EXECUTIVE BOARD DECISION

REPORT OF:	Executive Member for Finance and Governance
LEAD OFFICERS:	Director of Finance
DATE:	14 July 2022

PORTFOLIO/S AFFECTED:	All
WARD/S AFFECTED:	All
KEY DECISION:	**YES** ☒ **NO** ☐

SUBJECT: CORPORATE TREASURY MANAGEMENT OUTTURN REPORT 2021/22

1. EXECUTIVE SUMMARY

To report to Members the Treasury outturn for 2021/22.

2. RECOMMENDATIONS

The Executive Board is asked;

- to note the outturn position for 2021/22, and;
- to note the updated PWLB lending guidance.

3. BACKGROUND

3.1 In February/March 2021 the Council agreed a Treasury Management Strategy and Minimum Revenue Provision (MRP) Policy for 2021/22.

3.2 The CIPFA Treasury Management Code requires the Council to approve a Treasury Management Strategy (including various Treasury Management indicators) before the start of each financial year, and to consider the outturn after each year end. This report is to update Executive Board on the overall outturn position for 2021/22.

4. KEY ISSUES & RISKS

4.1 Treasury Priorities

The Council has operated within CIPFA and statutory guidance and requirements in respect of Treasury Management practice. The approved Treasury Management Policy Statement, together with the more detailed Treasury Management Practices and each year's Annual Strategy have all emphasised the importance of security and liquidity over yield.

2021/22 OUTTURN

4.2 Original Strategy for 2021/22

4.2.1 The Strategy for 2021/22 was approved by Executive Board on 11th March 2021. The main aspects of the strategy are outlined below :

- With short-term interest rates expected to continue to be lower than long-term rates it was acknowledged, for another year, that it may continue to be more cost effective not to borrow and instead reduce the level of investments.

- Long-term borrowing would be taken if it became apparent that there was a risk of significantly increased interest rates.

- Any balances over and above those required to maintain basic liquidity could be invested either in the medium term (out to a year) or the longer term (over a year). Priority was given to security of funds and liquidity (accessibility) over yield (or return).

- The limits to investment by reference to amount, duration and credit rating were largely unchanged from those applying in previous years.

4.3 External Context

Economic Background

4.3.1 The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.

4.3.2 Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

4.3.3 UK Consumer Price Index (CPI) was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% year on year from 4.4%.

4.3.4 The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 0.1% while regular pay fell by 1.0%.

4.3.5 With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the

reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

4.3.6 Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England hiked it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

4.3.7 In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.

Financial Markets

4.3.8 The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.

4.3.9 Bond yields were similarly volatile as the tension between higher inflation and flight to quality from the war pushed and pulled yields, but with a general upward trend from higher interest rates dominating as yields generally climbed.

4.3.10 The 5-year UK benchmark gilt yield began the final quarter of the year at 0.82% before rising to 1.41%. Over the same period the 10 year gilt yield rose from 0.97% to 1.61% and the 20-year yield from 1.20% to 1.82%. The Sterling Overnight Rate (SONIA) averaged 0.39% over the quarter.

Credit Review

4.3.11 In the first half of FY 2021-22 credit default swap (CDS) spreads, an indicator of market confidence in banks, were flat over most of period and are broadly in line with their pre-pandemic levels. In September spreads rose by a few basis points due to concerns around Chinese property developer Evergrande defaulting but then fell back. Fitch and Moody's revised upward the outlook on a number of UK banks and building societies on the Authority's counterparty to 'stable', recognising their improved capital positions compared to 2020 and better economic growth prospects in the UK.

4.3.12 Fitch also revised the outlook for Nordea, Svenska Handelsbanken and Handelsbanken plc to stable. The agency considered the improved economic prospects in the Nordic region to have reduced the baseline downside risks it previously assigned to the lenders.

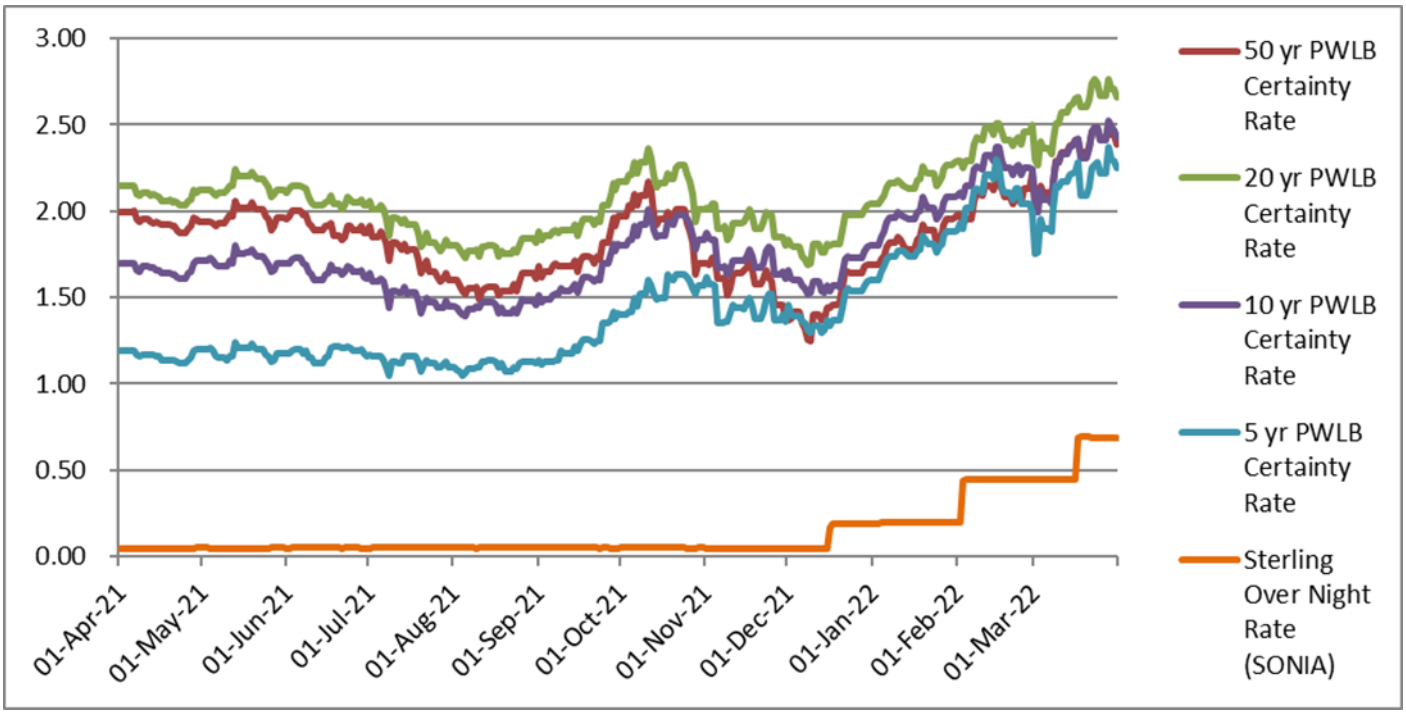
4.3.13 The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but

only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

4.3.14 Having completed its full review of its credit advice on unsecured deposits, in September Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December for the non-UK banks on this list. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

4.3.15 The pattern of interest rates over the year is summarised in the chart below. Local government long-term borrowing costs are set by the Public Works Loan Board (PWLB) - these directly mirror gilt yields. Nominal investment rates, measured through the Sterling Over Night Rate (SONIA), are also shown.

Interest Rate Movements in 2021/22 –



4.4 Revised CIPFA Codes, Updated PWLB Lending Facility Guidance

4.4.1 In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

4.4.2 CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

4.4.3 The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. Given other priorities, the Council has taken advantage of the option to defer introducing the revised reporting requirements until the 2023/24 year.

4.4.4 To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments

4.4.5 Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

4.4.6 Unlike the Prudential Code, there is no mention of the date of initial application in the Treasury Management Code. The Treasury Management Code now includes extensive additional requirements for service and commercial investments, far beyond those in the 2017 version. The Authority will follow the same process as the Prudential Code, i.e. delaying changes in reporting requirements to the 2023/24 financial year.

4.4.7 Given the nature of the Council's present and forecast capital investment, and related borrowing decisions, aside from the changes to reporting requirements, it is unaffected by these changes.

4.5 Treasury Management Performance 2021/22

4.5.1 By 31st March 2022, the Council had net borrowing of around £120M, arising from its revenue and capital income and expenditure, a decrease of £46M from the previous year. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in the table below.

Table 1: Balance Sheet Summary

	31 Mar 2021 £M	**2021/22 Movement £M**	**31 Mar 2022 £M**
General Fund CFR	298.5	(8.9)	289.6
Less: CFR re Debt -			
Managed by Lancashire County Council (LCC)	(15.2)	0.3	(14.9)
Re Private Finance Initiative (PFI) Arrangements	(69.3)	0.2	(69.1)
Loans/Borrowing CFR	**214.0**	**(8.5)**	**205.5**
Less: Usable Reserves and Working Capital	(48.6)	(37.3)	(85.9)
Net Borrowing	**165.4**	**(45.8)**	**119.6**

4.5.2 Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

4.5.3 The treasury management position at 31 March 2022 and the change during the year is show in the table below:

Table 2: Treasury Management Summary

	31 Mar 2021 Balance £M	Movement £M	31 Mar 2022 Balance £M	31 Mar 2022 Rate %
Long-term Borrowing	145.7	(3.9)	141.8	3.9%
Short-term borrowing	78.3	(58.3)	20.0	0.6%
Other Debt (PFI and Debt Managed by LCC)	75.2	(2.5)	72.7	
Total Borrowing	**299.2**	**(64.7)**	**234.5**	
Short-term Investments	34.0	(24.0)	10.0	0.5%
Cash and Cash Equivalents	24.6	7.6	32.2	0.4%
Total Investments	**58.6**	**(16.4)**	**42.2**	
Net Borrowings	**240.6**	**(48.3)**	**192.3**	

In summary, the key changes to the Council's overall debt position across the year were:

(a) A decrease in the level of short term borrowing, from £78.3M to £20.0M,
(b) Principal repayments of £3.9M on PWLB EIP (Equal Instalment of Principal) loans,
(c) Repayments of part of the outstanding PFI debt recognised on the balance sheet for Building Schools for the Future (BSF), and of debt managed by LCC.

No debt rescheduling was undertaken, because the premiums payable on early repayment of PWLB and Market debt made it uneconomic to do so.

4.5.4 Short term loans were taken for a range of durations at various points across the year. Investment balances have continued to be unusually high during this year, impacted by the governments continuing response to the COVID-19 pandemic.

4.5.5 In summary, the outturn position in respect of interest costs and income, and MRP charges, was as follows:

Table 3: Treasury Revenue Outturn 2021/22

Outturn 2020/21 £'000		Revised Budget 2021/22 £'000	Outturn 2021/22 £'000	Variance £'000
5,675	Interest paid on borrowing – long term debt	5,586	5,584	(2)
638	Interest paid on borrowing – short term debt	180	163	(17)
298	Interest paid on debt managed by LCC	184	184	-
5,909	PFI interest paid	5,723	5,723	-
(72)	Interest – treasury/other minor elements	(25)	(54)	(29)
5,367	MRP on Council borrowing	5,551	5,814	263
179	MRP on PFI debt	194	194	-
142	MRP on debt managed by LCC	147	209	62

4.5.6 Interest paid on borrowing in 2021/22 was around £0.6M down on the original estimate, reflecting both lower interest rates and levels of short-term borrowing and the decision not to take any additional long-term debt during the year.

4.5.7 The average investment balance over the year has increased to £61M (£56M in 2020/21). Investment balances have been unusually high during this year, because of funds received from central government. Funds received from central government included both grants received in advance of their usual payment dates and additional funds in respect of extra costs and the distribution of grants to businesses and households, in relation to the response to the COVID-19 pandemic and the cost of living crisis (see Weekly Balances **Appendix 1**).

4.5.8 Investment interest rates started the year at historically low levels, but increased in the last quarter as the Bank Rate was rises were made. Funds have continued to be invested for short periods, and sometimes with the government's Debt Management Office, to manage risk – this also contributed to the relatively low returns. Interest earned on treasury cash investments decreased, from £0.07M to £0.05M, and the average rate of return fell to 0.08% (against 0.10% in 2020/21).

4.5.9 Following the audit of the Council's Statement of Accounts 2020/21, the Council's External Auditors made a recommendation in relation to the Council's Minimum Revenue Provision (MRP) policy *'The Council should satisfy itself that its MRP policy results in a prudent MRP charge, in particular that the calculation of MRP appropriately reflects the nature of and period of expected benefits of capital expenditure and appropriate annuity rates are applied'*.

4.5.10 This recommendation has arisen from a review of the Council's policy for MRP which was approved by the Council in March 2021 and specifically that part of the MRP relating to capital expenditure financed from debt arising up to 2007/08, Government-supported borrowing arising from 2007/08 and historic debt entered into prior to the Council gaining Unitary Authority status.

4.5.11 The outcome of the review undertaken by the Council following this recommendation from the external auditors will be reported to Executive board in August.

4.6 Borrowing Update

4.6.1 As indicated above, the Authority was not planning to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.

4.6.2 At 31st March 2022 the authority held £234.5M of loans, a decrease of £64.7M compared to 31st March 2021, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 31st March are summarised in the table below:

Table 4: Borrowing Position

	31 Mar 2021 Principal (£M)	Rate/ Return	Average Life (Yrs)	31 Mar 2022 Principal (£M)	Rate/ Return	Average Life (Yrs)
Fixed Rate Funding:						
Public Works Loan Board	127.4	3.73%	17.9	123.5	3.79%	17.4
Market Debt (Long Term)	10.3	4.45%	32.9	10.3	4.45%	31.9
Market Debt (Short Term)	78.3	0.39%		20.0	0.61%	
	216.0			**153.8**		
Variable Rate Funding:						
Public Works Loan Board	0.0			0.0		
Market Debt	8.0	4.50%	20.0	8.0	4.50%	19.0
	8.0			**8.0**		
Loans Taken by Blackburn with Darwen Borough Council	224.0			161.8		
Debt from PFI Arrangements	61.6			59.7		
Debt Managed by LCC	13.6	2.25%		13.0	1.82%	
Total Debt	**299.2**			**234.5**		

4.6.3 The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should long-term plans change being a secondary objective.

4.6.4 In keeping with these objectives, new borrowing was kept to a minimum of £20M, while £58.3M of existing loans were allowed to mature without replacement. This strategy enabled the Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

4.6.5 With short-term interest rates remaining much lower than long-term rates, the Council considered it more cost effective in the near term to use internal resources or borrowed rolling short-term loans instead. The net movement in short-term loans is shown in table 2 above.

4.6.6 The Authority's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

4.6.7 ***LOBO loans***: The Authority continues to hold £13M of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

4.7 Treasury Investment Update

4.7.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

4.7.2 The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority's investment balances ranged between £35M and £84M due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 5: Treasury Investment Position

	31 Mar 21 Balance £M	Movement £M	31 Mar 2022 Balance £M	31 Mar 2022 Income Return %
Banks and Building Societies (unsecured)	4.2	(1.1)	3.1	0.0%
Government (incl Local Authorities)	34.0	(24.0)	10.0	0.5%
Money Market Funds	20.4	8.7	29.1	0.5%
Total Investments	**58.6**	**(16.4)**	**42.2**	**0.5%**

4.7.3 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

4.7.4 Ultra low short-dated cash rates, which were a feature since March 2020 when Bank Rate was cut to 0.1%, prevailed for much of the 12-month reporting period which resulted in the return on sterling low volatility net asset value (LVNAV) Money Market Funds being close to zero even after some managers have temporarily waived or lowered their fees. However, higher returns on cash instruments followed the increases in Bank Rate in December,

February and March. At 31st March, the 1-day return on the Authority's MMFs ranged between 0.42% and 0.58%.

4.7.5 Similarly, deposit rates with the Debt Management Account Deposit Facility (DMADF) initially remained very low with rates ranging from 0% to 0.1%, but following the hikes to policy rates increased to between 0.55% and 0.85% depending on the deposit maturity. The average return on the Authority's DMADF deposits was 0.03%.

4.7.6 At 31 March 2022 the Council temporarily exceeded the limit set out in the Treasury Management Strategy for amounts to be invested in one of its bank call accounts by £135,000. This technical breach arose due to an issue with the warning alerts in the treasury management system. A withdrawal was made from this account the next day to bring the balance below the approved limit and the issue with the system rectified. Excluding this one technical breach, the Council's investments have complied with the approved investment limits.

4.8 Compliance

4.8.1 The Director of Finance reports that all treasury management activities during the year complied fully with the CIPFA Code of Practice and, excluding the issue noted in 4.7.6, have complied with the Authority's approved Treasury Management Strategy.

4.8.2 The position with regard to performance against Treasury/Prudential Indicators in 2021/22 is summarised in **Appendix 2 and 3**. There was no breach of the Authorised Borrowing Limit or the Operational Boundary (set for management purposes).

Outturn capital spend was £17M, which is below the £25M anticipated at the start of the year.

4.9 Treasury Management Consultancy

4.9.1 The Council is contracted up to 31 March 2026 to receive treasury management support from Arlingclose Limited. They provide advice and information on the Council's investment and borrowing activities, although responsibility for final decision-making remains with the Council and its officers.

4.9.2 Over the period, in providing support to the Council, Arlingclose have provided ongoing officer training; support for and review of treasury decisions, reports and strategies; feedback on accounting for treasury activities; benchmarking with other authorities; guidance on borrowing and investment opportunities; forecasts of interest rates; and regular updates on credit ratings and other information on credit quality. The quality of the support provided has been of a high standard.

5. POLICY IMPLICATIONS

The information contained within the report accords with the Capital Strategy and the three year budget forecast within the Medium Term Financial Strategy 2021-24, as approved at Finance Council on 1st March 2021, and the Treasury Management Strategy 2021-22 as approved by Executive Board on 11th March 2021.

6. FINANCIAL IMPLICATIONS

The financial implications arising from the 2021/22 Treasury Outturn have been incorporated into the body of this report.

7. LEGAL IMPLICATIONS

Under the Local Government Act 2003, local authorities determine locally their levels of capital investment and associated borrowing. The Prudential Code has been developed to support local authorities in taking these decisions, and the Council is required by Regulation to have regard to the Code when carrying out its duties under Part 1 of the Local Government Act 2003.

The Department for Communities and Local Government issued Guidance on Local Government Investments, under the Local Government Act 2003, effective from 1st April 2010. Authorities must manage their investments within an approved strategy, setting out what categories of investment they will use and how they will assess and manage the risk of loss of investments.

8. RESOURCE IMPLICATIONS

None.

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9. EQUALITY AND HEALTH IMPLICATIONS

Please select one of the options below. Where appropriate please include the hyperlink to the EIA.

Option 1 ☒ Equality Impact Assessment (EIA) not required – the EIA checklist has been completed.

Option 2 ☐ In determining this matter the Executive Member needs to consider the EIA associated with this item in advance of making the decision. *(insert EIA link here)*

Option 3 ☐ In determining this matter the Executive Board Members need to consider the EIA associated with this item in advance of making the decision. *(insert EIA attachment)*

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10. CONSULTATIONS

None

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11. STATEMENT OF COMPLIANCE

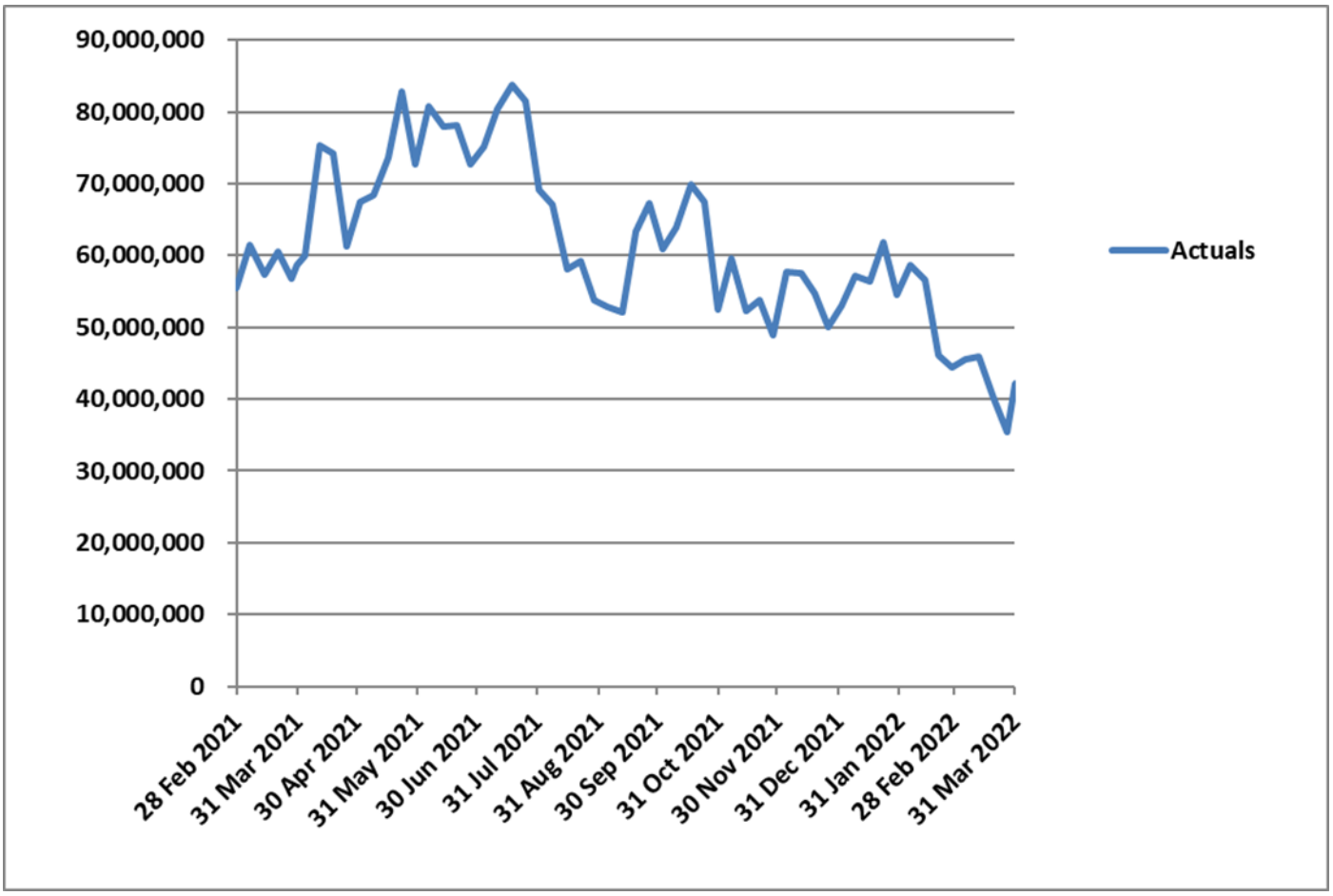
The recommendations are made further to advice from the Monitoring Officer and the Section 151 Officer has confirmed that they do not incur unlawful expenditure. They are also compliant with equality legislation and an equality analysis and impact assessment has been considered. The recommendations reflect the core principles of good governance set out in the Council's Code of Corporate Governance.

12. DECLARATION OF INTEREST

All Declarations of Interest of any Executive Member consulted and note of any dispensation granted by the Chief Executive will be recorded in the Summary of Decisions published on the day following the meeting.

VERSION:	**V1.0**

CONTACT OFFICER:	**Jody Spencer-Anforth (Ext 507748) Julie Jewson (Ext 5893)**
DATE:	June 2022
BACKGROUND PAPER:	Treasury Management strategy for 2021/22 approved at Executive Board 11th March 2021.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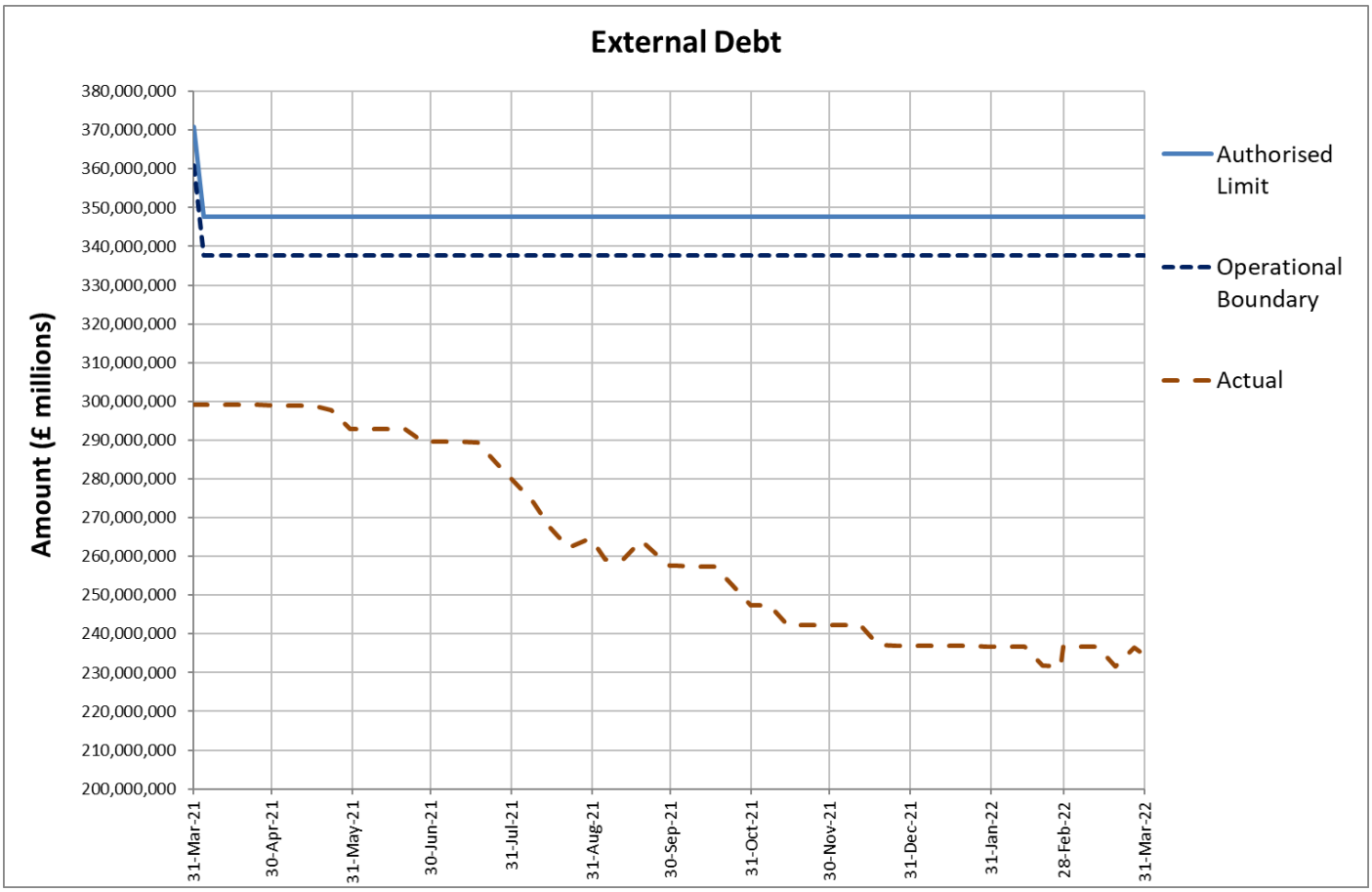
Actuals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Amount (£ millions)
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330,000,000
320,000,000
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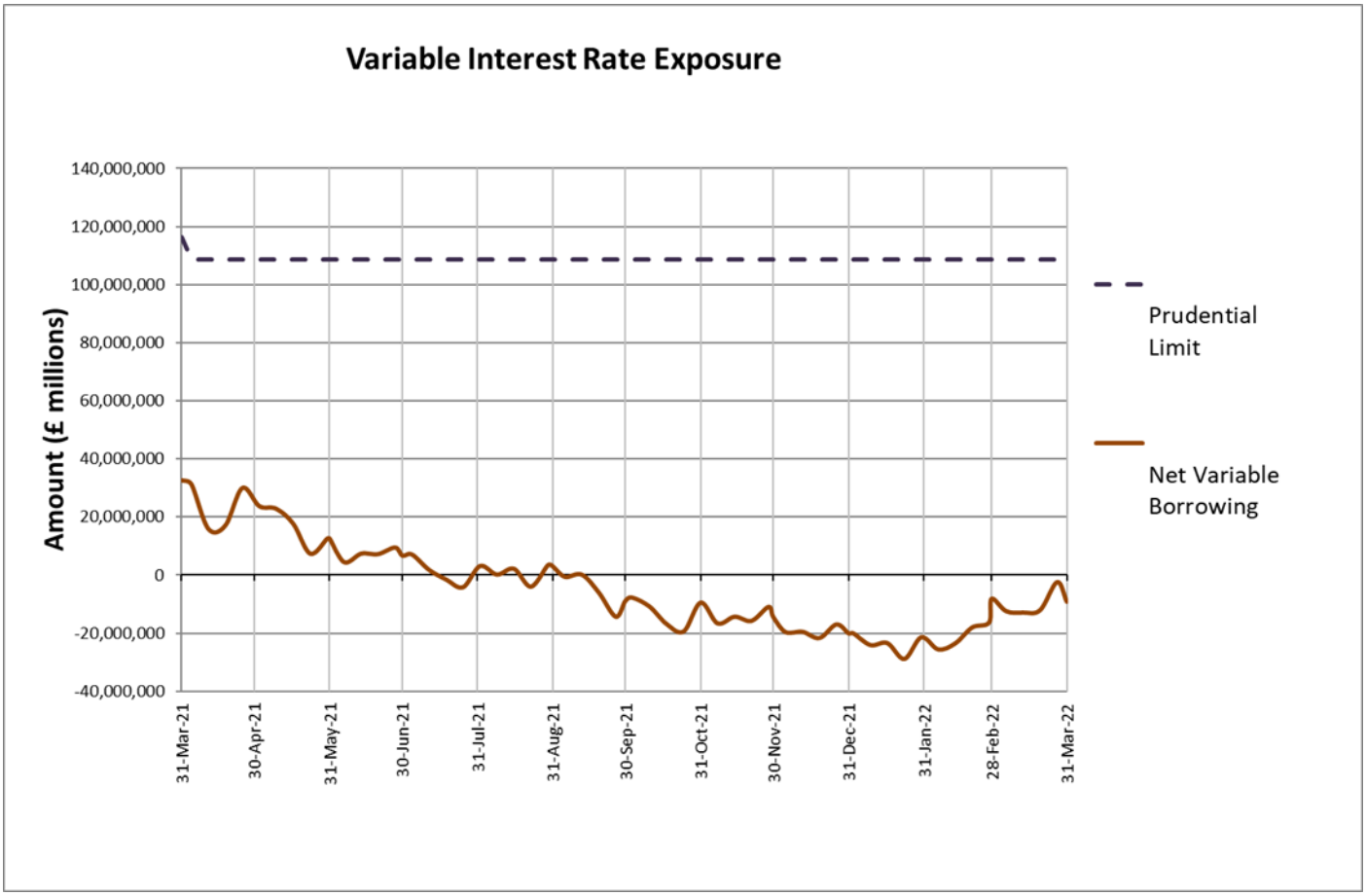
Operational Boundary
Actual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Amount (£ millions)
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80,000,000
60,000,000
40,000,000
20,000,000
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-20,000,000
-40,000,000
31-Mar-21
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31-May-21
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31-Jan-22
28-Feb-22
31-Mar-22
Prudential Limit
Net Variable Borrowing

<table>
<tr><th></th><th>Indicator 2020/21</th><th>As Approved Mar 21</th><th>Current Monitoring</th><th>Commentary</th></tr>
<tr><td></td><td>Estimated Capital Expenditure</td><td>£25M</td><td>£17M</td><td></td></tr>
<tr><td></td><td>Estimated Total Capital Financing Requirement at End of Year</td><td>£301.6M
(incl projections re LCC debt £15.1M and accumulated PFI/lease debt £69.1M)</td><td>£289.6M
(incl LCC debt £14.9M and accumulated PFI/lease debt £69.1M)</td><td></td></tr>
<tr><td></td><td>Estimated Ratio of Financing Costs to Net Revenue Stream</td><td>12.60%</td><td>11.90%</td><td></td></tr>
<tr><td></td><td>Outturn External Debt Prudential Indicators</td><td><table><tr><td>LCC Debt</td><td>15.2M</td></tr><tr><td>PFI Elements (no lease)</td><td>69.3M</td></tr><tr><td>Remaining Elements</td><td>253.1M</td></tr><tr><td>Operational Boundary</td><td>337.6M</td></tr><tr><td>Authorised Borrowing Limit</td><td>347.6M</td></tr></table></td><td><table><tr><th>Borrowing to Date</th><th>£M</th></tr><tr><td>LCC Debt</td><td>13.0</td></tr><tr><td>PFI Elements</td><td>59.7</td></tr><tr><td>BwD</td><td>161.8</td></tr><tr><td>Total</td><td>234.5</td></tr></table></td><td>LCC debt and BSF PFI debt will both fall across the year, as debt payments are made</td></tr>
<tr><td></td><td>Variable Interest Rate Exposure</td><td>£108.6M</td><td>Exposure to Date (£9.2M)</td><td>Limit not breached during the year</td></tr>
<tr><td></td><td>Fixed Interest Rate Exposure</td><td>£245.3M</td><td>Exposure to Date £128.8M</td><td>Limit not breached during the year</td></tr>
<tr><td></td><td>Prudential Limits for Maturity Structure of Borrowing</td><td><table><tr><th>Lower Limit</th><th>Upper Limit</th><th>Period (Years)</th></tr><tr><td>0%</td><td>50%</td><td><1</td></tr><tr><td>0%</td><td>30%</td><td>1-2</td></tr><tr><td>0%</td><td>30%</td><td>2-5</td></tr><tr><td>0%</td><td>30%</td><td>5-10</td></tr><tr><td>25%</td><td>95%</td><td>>10</td></tr></table></td><td><table><tr><th colspan="3">Actual Maturity Structure to Date</th></tr><tr><th>Period (Years)</th><th>£M</th><th>%</th></tr><tr><td><1</td><td>31.6</td><td>20%</td></tr><tr><td>1-2</td><td>3.4</td><td>2%</td></tr><tr><td>2-5</td><td>29.5</td><td>18%</td></tr><tr><td>5-10</td><td>22.6</td><td>14%</td></tr><tr><td>>10</td><td>74.7</td><td>46%</td></tr><tr><td>Total</td><td>161.8</td><td>100%</td></tr></table></td><td></td></tr>
<tr><td></td><td>Total Investments for Longer than 364 Days</td><td>£7M</td><td>No Long Term Investments Made</td><td></td></tr>
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