Borough of Pendle

REPORT OF:	**DIRECTOR OF RESOURCES**
TO:	**ACCOUNTS AND AUDIT COMMITTEE**
DATES:	**7th NOVEMBER 2023**

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TREASURY MANAGEMENT 2023/24 MID-YEAR REPORT

PURPOSE OF REPORT

The purpose of this report is to advise the Committee of the treasury management activities of the Council for the first half of 2023/24 covering the period 1st April to 30th September 2023 and to fulfil statutory and regulatory requirements.

RECOMMENDATIONS

1. It is recommended that the Committee note the work on the Council's treasury management activities in the period 1st April 2023 to 30th September 2023, and;

2. Endorse the mid-year update on Treasury Management Strategy for 2023/24 including the update to the Minimum Review Policy.

REASON FOR RECOMMEDNATIONS

To comply with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management.

ISSUE

Background

1. The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. The first main function of treasury management is to ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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

3. Accordingly, treasury management is defined as:

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

Introduction

4. This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

   The primary requirements of the Code are as follows:

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

   - Creation and maintenance of Treasury Management Practices which set out the way the Council will seek to achieve those policies and objectives.

   - Receipt by Full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a **Mid-year Review Report** (this report) and an Annual Report, (stewardship report), covering activities during the previous year. (Quarterly reports are also required for the periods ending April to June and October to December but may be assigned to a designated committee or panel as deemed appropriate to meet the Treasury Management governance and scrutiny aspects of the Council.)

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

   - Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Executive Committee.

5. This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

   - An economic update for the first half of 2023/24;
   - An interest rate forecast for 2023/24;
   - A review of the Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS);
   - The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
   - A review of the Council's borrowing strategy for 2023/24;
   - A review of any debt scheduling undertaken during 2023/24;
   - A review of compliance with Treasury and Prudential Limits for 2023-24.
   - A review of the Council's investment portfolio for 2023/24;
   - Interest Payable on External Borrowing / Interest Receivable.

Economic Update (Provided by Link Asset Services)

6. The first half of 2023/24 saw:

   - Interest rates rise by a further 100bps, taking Bank Rate from 4.25% to 5.25% and, possibly, the peak in the tightening cycle.

- Short, medium and long-dated gilts remain elevated as inflation continually surprised to the upside.
- A 0.5% m/m decline in real GDP in July, mainly due to more strikes.
- CPI inflation falling from 8.7% in April to 6.7% in August, its lowest rate since February 2022, but still the highest in the G7.
- Core CPI inflation declining to 6.2% in August from 7.1% in April and May, a then 31 years high.
- A cooling in labour market conditions, but no evidence yet that it has led to an easing in wage growth (as the 3myy growth of average earnings rose to 7.8% in August, excluding bonuses).

7. The 0.5% m/m fall in GDP in July suggests that underlying growth has lost momentum since earlier in the year. Some of the weakness in July was due to there being almost twice as many working days lost to strikes in July (281,000) than in June (160,000). But with output falling in 10 out of the 17 sectors, there is an air of underlying weakness.

8. The fall in the composite Purchasing Managers Index from 48.6 in August to 46.8 in September left it at its lowest level since COVID-19 lockdowns reduced activity in January 2021. At face value, it is consistent with the 0.2% q/q rise in real GDP in the period April to June, being followed by a contraction of up to 1% in the second half of 2023.

9. The 0.4% m/m rebound in retail sales volumes in August is not as good as it looks as it partly reflected a pickup in sales after the unusually wet weather in July. Sales volumes in August were 0.2% below their level in May, suggesting much of the resilience in retail activity in the first half of the year has faded.

10. As the growing drag from higher interest rates intensifies over the next six months, we think the economy will continue to lose momentum and soon fall into a mild recession. Strong labour demand, fast wage growth and government handouts have all supported household incomes over the past year. And with CPI inflation past its peak and expected to decline further, the economy has got through the cost-of- living crisis without recession. But even though the worst of the falls in real household disposable incomes are behind us, the phasing out of financial support packages provided by the government during the energy crisis means real incomes are unlikely to grow strongly. Higher interest rates will soon bite harder too. We expect the Bank of England to keep interest rates at the probable peak of 5.25% until the second half of 2024. Mortgage rates are likely to stay above 5.0% for around a year.

11. The tightness of the labour market continued to ease, with employment in the three months to July falling by 207,000. The further decline in the number of job vacancies from 1.017m in July to 0.989m in August suggests that the labour market has loosened a bit further since July. That is the first time it has fallen below 1m since July 2021. At 3.0% in July, and likely to have fallen to 2.9% in August, the job vacancy rate is getting closer to 2.5%, which would be consistent with slower wage growth. Meanwhile, the 48,000 decline in the supply of workers in the three months to July offset some of the loosening in the tightness of the labour market. That was due to a 63,000 increase in inactivity in the three months to July as more people left the labour market due to long term sickness or to enter education. The supply of labour is still 0.3% below its pre-pandemic February 2020 level.

12. But the cooling in labour market conditions still has not fed through to an easing in wage growth. While the monthly rate of earnings growth eased sharply from an upwardly revised +2.2% in June to -0.9% in July, a lot of that was due to the one-off bonus payments for NHS staff in June not being repeated in July. The headline 3myy rate rose from 8.4% (revised up from 8.2%) to 8.5%, which meant UK wage growth remains much faster than in the US and in the Euro-zone. Moreover, while the Bank of England's closely watched measure of regular private sector wage

growth eased a touch in July, from 8.2% 3myy in June to 8.1% 3myy, it is still well above the Bank of England's prediction for it to fall to 6.9% in September.

13. CPI inflation declined from 6.8% in July to 6.7% in August, the lowest rate since February 2022. The biggest positive surprise was the drop in core CPI inflation, which declined from 6.9% to 6.2%. That reverses all the rise since March and means the gap between the UK and elsewhere has shrunk (US core inflation is 4.4% and in the Euro-zone it is 5.3%). Core goods inflation fell from 5.9% to 5.2% and the further easing in core goods producer price inflation, from 2.2% in July to a 29-month low of 1.5% in August, suggests it will eventually fall close to zero. But the really positive development was the fall in services inflation from 7.4% to 6.8%. That also reverses most of the rise since March and takes it below the forecast of 7.2% the Bank of England published in early August.

14. In its latest monetary policy meeting on 20 September, the Bank of England left interest rates unchanged at 5.25%. The weak August CPI inflation release, the recent loosening in the labour market and the downbeat activity surveys appear to have convinced the Bank of England that it has already raised rates far enough. The minutes show the decision was "finely balanced". Five MPC members (Bailey, Broadbent, Dhingra, Pill and Ramsden) voted for no change and the other four (Cunliffe, Greene, Haskel and Mann) voted for a 25bps hike.

15. Like the US Fed, the Bank of England wants the markets to believe in the higher for longer narrative. The statement did not say that rates have peaked and once again said if there was evidence of more persistent inflation pressures "further tightening in policy would be required". Governor Bailey stated, "we'll be watching closely to see if further increases are needed". The Bank also retained the hawkish guidance that rates will stay "sufficiently restrictive for sufficiently long".

16. This narrative makes sense as the Bank of England does not want the markets to decide that a peak in rates will be soon followed by rate cuts, which would loosen financial conditions and undermine its attempts to quash inflation. The language also gives the Bank of England the flexibility to respond to new developments. A rebound in services inflation, another surge in wage growth and/or a further leap in oil prices could conceivably force it to raise rates at the next meeting on 2nd November, or even pause in November and raise rates in December.

17. The yield on 10-year Gilts fell from a peak of 4.74% on 17th August to 4.44% on 29th September, mainly on the back of investors revising down their interest rate expectations. But even after their recent pullback, the rise in Gilt yields has exceeded the rise in most other Developed Market government yields since the start of the year. Looking forward, once inflation falls back, Gilt yields are set to reduce further. A (mild) recession over the next couple of quarters will support this outlook if it helps to loosen the labour market (higher unemployment/lower wage increases).

18. The pound weakened from its cycle high of $1.30 in the middle of July to $1.21 in late September. In the first half of the year, the pound bounced back strongly from the Truss debacle last autumn. That rebound was in large part driven by the substantial shift up in UK interest rate expectations. However, over the past couple of months, interest rate expectations have dropped sharply as inflation started to come down, growth faltered, and the Bank of England called an end to its hiking cycle.

19. The FTSE 100 has gained more than 2% since the end of August, from around 7,440 on 31st August to 7,608 on 29th September. The rebound has been primarily driven by higher energy prices which boosted the valuations of energy companies. The FTSE 100's relatively high concentration of energy companies helps to explain why UK equities outperformed both US and Euro-zone equities in September. Nonetheless, as recently as 21st April the FTSE 100 stood at 7,914.

Interest Rate Forecast (Provided by Link Asset Services)

20. The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

21. The latest forecast on 25th September sets out a view that short, medium and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy.

22. Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	25.09.23												
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
BANK RATE	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.00	2.75	2.75	2.75	2.75	2.75
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.00	2.80	2.80	2.80	2.80	2.80
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.10	2.90	2.90	2.90	2.90	2.90
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.20	3.00	3.00	3.00	3.00	3.00
5 yr PWLB	5.10	5.00	4.90	4.70	4.40	4.20	4.00	3.90	3.70	3.70	3.60	3.60	3.50
10 yr PWLB	5.00	4.90	4.80	4.60	4.40	4.20	4.00	3.80	3.70	3.60	3.60	3.50	3.50
25 yr PWLB	5.40	5.20	5.10	4.90	4.70	4.40	4.30	4.10	4.00	3.90	3.80	3.80	3.80
50 yr PWLB	5.20	5.00	4.90	4.70	4.50	4.20	4.10	3.90	3.80	3.70	3.60	3.60	3.60

Treasury Management Strategy update

23. The Treasury Management Strategy (TMS) for 2023/24, which includes the Annual Investment Strategy (AIS), was approved by the full Council at its meeting on 23rd March 2023. There are no policy changes to the TMS. The details in this report update the position considering the updated economic position.

Prudential Indicators	2023/24 Original estimate £'000s	2023/24 Revised estimate £'000s
Authorised Limit	31,500	31,500
Operational Boundary	28,500	28,500
Capital Financing Requirement	21,154	21,154

The Council's Capital position

24. The table below shows the original capital programme approved by Council on 23rd February 2023 and the latest revised capital programme position. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR). The CFR denotes the Council's underlying need to borrow to fund the capital programme which is not paid for from either revenue or capital resources.

Prudential Indicator (Capital expenditure)	2023/24 Original estimate £'000s	2023/24 Revised estimate £'000s
Total Budget	**6,810**	**28,906**
Financed by:		
Capital receipts	(472)	(637)
Capital grants	(5,080)	(25,992)
Section 106 receipts	(177)	(388)
Loan repayment	(251)	0

Total financing	(5,983)	(27,301)
Borrowing need	**827**	**1,605**

The Council's borrowing position and strategy

25. The table below shows the CFR. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator (Operational Boundary for external debt)	2023/24 Original Estimate £'000s	2023/24 Revised Estimate £'000s
Total CFR	21,154	21,154
Net movement in CFR	(393)	(393)
Borrowing	28,000	28,000
Other long-term liabilities	500	500
Total Debt (year-end position)	28,500	28,500

26. Below is a summary of the Council's external indebtedness, as at 1st April 2023, and as at 30th September 2023.

Borrowing	1 April 23 £'000s	30 Sept 23 £'000s	Change Apr – Sept £'000
PWLB	20,359	20,359	-
Total	**20,359**	**20,359**	**-**

27. At the beginning of the 2023/24 financial year, the Council held loans of £20.359m, at an average interest rate of 2.92%, comprised wholly of Public Works Loan Board (PWLB) debt. An analysis of this long-term debt is provided in Appendix A with a maturity profile provided at Appendix B. There was no loan repayments made during the period 1 April to 30 September 2023.

28. The following treasury indicator shows the position of maturity structure of fixed rate borrowing compared to the original limits:

Treasury Indicator	01-Apr-23 Actual debt £'m	30-Sep-23 Actual debt £'m	30-Sep-23 Actual debt %	2023/24 Original limits %
Under 12 months	1.00	1.00	5.00	20.00
12 months to 2 years	1.00	1.00	5.00	30.00
2 years to 5 years	1.50	1.50	7.00	40.00
5 years to 10 years	1.50	1.50	7.00	60.00
10 years and above	15.39	15.39	75.00	100.00
Total	20.39	20.39	100.00	100.00

29. The treasury indicator of 'ratio of financing costs to net revenue stream' is 7.82%. This measures the proportion of resources tied up just to service net capital costs, and which represent a potential affordability risk.

30. No additional borrowing has been undertaken during the first half of 2023/24. Decisions on long-term borrowing, such as timing and amount, also impact on the revenue budget as assumptions on external debt repayment are made within the Medium-Term Financial Plan. Rates are continually under review, with officer considerations considering the Council's borrowing

requirement and the need to support the Council's underlying need to borrow to finance the Capital Programme (including borrowing for slippage carried forward from previous years).

31. We can report that the borrowing position is within the boundary limits set and approved as part of the TMSS and AIS.

Debt Re-scheduling

32. Debt rescheduling opportunities have increased over the course of the past six months and will be considered if giving rise to long-term savings. However, no debt rescheduling has been undertaken to date in the current financial year.

Compliance with Treasury and Prudential Limits

33. It is a statutory duty for the Council to determine and keep under review its affordable borrowing limits. The Council's approved Treasury and Prudential Indicators (affordability limits) are included in the TMS.

34. During the financial year to date, the Council's treasury management activities operated within the treasury limits and Prudential Indicators set out in the Council's TMS in compliance with Treasury Management Practices.

The Council's investment portfolio

35. The Treasury Management Strategy (TMS) for 2023/24, which includes the Annual Investment Strategy (AIS), was approved by the full Council at its meeting on 23rd March 2023. In accordance with the CIPFA Treasury Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

36. The Council aims to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity in line with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the Link suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

Creditworthiness

37. Following the Government's fiscal event on 23rd September 2022, both S&P and Fitch placed the UK sovereign debt rating on Negative Outlook, reflecting a downside bias to the current ratings considering expectations of weaker finances and a challenging economic outlook. Nothing further has evolved in the first half of 2023/24.

Investment Counterparty criteria

38. The Council has an approved list of counterparties which governs treasury management investment activity. This is a restricted list that takes into consideration the credit rating of the institution concerned. There are also limits placed on the amount which can be invested with any institution from a particular sector. As part of the day-to-day operation of the treasury management function, consultations may take place with Link Asset Services and the money market brokers and decisions are taken with approval from the Director of Resources.

39. The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function. See Appendix D. It provides enough flexibility to maintain a spread of investments between sectors and individual/group limits by counterparty.

CDS prices

40. It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

Investment balances

41. The average daily level of funds available for investment purposes during the first half of the financial year was £36.74m compared with £31.34m for the same period in 2022/23. The actual value of funds deposited on the 30th of September 2023 was £39.02. (The Council started the year with investments of £29.80m). These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

42. The below table summarises the investment transactions that have taken place during the first half of the year:

	£m	No.
Opening balance of Investments 01 April 2023	29.800	11
New Investments	136.720	43
Investments Realised	(127.500)	(40)
Balance of Investments on 30 September 2023	**39.020**	**14**

43. The 14 investments comprising the balance of £39.02m were placed within the following sectors:

Sector	£m	%
Local Authorities (Principal Councils (2))	6.800	17.43
Public Sector Deposit Fund (CCLA Money Market Fund)	3.000	7.69
UK Government	12.000	30.75
UK Banks	7.220	18.50
UK Building Societies	10.000	25.63
	39.020	**100.00**

44. The composition of the investment balances are as follows:

Deposit Type	No.	£m	Interest rate / range	Duration
Fixed Term Deposits	4	9.500	5.17% - 5.29%	<90 days
Fixed Term Deposits	8	22.720	4.63% - 5.73%	>180 days
Instant Access Deposit / Call account	2	6.800	5.00% - 5.10%	N/A
	14	**39.020**		

45. Unlike interest rates for borrowing, rates for short term investments are generally considered to track more closely to the prevailing Bank of England (BoE) rate. The BoE Bank Rate has increased on four occasions, starting the year at 4.25% and peaking at 5.25% on 21st September 2023. The approved TMSS noted that the expectation for investment earning rates for 2023/24 are 4.30% which tracks against the current expectations of the treasury management function and LAS (Link Asset Services).

46. In terms of the relative performance of the Council's investment portfolio, the average rate of return across the period under consideration was 4.69%, which is above the expected budgeted rate of 4.30%.

47. The Council's approach to investing funds had been to "ladder" investments at different maturities to take advantage of the increases in the base rate. This had an effect in raising the rate of return month on month in the first half of the year. As we have purportedly reached the peak in the base rate, the strategy will be changed to investing for longer periods in the second half of the financial year.

48. We can confirm that the approved counterparty limits within the Annual Investment Strategy (AIS) were not breached during the period ended 30th of September 2023.

<u>Interest Payable on External Borrowing / Interest Receivable</u>

49. Provision is made in the revenue budget to meet the net interest payable on external borrowing. The figure in the original budget for 2023/24 was set at £660k. The Council has repaid interest of £297k at half-year which is line with the budget estimate (£330k).

50. The total interest receivable on temporary investments for the period 1 April 2023 to 30 September 2023 amounted to £808k. The budget for the year for interest income was set at £287k. This is now forecast to be £1.30m by year end due to increase rates paid on investments.

Minimum Revenue Provision (MRP) Policy Statement 2023-24

51. A review of the Authority's MRP policy was recently undertaken by Link Group (Link). The objective of the review was to identify opportunities to move to a more suitable and cost effective MRP strategy whilst ensuring that the provision remains prudent and compliant with statutory guidance. The review identified various options for both supported and unsupported borrowing which could be implemented within statutory guidance; the Authority has chosen within these options to adopt the policies which is deemed best suited to Pendle BC.

52. The Authority's current MRP policy for supported borrowing and historic debt prior to 2008 is calculated on straight line method including a reduction for Adjustment A. An alternative option has been identified whereby MRP is calculated using an annuity method over the same remaining period as under the current method. A change to an annuity method could be seen as being equally as prudent than the current method because the debt liability will be repaid in full in the same time period.

53. The current method for calculating MRP for unsupported borrowing is an annuity method over the asset life. The Authority could alternatively continue to use an annuity method over the asset life, but apply the calculation on a weighted average basis, this having the benefit a reduction in MRP charges in the near term. This option is as prudent as the current option since the asset lives currently being used will not be changed. It can be argued that the annuity method provides a fairer charge than the straight-line method since it results in a consistent charge over the asset's life, considering the time value of money.

54. Link have carried out extensive research on current MRP policies in England and have observed that the annuity method of calculating MRP is used by over 60% of Authorities throughout the country.

55. Council is recommended to approve the following amendment to the MRP policy:

56. For supported capital expenditure incurred before 1st April 2008, the Authority will apply the Asset Life Method using an annuity calculation.

57. Unsupported borrowing will be subject to MRP under Asset Life Method. MRP will be based on the estimated life of the assets in accordance with the regulations using the annuity method, under which annual payments gradually increase during the life of the asset. The annuity method will be calculated on a weighted average basis.

58. The interest rate applied to the annuity calculations will reflect the market conditions at the time, and will for the current financial year be based on PWLB annuity rates. Where applicable, repayments included in annual PFI or finance leases are applied as MRP.

59. MRP Overpayments - The MRP Guidance allows that any charges made in excess of the statutory minimum revenue provision (MRP), i.e. voluntary revenue provision or overpayments, can be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

IMPLICATIONS

Policy

60. This report has been produced in compliance with the requirements of the Council's Treasury Management Policy.

Financial

61. The financial implications are given in the report.

Legal

62. In accordance with the Local Government Act 2003, Members are required to approve the Annual Treasury Management Strategy incorporating the Annual Investment Strategy, the prudential indicators, and the authorised limit for external debt. As noted above, these were approved by Members at the meeting of the 23rd of March 2023 for the current financial year. No amendments or alterations have been required or made following this approval.

Risk Management

63. Treasury Risk Management is a key element of the Council's Treasury Management Strategy. In the light of this, and in accordance with best practice, the Council's has a specific Treasury Management Practice Note specifically covering Treasury Risk Management. This covers areas such as liquidity risk, interest rate risk management and credit/counterparty risk management.

64. Given the arrangements the Council currently has in place in relation to Treasury Risk Management, treasury issues do not currently feature on the Council's Risk Register.

Health and Safety

65. There are no health and safety implications arising directly from the contents of this report.

Sustainability Implications

66. There are no sustainability implications arising directly from this report.

Community Safety:

67. There are no community safety issues arising directly from the contents of this report.

Equality and Diversity:

68. There are no equality and diversity implications arising from the contents of this report.

APPENDICES

Appendix A – PWLB long-term debt portfolio as of 30th September 2023.
Appendix B – Maturity profile of PWLB long-term debt as of 30th September 2023.
Appendix C – Liability Benchmark
Appendix D – Approved Counterparty Lending List as of 30th September 2023.

LIST OF BACKGROUND PAPERS

None

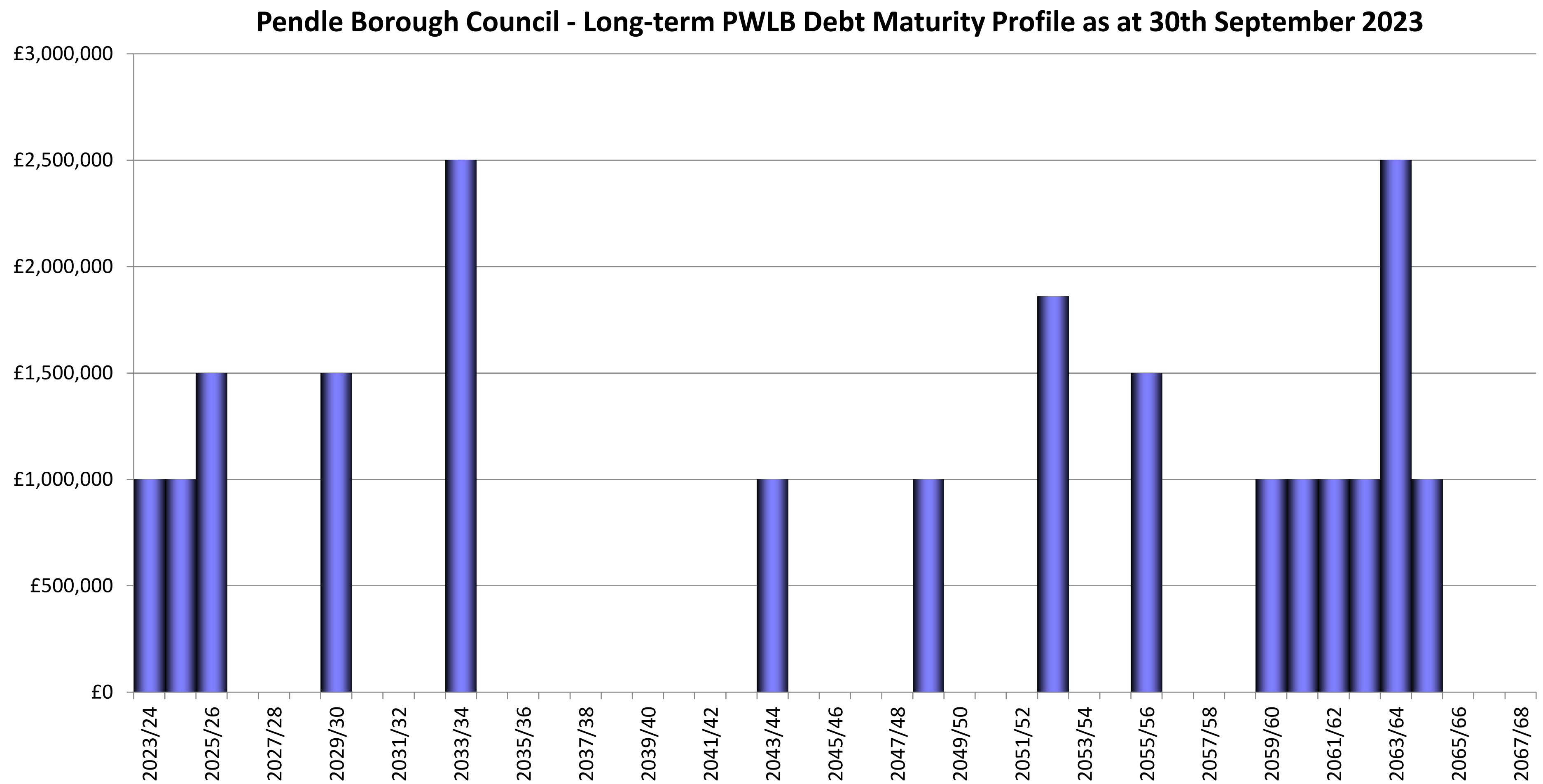
Appendix A –

PWLB Long-term Debt Portfolio
Position as at 30/09/23

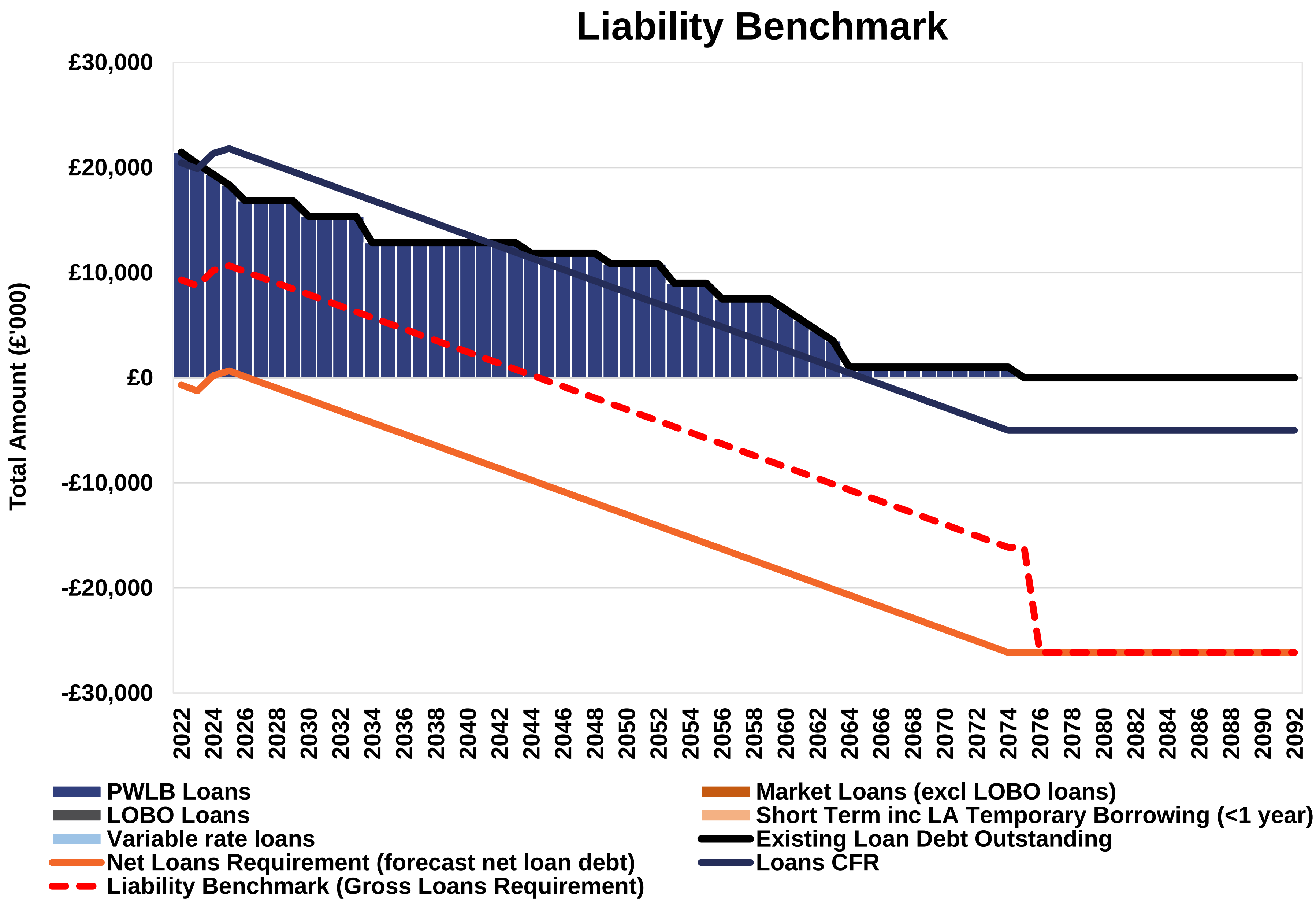
Start Date	Maturity Date	Years to Maturity	Total Debt 30/09/2023	Interest Rate	Annual Interest Payable
		Years	£	%	£
23-Jul-07	31-Mar-53	29.50	1,859,166	4.75%	88,310
14-Jun-10	31-Mar-25	1.50	1,000,000	4.16%	41,600
22-May-14	31-Mar-24	0.50	1,000,000	3.49%	34,900
20-Aug-14	31-Mar-26	2.50	1,500,000	3.47%	52,050
09-Jan-15	31-Mar-30	6.50	1,500,000	2.82%	42,300
09-Jan-15	31-Mar-64	40.50	1,500,000	3.14%	47,100
14-Aug-15	31-Mar-62	38.50	1,000,000	3.07%	30,700
11-Feb-16	31-Mar-34	10.50	1,000,000	2.91%	29,100
07-Jul-16	31-Mar-63	39.50	1,000,000	2.14%	21,400
02-May-17	31-Mar-60	36.50	1,000,000	2.36%	23,600
02-May-17	31-Mar-61	37.50	1,000,000	2.35%	23,500
02-May-17	31-Mar-65	41.50	1,000,000	2.34%	23,400
09-Nov-18	31-Mar-44	20.50	1,000,000	2.78%	27,800
09-Nov-18	31-Mar-64	40.50	1,000,000	2.64%	26,400
19-Jun-19	31-Mar-49	25.50	1,000,000	2.28%	22,800
19-Jun-19	31-Mar-56	32.50	1,500,000	2.21%	33,150
13-Sep-19	31-Mar-34	10.50	1,500,000	1.76%	26,400
TOTAL			**20,359,166**		**594,510**

Average cost of long-term debt	2.92%
Average Life	24

Appendix B


Pendle Borough Council - Long-term PWLB Debt Maturity Profile as at 30th September 2023
£3,000,000
£2,500,000
£2,000,000
£1,500,000
£1,000,000
£500,000
£0
2023/24
2025/26
2027/28
2029/30
2031/32
2033/34
2035/36
2037/38
2039/40
2041/42
2043/44
2045/46
2047/48
2049/50
2051/52
2053/54
2055/56
2057/58
2059/60
2061/62
2063/64
2065/66
2067/68

Appendix C –


Liability Benchmark
£30,000
£20,000
£10,000
£0
-£10,000
-£20,000
-£30,000
Total Amount (£'000)
2022
2024
2026
2028
2030
2032
2034
2036
2038
2040
2042
2044
2046
2048
2050
2052
2054
2056
2058
2060
2062
2064
2066
2068
2070
2072
2074
2076
2078
2080
2082
2084
2086
2088
2090
2092
PWLB Loans
LOBO Loans
Variable rate loans
Net Loans Requirement (forecast net loan debt)
Liability Benchmark (Gross Loans Requirement)
Market Loans (excl LOBO loans)
Short Term inc LA Temporary Borrowing (<1 year)
Existing Loan Debt Outstanding
Loans CFR

Appendix D –

COUNTERPARTY LENDING LIST

	Counterparty	Type of Institution	Sovereign Rating	Long Term	Short Term	Group Limit £M	Individual Limit £M	Maximum Duration (Mths / Days)
	Pendle BC's Minimum Ratings Criteria	(per Fitch)		A-	F1			
1	UK Banks	Bank		A-	F1	5.000	5.000	up to 364 days
	Royal Bank of Scotland Group					5.000		
2	NatWest Bank PLC	Bank	(AA)	A+	F1		5.000	up to 364 days
3	The RBS PLC	Bank	(AA)	A+	F1		5.000	up to 364 days
	Lloyds Banking Group PLC					10.000		
4	Lloyds Bank PLC	Bank	(AA)	A+	F1		10.000	Liquid Funds
5	UK Local Authorities	All UK Principal Councils	(AA)	n/a	n/a		3.000	up to 6 months
6	Lancashire County Council	LCC Call-Account	(AA)	n/a	n/a		6.000	Liquid Funds
7	Debt Management Facility	UK Government	(AA)	n/a	n/a		Unlimited	up to 6 months
8	CCLA - PSDF	Money Market Fund	(AA)	AAA mmf			3.000	Liquid Funds
	Building Societies							
9	Nationwide	Building Society	(AA)	A	F1		5.000	up to 6 months
10	Coventry	Building Society	(AA)	A-	F1		5.000	up to 6 months
11	Skipton Building Society	Building Society	(AA)	A-	F1		5.000	up to 6 months
12	Leeds	Building Society	(AA)	A-	F1		5.000	up to 100 days
13	Yorkshire Building Society	Building Society	(AA)	A-	F1		5.000	up to 100 days

Additional Investments in UK Banks, Building Societies may be made providing that they meet the qualifying criteria set out in Section 5.4 of the Treasury Management Strategy.