North Lanarkshire Council Report

Finance and Resources Committee

Does this report require to be approved? ☐ Yes ☒ No

Ref	EK/KS/RM/GM	**Date**	28/02/24

Treasury Management Monitoring Report for quarter ended 31 December 2023

From	Elaine Kemp, Chief Officer (Finance)		
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Executive Summary

This report fulfils the key requirements of the Council's reporting procedures for Treasury Management in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities. It informs on the quarterly Treasury Management activity for the period 1 July 2023 to 31 December 2023 and compliance with the mandatory treasury and prudential indicators.

Recommendations

It is recommended that The Finance and Resources Committee:

(1) Acknowledge the Treasury Management Activity for the quarter ended 31 December 2023 including the performance against the key treasury and prudential indicators.

The Plan for North Lanarkshire

Priority	Improve North Lanarkshire's resource base
Ambition statement	(25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning
Programme of Work	Statutory / corporate / service requirement

1. Background

1.1 The Council manages its treasury activities in line with the CIPFA Code 'Treasury Management in the Public Services'. The Code requires the Council to produce reports on its Treasury Management policies, practices and activities on a regular and ongoing basis. The Council fulfils these obligations, in part, by the preparation of this Treasury Management Monitoring report produced on a quarterly basis, encompassing a review of performance.

1.2 The Council's "Treasury Management Strategy 2023/2024 and Treasury and Prudential Indicators 2023/2024 to 2025/2026" was approved by Committee at its meeting on 1 March 2023. The Treasury activity undertaken in the third quarter of 2023/24 reflects the key requirements of the Council's 2023/24 Treasury Management Strategy, with the Public Works Loan Board (PWLB) and Long-term Money Market being the prime source of long-term funds. In terms of investment activity, this is conducted in accordance with the approved 2023/24 investment strategy.

2. Report

2.1 Summary Position

2.1.1 The net overall borrowing position to 31 December 2023 is £878.2m, which is an increase of £22.6m from the position at the 30 September 2023. A detailed breakdown of the net cash movement is shown in column (6) within Appendix 1, and is discussed below.

2.2 Borrowing

2.2.1 At the end of the quarter, total external debt amounted to £939.4m, an increase of £46.0m. This was primarily due to additional net longer-term borrowing of £48.5m being undertaken, comprising new PWLB borrowing of £50.0m partially offset by repayment of existing PWLB debt of £1.4m, and a £0.1m reduction in energy efficiency loans.

2.2.2 During the quarter the Council sourced PWLB loans totalling £50.0m on an equal instalment payment (EIP) basis, which provides a smoother debt maturity profile, thus spreading the refinancing risk. Loans were sourced at interest rates ranging from 3.97% to 4.78%, over 10 to 12 years. The interest rates have reduced during the quarter and are within anticipated budgeted levels. All loans were sourced taking advantage of the new PWLB HRA rate (see para 2.2.6).

2.2.3 In addition, there was net decrease in net temporary borrowing of £0.5m, due to £63.0m of new borrowing being offset by £63.5m falling due for repayment, and a reduction of £2.0m in finance leasing liabilities in respect of existing PPP obligations.

2.2.4 The Council's approach to borrowing is in line with the approved strategy which aims to source long-term borrowing and take advantage of temporary (short-term) borrowing at attractive rates, where possible, as well as using internal cash balances, to meet the principal repayments, daily revenue account requirements and the capital financing requirement, in lieu of future borrowing for capital purposes. The strategy adopted considers interest rate forecasts, the management of carrying costs and the retention of cash balances at appropriate levels, whilst managing the associated investment, interest, and liquidity risk.

2.2.5 The Council made a successful application to the PWLB to access the certainty rate which allows a 20-basis point (bps) (0.20%) discount on loans from the PWLB under the prudential borrowing regime. This will continue to provide the Council with an opportunity to borrow from the PWLB at more beneficial rates until 30 April 2024.

2.2.6 A new PWLB HRA rate, which is 0.4% below the certainty rate, has been available from 15th June 2023. This rate will now be available until June 2025, and is to support local authorities to borrow for Housing capital purposes or refinancing existing loans. In conjunction with our treasury advisors, we continue to review the requirements and assess the borrowing opportunities for the Council.

2.2.7 The CIPFA Prudential Code stipulates that local authorities cannot borrow to invest primarily for financial return, deeming it imprudent to make investment or spending decisions which will increase the capital financing requirement resulting in new borrowing, unless it is directly and primarily related to the functions of the Council. The Council is compliant with this requirement. Members should note also that PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield.

2.2.8 Members will be aware interest rates have risen significantly over the past 2 years, increasing materially the cost of both short and long-term borrowing. In this quarter, the Bank of England held the base rate at 5.25%. It should be noted that the Council's cost of short-term borrowing also continued to increase, with the in-year rise in the base rate and short-dated market rates. The average rate on the Authority's short-term loans at 31st December 2023 was 4.92%.

2.2.9 Gilt yields have remained volatile, facing upward pressure following signs that UK growth had been more resilient and inflation stickier than expected. However more recent signs of slowing inflation and the perception of an increasingly struggling economy have now begun to change this sentiment, resulting in falling gilt yields and, consequently, PWLB rates. On 31 December, the PWLB certainty rates for maturity loans were 4.37% for 10-year loans, 4.90% for 20-year loans and 4.67% for 50-year loans.

2.3 Debt Restructuring

2.3.1 In conjunction with our Treasury advisors, we monitored the economic climate in relation to our financial targets and Treasury Management strategy, for the quarter under review. The interest rates prevailing throughout the period resulted in no beneficial opportunities for debt restructuring/rescheduling of the existing PWLB debt portfolio arising.

2.3.2 The Council continues to hold £3.0m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. The rise in market interest rates increases the probability of LOBOs being called, however, no lender exercised their option during the quarter.

2.3.3 Further reports regarding future activity will be presented to Committee as appropriate.

2.4 **Investments**

2.4.1 Treasury management investments are those that arise from cash flows or treasury risk management activity, that results in balances that need to be invested, until the cash is required for use in the course of business.

2.4.2 At the end of the third quarter of 2023/24, the Council held total investments of £61.2m, which is a net increase of £23.3m in cash and cash equivalents, primarily due to a £17.6m increase in short-term investments, which reflects maturing temporary investments of approximately £317.4m and undertaking new short-term investments of £335.0m. See summary at Appendix 1, column 6.

2.4.3 At quarter end, the bank overdraft including cash in transit was £1.6m which is a which is a positive cash position compared to the position at the end of the previous quarter. The £5.7m net positive cash movement reflects the impact of the festive period closedown as no significant BACS payment runs fell due for clearance at the quarter end date. The balance at 31 December 2023 comprises £1.6m of net BACS credits outstanding due for clearance within 3 days of the quarter end date, cash in transit balance of £0.2m, partly offset by cheques unpresented of £0.2m.

2.4.4 In line with the approved strategy to manage liquidity, the Council maintained a minimum balance of £3.0m available on an overnight basis (instant access), ensuring a prudent level of funds is maintained to meet all service requirements.

2.4.5 At each of the meetings during the quarter, the MPC voted to keep the Bank of England base rate at 5.25%. This stabilising of the base rate over the period under review, resulted in short-dated cash rates also stabilising, with rates ranging between 5.19% at the beginning of October to 5.14% at the end of December, a small reduction of 0.05% for overnight/7-day maturities. There is little noticeable difference between the 7 day and 1-month SONIA (Sterling Overnight Rate) bid rates and generally available investment rates offered by financial institutions and money market funds. Despite this, the Council will endeavour to achieve good performance levels in investment activity.

2.4.6 Overall the Treasury Management team continues to take a prudent approach to investing surplus funds in line with the approved 2023/24 Investment Strategy. Security of investment followed by ensuring sufficient liquidity are key investment criteria governing Council investment decisions. This approach is aligned to the prudent management of liquidity to meet current commitments and future cash demands based on the latest cashflow projections.

2.4.7 However, as demonstrated by the liability benchmark reported at (xi) below and Appendix 3 attached, it is anticipated the Council will be a long-term borrower and therefore new treasury investments are primarily made to manage day-to-day cash flows using short-term low risk instruments. The existing portfolio of strategic pooled funds will be maintained to diversify risk into different sectors and boost investment income.

Non-Treasury Management Investments

2.4.8 During the quarter, no repayments were due in respect of third-party advances in connection with the Cumbernauld Academy DBFM and Greenfaulds DBFM.

2.5 Interest Rate Movements & Other Economic Updates

2.5.1 As advised by our treasury management advisors, UK inflation rates finally started to decline, mirroring the sharp but earlier drop seen in the Eurozone and US. Despite the fall, the Consumer Price Index (CPI) remained substantially in excess in the Bank of England's (BoE) 2% target, at 3.9% for November 2023, before unexpectedly rising slightly to 4.0% in December. Market expectations for further rises in Bank Rate fell from October through to year end, indicating that the 5.25% level reached in August 2023 was indeed the peak for base rate. Financial market base rate expectations moderated over the period as falling inflation and weakening data showed that higher interest rates were working in the UK, US, and Eurozone.

2.5.2 The Bank of England's Monetary Policy Committee (MPC) continued tightening monetary policy over most of the period, deciding to hold the base rate as per para 2.4.5. Following the December MPC meeting, the Councils' treasury adviser maintained its central view that 5.25% is the peak in the base rate. Short term risks are broadly balanced, but over the remaining part of the forecast horizon the risks are to the downside from economic activity weakening more than expected.

2.5.3 Inflation continued to fall from its peak as annual headline CPI declined to 3.9%, down from 4.6%) in November 2023. The largest downward contribution came from energy and food prices. The core rate also surprised on the downside, falling to 5.1% in November from 5.7%. In December, the headline CPI rate rose slightly to 4.0%, the first time the rate has increased since February 2023. The downward trend in inflation rates ended in December, but levels remain below those forecast by the Bank of England for Q4 2023. While food and fuel price inflation eased, this was offset by strong alcohol and tobacco price growth, partly due to tax changes. More concerning is the rise in services inflation, which was led by a variety of items within the recreation and culture categories. While this could be temporary, it is suggestive of robust consumer spending in the run up to Christmas. Headline inflation is likely to fall further into Q2 2024, but these figures are unlikely to convince MPC members that a near term rate cut is currently necessary.

2.5.4 Recent data showed the unemployment rate 3month/year remained largely unchanged at 4.2% for the quarter to October. Pay growth edged lower as the previous strong pay rates waned with total pay (including bonuses) at 7.2% at October and 7.3% for regular pay. Adjusting for inflation, pay growth in real terms were positive at 1.3% and 1.4% for total pay and regular pay respectively.

2.5.5 The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from base rate rises are still yet to be felt by many households. As such, while consumer confidence continued to improve over the period, it is likely this will reverse at some point and spending will struggle. Higher rates will also impact exposed business and recent survey data highlighted that the UK manufacturing and services sector contracted during the quarter.

2.5.6 Financial market sentiment and bond yields remained volatile, but the latter rapidly trended downwards towards the end of 2023 on signs of sharply moderating inflation and economic growth.

2.5.7 Over the period gilt yields fell towards the end of the period. The 10-year UK benchmark gilt yield rose from 4.57% to peak at 4.67% in October before reducing to 3.54% by end of December. The Sterling Overnight Rate (SONIA) averaged

5.19% over the period. This resulted in the standard PWLB 10 year borrowing rate increasing from 5.50% at the start of the quarter to 4.58% at the end of the quarter, showing a spread of 1.21% between the highest and lowest interest rates which were 5.73% and 4.52% respectively, averaging 5.29%.

2.5.8 Due to holding of the base rate during the period, short-term borrowing interest rates stabilised with the short term 7-day offer rate ranging between 5.30% and 5.44% over the period. Taking account of the increase in borrowing rates and advice from our treasury management advisors, it was considered more cost effective in the near term to use a combination of internal resources or to borrow rolling temporary / short-term loans at lower interest rates where possible rather than long term borrowing. This will result in increased temporary borrowing costs for the Council partially offset by increased investment income earned on surplus balances.

2.5.9 The Treasury Management Section will continue to monitor financial and economic policy and their impact upon the Council's investment and borrowing activity.

2.6 The Prudential Code for Capital Finance in Local Authorities

2.6.1 The Local Government in Scotland Act 2003 requires the Council to undertake its Treasury activities in line with the Prudential Code for Capital Finance in Local Authorities.

2.6.2 Committee, at its meeting on 1 March 2023, approved a report titled, "Treasury Management Strategy 2023/2024 and Treasury and Prudential Indicators 2023/2024 to 2025/2026". This report detailed a variety of mandatory and local indicators aimed at assisting members to determine that proposed capital investment levels and treasury management decisions satisfied the key requirements of affordability, prudence and sustainability. Performance against key prudential indicators for 2023/24 to date is detailed within Appendix 2.

(i) Indicator 1(a) illustrates planned investment on capital expenditure is forecast to be lower than initially anticipated by £19.5m in 2023/24. This reflects a reduction of £22.9m in the General Fund capital investment and an increase of £3.4m for the HRA Mainstream and New Build programmes, primarily due to opportunities presented to buy land and 'off the shelf' developments earlier than anticipated during 2023/24. For further information, this is monitored in detail as part of the Council's capital programme reporting mechanisms which will provide spend details including any revisions to the estimates approved in 2023/24.

(ii) The mix of resources used to finance the capital expenditure in 2023/24 reflect the updates to the forecast capital investment outlined above. Therefore, the level of in-year borrowing is anticipated to be lower by £27.6m due to a reduction in General Fund programme of £32.8m partly offset by an increase of £5.0m for HRA programme. This forecast level of borrowing also reflects a net increase in capital grants and external contributions of £11.6m with additional funds available to the General Fund and HRA programmes of £6.0m and £5.6m respectively. A reduction of £3.9m of CFCR is also anticipated, due to a decrease of £7.7m in HRA, and an increase of £3.8m in General Fund.

(iii) As a result of accounting issues arising from the pandemic recovery, the implementation of IFRS 16 Lease Accounting has been further delayed. Therefore, a restatement of existing liabilities for operating leases to the credit arrangement category will be applied in 2024/25 with an estimated impact of £3.5m. In addition, implementation of the Service Concessions flexibility in 2023/24 on PPP liabilities, and subsequent impact of IFRS16 implementation in 2024/25, is estimated to result in capital investment of £67.9m being recognised in the period to 2025/26. It should be noted that this does not represent cash expenditure and is offset by recognition of associated credit arrangements financing.

(iv) Indicator 1(b) – The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). The CFR is essentially a measure of Council's underlying borrowing need i.e. capital expenditure which is not resourced by capital grants, receipts or CFCR - and any new borrowing will increase the CFR. The CFR is projected to rise to £1,414m as at 31 March 2024.

(v) The Prudential Code requires the Council's capital investment to be affordable and prudent. To demonstrate this, a Prudential Margin (the need to borrow versus actual borrowing) is calculated. Indicator 1(c) demonstrates a healthy prudential margin of £292.9m as at 31 December 2023. The timing and profile of external borrowing to replenish cash reserves and balances are being managed, giving full consideration to liquidity, interest rate and refinancing risk, whilst minimising the potential carrying costs.

(vi) Indicator 1(d) illustrates that both the overall Authorised Limit and Operational Boundary limits for borrowing and long-term liabilities have not been exceeded, with the maximum borrowing undertaken within the period being well below the approved boundaries.

(vii) Indicator 1(e) illustrates the financing costs forecasts as at 31 December 2023 for both general fund and HRA as a proportion of net revenue stream. Although capital expenditure is not charged directly to revenue, interest payable on loans, and loan fund and long-term liability repayments are. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, NDR and government grants.

(viii) Indicator 2(a) highlights the proportion of external interest payable by the Council which is fixed and external interest payable which may vary over the term of the borrowing, and which exposes the Council to the effects of interest rate changes. At 31 December 2023, the level of borrowing subject to variability is deemed to be within acceptable levels.

(ix) Indicator 2(b) highlights a projected loan charge overspend of £5.4m compared to the initial prudential estimates for 2023/24. This projection takes into account treasury management activity, internal Interest on Revenue Balances (IORB) recharges due to increasing market interest rates, the loans fund holiday flexibility adopted in 2022/23 and decisions of the Policy and Strategy Committee and the Strategic Capital Delivery Group to reprofile the capital programme in response to the significant delivery related challenges. This current loan charge variance is made up of:

- A net treasury management overspend of £6.1m is projected (£3.1m General Fund, HRA £3.0m), which is a primarily a reflection of increased internal IORB charges, and incorporates cashflow management techniques adopted, e.g. directing the timing of new borrowing, managing investment security, liquidity and interest rate risk.
- In 2023/24 it is anticipated there will be reduction in anticipated loans fund advance repayments of £0.7m (£0.5m and £0.2m for the General Fund and

HRA respectively). This is primarily due to lower final outturn capital borrowing in 2022/23 than previously forecast.

(x) Indicator 2(c) relates to the level of fixed debt due to mature within time periods. The level of debt maturing remains within the upper limits set for each category at the beginning of the financial year.

(xi) The Liability Benchmark at Appendix 3 is a new indicator. The Treasury Management Code states that organisations should evaluate the amount, timing and maturities needed for new borrowing in relation to planned borrowing needs, in order to avoid borrowing too much, too little, too long or too short. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shapes its strategic focus and decision making. Essentially this benchmark identifies the projection of external debt/borrowing required over the long term to fund approved revenue & capital budgets, while keeping treasury investments at the minimum level required to manage day-to-day cash.

(xii) This represents the comparison of the Council's actual borrowing against an alternative strategy. This utilises the forecasts for Capital Financing Requirement, long-term liabilities, current external borrowing, balance sheet resources i.e. reserves, and that cash and investment balances are kept to a minimum of £30.0m at each year-end to maintain sufficient liquidity but minimise credit risk.

	31/3/23 Actual £m	**31/3/24 Forecast £m**	**31/3/25 Forecast £m**	**31/3/26 Forecast £m**
Loans CFR	1,052.7	1,200.1	1,390.2	1,589.0
less Balance Sheet Resources	(387.4)	(330.3)	(294.3)	(280.9)
Net Loans Requirement	**665.3**	**869.8**	**1,095.9**	**1,308.1**
plus: Liquidity Allowance	30.0	30.0	30.0	30.0
Liability Benchmark	**695.3**	**899.8**	**1,125.9**	**1,338.1**
Existing Borrowing	**749.2**	**737.9**	**508.5**	**480.7**
New Borrowing Required	**0.0**	**161.9**	**617.5**	**857.4**

(xiii) The Loans CFR (solid light blue) represents the total cost of the capital expenditure plans based on the current profile of the 5-year Capital Programme 2020/2021 to 2025/2026. This reduces over time as scheduled principal repayments are made to the loans fund. The Net Loans Requirement (dotted red line) represents the minimum external borrowing required to fund the current capital expenditure plans assuming all cash reserves and balances are utilised to offset borrowing requirements. The Liability Benchmark (solid red line) represents the estimated borrowing required, taken account of liquidity allowance required of £30.0m to be held to maintain liquidity and to manage day-to-day cashflows.

(xiv) The solid grey section shows the maturity profile of current borrowing. The gap between the grey section and the liability benchmark line represents the estimated additional borrowing that is forecast will be required to fund the current capital expenditure plans, via long-term and short-term borrowing options.

3. Measures of success

3.1 Overall the approach adopted by the Council's Treasury Management team during the quarter under review met the key requirements of the 2023/24 Treasury Management Strategy. Prudential indicators have remained in accordance with those approved by Committee on 1 March 2023. The projected final outturn illustrates a healthy prudential margin and borrowing levels that are below sustainable limits, ensuring that the projected capital investment levels remain affordable and sustainable. However, the current financial volatility and increased borrowing costs has resulted in an assessment being undertaken of the potential impact on future years of the current capital programme. This will continue to be monitored to determine if any further review of the programme is required to ensure that it remains sustainably affordable.

4. Supporting documentation

Appendix 1: Loans, Long term Liabilities & Investments as at 31 December 2023
Appendix 2: Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2023
Appendix 3: Liability Benchmark as at quarter ended 31 December 2023

Elaine Kemp
Chief Officer (Finance)

5. Impacts

5.1	**Public Sector Equality Duty and Fairer Scotland Duty** Does the report contain information that has an impact as a result of the Public Sector Equality Duty and/or Fairer Scotland Duty? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact? If Yes, has an assessment been carried out and published on the council's website? https://www.northlanarkshire.gov.uk/your-community/equalities/equality-and-fairer-scotland-duty-impact-assessments Yes ☐ No ☐
5.2	**Financial impact** Does the report contain any financial impacts? Yes ☒ No ☐ If Yes, have all relevant financial impacts been discussed and agreed with Finance? Yes ☒ No ☐ If Yes, please provide a brief summary of the impact? Financial impacts are outlined within the report.
5.3	**HR policy impact** Does the report contain any HR policy or procedure impacts? Yes ☐ No ☒ If Yes, have all relevant HR impacts been discussed and agreed with People Resources? Yes ☐ No ☐ If Yes, please provide a brief summary of the impact?
5.4	**Legal impact** Does the report contain any legal impacts (such as general legal matters, statutory considerations (including employment law considerations), or new legislation)? Yes ☐ No ☒ If Yes, have all relevant legal impacts been discussed and agreed with Legal and Democratic? Yes ☐ No ☐ If Yes, please provide a brief summary of the impact?
5.5	**Data protection impact** Does the report / project / practice contain or involve the processing of personal data? Yes ☐ No ☒ If Yes, is the processing of this personal data likely to result in a high risk to the data subject? Yes ☐ No ☐ If Yes, has a Data Protection Impact Assessment (DPIA) been carried out and e-mailed to dataprotection@northlan.gov.uk Yes ☐ No ☐

5.6	**Technology / Digital impact** Does the report contain information that has an impact on either technology, digital transformation, service redesign / business change processes, data management, or connectivity / broadband / Wi-Fi? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact? Where the impact identifies a requirement for significant technology change, has an assessment been carried out (or is scheduled to be carried out) by the Enterprise Architecture Governance Group (EAGG)? Yes ☐ No ☐
5.7	**Environmental / Carbon impact** Does the report / project / practice contain information that has an impact on any environmental or carbon matters? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact?
5.8	**Communications impact** Does the report contain any information that has an impact on the council's communications activities? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact?
5.9	**Risk impact** Is there a risk impact? Yes ☒ No ☐ If Yes, please provide a brief summary of the key risks and potential impacts, highlighting where the risk(s) are assessed and recorded (e.g. Corporate or Service or Project Risk Registers), and how they are managed? As the Council borrows and invests significant sums of money it is exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. Therefore, successful identification, monitoring and control of risk remains central to the Council's treasury management strategy. Treasury Management activity by its very nature has a number of inherent risks including interest rate, liquidity and refinancing risks. To minimise risk for its treasury management activities the Council adopts and operates in accordance with the guidelines for best practice prescribed within the CIPFA "Treasury Management in the Public Services" Code of Practice and the CIPFA Prudential Code for Capital Finance in Local Authorities.
5.10	**Armed Forces Covenant Duty** Does the report require to take due regard of the Armed Forces Covenant Duty (i.e. does it relate to healthcare, housing, or education services for in-Service or ex-Service personnel, or their families, or widow(er)s)? Yes ☐ No ☒ If Yes, please provide a brief summary of the provision which has been made to ensure there has been appropriate consideration of the particular needs of the Armed Forces community to make sure that they do not face disadvantage compared to other citizens in the provision of public services.

5.11	**Children’s rights and wellbeing impact** Does the report contain any information regarding any council activity, service delivery, policy, or plan that has an impact on children and young people up to the age of 18, or on a specific group of these? Yes ☐ No ☒ If Yes, please provide a brief summary of the impact and the provision that has been made to ensure there has been appropriate consideration of the relevant Articles from the United Nations Convention on the Rights of the Child (UNCRC). If Yes, has a Children’s Rights and Wellbeing Impact Assessment (CRWIA) been carried out? Yes ☐ No ☐

LOANS, LONG TERM LIABILITIES & INVESTMENTS AS AT 31 DECEMBER 2023 **Appendix 1**

	BALANCE 1-October-23 (1)	DEBT RESTRUCTURING EARLY REDEMPTION (2)	REFINANCING (3)	NEW BORROWING / LONG-TERM LIABILITIES (4)	PRINCIPAL REPAYMENTS (5)	NET CASH MOVEMENTS (6)	BALANCE 31-December-23 (7)
LONG-TERM LOANS							
PWLB	430,468,647	0	0	50,000,000	(1,430,375)	48,569,625	479,038,272
MONEY MARKET LOANS	57,000,000	0	0	0	0	0	57,000,000
ENERGY EFFICIENCY LOAN	853,606	0	0	0	(98,006)	(98,006)	755,600
	488,322,253	0	0	50,000,000	(1,528,381)	48,471,619	536,793,872
SHORT-TERM LOANS							
TEMPORARY	242,000,000	0	0	63,000,000	(63,500,000)	(500,000)	241,500,000
INTERNAL LOANS	6,280	0	0	0	0	0	6,280
	242,006,280	0	0	63,000,000	(63,500,000)	(500,000)	241,506,280
LONG -TERM LIABILITIES							
FINANCE LEASE OBLIGATIONS	1,289,305	0	0	0	0	0	1,289,305
LONG TERM LIABILITY	161,859,534	0	0	0	(2,008,154)	(2,008,154)	159,851,380
	163,148,838	0	0	0	(2,008,154)	(2,008,154)	161,140,685
TOTAL EXTERNAL DEBT	**893,477,371**	**0**	**0**	**113,000,000**	**(67,036,535)**	**45,963,465**	**939,440,837**
INVESTMENTS							
THIRD PARTY ADVANCES	1,168,251	0	0	0	0	0	1,168,251
BANKS & OTHER FINANCIAL INSTITUTIONS	40,794,260	0	0	0	0	17,597,962	58,392,221
BANK OVERDRAFT INCL CASH IN TRANSIT	(4,107,990)	0	0	0	0	5,761,341	1,653,351
CASH & CASH EQUIVALENTS	**37,854,520**	**0**	**0**	**0**	**0**	**23,359,302**	**61,213,823**
NET BORROWING	**855,622,851**	**0**	**0**	**113,000,000**	**67,036,535**	**22,604,163**	**878,227,014**

Appendix 2

Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2023

1. Prudential Indicators

(a)

Capital Expenditure	**Initial Estimate 2023/2024 (£m)**	**Projected Outturn 2023/2024 (£m)**	**Variance 2023/2024 (£m)**	**Forecast 2024/2025 (£m)**	**Forecast 2025/2026 (£m)**
Capital Expenditure: General Services	167.4	144.5	(22.9)	192.2	162.0
Capital Expenditure: HRA	131.0	134.4	3.4	137.8	153.8
Total spend : Capital Expenditure	**298.4**	**278.9**	**(19.5)**	**330.0**	**315.8**
Total spend : Credit Arrangement	49.3	49.3	0.0	13.0	9.1
Total Capital Investment	**347.7**	**328.2**	**(19.5)**	**343.0**	**324.9**
Financed By:					
Capital Grants & Other External Contributions	73.7	85.3	11.6	86.7	61.2
Capital from Current Revenue	27.1	23.2	(3.9)	27.9	27.1
Capital receipts	1.0	4.4	3.4	1.0	1.0
Capital receipts transfer to Capital Fund	0.0	(2.9)	(2.9)	0.0	0.0
CFR : Borrowing - General Services	114.7	81.9	(32.8)	126.3	122.9
CFR : Borrowing - HRA	81.9	87.0	5.1	88.1	103.6
Credit Arrangements	49.3	49.3	0.0	13.0	9.1

(b)

Capital Financing Requirement (CFR)	**Initial Estimate 2023/2024 (£m)**	**Projected Outturn 2023/2024 (£m)**	**Variance 2023/2024 (£m)**	**Forecast 2024/2025 (£m)**	**Forecast 2025/2026 (£m)**
General Services	948.5	898.5	(50.0)	1,021.7	1,136.0
HRA	519.5	515.0	(4.5)	589.9	678.6
Total CFR	**1,468.0**	**1,413.5**	**(54.5)**	**1,611.6**	**1,814.6**
Movement in CFR	**220.9**	**166.4**		**198.1**	**203.0**

(c)

Gross Debt and the Capital Financing Requirement	**Initial Estimate 2023/2024 (£m)**	**Projected Outturn 2023/2024 (£m)**	**Variance 2023/2024 (£m)**	**Forecast 2024/2025 (£m)**	**Forecast 2025/2026 (£m)**
Gross Borrowing : Loan Debt	961.5	907.1	(54.4)	1,133.1	1,345.2
Long-term Liabilites	213.5	213.4	(0.1)	221.4	225.6
Gross Debt	**1,175.0**	**1,120.6**	**(54.4)**	**1,354.5**	**1,570.8**
Capital Financing Requirement	1,468.0	1,413.5	(54.5)	1,611.6	1,814.6
Prudential Margin	**293.0**	**292.9**	**(0.1)**	**257.1**	**243.8**

(d)

Authorised Limit and Operational Boundary	**Initial Authorised Limit 2023/2024 (£m)**	**Initial Operational Boundary 2023/2024 (£m)**	**Maximum Borrowing Level Q3 2023/2024 (£m)**
Borrowing	1,350.0	1,300.0	755.1
Other Long-term Liabilities	235.0	235.0	161.1
Total Debt	1,585.0	1,535.0	916.2

(e)

Proportion of Financing Costs to Net Revenue Stream	**Initial Estimate 2023/2024 (£m)**	**Projected Outturn 2023/2024 (£m)**	**Variance 2023/2024 (£m)**	**Forecast 2024/2025 (£m)**	**Forecast 2025/2026 (£m)**
General Fund Loan Charges	34.5	37.2	2.7	44.7	51.2
General Fund Finance Lease/PPP Costs	18.0	17.9	(0.1)	16.3	15.3
General Fund : Capital Financing Costs	**52.5**	**55.1**	**2.6**	**61.0**	**66.5**
General Fund : Net Revenue Stream	**896.2**	**896.2**	**0.0**	**896.2**	**896.2**
Proportion of Financing Costs to Net Revenue Stream - GF	**5.9%**	**6.1%**	**0.3%**	**6.8%**	**7.4%**

Proportion of Financing Costs to Net Revenue Stream	**Initial Estimate 2023/2024 (£m)**	**Projected Outturn 2023/2024 (£m)**	**Variance 2023/2024 (£m)**	**Forecast 2024/2025 (£m)**	**Forecast 2025/2026 (£m)**
HRA Loan Charges	28.0	30.9	2.9	38.0	42.7
HRA Finance Lease/PPP Costs	0.3	0.3	(0.0)	0.3	0.3
HRA : Capital Financing Costs	**28.4**	**31.2**	**2.8**	**38.3**	**43.0**
HRA : Net Revenue Stream	**148.2**	**148.2**	**0.0**	**155.7**	**164.8**
Proportion of Financing Costs to Net Revenue Stream - HRA	**19.1%**	**21.1%**	**1.9%**	**24.6%**	**26.1%**

Appendix 2 (cont)

Summary of Treasury and Prudential Indicators as at quarter ended 31 December 2023

2. Treasury Management Indicators

a) Interest Rate Exposures on External Interest Payments

	Position as at 31/12/2023 (£m)	%
External Interest Payable on Fixed Rate Loan Debt	31.2	99.0%
External Interest Payable on Variable Rate Loan Debt	0.3	1.0%

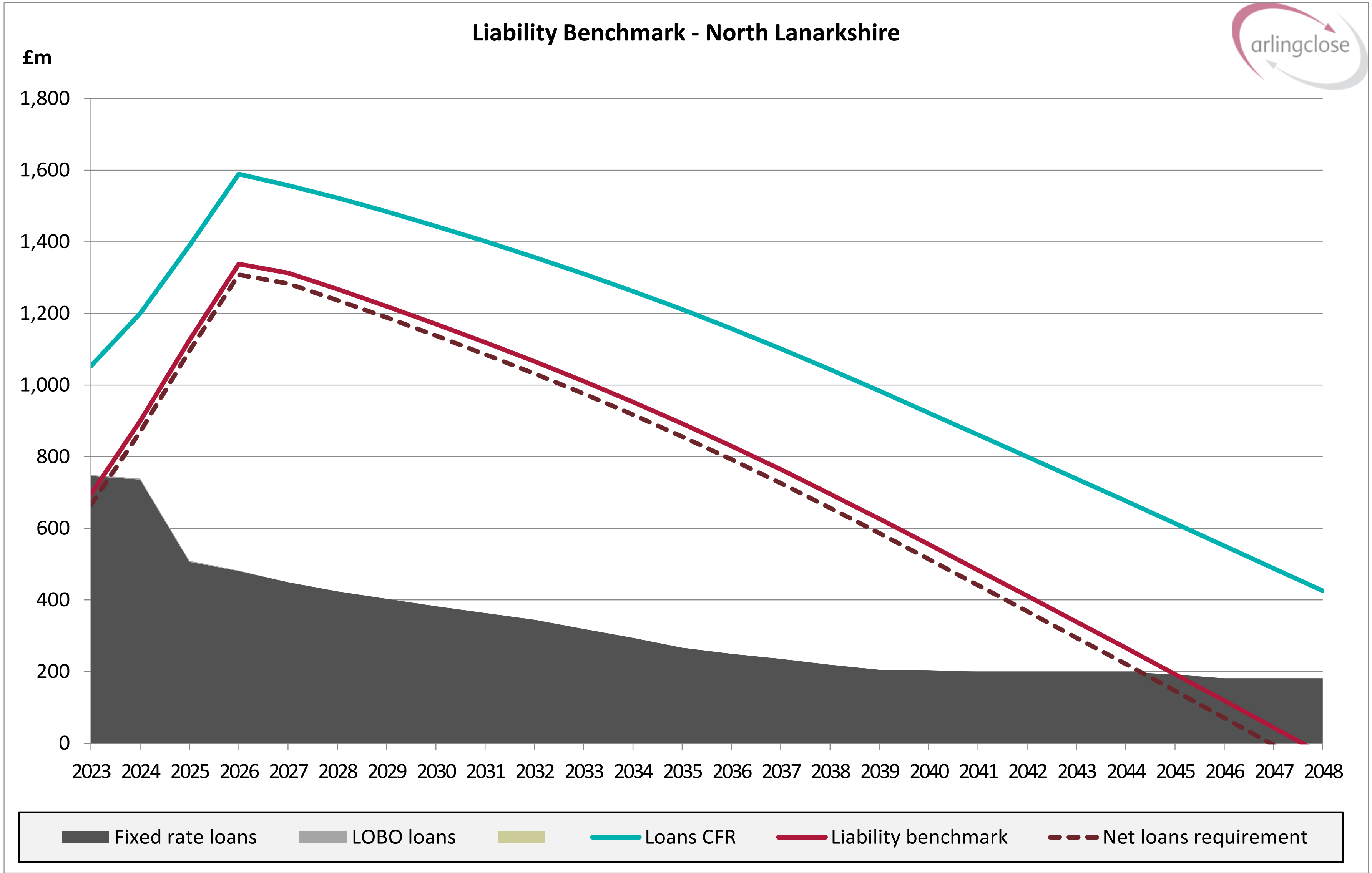
b) Loans Fund Revenue Account

	Initial Estimate 2023/2024 (£m)	Projected Outturn 2023/2024 (£m)	Variance 2023/2024 (£m)	%age
Loans Fund Interest Payments	41.3	48.6	(7.3)	(17.6%)
Loans Fund Expenses	0.4	0.4	0.0	7.0%
Total Loans Interest Payments & Expenses	**41.7**	**49.0**	**(7.3)**	**(17.4%)**
Loans Funds Investment Income	(1.3)	(2.5)	1.2	(92.3%)
Total Loans Fund Interest Payments Investment Income & Expenses	**40.4**	**46.5**	**(6.1)**	**(15.0%)**
Allocated as follows :				
Loans Fund Interest Payments Investment Income & Expenses:General Fund	24.0	27.1	(3.1)	(12.8%)
Loans Fund Interest Payments Investment Income & Expenses:HRA	16.4	19.4	(3.0)	(18.6%)
Capital Advances Repayments - General Fund	10.5	10.0	0.5	4.7%
Capital Advances Repayments - HRA	11.7	11.5	0.2	1.5%
Total Capital Advances	**22.2**	**21.5**	**0.7**	**3.0%**
Total Loan Charges	**62.6**	**68.0**	**(5.4)**	(8.6%)

c) Maturity Structure of Borrowing

	<12months	12 months to 2 years	2 to 5 years	5 to 10 years	10 to 20 years	20 to 40 years	>40 years
Upper Limit maturing :Fixed & Variable Rate Debt	15.0%	15.0%	25.0%	30.0%	35.0%	45.0%	30.0%
Lower Limit maturing :Fixed & Variable Rate Debt	0.0%	0.0%	5.0%	5.0%	5.0%	10.0%	10.0%
Maturity structure at the start of Q3	5.2%	4.4%	13.1%	16.6%	19.9%	35.5%	5.3%
Maturity structure at the end of Q3	5.8%	5.0%	14.1%	19.3%	18.7%	32.2%	4.8%

Appendix 3



Liability Benchmark - North Lanarkshire
£m
1,800
1,600
1,400
1,200
1,000
800
600
400
200
0
2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036 2037 2038 2039 2040 2041 2042 2043 2044 2045 2046 2047 2048
Fixed rate loans
LOBO loans
Loans CFR
Liability benchmark
Net loans requirement