Treasury Management Report Q1 2024/25

1. Introduction

1.1. In March 2012 the Council 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, as a minimum, treasury management semi-annual and annual outturn reports.

1.2. This quarterly report provides an additional update and includes the requirement in the 2021 Code of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Council's normal quarterly revenue and capital monitoring report.

1.3. The Council's treasury management strategy for 2024/25 was approved at a meeting on 6th March 2024. 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.

2. External Context

2.1. **Economic background:** UK headline consumer price inflation (CPI) continued to decline over the quarter, falling from an annual rate of 3.2% in March to 2.0% in May, in line with the Bank of England's target. The core measure of inflation, however, only declined from 4.2% to 3.5% over the same period, which, together with stubbornly services price inflation at 5.7% in May, helped contribute to the BoE maintaining Bank Rate at 5.25% during the period, a level unchanged since August 2023.

2.2. Data released during the period showed that showed the UK economy had emerged from the technical recession at the end of 2023 to expand by 0.7% (upwardly revised from the initial estimate of 0.6%) in the first quarter of the calendar year. Monthly GDP data showed zero growth in April following an expansion of 0.4% in the previous month.

2.3. Labour market data continued to provide mixed messages for policymakers, exacerbated by issues the Office for National Statistics is having compiling the labour force survey. In the three months between February and April 2024, unemployment was up, employment fell, while the decline in vacancies slowed and wage growth remained elevated. Unemployment rose to 4.4% (3mth/year) while average regular earnings (excluding bonuses) was 6.0% and total earnings (including bonuses) was 5.9%. Adjusting for inflation, real regular pay rose by 2.3% and total pay by 2.2%. Given how keenly the 'second-round' impact of inflation on wages is watched by the BoE, policymakers will likely want to see more downward movement before cutting interest rates.

2.4. Having started the financial year at 5.25%, the Bank of England's Monetary Policy Committee (MPC) maintained Bank Rate at this level throughout the quarter. In line with expectations, at its June meeting, the Committee voted by a majority of 7-2 in favour of maintaining the status quo. The two dissenters preferred an immediate 0.25% reduction in Bank Rate to 5.0%. This continued dovish tilt by the Committee increased financial market expectations that the first cut in Bank Rate will likely be in August.

2.5. Earlier in May, in addition to an identical MPC rate decision and voting pattern, the Bank published the latest version of its Monetary Policy Report (MPR). Within the Report, the Committee noted that it expected four-quarter GDP growth to increase over the forecast period, reflecting the declining negative effects of past Bank Rate increases and the predicted downward path of interest rates which should provide support to economic activity. The trajectory of inflation was broadly similar to that in the previous MPR, albeit slightly lower towards the end of the forecast horizon due to the Committee's revised assessment of falling external inflationary pressures from past import price increases. This meant the Committee expected headline inflation to hit the 2% target two quarters sooner than in the February MPR. As was highlighted earlier, inflation data published in June showed that CPI inflation fell to the 2% target in May.

2.6. Arlingclose, the Council's treasury adviser, maintained its central view that 5.25% is the peak in Bank Rate and that interest rates will most likely be cut later in H2 2024. The risks over the medium term are deemed to be to the upside as while inflation has fallen to target, it is expected to pick up again later in the year and as services price inflation and wage growth are still on the firmer side, the MPC could well delay before delivering the first rate cut.

2.7. The US Federal Reserve also maintained interest rates over the period, holding the Fed Funds Rate at 5.25%-5.50% for the seventh consecutive month in June, as was expected. US policymakers have maintained a relatively dovish stance throughout the period but have steadily reduced their predictions around the pace and timing of rate cuts in the face of higher inflation and firmer economic growth. At the meeting, economic projections pointed to one rate cut in calendar 2024 and four in 2025.

2.8. The European Central Bank cut rates in June, reducing its main refinancing rate from 4.50% to 4.25%. Inflation in the region fell to 2.5% in May, having increased in the previous month, but since February has been fairly sticky at between 2.4% and 2.6%. Economic growth in the region has picked up but remains weak, and with inflation above the ECB's target this continues put pressure on policymakers on how to balance these factors when setting monetary policy.

2.9. **Financial markets:** Sentiment in financial markets showed signs of improvement over the quarter, but bond yields remained volatile. Early in the period yields climbed steadily, but mixed signals from economic data and investors' constant reassessment of when rate cuts might come caused a couple of fairly pronounced but short lived dips in yields. Towards the end of the quarter yields rose once again and were generally higher than at the start of the period.

2.10. Over the quarter, the 10-year UK benchmark gilt yield started at 3.94% and ended at 4.18% having reached 4.41% in May. While the 20-year gilt started at 4.40%, hit 4.82% in May, before ending the period at 4.61%. The Sterling Overnight Rate (SONIA) averaged 5.20% over the quarter to 30th June.

2.11. **Credit review:** Arlingclose maintained its advised recommended maximum unsecured duration limit on all banks on its counterparty list at 100 days.

2.12. During the quarter, Fitch revised its outlook on Transport for London (TfL) to stable from negative while S&P upgraded its long-term rating for TfL to AA- from A+, in line with its rating of the UK sovereign.

2.13. Fitch also upgraded the long-term ratings for the main four Australian banks – Australia & New Zealand Banking Group, Commonwealth Bank of Australia, National Australia Bank and Westpac.

2.14. Having placed Warrington Borough Council on review for a downgrade in March, Moody's subsequently withdrew its ratings for the council in June.

2.15. Credit default swap prices started and ended the quarter at broadly similar levels in the UK as they did for the European, Singaporean and Australian lenders on Arlingclose's counterparty list, while Canadian banks generally trended modestly downwards.

2.16. Financial 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. Local Context

3.1. On 31st March 2024, the Council had net borrowing of £47.4 m 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 balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.24 Actual £m	31.3.25 Forecast £m
Capital Financing Requirement	134.3	152.7
External borrowing	(108.7)	(65.4)
Internal (over) borrowing	25.6	87.2
Balance sheet resources	(73.0)	(64.8)
Net Investment (new borrowing)	47.4	(22.5)

3.2. The treasury management position at 30th June and the change over the quarter is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.24 Balance £000	Movement £000	30.6.24 Balance £000
Long-term borrowing			
- PWLB	68,064	0	68,064
- Salix Loan	194	52	138
- LTA Loan	30	4	26
Short-term borrowing	40,500	11,500	52,000
Total borrowing	108,778	11,556	120,228
Long-term investments	50,000	0	50,000

	31.3.24 Balance £000	Movement £000	30.6.24 Balance £000
Short-term investments	4	0	4
Cash and cash equivalents	1,228	9,458	10,686
Total investments	51,232	9,458	60,690
Net borrowing	57,547		59,538

4. Borrowing Strategy and Activity

4.1. As outlined in the treasury strategy, the Council's chief objective when borrowing has been to strike an appropriately 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. At the present time short term interest rates are higher than long term interest rates.

4.2. Policy interest rates have risen substantially since 2021 although they have largely plateaued over the last year. Over the last quarter gilt yields have risen slightly overall, having had a number of peaks and troughs. There has been downward pressure from lower inflation figures, but also upward pressure from unexpectantly positive economic data. Data from the US continues to impact global markets including UK gilt yields.

4.3. The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the quarter and 4.96% percent at the end. The lowest available 10-year maturity rate during the quarter was 4.80% and the highest was 5.18%. Rates for 20-year maturity loans ranged from 5.24% to 5.57% during the quarter, and 50-year maturity loans from 5.06% to 5.40%.

4.4. Whilst the cost of short-term borrowing from other local authorities spiked to around 7% in late March 2024, primarily due a dearth of LA-LA lending/borrowing activity during the month, as expected shorter-term rates reverted to a more normal range and were generally around 5.25% through the quarter.

4.5. 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. The Council has no new plans to borrow to invest primarily for financial return.

4.6. The PWLB HRA rate, which is 0.4% below the certainty rate, is available up to June 2025. This discounted rate is to support local authorities borrowing for the Housing Revenue Account and for refinancing existing HRA loans. The Council is considering new HRA borrowing for the affordable housing developments currently being progressed and intends to take advantage of this lower rate when the relevant borrowing is undertaken.

4.7. **Loans Portfolio:** At 30th June the Council held £120.2m of loans, an increase of £11.4m from

31st March 2024, as part of its strategy for funding previous and current years' capital programmes. Outstanding loans on 30th June 2024 are summarised in Table 3A below.

Table 3A: Borrowing Position

	31.3.24 Balance £000	Net Movement £000	30.6.24 Balance £000
Public Works Loan Board	68,064	0	68,064
Local authorities (short-term)	40,500	11,500	52,000
Others (LTA & Salix)	224	-56	168
Total borrowing	108,788	11,444	120,232

4.8. There remains a strong 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.

4.9. The UK Infrastructure Bank is one alternative source of funding which offers funding at gilt yields + 0.40% (0.40% below the PWLB certainty rate) and the possibility of more flexible funding structures than the PWLB. Funding from UKIB is generally only available for certain types of projects that meet its criteria of green energy, transport, digital, water and waste. The minimum loan size is £5 million.

4.10. **Loans restructuring:** The continuing rise in gilt yields since early 2022 resulted in some of the Council's PWLB loans being in or close to a discount position if repaid early. However, as the prepaid loans would need to be replaced by new loans at higher interest rates, this isn't a cost-effective option for the Council.

4.11. The Council had total short-term borrowing of £68.5m for the 1st Qtr FY 24-25 and has repaid £16.5m, still outstanding £52m as detailed in Appendix 3.

5. Treasury Investment Activity

5.1. The CIPFA Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes (revised in 2021) defines treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

5.2. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held and money borrowed in advance of need. During the year, the Council's investment balances ranged between £51.2m and £60.7m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.03.24 Balance £000	**Net Movement £000**	**30.06.24 Balance £000**	**30.6.24 Income Return %**

Banks & Building Societies (unsecured)	11	100	111	1.45%
Money Market Funds	1,217	9,358	10,575	4.15%
Other Pooled Funds (book costs)				
- *Cash plus funds*	8,000			
- *Strategic bond funds*	8,000			
- *Property funds*	6,000			
- *Multi asset income funds*	28,000			
Other Pooled Funds Sub-total	50,000	0	50,000	4.81%
Total investments	**51,228**		**60,686**	

5.3. 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.

5.4. As demonstrated by the liability benchmark in this report, the Council expects to be a long-term borrower and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

5.5. Bank Rate remained at 5.25% through the quarter with short term interest rates largely being around this level. The rates on money market funds range between 5.1% and 5.25%.

5.6. £50m that is available for longer-term investment is invested in pooled property/bond/ equity/multi-asset funds. The Council have maintained the amount invested.

5.7. 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
31.03.2024	**5.40**	**A+**	**100%**	**1**	**5.14%**
30.06.2024	**5.26**	**A+**	**100%**	**1**	**5.23%**
Similar LAs	**4.76**	**A+**	**62%**	**52**	**5.06%**
All LAs	**4.66**	**A+**	**62%**	**10**	**5.07%**

5.8. **Externally Managed Pooled Funds:** £50m of the Council's investments is invested in externally managed strategic pooled bond, equity, multi-asset and property funds where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability.

5.9. The reliance markets had placed at the beginning of 2024 on rapid declines in inflation, stalling growth and the consequent interest rate cuts in quick succession proved overoptimistic. Core inflation was higher than expected and economic activity was relatively resilient. Central bankers remained cautious and, barring the one 0.25% cut by the European Central Bank, the status quo was maintained for policy rates by the Bank of England and the US Federal Reserve.

5.10. It was tough quarter for fixed income investors. Government bonds yields, sensitive to hotter-than-expected inflation data and an improving economic outlook, remained elevated. The higher-for-longer interest rate narrative keeping yields mostly pegged in a narrow range between 4.0% - 4.7%. Escalating geopolitical tensions and the setback in expectations of lower official interest rates and corporate borrowing costs were headwinds for corporate bonds. Combined, these resulted in a drop in capital values of the Council's bond funds, and, to a lesser extent, the multi-asset funds where there was some offset from better equity performance.

5.11. Upbeat earnings data and better economic growth prospects helped global equities perform well during the quarter and supported investor appetite for riskier assets despite stronger than expected inflation and employment data delaying interest rate cuts. US stocks once again performed well although much of the momentum in the S&P 500 in recent months has been derived from the very large concentration in the index of a handful of technology stocks.

5.12. UK equities also enjoyed a positive quarter. The FTSE All Share index was buoyed in April by data showing the economy had emerged from the short, shallow recession in 2023. Sterling's weakness against the dollar in April also provided a boost to UK stocks with overseas earnings. The energy, materials and mining sectors gained as the outlook for global manufacturing improved. Healthcare and financial stocks were also supported by good earnings data. The rally faded somewhat with the unexpected announcement in May of a general election in early July.

5.13. Dwindling prospects of policy rate cuts weighed on consumer discretionary stocks as well as on the UK real estate sector. Improvement in commercial property capital values was dampened by property's sensitivity to higher interest rates.

5.14. The Council has budgeted £2,391k income from these investments in 2024/25. Income received up to 30th June was £597k, whist a further £243k has been declared and is due to be paid by July/August. Over the quarter, these funds generated £709k of unrealised capital growth

5.15. The combination of the above had a marginal positive effect on the combined value of the Council's funds since March 2024.

5.16. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

5.17. **Statutory override:** In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for 2 years until 31st March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The position will continue to be monitored.

6. ESG Policy

6.1. **ESG policy:** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's ESG policy does not currently include ESG scoring or other real-time ESG criteria at an individual investment level. When investing in banks and funds, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code.

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) and or for commercial purposes (made primarily for financial return).

7.2. Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and Welsh Government also includes within the definition of investments all such assets held partially or wholly for financial return.

7.3. The Council also held £25.2m of such investments in:

Directly owned property		£21.7m
B&Q	£17.2m	
Whitfield Court	£4.5m	
Shared ownership housing		£3.5m

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, as shown in table 6 below.

Table 6: Performance (Quarter One)

	Actual £000	Budget £000	Over/ under
Interest Received	597	598	(1)
Interest Payable	507	220	288

9. MRP Regulations

9.1. On 10th April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). The majority of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding Capital Financing Requirement (CFR) in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

9.2. The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

10. Compliance

10.1. The Strategic Director (Finance and Housing) reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy, except for the maturity structure of borrowing. This is due to short term borrowing (under 12 months) exceeding the upper limit due to pressures on cash flow due to the postponement of long-term borrowing for projects following the increases in interest rates. The position continues to be monitored and arrangements for longer term borrowing will be put in place when appropriate.

10.2. Compliance with specific investment limits is demonstrated in table 7 below.

Table 7: Investment Limits

	2024/25 Maximum	**30.6.24 Actual**	**2024/25 Limit**	**Complied?** Yes/No
Unsecured investments with banks and building societies	**£.64m**	**£.1m**	**£10m**	Yes
Money Market Funds	**£9.9m**	**£9.3m**	**£10m**	Yes
Strategic pooled funds	**£10m**	**Between £6m & £10m**	**£10m**	Yes

10.3. Compliance with the Authorised Limit and Operational Boundary for external debt is demonstrated in table 8 below.

Table 8: Debt and the Authorised Limit and Operational Boundary

	Q1 2024/25 Maximum £m	**30.6.24 Actual** £m	**2024/25 Operational Boundary** £m	**2024/25 Authorised Limit** £m	**Complied?** Yes/No
Borrowing	120.2	120.2	333	338.5	Yes

10.4. 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. Total debt was below the operational boundary.

11. Treasury Management Prudential Indicators

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

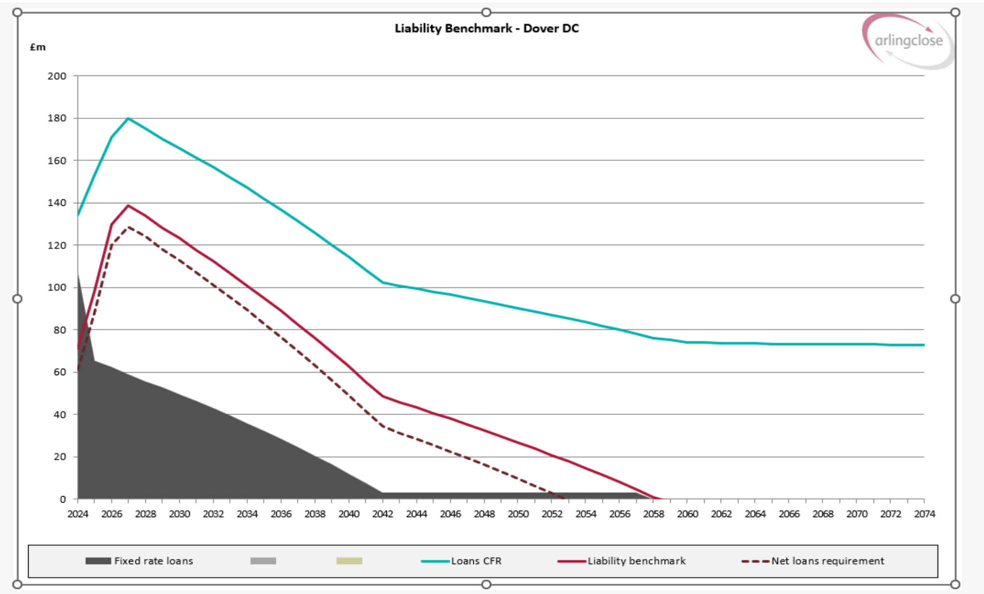
A. Liability Benchmark:

11.1.1. This 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 £8m required to manage day-to-day cash flow.

Dover DC

	Actual	Forecasts	£m		
Position at 31 March	**2024**	**2025**	**2026**	**2027**	**2028**
Loans CFR	134.3	152.7	171.1	179.9	175.1
External borrowing	-108.7	-65.4	-62.6	-58.8	-55.8
Internal (over) borrowing	25.6	87.2	108.5	121.1	119.3
Balance sheet resources	-73.0	-64.8	-51.1	-51.1	-51.1
Investments (new borrowing	47.4	-22.5	-57.4	-70.0	-68.2
Treasury investments	47.4	10.0	10.0	10.0	10.0
New borrowing	0.0	32.5	67.4	80.0	78.2
Net loans requirement	61.4	87.9	120.0	128.7	124.0
Liquidity allowance	10.0	10.0	10.0	10.0	10.0
Liability benchmark	71.4	97.9	130.0	138.7	134.0

11.1.2. Following on from the medium-term forecast above, the long-term liability benchmark assumes capital expenditure funded by borrowing of £108.7m 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.



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

B. Maturity Structure of Borrowing:

11.1.4. 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:

	Upper Limit	Lower Limit	30.6.24 Actual £m	Complied?
Under 12 months	25%	0%	54.8	x
12 months and within 24 months	50%	0%	9.6	✓
24 months and within 5 years	50%	0%	3.1	✓
5 years and within 10 years	100%	0%	16.8	✓
10 years and above	100%	0%	32.0	✓

11.1.5. 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.

11.1.6. Short term borrowing (under 12 months) has exceeded the upper limit due to pressures on cash flow due to the postponement of long-term borrowing for projects following the increases in interest rates. The position continues to be monitored and arrangements for longer term borrowing will be put in place when appropriate.

C. Long-term Treasury Management Investments:

11.1.7. 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 prudential limits on the long-term treasury management limits are:

	2024/25	2025/26	2026/27	No fixed date
Limit on principal invested beyond year end	£55m	£55m	£55m	£55m
Actual principal invested beyond year end	0	0	0	0
Complied?	✓	✓	✓	✓

11.1.8. Long-term investments with no fixed maturity date include strategic pooled funds, real estate investment trusts and directly held equity but exclude money market funds and bank accounts with no fixed maturity date as these are considered short-term.

12. Additional indicators

12.1. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average [credit rating] or [credit score] 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.

	2024/25 Target	30.6.24 Actual	Complied?

Portfolio average credit score	6	5.26	✓

12.2. **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, without additional borrowing / it can borrow each period without giving prior notice.

	30.6.24 Actual	2024/25 Target	Complied?
Total cash available within 3 months	£10.7m	£8m	✓
Total sum borrowed in past 3 months without prior notice	£42m	n/a	✓

12.3. Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk.

Interest rate risk indicator	2024/25 Target	30.6.24 Actual	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£500k	£46k	✓
Upper limit on one-year revenue impact of a 1% fall in interest rates	£500k	£46K	✓

12.4. For context, the changes in interest rates during the quarter were:

	01/04/24	30/06/24
Bank Rate	5.25%	5.25%
1-year PWLB certainty rate, maturity loans	5.39%	5.37%
5-year PWLB certainty rate, maturity loans	4.72%	4.89%
10-year PWLB certainty rate, maturity loans	4.80%	4.96%
20-year PWLB certainty rate, maturity loans	5.24%	5.37%
50-year PWLB certainty rate, maturity loans	5.07%	5.18%

12.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.