Appendix A

Treasury Management related Prudential Indicators

Gross debt and the Capital Finance Requirement
In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that gross external debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. The Section 151 officer reports that the authority did not have any difficulty in meeting this requirement in 2021/22, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans, and the proposals in the 3 year capital programme.

Authorised Limit for External Debt				
	2022/23	**2023/24**	**2024/25**	**2025/26**
	£m	**£m**	**£m**	**£m**
Borrowing	131	155	163	168
Other long term liabilities	7	7	12	12
Total	**138**	**162**	**175**	**180**

Operational Boundary for External Debt				
	2022/23	**2023/24**	**2024/25**	**2025/26**
	£m	**£m**	**£m**	**£m**
Borrowing	125	149	157	162
Other long term liabilities	6	6	11	11
Total	**131**	**155**	**168**	**173**

Actual External Debt
The Council's actual external debt at 31/03/2022 was £121.6m (consisting of External Borrowing of £115.6m and Long term liabilities of £6.0m).

Maturity Structure of Borrowing		
	Upper limit	**Lower limit**
Under 12 months	20%	0%
12 months & within 24 months	20%	0%
24 months & within 5 years	50%	0%
5 years & within 10 years	75%	0%
10 years & above	95%	25%
Sub-category within 10 years and above 50 years & above	20%	0%

Upper limit for total principal sums invested for more than 1 year			
2022/23	**2023/24**	**2024/25**	**2025/26**
£2.5m	£2.5m	£2.5m	£2.5m

Liability Benchmark

A new prudential indicator for 2023/24 is the Liability Benchmark. The Liability Benchmark is effectively the Net Borrowing Requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

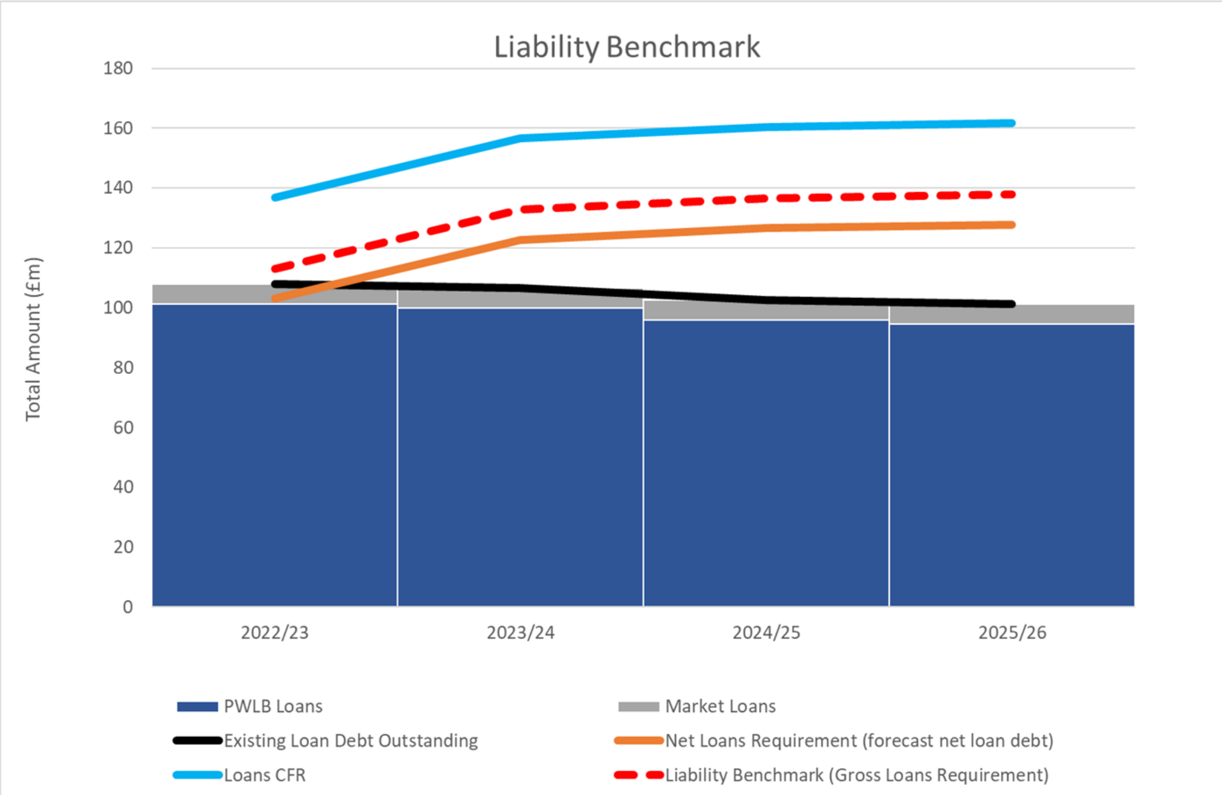
There are four components to the Liability Benchmark: -

• Existing loan debt outstanding: the Authority's existing loans that are still outstanding in future years.

• Loans CFR: 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.

• Net loans requirement: this will show the Authority's gross loan debt less treasury management investments 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.

• Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.



INVESTMENT SCHEDULE

Category Of Investment	Specified Individual Investment Limit	Specified Category Investment Limit	'High' Credit Rating Criteria	Security / Minimum 'High' Credit Rating (Fitch or other equivalent)	Repayable/ Redeemable within 12 months?	Circumstance of use	Maximum period of investment
SPECIFIED INVESTMENTS *(All investments listed below must be sterling-denominated and are not Share or Loan Capital)*							
UK Government Debt Management Office - Debt Management Agency Deposit Facility (DMADF)	Unlimited	Unlimited	N/A	UK Government-backed	Yes	In-house	6 months (Current DMO Policy)
Banks part or fully nationalised by the UK Government	See Annex 1	See Annex 1	Blue colour on Link durational bandings	Short term F2	Yes	In-house	1 year
Fixed Term and call deposits with the UK government	Unlimited	Unlimited	N/A	High security	Yes	In-house	1 year
Fixed Term and call deposits with credit-rated deposit takers (banks and building societies)	See Annex 1	See Annex 1	Yellow, Purple, Orange, Red or Green colour on the Link durational bandings *	Long Term A- Short term F1	Yes	In-house	1 year for Yellow, Purple & Orange 6 months for Red 100 days for Green
Certificates of Deposits issued by credit-rated deposit takes (Banks & Building Societies *(Custodial arrangement required prior to purchase)*	£2.5m	£2.5m	Yellow, Purple, Orange or Red colour on the Link durational bandings *	Long Term A- Short term F1	Yes	In-house and External fund manager(s)	1 year
UK Government Gilts *(Custodial arrangement required prior to purchase)*	£2.5m	£2.5m	N/A	UK Government backed	Yes	In-house and External fund manager(s)	1 year
Treasury Bills *(Custodial arrangement required prior to purchase)*	£2.5m	£2.5m	N/A	UK Government backed	Yes	In-house and External fund manager(s)	1 year
Government Liquidity / Money Market Funds - These funds do not have any maturity date and can usually be accessed either on the same day or at one day's notice	£2m	£2m	AAA	Highest credit rating	Yes	In-house, subject to the guidelines and parameters agreed	The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements

** Footnote - Prior to any short term overlay*

Category Of Investment	Non-Specified Individual Investment Limit	Non-Specified Category Investment Limit	Repayable/ Redeemable within 12 months?	Circumstance of use	Maximum period of investment
NON SPECIFIED INVESTMENTS					
Property Funds	£2.5m	£2.5m	No	These funds can be deemed to be capital expenditure. Appropriate due diligence, including advice from the Council's External Treasury advisors would be undertaken before investment of this type is undertaken	The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements

Specified Individual Investment Limit per Banking Group	**Specified Category Investment Limit**	**Credit Rating Criteria** *(Based on Link durational bandings)*	**Fixed List of Specific Counterparties** *(Subject to regular updating for credit rating changes and meeting Credit Rating criteria)*
£7m	£7m	BLUE or RED	**Part or 100% nationalised by UK Government** Natwest Group plc, including; National Westminster Bank plc (Including Notice/Instant Access call account) The Royal Bank of Scotland Plc NatWest Markets Plc (NRFB)
£6m	£25m	YELLOW or PURPLE or ORANGE or RED	**UK Banking Group / Building Society (1):** Any of the banks or building societies in the UK Banking Group / Building Society category (2) if their status changes from GREEN to RED or ORANGE or PURPLE or YELLOW plus HSBC Bank Plc Bank of Scotland Plc (Including Notice/Instant Access call accounts) Nationwide Building Society Coventry Building Society Skipton Building Society Lloyds Banking Group, including; Lloyds Bank Plc Lloyds Bank Corporate Markets (NRFB) Bank of Scotland Plc (Including Notice/Instant Access call accounts)
£4m	£10m	YELLOW or PURPLE or ORANGE or RED or GREEN	**Foreign Banking Group parent:** Santander UK plc (including Notice/Instant Access call accounts) Standard Chartered Bank Goldman Sachs International Bank
£3m	£6m	YELLOW or PURPLE or ORANGE or RED or GREEN	**UK Banking Group / Building Society (2):** Any of the banks or building societies in the UK Banking Group / Building Society (1) category if their status changes from RED to GREEN plus Yorkshire Building Society Leeds Building Society
	£6m	YELLOW or PURPLE	**Barclays Bank Plc** *– Limit for overnight balances on corporate bank accounts

£9m	£3m	or ORANGE or RED or GREEN	**Barclays Bank Plc** * – Limit for Fixed Term deposits and Notice/Instant access (including Green Deposit Accounts) Call Accounts Limit for Call account balances

** Footnote – Barclays Bank are the Council's current Banking Services provider*

APPENDIX C

2023/24 MRP Policy Statement

1. General Principles
   a) The Council's proposed Minimum Revenue Provision (MRP) Policy for 2023/24 follows the principles of the guidance issued by the Welsh Government under section 21(1A) of the Local Government Act 2003, through using one of the options outlined in the guidance, combined with introducing a further option that is underpinned by the principle of prudent provision.
   b) Estimated life periods will be determined in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom unless WG require or determine otherwise. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
   c) As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

2. Methods for calculating MRP
   a) The major proportion of the MRP for 2023/24 will relate to the more historic debt liability that existed pre 2008 or post 2008 where it relates to Supported Borrowing funded by WG. The MRP liability on the Council's Capital Financing Requirement that relates to pre 2008 debt and post 2008 Supported Borrowing funded by WG through RSG will be provided for using Option 3 (Asset life method) of the 2018 WG guidance and applying the Annuity Method with an interest rate of 4.20% (the average borrowing rate of loans outstanding as of 01/04/21) over a 44 year period commencing 01/04/2021.
   b) As further new Supported Borrowing is utilised in the Capital Programme, the MRP liability on each new tranche of Support Borrowing will also be provided for using Option 3 (Asset life method) of the 2018 WG guidance and applying the Annuity Method.
   c) A significant proportion of the MRP for 2023/24 will relate to the Historic Unsupported Prudential Borrowing since 2008 which is reflected within the Capital Financing Requirement. The MRP liability on the Council's Capital Financing Requirement that relates to post 2008 Unsupported Borrowing will be provided for using Option 3 (Asset life method) of the 2018 WG guidance and applying the Annuity Method with an interest rate of 3.68% (the weighted average interest rate of the borrowing concerned) over a 39 year period commencing 01/04/2021.
   d) As further Unsupported Prudential Borrowing is utilised in the Capital Programme, the MRP liability reflected within the Capital Financing Requirement will be charged over a period commensurate with the average estimated useful life of assets using Option 3 (Asset life method) of the 2018 WG guidance and applying the Annuity Method.
   e) Where there is Temporary Borrowing in lieu of future Capital receipts (e.g. WG repayable finance loans or temporary Unsupported Prudential Borrowing) the principal of not charging MRP will continue, e.g. whilst awaiting the realisation of capital receipts from the sale of surplus assets.
   f) Where an asset is under construction, the Council reserves the right to not make an MRP charge until the financial year after that in which the capital expenditure is incurred and in the case of a new asset comes into service use.
   g) MRP on PFI credit arrangements will be charged over a period commensurate with the estimated useful life applicable to the asset and using the Annuity Method.

h) Where MRP relates to a pre-determined profile linked to a credit arrangement (e.g. Finance Lease) then the MRP calculation will be in accordance with the relevant bespoke repayment profile.
i) The Council has the option of making additional Voluntary MRP contributions in addition to the above MRP calculations at any point in time. E.g. The Council may treat any Voluntary MRP as ‘up-front’ provision (having a similar impact to the early repayment of debt) and thus recalculate future MRP charges accordingly.