

## TANDRIDGE DISTRICT COUNCIL

### INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 19<sup>th</sup> January 2024 at 10:00am.

**PRESENT:** Councillors Langton (Chair), Booth, Chris Farr, Hammond and Alun Jones

**ALSO PRESENT (Virtually):** Councillor Moore

**APOLOGIES FOR ABSENCE:** Councillors Botten and Cooper

#### 1. MINUTES OF THE MEETING HELD ON THE 3RD NOVEMBER 2023

These minutes were confirmed and signed as a correct

#### 2. SUMMARY INVESTMENT AND BORROWING POSITION AT 31ST DECEMBER 2023

A report with the investment analysis at Annexes A to C was presented, together with commentary from Arlingclose (the Council's treasury advisors) on the external context for treasury management activity. The report confirmed that, at 31st December 2023:

- (i) total long term treasury investments (over 12 months) amounted to £10.8m
- (ii) short term investments (less than 12 months) amounted to £20.5m
- (iii) the Council also held £16.5m in non-treasury investments, comprising capital loans to specific service providers and limited companies
- (iv) the total amount of Public Works Loan Board (PWLB) loans was £99.4m, comprising £43.4m General Fund loans and £56m Housing Revenue Account loans.

Regarding the Council's four investment funds (listed below), investment income was forecast to be £649k in excess of budget in 2023/24, although market values represented a carrying loss of £1.3m, a £0.2m improvement from the previous quarter.

- CCLA Property Fund
- Schroders Credit/Bond Fund
- UBS Multi Asset Fund
- CCLA Diversification Fund

The 2023/24 surplus had not been factored into the draft General Fund budget and the option of using it to increase the Investment Performance Equalisation Reserve (for mitigating the risk of carrying losses should the 'IFRS 9 statutory override' be removed) would have to be considered in due course. Arlingclose were asked to consider advice on the appropriate level to be held in the reserve. This will be considered by Sub-Committee as part of the 2023/24 Outturn reporting. A government decision on the future of the override was not expected until after the next general election.

The report also:

- explained that the CCLA were proposing to merge its Diversified Income Fund (DIF) with another existing fund under its management, the Better World Cautious Fund (BWCF) - Arlingclose did not foresee any major changes in the risk or return as a result of the conversion; and
- commented on the discounted Public Works Loan Board interest rate for the HRA, and that fact that, at present, the Council was able to finance HRA loans via internal borrowing.

**RESOLVED** – that the following be noted:

- A. the Council's investment and borrowing position at 31<sup>st</sup> December 2023 as set out in Annexes A and B;
- B. the Council's actual performance against the indicators set within the Treasury Management Strategy for 2023/24 in Annexe C;
- C. the commentary from Arlingclose on the external context for treasury management; and
- D. the update on the performance of the Council's long-term treasury investments.

### 3. **CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGY FOR 2024/25**

This strategy provided a high-level overview of how capital expenditure, capital financing and treasury management activity contribute towards the delivery of the Council's priorities, along with an explanation of how risk, security and liquidity are managed. It comprised:

- capital and investment overviews
- a treasury management strategy statement for 2024/25
- an investment property strategy for 2024/25
- an (unchanged) Minimum Revenue Provision (MRP) policy statement for 2024/25
- a statement of principles of corporate governance for the capital programme.

The Chief Finance Officer confirmed that the strategy was fundamentally the same as for 2023/24, subject to the relatively minor amendments outlined in Section 5 of the covering report.

David Green (Arlingclose) gave an overview of relevant national economic issues, namely:

- GDP and inflation analysis
- current Government consultations regarding:
  - proposed new rules for Minimum Revenue Provision, to ensure its application across the entire Capital Financing Requirement from 2024/25 (the Council's approach to MRP was already in line with the proposals); and
  - a call for views on increased flexibility for the use of capital receipts.

**COUNCIL DECISION**  
(subject to ratification by Council)

**RECOMMENDED** – that that the [Capital Investment and Treasury Management Strategy 2024-25](#) at Appendix 1 to the report, be approved, subject to ratification by Full Council.

## 4. INVESTMENT PROPERTY UPDATE

The Sub-Committee resolved to move into 'Part 2' for this item in accordance with Paragraph 3 (information relating to financial or business affairs) of Part 1 of Schedule 12A of the Local Government Act 1972.

Latest information was circulated about the commercial investment properties owned by the Council and its subsidiary company, Gryllus properties. The properties concerned were:

### Gryllus properties:

#### **80-84 Station Road East, Oxted**

A new lease with the existing tenant was being negotiated.

#### **30-32 Week Street, Maidstone**

Terms had been agreed on a new letting.

#### **Castlefield House, Reigate**

The next critical timeline was the rent review due on 25th March 2024. The current intentions of the existing tenant were noted.

### TDC properties:

#### **Quadrant House, Caterham Valley**

Following ratification by Full Council of the letting to McDonalds, information was provided about work being undertaken to mitigate potential impacts. The Principal Asset Manager responded to questions and acknowledged that certain issues regarding the wider management of the building (regardless of the McDonalds letting) needed to be resolved. It was agreed that the Principal Asset Manager would circulate a briefing note regarding draft Heads of Terms (to be prepared during the coming weeks) to members of the Sub-Committee and that a meeting would be arranged (the formalities of which to be advised) to enable those Councillors to comment. However, it was clarified that authority to sign off the Heads of Terms rested with Officers.

Arising from the previous meeting, it was confirmed that proposals for the lease of the Workary had been accepted.

Details of a vacated unit and the termination of a lease were reported. The Principal Asset Manager requested details of issues raised at the meeting regarding the marketing of vacant units.

#### **Village Health Club, Caterham on the Hill**

It was confirmed that a £197k grant from Sport England's Swimming Pool Fund would be paid to Freedom Leisure to offset increased energy costs.

#### **Council Offices, Oxted**

Local agents had been instructed to market surplus space.

Rising 11.07 am

## Summary of Investments and Borrowing

Investment	Original Value Long Term Treasury Investments	Net Asset Value 31/03/23	Net Asset Value 31/12/23	Yield Rate Note 1	Forecast Return 2023/24	Previous Year Actual Return
	£	£	£	%	£	£
<b>Treasury Investments (Non-specified)- Long Term (over 12 mths)</b>						
CCLA Property Fund	4,000,000	4,082,278	3,949,303	4.87	192,303	173,997
Schroders Bond Fund	3,000,000	2,550,204	2,693,929	4.91	132,221	149,038
UBS Multi Asset Fund	3,000,000	2,208,433	2,093,694	6.50	136,031	145,657
CCLA Diversification Fund	2,000,000	1,864,707	1,924,265	3.16	60,847	56,357
Funding Circle (Note 4)		142,398	148,766	-	6,371	20,249
<b>Sub Total Non-specified (Treasury Investments)</b>	<b>12,000,000</b>	<b>10,848,020</b>	<b>10,809,957</b>		<b>527,773</b>	<b>545,299</b>
<b>Treasury Investments (Specified)-Short Term (less than 12 mths)</b>						
Liquidity Plus Funds		1,994,226	1,995,710	5.25	104,787	37,475
Money Market Funds		4,000,000	18,500,000	5.01	566,695	394,562
<b>Total Specified Investments</b>		<b>5,994,226</b>	<b>20,495,710</b>		<b>671,482</b>	<b>432,037</b>
<b>Total Treasury Investments</b>		<b>16,842,246</b>	<b>31,305,667</b>		<b>1,199,255</b>	<b>977,336</b>
<b>Non-Treasury Investments (Non-Specified)- Long Term (over 12 mths)</b>						
Gryllus Property Company Loan - Maidstone		2,394,000	2,394,000	5.81	139,023	139,023
Freedom Leisure- Loan (TLP)		387,429	242,143	5.50	21,309	31,963
Freedom Leisure- Loan (de Stafford)		248,286	155,179	7.58	18,820	28,230
Gryllus Property Company Loan - 80-84 Station Rd East		1,012,500	1,012,500	5.43	54,979	54,979
Gryllus Property Company Loan - Castlefield		11,664,000	11,664,000	6.10	711,504	711,504
Gryllus Property Company Share Capital Note 2		994,100	994,100	-	-	-
<b>Sub Total Non-Treasury Investments</b>		<b>16,700,314</b>	<b>16,461,922</b>		<b>945,634</b>	<b>965,699</b>
<b>Total Investments (Treasury &amp; Non-Treasury)</b>		<b>33,542,561</b>	<b>47,767,589</b>		<b>2,144,890</b>	<b>1,943,035</b>
<b>Total Investment Income Budget 2023/24</b>					1,495,700	1,495,700
<b>Over/(under) budget</b>					<b>649,190</b>	<b>447,335</b>

Borrowing	Balance as at 30/09/23 £	Interest %	Forecast Cost 2023/24 £	Period to maturity (years)	Previous Year Cost £
<b>General Fund Borrowing</b>					
Gryllus Loan	3,420,000	2.46	84,132	44	84,132
Freedom Leisure Loan	2,225,000	2.45	54,513	44	54,513
Village Health Club	938,678	2.38	22,341	44	22,341
Linden House	4,175,000	2.69	112,308	25	112,308
Linden House	254,000	2.42	6,147	26	6,147
Quadrant House	15,340,000	2.41	369,694	45	369,694
Quadrant House	800,000	2.28	18,240	46	18,240
Gryllus - 80-84 Station Road	724,400	2.28	16,516	46	16,516
Gryllus - Castlefield	15,549,000	2.91	452,476	46	452,476
<b>Sub Total General Fund Borrowing</b>	<b>43,426,078</b>		<b>1,136,366</b>		<b>1,136,366</b>
<b>Total GF PWLB Budget 2023/24 Over/(under) budget</b>			<b>1,137,000 (634)</b>		<b>1,137,000 (634)</b>
<b>HRA Borrowing</b>					
Public Works Loan Board	55,989,000	2.72	1,520,196	13	1,596,258
<b>Sub Total HRA Borrowing</b>	<b>55,989,000</b>		<b>1,520,196</b>		<b>1,596,258</b>
<b>Total HRA PWLB Budget 2023/24 Over/(under) budget</b>			<b>1,639,600 (119,404)</b>		<b>1,639,600 (43,342)</b>
<b>Total Borrowing</b>	<b>99,415,078</b>		<b>2,656,562</b>		<b>2,732,624</b>
<b>Total Budget 2023/24 Total Over/(under) budget</b>			<b>2,776,600 (120,038)</b>		<b>2,776,600 (43,976)</b>
<b>Net borrowing balance at 31 December 2023 (Total Borrowing less Treasury Investments)</b>	<b>82,572,832</b>				

**Notes:**

## 1. Yield Rate:

For Specified and Non specified Investments, this is the forecast return divided by net asset value as at 31/12/23;  
For Specified investments, this is the forecast return divided by the average investment value during the year

2. Gryllus share capital comprises of equity shares arising from loans granted

3. The period to maturity included for HRA borrowing is the weighted average for all loans outstanding.

4. The Funding Circle balance reflects the balance and yield as at 30 September 2023

# Annexe 'B'

## Market Value of Long Term Investments at 30/09/2023

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Carrying Value	Carrying Value	Carrying Value	Carrying Value	Carrying Value	Carrying Value	Carrying Value	Carrying Value
	31.3.2018	31.3.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023	31.12.2023
	£	£	£	£	£	£	£
CCLA Property Fund	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Schroders Bond Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
UBS Multi Asset Fund	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
CCLA Diversification Fund	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>Total</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>	<b>12,000,000</b>

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value
	31.3.2018	31.3.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023	31.12.2023
	£	£	£	£	£	£	£
CCLA Property Fund(mid-market value)	4,276,854	4,276,005	4,188,063	4,158,183	4,888,056	4,082,278	3,949,303
Schroders Bond Fund	2,912,837	2,865,130	2,539,938	2,908,911	2,775,151	2,550,204	2,693,929
UBS Multi Asset Fund	2,918,160	2,868,479	2,520,713	2,777,398	2,639,592	2,208,433	2,093,694
CCLA Diversification Fund (indicative market value)	1,921,257	1,982,167	1,804,193	1,955,874	2,046,513	1,864,707	1,924,265
<b>Total</b>	<b>12,029,108</b>	<b>11,991,781</b>	<b>11,052,907</b>	<b>11,800,366</b>	<b>12,349,313</b>	<b>10,705,622</b>	<b>10,661,191</b>

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Surplus/(Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)	Surplus/ (Deficit)
	31.3.2018	31.3.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023	31.12.2023
	£	£	£	£	£	£	£
CCLA Property Fund	276,854	276,005	188,063	158,183	888,056	82,278	(50,697)
Schroders Bond Fund	(87,163)	(134,870)	(460,062)	(91,089)	(224,849)	(449,796)	(306,071)
UBS Multi Asset Fund	(81,840)	(131,521)	(479,287)	(222,602)	(360,408)	(791,567)	(906,306)
CCLA Diversification Fund	(78,743)	(17,833)	(195,807)	(44,126)	46,513	(135,293)	(75,735)
<b>Total</b>	<b>29,108</b>	<b>(8,219)</b>	<b>(947,093)</b>	<b>(199,634)</b>	<b>349,313</b>	<b>(1,294,378)</b>	<b>(1,338,809)</b>

# Annexe 'B'

Gross Revenue Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield	Yield
	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	£	%	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	193,758	4.53%	183,989	4.30%	185,240	4.42%	179,910	4.33%	158,867	3.82%	173,997	4.26%
Schroders Bond Fund	105,413	3.62%	120,508	4.21%	124,418	4.90%	125,529	4.32%	128,455	4.42%	149,038	5.84%
UBS Multi Asset Fund	146,788	5.03%	116,513	4.06%	137,531	5.46%	140,171	5.05%	120,654	4.34%	145,657	6.60%
CCLA Diversification Fund	62,732	3.27%	67,030	3.38%	66,284	3.67%	62,069	3.17%	48,871	2.50%	56,357	3.02%
<b>Total</b>	<b>508,691</b>		<b>488,040</b>		<b>513,473</b>		<b>507,679</b>		<b>456,847</b>		<b>525,050</b>	

Full Year forecast at 31.12.2023	
Yield	Yield
2023/24	2023/24
£	%
192,303	4.87%
132,221	4.91%
136,031	6.50%
60,847	3.16%
<b>521,402</b>	

Surplus/(Deficit)- Capital Value	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/	Surplus/
	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)
	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	£	%	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	193,868	4.53%	(849)	-0.02%	(87,942)	-2.10%	(29,880)	-0.72%	729,873	14.93%	(805,778)	-19.74%
Schroders Bond Fund	(50,726)	-1.74%	(47,707)	-1.67%	(325,192)	-12.80%	368,973	12.68%	(133,760)	-4.82%	(224,947)	-8.82%
UBS Multi Asset Fund	(100,545)	-3.45%	(49,681)	-1.73%	(347,766)	-13.80%	256,685	9.24%	(137,805)	-5.22%	(431,159)	-19.52%
CCLA Diversification Fund	(78,743)	-4.10%	60,910	3.07%	(177,974)	-9.86%	151,682	7.76%	90,639	4.43%	(181,806)	-9.75%
<b>Total</b>	<b>(36,146)</b>		<b>(37,327)</b>		<b>(938,874)</b>		<b>747,460</b>		<b>548,946</b>		<b>(1,643,691)</b>	

Full Year forecast at 31.12.2023	
Surplus/	Surplus/
(Deficit)	(Deficit)
2023/24	2023/24
£	%
(132,975)	-3.37%
143,725	5.34%
(114,739)	-5.48%
59,558	3.10%
<b>(44,431)</b>	

Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield	Net Yield
	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	£	%	£	%	£	%	£	%	£	%	£	%
CCLA Property Fund	387,626	9.06%	183,140	4.28%	97,298	2.32%	150,030	3.61%	888,740	18.18%	(631,781)	-15.48%
Schroders Bond Fund	54,687	1.88%	72,801	2.54%	(200,774)	-7.90%	494,503	17.00%	(5,305)	-0.19%	(75,909)	-2.98%
UBS Multi Asset Fund	46,243	1.58%	66,832	2.33%	(210,235)	-8.34%	396,856	14.29%	(17,152)	-0.65%	(285,502)	-12.93%
CCLA Diversification Fund	(16,011)	-0.83%	127,940	6.45%	(111,690)	-6.19%	213,751	10.93%	139,510	6.82%	(125,449)	-6.73%
<b>Total</b>	<b>472,545</b>		<b>450,713</b>		<b>(425,401)</b>		<b>1,255,139</b>		<b>1,005,794</b>		<b>(1,118,641)</b>	

Full Year forecast at 31.12.2023	
Net Yield	Net Yield
2023/24	2023/24
£	%
59,328	1.50%
275,946	10.24%
21,292	1.02%
120,405	6.26%
<b>476,971</b>	

Peer to Peer Investment Funding Circle	2017/18	2017/18	2018/19	2018/19	2019/20	2019/20	2020/21	2020/21	2021/22	2021/22	2022/23	2022/23
	£	%	£	%	£	%	£	%	£	%	£	%
<b>Carrying Value</b>	<b>2,075,341</b>		<b>2,056,664</b>		<b>1,831,028</b>		<b>863,160</b>		<b>391,191</b>		<b>142,398</b>	
Interest Paid by Borrowers	181,014		184,654		193,170		127,982		66,749		28,664	
Less FC Service fee	(19,668)		(19,729)		(19,611)		(12,462)		(6,279)		(2,531)	
Promotions/Transfer payment					470		0		0		0	
Bad Debts	(61,288)		(111,152)		(127,649)		(80,881)		(36,103)		(20,941)	
Recoveries	14,780		27,428		30,253		42,431		62,769		15,057	
<b>Net Yield</b>	<b>114,838</b>	<b>5.53%</b>	<b>81,201</b>	<b>3.95%</b>	<b>76,634</b>	<b>4.19%</b>	<b>77,070</b>	<b>8.93%</b>	<b>87,136</b>	<b>7.12%</b>	<b>20,249</b>	<b>4.03%</b>
<b>Provisions for future losses</b>	<b>0</b>		<b>(10,000)</b>									

31.12.2023	
2023/24	2023/24
£	%
148,766	
6,519	
(528)	
0	
(4,400)	
4,780	
<b>6,371</b>	<b>8.57%</b>



## Annexe C: Prudential Indicators – Q3 2023/24

The 2021 Prudential and Treasury Management Codes require the Council to report on prudential indicators on a quarterly basis. These indicators report on capital expenditure, borrowing and commercial and service investments in light of overall organisational strategy and resources, and ensure that decisions are being made with sufficient regard to the long-run financing implications and potential risks to the Council.

### **Table 1 – Estimates of Capital Expenditure**

Capital expenditure refers to Council spending on assets such as infrastructure, property or vehicles that will be used for more than one year. In Local Government this includes spending on assets owned by other bodies and loans and grants to other bodies, enabling them to buy assets.

At Month 8 the Council was forecasting total capital expenditure for 2023/24 of £19.8m. This is a variance of £0.6m compared to what was reported in the 2023/24 Capital, Investment and Treasury Management Strategy. This is the result of unspent budget carry forwards from 2022/23 agreed since the Strategy was published, offset by forecast underspends in-year on Council House Building (£3.9m), Croydon Road Regeneration (£2.3m) and capital contributions to third parties from CIL (£2.1m).

	2022/23 Actual £m	2023/24 Estimate (Capital Strategy) £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m	Total – 2023/24 to 2025/26 £m
General Fund services	4.9	3.8	3.7	6.4	2.9	13.0
Council Housing (HRA)	11.5	15.4	16.1	19.1	26.2	61.4
<b>Total</b>	<b>16.4</b>	<b>19.2</b>	<b>19.8</b>	<b>25.5</b>	<b>29.1</b>	<b>74.4</b>

### **Table 2 – Capital Financing Requirement**

The Council's cumulative outstanding amount of debt finance is measured by the Capital Financing Requirement (CFR). This increases with new debt-financed capital expenditure on service delivery and on investments and reduces with MRP and capital receipts used to replace debt.

The current estimated CFR for 2023/24 is £5.1m lower than what was estimated in the 2023/24 Capital, Investment and Treasury Management Strategy. This is based on forecast capital expenditure at Month 8, and is a result of forecast underspends on capital schemes, including those referenced in Table 1, which reduce the anticipated underlying need to borrow to finance them.

	31/03/2023 Actual £m	31/03/2024 Estimate (Capital Strategy) £m	31/03/2024 Forecast £m	31/03/2025 Budget £m	31/03/2026 Budget £m
General Fund services	46.9	47.6	47.6	48.1	47.7
Council Housing (HRA)	61.7	71.5	66.4	74.0	87.3
<b>Total CFR</b>	<b>108.5</b>	<b>119.1</b>	<b>114.0</b>	<b>122.1</b>	<b>135.0</b>

**Table 3 – Gross Debt and the Capital Financing Requirement**

Statutory guidance is that debt should remain below the capital financing requirement, except in the short term. The Council has complied and expects to continue to comply with this requirement in the medium term as is shown below.

The current estimated level of gross debt is £6.1m less than what was estimated in the 2023/24 Capital, Investment and Treasury Management Strategy. This is based on forecast capital expenditure at M8, and is a result of forecast underspends on the schemes referenced in Table 1 which reduce the anticipated requirement to borrow to finance them.

	31/03/2023 Actual £m	31/03/2024 Estimate (Capital Strategy) £m	31/03/2024 Forecast £m	31/03/2025 Budget £m	31/03/2026 Budget £m	Debt at 30/12/2023 £m
Debt (incl. PFI & leases)	99.4	112.7	109.4	117.0	130.3	99.4
Capital Financing Requirement	108.5	119.1	114.0	122.1	135.0	

**Table 4 – Debt and the Authorised Limit and Operational Boundary**

The Council is legally obliged to set an affordable borrowing limit (also termed the Authorised Limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit. These limits were set in the 2023/24 Capital, Investment and Treasury Management Strategy. The Council has complied with the limits at Q3 2023/24.

	Maximum Debt Q3 2023/24 £m	Debt at 30/12/2023 £m	2023/24 Authorised Limit £m	2023/24 Operational Boundary £m	Complied?
Borrowing	99.4	99.4	150.0	140.0	✓
PFI and Finance Leases	-	-	-	-	
<b>Total debt</b>	<b>99.4</b>	<b>99.4</b>	<b>150.0</b>	<b>140.0</b>	

**Table 5 – Net Income from Commercial and Service Investments to Net Revenue Stream**

The Council's income from commercial and service investments as a proportion of its net revenue stream has been and is expected to be as indicated below. This is unchanged from the 2023/24 Capital, Investment & Treasury Management Strategy.

	2022/23 Actual £m	2023/24 Estimate (Capital Strategy) £m	2023/24 Forecast £m	2024/25 Budget £m	2025/26 Budget £m
Total net income from service and commercial investments	1.7	1.7	1.7	1.7	1.7
Proportion of net revenue stream	15%	14%	14%	13%	13%

**Table 6 – Proportion of financing costs to net revenue stream**

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue. The proportion of financing costs to net revenue stream is expected to rise compared to what was reported in the 2023/24 Capital, Investment & Treasury Management Strategy.

	2022/23 Actual £m	2023/24 Estimate (Capital Strategy) £m	2023/24 Forecast £m	2024/25 Forecast £m	2025/26 Forecast £m
General Fund – Financing costs	2.3	2.0	2.4	2.4	2.7
Proportion of net revenue stream	20%	17%	20%	19%	21%

**Table 7 – Maturity Structure of Borrowing**

This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing are as below, all of which the Council complied with at Q3 of 2023/24.

	Upper Limit 2023/24 %	Lower Limit 2023/24 %	Actual at 30/09/23 %	Complied?
Under 1 year	15	-	3%	Yes
1 to 2 years	15	-	3%	
2 to 5 years	25	-	13%	
5 to 10 years	50	-	20%	
More than 10 years	50	-	4%	
Over 20 years	70	-	56%	
<b>Total</b>			<b>100%</b>	

**Table 8 – Long-term Treasury Management Investments**

The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. 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. The prudential limits on the long-term treasury management limits are as below, and the Council has complied with these as at Q3 of 2023/24.

	2023/24 £m	2024/25 £m	No fixed date £m
Limit on principal invested beyond year end	16	16	16
Actual principal invested beyond year end	-	-	10.8
Complied?	Yes	Yes	Yes