

Report Title: Prudential Indicators 2025/26

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|-----------------------------|---|---------------------------|-----|
| Date of meeting: | 11 February 2025 13 February 2025 27 February 2025 | | |
| Report to: | Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) Cabinet Council | | |
| Report of: | Executive Director of Corporate Services and Commercial | | |
| Portfolio: | Corporate Services | | |
| Wards affected: | All wards | | |
| Is this a key decision: | Yes | Included in Forward Plan: | Yes |
| Exempt/confidential report: | No | | |

Summary:

The CIPFA Prudential Code for Capital Finance in Local Authorities was introduced following the Local Government Act 2003. It details a number of measures / limits / parameters (Prudential Indicators) that are required to be set each financial year. The approval of these limits will provide a benchmark to measure actual performance against, to help ensure that the Council complies with relevant legislation, is acting prudently and that its capital expenditure proposals are affordable.

Recommendation(s):

Overview & Scrutiny Committee is requested to:

- 1) Consider the Prudential Indicators (as detailed in the report) as the basis for compliance with The Prudential Code for Capital Finance in Local Authorities;
- 2) Note that the relevant Prudential Indicators will be revised as required and that any changes will be brought to Cabinet and then to Council for approval;
- 3) Note that the estimates of capital expenditure may change as grant allocations are received; and
- 4) Provide any comments to Council which will be considered as part of the formal approval of the Prudential Indicators for 2025/26.

Cabinet is recommended to:

- 1) Recommend to Council that the Prudential Indicators (as detailed in the report) are set as the basis for compliance with The Prudential Code for Capital Finance in Local Authorities;
- 2) Note that the relevant Prudential Indicators will be revised as required and that any changes will be reported to Cabinet and then to Council for approval;
- 3) Note that the estimates of capital expenditure may change as grant allocations are received; and
- 4) Recommend to Council that authority is delegated to the Executive Director of Corporate Services and Commercial in conjunction with the Cabinet Member – Corporate Services to manage the Authorised Limit and Operational Boundary for external debt as detailed in Section 6 of the report.

Council is recommended to:

- 1) Approve the Prudential Indicators (as detailed in the report) as the basis for compliance with The Prudential Code for Capital Finance in Local Authorities;
- 2) Note that relevant Prudential Indicators will be revised as required and that any changes will be brought to Cabinet and then to Council for approval;
- 3) Note that the estimates of capital expenditure may change as grant allocations are received; and
- 4) Delegate authority to the Executive Director of Corporate Services and Commercial in conjunction with the Cabinet Member – Corporate Services to manage the Authorised Limit and Operational Boundary for external debt as detailed in Section 6 of the report.

The Rationale and Evidence for the Recommendations

To enable the Council to effectively manage its Capital Financing activities and comply with the CIPFA Prudential Code for Capital Finance in Local Authorities. The prudential indicators for the forthcoming and following years must be set before the beginning of the forthcoming year.

1. Introduction

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code) was introduced following the Local Government Act 2003. It details a number of measures/limits/parameters (Prudential Indicators) that are required to be set each financial year. The approval of these limits will ensure that the Council complies with the relevant legislation, is acting prudently and that its capital expenditure proposals are affordable.
- 1.2. CIPFA published its revised Code of Practice on Treasury Management and a revised Prudential Code for Capital Finance in Local Authorities in December 2021, replacing the codes published in 2017. The Council has adopted CIPFA's 2021 Prudential Code for Capital Finance in Local Authorities when setting the Prudential Indicators for 2025/26 to 2027/28.
- 1.3. The Council is required to approve Prudential Indicators for the following items:

- (i) Capital Expenditure (Section 2);
- (ii) Financing Costs/Net Revenue Stream (Section 3);
- (iii) Net Income from Commercial and Service Investments to Net Revenue Stream (Section 4)
- (iv) Capital Financing Requirement (Section 5);
- (v) External Debt (Section 6-9);
- (vi) Treasury Management Indicators (Section 10).

1.4. The above indicators are presented in the following paragraphs and summarised at Appendix A.

1.5. A new International Accounting Standard (IFRS 16) on leases has been adopted by the Code of Practice on Local Authority Accounting with effect from 1 April 2024. The new standard is anticipated to bring most operating leases onto the Council's balance sheet once fully implemented (subject to exceptions for short dated and low value leases). This will have an impact on the Capital Financing Requirement (CFR) in 2024/25, however, work to fully assess the impact will be dependent on confirmation of the Council's final capital outturn at the end of the financial year. The capital values used to prepare this report, the Council's Treasury Management Strategy report, and Capital Strategy for 2025/26 (also included on the agenda for this meeting) are therefore based on estimated amounts for the capitalisation of leases under the new accounting standard. The impact of IFRS 16 during 2025/26 will be assessed and Cabinet and Council will be informed of any material changes to the prudential indicators as part of regular Treasury Management reporting.

2. Prudential Indicator – Capital Expenditure

2.1. This indicator details the overall total planned capital expenditure of the Council and therefore reflects the Council's Capital Programme.

2.2. The actual capital expenditure that was incurred in 2023/24 is shown below and the estimated current and future years capital programme are recommended for approval:

| Capital Expenditure | | | | | |
|----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2023/24 £m Actual | 2024/25 £m Estimate | 2025/26 £m Estimate | 2026/27 £m Estimate | 2027/28 £m Estimate |
| TOTAL | 40.937 | 81.122 | 133.837 | 52.543 | 17.700 |

2.3. The estimated levels of expenditure above represent those elements approved by Council and which have been included within the Capital Programme. The Council may also receive additional block allocations of grant from central government for 2025/26 but these have not yet been confirmed. The grant allocations will be added to the capital programme following approval by Cabinet and Council along with the Sustainable Transport Settlement which has been confirmed by the Liverpool City Region Combined Authority. The estimated amounts to be received that have been included in the estimates of capital expenditure (above) are shown below for information:

- Disabled Facilities Grant - £5.985m
- Schools Basic Needs Allocation - £1.685m
- Schools Condition Allocation - £2.241m
- Devolved Formula Capital Grant - £0.341m

- City Region Sustainable Transport Settlement - £8.466m.

- 2.4. The increase in capital expenditure during 2024/25 and 2025/26 shown in the table above represents additional allocations added due to: additional expenditure in relation to highways schemes; projects linked to the Council's Growth Programme; and the reprofiling of capital expenditure linked to Corporate Essential Maintenance. Due to the size and complexity of the Council's capital programme, some schemes may also be rescheduled from previous years and thus increase the overall estimate of expenditure. The majority of the additional expenditure will be funded from external grants and additional borrowing. This may change as grant allocations and additional capital schemes are made known to the Council and are approved for inclusion within the Capital Programme.
- 2.5. Southport is set to receive a total of £37.5m in government funding for a range of projects across the town centre and sea front following a successful bid to the Government's Towns Fund. The award represents one of the largest Town Deals that the government has agreed nationally and across 101 towns.
- 2.6. The business cases for each of the projects were approved by the Department for Levelling Up, Housing and Communities (DLUHC) – for the £37.5m Town Deal funding – and by the Liverpool City Region Combined Authority who are providing an additional £20m towards the Marine Lake Events Centre development. Projects continue to be progressed with delivery of all projects currently anticipated by 2026/27.
- 2.7. The Council has also been awarded £20m of Capital Levelling Up Funding from DLUHC to fund the initial Phases 1 A-C of the Bootle Strand Repurposing Programme. The Levelling Up Fund has been included in the total estimates of capital expenditure shown above. Additional funding is being sought from the Liverpool City Region Combined Authority for Phase 1D of £18m together with additional enabling capital of £7m. On confirmation on the funding, Council approvals will be required for the associated supplementary estimates and the estimates of capital expenditure will then be updated and reported as part of regular budget updates to Cabinet.

3. Prudential Indicator – Financing Costs/Net Revenue Stream

- 3.1. This indicator measures the total capital financing costs of capital expenditure as a proportion of the total level of income from Government Grants, local Council Tax and Business Rates payers. This measure demonstrates the affordability of capital plans by comparing the cost of borrowing undertaken to fund the capital programme (in previous years and for planned expenditure in future years) to the net revenue available to the Council in each of those years.
- 3.2. Actual figures for 2023/24 and estimates of the ratio for 2024/25 and future years are:

| Financing Costs / Net Revenue Stream | | | | | |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023/24 Actual | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate |
| Ratio | 5.3% | 6.1% | 6.5% | 6.7% | 6.9% |

3.3. The estimates of financing costs include current commitments and proposals contained in the capital programme and new borrowing requirements in the Capital Programme. These borrowing requirements may include projects and schemes that generate savings and income streams to the Council that support repayment schedules. Overall, however, the proportion of debt repayment costs is increasing relative to income and these increases have therefore been included in the Medium-Term Financial Plan meaning that the Council's financing requirement remains sustainable and affordable.

4. Prudential Indicator – Net Income from Commercial and Service Investments to Net Revenue Stream

4.1. This indicator measures the proportion of the authority's net revenue stream that is derived from non-treasury investments such as service investments (loans to subsidiaries) and commercial investments (investment properties). Commercial investments relate to legacy arrangements such as concessions at Southport seafront, parks and gardens; the freehold interest in the Strand Shopping Centre; rents linked to small retail units; industrial units; clubs; and car park income. The indicator is a measure of the exposure to loss of income should the net return from those investments fall short of the target set in the budget.

| Net Income from Commercial and Service Investments to Net Revenue Stream | | | | | |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023/24 Actual | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate |
| Ratio | 1.2% | 1.1% | 1.1% | 0.9% | 0.9% |

4.2. As can be seen from the ratios above this is a relatively low percentage of the Council's revenue stream indicating that the Council's budget is not overly reliant on commercial and service investment income. Variations to planned levels of income are also reflected in the Council's Medium-Term Financial Plan. Should a shortfall in investment income occur then the plan will be adjusted accordingly, and corresponding savings will need to be made to compensate for the loss of income.

5. Prudential Indicator – Capital Finance Requirement

5.1. The Capital Financing Requirement (CFR) indicator reflects the Authority's underlying need to borrow for a capital purpose. This is based on historic capital financing decisions and a calculation of future years planned capital expenditure requirements.

5.2. Actual 2023/24 and estimated year-end Capital Financing Requirements for current and future years are set out in the table below:

| Capital Financing Requirement | | | | | |
|--------------------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31/03/24 £m Actual | 31/03/25 £m Estimate | 31/03/26 £m Estimate | 31/03/27 £m Estimate | 31/03/28 £m Estimate |
| CFR | 229.452 | 242.763 | 249.679 | 263.081 | 253.866 |

| | | | | | |
|--|--|--|--|--|--|
| | | | | | |
|--|--|--|--|--|--|

5.3. The Authority has an increasing CFR over 2024/25 to 2026/27 due to proposed increases to the capital programme as outlined in paragraph 2.4. Increases to the CFR represent elements of the programme that will be financed by taking out new borrowing less any provisions for the statutory repayment of debt.

6. Prudential Indicator – Borrowing Limits

6.1. External borrowing undertaken by the Council arises as a consequence of all the financial transactions of the Authority, both capital and revenue, and not simply those arising from capital spending. The Council manages its Treasury Management position in terms of its external borrowings and investments in accordance with its approved Treasury Management Strategy and Policy Statements. These documents are presented for approval elsewhere on this agenda.

6.2. The Operational Boundary

6.2.1. The Operational Boundary sets a limit on the total amount of long-term borrowing that the Council can undertake. It reflects the Authority’s current commitments, existing capital expenditure plans, and is consistent with approved Treasury Management Policy Statement and practices. The figures are based on prudent estimates.

6.2.2. In respect of the Operational Boundary, it is recommended that the Council approves the following limits for the next three financial years. These limits separately identify borrowing from other long-term liabilities arising from finance leases, the PFI scheme and the transferred debt from the now defunct Merseyside Residuary Body.

| Operational Boundary | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m |
| Borrowing | 198 | 203 | 216 | 206 |
| Other Long-Term Liabilities | 7 | 5 | 5 | 4 |
| TOTAL | 205 | 208 | 221 | 210 |

6.2.3. The Council is asked to approve these limits and to delegate authority to the Executive Director of Corporate Services and Commercial in conjunction with the Cabinet Member – Corporate Services to manage the movement between the separately agreed limits for borrowing and other long-term liabilities within the total limit for any individual year.

6.3. The Authorised Limit

6.3.1. The Authorised Limit sets a boundary on the amount of borrowing (both short and long-term) that the Council undertakes. It uses the Operational Boundary as its base but also includes additional headroom to allow, for example, for exceptional cash movements. Under the terms of section 3 (1) of the Local Government Act 2003, the Council is legally obliged to determine and review how much it can afford to borrow i.e., the Authorised Limit. The Authorised Limit determined for 2025/26 will be the statutory limit determined under section 3 (1).

6.3.2. The Council is asked to delegate authority to the Executive Director of Corporate Services and Commercial in conjunction with the Cabinet Member – Corporate Services to manage the movement between the separately agreed limits for borrowing and other long-term liabilities within the total limit for any individual year. Any such changes will be presented to Cabinet and Council for approval at the next available meeting. The Authorised Limit for external debt is as follows:

| Authorised Limit | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m |
| Borrowing | 223 | 228 | 241 | 231 |
| Other Long-Term Liabilities | 7 | 5 | 5 | 4 |
| TOTAL | 230 | 233 | 246 | 235 |

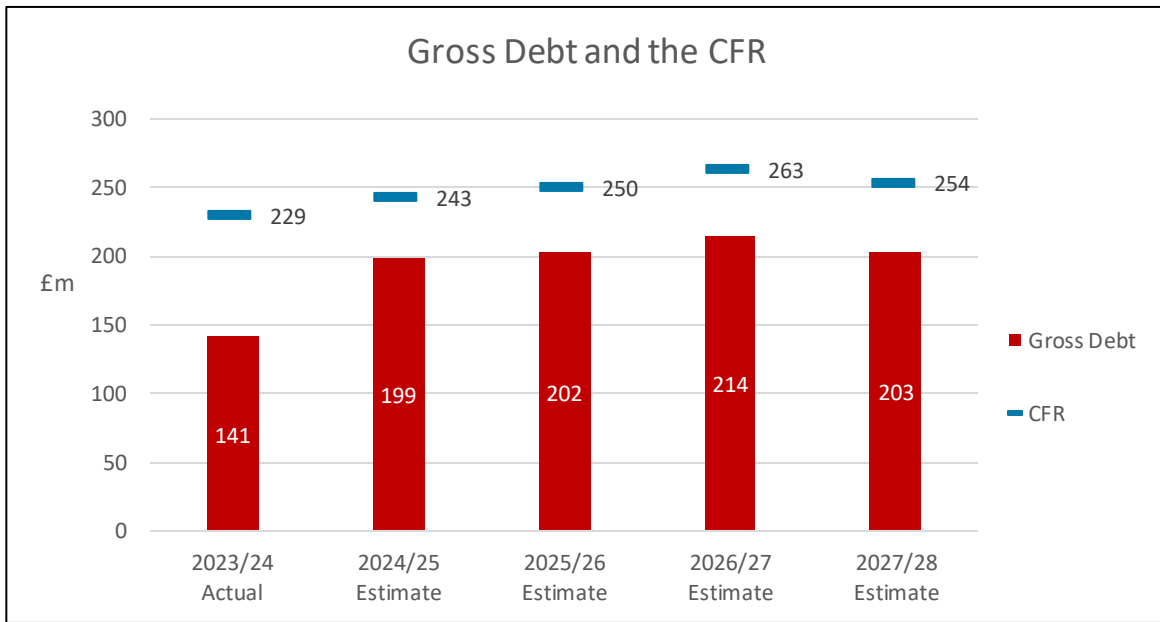
7. Prudential Indicator – Actual External Debt

7.1. The Prudential Code requires that in setting indicators for 2025/26, the Council reports its actual levels of external debt as at 31st March 2024. The Council's actual external debt at 31st March 2024 was:

| | |
|-----------------------------|------------------|
| | 31/03/2024 £m |
| Borrowing | 136.778 |
| Other Long-Term Liabilities | 4.515 |
| TOTAL | 141.293 |

8. Gross Debt and the Capital Financing Requirement (CFR)

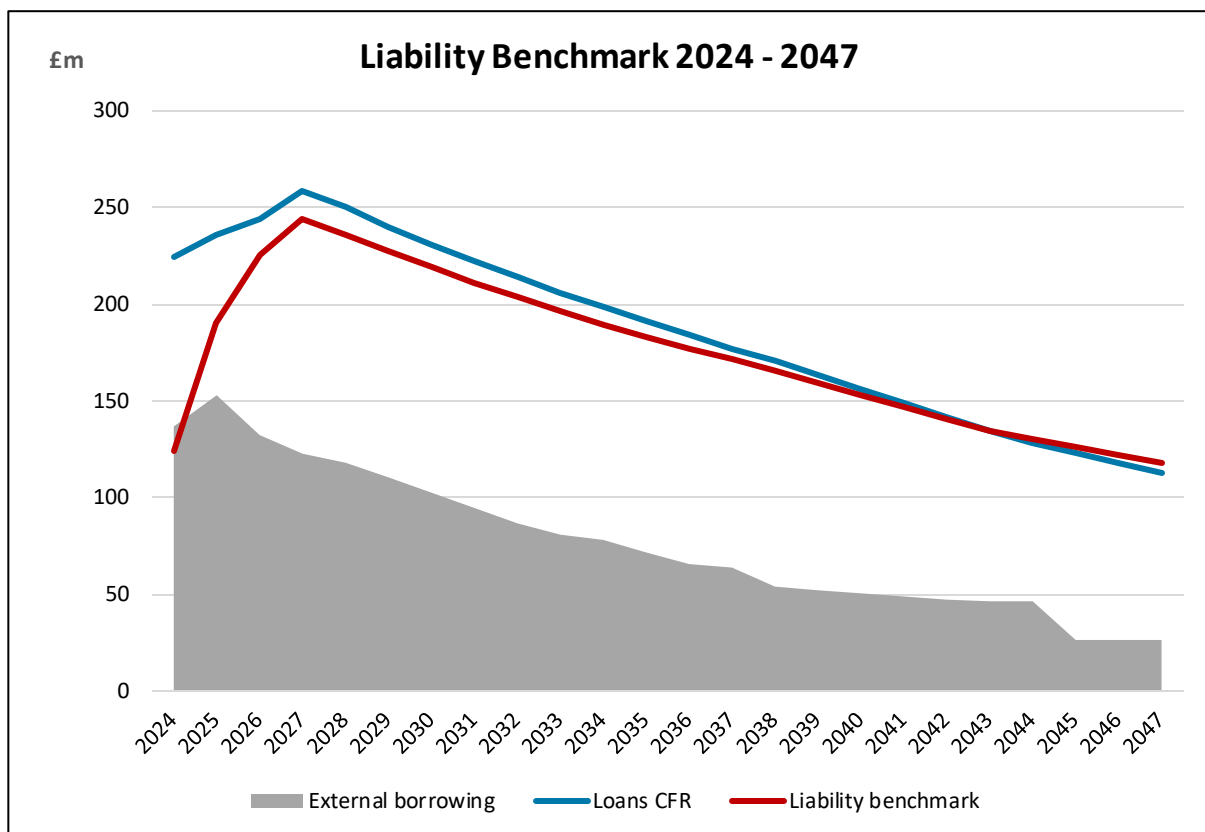
- 8.1. This prudential indicator is used to ensure that the authority does not borrow in advance of need. If the authority borrowed in advance of need, then the net position would be negative – i.e. borrowing greater than the CFR.
- 8.2. The chart below illustrates that the Council is not intending to borrow in advance of need, and that there is a reasonable level of “under borrowing”.



8.3. The Council pursues a strategy of internal borrowing where the cheapest borrowing will be internal borrowing, which involves reducing cash balances and foregoing interest earned at the current historically low rates. This position can be reversed at any time by taking out loans with the PWLB and is undertaken to allow the Council to maintain its liquidity. The estimates of gross debt for 2024/25 and 2025/26 include borrowing undertaken to partially reverse the internal borrowing position. The Council's borrowing strategy is fully outlined in the Treasury Management Strategy 2025/26 which can be found on the agenda for this meeting.

9. Liability Benchmark

9.1. The chart below shows the liability benchmark that has been calculated for 2024 and future years. The following explanations are provided to assist with understanding the chart:



- i. Grey shaded area – represents the Council’s current fixed term loans for 2024 and future years. The amounts shown do not include any new borrowing for schemes included in the capital programme or replacement borrowing for maturing loans, hence the line reduces over time as existing loans are paid off.
- ii. Solid blue line – an estimate of Loans Capital Financing Requirement (the CFR less any other long-term debt liabilities), this being the required level to fund the capital programme.
- iii. Solid red line – a forecast of the year end liability benchmark representing the lowest amount of borrowing that should be undertaken to maintain the Council’s liquidity and minimise credit risk.

9.2. Where the liability benchmark exceeds the amount of fixed term loans then this indicates a borrowing requirement for the local authority. As can be seen above, Sefton has a borrowing requirement from 2025 to 2047. This borrowing requirement arises as historic loans are paid off and the level of forecast reserves and balances diminishes over time.

9.3. It is anticipated that the above borrowing requirement is manageable within the current borrowing strategy. As mentioned in paragraph 8.2 (above), the Council is under-borrowed and may reverse this position at any time by borrowing from the PWLB. Replacement loans from the PWLB may, despite recent rises in borrowing rates, be taken at lower rates than historic loans that were taken out when rates were higher and therefore interest payments on these loans will be lower.

10. Prudential Indicators – Treasury Management

10.1. The Council has adopted the CIPFA Code of Practice for Treasury Management in Public Services. The annual Policy and Strategy Documents establish the following debt maturity profiles, an upper limit for long term investments made by the Council, and an Interest Rate Risk Indicator:

10.2. Debt Maturity Profile

10.2.1. A debt maturity profile is detailed in the following tables i.e., the amount of borrowing that is maturing in each period as a percentage of total projected borrowing:

| Debt Maturity | <u>Upper</u> <u>Limit</u> | <u>Lower</u> <u>Limit</u> |
|--------------------------------|------------------------------|------------------------------|
| Under 12 months | 40% | 0% |
| 12 months and within 24 months | 40% | 0% |
| 24 months and within 5 years | 40% | 0% |
| 5 years and within 10 years | 40% | 0% |
| 10 years and within 15 years | 40% | 0% |
| 15 years and above | 50% | 20% |

10.2.2. The table above shows, for each maturity period, the minimum and maximum amount of debt that the Council can hold as a percentage of its total external debt. For example, when deciding to take out a loan that is due to mature within the next 24 months, the Council must ensure that this does not take the total amount of debt due to be repaid to more than 40% of all Council debt.

10.2.3. It should be noted that the Council's upper limits for debt maturity have increased for periods up to 10 years when compared to previous year's limits in response to rises in interest rates on new borrowing. This is to allow the Council to take a greater proportion of short term loans and avoid being locked into higher rates on fixed rate debt for the long term. Forecasts of the impact of changing interest rates on maturing loans remain within the limits for Interest Rate Risk as set out in paragraph 10.4.2. and this position will be kept under review with advice from the Council's Treasury Management Advisor.

10.3. Long Term Treasury Management Investments

10.3.1. 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.

10.3.2. The limits shown below are the maximum amounts that can be invested beyond the end of the financial year. The authority cannot therefore hold more than £15m due to mature after 31 March 2026, no more than £10m due to mature after 31 March 2027 and £5m after 31 March 2028. A limit is also set for investments with no fixed maturity date such as strategic pooled funds and the property fund.

| Long Term Treasury Management Investments | | | | | |
|--|---------|---------|---------|---------|-------------------|
| | 2024/25 | 2025/26 | 2026/27 | 2027/28 | No Fixed Maturity |
| Upper Limit | £15m | £15m | £10m | £5m | £15m |

10.3.3. This limit will be kept under review to take advantage of any opportunities in the current money market.

10.4. Interest Rate Risk Indicator

10.4.1. This indicator is set to control the Authority's exposure to interest rate risk. A target is set for the one-year impact of a 1% rise and a 1% fall in interest rates on the revenue account. This is measured by examining the parallel shifts in yield curves on borrowing net of treasury investments.

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

| Interest Rate Risk Indicator | Limit |
|--|--------------|
| Upper limit on one-year revenue impact of a 1% rise in interest rates | £1m |
| Upper limit on one-year revenue impact of a 1% fall in interest rates | £1m |

10.4.3. It should be noted that the limit set is not intended to be a hard limit that will constrain new investments, and it would not be unusual for the limit to be exceeded on occasion during the course of normal treasury management activity during the year. Any material deviation from the limits set will be reported as part the quarterly monitoring of prudential indicators.

11. Monitoring Prudential Indicators

11.1. Having established the Prudential Indicators, the Executive Director of Corporate Services and Commercial will monitor them during the year and report on actual performance to the Audit & Governance Committee on a quarterly basis. An outturn report of performance against the Prudential Indicators will be presented to both Cabinet and Council following the financial year end.

Financial Implications

All financial implications arising from this report are contained within the Councils overall revenue budget

Legal Implications

None.

Corporate Risk Implications

Treasury management risks are assessed and managed under the Treasury Management Policy and Strategy and the Treasury Management Practices. The Council will operate within the limits and parameters and in line with the strategy for 2025/26 as set out in this report. Regular reports will be provided to Cabinet and Council and Audit and Governance Committee during the year to monitor against the Council's agreed risk appetite and report on any additional risk implications that may impact upon treasury management activities during 2025/26 should these arise.

Staffing HR Implications

None

Conclusion

The Council has set the Prudential Indicators in accordance with the CIPFA Prudential Code for Capital Finance in Local Authorities and to comply with Government regulations. The Council is acting prudently in that its capital expenditure proposals remain affordable, and that effective control of risks associated with borrowing, investments and cashflows is being implemented in the pursuit of optimum performance consistent with those risks.

Alternative Options Considered and Rejected

None.

| |
|--|
| Equality Implications: There are no equality implications. |
| Impact on Children and Young People: None. |
| Climate Emergency Implications: The recommendations within this report will have a neutral impact. The setting of the Prudential Indicators will have no direct impact on the Council's |

Climate Emergency.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Services and Commercial (FD7936/25) and the Chief Legal and Democratic Officer (LD6036/25) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

The Council's external Treasury Management Advisors: Arlingclose have provided advice with regards to setting the Prudential Indicators for 2025/26.

Implementation Date for the Decision:

Immediately following the Council meeting.

| | |
|-------------------|-----------------------------|
| Contact Officer: | Graham Hussey |
| Telephone Number: | 0151 934 4100 |
| Email Address: | Graham.Hussey@sefton.gov.uk |

Appendices:

Appendix A – Summary of Prudential Indicators

Background Papers:

There are no background papers to this report.

Appendix A – List of Prudential Indicators 2025/26

| Capital Expenditure | | | | | |
|----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2023/24 £m Actual | 2024/25 £m Estimate | 2025/26 £m Estimate | 2026/27 £m Estimate | 2027/28 £m Estimate |
| TOTAL | 40.937 | 81.122 | 133.837 | 52.543 | 17.700 |

| Financing Costs / Net Revenue Stream | | | | | |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023/24 Actual | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate |
| Ratio | 5.3% | 6.1% | 6.5% | 6.7% | 6.9% |

| Net Income from Commercial and Service Investments to Net Revenue Stream | | | | | |
|---|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2023/24 Actual | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate |
| Ratio | 1.2% | 1.1% | 1.1% | 0.9% | 0.9% |

| Capital Financing Requirement | | | | | |
|--------------------------------------|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 31/03/24 £m Actual | 31/03/25 £m Estimate | 31/03/26 £m Estimate | 31/03/27 £m Estimate | 31/03/28 £m Estimate |
| CFR | 229.452 | 242.763 | 249.679 | 263.081 | 253.866 |

| Operational Boundary | | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|--|
| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m | |
| Borrowing | 198 | 203 | 216 | 206 | |
| Other Long-Term Liabilities | 7 | 5 | 5 | 4 | |
| TOTAL | 205 | 208 | 221 | 210 | |

| Authorised Limit | | | | |
|-----------------------------|---------------|---------------|---------------|---------------|
| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m |
| Borrowing | 223 | 228 | 241 | 231 |
| Other Long-Term Liabilities | 7 | 5 | 5 | 4 |
| TOTAL | 230 | 233 | 246 | 235 |

| | |
|-----------------------------|------------------|
| | 31/03/2024 £m |
| Borrowing | 136.778 |
| Other Long-Term Liabilities | 4.515 |
| TOTAL | 141.293 |

| Gross Debt and the CFR | | | | | |
|-------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | 2023/24 £m Actual | 2024/25 £m Estimate | 2025/26 £m Estimate | 2026/27 £m Estimate | 2027/28 £m Estimate |
| CFR | 229.452 | 242.763 | 249.679 | 263.081 | 253.866 |
| Gross Debt | 141.293 | 199.051 | 202.380 | 214.125 | 203.334 |
| Under / (Over) Borrowing | 88.159 | 43.712 | 47.299 | 48.956 | 50.532 |

| Liability Benchmark | 31.03.24 Actual £m | 31.03.25 Forecast £m | 31.03.26 Forecast £m | 31.03.27 Forecast £m | 31.03.28 Forecast £m |
|----------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Loans CFR | 224.8 | 236.1 | 244.1 | 258.4 | 250.0 |
| Less: Balance sheet resources | -111.0 | -55.6 | -28.9 | -24.7 | -23.8 |
| Net loans requirement | 113.8 | 180.5 | 215.2 | 233.7 | 226.2 |
| Plus: Liquidity allowance | 10.0 | 10.0 | 10.0 | 10.0 | 10.0 |
| Liability benchmark | 123.8 | 190.5 | 225.2 | 243.7 | 236.2 |

| Debt Maturity | | |
|--------------------------------|------------------------------|------------------------------|
| | <u>Upper</u> <u>Limit</u> | <u>Lower</u> <u>Limit</u> |
| Under 12 months | 40% | 0% |
| 12 months and within 24 months | 40% | 0% |
| 24 months and within 5 years | 40% | 0% |
| 5 years and within 10 years | 40% | 0% |
| 10 years and within 15 years | 40% | 0% |
| 15 years and above | 50% | 20% |

| Long Term Treasury Management Investments | | | | | |
|--|---------|---------|---------|---------|-------------------|
| | 2024/25 | 2025/26 | 2026/27 | 2027/28 | No Fixed Maturity |
| Upper Limit | £15m | £15m | £10m | £5m | £15m |

| Interest Rate Risk Indicator | Limit |
|--|--------------|
| Upper limit on one-year revenue impact of a 1% rise in interest rates | £1m |
| Upper limit on one-year revenue impact of a 1% fall in interest rates | £1m |