APPENDIX 1

SCOTTISH BORDERS COUNCIL

ANNUAL TREASURY MANAGEMENT REPORT YEAR TO 31 MARCH 2023

CONTENTS

1. EXECUTIVE SUMMARY

1.1 This Council is required by regulations issued under the Local Government in Scotland Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

This paper highlights activity in relation to the treasury management function during 2022/23, the Council's strategy with regard to interest rates and future expectations and how the capital expenditure incurred by the Council in 2022/23 was funded. The investment strategy for 2022/23 is summarised in Section 5 and Members are provided with details of how well the treasury function has performed in relation to a set of standard performance indicators.

1.2 During 2022/23, the Council complied with its legislative and regulatory requirements.

1.3 Key Prudential (PI) and Treasury Management Indicators (TI), detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Table 1	2022/23 Actual £m	2022/23 Estimate* £m	Variance £m
Actual Capital Expenditure *(PI-1)*	**63.5**	**98.0**	**(34.5)**
Total Capital Financing Requirement (CFR) ** *(PI-2)*	**347.7**	**371.9**	**(24.2)**
(Under)/Over Gross Borrowing against the CFR *(PI-6)* ***	**(158.0)**	**(184.6)**	**26.6**

** Revised estimate, approved by Scottish Borders Council on 12 December 2022 as part of the Mid Year Treasury report 2022/23*
*** The CFR for this calculation includes current capital expenditure to 31 March 2023*
**** The CFR for this calculation includes the current and two future years projected capital expenditure.*

2. COUNCIL'S CAPITAL EXPENDITURE AND FINANCING 2022/23

2.1 CAPITAL EXPENDITURE *(Prudential Indicator 1)*

a) The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need, or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

b) The final capital expenditure for 2022/23 was lower than projected as a result of delays in expenditure on a number of projects, including Plant & Vehicle Fund (£1.8m), Hawick Flood Protection (£3.8m), Galashiels Academy (£1.5m) and Peebles High School (£1.9m).

The specific drivers for each of the movements have been disclosed in the regular monitoring reports to the Executive Committee throughout 2022/23 and in the out-turn report approved on 13 June 2023.

2.2 FINANCING THE CAPITAL PROGRAMME

a) Capital Expenditure may either be financed:

(i) Immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which does not impact on the Council's borrowing need, or

(ii) If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

b) **Table 2** below summarises the main funding elements of the 2022/23 capital expenditure.

Table 2	**2022/23 Actual £m**	**2022/23 Estimate £m**	**Variance £m**
Capital Expenditure	63.5	98.0	(34.5)
Other Relevant Expenditure *	0.0	0.0	(0.0)
Total Expenditure	**63.5**	**98.0**	**(34.5)**
Financed by:			
Capital Grants & Other Contributions	(44.5)	(51.2)	6.7
SBC Revenue Funding	(0.4)	(2.1)	1.7
Capital Fund/Capital Receipts	(0.7)	(0.7)	0
Plant & Vehicle Fund	(2.4)	(2.0)	(0.4)
Total identified finance	**(48.0)**	**(56.0)**	**8.0**
Net Financing Need for the Year	**15.5**	**42.0**	**(26.5)**

The decrease in unfinanced capital expenditure compared with the estimate in the mid-year report resulted principally from timing movements as detailed in paragraph 2.1 b).

2.3 CAPITAL FINANCING REQUIREMENT AND EXTERNAL DEBT *(Prudential Indicators 2 and 5)*

a) The Council's underlying need to borrow for capital expenditure is termed the **Capital Financing Requirement (CFR)** and is a key prudential indicator. The CFR results from the capital activity of the Council and the resources that have been used to pay for the capital spend. It represents the 2022/23 unfinanced capital expenditure (see **Table 2** in section 2.2 (b)), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

b) Depending on the capital expenditure programme, the treasury function organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, such as the Public Works Loan Board or the money markets, or utilising cash resources within the Council.

c) **Reducing the CFR** – the Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the scheduled debt amortisation (or loans fund repayment), to reduce the CFR. This is effectively a repayment of the borrowing need. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR. The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the scheduled debt amortisation for loans repayment.

The Council's borrowing activity is constrained by prudential indicators, including those comparing gross borrowing, the CFR and the authorised limit.

d) The extent to which the Council is under/over borrowed at 31 March 2023 is calculated by comparing actual external debt against the CFR and is shown in **Table 3** below. It includes "Other long term liabilities", such as PFI and leasing schemes on the balance sheet. These increase the Council's borrowing need, however, as no borrowing is actually required against these schemes, these amounts have been deducted in **Table 3**.

Table 3	31 March 2023 Actual £m	31 March 2023 Estimate £m	Variance £m
CFR (PI-2)*	347.7	371.9	(24.2)
Less: Other long term liabilities ** (PI-5)	84.3	82.2	2.1
Underlying borrowing requirement	263.4	289.7	(26.3)
External Borrowing at 31/3/22	211.0	215.4	(4.4)
(Under)/Over borrowing	(52.4)	(74.3)	(21.9)

**The CFR for this calculation includes current capital expenditure to 31 March 2023*
***PPP/PFI/Finance Lease balances*

3. TREASURY MANAGEMENT ACTIVITY

3.1 GROSS BORROWING AND THE CFR *(Prudential Indicator 6)*

a) In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the current year (2022/23) plus the estimates of any additional capital financing requirement for the next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allows the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Table 4	**31 March 2023 Actual £m**	**31 March 2023 Estimate £m**	**Variance £m**
Fixed rate funding			
PWLB	174.3	179.8	(5.5)
Market	-	-	-
Variable rate funding			
Market *	35.6	35.6	-
External Borrowing	**209.9**	**215.4**	**(5.5)**
Other long term liabilities **	84.4	82.2	2.2
Total Debt	**294.3**	**297.6**	**(3.3)**
CFR (inc. next 2 year estimates)	457.8	482.2	(24.4)
(Under)/Over Gross Borrowing against the CFR *(PI-6)*	**(158.0)**	**(184.6)**	**26.6**

* *LOBO loans (where a rate change could be instigated by the lender at certain intervals)*
** *PPP/PFI/Finance Lease balances*

b) Council deposits were made on a short term basis throughout 2022/23.

c) The Council rescheduled its PPP debt as of the 1st April 2023, therefore this scheduling will feature in the Treasury Strategy from 1st April 2023 but does not affect the figures reflected in this report.

3.2 OPERATIONAL BOUNDARY AND AUTHORISED LIMIT *(Prudential Indicators 7 and 8)*

a) The **Operational Boundary** and the **Authorised Limit** are indicators which are intended to act as limits to the overall level of borrowing activity. The Authorised Limit represents the maximum limit beyond which borrowing is prohibited. The Operational Boundary represents the level of external borrowing that the Council is expected to operate within. **Table 5** compares the External Debt position with these indicators and demonstrates that the Council has not breached either limit during 2022/23.

Table 5	**31 March 2023 Actual £m**	**Authorised Limit** *(PI-8)* **£m**	**Variance £m**	**Operational Boundary** *(PI-7)* **£m**	**Variance £m**
Total Gross Borrowing	**263.7**	**525.1**	**(261.4)**	**437.6**	**(173.9)**

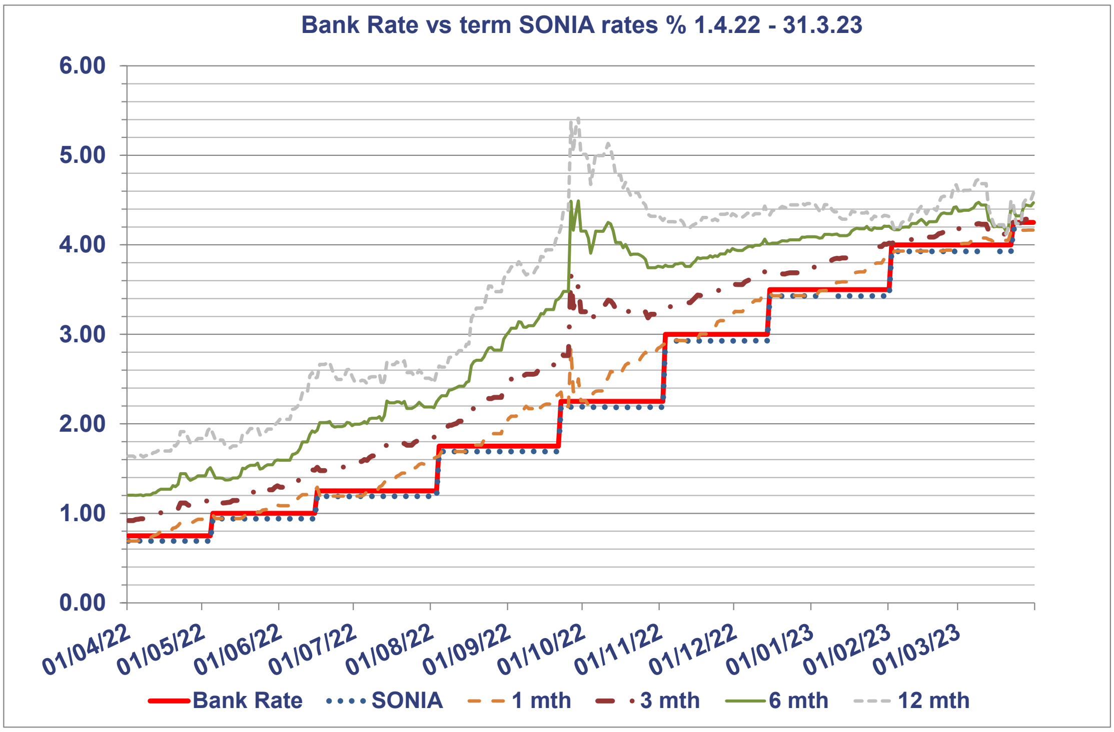
3.3 MATURITY PROFILE OF EXTERNAL DEBT

a) **Table 6** presents an analysis of the maturity structure of the Council's external debt portfolio.

Table 6	31 March 2023 £m
Under 12 months	0.7
12 months and within 5 years	25.9
5 years and within 10 years	20.0
Over 10 years	163.4
Total	**210.0**

4. INTEREST RATE MOVEMENTS AND EXPECTATIONS

4.1 INVESTMENT RATES IN 2022/23



FINANCIAL YEAR TO QUARTER ENDED 31/3/2023						
	Bank Rate	SONIA	1 mth	3 mth	6 mth	12 mth
High	4.25	4.18	4.17	4.30	4.49	5.41
High Date	23/03/2023	31/03/2023	31/03/2023	31/03/2023	29/09/2022	29/09/2022
Low	0.75	0.69	0.69	0.92	1.20	1.62
Low Date	01/04/2022	28/04/2022	01/04/2022	01/04/2022	07/04/2022	04/04/2022
Average	2.30	2.24	2.41	2.72	3.11	3.53
Spread	3.50	3.49	3.48	3.38	3.29	3.79

a) Investment returns picked up throughout the course of 2022/23 as central banks, including the Bank of England, realised that inflationary pressures were not transitory, and that tighter monetary policy was called for. Starting April at 0.75%, Bank Rate moved up in stepped increases of either 0.25% or 0.5%, reaching 4.25% by the end of the financial year, with the potential for a further one or two increases in 2023/24.

b) The change in investment rates meant local authorities were faced with the challenge of pro-active investment of surplus cash for the first time in over a decade, and this emphasised the need for a detailed working knowledge of cashflow projections so that the appropriate balance between maintaining cash for liquidity purposes, and "laddering" deposits on a rolling basis to lock in the increase in investment rates as duration was extended, became an on-going feature of the investment landscape.

c) With bond markets selling off, equity valuations struggling to make progress and, latterly, property funds enduring a hugely challenging Q4 2022, the more traditional investment options, such as specified investments (simple to understand, and less than a year in duration) became more actively used. Meantime, through the autumn, and then in March 2023, the Bank of England maintained various monetary policy easing measures as required to ensure specific markets, the banking system and the economy had appropriate levels of liquidity at times of stress.

d) Nonetheless, while the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the Great Financial Crisis of 2008/09. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.

4.2 BORROWING RATES IN 2022/23

a) During 2022/23, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as investment returns were initially low and minimising counterparty risk on placing investments also needed to be considered.

b) A cost of carry generally remained in place during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost – the difference between (higher) borrowing costs and (lower) investment returns. As the cost of carry dissipated, the Council sought to avoid taking on long-term borrowing at elevated levels (>4%) and has focused on a policy of internal and temporary borrowing, supplemented by short-dated borrowing (<3 years) as appropriate.

c) The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when this Authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

d) Against this background and the risks within the economic forecast, caution was adopted with the treasury operations. The Director of Finance & Procurement therefore monitored interest rates in financial markets and adopted a pragmatic strategy based upon the following principles to manage interest rate risks:

- if it had been felt that there was a significant risk of a sharp FALL in long and short-term rates, (e.g., due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings would have been postponed, and potential rescheduling from fixed rate funding into short term borrowing would have been considered.

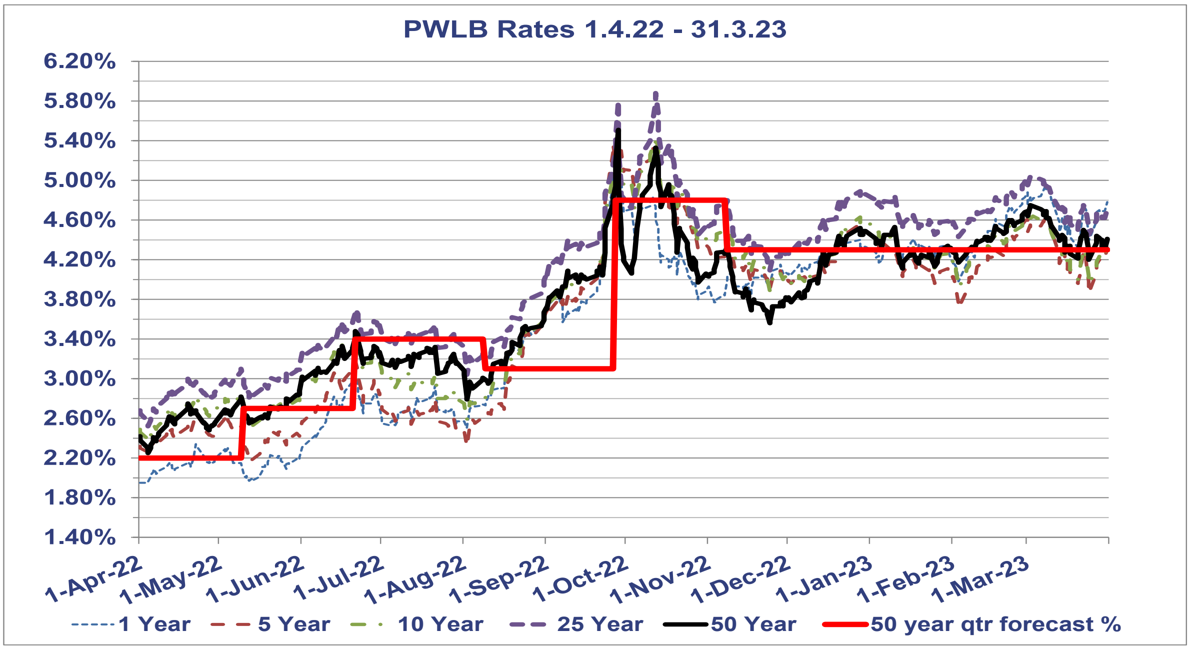
- if it had been felt that there was a significant risk of a much sharper RISE in long and short-term rates than initially expected, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position would have been re-appraised. Most likely, fixed rate funding would have been drawn whilst interest rates were lower than they were projected to be in the next few years.

e) Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation is still above 10% in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.

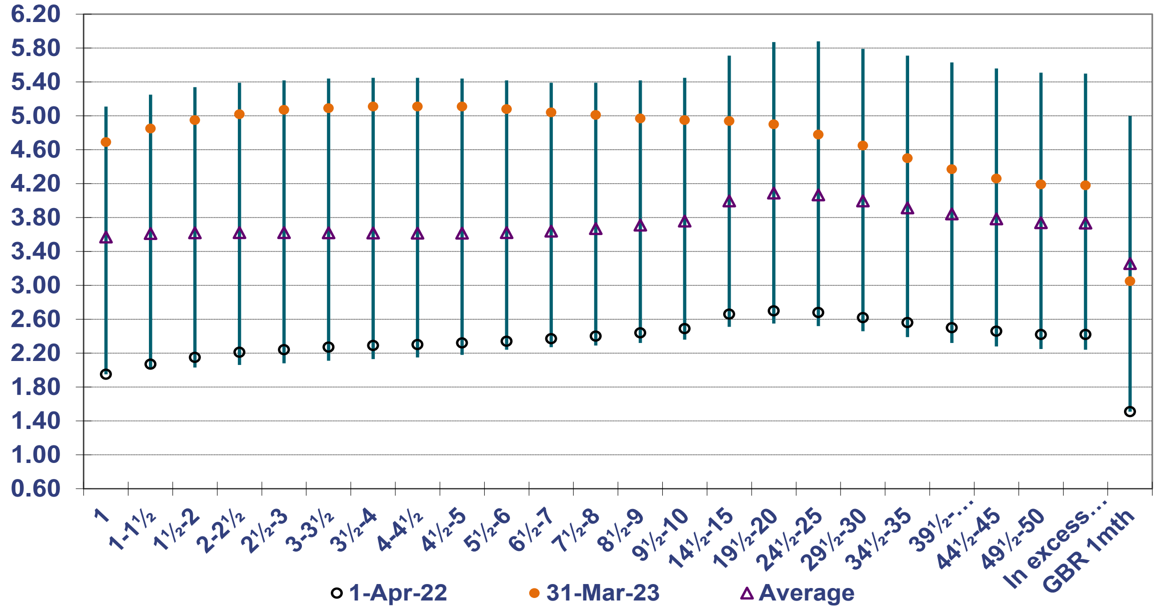
Forecasts at the time of approval of the treasury management strategy report for 2022/23 were as follows: -

Link Group Interest Rate View 20.12.21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
BANK RATE	0.25	0.25	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.25
3 month ave earnings	0.20	0.30	0.50	0.50	0.60	0.70	0.80	0.90	0.90	1.00	1.00	1.00	1.00	1.00
6 month ave earnings	0.40	0.50	0.60	0.60	0.70	0.80	0.90	1.00	1.00	1.10	1.10	1.10	1.10	1.10
12 month ave earnings	0.70	0.70	0.70	0.70	0.80	0.90	1.00	1.10	1.10	1.20	1.20	1.20	1.20	1.20
5 yr PWLB	1.40	1.50	1.50	1.60	1.60	1.70	1.80	1.80	1.80	1.90	1.90	1.90	2.00	2.00
10 yr PWLB	1.60	1.70	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10	2.20	2.30
25 yr PWLB	1.80	1.90	2.00	2.10	2.10	2.20	2.20	2.20	2.30	2.30	2.40	2.40	2.50	2.50
50 yr PWLB	1.50	1.70	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.20	2.20	2.30	2.30

PWLB RATES 2022/23



PWLB Certainty Rate Variations 1.4.22 to 31.3.23



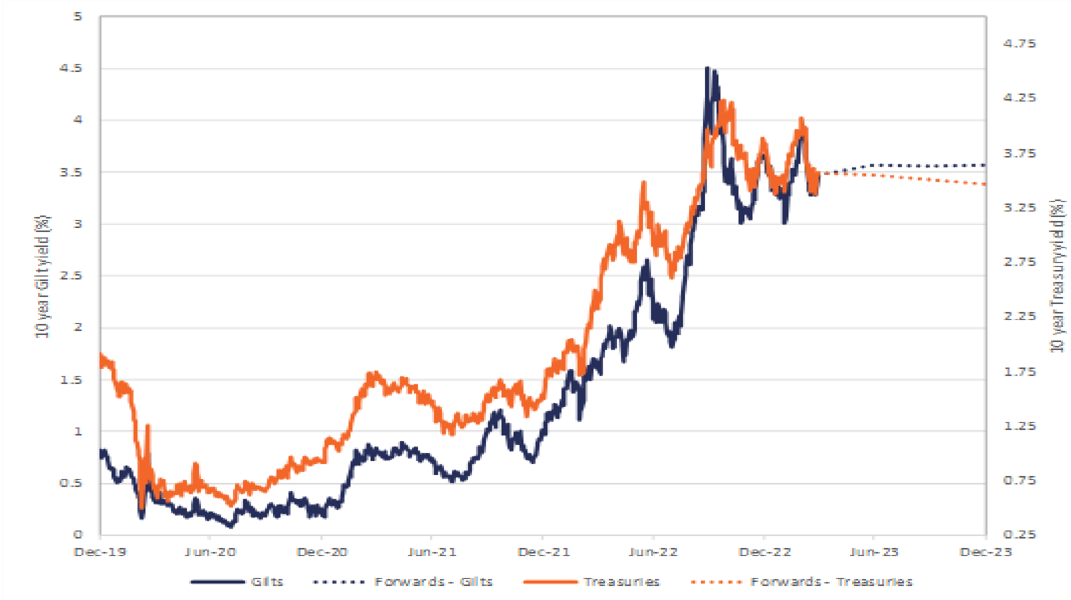
HIGH/LOW/AVERAGE PWLB RATES FOR 2022/23

	1 Year	5 Year	10 Year	25 Year	50 Year
Low	1.95%	2.18%	2.36%	2.52%	2.25%
Date	01/04/2022	13/05/2022	04/04/2022	04/04/2022	04/04/2022
High	5.11%	5.44%	5.45%	5.88%	5.51%
Date	28/09/2022	28/09/2022	12/10/2022	12/10/2022	28/09/2022
Average	3.57%	3.62%	3.76%	4.07%	3.74%
Spread	3.16%	3.26%	3.09%	3.36%	3.26%

f) PWLB rates are based on gilt (UK Government bonds) yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. Indeed, in recent years many bond yields up to 10 years in the Eurozone turned negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10-year yields have fallen below shorter-term yields. In the past, this has been a precursor of a recession.

g) However, since early 2022, yields have risen dramatically in all the major developed economies, first as economies opened post-Covid; then because of the inflationary impact of the war in Ukraine in respect of the supply side of many goods. In particular, rising cost pressures emanating from shortages of energy and some food categories have been central to inflation rising rapidly. Furthermore, at present the FOMC, ECB and Bank of England are all being challenged by persistent inflation that is exacerbated by very tight labour markets and high wage increases relative to what central banks believe to be sustainable.

h) **Graph of UK gilt yields v. US treasury yields**



i) Gilt yields have been on a continual rise since the start of 2021, peaking in the autumn of 2022. Currently, yields are broadly range bound between 3% and 4.25%. At the close of the day on 31 March 2023, all gilt yields from 1 to 50 years were between 3.64% and 4.18%, with the 1 year being the highest and 6-7.5 years being the lowest yield.

j) Regarding PWLB borrowing rates, the various margins attributed to their pricing are as follows:-

- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
- **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

k) There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rate first rises to dampen inflationary pressures and a tight labour market, and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England's 2% target. As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

5. INVESTMENT STRATEGY FOR 2022/23

5.1 INVESTMENT OBJECTIVES

a) The Council's investment strategy is governed by Scottish Government investment regulations and sets out the approach for choosing investment categories and counterparties, based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

b) The **primary objectives** of the Council's investment strategy are:
   (i) the safeguarding or **security** of the repayment of the principal and interest of investments on a timely basis;
   (ii) ensuring adequate **liquidity** within the Council; and

(iii) maximising investment **yield** or return.

c) The Council will ensure:

(i) It maintains a policy covering the categories of investment types it will invest in, the criteria for choosing investment counterparties with adequate security, and the monitoring of their security; and

(ii) It has sufficient liquidity in its investments. For this purpose it sets out procedures for determining the maximum periods for which funds may prudently be committed. The Council's Prudential Indicators cover the maximum period over which sums can be invested.

5.2 INVESTMENT ACTIVITY

a) The investment activity during the year conformed to the above approved strategy, and the Council had no liquidity difficulties. All money deposited with the Council's bank, Royal Bank of Scotland, was done on an overnight basis to minimise security and liquidity risk to the Council.

5.3 CURRENT INVESTMENT POSITION

a) The total value of investments/deposits for the Council at 31 March 2023 was £27m. Cash was held on a short term basis throughout 2022/23 with major banks and various money market funds (the latter having a credit rating of AAA).

6 TREASURY PERFORMANCE INDICATORS

The Treasury Management Function has established the following additional performance indicators.

6.1 INVESTMENT PERFORMANCE INDICATORS

a) Security

(i) The Council's maximum security risk benchmark for the current portfolio, when compared to historic default tables, is 0.04% historic risk of default.

(ii) During 2022/23, money was deposited in accounts on a short term basis.

b) Liquidity

(i) Liquid short term deposits should be at least £1,500,000, available with a week's notice.

(ii) Bank overdraft of £250,000.

(iii) This indicator was adhered to in 2022/23.

(iv) Weighted Average Life benchmark is **expected to be 0.5 years** (equivalent to a weighted average life of 6 months), with a **maximum of 1.00 years.**

(v) The weighted **average life for 2022/23 was 0.08 years**, well below the 0.5 year target.

a) Yield

The benchmarking rates for the internal returns on cash is the 365 day backward looking SONIA (Sterling Overnight Index Average) uncompounded rate. The weighted average return on investments for 2022/23 was 2.06%, compared against the 365 day backward looking SONIA uncompounded rate for the year to 31 March 2023 of 0.9159%.

The Council continues to make deposits on a short-term basis with the Government's Debt Management Office (DMO) and Money Market Funds. The DMO is a very secure (Credit Rating of -AA) form of investment, which has delivered competitive rates of return as Bank Rate has climbed. (rising to 3.95% from 0.62% in 2022/23). The Money Market Funds used for deposits are also secure (with a Fund Rating of AAA). The planned deposit allocation between these two investment types has resulted in the returns mentioned above.

6.2 IMPACT ON REVENUE BUDGET

a) Ratio of actual financing costs to net revenue stream *(Prudential Indicator 3)*
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 funding for the Council. The comparison of the revised estimate approved in the 2022/23 mid year report to the outturn as at 31 March 2023 is as follows:

Table 8	Actual	Estimate
Ratio of financing costs to net revenue stream *(PI-3)*	% **7.6**	% **7.3**

b) Net Cost of Servicing Debt (Loan Charges) – Table 9 below summarises the revenue cost of servicing the debt for the Council, including interest relating to PPP schools unitary charges.

Table 9	2022/23 Outturn £m
Interest on Borrowing	9.7
Investment Income	(1.2)
Capital Repayments	7.6
Total Loan Charges	**16.1**

6.3 TREASURY MANAGEMENT INDICATORS *(Treasury Indicators 1 – 5)*

a) The Treasury Indicators (TIs) are shown in **Table 10** below. The Council remained well within these Indicator limits throughout 2022/23

Table 10	**2023/24 Revised Indicator**		**2022/23 Actual as at 31 March 2023**
Upper limits – Debt with fixed and variable interest rates			
Upper limits on fixed interest rates *(TI-1)*	506.6		437.6
Upper limits on variable interest rates *(TI-2)*	177.3		153.3
Maturity Structure of borrowing			
	Upper *(TI-3)*	**Lower** *(TI-4)*	**Actual**
Under 12 months	20%	0%	0.27%
12 months to 2 years	20%	0%	0.18%
2 years to 5 years	20%	0%	12.15%
5 years to 10 years	20%	0%	9.53%
10 years and above	100%	20%	77.87%
Prudential limits for principal sums invested *(TI-5)*			
Cash Deposits < 12 months	100%		100%
Cash Deposits > 12 months	20%		0%

ANNEX A

Indicator Reference	Indicator	Page Ref.	2022/23 Original estimate	2022/23 Revised estimate	2022/23 Actual
PRUDENTIAL INDICATORS					
Capital Expenditure Indicator					
PI-1	Capital Expenditure (£m)	3	103.3	98.0	63.5
PI-2	Capital Financing Requirement (£m) (CFR)	5	381.1	371.9	347.7
Affordability Indicator					
PI-3	Ratio of Financing Costs to Net Revenue	13	8.6%	7.3%	7.6%
PI-4	Incremental Impact of Capital Investment Decisions on Council Tax	N/A	£0.00	£0.00	£0.00
External Debt Indicators					
PI-5	Actual Debt (£m)	6	326.7	297.6	263.7
PI-7a	Operational Boundary (inc. Other Long Term Liabilities) (£m)	6	456.7	435.4	437.6*
PI-7b	Operational Boundary (exc. Other Long Term Liabilities) (£m)	N/A	372.4	353.2	353.2
PI-8a	Authorised Limit (inc. Other Long Term Liabilities) (£m)	6	548.0	522.5	525.1
PI-8b	Authorised Limit (exc. Other Long Term Liabilities) (£m)	N/A	463.7	440.3	390.3
Indicators of Prudence					
PI-6	(Under)/Over Gross Borrowing against the CFR (£m)	6	(154.3)	(184.6)	(158.0)
TREASURY INDICATORS					
TI-1	Upper Limit to Fixed Interest Rates based on Net Debt (£m)	14	456.7	435.4	437.6
TI-2	Upper Limit to Variable Interest Rates based on Net Debt (£m)	14	159.8	152.4	153.3
TI-3 & TI-4	Maturity Structure of Fixed Interest Rate Borrowing	14	**Upper**	**Lower**	
	Under 12 months		20%	0%	
	12 months to 2 years		20%	0%	
	2 years to 5 years		20%	0%	
	5 years to 10 years		20%	0%	
	10 years and above		100%	20%	
TI-5	Maximum Principal Sum invested greater than 364 days	14	20%	20%	20%

* year end movement due to volatile RPI rates during 2022/23