year Treasury report, a market loan of £4.5m was repaid during the 2023/24 financial year.

Borrowing in advance of need

The Council has not borrowed more than, or in advance of its needs, purely in order to profit from the investment of the extra sums borrowed.

The Authorised Limit and Operational Boundary

The authorised limit is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during 2023/24 the Council has maintained gross borrowing within its authorised limit.

The operational boundary level is set at £15.5m to allow some headroom. Periods where the actual position is either above or below the boundary are acceptable subject to the authorised limit not being breached.

Table 4

2023/24 £'000	Borrowing Limits and Boundaries
17,500	Authorised Limit
15,500	Operational Boundary
6,365	Gross Borrowing at 31st March
13,472	Capital Financing Requirement

Investments

At the start of the 2023/24 financial year, investment balances were £56.293m.

At the end of the 2023/24 financial year, 31 March 2024, investment balances had fallen to £49.653m. This was in line with the assumptions used in the 2024/25 MTFS. These assumptions included the using up of capital grants balances, in order to fund expenditure on the Capital Programme.

Investment yields during the 2023/24 financial year were higher than expected. This higher investment yield was reported throughout the year in the Council's monitoring reports and the Mid-Year Treasury Report.

This main reason for the higher than expected investment yield was the increase in the Bank of England interest rate. Investment balances were also higher than anticipated. The average rate of investment return that was assumed in the 2023/24 budget was 3.7%. The actual average yield for the year was 5.03%, while investments held as at 31 March 2024 averaged 5.48%. This is analysed in the table below:

Table 5: Investment Summary

Investments rate of interest as at 31 Mar 2024	Principal (£)	Interest Rate
Total Investments	49,653,135	5.48%
Average rate of interest (Year to date)	**Principal (£)**	**Interest Rate**
Total Investments	63,943,759	5.03%

The Council's duration of investments as at 31st March 2024, can be further analysed within the graph below:

Graph 2: Investment Durations at 31 March 2024

Spreading investment maturities across the 2024/25 financial year, will potentially mitigate any reductions in interest rates, in the event that the Bank of England rate is reduced.

<u>Investments as at 31st March 2024</u>

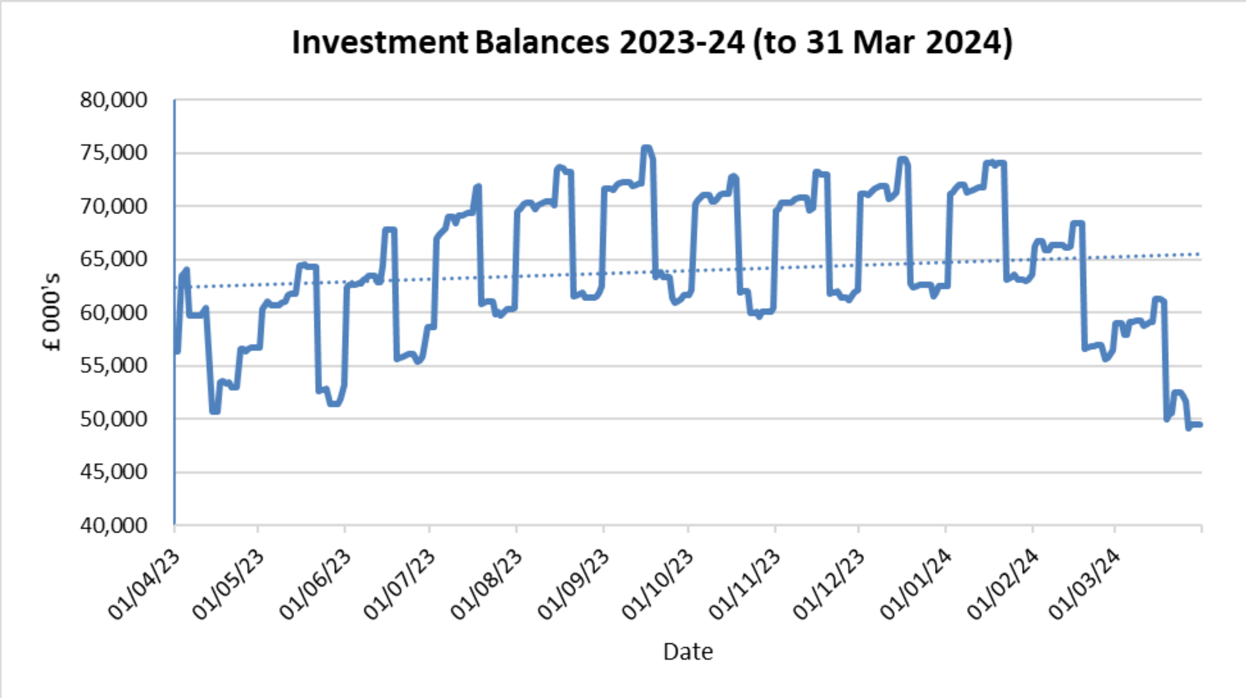
As previously stated the Council's Investments totalling £49.653m as at 31st March 2024 are summarised in the table below, with further details shown in Appendix 2.

Table 5: Investment Summary

Investments	31st March 2023		31st March 2024	
	£'000	%	£'000	%
Banks	168	0.30%	153	0.30%
Certificates of Deposit	25,000	44.40%	26,500	53..4%
Money Market Funds	18,000	32.00%	10,500	21.10%
UK Treasury Bills	-	0.00%	12,500	25.20%
UK Debt Management	13,125	23.30%	-	0.00%
Other Local Authorities	-	0.00%	-	0.00%
Total	**56,293**	**100%**	**49,653**	**100%**

The investment balance has also fluctuated during the 2023/24 financial year. The chart below illustrates the movement in the level of investments held by the Council, with the peak being £75.461m in September 2023 and the average for the whole year being £63.9m (Average in 2021/22 - £69.7m).

Graph 3



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Tax and NNDR receipts are received and then precept payments paid out. There has also been a decline following the repayment of business rates monies held for central government.

Investment Rates

A comparison with other benchmarks of the rate of return on investments achieved by ESBC in the year to 31 March 2024 is shown below:

Table 6: Benchmarking of Investment Yield

	Benchmarking Results
Weighted Average Credit Risk	
East Staffordshire	2.58
Non-Met district	2.52
Weighted Average maturity	
East Staffordshire	95
Non-Met district	70
Weighted average return of investments as at 31 March 2024	
East Staffordshire	5.48%
Non-Met district	5.19%

The above table shows that East Staffordshire Borough Council achieved a higher weighted average return that its comparators within Non-Metropolitan District Councils.

Investment Policy

The Council's investment policy is governed by DHLUC guidance and the annual investment strategy approved by the Council.

The annual investment strategy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit agencies supplemented by additional market data (such as credit outlooks, credit default swaps, bank share prices).

The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

6. The Economy and Interest Rates

A commentary on the economy and interest rates is provided by our Treasury Management advisors (Link) and is detailed in **Appendix 1**.

7. Compliance with Treasury Limits

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Strategy Statement. The outturn for the Prudential Indicators is shown in **Appendix 3**.

8. Other Treasury Matters

a) Restructure/early repayment of external borrowing

The Council's Treasury Management Strategy allows for the restructure/early repayment of external borrowing where there is a business case to support the decision. Any decision taking under delegated authority should be reported to members at the earliest available opportunity. During April 2024, £4.5m of Market Loans due to be repaid during March 2026 were repaid early resulting in an estimated cost saving of £179k over the remaining life of the loans (or on average £60k per annum). This takes into account a significantly reduced premium when compared to the equivalent PWLB Premium and the estimated lost investment income from early repayment. This was reported in Executive Decision Record 571/23 and does not change the Council's underlying need to borrow, it simply moves this element from external to internal borrowing which is more cost effective in the current environment.

Appendix 1

Link Treasury Manager's Report - The Economy and Interest Rates

Investment returns picked up throughout the course of 2023/24 as central banks, including the Bank of England, continued to respond to inflationary pressures that were not transitory, and realised that tighter monetary policy was called for.

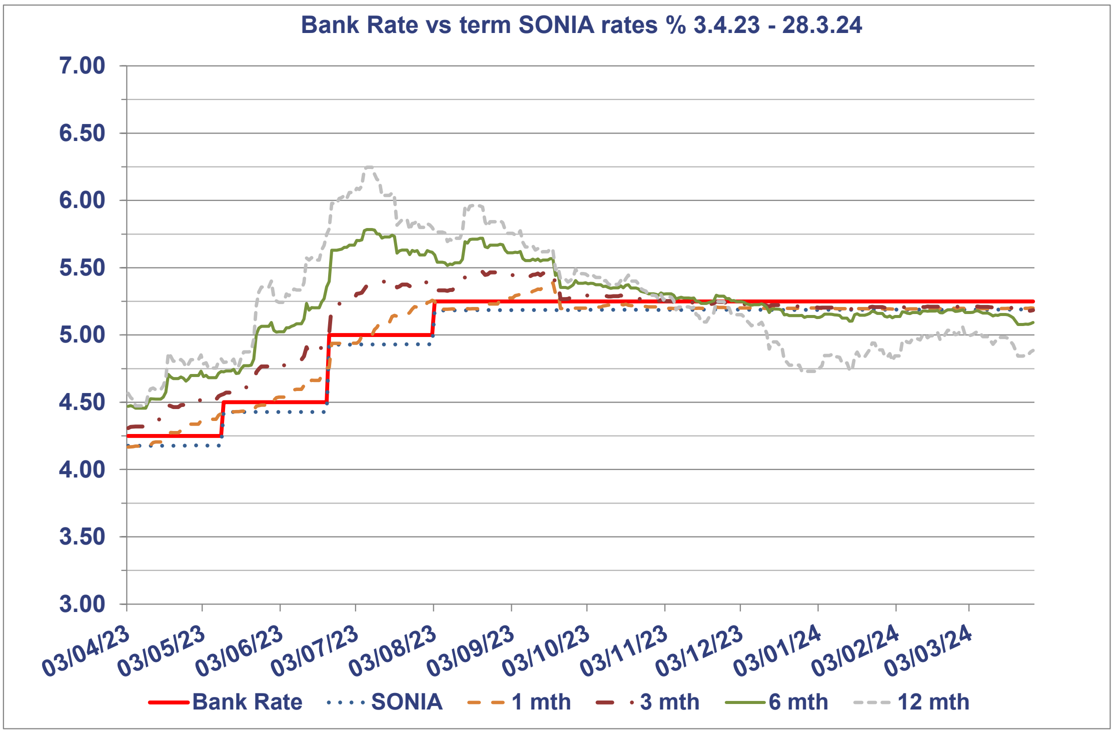
Starting April at 4.25%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 5.25% by August. By the end of the financial year, no further increases were anticipated. Indeed, the market is pricing in a first cut in Bank Rate in either June or August 2024.

The upward sloping yield curve that prevailed throughout 2023/24 meant that local authorities continued to be faced with the challenge of proactive investment of surplus cash, and this emphasised the need for a detailed working knowledge of cash flow projections so that the appropriate balance between maintaining cash for liquidity purposes, and "laddering" deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

With bond markets selling off, UK equity market valuations struggled to make progress, as did property funds, although there have been some spirited, if temporary, market rallies from time to time – including in November and December 2023. However, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration), have continued to be at the forefront of most local authority investment strategies, particularly given Money Market Funds have also provided decent returns in close proximity to Bank Rate for liquidity purposes. In the latter part of 2023/24, the local authority to local authority market lacked any meaningful measure of depth, forcing short-term investment rates above 7% in the last week of March.

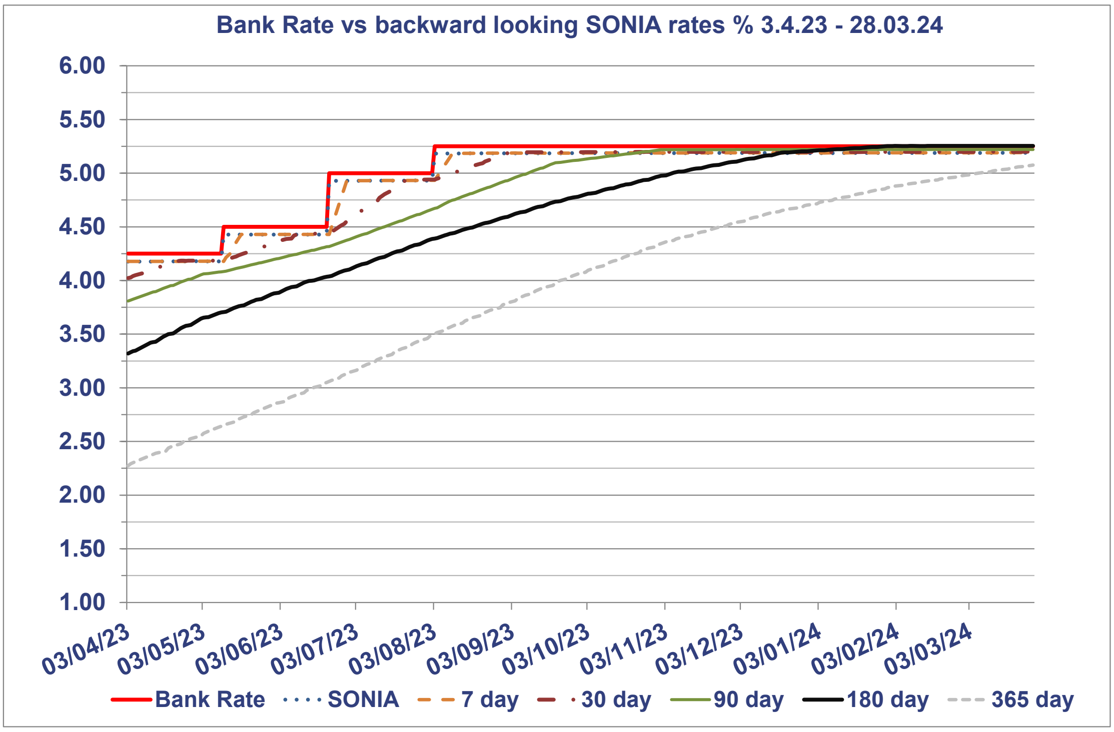
While the Council has taken a prudent approach to investing surplus monies, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Global Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2023/24



FINANCIAL YEAR TO QUARTER ENDED 28/03/2024						
	Bank Rate	**SONIA**	**1 mth**	**3 mth**	**6 mth**	**12 mth**
High	5.25	5.19	5.39	5.48	5.78	6.25
High Date	03/08/2023	28/03/2024	19/09/2023	30/08/2023	07/07/2023	07/07/2023
Low	4.25	4.18	4.17	4.31	4.46	4.47
Low Date	03/04/2023	04/04/2023	03/04/2023	03/04/2023	06/04/2023	06/04/2023
Average	5.03	4.96	5.02	5.13	5.23	5.25
Spread	1.00	1.01	1.22	1.17	1.33	1.77

Investment Benchmarking Data – Sterling Overnight Index Averages (Backward-looking) 2023/24



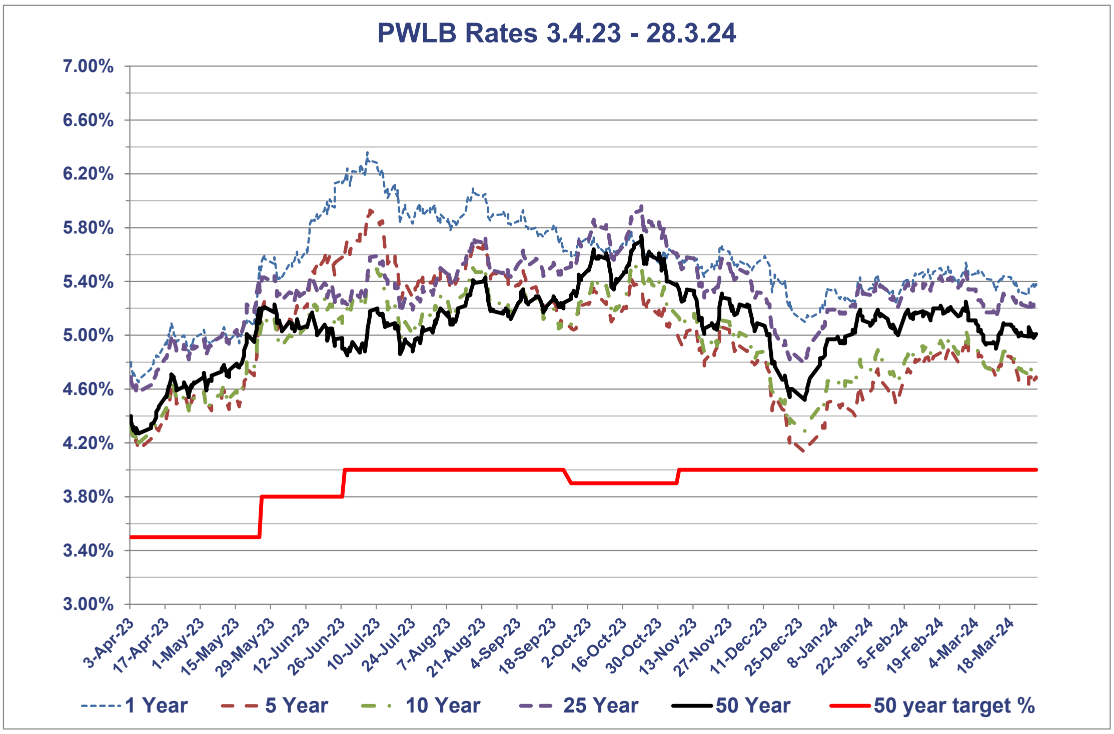
FINANCIAL YEAR TO QUARTER ENDED 28/03/2024							
	Bank Rate	SONIA	7 day	30 day	90 day	180 day	365 day
High	5.25	5.19	5.19	5.20	5.22	5.25	5.08
High Date	03/08/2023	28/03/2024	28/03/2024	26/03/2024	25/03/2024	22/03/2024	28/03/2024
Low	4.25	4.18	4.18	4.02	3.81	3.32	2.27
Low Date	03/04/2023	04/04/2023	11/04/2023	03/04/2023	03/04/2023	03/04/2023	03/04/2023
Average	5.03	4.96	4.96	4.93	4.84	4.64	3.93
Spread	1.00	1.01	1.01	1.18	1.41	1.94	2.80

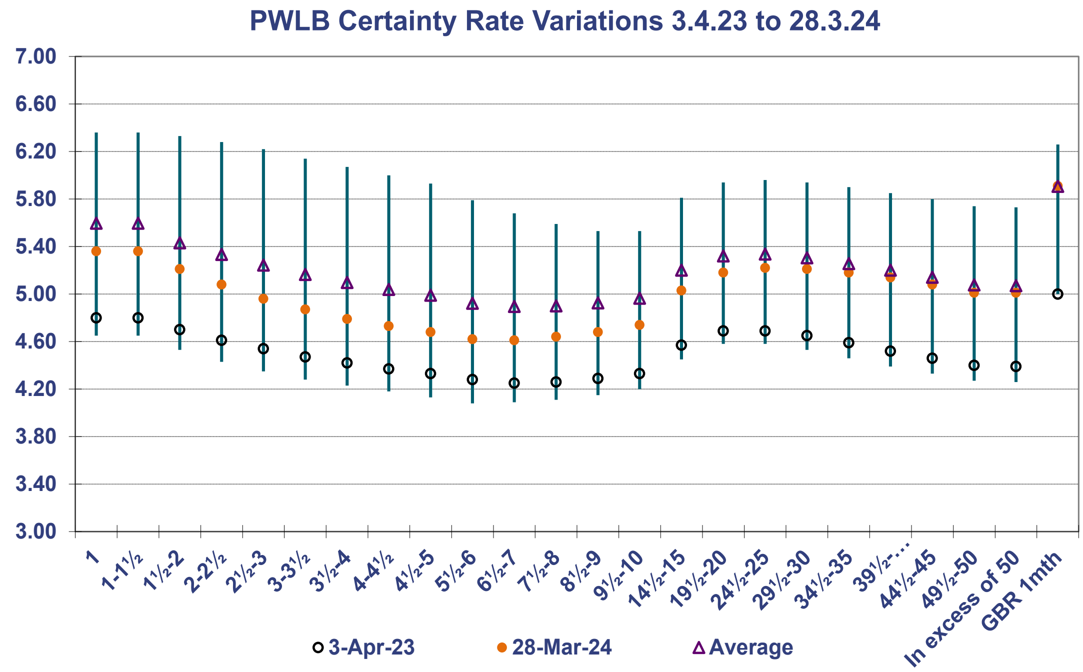
Interest rate forecasts initially suggested further gradual rises in short, medium and longer-term fixed borrowing rates during 2023/24. Bank Rate had initially been forecast to peak at 4.5% but it is now expected to have peaked at 5.25%.

By January it had become clear that inflation was moving down significantly from its 40-year double-digit highs, and the Bank of England signalled in March 2024 that the next move in Bank Rate would be down, so long as upcoming inflation and employment data underpinned that view. Currently the CPI measure of inflation stands at 3.4% but is expected to fall materially below 2% over the summer months and to stay there in 2025 and 2026. Nonetheless, there remains significant risks to that central forecast, mainly in the form of a very tight labour market putting upward pressure on wages, and continuing geo-political inflationary risks emanating from the prevailing Middle East crisis and the Russian invasion of Ukraine.

Forecasts at the time of approval of the treasury management strategy report for 2023/24 were as follows:

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
BANK RATE	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20


PWLB Rates 3.4.23 - 28.3.24
7.00%
6.60%
6.20%
5.80%
5.40%
5.00%
4.60%
4.20%
3.80%
3.40%
3.00%
3-Apr-23
17-Apr-23
1-May-23
15-May-23
29-May-23
12-Jun-23
26-Jun-23
10-Jul-23
24-Jul-23
7-Aug-23
21-Aug-23
4-Sep-23
18-Sep-23
2-Oct-23
16-Oct-23
30-Oct-23
13-Nov-23
27-Nov-23
11-Dec-23
25-Dec-23
8-Jan-24
22-Jan-24
5-Feb-24
19-Feb-24
4-Mar-24
18-Mar-24
1 Year
5 Year
10 Year
25 Year
50 Year
50 year target %


PWLB Certainty Rate Variations 3.4.23 to 28.3.24
7.00
6.60
6.20
5.80
5.40
5.00
4.60
4.20
3.80
3.40
3.00
1
1-1½
1½-2
2-2½
2½-3
3-3½
3½-4
4-4½
4½-5
5½-6
6½-7
7½-8
8½-9
9½-10
14½-15
19½-20
24½-25
29½-30
34½-35
39½-…
44½-45
49½-50
In excess of 50
GBR 1mth
3-Apr-23
28-Mar-24
Average

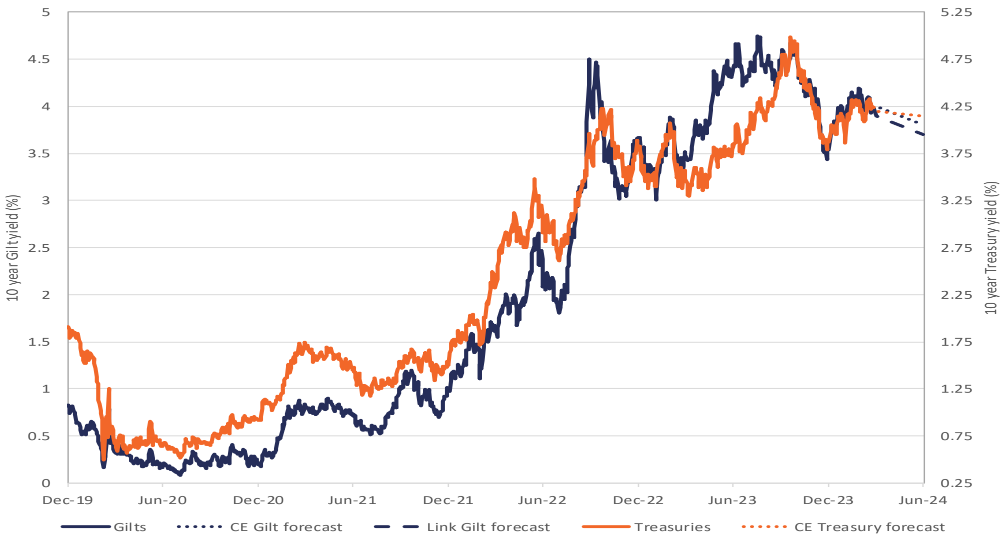
HIGH/LOW/AVERAGE PWLB RATES FOR 2023/24

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	4.65%	4.13%	4.20%	4.58%	4.27%
Date	06/04/2023	27/12/2023	06/04/2023	06/04/2023	05/04/2023
High	6.36%	5.93%	5.53%	5.96%	5.74%
Date	06/07/2023	07/07/2023	23/10/2023	23/10/2023	23/10/2023
Average	5.54%	4.99%	4.97%	5.34%	5.08%
Spread	1.71%	1.80%	1.33%	1.38%	1.47%

PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by levels of persistent inflation that are exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

Graph of 10-year UK gilt yields v. US treasury yields (inclusive of Link's and Capital Economics' forecasts)



Gilt yields have generally been on a continual rise since the start of 2021, peaking in the autumn of 2023. Currently, yields are broadly range bound between 3.5% and 4.25%.

At the close of the day on 28 March 2024, all gilt yields from 1 to 50 years were between 3.81% and 4.56%, with the 1 year being the highest and 6-7 years being the lowest yield.

Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows: -

- PWLB Standard Rate is gilt plus 100 basis points (G+100bps)
- PWLB Certainty Rate is gilt plus 80 basis points (G+80bps)
- Local Infrastructure Rate is gilt plus 60bps (G+60bps)
- HRA Borrowing rate is gilt plus 40 40bps (G+40bps)

There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate falls and inflation (on the Consumer Price Index measure) moves below the Bank of England's 2% target.

As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

The Bank of England is also embarking on a process of Quantitative Tightening. The Bank's original £895bn stock of gilt and corporate bonds will gradually be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, and high in historic terms, is an unknown at the time of writing.

Appendix 2 – Investment Schedule: 31st March 2024

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date
Call Accounts and Money Market Funds				
RBS SIBA	153,135	3.25%		
Barclays	-	0.20%		
Santander 95 day notice account	-	0.25%		95 day notice
Bank of Scotland 95 Day Notice Account	-	0.05%		95 day notice
Lloyds 95 Day Notice Account	-	0.05%		95 day notice
MMF Insight	-	5.25%		Call
MMF Aberdeen	-	5.22%		Call
MMF Federated	4,500,000	5.29%		Call
MMF Blackrock	-	5.16%		Call
MMF CCLA	6,000,000	5.26%		Call
Fixed Deposits/Certificates of Deposit/Treasury Bills				
Lloyds Bank CD	2,000,000	5.61%	06/10/2023	05/04/2024
Lloyds Bank CD	1,500,000	5.25%	02/02/2024	02/08/2024
National Westminster Bank CD	1,000,000	6.00%	18/08/2023	16/08/2024
National Westminster Bank CD	1,000,000	5.36%	13/12/2023	13/06/2024
National Westminster Bank CD	1,000,000	5.31%	06/02/2024	06/08/2024
National Westminster Bank CD	2,000,000	5.11%	19/01/2024	17/01/2025
Toronto Dominion Bank CD	1,500,000	5.89%	06/10/2023	04/10/2024
Toronto Dominion Bank CD	1,000,000	5.42%	12/12/2023	12/12/2024
DZ Bank CD	2,000,000	6.02%	21/07/2023	19/07/2024
DZ Bank CD	1,500,000	5.16%	27/03/2024	27/09/2024
Rabobank CD	1,000,000	5.74%	31/05/2023	30/05/2024
Rabobank CD	1,000,000	6.22%	24/07/2023	23/07/2024
Rabobank CD	1,500,000	5.48%	01/12/2023	29/11/2024
Commonwealth Bank of Australia CD	1,500,000	5.97%	13/09/2023	12/09/2024
Commonwealth Bank of Australia CD	1,500,000	5.79%	20/10/2023	18/10/2024
National Australia Bank CD	1,500,000	6.35%	27/06/2023	24/05/2024
Royal Bank of Canada CD	1,500,000	5.84%	22/09/2023	20/09/2024
DNB CD	1,500,000	5.72%	06/11/2023	04/11/2024
UBS CD	1,000,000	5.14%	12/01/2024	10/01/2025
UK Treasury Bill	1,500,000	5.41%	02/10/2023	02/04/2024
UK Treasury Bill	1,500,000	5.22%	08/01/2024	08/04/2024
UK Treasury Bill	1,500,000	5.38%	16/10/2023	15/04/2024
UK Treasury Bill	1,500,000	5.36%	30/10/2023	29/04/2024
UK Treasury Bill	1,500,000	5.30%	27/11/2023	28/05/2024
UK Treasury Bill	1,500,000	5.27%	04/12/2023	03/06/2024
UK Treasury Bill	1,500,000	5.28%	11/12/2023	10/06/2024
UK Treasury Bill	2,000,000	5.20%	28/03/2024	24/06/2024

Appendix 3: Prudential Indicators

PRUDENTIAL INDICATOR	2022/23	2023/24	2023/24
	£'000	£'000	£'000
	Actual outturn	Original Estimate	Actual outturn
Capital Expenditure **(a)**	**8,063**	**22,805**	**8,247**
Ratio of financing costs to net revenue stream **(b)**	**0.69%**	**-2.53%**	**-8.05%**
Capital Financing Requirement as at 31 March **(c)**	**14,326**	**12,217**	**13,472**
External Debt **(d)**	**11,057**	**10,617**	**6,365**

(a) This includes spend on the mainstream Capital Programme and the Towns Fund Capital Programme

(b) The original estimate and the actual outturn ratio of financing costs to net revenue stream is negative because interest receivable was higher than the combined costs of interest paid, premium charges and the Minimum Revenue Provision

(c) The CFR is higher than originally anticipated because capital receipts expected to be received in 2023/24 will now be received in 2024/25.

(d) The main reason that external debt reduced was because a £4.5m market loan was repaid during the 2023/24 financial year.

PRUDENTIAL INDICATOR	2022/23	2023/24	2023/24
TREASURY MANAGEMENT PRUDENTIAL INDICATORS	**£'000**	**£'000**	**£'000**
	Actual Outturn	**Original**	**Actual Outturn**
Authorised Limit for external debt -			
Borrowing	**18,000**	16,000	**16,000**
other long term liabilities*	**1,500**	1,500	**1,500**
TOTAL	**19,500**	**17,500**	**17,500**
Operational Boundary for external debt -			
Borrowing	**17,000**	15,000	**15,000**
other long term liabilities	**500**	500	**500**
TOTAL	**17,500**	**15,500**	**15,500**
Upper limit for total principal sums invested for over 1 year	**5,000**	5,000	**5,000**