Appendix 1

Treasury Management Strategy Statement

Minimum Revenue Provision Policy Statement and Annual Investment Strategy

St Albans City & District Council
2022/23

1.Introduction

Background

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

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

CIPFA defines treasury management 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."*

Reporting requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this capital strategy is to ensure that all elected Councillors on the council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The capital strategy will be reported as an appendix to the Corporate Plan and Budget report.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
   - the capital plans, (including prudential indicators);
   - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
   - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report –** This is primarily a progress report and will update Councillors on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury report –** This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Audit Committee.

1.3 Treasury Management Strategy for 2022/23

The strategy for 2022/23 covers two main areas:

Capital issues
- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues
- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the Department of Levelling Up, Housing and Communities (DLUHC) Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that councillors with responsibility for treasury management receive adequate training in treasury management. This especially applies to councillors responsible for scrutiny. For this Council, the responsible officer is currently the Deputy Chief Executive (Finance & Legal). However the responsibility will move to the Strategic Director Customer, Business and Corporate Support, including (S151) from 1 April 2022.

The needs of the Council's treasury management staff for training in investment management are assessed every year as part of the staff appraisal process. Training needs are also assessed when the responsibilities of individual members of staff change.

Officers regularly attend training courses, seminars and conferences provided by our treasury management advisers and CIPFA.

1.5 Treasury management consultants

The Council uses Link Group as its external treasury management advisors.

The Council recognises that it is responsible for treasury management decisions and that undue reliance is not placed upon the services of our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed, documented, and subjected to regular review.

2 The Capital Prudential Indicators 2022/23 – 2024/25

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

2.1 Capital Expenditure and Financing

Capital expenditure. The prudential indicator is a summary of the Council's capital expenditure as presented or to be presented to the four service committees in January and February 2022.

Table 1 Capital Expenditure

Capital Expenditure	2020/21 Actual £'M	2021/22 Estimate £'M	2022/23 Estimate £'M	2023/24 Estimate £'M	2024/25 Estimate £'M
General Fund (GF)	**29.6**	**29.3**	**55.4**	**27.2**	**10.7**
Housing Investment Programme (HIP)					
Housing stock enhancements	10.4	10.3	10.7	15.0	15.0
Non-Council Dwellings	5.9	2.3	13.9	17.0	6.0
Total HIP	**16.3**	**12.6**	**24.6**	**32.0**	**21.0**
Total capital expenditure	**45.9**	**41.9**	**80.0**	**59.2**	**31.7**

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

2.2 Capital Prudential Indicators 2022/23- 2024/25

Table 2 Capital Financing

Financing Total	2020/21 Actual £'M	2021/22 Estimate £'M	2022/23 Estimate £'M	2023/24 Estimate £'M	2024/25 Estimate £'M
Total Spend	**45.9**	**41.9**	**80.0**	**59.2**	**31.7**
Financed by:					
Capital Receipts	5.5	1.5	6.5	15.8	31.3
Capital Grants and contributior	2.5	3.9	4.9	4.5	3.1
Revenue/revenue reserves	9.7	8.3	8.4	8.4	8.7
Total Financed	**17.7**	**13.7**	**19.8**	**28.7**	**43.1**
Net funding need for the year	**28.2**	**28.2**	**60.2**	**30.5**	**(11.4)**

Capital Financing – General Fund

Financing GF	2020/21 Actual £'M	2021/22 Estimate £'M	2022/23 Estimate £'M	2023/24 Estimate £'M	2024/25 Estimate £'M
GF spend	**29.6**	**29.3**	**55.4**	**27.2**	**10.7**
Financed by:					
Capital Receipts	2.9	-	2.9	12.8	28.3
Capital Grants and contributior	0.2	3.3	0.9	0.6	0.6
Revenue/revenue reserves	-	-	-	-	-
GF financed	**3.1**	**3.3**	**3.8**	**13.4**	**28.9**
GF funding need for the year	**26.5**	**26.0**	**51.6**	**13.8**	**(18.2)**

Capital Financing – Housing Improvement Programme

Financing HIP	2020/21 Actual £'M	2021/22 Estimate £'M	2022/23 Estimate £'M	2023/24 Estimate £'M	2024/25 Estimate £'M
HIP spend	**16.3**	**12.6**	**24.6**	**32.0**	**21.0**
Financed by:					
Capital Receipts	2.6	1.5	3.6	3.0	3.0
Capital Grants and contributior	2.3	0.6	4.0	3.9	2.5
Revenue/revenue reserves	9.7	8.3	8.4	8.4	8.7
HIP financed	**14.6**	**10.4**	**16.0**	**15.3**	**14.2**
HIP funding need for the year	**1.7**	**2.2**	**8.6**	**16.7**	**6.8**

The General Fund (GF) capital programme is not fully funded by grants, receipts, revenue or other third-party contributions and will require prudential borrowing. This may be from internal cash balances in the first place and external borrowing when cash balances become insufficient. The "funding need" increases each year will require an increase in charges to the GF by way of Minimum Revenue Provision (MRP) as shown in the second table in 2.3 below, though other aspects of some projects (e.g. income from facilities) can mitigate the overall impact of this.

Any shortfall in capital receipts and other funding will increase the funding need and the charge to the General Fund.

The Housing capital programme (HIP) is not fully funded and therefore borrowing is required. There is an increase in the affordable housing budget for new social rented housing and investment in the current housing stock to maintain Decent Homes Standard.

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

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

The CFR does not increase indefinitely, as the minimum revenue provision (MRP*) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

*MRP/VRP: Minimum or Voluntary Revenue Provision as defined in 2.4 below

Table 3 Capital Financing requirement

Capital Financing Requirement (CFR) TOTAL	2020/21 Actual £'M	2021/22 Estimate £'M	2022/23 Estimate £'M	2023/24 Estimate £'M	2024/25 Estimate £'M
Brought Forward	**222.8**	**240.2**	**256.7**	**309.4**	**327.8**
Funding need for the year	28.2	28.2	60.2	30.5	(11.4)
MRP/VRP	(10.8)	(11.7)	(7.5)	(12.1)	(12.9)
Movement in CFR	**17.4**	**16.5**	**52.7**	**18.4**	**(24.3)**
Closing CFR balance	**240.2**	**256.7**	**309.4**	**327.8**	**303.5**

Capital Financing Requirement (CFR) GF	2020/21 Actual £'M	2021/22 Estimate £'M	2022/23 Estimate £'M	2023/24 Estimate £'M	2024/25 Estimate £'M
Brought Forward	**66.1**	**90.8**	**115.1**	**164.2**	**173.9**
Funding need for the year	26.5	26.0	51.6	13.8	(18.2)
MRP/VRP	(1.8)	(1.7)	(2.5)	(4.1)	(4.9)
Movement in CFR	**24.7**	**24.3**	**49.1**	**9.7**	**(23.1)**
Closing CFR balance GF	**90.8**	**115.1**	**164.2**	**173.9**	**150.8**

Capital Financing Requirement (CFR) HRA	2020/21 Actual £'M	2021/22 Estimate £'M	2022/23 Estimate £'M	2023/24 Estimate £'M	2024/25 Estimate £'M
Brought Forward	**156.7**	**149.4**	**141.6**	**145.2**	**153.9**
Funding need for the year	1.7	2.2	8.6	16.7	6.8
VRP for debt repayment	(9.0)	(10.0)	(5.0)	(8.0)	(8.0)
Movement in CFR	**(7.3)**	**(7.8)**	**3.6**	**8.7**	(1.2)
Closing CFR balance HRA	**149.4**	**141.6**	**145.2**	**153.9**	**152.7**

For the General Fund the CFR balance is forecast to increase through to 2023/24 due to major projects being partially funded by borrowing and partially funded from capital receipts generated by their sale after completion. Shorter term borrowing will be required to bridge the time between incurring the project costs and the dates the receipts are expected. In addition, any shortfall in funds raised would result in an increase in CFR and an increase in MRP charge to the GF. Prudential borrowing will be required, and as internal cash balances are used up, external borrowing will be necessary. The impact of the increase in interest charges has been taken into account in the cash flow in section 3.1 below. MRP is discussed further in 2.4 below.

The project plans developed by Commercial and Development department show that longer term capital receipts and/or revenue income are expected to make the larger projects net cash flow positive over the life of the asset.

HRA: the HRA CFR is also forecast to increase through to 2023/24 although at a much smaller rate of increase. To ensure the HRA remains in surplus, there is a requirement to refinance some of the self-financing debt to later years in the business plan. Provision is made in the HRA revenue account for the interest cost on the reprofiled and new debt.

2.4 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

The Council's policy is that for all unsupported borrowing, MRP will be calculated using the Asset Life Method – i.e. the MRP will be based on the estimated life of the assets. This provides for a reduction in the borrowing over approximately the assets expected useful life.

Within the asset life method there is the option of providing MRP on a straight-line basis or an annuity basis. For income producing assets where income is expected to increase over time, the asset value is high and the asset life is long, it is appropriate to use the annuity method. This takes into account the time value of money in that the annual MRP provision increases each year in line with an estimated interest rate. Council agreed the annuity method would be used for both Westminster Lodge and Lockey House.

Under the Housing Self Financing reform, the HRA is required to charge depreciation on its assets, which has a revenue effect. The provision for depreciation provides cash for housing capital works.

There is no requirement to provide MRP in the HRA. Nevertheless, a voluntary provision has been incorporated into the 30-year business plan to enable repayment of debt.

To ensure that the HRA general reserve does not fall into deficit in 2022/23 refinancing of self-financing loans will be necessary. The reason why refinancing of loans is now required is primarily a result of reduced income due to changes in Government rent policy and 2 years when rent increases agreed by the Council were lower than those recommended by Cabinet in 2012/13 and 2013/14.

MRP Overpayments - A change introduced by the revised DLUHC MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision or overpayments, can, if needed, 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. Up until the 31.3.21 the total VRP overpayments were £0.8m.

2.5 Affordability Prudential Indicators

The previous sections show capital expenditure and borrowing prudential indicators. However, within this framework we also need prudential indicators to assess the affordability of the capital investment plans i.e. the impact on revenue. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

2.5.1 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income). This is set against the Council's net revenue stream for the General Fund (taxation and non-specific grant income) and the HRA.

Table 4 Ratio of Financing costs to net revenue stream

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
General Fund	6.9%	11.3%	18.6%	27.9%	33.7%
HRA	89.7%	75.0%	57.6%	63.4%	60.7%

The estimates of financing costs include current commitments and the proposals in this report but do not take account of any positive budget variations as a result of undertaking these projects, for example, income from facilities, reduced running costs or reduced contract costs.

For the GF, the ratio increases significantly over the period under review. Commercial and Development department forecast that for the larger schemes increased charges will be met by an equivalent saving in costs or increased income over the life of the capital projects (these savings/income are not within the scope of the statistic above). The projects would then be cost neutral to the GF.

In 2019 the Audit Committee requested an additional ratio for the General Fund which is the ratio of GF debt financing costs to GF total income (total income includes: council tax, retained business rates, non-specific grant income and fees and charges).

The ratio of GF debt financing costs to GF total income is as follows:

	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
General Fund Ratio	5.5%	5.5%	8.7%	12.3%	14.6%

The HRA 30-year plan, presented in the budget to the Housing and Inclusion Committee in January 2022, includes partial refinancing of the self-financing loan that will become due for repayment in 2022/23. See penultimate paragraph in section 2.4 above for the explanation. The cost of financing the debt is included in the HRA forward projections.

2.5.2 HRA ratios

The first table below highlights how the debt revenue ratio decreases as debt is repaid.

The next table shows how the debt per property is expected to remain similar over the next 5 years.

Table 6 and 7 HRA Debt to Revenues and Debt per property

HRA	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
HRA debt	£154.6M	£146.8M	£150.4M	£159.1M	£157.9M
HRA revenues	£28.6M	£30.5M	£31.3M	£33.0M	£34.9M
Ratio debt to revenues	**540.0%**	**482.1%**	**480.3%**	**481.6%**	**452.4%**

HRA	2020/21 Actual	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
HRA debt	£154.6M	£146.8M	£150.4M	£159.1M	£157.9M
Number of HRA dwellings	4,958	4,944	4,954	5,008	5,001
Debt per dwelling	**£31,187**	**£29,702**	**£30,365**	**£31,765**	**£31,566**

2.5.3 **Sensitivity re Capital Projects**

In relation to capital projects which generate an income from rent or sales the Council is exposed to risk of the following kinds

- Cost overruns
- Delay in receiving income due to sales or rentals being slower than expected

- Lower income in absolute terms if sale or rent values are not as expected
- Higher (or lower) interest rates than expected

To give an idea of the scale of these, some figures are set out below in terms of the impact in the next two years:

- Cost overruns – 1% of additional spend would increase the cost to capital programme by £0.3m-0.6m
- Delay in receiving income due to sales or rentals being slower than expected – if receipts/rent income were 6 months slower than expected this would cost a one off £0.02m-£0.08m in interest in terms of sales receipts and £0.375m - £1.09m in terms of rent
- Lower income in absolute terms if sale or rent values are not as expected – if income was 10% lower than expected that would cost £0.29m to £1.3m pa in terms of sale receipts and £75k pa in terms of rent (the latter in 22/23)
- Higher (or lower) interest rates than expected – the Council can borrow at fixed rates, so the exposure is on debt not yet borrowed. In 2022/23 a 1% change in rates has an impact of £0.7m per annum

This would impact on total debt and ratio of debt financing costs statistics. The points above are not all likely to happen at once.

3 Borrowing

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

3.1 External Borrowing Requirements

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

The Council's treasury portfolio position at 31 March 2021, with forward projections are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

The critical assumptions include: balanced GF and HRA budgets, increase in MRP and interest payments due to capital spend is matched by revenue savings, no slippage in capital programmes and funding assumptions and no change in working capital requirements.

Table 8 External Borrowing Requirement

External Debt £m	2020/21 Actual £'m	2021/22 Estimate £'m	2022/23 Estimate £'m	2023/24 Estimate £'m	2024/25 Estimate £'m
Debt at 1 April	197	207	225	280	295
Expected change in Debt:					
Debt repayment	-9	-10	-13	-20	-29
Increase in external borrowings	19	28	68	35	0
Actual/Estimated gross debt at 31 March	207	225	280	295	266
The Capital Financing Requirement 31 March	**240**	**257**	**309**	**328**	**304**
Under / (over) borrowing	**33**	**32**	**29**	**33**	**38**

3.2 Limits to borrowing activity

The operational boundary.

This focuses on the day-to-day treasury management activity. Total external borrowing is not normally expected to exceed this limit.

We need to ensure that we can borrow to meet the capital plans proposed in the budget and leave some headroom. The table below shows existing (2021/22) and proposed limits. For 2022/23 onwards the operational limit has been calculated using the CFR plus 20% to allow for delays in other funding streams such as capital receipts.

Table 9 Operational Borrowing Limit

Operational Boundary for External Debt	2021/22 £'M	2022/23 £'M	2023/24 £'M	2024/25 £'M
General Fund	177	198	209	181
HRA	175	175	185	184
Other Long Term Liabilities (Note 1)	6	6	6	6
Total	**358**	**379**	**400**	**371**

Note 1 Includes SADC potential loan exposure for West Herts Crematorium from 2021/22

The authorised limit for external debt.

This key prudential indicator represents a control on the maximum level of borrowing and represents a legal limit beyond which external debt is prohibited. This limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It gives some headroom for unforeseen requirements or delays in capital receipts.

Table 10 Authorised Borrowing Limit

Authorised Limit for External Debt	2021/22 £'M	2022/23 £'M	2023/24 £'M	2024/25 £'M
General Fund	182	203	214	186
HRA	180	180	190	189
Other Long Term Liabilities (note 1)	6	6	6	6
Total	**368**	**389**	**410**	**381**

Note 1 Includes SADC potential loan exposure for West Herts Crematorium from 2021/22

3.3 Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 7th February 2022. These are forecasts for certainty rates, gilt yields plus 80 basis points (bps):

Table 11 Links Group's view on interest rates & PWLB borrowing rates

Link Group Interest Rate View 7.2.22	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	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month av. earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month av. earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month av. earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut the Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16th December 2021 and then to 0.50% at its meeting of 4th February 2022.

As shown in the forecast table above, the forecast for Bank Rate now includes a further three increases of 0.25% in March, May and November 2022 to end at 1.25%. The sensitivity of interest rates is a key area to note.

Investment and borrowing rates

- **Investment returns** have started improving in the second half of 21/22 and are expected to improve further during 22/23 as the MPC progressively increases the Bank Rate.

- **Borrowing interest rates** fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England and still remain at historically low levels. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years.

- On 25.11.20, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates which had been increased by 100 bps in October 2019. The standard and certainty margins were reduced by 100 bps but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which has purchase of assets for yield in its three-year capital programme. The current margins over gilt yields 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)
    - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)
    - **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
    - **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

- **Borrowing for capital expenditure.** The long-term (beyond 10 years) forecast for Bank Rate is 2.00%. As nearly all PWLB certainty rates are now above this level, borrowing strategy will need to be reviewed, especially as the maturity curve has flattened out considerably. Better value can be obtained at the very short and at the longer end of the curve and longer-term rates are still at historically low levels. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive as part of a balanced debt portfolio.

3.4 Treasury Management Indicators within the Treasury Management Code

The purpose of these indicators is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set too restrictively, they will impair the opportunities to reduce cost / improve performance. The indicators are:

Maturity Structure of Borrowing

This indicator is set to control the Council's exposure to risk from having to pay back significant amounts of debt all at the same time. It is proposed to increase the upper limit on borrowing between 1 and 5 years to 55%. This will enable to the Council to match new loans with the forecast delivery of capital receipts for Commercial and development projects. The HRA self-financing debt profile has also changed over the past few years and a larger proportion of the debt is now in the shorter-term maturity categories.

Table 12 Maturity Structure of Borrowing

	Current Upper Limit %	Proposed Upper Limit %	Lower Limit (no proposed change) %	Estimated as at 1st April 2022 %
Under 12 months	10.0	10.0	-	6.3%
12 months and within 5 years	40.0	55.0	-	39.7%
5 years and within 10 years	60.0	60.0	-	34.8%
10 years and within 20 years	80.0	80.0	-	5.6%
Over 20 years	80.0	80.0	-	13.6%

The debt profile as at 1st April 2022 is based on the current known debt profile and an expectation of borrowing externally between January to March 2022.

3.5 Borrowing strategy and Control of Interest Rate Exposure

The Council is currently maintaining an under-borrowed position, i.e. it is running down its investment balances rather than borrow. This strategy recognises that investment returns are low and counterparty risk is relatively high.

The Deputy Chief Executive (Finance & Legal) will adopt a borrowing strategy which will have a range of loans with varying terms from longer term (40-50 years), medium term (20-40 years) and shorter term loans (3-19 years) and very short loan (less than 3 years). Longer term borrowing will be considered for assets with estimated asset lives of 40-50 years and medium term loans for assets with lives between 10-40 years. Shorter term borrowing will be required, generally, for asset of lower estimated asset lives and for borrowing pending the generation of capital receipts expected from some investments.

An example of the approach is shown at Appendix 6 (General Fund only).

The Council may also borrow for short periods of time (normally for up to two weeks) to cover unexpected cash flow shortages.

Sources of Borrowing

The approved sources of long term borrowing will be:

- Public Works Loans Board
- Any Institution approved for investment
- Any Bank or Building Society approved by the Bank of England Prudential Regulation Authority.

3.6 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. However, the Council may borrow in advance of need for short periods where a review of capital spending profile and views on future interest rates makes it economically attractive.

3.7 Policy on charging interest to the Housing Revenue Account

The Council is free to adopt its own policy on sharing interest costs and income between the General Fund and Housing Revenue Account (HRA). This follows the reform of housing finance. The CIPFA Code recommends that authorities state their policy on this matter each year in their treasury management strategy.

On 1 April 2012, the Council assigned the long term HSF loan to the HRA pool. New long-term loans borrowed will be assigned in their entirety to either the General Fund or the HRA pool. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be allocated in line with each specific loan.

An HRA cash flow balance is calculated each month and interest on this balance transferred between the General Fund and HRA. This is at the monthly net average rate earned by the Council on its portfolios of treasury investments and any short-term borrowing.

4 Annual Investment Strategy

4.1 Investment policy – management of risk

The DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, are covered in the Capital Strategy which is an appendix to the Corporate Plan and Budget report.

The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, liquidity second and then yield, (return).
The Council expects institutions it deposits funds with, through its treasury management function, to comply with internationally accepted norms. These include norms for the environment, human rights, working conditions, corruption and controversial weapons. The Council will seek to avoid placing funds with institutions that do not have a similar responsible investment policy.

Investment Strategy: To minimise the risk to investments, the Council has stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list (see Appendix 1). Other information sources used will include the financial press, share price and other such banking sector information. The objective is to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investments will be made with reference to cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
For cash flow generated balances, the Council will seek to use its business reserve accounts, 15 and 30 day notice accounts, and short-dated deposits (overnight to three months). In this way the Council will benefit from the compounding of interest.

The Deputy Chief Executive (Finance & Legal) will maintain a counterparty list in compliance with the following criteria. He will revise the criteria and submit them to Council for approval as necessary. Note the responsibility will move to the Strategic Director Customer, Business, and Corporate Support including (S151) from 1 April 2022.

4.2 Creditworthiness policy

4.2.1 Credit Ratings

This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- Credit Default Spreads (CDS) spreads that may give early warning of changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands*:*

- Yellow 5 years
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

The Council will therefore use counterparties within the durational bands shown in above and at the end of Appendix 1.

4.2.2 Country Limits
Treasury policy is that 20% of funds invested, measured at the time the investment is made, can be invested in non-UK banks. The country in which the bank operates must be a member of the Organisation for Economic Co-operation and Development (OECD) and from countries with AAA rating. A list of current members is at Appendix 2. The credit worthiness rating for institutions are the same as 3.9.1 above.

4.2.3 List of Counterparties
The application of credit ratings, credit periods and country limits lead to an amended list of counterparties each with 3 credit assessments with associated maximum investment durations.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services creditworthiness service.
If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria;
• no new investments will be made;
• any existing investments that can be recalled or sold at no cost will be; and
• full consideration will be given to recall or sale of all other existing investments with the affected counterparty.

An example list of counterparties is shown at Annex 1. Link Asset Services update the list on a weekly basis.

4.2.4 Counterparty Limits

Counterparty limits for value and period by type of counterparty are proposed by officers, in consultation with the Vice Chair of Resources. The objective is to have a mix of investments, limiting exposure to any one counterparty and limiting exposure to long term deposits.

Officers propose no change to the counterparty limits, which are shown at Annex 4.

4.2.5 Non-specified investments

The Council is required to state whether it is intending to use any of what the Government calls “Non-specified investments” (See Annex 3). The Council’s policy is that the only situation where we will use these is in the case of long-term investments, (i.e. those that would meet the definition of a specific investment, but for the fact that they are due to mature 12 months or longer from the date of arrangement).

The limit for these Non-Specified investments remains at £5m.

4.2.6 Local Authority Trading Company

The Council established a wholly owned company in March 2020 (the St Albans City and District Estates Limited). The Council agrees to allow lending to the company and the loan will be no more than £100,000 to use as working capital. Thereafter further loans will be approved by Policy Committee following consideration of business cases.

4.2.7 Principal sums invested for periods longer than 365 days

The limit for local authorities (£5m) has been removed so any loans to local authorities would be a part of the actual position measured against this indicator.

Limit on principal invested beyond 365	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Other	1.0	1.0	1.0	1.0

Annexes

1. Link Asset Services listing of Qualifying Counterparties (as at 05/01/2022)
2. List of OECD members
3. Treasury Management Criteria Summary
4. Counterparty Investment Limits
5. Four Clauses adopted from CIPFA‘s Treasury Management Code of Practice
6. Example of borrowing approach

Annex 1 Link Asset Services listing of Qualifying Counterparties (as at 05/01/2022)

Showing suggested maximum duration of investment.

List of Suggested Counterparties for Lending for St Albans City & District Council.

Any values highlighted in yellow have undergone a change in the past 14 days.

Counterparty		Fitch Ratings			Moodys Ratings			S&P Ratings										
			Long Term	Short Term		Long Term	Short Term		Long Term	Short Term	Suggested Duration	(Watch/ Outlook Adjusted)	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes
United Kingdom		SB	AA-		SB	Aa3		SB	AA				6.68					
AAA rated and Government backed securities	Collateralised LA Deposit*										Y - 60 mths	Y - 60 mths			Y - 60 mths			(M)
	Debt Management Office										Y - 60 mths	Y - 60 mths			Y - 60 mths			(M)
	Multilateral Development Banks										Y - 60 mths	Y - 60 mths			Y - 60 mths			(M)
	Supranationals										Y - 60 mths	Y - 60 mths			Y - 60 mths			(M)
	UK Gilts										Y - 60 mths	Y - 60 mths			Y - 60 mths			(M)
Banks	Al Rayan Bank Plc				SB	A1	P-1				R - 6 mths	R - 6 mths			R - 6 mths			
	Bank of Scotland PLC (RFB)	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	R - 6 mths	R - 6 mths	49.74	●	R - 6 mths			
	Barclays Bank PLC (NRFB)	SB	A+	F1	SB	A1	P-1	PO	A	A-1	R - 6 mths	R - 6 mths	53.43	●	R - 6 mths			
	Barclays Bank UK PLC (RFB)	SB	A+	F1	SB	A1	P-1	PO	A	A-1	R - 6 mths	R - 6 mths			R - 6 mths			
	Close Brothers Ltd	SB	A-	F2	NO	Aa3	P-1				R - 6 mths	R - 6 mths			R - 6 mths			
	Clydesdale Bank PLC	SB	A-	F2	SB	Baa1	P-2	SB	A-	A-2	G - 100 days	G - 100 days			G - 100 days			
	Co-operative Bank PLC (The)	SB	B+	B	PO	Ba3	NP				N/C - 0 mths	N/C - 0 mths			N/C - 0 mths			
	Goldman Sachs International Bank	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	R - 6 mths	R - 6 mths	61.29	●	R - 6 mths			
	Handelsbanken Plc	SB	AA	F1+				SB	AA-	A-1+	O - 12 mths	O - 12 mths			O - 12 mths			
	HSBC Bank PLC (NRFB)	NO	AA-	F1+	SB	A1	P-1	SB	A+	A-1	O - 12 mths	O - 12 mths	35.00	●	O - 12 mths			
	HSBC UK Bank Plc (RFB)	NO	AA-	F1+	SB	A1	P-1	SB	A+	A-1	O - 12 mths	O - 12 mths			O - 12 mths			
	Lloyds Bank Corporate Markets Plc (NRFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	R - 6 mths	R - 6 mths			R - 6 mths			
	Lloyds Bank Plc (RFB)	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	R - 6 mths	R - 6 mths	34.50	●	R - 6 mths			
	National Bank Of Kuwait (International) PLC	NO	AA-	F1+				NO	A	A-1	O - 12 mths	O - 12 mths			O - 12 mths			
	NatWest Markets Plc (NRFB)	SB	A+	F1	PO	A2	P-1	SB	A-	A-2	R - 6 mths	R - 6 mths	49.44	●	R - 6 mths			
	Santander Financial Services plc (NRFB)	SB	A+	F1	SB	A1	P-1	SB	A-	A-2	R - 6 mths	R - 6 mths			R - 6 mths			
	Santander UK PLC	SB	A+	F1	SB	A1	P-1	SB	A	A-1	R - 6 mths	R - 6 mths			R - 6 mths			
	SMBC Bank International Plc	NO	A	F1	SB	A1	P-1	SB	A	A-1	R - 6 mths	R - 6 mths	30.12	●	R - 6 mths			
	Standard Chartered Bank	NO	A+	F1	SB	A1	P-1	SB	A+	A-1	R - 6 mths	R - 6 mths	34.99	●	R - 6 mths			
Building Society	Coventry Building Society	SB	A-	F1	SB	A2	P-1				R - 6 mths	R - 6 mths			R - 6 mths			
	Leeds Building Society	SB	A-	F1	SB	A3	P-2				G - 100 days	G - 100 days			G - 100 days			
	Nationwide Building Society	SB	A	F1	SB	A1	P-1	SB	A+	A-1	R - 6 mths	R - 6 mths			R - 6 mths			
	Nottingham Building Society				SB	Baa3	P-3				N/C - 0 mths	N/C - 0 mths			N/C - 0 mths			
	Principality Building Society	SB	BBB+	F2	SB	Baa2	P-2				N/C - 0 mths	N/C - 0 mths			N/C - 0 mths			
	Skipton Building Society	SB	A-	F1	SB	A2	P-1				R - 6 mths	R - 6 mths			R - 6 mths			
	West Bromwich Building Society				SB	Ba3	NP				N/C - 0 mths	N/C - 0 mths			N/C - 0 mths			
	Yorkshire Building Society	SB	A-	F1	SB	A3	P-2				G - 100 days	G - 100 days			G - 100 days			
Nationalised and Part Nationalised Banks	National Westminster Bank PLC (RFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	B - 12 mths	B - 12 mths			B - 12 mths			(M)
	The Royal Bank of Scotland Plc (RFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	B - 12 mths	B - 12 mths			B - 12 mths			(M)

Key

Watches and Outlooks

SB	Stable Outlook
NO	Negative Outlook
NW	Negative Watch
PO	Positive Outlook
PW	Positive Watch
EO	Evolving Outlook
EW	Evolving Watch
WD	Rating Withdrawn

CDS

Indicator	Status
● (green)	In Range
● (orange)	Monitoring
● (red)	Out of Range

Duration	Colour	Name
0 Months	Yellow	Y - 60 mths
0 Months	Purple	P - 24 mths
0 Months	Blue	B - 12 mths
0 Months	Orange	O - 12 mths
0 Months	Red	R - 6 mths
0 Days	Green	G - 100 days
0 Days		N/C - 0 mths

Please note that the Link Group suggested methodology applies a minimum non-UK sovereign criteria of "AA-". In instances where individual client criteria allows for the potential use of entities from lower rated sovereigns, suggested duration columns in these lists may show a "colour", but this will purely be based on the ratings / CDS of the individual entity. It will not take account of the sovereign rating, which alone may provide a reason for it not being included within the Link Treasury Services Limited suggested list of counterparties. Please also note that CDS values are as at the close of business from the previous day.

Annex 2

List of OECD Members

Country	Date of ratification
AUSTRALIA	7 June 1971
AUSTRIA	29 September 1961
BELGIUM	13 September 1961
CANADA	10 April 1961
CHILE	7 May 2010
COLOMBIA	28 April 2020
COSTA RICA	25 May 2021
CZECH REPUBLIC	21 December 1995
DENMARK	30 May 1961
ESTONIA	9 December 2010
FINLAND	28 January 1969
FRANCE	7 August 1961
GERMANY	27 September 1961
GREECE	27 September 1961
HUNGARY	7 May 1996
ICELAND	5 June 1961
IRELAND	17 August 1961
ISRAEL	7 September 2010
ITALY	29 March 1962
JAPAN	28 April 1964
KOREA	12 December 1996
LATVIA	1 July 2016
LITHUANIA	5 July 2018
LUXEMBOURG	7 December 1961
MEXICO	18 May 1994
NETHERLANDS	13 November 1961
NEW ZEALAND	29 May 1973
NORWAY	4 July 1961
POLAND	22 November 1996
PORTUGAL	4 August 1961
SLOVAK REPUBLIC	14 December 2000
SLOVENIA	21 July 2010
SPAIN	3 August 1961
SWEDEN	28 September 1961
SWITZERLAND	28 September 1961
TURKEY	2 August 1961
UNITED KINGDOM	2 May 1961
UNITED STATES	12 April 1961

Annex 3

Treasury Management Criteria Summary

SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with maturities up to a maximum of 1 year or the suggested duration as calculated by Link Group.

NON-SPECIFIED INVESTMENTS: These are any investments which do not meet the specified investment criteria. For this Council these are qualifying investments with maturities exceeding one year. A maximum of £5m will be held in aggregate in non-specified investments.

Country Limits

UK: 100%

Non-UK: 20% (measured as at time of investment) and OECD membership countries and restricted to countries rated AAA with all three rating agencies.

Qualifying Counterparties

Counterparties appearing on the Link Asset Services list of qualifying counterparties from time to time, together with UK local authorities or supranationals.

Time and monetary limits applying to investments

The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both Specified and Non-Specified Investments):

Annex 4

Counterparty Investment Limits

	Limit	Max. maturity period
Cash deposits with DMO at the Bank of England	No limit	Liquid
Cash or Term deposits with Local authorities	£5m £1m	Up to 1 year Up to 3 years
Cash or Term deposits with UK Nationalised and Part Nationalised Banks	£5m £5m £1m	On call Up to 1 year Up to 3 years
Cash or Term deposits with banks and building societies (per Link Asset Services list as updated from time to time)	£5m £5m £5m £1m	On call Up to 3 months Over 3 months up to 1 year Over 1 year up to 3 years

The local authority limit applies to the entire Local Authority sector.

A group of banks under the same ownership will be treated as a single organisation for limit purposes.

Example of investment list using the list in Annex 1 and the criteria in Annex 3

SUMMARY OF INVESTMENTS - 11th February 2022						
BORROWER	LIMIT	START DATE	END DATE	INT RATE	INV VALUE	*Investments Previous*
	£					*£*
Deposits with DMO (0 - 60mths)	Unlimited					
		19/01/2022	21/02/2022	0.120%	6,000,000	
		25/01/2022	15/02/2022	0.100%	4,000,000	
		28/01/2022	11/02/2022	0.140%	0	2,300,000
		02/02/2022	16/02/2022	0.170%	3,500,000	
		11/02/2022	22/02/2022	0.295%	2,500,000	
DMO Total					**16,000,000**	**2,300,000**
Deposits with Other Local Authorities (up to 1 year)	5,000,000					
					0	0
Deposits with UK nationalised & part nationalised (up to 12mths)	5,000,000					
Royal Bank of Scotland (0 - 12mths)					0	0
UK nationalised & part nationalised banks Total					**0**	**0**
UK Banks and Building Societies	5,000,000					
Lloyds Banking Group (0 - 6mths)					0	0
					0	0
Lloyds Total					**0**	**0**
Barclays Bank PLC *(0 - 6mths)*					0	0
Barclays Total					**0**	**0**
Nationwide B S *(0 - 6mths)*					0	0
					0	0
Nationwide Total					**0**	**0**
Coventry B S *(0 - 6mths)*						
		04/02/2022	08/02/2022	0.310%	0	5,000,000
		08/02/2022	18/02/2022	0.310%	5,000,000	
Coventry Total						
HSBC Bank PLC *(0 - 12mths)*		various	CALL	0.000%	4,148,706	3,889,179
Santander UK plc *(0 - 6mths)*		95 day notice			0	0
Handelsbanken *(0 - 12mths)*		various	CALL	0.200%	5,000,000	5,000,000
UK Banks & Building Societies Total					14,148,706	13,889,179
Non UK, Non Eurozone Banks (No more than 20%, measured at the time of investment)	5,000,000					
Non UK, Non Eurozone Total					**0**	**0**
Overall Total			**TOTAL**		**30,148,706**	**16,189,179**

Annex 5

Four Clauses adopted from CIPFA's Treasury Management Code of Practice

The Council has adopted the key principles of CIPFA's 2017 Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance (the Code), as described in Section 5 of that Code.

1. This Council will create and maintain, as the cornerstones for effective treasury management: a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

   The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of this organisation. Such amendments will not result in the organisation materially deviating from the Code's key principles.

2. The Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs.

3. The Council delegates responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Audit Committee, and for the execution and administration of treasury management decisions to the Deputy Chief Executive (Finance and Legal) , who will act in accordance with the organisation's policy statement and TMPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

4. This organisation nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Annex 6

Borrowing Approach – General Fund

Appendix 6

General Fund Borrowing requirement

	£'m 2021/22	£'m 2022/23	£'m 2023/24	£'m 2024/25	£'m 2025/26	£'m 2026/27	£'m 2027/28	£'m 2028/29	£'m 2029/30
Brought forward capital financing requirement:	90.8	112.7	162.7	172.5	149.5	134.3	118.0	114.1	110.4
New borrowing									
Schemes									
CCOS North	0.0	10.2	10.2	10.2	10.2				
CCOS South (inc Hert House)	17.4	21.0							
Harpenden Public Halls	0.1	6.0	6.0						
Harpenden Leisure and Cultural Centre (incl Amenbury Lane cp)	1.4								
Ridgeview	2.0	0.6							
Leyland Avenue	1.1	0.7							
Noke Shot	1.9	1.0							
64 London Road	0.8	0.0							
Lockey House	0.4	0.4							
Marlborough	0.2	1.4							
River Ver project		0.7	1.5						
Market Depot	0.0	3.3	3.3						
Fleetville Community Centre	0.2	2.3	2.3						
Other schemes	0.3	7.8	3.4	0.0	0.0				
Total new borrowing	25.8	55.4	26.7	10.2	10.2	0.0	0.0	0.0	0.0
Less Capital receipts (sales)									
CCOS South			-9.9	-9.9	-9.9				
CCOS North				-7.2	-7.2	-7.2			
Oak Tree Gardens	-2.2								
Harpenden Public Halls				-5.2	-5.2	-5.2			
Leyland Avenue		-1.5	-1.5	-1.5					
Noke Shot		-1.4	-1.4	-1.4					
Other sites				-3.1					
	-2.2	-2.9	-12.8	-28.3	-22.3	-12.4	-	-	0.0
Less Minium Revenue Provision	-1.7	-2.5	-4.1	-4.9	-3.1	-3.9	-3.9	-3.7	-3.7
Forecast Borrowing Requirement	112.7	162.7	172.5	149.5	134.3	118.0	114.1	110.4	106.7
Estimated reserves, balances, investments & working capital available to reduce external borrowing	-20	-20	-20	-20	-20	-20	-20	-20	-20
Forecast External Borrowing	**92.7**	**142.7**	**152.5**	**129.5**	**114.3**	**98.0**	**94.1**	**90.4**	**86.7**
Possible Borrowing Approach									
Longer Term Borrowing:									
45-50 years	40	40	40	40	40	40	40	40	40
15-25 years	30	40	40	40	40	40	40	40	40
Shorter Term Borrowing									
5-10 years	20	25	25	25	25	25	20	15	10
0-5 years	8	42	52	30	15				
Total Borowing	**98.0**	**147.0**	**157.0**	**135.0**	**120.0**	**105.0**	**100.0**	**95.0**	**90.0**
Borrowing Headroom	5.3	4.3	4.5	5.5	5.7	7.0	5.9	4.6	3.3