Appendix 8

Treasury Management – Borrowing & Investments

Borrowing

Table 1 below shows the breakdown of the types of external borrowing held by the Council:

Table 1 – Borrowing summary.

	31.3.24 Balance £m	Net Movement £m	31.12.24 Balance £m	31.12.24 Weighted Average Rate %	31.12.24 Weighted Average Maturity (years)
Public Works Loan Board	52.4	-0.6	51.8	3.38%	13.9
Banks (LOBO)	0.0	0.0	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	**56.3**	**-0.6**	**55.7**	**3.48%**	**16.0**

Since the beginning of the reporting period the Council has paid £1.0m in interest on borrowing. The forecast amount to be spent on interest on loans for the financial year 24/25 in total is £1.95m. The overall interest rate on borrowing is 3.48%.

During the reporting period the Council has paid back £0.6m principal on its loans. It is forecasting to repay £1.26m in PWLB loan principal by the end of the year. £1.26m is for the annuity loans whereby regular payments are made throughout the lifetime of the loan. There is no intention to borrow to replace these loans as the Council currently has the resources to absorb this. The budget for borrowing principal repayments was in line to be met.

Investments

The breakdown of external investments held by the Council and movement since 31 December 2024 are shown in Table 2 below:

Table 2 – Investment summary.

	31.3.24 Balance £m	Net Movement £m	31.12.24 Balance £m	31.12.24 Income Return %	31.12.24 Weighted Average Maturity days
Banks & building societies (unsecured)	0.0	0.0	0.0	0.00%	0
Government (incl. local authorities)	30.0	-14.0	16.0	4.73%	24
Money Market Funds	0.0	25.0	25.0	4.73%	1
Total investments	**30.0**	**11.0**	**41.0**	**4.73%**	**24**

The Authority has budgeted £0.69m in interest income from investments after S106 deductions in 2024/25. Actual income received by 31st December 2024 was £1.05m. We are now forecasting the risk adjusted interest received by 31st March 2025 to be £1.367m and after S106 deductions income to be £1.093m. This will be split between the General Fund (GF) and Housing Revenue Account (HRA). This split will be 37.4% to the GF and 62.6% to HRA. The percentage split is worked using the investment balances for both funds throughout the year as a percentage of the overall investment fund

Interest forecasts are notoriously difficult to predict and are subject to change particularly in an unstable interest rate environment and constantly changing economic environment.
These forecasts are likely to change again over the coming months as such an 80% risk adjustment is placed on anticipated income to avoid overreliance on interest return on budgets.