Lewisham

Council

Treasury Management Outturn and Mid-Year Review 2024/25

Date: 02/10/2024

Key decision: No.

Class: Part 1.

Ward(s) affected: All

Contributors: Interim Director of Finance Katharine Nidd

Outline:

The purpose of this report is to set out the following:

- A review of the Treasury Management position as at 31 March 2024;
- A current economic update in the financial year 2024/25;
- An update of the Treasury Management Strategy for 2024/25;
- An update on the Council's Capital Programme forecast and prudential indicators;
- A review of the Council's investment portfolio for 2024/25;
- A review of the Council's borrowing strategy for 2024/25; and
- A review of compliance with treasury and prudential limits for 2024/25.

Recommendation:

Mayor and Cabinet is recommended to:

1. Approve and recommend that Council approves the Treasury Management Outturn report for 2023/24 and the prudential and treasury indicators.

2. Approve and recommend that Council approves the Mid-year Treasury Management report 2024/25 including the prudential indicators, the revised Capital Programme 2024-28 and borrowing forecast in line with the Chartered Institute of Public Finance and Accountancy (CIPFA).

Timeline of engagement and decision-making:

28 February 2024 – 2024/25 Budget Report to Council (Section 5.21 onwards: Treasury Management Strategy)

7 February 2024 – 2024/25 Budget Report to Mayor & Cabinet

1. Executive Summary

1.1. This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review with the actual prudential and treasury indicators for 2023/24. It also required to have a mid-term review of treasury management activities. 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).

1.2. The Council confirms that it has complied with the requirement under the Code to give prior scrutiny to all the above treasury management reports by the Public Accounts Select Committee before they were reported to the Full Council. Member training on treasury management issues was undertaken during the year on 21 September 2023 in order to support members' scrutiny role.

1.3. This report sets out the current economic conditions in which the Council is operating in respect of its investments and borrowing. It details the Council's treasury performance (focused on security, liquidity and return in that order) and forecast capital position as at 30 June 2024 (or alternative date as stated) and provides updates on performance against the current Treasury Management Strategy as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice.

1.4. Inflation has been falling for several months especially as energy and food prices begin to stabiles. The Bank of England made it first cut in the Base Rate since March 2020 cutting it by 0.25% in August and it may make another cut before the end of the year.

1.5. The Capital Programme for 2024-28 was agreed as £558.0m in February 2024 and is now forecast to be £562.4m as at 30 June 2023, an increase of £4.4m.

1.6. The Council's Operational Boundary (being the limit which external debt is not normally expected to exceed) and Authorised Limit (being the limit beyond which borrowing is prohibited) have not been breached in the year to date, and no difficulties are envisaged for the current or future years in complying with the Code's requirements for prudential borrowing. These borrowing limits for 2024/25 were set by the Council in February 2024 and have not been changed by this report.

1.7. The current investments of £279m as at 30 June 2024 (£377m 2023) will give the Council a 5.2% return compared to 4.8% at June 2023. With interest rates likely to fall further in the second half of the year the investment return will fall. Investment balances will also fall during 2024 and 2025 as the planned capital programme uses the investment cash rather than taking new borrowing.

2. Recommendations

2.1. Mayor and Cabinet is recommended to:

2.1.1. Approve and recommend that Council approves the Treasury Management Outturn report for 2023/24 and the prudential and treasury indicators.

2.1.2. Approve and recommend that Council approves the Mid-year Treasury Management report 2024/25 including the prudential indicators, the revised Capital Programme 2024-28 and borrowing forecast in line with the Chartered Institute of Public Finance and Accountancy (CIPFA).

3. Policy Context

3.1. The Council's Corporate Priorities are:

- Cleaner and Greener
- A Strong Local Economy
- Quality Housing
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

3.2. These recommendations in this report support all the Council's priorities generally through effective risk management and efficient placement of adequate insurance arrangements for all of its activities and duties.

3.3. The Treasury Management Strategy will directly support the theme of an economically sound future for the borough and its residents.

4. Structure of the Report

4.1. The remainder of this report is structured as follows:

5. Background and Prior Year Outturn
6. 2023/24 Treasury Management Outturn

<u>Treasury Management Mid-year Review</u>

7. Economic Update
8. Interest Rate Forecast
9. Annual Investment Strategy 2024/25
10. Investment Portfolio
11. Capital Strategy 2024/25
12. Financing the Capital Programme
13. Borrowing and Prudential Indicators
14. Minimum Revenue Provision (MRP) Policy Statement
15. Financial Implications
16. Legal Implications
17. Equalities Implications
18. Climate Change and Environmental Implications
19. Crime and Disorder Implications
20. Health and Wellbeing Implications
21. Background Papers
22. Report Author and Contacts

Appendix 1 – Interest Rate Forecasts 2024 - 2027

Appendix 2 – Extract from Credit Worthiness Policy

Appendix 3 – Benchmarking Extract

Appendix 4 – Economic Update from Link Group

Appendix 5 – Approved Countries for Investment

Appendix 6 – Requirement of the CIPFA Treasury Management Code of Practice

5. Background and Prior Year Outturn

5.1. This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review and the actual prudential and treasury indicators for 2023/24 and also a mid-term review of activities. 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).

5.2. The Council confirms that it has complied with the requirement under the Code to give prior scrutiny the above treasury management reports by the Public Accounts Select Committee before they were reported to the Full Council. Member training on treasury management issues was undertaken during the year on 21 September 2023 in order to support members' scrutiny role.

5.3. The Council is required to operate a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return. The continued war in Ukraine has led to unprecedented levels of economic and fiscal uncertainty as well as the challenges of high inflation. This has made the balanced budget even more challenging to achieve than in the previous years.

5.4. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

5.5. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either for day-to-day revenue purposes or for larger capital projects. Treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund.

5.6. Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, arising usually from capital expenditure, and are separate from the day to day treasury management activities.

5.7. Accordingly, treasury management is defined as "the management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

5.8. The Council complies with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021). The primary requirements of the Code are as follows:

a) Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

b) Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

c) Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report covering activities during the previous year.

d) Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

e) Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Public Accounts Select Committee.

6. 2023/24 Treasury Management Outturn

6.1. The overall treasury management outturn for the year ending 31 March 2024 is set out in the table below:

BORROWING	Outstanding at 31 March 2024	Weighted Average Coupon Rate	Weighted Average Remaining Duration	Outstanding at 31 March 2023
	£m	%	Years	£m
Fixed Rate Borrowing				
Public Works Loan	91.4	4.3	23.4	91.9
Other Market Loans	95.2	3.9	32.1	119.7
Subtotal – Fixed Rate Borrowing	***186.6***	***3.6***	***31.3***	***211.8***
Other Debt				
PFI and other debt	182.4			193.2
Total Debt	**369.0**			**405.0**

6.2. Borrowing limits were not exceeded in 2023/24

Borrowing Limits for 2023/24	Limits £m	Actual debt £m	Within Limits
Operational Boundary	503.0	369.0	✓
Authorised Limit	553.3	369.0	✓

INVESTMENTS (short term investment for 0 -12 months)	**Outstanding at 31 March 2024**	**Weighted Average Coupon Rate**	**Outstanding at 31 March 2023**
	£m	**%**	**£m**
Banks (UK based)	222.7	5.9	225.0
Local Authorities	0	0	0
Subtotal – Fixed Rate Investments	***225.0***	***5.9***	***185.0***
Money Markets	43.5	5.4	91.0
Notice Accounts	0	0.0	0
Subtotal – Variable Rate Investments	***43.5***	***5.4***	***206.2***
Total Investments	**266.2**	**5.8**	**316.0**

6.3. In respect of the net borrowing requirement for 2023/24 it was £27.1m, this being £5.7m lower than the net borrowing requirement of (£32.8m) for 2022/23 as set out in the table below:

Net Borrowing Requirement	**2023/24 £m**	**2022/23 £m**
Capital Investment	106.0	137.2
Capital Grants	(23.0)	(29.8)
Capital Receipts	(5.9)	(12.5)
Repair Reserves	(26.3)	(25.7)
Revenue	(8.5)	(21.6)
Net position	***42.3***	***47.6***
MRP	(4.3)	(4.7)
Other Financing	(10.9)	(10.1)
Net Borrowing Requirement	**27.1**	**32.8**

6.4. As at 31 March 2023, this internal borrowing was £186.6m, which is the difference between the Capital Financing Requirement (CFR) and the Council’s actual borrowing.

Debt and CFR Movement	**2023/24 £m**	**2022/23 £m**
Capital Financing Requirement*	395.4	358.0
External Debt**	(186.6)	(211.8)
Difference – Internal Borrowing	***208.8***	***146.4***

* Excluding other long-term liabilities.

**Excluding Fair Value adjustments.

6.5. Other prudential and treasury indicators are to be found in the main body of this report and during 2023/24 the prudential and treasury indicators were not breached.

7. Economic Update

7.1. The Economic update is provided by the Council's treasury advisors Link Group and is at Appendix 4; this includes commentary on the global markets.

8. Interest Rate Forecasts

8.1. The Council's treasury adviser, Link Group, has published its latest interest rate forecasts up to June 2026 as below:

	Sep-2024	Dec-2024	Mar-2025	Jun-2025	Sep-2025	Dec-2025	Mar-2026	Jun-2026
Bank Rate View	5.00%	4.50%	4.00%	3.50%	3.25%	3.25%	3.25%	3.25%
5yr PWLB Rate	4.70%	4.50%	4.30%	4.10%	4.00%	3.90%	3.90%	3.90%
10yr PWLB Rate	4.80%	4.60%	4.40%	4.30%	4.10%	4.10%	4.10%	4.00%
25yr PWLB Rate	5.20%	5.00%	4.80%	4.70%	4.50%	4.50%	4.50%	4.40%
50yr PWLB Rate	5.00%	4.80%	4.60%	4.50%	4.30%	4.30%	4.30%	4.20%

8.2. The Bank of England (BoE) kick started a loosening cycle and voted to cut interest rates for the first time since March 2020 at its August meeting. Five members of the Monetary Policy Committee (MPC) voted to reduce Bank Rate by 0.25% while four members voted to hold interest rates.

8.3. The new inflation forecasts have estimated CPI will be 1.7% in Q3 2026 and 1.5% in Q3 2027. The bank gave no guidance on the future path of rates and Governor Bailey cautioned on rates being cut "too quickly or too much". That could be an attempt to avoid giving the impression the MPC is going to cut rates rapidly, particularly given the Bank's inflation forecast is now even further below the 2% target in three years' time. The MPC's forward guidance suggests it wants to see more evidence of waning inflationary pressures before embarking on further rate cuts.

8.4. The line from the June statement that "policy needs to be restrictive for an extended period" was replaced with guidance that policy would "remain restrictive for sufficiently long until the risks to inflation returning to the 2% target had dissipated further". The MPC has emphasised it "will decide the appropriate degree of monetary policy restrictiveness at each meeting". Overall, this, and subsequent data releases, has left market pricing remained biased towards no change in rates at September's meeting but a cut to 4.75% in November.

8.5. Further out, sentiment towards a further cut in Bank Rate in December has eased back, being pushed out to the early stages of next year. Ongoing volatility underlines how sentiment remains skittish...and how current positions could well change on the back of domestic and international data releases, as well as central bank events. The table above includes Link's forecast, which have now been reviewed, and where appropriate, updated considering the August MPC meeting. Link has left their forecast unchanged for August as they forecast a cut in the final quarter of 2024.

8.6. On the investment front, the money market curve remains inverted, where longer-term yields are lower than their short-term counterparts, as markets advance their Bank Rate cut expectations. However, as detailed above, sentiment is volatile with the starting point and overall extent of the downside shift remains in question.

8.7. The overall balance of risks to economic growth in the UK is low due to the instability in world economies and the effects of high inflation on world prices and global conflicts. It is likely that the UK will have low growth over the next year with Interest rates falling as the Bank of England reduces interest rates as inflation stabilises.

8.8. The Council will see its investment income falling over the next year as interest rates fall and it uses its investment balance instead of borrowing for the capital programme. The Council expects to borrow to fund capital expenditure, mainly for house building in 2025/26.

9. Investment Strategy 2024/25

9.1. The Treasury Management Strategy Statement (TMSS) for 2024/25 was approved by Council on 28 February 2024.

Investment Policy – Management of Risk

9.2. The DLUHC (Department for Levelling Up, Housing and Communities) and CIPFA (Chartered Institute of Public Finance and Accountancy) have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals predominantly with financial instruments (as managed by the Strategic Finance – Treasury Team) and non-financial investments and loans.

9.3. The Council's investment policy has regard to MHCLG's Guidance on Local Government Investments ("the Guidance"), the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"), and CIPFA's Treasury Management Guidance Notes 2021.

9.4. The Council's investment priorities will be security first, liquidity second, then return. The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and within the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, given increasing interest rates, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

9.5. The Council uses Link Group as its external treasury management advisor. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. All decisions will be undertaken with regards to all available information including, but not solely, our treasury advisors. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

9.6. The Guidance and CIPFA TM Code place a high priority on the management of risk. The Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long term ratings.

2. Other information; ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political

environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end, the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings, as well as information on outlooks and watches. This is fully integrated into the credit methodology provided by the advisors in producing its colour codings which show the varying degrees of suggested institution creditworthiness. This has been set out in more detail at Appendix 2.

3. Other information sources used will include the financial press, share prices and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. The Council has defined the list of types of investment instruments that the treasury team are authorised to use in the financial year, and these are listed in Appendix 2 under the categories of “specified” and “non-specified” investments
    - Specified investments are those with a high level of credit quality and subject to a maturity limit of one year.
    - Non-specified investments and loans are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by Members and officers before being authorised for use.
5. Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria provided by advisors, and are set out in Appendix 2.
6. Interest rate limits are set out in paragraph 9.9 and place restrictions on the exposure to variable and fixed rate investments.
7. The Council has placed a limit on the amount of its investments which are invested for longer than 365 days (see paragraph 13.9).
8. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating (see Appendix 5).
9. All investments and loans will be denominated in sterling.

9.7. Investments will be made with reference to the core balances and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). In order to maintain sufficient liquidity, the Council will seek to utilise its notice accounts, money market funds and short-dated deposits (overnight to three months). The remainder of its investments will be placed in deposits of up to 12 months to generate improved returns, depending on prevailing market conditions.

Creditworthiness Policy

9.8. The Council’s Treasury Team applies the creditworthiness service provided by its advisors Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard & Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads that may give early warning of changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

9.9. This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments:

- Yellow 5 years*
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour Not to be used**

*for UK Government debt, or its equivalent, Constant Net Asset Value (CNAV) money market funds and collateralised deposits where the collateral is UK Government debt.

**except for those building societies rated BBB- or higher as set out in the policy.

9.10. The Council's creditworthiness policy has been set out at Appendix 2.

Country limits

9.11. The Council has determined that it will only use approved counterparties from the UK and from other countries with a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 5. This list will be added to, or deducted from, by officers should country ratings change in accordance with this policy.

Updates to Investment Strategy

Investment Returns

9.12. Investment returns are likely to fall due as the Bank of England reduces the base rate. The war in Ukraine and other cinflicts continues to cause uncertainty and instablity in UK and world economies.

9.13. The Bank of England reduced the bank rate to 5.00% in August is expected to make a further cut before the end of the year.

9.14. Money market yields had fallen in expectation of the recent cut in the Bank of England base rate and we expect the rate to fall further in 2024 and 2025.

9.15. The Council uses the services of its advisor, Link Group, to formulate a view on interest rates; their view is that the Bank Rate will continue to fall slowly through 2024/5 but will not fall as low as rates in 2022. Given the interest rates will start to fall the Council will continue to invest to lock into longer term fixed rates so that it can take advantage of the high rates.

9.16. A more extensive table of interest rate forecasts for September 2024 onwards, including Public Works Loan Board (PWLB) borrowing rate forecasts, is set out in Appendix 1.

Non-Treasury Investments

9.17. Treasury management investments represent the placement of cash in relation to the S12 Local Government Act 2003 investment powers, i.e. they represent investments using the residual cash available to the Council from its day to day activities, under security, liquidity and yield principles.

9.18. The Council recognises that non-treasury investments in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful management. It is also included in the Investment Management

Practises. Such investments tend to be either:

- Service type investments; whereby capital or revenue cash is advanced for a specific Council objective and will be approved directly through Committee. This may be an advance to a third party for economic regeneration, investments in subsidiaries and joint ventures, etc.
- Commercial type investments; whereby the objective is primarily to generate capital or revenue resources to help facilitate Council services. The Code of Practice does not allow this type of investment.*

*The Council will not be making investments primarily for a financial return.

9.19. The Council's risk appetite for these investments is reviewed on a case-by-case basis depending on the scale and nature, and strategic fit, of the proposed investment. Where such non-treasury investments exist, they will be identified and summarised at high level within this strategy. The detail and rationale for non-treasury investments are covered in the separate Capital Strategy.

Subsidiary Companies

9.20. The Council has two wholly owned subsidiary companies, Lewisham Homes Limited and Catford Regeneration Partnership Limited (CRPL). It has invested in these subsidiaries as summarised below.

<u>Lewisham Homes Limited</u>

9.21. Lewisham Homes is an arms-length management organisation (ALMO) set up in 2007 as part of the Council's initiative to deliver better housing services and achieve the Decent Homes Standard.

9.22. On 1 October 2023 Lewisham Homes was taken back into the Council. The management of the approximately 19,000 homes will be carried out by the Council. The Council has to date agreed two separate loan facilities with Lewisham Homes Ltd, the first on commercial terms financed from internal borrowing and the second on cost-neutral terms financed through the PWLB. Both loans will continue to be serviced by Lewisham Homes Ltd and will be repaid on set maturity dates.

9.23. As at 31 March 2024 the Council has advanced all £20m of the commercial loan facility, and all £20m of the agreed facility financed from PWLB debt.

<u>Catford Regeneration Partnership Limited (CRPL)</u>

9.24. The CRPL is a property investment company created in January 2010 which owns the Catford Shopping Centre and several neighbouring properties used to generate income whilst driving forward a regeneration programme for the town centre and surrounding area.

9.25. The Council has existing loan agreements in place with the CRPL, currently on an interest only basis, with interest being capitalised until 2024/25. As at 31 March 2024 the Council expects the outstanding loan principal to be approximately £16.1m.

Other Non-Treasury Investments

<u>Besson Street Joint Venture</u>

9.26. The Council is an equal equity partner in a joint venture with Grainger Plc. to bring forward the development of the currently vacant Besson Street site to provide properties for the Private Rented Sector on long term tenancies. The Council has invested land at this stage and will be required to put forward an estimated £22-27m of cash to make up its share (50%) of the assumed 40% equity, with 60% external long-term borrowing, to be invested once the scheme is built. This is currently forecast to be in 2026/27.

9.27. The Council also holds minority stakes in the following:

- 10% in Lewisham Schools for the Future LEP Limited, a Local Education Partnership established under the Council's Building Schools for the Future (BSF) programme to rebuild and refurbish secondary schools within the borough;
- Less than 1% in South-East London Combined Heat and Power Ltd (SELCHP), a joint venture with the London Borough of Greenwich for the provision of waste disposal and waste to energy processes; and
- A minority share in Newable Ltd (formerly Greater London Enterprise Ltd) which provides property management and consultancy services.

10. Investment Portfolio 2024/25

10.1. In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the Link Group suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information. As set out in Section 6, the recent cut in Bank of England base rates will reduce the returns on its investments in 2024/25.

Performance as at 30 June 2024

10.2. The Council held £279m of investments as at 30 June 2024 (£266m at 31 March 2024) and the current annualised yield as at 30 June 2024 is 5.2% (compared to 4.8% at June 2023). These investments provide some assurance when matched to the level of debt held, represent the reserves held for investment, and provide the working balances and cash flow to support the Council's service delivery.

10.3. The Council is a member of a treasury benchmarking group (organised by Link Group) containing 15 authorities, including 12 other London authorities. An extract from the latest available benchmarking report is shown in Appendix 3; this shows that the return on investments as at December 2023 for the Council is slightly above the benchmark return for the group of councils. Compared to our peers Lewisham has slightly more fixed term short term investments and were therefore able to take advantage of the better investment rates. The Council has obtaining improved investment returns but this will fall as the Bank of England cuts its rates.

A full list of outstanding investments held as at 30 June 2024 is shown below:

Counterparty	Duration (Days)	Principal £m	Interest Rate	Interest £
Fixed Rate Investments – Banks and Building Societies				
Canadian Imperial Bank of Commerce	364	15.0	6.50%	972,329
OP Corporate Bank plc	364	25.0	6.13%	1,528,301
National Bank of Canada	274	20.0	5.49%	824,252
Toronto-Dominion Bank	92	5.0	5.25%	66,164
DNB Bank	364	10.0	5.83%	578,103
Canadian Imperial Bank of Commerce	364	10.0	5.70%	568,438
National Westminster Bank	185	20.0	5.15%	522,055
DBS Bank Ltd.	185	5.0	5.19%	131,527
Bank of Montreal	364	10.0	5.50%	548,493
Close Brothers Ltd	364	10.0	5.62%	560,460

Counterparty	Duration (Days)	Principal £m	Interest Rate	Interest £
Landesbank Hessen-Thueringen	364	10.0	5.49%	547,496
Toronto-Dominion Bank	276	15.0	5.23%	588,845
DBS Bank Ltd.	153	15.0	5.24%	329,474
Lloyds Bank Plc (RFB)	183	10.0	5.25%	263,219
Australia and New Zealand Banking Gp	277	15.0	5.33%	606,744
Variable Rate Investments – Money Markets				
Aberdeen Standard	N/A	30.0	4.82%	N/A
Federated Hermes	N/A	28.7	4.73%	N/A
Insight	N/A	25.3	4.75%	N/A
TOTAL INVESTMENTS		**279.0**	**5.18%**	

10.4. The Executive Director of Corporate Resources confirms that there were no breaches of the approved limits within the Annual Investment Strategy during the first five months of 2023/24.

10.5. The current investment counterparty criteria as set out in the Credit Worthiness Policy and included at Appendix 2 of this report are meeting the requirements of the treasury management function.

11. Capital Strategy 2024/25

11.1. The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to produce a Capital Strategy, which will provide the following:

- A high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- An overview of how the associated risk is managed; and
- The implications for future financial stability.

11.2. The aim of the Capital Strategy is to ensure that all elected Members on full Council fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite

11.3. The Capital Strategy is reported separately from the Treasury Management Strategy; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and strategic investments are usually driven by expenditure on an asset.

The Capital Strategy shows:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- For non-loan type investments, the cost against the current market value; and
- The risks associated with each activity.

Capital Programme

11.4. The table below sets out the budget and profile for the Capital Programme for 2024-2028 as of 30th June 2024.

Capital Programme budget 2024-28	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m
General Fund					
Resources Directorate (ICT)	0.5	0.0	0.0	0.0	0.5
Community Services	2.5	7.4	0.1	0.0	10.0
Children and Young People	10.4	8.8	2.8	0.0	22.0
Regeneration	32.9	14.9	5.4	0.5	53.7
GF Housing	62.6	39.3	5.0	1.5	108.4
Total General Fund	**108.9**	**70.4**	**13.3**	**2.0**	**194.6**
HRA					
Building for Lewisham	11.3	36.1	38.8	13.8	100.0
HRA incl Decent Homes	82.5	68	50.8	50.7	252.0
Housing Management System	0.6	0.0	0.0	0.0	0.6
Other HRA	0.5	0.5	0.5	0.5	2.0
HRA Unallocated	0.0	6.9	3.1	3.2	13.2
Total HRA	**94.9**	**111.5**	**93.2**	**68.2**	**367.8**
Total Capital Programme	**203.8**	**181.9**	**106.5**	**70.2**	**562.4**

11.5. In February 2024 the Council approved the capital programme budget for 2024-28 of £558.0m. Although the value of the overall Capital Programme has remain largely the same, the Capital Programme is subject to change for various reasons:

1. New schemes may be agreed and added to the programme throughout the year, reflecting the work of ongoing capital re prioritisation.
2. The General Fund capital programme will need to adapt to reflect the priorities of the corporate strategy and the pressures of the Council's building stock condition.

11.6. The Capital Programme budget as at 30 June 2023 is £562.4m. The main planned spending for 2024-2028 is through the Housing Revenue Budget (HRA) of £367.8m with the general fund planned spending of £194.6m.

12. Financing of the Capital Programme

12.1. The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure in 2024/25 to 2027/28.

12.2. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). If the CFR is positive, the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing).

12.3. The table below shows the required prudential borrowing 2024/25 and which is £32.2m for the general fund and £64.7m for the HRA.

12.4. Capital Expenditure Financing:

Capital Financing Forecast

Capital financing Forecast 2024-28	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	
Capital Receipts	0	0.9	0.1	0	1.0
Capital Reserves	10.7	4.8	2	1	18.5
S106 & CIL	6.7	6.2	5.8	0	18.7
Corporate Reserves	1.6	0.7	0	0	2.3
Grants	57.1	39.9	2.4	0	99.4
Prudential Borrowing	32.2	17.7	2.5	1	53.4
Other funding	0.6	0.2	0.5	0	1.3
General Fund	**108.9**	**70.4**	**13.3**	**2.0**	**194.6**
Major Repair Allowance	26.6	27.3	27.7	28.0	109.6
Capital Reserves & Revenue Contribution	2.0	8.7	9.8	8.7	29.2
Grants	1.6	15.1	8.0	2.4	27.1
Prudential Borrowing	64.7	60.4	47.7	29.1	201.9
HRA	**94.9**	**111.5**	**93.2**	**68.2**	**367.8**
Total	**203.8**	**181.9**	**106.5**	**70.2**	**562.4**

12.5. Forward projections for borrowing are summarised in the table below, which shows the forecast external debt from treasury management operations and other long-term liabilities against the underlying capital borrowing need (Capital Financing Requirement - CFR). This is simply the total historic capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness, and its underlying borrowing need; any increase to capital expenditure which has not immediately been paid for through a revenue or capital resource will increase the CFR.

12.6. The CFR does not increase indefinitely, as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly repays the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

12.7. The CFR includes any other long-term liabilities (e.g. PFI liabilities). Whilst these increase the CFR and therefore the Council's borrowing requirement, they are included as a borrowing facility by the PFI provider and so the Council is not required to separately borrow for these schemes.

12.8. Changes in external debt incorporate upcoming loan maturities and projected prudential borrowing requirements in both the General Fund and the Housing Revenue Account (HRA).

12.9. The table below illustrates over/(under) borrowing relative to the combined CFR for the General Fund and HRA.

External Debt Projections

	2024/25 Forecast £m	2025/26 Forecast £m	2026/27 Forecast £m	2027/28 Forecast £m
External Debt at 1 April	195.2	286.4	356.1	400.9
Prudential Borrowing – General Fund	26.5	9.3	(3.0)	(4.5)
Prudential Borrowing – HRA	64.7	60.4	47.7	29.1
Other Long-Term Liabilities	170.7	157.3	142.1	129.1
Gross Debt at 31 March	**457.1**	**513.4**	**543.0**	**554.6**
Total Capital Financing Requirement at 31 March*	**657.9**	**716.3**	**736.4**	**758.4**
Borrowing – over / (under)	**(200.8)**	**(202.9)**	**(193.4)**	**(203.7)**

***The Capital Financing Requirement includes the prudential borrowing figures.

12.10. The borrowing requirements will be reviewed on a regular basis and will be dependent on the progress of the Capital Programme therefore the borrowing forecast will be updated in later reports.

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

12.12. The Executive Director for Corporate Resources officer’s reports that the Council has complied with this prudential indicator in the current year to date and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this report.

13. Borrowing and Prudential Indicators

Borrowing Strategy

13.1. The Council's external debt as at 31 March 2024, gross borrowing plus long term liabilities, was £431.8m. The Council's borrowing strategy is consistent with last year's strategy. The Council is currently maintaining an under-borrowed position in that the CFR is not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow has been used as an alternative funding measure. In the current economic climate, this strategy is considered prudent while investment returns are lower than the cost of borrowing.

13.2. The Executive Director for Corporate Resources will continue to monitor interest rates in the financial markets and adopt a pragmatic and cautious approach to changing circumstances. With the interest rates rising the cost of borrowing has been increased so it is less expensive to use internal borrowing (cash held from reserves and balances).

Policy on Borrowing in Advance of Need

13.3. Members should note that the Council's policy is not to borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within the approved forward CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Sources of borrowing

13.4. Previously approved sources of borrowing: The approved sources of long-term and short-term borrowing are:

3. HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
4. any institution approved for investments (see below)
5. any other bank or building society authorised to operate in the UK
6. any other UK public sector body including local authorities
7. UK public and private sector pension funds (except Lewisham Pension Fund)
8. capital market bond investors
9. UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
10. Investors in capital market bonds and retail bonds issued by the Council
11. Individuals lending via a peer-to-peer platform where appropriate Individuals lending via a peer-to-peer platform where any necessary counterparty checks (for example proof of identity or money laundering requirements) are conducted by the platform.
12. Investors in capital market bonds and retail bonds issued by the Council.

Other sources of debt finance: In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

1. leasing
2. hire purchase
3. Private Finance Initiative
4. sale and leaseback

Treasury Indicators

13.5. There are three debt-related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. These limits need to be balanced against the requirement for the treasury function to retain some flexibility to enable it to respond quickly to opportunities to reduce costs and improve performance.

13.6. The debt related indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing and are required for upper and lower limits.

13.7. The treasury indicators and limits are set out below:

Limits on Interest Rate Exposures	2024/25	2025/26	2026/27
	Upper	**Upper**	**Upper**
Limits on fixed interest rates: • **Debt only** • **Investments only***	 100% 80%	 100% 70%	 100% 60%
Limits on variable interest rates • **Debt only** • **Investments only***	 20% 100%	 20% 100%	 15% 100%
* For this calculation short term (less than 12 months) investments for 1-12 months are treated as fixed interest rates.			
Limits on Maturity Structure of Fixed Interest Rate Borrowing 2024/25			
		Lower	**Upper**
Under 12 months		0%	10%
12 months to 2 years		0%	40%
2 years to 5 years		0%	45%
5 years to 10 years		0%	45%
10 years to 20 years		0%	45%
20 years to 30 years		0%	50%
30 years to 40 years		0%	70%
40 years to 50 years		0%	70%
Limits on Maturity Structure of Variable Interest Rate Borrowing 2024/25			
		Lower	**Upper**
30 years to 40 years		0%	25%

Long Term Investments Indicator

13.8. This indicator sets a limit on the total principal funds invested for greater than 365 days. This limit is set with regard to the Council's liquidity requirements and to manage the risks associated with the possibility of loss which may arise as a result of having to seek early repayment, or redemption of, principal sums invested.

13.9. The indicator is set out below. As at 31 July 2024, the Council is not expected to hold any investments for longer than 365 days.

Maximum Principal Sums Invested for Longer than 365 days			
	2024/25 £m	2025/26 £m	2026/27 £m
Limit on principal sums invested for longer than 365 days	50.0	50.0	50.0

Debt Rescheduling

13.10. As short-term borrowing rates are currently higher than longer term fixed interest rates, there may not be many opportunities to generate efficiencies by switching from long-term debt to short-term debt. However, these efficiencies will need to be considered in light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

13.11. The reasons for any rescheduling to take place will include:

- The generation of cash savings and/or discounted cash flow savings;
- Helping to fulfil the Treasury Strategy; and
- Enhancing the balance of the portfolio (to amend the maturity profile and/or the balance of volatility).

13.12. During 2023/24 as interest rates were rising the council was in correspondence with a few banks that provide its LOBO loans to see if there were any opportunities to reschedule the debt.

13.13. During the year to 31/03/2024 the council repaid a £25m LOBO loans from Bayerische Landesbank at a nil premium.

13.14. The Council has reduced its LOBO loans from £119.7m to £104.5m. In the event that the lender exercises the option to change the rate or terms of the loans within their call period, the Council will consider the terms being provided and also the option of repayment of the loan without penalty.

13.15. The Council continuously reviews its debt position to optimise its cash flow. Any consideration of debt rescheduling will be reported to Mayor and Cabinet and subsequently to Council at the earliest meeting possible.

13.16. The Council will continue to explore rescheduling opportunities as appropriate in respect of the financing of its PFIs and external loans.

13.17. During 2023/24 the council obtained external borrowing from a Community Municipal Investment scheme for £660K where local investors could invest monies for a period of 5 years in support of local carbon reduction capital projects. No other external borrowing was undertaken in 2023/24 as the Council used some of its internal borrowing (reserves) in the year.

13.18. Debt rescheduling opportunities have been very limited in the current economic climate therefore no debt rescheduling has been undertaken to date in the current financial year.

Limits to Borrowing Activity for 2024/25 (remain unchanged from the approved limits set by Council in February 2024)

13.19. There are two measures of limiting external debt: the ‘operational boundary’ and ‘authorised limit for external debt’, which the Council reports on as part of its prudential indicators. Both are described in further detail in the following paragraphs.

The Operational Boundary for External Debt

13.20. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources. The Council’s operational boundary is set out below:

Operational Boundary (unchanged)	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Maximum External Debt at 31 March	372.5	459.7	479.3	479.3
Other Long-Term Liabilities	180.7	169.7	158.7	158.7
Provision for Non Receipt of Expected Income	56.0	56.0	56.0	56.0
Operational Boundary for Year	**609.1**	**685.4**	**694.0**	**694.0**

The Authorised Limit for External Debt

13.21. This key indicator represents a control on the maximum level of borrowing and provides a limit beyond which external debt is prohibited. It reflects the level of external debt which, while not desired, could be afforded in the short term but is not sustainable in the longer term.

13.22. This is a statutory limit determined under Section 3(1) of the Local Government Act 2003 and needs to be set and revised by full Council. The Government retains an option to control either the total of all Councils’ plans, or those of a specific Council, although this power has not yet been exercised.

13.23. The authorised limits are set out as below:

Authorised Limits (unchanged)	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
Operational Boundary for Year	609.1	685.4	694.0	694.0
Additional 10% Margin	60.9	68.5	69.4	69.4
Authorised Limit for Year	**572.3**	**668.4**	**744.7**	**744.7**

*the authorised limit is obtained by adding 10% to the Operational Boundary.

Ratio of Financing Costs to Net Revenue Stream

13.24. This indicator identifies the trend in the cost of borrowing for capital purposes, (excluding PFI costs), against the net revenue stream.

13.25. **Ratio of Financing Costs to Net Revenue Stream**

	2023/24 Actual	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Ratio of Financing Costs* to Net Revenue Stream	4.6%	4.6	4.9	6.3

***Excluding PFI borrowing costs as these are fund by PFI credits**

A prudential indicator is required for the net income from commercial and service investments as a proportion of the net revenue stream;

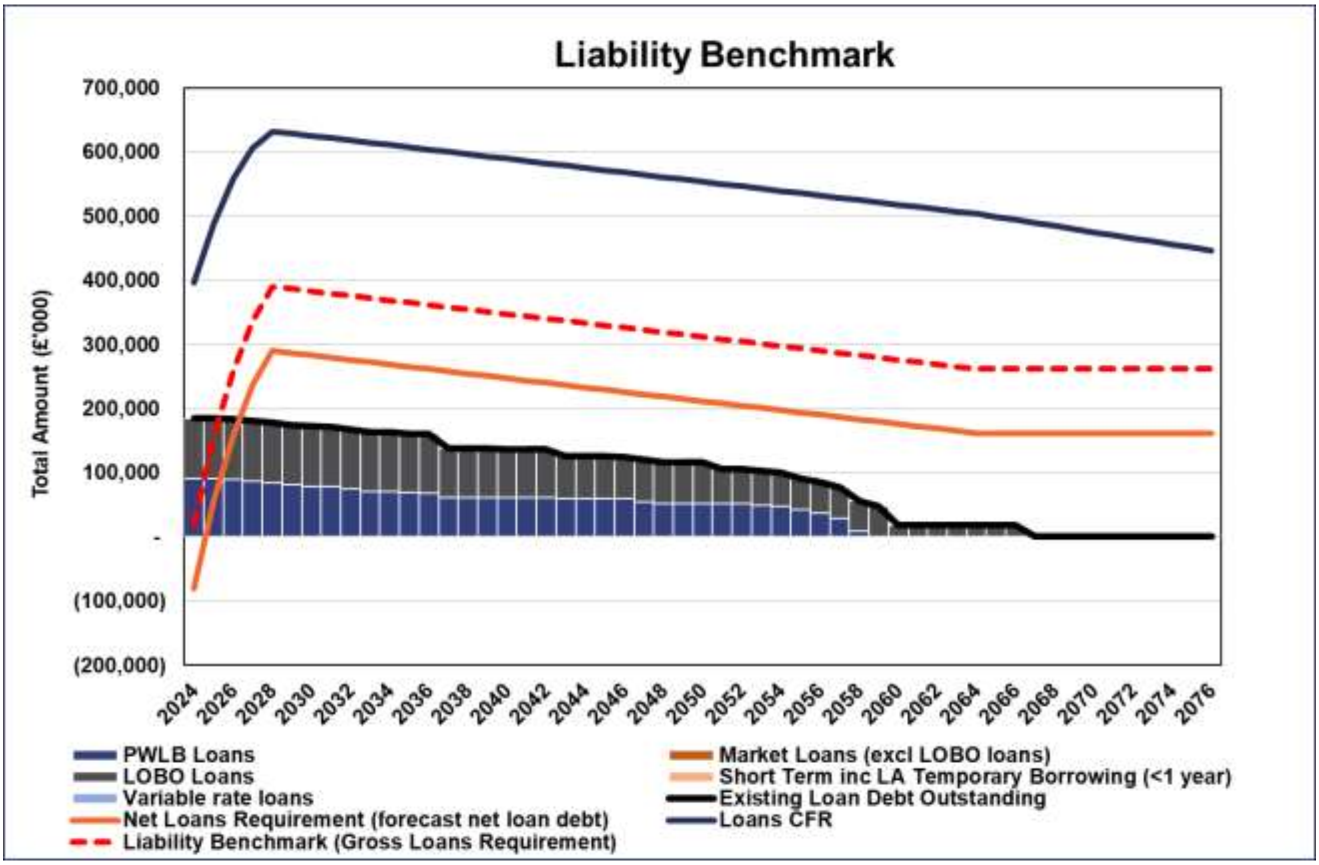
13.26. The Council does not invest in commercial or service investments primarily for a return therefore there in nothing to report for this indicator.

Liability Benchmark

13.27. The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

13.28. There are four components to the LB: -

1. Existing loan debt outstanding: the Council's existing loans that are still outstanding in future years.
2. Loans CFR (Capital financing Requirement): this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. Net loans requirement: this will show the Council's gross loan debt at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance (the liquidity allowance is cash that is kept as working capital for day to day expenses of the council).



13.29. The liability benchmark (red dotted line) is showing the borrowing requirement subject to using internal borrowing while maintaining £100m (liquidity allowance) in Treasury Management investments.

14. Minimum Revenue Provision (MRP) Policy Statement

14.1. The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if required (Voluntary Revenue Provision – VRP). The MRP must be determined by the Council as being a prudent provision having regard to the DLUHC (Department for Levelling Up, Housing and Communities) Statutory Guidance on Minimum Revenue Provision.

14.2. The MRP is the amount the Council charges to the revenue account and does not correspond to the actual amount of debt repaid, which is determined by treasury related issues. Historically the Council has applied a consistent MRP policy which comprises of previous borrowing being repaid at the rate of 4% (equivalent to 25 years) of the outstanding balance.

14.3. In 2016/17, this policy was changed to reflect the useful lives of the specific asset classes on the Council's balance sheet. It moved to:

14.4. A straight line MRP of 14% equivalent to seven years for plant and equipment (such as IT and vehicles); and

14.5. A straight line MRP of 2.5% equivalent to forty years for property (such as land and buildings).

14.6. In 2017/18, a third element was added to the Council's MRP policy, whereby no MRP need be charged on capital expenditure where the Council has assessed that sufficient collateral is held at a current valuation to meet the outstanding CFR liability, and that should it be determined at any point that insufficient collateral is held to match the Council's CFR liability, a prudent MRP charge will commence.

14.7. In 2019/20 the Council commissioned an independent review of its current MRP policy to ensure it is fit for current and future spending plans, as well as a review of historic calculations and a reconciliation to the CFR to identify any potential efficiencies. The review was undertaken by the Council's treasury advisors, Link Group.

14.8. The Council implemented one of the recommendations from the report from 2019/20 onwards, specifically to adjust for an historic overcharging of MRP from 2003/04 as a result of a miscalculation in the 'Adjustment A' figure (an accounting adjustment designed to ensure minimal changes in liability when new capital financing regulations were introduced in 2003/04). The Prudential Code allows for MRP to be reduced appropriately, in line with an authority's own judgement, where Adjustment A reflects an error that increases the current MRP liability. As such, the Council reduced its ongoing liability by reducing its MRP charge to account for the higher Adjustment A figure, whilst additionally offsetting current and future years' MRP charges to recover the historic overcharging since 2003/04.

14.9. Under the MRP guidance, any charges made in excess of the statutory MRP can be made, known as voluntary revenue provision (VRP).

14.10. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

14.11. Capital expenditure incurred during the year will not be subject to an MRP charge until the year after the asset becomes operational.

14.12. MRP in respect of assets acquired under Finance Leases or PFI will be charged at an amount equal to the principal element of the annual repayment.

14.13. For capital expenditure on loans to third parties where the principal element of the loan is being repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

15. Financial Implications

15.1. There are no additional financial implications besides those mentioned elsewhere in this report.

16. Legal Implications

16.1. Local authorities are required to produce and monitor for the forthcoming year a range of indicators based on actual figures; these are set out in the report. The CIPFA Treasury Management Code of Practice says that movement may be made between the various indicators during the year by an Authority's Chief Finance Officer so long as the indicators for the total Authorised Limit and the total Operational Boundary for external debt remain unchanged. Any such changes are to be reported to the next meeting of the Council.

16.2. Under Section 5 of the Local Government Act 2003, the prudential indicator for the total Authorised Limit for external debt is deemed to be increased by an amount of any unforeseen payment which becomes due to the Authority within the period to which the limit relates, which would include, for example, additional external funding becoming available but not taken into account by the Authority when determining the Authorised Limit. Where Section 5 of the Act is relied upon to borrow above the Authorised Limit, the Code requires that this fact is reported to the next meeting of the Council.

16.3. Authority is delegated to the Executive Director of Corporate Resources to make amendments to the limits on the Council's counterparty list and to undertake treasury management in accordance with the CIPFA Code of Practice and the Council's Treasury Policies.

17. Equalities Implications

17.1. There are no equalities implications directly arising from this report. An initial Equality Analysis was undertaken to assess the likely adverse impact the contract award would have on protected groups compared to non-protected groups. The analysis concluded that a full equality analysis was not required due to the fact that Treasury Management would not have any adverse impact on protected groups compared to non-protected groups.

17.2. The organisations and counterparties that Treasury Management uses to invests or borrow are large institutions and should all conform to The Equality Act 2010.

18. Climate Change and Environmental Implications

18.1. There are no direct climate or environmental implications arising from this report.

19. Crime and Disorder Implications

19.1. There are no direct crime and disorder implications arising from this report.

20. Health and Wellbeing Implications

20.1. There are no direct health and wellbeing implications arising from this report.

21. Background Papers

21.1. The following papers are appended to this report:

- *Appendix 1 – Interest Rate Forecasts 2024 – 2027*
- *Appendix 2 – Extract from Credit Worthiness Policy*
- *Appendix 3 – Benchmarking Extract*
- *Appendix 4 – Economic Update from Link Group*
- *Appendix 5 – Approved Countries for Investment*
- *Appendix 6 – Requirement of the CIPFA Treasury Management Code of Practice*

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