ITEM No …7………..

REPORT TO: **POLICY AND RESOURCES COMMITTEE – 6 MARCH 2023**

REPORT ON: **TREASURY MANAGEMENT STRATEGY 2023/2024**

REPORT BY: **EXECUTIVE DIRECTOR OF CORPORATE SERVICES**

REPORT NO: **68-2023**

1 PURPOSE OF REPORT

This report introduces the Dundee City Council Treasury Management Strategy Statement and Annual Investment Strategy for 2023-2024, the preparation of which is a requirement of the Council's Treasury Policy Statement and the CIPFA Code of Practice on Treasury Management.

2 RECOMMENDATION

The Committee are asked to:

1 note that in terms of the Treasury Policy Statement, the Executive Director of Corporate Services is obliged to present the annual Treasury Management Strategy at the start of each financial year.

2 approve the strategy proposed by the Executive Director of Corporate Services for 2023/2024 as set out in the attached document "Treasury Management Strategy 2023/2024".

3 FINANCIAL IMPLICATIONS

There are no direct financial implications arising from the recommendations in this report. However, decisions made within the Treasury Management function will affect the cost of the Council's long and short-term borrowing in 2023/2024 and future years. The 2023/2024 Revenue Budget has been set including a provision of £19.796m for General Fund and £19.334m for HRA capital financing costs, both are based on an average Loans Fund interest rate of 3.50%.

4 BACKGROUND

The Council's Treasury Policy Statement (Article IV of the Minute of Meeting of the Policy and Resources Committee of 7 March 2022, report no 50-2022 refers) requires that the Policy and Resources Committee will receive and consider the Treasury Management Strategy at the start of each new financial year.

5 TREASURY MANAGEMENT STRATEGY 2023/2024

The Council's Treasury Management Strategy for 2023/2024 is set out in detail in the attached document. The net new borrowing required in 2023/2024 is £70m. In light of this there is expected to be phased borrowing during the year. This will be based on cash flow and interest rate monitoring to determine the term and value of each loan taken.

In light of the continuing uncertainties in the finance market, lending transactions will be closely monitored to achieve maximum security of capital. This will involve using all available sources of information to assess the financial strength of any counterparties.

There is a notable addition to the Treasury Management Strategy 2023/24 with an additional prudential indicator. This is the introduction of liability benchmark, and can be found in section 2.3 of the strategy document.

6 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7 CONSULTATION

The Council Leadership Team have been consulted in the preparation of this report.

8 BACKGROUND PAPERS

None

ROBERT EMMOTT
EXECUTIVE DIRECTOR OF CORPORATE SERVICES **23 FEBRUARY 2023**

DUNDEE CITY COUNCIL

TREASURY MANAGEMENT STRATEGY 2023-2024

Executive Director of Corporate Services
March 2023

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1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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 that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

1.2 Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers two main areas:

Capital Planning

- the capital plans and the prudential indicators.

Treasury Management

- current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- borrowing strategy;
- debt rescheduling;
- investment strategy;

These elements cover requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code, the CIPFA Treasury Management Code and Scottish Government Investment Regulations not included in the Treasury Policy.

2. CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans. The figures below are based on the latest approved version of the Capital Plan 2023-2028 (Article XIII of the Policy and Resources Committee of 21 November 2022, report 309-2022 refers).

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.

Capital Programme Thematic Summary - Capital Plan 2023-2028 (£000's)								
Capital Investment Theme	**Overall Project Cost**	**Prior to 31/3/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Reduce Child Poverty and Inequalities in incomes, Education and Health	164,596	47,147	7,353	37,962	44,528	20,371	7,235	-
Delivery Inclusive Economic Growth (including Community Wealth Building)	112,392	82,604	2,648	15,300	6,361	3,500	700	1,279
Tackle Climate Change and reach Net Zero carbon emissions by 2045	121,391	25,394	22,259	26,129	11,247	10,525	14,537	11,300
Build Resilient and Empowered Communities	189,523	54,174	28,156	29,528	24,605	16,412	16,055	20,593
Design a Modern Council	127,201	48,009	16,210	24,108	15,508	9,635	7,821	5,910
Total Gross Expenditure	**715,103**	**257,328**	**76,626**	**133,027**	**102,249**	**60,443**	**46,348**	**39,082**

Other long-term liabilities - The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital Resources Summary - Capital Plan 2023-2028 (£000's)					
Resource	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**
Capital expenditure funded from borrowing	87,156	84,243	40,004	29,716	21,394
Capital element of General Capital Grant (net of Private Sector Housing Grant)	13,150	13,000	13,000	13,000	13,000
Capital grants & contributions - corporate	450	450	450	450	450
Capital grants & contributions - project specific	16,411	2,106	4,539	732	2,788
Capital Receipts - Sale of Assets	4,573	2,000	2,000	2,000	1,000
Capital Fund	2,436	-	-	-	-
Capital financed from current revenue & programme slippage	8,851	450	450	450	450
Total	**133,027**	**102,249**	**60,443**	**46,348**	**39,082**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as prudent annual repayments from revenue need to be made which reflect the useful life of capital assets financed by borrowing. As agreed within the Loans Fund Policy Review (Article VII of the Minute of the Meeting of the Policy & Resources Committee of 30 September 2019, Report No. 279-2019 refers), the Council has revised the method of calculation of loan repayments to ensure that its underlying debt liability reflects the consumption of the assets associated with that debt, and also reflects the period to which benefits are provided to the community now and in the future.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The following table annotates the CFR projections*:

Capital Financing Requirement (£000's)			
Year	**Non-HRA**	**HRA**	**Total**
2022/23	449,000	184,000	633,000
2023/24	508,000	195,000	703,000
2024/25	561,000	206,000	767,000
2025/26	574,000	209,000	783,000
2026/27	571,000	219,000	790,000
2027/28	561,000	227,000	788,000

* The table above excludes PFI and finance leases

2.3 Liability Benchmark

A third and new prudential indicator for 2023/24 is the Liability Benchmark (LB). The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum, although CIPFA recommends a ten year analysis.

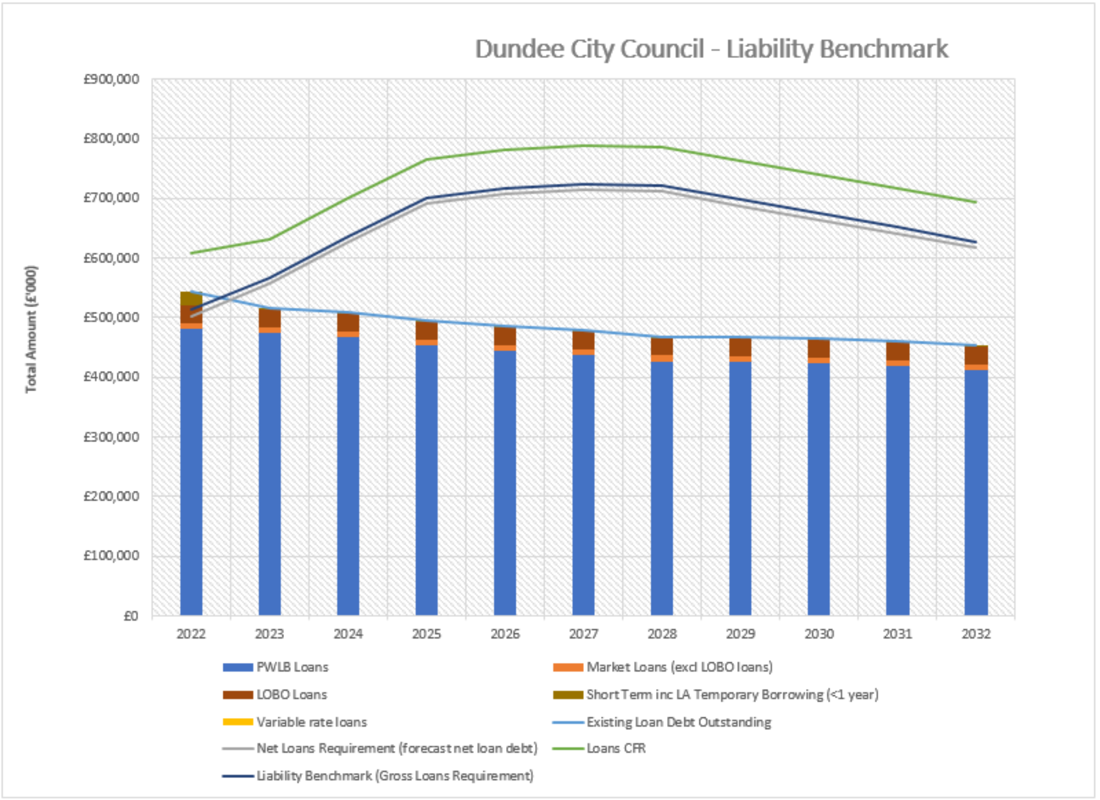
There are four components to the LB: -

1 **Existing loan debt outstanding**: the Council's existing loans that are still outstanding in future years.

2 **Loans CFR**: 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 Loans Fund advances/Loans Fund principal repayments.

3 **Net loans requirement**: this will show the Council'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 Loans Fund principal repayments 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 Council currently operates an under-borrowed position which means capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, base rate continues to increase during the first half of 2023. See Borrowing strategy (section 3.4) for more information.

3 BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2022, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£000s	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate
External Debt					
Debt at 1 April	691,898	711.405	733,959	798,679	857,001
Expected change in Debt	6,815	27,206	69,712	64,040	16,682
Expected change in Other long-term liabilities	12,692	(4,652)	(4,992)	(5,718)	(5,913)
Total Gross debt at 31st March	711,405	733,959	798,679	857,001	867,770

Capital Financing Requirement	776,695	793,000	857,000	915,000	931,000
Under Borrowed	65,290	59,041	58,321	57,999	63,230

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 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Executive Director of Corporate Services reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

Operational boundary

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.

Operational Boundary (£000's)			
Year	**Borrowing**	**Other**	**Total**
2022/23	570,000	165,000	735,000
2023/24	640,000	160,000	800,000
2024/25	704,000	154,000	858,000
2025/26	721,000	148,000	869,000
2026/27	728,000	142,000	870,000
2027/28	725,000	135,000	860,000

Authorised limit for external debt

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. 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.

a) This is the statutory limit (Affordable Capital Expenditure Limit) determined under section 35 (1) of the Local Government in Scotland Act 2003. 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.

b) The Council is asked to approve the following authorised limit:

Authorised Limit (£000's)			
Year	**Borrowing**	**Other**	**Total**
2022/23	600,000	165,000	765,000
2023/24	670,000	160,000	830,000
2024/25	734,000	154,000	888,000
2025/26	751,000	148,000	899,000
2026/27	758,000	142,000	900,000
2027/28	755,000	135,000	890,000

3.3 Prospects for interest rates

A more detailed interest rate forecast and economic commentary are set out in appendix 5.2.

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The table below gives their central view.

Link Asset Services Interest Rate View 7/2/2023	Mar '23	Jun '23	Sep '23	Dec '23	Mar '24	Jun '24	Sep '24
Bank Rate View	4.25	4.50	4.50	4.25	4.00	3.75	3.25
3m av. earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30
6m av. earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20
12m av. earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10
5yr PWLB Rate	4.00	4.00	3.90	3.80	3.70	3.60	3.50
10yr PWLB Rate	4.20	4.20	4.10	4.00	3.90	3.80	3.60
25yr PWLB Rate	4.60	4.60	4.40	4.30	4.20	4.10	3.90
50yr PWLB Rate	4.30	4.30	4.20	4.10	3.90	3.80	3.60
	Dec '24	Mar '25	Jun '25	Sep '25	Dec '25	Mar '26	
Bank Rate View	3.00	2.75	2.75	2.50	2.50	2.50	
3 Month LIBID	3.00	2.80	2.80	2.50	2.50	2.50	
6 Month LIBID	2.90	2.80	2.80	2.60	2.60	2.60	
12 Month LIBID	2.70	2.70	2.70	2.70	2.70	2.70	
5yr PWLB Rate	3.40	3.30	3.20	3.10	3.10	3.10	
10yr PWLB Rate	3.50	3.50	3.40	3.30	3.30	3.20	
25yr PWLB Rate	3.80	3.70	3.60	3.50	3.40	3.40	
50yr PWLB Rate	3.60	3.40	3.30	3.20	3.20	3.10	

Our central forecast for interest rates was updated on 7 February 2023 and reflected a view that the MPC would be keen to further demonstrate its anti-inflation credentials by delivering a succession of rate increases. Bank Rate stands at 3.5% currently, but is expected to reach a peak of 4.5% in June 2023.

Further down the road, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

Regarding the plan to sell £10bn of gilts back into the market each quarter (Quantitative Tightening), this has started and will focus on the short, medium and longer end of the curve in equal measure, now that the short-lived effects of the Truss/Kwarteng unfunded dash for growth policy are firmly in the rear-view mirror.

In the upcoming months, our forecasts will be guided not only by economic data releases and clarifications from the MPC over its monetary policies and the Government over its fiscal policies, but the on-going conflict between Russia and Ukraine. (More recently, the heightened tensions between China/Taiwan/US also have the potential to have a wider and negative economic impact.)

On the positive side, consumers are still estimated to be sitting on over £160bn of excess savings left over from the pandemic so that will cushion some of the impact of the above challenges. However, most of those are held by more affluent people whereas lower income families already spend nearly all their income on essentials such as food, energy and rent/mortgage payments

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.00% to 4.60%.

- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).

- **The Bank of England** acts too quickly, or too far, over the next year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.

- **UK / EU trade arrangements** – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.

- **Geopolitical risks,** for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly and for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate.

- **The Government** acts too quickly to cut taxes and/or increases expenditure in light of the cost-of-living squeeze.

- **The pound weakens** because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

- Longer term **US treasury yields** rise strongly and pull gilt yields up higher than currently forecast.

- Projected **gilt issuance, inclusive of natural maturities and QT,** could be too much for the markets to comfortably digest without higher yields consequently.

As there are so many variables at this time, caution must be exercised in respect of all interest rate forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, base rate continues to increase during the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Executive Director of Corporate Services will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a further FALL in long and short term rates then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- if it was felt that there was a significant risk of a much sharper RISE in long and short-term rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years. All relevant activities will be reported to Committee.

3.5 Debt rescheduling

As short term borrowing rates vary against longer term fixed interest rates, there may be potential opportunities to generate savings by moving between long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

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;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All relevant activities will be reported to Committee.

4 ANNUAL INVESTMENT STRATEGY

4.1 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to reach 4.5% in Q2 2023.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year are as follows –

Average earnings in each year	
2022/23 (remainder)	4.00%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to100 days) in order to benefit from the compounding of interest.

4.2 Investment interest risk

The Council holds relatively low levels of cash which helps limit borrowing costs. The table below details projections for investment cash balance (31 March), the average investment cash balance, investment interest.

£000s	Actual 2021/22	Outturn 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26
Investment cash balance (31 March)	40,000	5,000	5,000	5,000	5,000
Average investment cash balance	20,853	43,000	15,000	15,000	15,000
Investment interest	13	625	660	495	390
Average interest rate	0.06%	1.45%	4.40%	3.30%	2.60%

The above investment interest is generated from call accounts and Money Market Funds. We are currently budgeting for £660,000 of income in 2023/24 based on an average interest rate of 4.40% and an average cash balance of £15m.

5 APPENDICES

5.1 CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2023/24 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Capital expenditure

Capital expenditure values used to prepare indicators are based on the latest approved Capital Plan 2023-2028 (Article XIII of the Policy and Resources Committee of 21 November 2022, report 309-2022 refers) as shown in section 2.1 of this report.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream.

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA	5.5%	6.6%	7.8%	7.8%	7.9%
HRA	36.0%	36.6%	37.2%	34.6%	35.1%

The estimates of financing costs include current commitments and the proposals in this budget report.

Ratio of commercial and service income to net revenue stream

This indicator identifies the trend in commercial and service income against the net revenue stream.

	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Non-HRA	1.5%	1.5%	1.5%	1.5%	1.5%

Treasury indicators for debt

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. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The 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;

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.

Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	30%	30%	30%
Maturity structure of fixed interest rate borrowing			
		Lower	Upper
Under 12 months		0%	10%
12 months to 2 years		0%	15%
2 years to 5 years		0%	25%
5 years to 10 years		0%	25%
10 years plus		50%	95%
Upper limit for total principal sums invested for longer than 365 days		n/a	No sums will be invested longer than 365 days

5.3 INTEREST RATE FORECASTS 2023-2026

The table below shows Link Asset Services view on UK Interest Rates on 7th February 2023.

Link Group Interest Rate View	07.02.23												
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

5.3 MATURITY PROFILE OF EXTERNAL BORROWING

The tables below shows a maturity profile of the Council's external borrowing portfolio as at 31 March 2022. The profile comprises of loans from Public Works Loan Board (PWLB), Lender Option Borrower Option loans (LOBOs) from Banks and temporary loans from other Local Authorities.