Appendix A

DRAFT TREASURY MANAGEMENT STEWARDSHIP REPORT 2023/24

1. <u>Introduction</u>

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

1.2. The Council's treasury management strategy for 2023/24 was approved at a meeting on 23 February 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

1.3. The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 23 February 2023.

2. <u>External Context *(provided by Arlingclose Ltd)*</u>

2.1. **Economic background:** UK inflation continued to decline from the 8.7% rate seen at the start of 2023/24. By the last quarter of the financial year headline consumer price inflation (CPI) had fallen to 3.4% in February but was still above the Bank of England's 2% target at the end of the period. The core measure of CPI, i.e. excluding food and energy, also slowed in February to 4.5% from 5.1% in January, a rate that had stubbornly persisted for three consecutive months.

2.2. The UK economy entered a technical recession in the second half of 2023, as growth rates of -0.1% and -0.3% respectively were recorded for Q3 and Q4. Over the 2023 calendar year GDP growth only expanded by 0.1% compared to 2022. Of the recent monthly data, the Office for National Statistics reported a rebound in activity with economy expanding 0.2% in January 2024. While the economy may somewhat recover in Q1 2024, the data suggests that prior increases in interest rates and higher price levels are depressing growth, which will continue to bear down on inflation throughout 2024.

2.3. Labour market data provided a mixed message for policymakers. Employment and vacancies declined, and unemployment rose to 4.3% (3mth/year) in July 2023. The same month saw the highest annual growth rate of 8.5% for total pay (i.e. including bonuses) and 7.8% for regular pay growth (i.e. excluding bonuses). Thereafter, unemployment began to decline, falling to 3.9% (3mth/year) in January and pay growth also edged lower to 5.6% for total pay and 6.1% for regular pay, but remained above the Bank of England's forecast.

2.4. Having begun the financial year at 4.25%, the Bank of England's Monetary Policy Committee (MPC) increased Bank Rate to 5.25% in August 2023 with a three-way split in the Committee's voting as the UK economy appeared resilient in the face of the dual headwinds of higher inflation and interest rates. Bank Rate was maintained at 5.25% through to March 2024. The vote at the March meeting was eight to one in favour of maintaining rates at this level, with the single dissenter preferring to cut rates immediately by 0.25%. Although financial markets shifted their interest rate expectations downwards with expectations of a cut in June, the MPC's focus remained on assessing how long interest rates would need to be restrictive in order to control inflation over the medium term.

2.5. In the Bank's quarterly Monetary Policy Report (MPR) released in August 2023, the near-term projection for services price inflation was revised upwards, goods price inflation widespread across products, indicating stronger domestic inflationary pressure with second-round effects in domestic prices and wages likely taking longer to unwind than they did to emerge. In the February 2024, MPR the Bank's expectations for the UK economy were positive for the first half of 2024, with a recovery from the mild recession in calendar H2 2023 being gradual. Headline CPI was forecast to dip below the 2% target quicker than previously thought due to declining energy prices, these effects would hold inflation slightly above target for much of the forecast horizon.

2.6. Following this MPC meeting, Arlingclose, the Council's treasury adviser, maintained its central view that 5.25% remains the peak in Bank Rate and that interest rates will most likely start to be cut later in H2 2024. The risks in the short-term are deemed to be to the downside as a rate cut may come sooner than expected, but then more broadly balanced over the medium term.

2.7. The US Federal Reserve also pushed up rates over the period, reaching a peak range of between 5.25-5.50% in August 2023, where it has stayed since. US policymakers have maintained the relatively dovish stance from the December FOMC meeting and at the meeting in March, economic projections pointed to interest rates being cut by a total of 0.75% in 2024.

2.8. Following a similarly sharp upward trajectory, the European Central Bank hiked rates to historically high levels over the period, pushing its main refinancing rate to 4.5% in September 2023, where it has remained. Economic growth in the region remains weak, with a potential recession on the cards, but inflation remains sticky and above the ECB's target, putting pressure on policymakers on how to balance these factors.

2.9. Financial markets: Sentiment in financial markets remained uncertain and bond yields continued to be volatile over the year. During the first half of the year, yields rose as interest rates continued to be pushed up in response to rising inflation. From October 2023 they started declining again before falling sharply in December 2023 as falling inflation and dovish central bank attitudes caused financial markets to expect cuts in interest rates in 2024. When it emerged in January 2024 that inflation was stickier than expected and the BoE and the Federal Reserve were data dependent and not inclined to cut rates soon, yields rose once again, ending the period some 50+ bps higher than when it started.

2.10. Over the financial year, the 10-year UK benchmark gilt yield rose from 3.44% to peak at 4.75% in August, before then dropping to 3.44% in late December 2023 and rising again to 3.92% (28 March 2024). The Sterling Overnight Rate (SONIA) averaged 4.96% over the period to 31 March.

2.11. Credit review: In response to an improving outlook for credit markets, in January 2024 Arlingclose moved away from its previous temporary stance of a 35-day maximum duration and increased its advised recommended maximum unsecured duration limit on all banks on its counterparty list to 100 days.

2.12. Earlier in the period, S&P revised the UK sovereign outlook to stable and upgraded Barclays Bank to A+. Moody's also revised the UK outlook to stable, Handelsbanken's outlook to negative, downgraded five local authorities, and affirmed HSBC's outlook at stable while upgrading its Baseline Credit Assessment. Fitch revised UOB's and BMO's outlooks to stable.

2.13. In the final quarter of the financial year, Fitch revised the outlook on the UK sovereign rating to stable from negative based on their assessment that the risks to the UK's public finances had decreased since its previous review in October 2022, the time of the mini- budget.

2.14. Moody's, meanwhile, upgraded the long-term ratings of German lenders Helaba, Bayern LB and LBBW on better solvency and capital positions, despite challenges from a slowing German economy and exposure to the commercial real estate sector. Moody's also upgraded or placed on review for an upgrade, Australian banks including ANZ, CBA NAB and Westpac on the back of the introduction of a new bank resolution regime.

2.15. Credit default swap prices began the financial year at elevated levels following the fallout from Silicon Valley Bank and collapse/takeover of other lenders. From then the general trend was one of falling prices and UK lenders' CDS ended the period at similar levels to those seen in early 2023. Earlier in the year some Canadian lenders saw their CDS prices rise due to concerns over a slowing domestic economy and housing market, while some German lenders were impacted by similar economic concerns and exposure to commercial real estate towards the end of the period, with LBBW remaining the most elevated.

2.16. Heightened market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remain under constant review.

3. <u>Local Context</u>

3.1. On 31 March 2024, the Council had net borrowing of £26.3m arising from its revenue and capital income and expenditure. 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 Table 1 below.

Table 1: Balance Sheet Summary

	31.3.23 Provisional £'m	31.3.24 Provisional £'m
General Fund CFR	43.9	45.5
HRA CFR	53.0	50.5
Total CFR	**96.9**	**96.0**
External borrowing	62.6	56.3
Internal borrowing	34.3	39.7
Total Borrowing	**96.9**	**96.0**

3.2. The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep interest costs low.

3.3. The treasury management position as of 31 March 2024 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.23 Balance £m	Movement £m	31.3.24 Balance £m	31.3.24 Rate %
Long-term borrowing	59.8	-3.5	56.3	3.66%
Short-term borrowing	2.7	-2.7	0.0	2.30%
Total borrowing	**62.6**	**-6.2**	**56.3**	**3.58%**
Long-term investments	0.0	0.0	0.0	0.00%
Short-term investments	39.0	-24.0	15.0	5.67%
Cash and cash equivalents	4.1	10.9	15.0	5.62%
Total investments	**43.1**	**-13.1**	**30.0**	**5.65%**
Net borrowing	**19.5**	**6.9**	**26.3**	

3.4. As shown above external borrowing decreased by £6.2m after repayment of a £3.5m Lender Option Borrower Option (LOBO) loan held with Commerzbank, a PWLB Maturity Loan of £1.5m and two PWLB annuity loan repayments totalling £1.2m.

3.5. Investment balances overall reduced by £13.1m from 31 March 2023 due to capital programme delivery, use of reserves and repayment of debt.

3.6. The Council was able to more accurately predict its cashflows allowing more funds to be invested for longer while maintaining cash flow confidence. This resulted in a change in investment portfolio structure which became more balanced between short term investments and cash and cash equivalents as shown in Table 2.

4. Borrowing Update

4.1. CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

4.2. The Council currently holds £13.8m in commercial property investments that were purchased prior to the change in the CIPFA Prudential Code. However, these investments are primarily held for local regeneration and support and not financial return and as such will not fall directly into the above category.

5. Borrowing Strategy and Activity

5.1. As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

5.2. Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. Gilt yields fell in late 2023, reaching April 2023 lows in December 2023 before rebounding to an extent in the first three months of 2024. Gilt yields have remained volatile, seeing upward pressure from perceived sticker inflation at times and downward pressure from falling inflation and a struggling economy at other times.

5.3. On 31 December, the Public Work Loans Board (PWLB) certainty rates for maturity loans were 4.74% for 10-year loans, 5.18% for 20-year loans and 5.01% for 50-year loans. Their equivalents on 31 March 2023 were 4.33%, 4.70% and 4.41% respectively.

5.4. The cost of short-term borrowing from other local authorities has generally risen with Base Rate over the year. Interest rates peaked at around 7% towards the later part of March 2024 as many authorities required cash at the same time. These rates are expected to fall back to more normal market levels in April 2024.

5.5. A new PWLB Housing Revenue Account (HRA) rate which is 0.4% below the certainty rate was made available from 15 June 2023. This rate will now be available to June 2025. The discounted rate is to support local authorities borrowing for the HRA and for refinancing existing HRA loans.

5.6. This new reduced HRA borrowing rate may create opportunity for savings for the Council. The Council will evaluate the potential benefits of restructuring its borrowing with the lower HRA rate.

5.7. On 31 March 2024, the Council held £56.3m of loans, a decrease of £6.2m to 31 March 2023, as part of its strategy for funding previous and current year's capital programmes. Outstanding loans on 31 March 2024 are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.23 Balance £'m	Net Movement £'m	31.3.24 Balance £'m	31.3.24 Weighted Average Rate %	31.3.24 Weighted Average Maturity (years)
Public Works Loan Board	55.1	-2.7	52.4	3.41%	14.4
Banks (LOBO)	3.5	-3.5	0.0	0.00%	0.0
Banks (fixed-term)	3.9	0.0	3.9	4.74%	2.1
Local authorities (long-term)	0.0	0.0	0.0	0.00%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.00%	0.0
Total borrowing	**62.6**	**-6.2**	**56.3**	**3.57%**	**16.5**

5.8. 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 the Council's long-term plans change being a secondary objective.

5.9. In keeping with these objectives, no new borrowing was undertaken, while £6.2m 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.

5.10. There remains an argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Council will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

5.11. LOBO loans: On 1 April 2023 the Council held £3.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate and terms or to repay the loan at no additional cost.

5.12. As market interest rates rose, there was increased probability of call options on the LOBOs being exercised by lenders. £3.5m of LOBO loans had annual/semi-annual call option dates during the year to 31 March 2024, lenders exercised options on the following of the Council's loans:-

	Amount £'m	Rate %	Final Maturity	New rate proposed %	5. Action taken by Council
Commerzbank	3.5	4.80	08/02/2055	5.80	Repaid at no cost from cash resources
Total	**3.5**	**4.80**	**08/02/2024**	**5.80**	

5.18. In February 2024,Commerzbank exercised its option to increase the interest rate from 4.80% to 5.80%. Following a review of our investment balances, the rates offered on other borrowing facilities and with the recommendation of the Council's Treasury Management advisers, the increased rate was declined and the Council repaid the loan in full at no penalty. The Council no longer has any LOBO loans on its books. This removes some of the interest rate risk on the borrowing portfolio.

6. Treasury Investment Activity

6.1. The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Council'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.

6.2. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £43.3m and £68.2m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4: Treasury Investment Position

	31.3.23 Balance £m	Net Movement £m	31.3.24 Balance £m	31.3.24 Income Return %	31.3.24 Weighted Average Maturity Days
Banks & building societies (unsecured)	2.0	-2.0	0.0	0.00%	0
Government (incl. local authorities)	32.0	-2.0	30.0	5.65%	118
Money Market Funds	4.1	-4.1	0.0	0.00%	0
Total investments	**38.1**	**-8.1**	**30.0**	**5.65%**	**118**

6.3. Both the CIPFA Code and government guidance require the Council 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 Council'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.

6.4. Bank Rate increased by 1% over the period, from 4.25% at the beginning of April 2023 to 5.25% by the end March 2024. Short term rates peaked at 5.7% for 3-month rates and 6.7% for 12-month rates during the period, although these rates subsequently began to decline towards the end of the period. Money Market Rates also rose and were between 4.8% and 5.1% by the end of March 2024.

6.5. Investment objectives were achieved by increasing exposure to short dated, low risk deposits with Government and decreasing exposure to both banks and Money Market Funds. This encouraged longer dated deposits with higher returns alongside increased security of funds.

6.6. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.12.2023	5.42	A+	0%	118	5.65%
Similar LA's	4.9	A+	61%	50	5.20%
All LA's	4.82	A+	61%	9	5.03%

6.7. The Council had budgeted £792,015 in interest income from investments after deductions in 2023/24. Actual income received in 2023/24 was £2.55m. This represents an average return on balances through the year of 4.79%.

6.8. Of the £2.55m received an estimated £371k will be deducted to S106 balances and other minor deductions. The remaining £2.18m will be apportioned between the General Fund (GF) and Housing Revenue Account (HRA).

6.9. The allocations to the GF and HRA will be worked out based on the notional investment balances of both funds throughout the year. The percentage of which will be applied to the overall interest received after deductions. This approach leads to the balances being split £1.02m to the GF and £1.17m to the HRA. Please note these figures are subject to finalisation and may change.

6.10. The forecast interest received for 2023/24 in comparison to actuals is significantly different. This is largely due to the dramatic increase in interest rates by central government in response to the exceptional economic scenario detailed in section 2. These increased interest rates have boosted the interest return from 3.50% on 31 March 2023 to 5.65% on

31 March 2024 resulting in the overall increased investment return.

7. Non-Treasury Investments

7.1. The definition of investments in the Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) or for commercial purposes (made primarily for financial return).

7.2. Investment Guidance issued by the then Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.

7.3. On 31 March 2024, the Council held £13.8m of directly owned property investments which although are primarily held for local regeneration and development do also provide financial return as a secondary function.

7.4. A full list of the Council's non-treasury investments is available in the Council's investment strategy found here.

7.5. These investments are budgeted to generate £195,889 of investment income for the Council after taking account of direct costs, representing a rate of return of 3.91%.

8. Treasury Performance

8.1. The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

8.2. Since the beginning of the reporting period the Council has paid £2.2m in interest. The overall interest rate for the financial year 2023/24 is 3.57%. For comparison purposes current 1 year borrowing through the PWLB upon writing this report is 5.7%.

8.3. No new borrowing was undertaken in the 2023/24 financial year in line with expectations.

8.4. The Council's interest return percentage on 31 March 2024 was 5.65%. In comparison with other local authorities this was significantly better than the 5.03% average. A further comparison is the Daily Sterling Overnight Index Average (SONIA) which on 31 March 2024 was 5.20%.

9. Compliance

9.1. The Council's S151 Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy

9.2. Compliance with specific investment limits is demonstrated in Table 6 below.

Table 6: Investment Limits

	2023/24 Maximum	31.3.24 Actual	2023/24 Limit	Complied? Yes
The UK Government	18.3	0.0	Unlimited	**YES**
Local authorities and other government entities	30.0	30.0	60.0	**YES**
Secured investments	0.0	0.0	60.0	**YES**
Banks (unsecured)	4.1	1.1	60.0	**YES**
Building societies (unsecured)	0.0	0.0	5.0	**YES**
Registered providers (unsecured)	0.0	0.0	12.5	**YES**
Money market funds	22.0	0.0	60.0	**YES**
Strategic pooled funds	0.0	0.0	25.0	**YES**
Real estate investment trusts	0.0	0.0	12.5	**YES**
Other investments	0.0	0.0	2.5	**YES**
Totals	**74.4**	**31.1**		

9.3. Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 7 below.

Table 7: Debt Limits

	2023/24 Maximum	31.3.24 Actual	2023/24 Operational Boundary	2022/23 Authorised Limit	Complied?
Borrowing	62.6	56.3	101.8	111.8	**YES**

9.4. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

10. Treasury Management Indicators

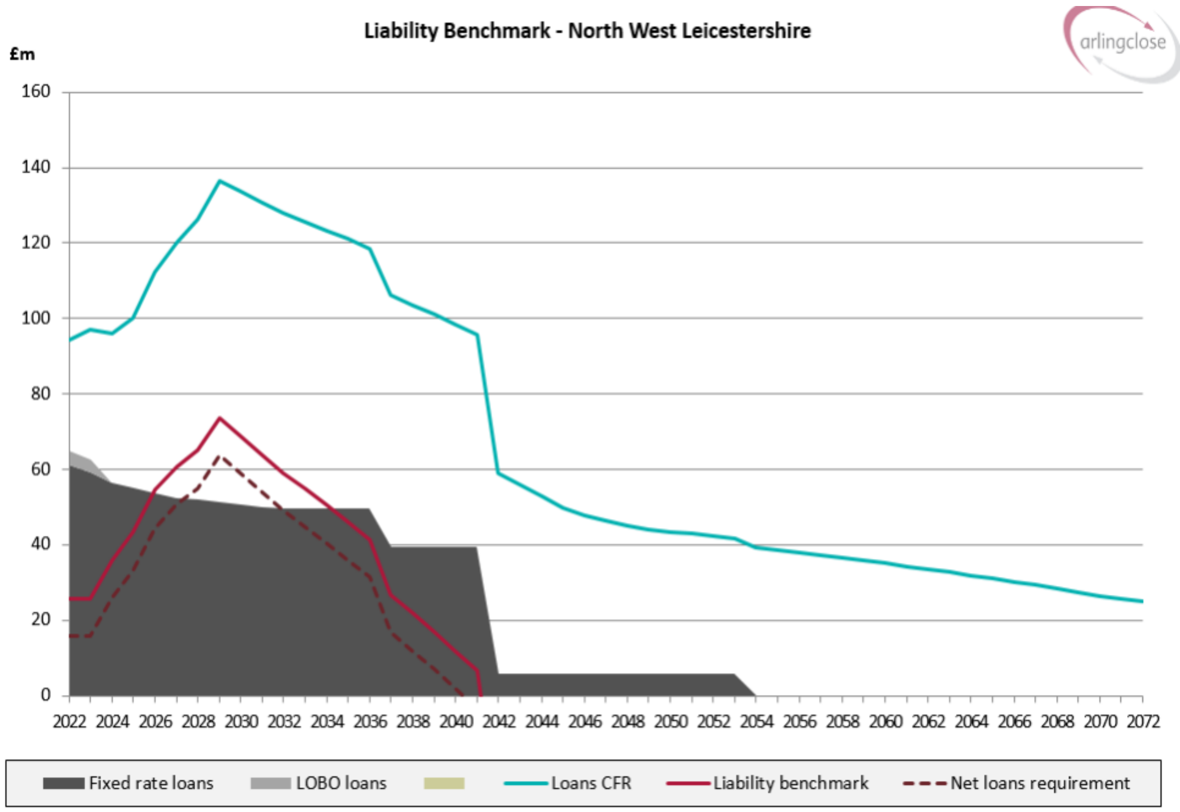
10.1 As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

10.2 Liability Benchmark: This new indicator compares the Council's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow.

Table 8: Liability Benchmark

	31.3.23 Estimate	31.3.24 Forecast	31.3.25 Forecast	31.3.26 Forecast
Loans CFR	96.9	96	100.2	112.4
Less: Balance sheet resources	-81.2	-70	-67	-68
Net loans requirement	**15.7**	**26**	**33.2**	**44.4**
Plus: Liquidity allowance	10.0	10.0	10.0	10.0
Liability benchmark	**25.7**	**36**	**43.2**	**54.4**
Existing external borrowing	**62.6**	**56.3**	**55.1**	**53.8**

10.3 Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £3.8m a year, minimum revenue provision on new capital expenditure based on a 25-year asset life and income, expenditure and reserves all increasing by inflation of 2.5% p.a. This is shown in the chart below together with the maturity profile of the Council's existing borrowing.



10.4 Whilst borrowing may be above the liability benchmark, strategies involving borrowing which is significantly above the liability benchmark carry higher risk.

10.5 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 9: Security

	31.12.24 Actual	2023/24 Target	Complied?
Portfolio average credit score	A+	A-	Yes

10.6. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

Table 10: Liquidity

	31.3.24 Actual	2023/24 Target	Complied?
Total cash available within 3 months	£15,000,000	£2,500,000	Yes

10.7. **Interest Rate Exposures**: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

Table 11: Interest Rate Exposures

Interest rate risk indicator	31.3.24 Actual	2023/24 Limit	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	190,677	600,000	**YES**
Upper limit on one-year revenue impact of a 1% fall in interest rates	-190,677	-600,000	**YES**

10.8 The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates. Longer investments would reduce the interest rate risk but would expose the Council to higher liquidity risk.

10.9 **Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Table 12: Maturity Structure of Debt

	31.03.24 Actual £m	31.03.24 Actual %	Upper Limit	Lower Limit	Complied?
Under 12 months	1.3	2%	0%	70%	**YES**
12 months and within 24 months	1.3	2%	0%	30%	**YES**
24 months and within 5 years	2.5	4%	0%	30%	**YES**
5 years and within 10 years	1.9	3%	0%	30%	**YES**
10 years and within 20 years	43.8	78%	0%	90%	**YES**
20 years and above	5.7	10%	0%	30%	**YES**
TOTALS	**56.4**	**100%**			

10.10 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

10.11 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2023/24	2024/25	2025/26	No Fixed Date
Actual principal invested beyond year end - £'m	£0	£0	£0	£0
Limit on principal invested beyond year end - £'m	£60	£10	£10	£10
Complied?	**YES**	**YES**	**YES**	**YES**