Supplementary Committee Agenda

Epping Forest District Council

Audit & Governance Committee
Thursday 27th July 2023

Place:	Council Chamber - Civic Offices
Time:	7.00 pm
Democratic Services:	Laura Kirman Tel: 01992 564243 Email: democraticservices@eppingforestdc.gov.uk

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18. ANY OTHER BUSINESS

Section 100B(4)(b) of the Local Government Act 1972 requires that the permission of the Chairman be obtained, after prior notice to the Chief Executive, before urgent business not specified in the agenda (including a supplementary agenda of which the statutory period of notice has been given) may be transacted.

19. TREASURY MANAGEMENT QUARTER 1 UPDATE 2023-24 (Pages 263 - 276)

To consider the outturn of the Council's Treasury Management function for the first Quarter of 2023/24.

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Report to the Audit & Governance Committee

Date of meeting: 27th July 2023

Epping Forest District Council

Portfolio:	**Finance & Economic Development**	
Subject:	**Treasury Management Quarter 1 Update 2023/24**	
Responsible Officer:	**Andrew Small**	**(01992 564278)**
Democratic Services:	**Laura Kirman**	**(01992 564243)**

Recommendations/Decisions Required:

(1) To note the Treasury Management Quarter 1 Update 2023/24 *(Appendix A)* and pass comment for full Council.

Executive Summary:

The Council's Treasury Management Strategy (including Investment Strategy) for 2023/24 was considered at a meeting of the Audit and Governance Committee on 13th February 2023 and was subsequently agreed by full Council on 28th February 2023.

In accordance with CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code 2021 Edition) and generally accepted good practice, the Treasury Management Quarter 1 Update for 2023/24 (presented in ***Appendix A***) sets out the Council's actual Treasury Management activity for the first three months (Quarter 1) of 2023/24 (i.e., April to June 2023).

Appendix A begins by setting the external context for Quarter 1 of 2023/24 by exploring the Economic Background, Financial Markets and Credit Ratings, including the sharp rise in UK interest rates, reflecting the Bank of England's response to stubborn inflation in the economy.

The Borrowing and Investment position for Epping Forest District Council as at 30th June 2023 shows the following:

- *Borrowing* – external borrowing increased by £5.2 million (from £281.6 million to £286.8 million) during the period April to June 2023; and
- *Investments* – there was a marginal increase in investments of £0.6 million (from £14.1 million to £14.7 million) during the same period.

The definition of investments in CIPFA's Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities

(DLUHC) also includes within the definition of investments all such assets held partially or wholly for financial return.

The report therefore also considers the Service and Commercial Investments held by the Council. This includes:

- Qualis and Home Assistance service loans (combined value of £43.482 million as at 30th June 2023)
- Commercial Property (Balance Sheet value of £148.483 million as at 31st March 2023); and a
- Qualis Investment Loan (value of £30.0 million as at 30th June 2023).

Appendix A concludes by considering compliance with CIPFA's Treasury Management Code and the Treasury Management Strategy for 2023/24, including Prudential and Other adopted indicators. Full compliance was achieved in all reportable indicators for Quarter 1.

Reasons for Proposed Decision:

To enable the robust scrutiny the Council's Treasury Management performance in 2023/24 in compliance with CIPFA's Treasury Management in the Public Services: Code of Practice (the CIPFA Code 2021 Edition) and generally accepted good practice.

Legal and Governance Implications:

The Local Government Act 2003 created a framework for the financing of capital investments in local authorities which came into operation from April 2004. Alongside this, the Prudential Code was developed by CIPFA as a professional Code of Practice to support local authority decision making in capital investment and financing. Local authorities are required by regulation to have regard to the Prudential Code.

Safer, Cleaner and Greener (SCG) Implications:

None.

Background Papers:

Treasury Management in the Public Services: Code of Practice (2021 Edition) published by CIPFA December 2021.

(MHCLG) Statutory Guidance on Local Government Investments (3rd Edition). Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1st April 2018.

Arlingclose Technical Update (revised Prudential and Treasury Management Codes) issued 22nd December 2021.

Treasury Management Strategy (including Investment Strategy) 2023/24 (Audit and Governance Committee, 13th February 2023).

Risk Management:

There are a range of inherent financial risks associated with Treasury Management activity; not least the potential for loss of interest and/or deposits. The Council therefore engages the services of external Treasury Management advisors, Arlingclose Ltd.

Borrowing and Investment decisions are made in accordance with the Council's formally adopted Treasury Management Strategy (including Investment Strategy). The Strategy includes several Risk Management features, including – for example – the overriding priority that security of deposit takes precedence over return on investment.

Appendix A

Treasury Management Quarter 1 Update 2023/24

Introduction

The Council has previously adopted CIPFA's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve Treasury Management semi-annual ("mid-year updates") and annual reports.

This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1st April 2023, of quarterly reporting of the Treasury Management Prudential Indicators. The Non-Treasury Prudential Indicators are incorporated within the Council's routine quarterly (revenue and capital monitoring) report.

The Council's Treasury Management Strategy (including Investment Strategy) was considered at a meeting of the Audit and Governance Committee on 13th February 2023 and was subsequently agreed by full Council on 28th February 2023. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

External Context: April to June 2023

Economic Background: during April and May 2023 it looked like peak global monetary policy rates were in sight as inflation continued to ease. But only a few weeks later, stronger, and more persistent inflation data, particularly in the UK, changed the picture.

Gross Domestic Product (GDP) growth was weak at 0.1% in Quarter 1, although more recent monthly GDP data has been better. The Housing market has stalled, consumer demand is weak but seemingly recovering despite higher interest rates, and labour demand remained strong, with repercussions for wage growth which is accelerating.

April 2023 data showed the Unemployment rate increased to 3.8% (January to March 2023), while the Employment rate rose to 76.0%. Pay growth was 6.5% for total pay (including bonuses) and 7.2% for regular pay. Once adjusted for inflation, however, the growth in total pay and regular pay remained negative.

Inflation fell from its peak of 11.1% reached in October 2022, but annual headline CPI in May 2023 was higher than the consensus forecast at 8.7% (8.4% expected), largely driven by services inflation, while the annual measure of underlying core inflation rose to 7.1% from 6.8%.

After a sharp rise in interest rate expectations, with clearly serious implications for mortgage markets due to higher inflation and wage data, the Bank of England's Monetary Policy Committee reaccelerated monetary policy tightening over the period with a 0.25% rise in May to a 0.5% rise in June, taking Bank Rate to 5.0%. At both meetings the vote was 7-2 in favour of increasing rates, with the two dissenters preferring to keep rates on hold.

Arlingclose, the Council's Treasury Management advisers, revised its forecast to an expected Bank Rate to 5.5%. However, there is a risk that rates could go higher, with financial markets forecasting policy interest rates above 6.0%.

With many mortgages at low fixed rates now systematically being re-set over the next 12-24 months at higher rates at the end of their fixed-rate period, there has been a time lag in monetary policy feeding through to households' disposable income.

Financial Markets: market sentiment and bond yields remained volatile, the latter continuing their general upward trend as uncertainty and concern over higher inflation and higher interest rates continued to dominate.

Gilt yields rose over the period. The 5-year UK benchmark gilt yield rose from 3.30% to 4.67%, the 10-year gilt yield from 3.43% to 4.39%, and the 20-year yield from 3.75% to 4.51%. The Sterling Overnight Rate (SONIA) averaged 4.37% over the quarter.

Credit Review: having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days.

The credit rating for the NatWest Group and related entities was upgraded to A+ (except for NatWest Markets, which was upgraded to A). The UK sovereign outlook was also upgraded from negative to stable, with Barclays Bank PLC and Barclays Bank UK PLC also upgraded to A+.

Local Context

On 31st March 2023, the Council had net borrowing of £267.5 million arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31/03/23 Actual £m	31/03/24 Forecast £m
General Fund CFR	159.088	215.799
HRA CFR	154.475	187.537
Total CFR	**313.563**	**403.336**
Less: Other Debt liabilities	0	0
Borrowing CFR	**313.563**	**403.336**
Less: External borrowing	(282.681)	(372.454)
Internal borrowing:	**30.882**	**30.882**
Less: Balance Sheet resources	(43.678)	(45.258)
Net Investments	**(12.796)**	**(14.376)**

The Treasury Management position as at 30th June 2023 and the change during the first three months of the financial year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31/03/23 Balance £m	Movement £m	30/06/23 Balance £m	30/06/23 Rate %
Long-term Borrowing	248.6	1.2	249.8	3.3%
Short-term Borrowing	33.0	4.0	37.0	4.2%
Total Borrowing	**281.6**	**5.2**	**286.8**	
Long-Term Investments	0	0	0	N/A
Short-term Investments	0*	0	0*	N/A
Cash and Cash Equivalents	14.1	0.6	14.7	4.5%
Total Investments	**14.1**	**0.6**	**14.7**	
Net Borrowing	**267.5**	**4.6**	**272.1**	

**DMADF deposits reclassified from Short-Term to Cash & Cash Equivalents*

The Council's cash flows during April to June 2023 were relatively stable with a gradual move away from Internal Borrowing towards External Borrowing as surplus Section 31 payments on account in respect of Business Rate Reliefs and Covid-related Grants were returned to the Government in accordance with the respective scheme requirements (lowering available cash balances). Thus:

- *Borrowing* – there has been a gradual move away from taking out new short-term loans over the past 12 months despite the small increase in the Short-Term Borrowing balance presented above, which reflects imminent loan maturities, including two Long-Term Maturity Loans due to be repaid in 2023/24 (total value £13.0 million); and

- *Investments* – low level Investment balances have continued in Quarter 1 in accordance with deliberate strategy (reflecting "Liquidity Allowance" of £15.0 million). The balance includes £2.0 million in "Debt Management Account Deposit Facility" (DMADF) deposits and £12.0 million in Money Market Funds (MMF) deposits.

Borrowing Update

Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 151 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing.

Acceptable use of PWLB borrowing includes Service Delivery, Housing, Regeneration, Preventative Action, Refinancing and Treasury Management.

The Council is not planning to purchase any investment assets primarily for yield within the next three years and so is able fully access the PWLB.

Borrowing Strategy

At 30th June 2023, the Council held £286.8 million in loans (an increase of £5.2 million compared to the position as at 31st March 2023), as part of its strategy for funding the Capital Programme. Outstanding loans on 30th June 2023 are summarised in Table 3 below.

Table 3: Borrowing Position

	31/03/23 Balance £m	Net Movement £m	30/06/23 Balance £m	30/06/23 Weighted Average Rate %	30/06/23 Weighted Average Maturity (Years/Days)
Public Works Loan Board	261.6	1.2	262.8	3.31%	13 Yrs, 17 Dys
Banks	0	0	0	N/A	N/A
Local authorities (long-term)	0	0	0	N/A	N/A
Local authorities (short-term)	20.0	4.0	24.0	4.56%	137 Days
Total Borrowing	**281.6**	**5.2**	**286.8**		

The chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

There has been a substantial rise in the cost of both short and long-term borrowing over the last 18 months. In Quarter 1, the Bank Rate rose from 4.25% to 5.0% and was also significantly higher than its level of 1.25% at the end of June 2022.

Other Debt Activity

The Council did not raise any other capital finance in the first three months of 2023/24.

Treasury Investment Activity

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held, and money borrowed in advance of need. During the first three months of 2022/23, as is normal, the Council's investment balances varied due to timing differences between income and expenditure. The Council held £14.7 million in Treasury Investments as at 30th June 2023 as shown in Table 4 below.

Table 4: Treasury Investment Position

	31/03/23 Balance £m	Net Movement £m	30/06/23 Balance £m	30/06/23 Income Return %	30/06/23 Weighted Average Maturity Days
Banks & Building Societies (unsecured)	1.1	(0.4)	0.7	1.55%	Instant Access
Government (incl. local authorities)	3.0	(1.0)	2.0	4.62%	N/A
Money Market Funds	10.0	2.0	12.0	4.72%	Instant Access
Total Investments	**14.1**	**0.6**	**14.7**		

Both the CIPFA Code and Government guidance requires local authorities to invest funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

The Bank Rate increased by 0.75% in Quarter 1, from 4.25% at the beginning of April to 5% by the end of June, with the prospect of further increases to come. Short-dated cash rates rose commensurately, with 3-month rates rising to around 5.25% and 12-month rates to nearly 6%.

The rates on "Debt Management Account Deposit Facility" (DMADF) deposits also rose, ranging between 4.8% and 5.4% by the end of June 2023, as well as Money Market rates (between 4.6% and 4.9%).

Non-Treasury Investments

The definition of investments in CIPFA's Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also includes within the definition of investments all such assets held partially or wholly for financial return.

The Council holds a range of both Service and Commercial investments. As at 30th June 2023, active investments included the following:

- *Service Investments*
  - Loans to Subsidiaries (Qualis)
  - Home Assistance Loans
- *Commercial Investments*
  - Commercial Property
  - Loans to Subsidiaries (Qualis).

Service Investments

The total value of Service Investments as at 30th June 2023 was £43.482 million and is summarised in Table 5 below.

Table 5: Service Investments

Description	31/03/23 Balance Owing*	Movement (Q1 23/24)	30/06/23 Balance Owing*	Total Approved Limit
	£000's	£000's	£000's	£000's
Subsidiaries (Qualis):				
Working Capital Loan	6,000	0	6,000	6,000
Asset Purchase Loan	14,138	(123)	14,015	16,782
Development Loans	18,333	4,750	23,083	68,218
Regeneration Loans	0	0	0	35,000
Home Assistance Loans (General Fund)	387	(3)	384	150**
Total Value	**38,858**	**4,624**	**43,482**	**126,150**

** Loss Allowances excluded (calculated annually for Balance Sheet purposes only)*
*** Capital Programme allocation 2023/24 to 2027/28 (£30,000 annually over five-years).*

An additional £4.750 million in Developments Loans have been granted to Qualis in Quarter 1, which is enabling the continued development of Cottis Lane Multi-Story Car Park and the former Conder site (for Housing). The balance on the Working Capital Loan has remained stable, reflecting the nature of the "revolving credit facility".

Commercial Investments

The Council also holds significant Commercial Property Investments on its Balance Sheet comprising a diverse portfolio of Shops, Industrial Units, and a range of other property assets. In addition, the Council holds a Commercial Loan with its wholly owned subsidiary, Qualis.

The value and return from the Commercial Property portfolio in Quarter 1 is summarised in Table 6 below.

Table 6: Commercial Property Investments

Category	31/03/23 Balance Sheet Value	Net Income 2023/24 (3 months April – June 2023) *** Actual	Net Income 2022/23 (3 months April – June 2022) *** (25% Actual)
	£Ms	**£Ms**	**£Ms**
Shops*	93.479	1.491	1.434
Industrial Units	38.114	0.331	0.422
Other**	16.890	0.283	0.256
Total Value/Net Income	**148.483**	**2.105**	**2.112**

* Includes Public Houses and a Petrol Station

**Includes North Weald Airfield and Sports Facilities

The Council received total net income of £2.105 million from Commercial Property Investments in the first three months of 2023/24 (compared to £2.112 million for the corresponding period in 2022/23).

A number of Shops are shortly due for rent review and, combined with inducements such as rent-free periods (temporarily restraining rent receipts in Quarter 1), means that rental levels are expected to grow during the latter half of the financial year.

A number of Industrial Units at Cartersfield Road have been vacated as part of the planned transfer of that site to Qualis. This has reduced rental levels from this source, which has been added to by additional costs incurred on the site due to incidents of fly tipping.

The Committee should note that the numbers reflect the accrued position currently in the Council's books, which does not take account of the collectability of income. The Commercial Property portfolio proved very resilient during the pandemic, but an increase in write-offs cannot be ruled out in the future given the current economic climate.

The Commercial Loan with Qualis had an outstanding balance of £30.0 million as at 30th June 2023 and is presented in Table 7 below.

Table 7: Commercial Loans

Description	Balance Owing 31/03/23	Movement	Balance Owing 30/06/23	Approved Limit
	£000's	**£000's**	**£000's**	**£000's**
Qualis Investment Loan	30,000	0*	30,000	30,000

** 10-Year Maturity Loan (principal repayable upon maturity in September 2030)*

Members should note that, in accordance with the Council's MRP Policy and the prevailing accounting rules at the point at which the Commercial Loan to Qualis was granted (in September 2020), no MRP is provided on this loan. However, the Council has purposely protected its position in the form of a "floating charge" on the underlying commercial assets that were purchased (by Qualis) with the proceeds from the loan.

Compliance

The Strategic Director and Section 151 Officer reports that Treasury Management activities undertaken during the first three months of the year fully complied with the CIPFA Code of Practice.

Full compliance with the approved Treasury Management Strategy was also achieved.

Table 8: Investment Limits

Sector	Time limit	Counterparty limit	Sector limit	30/06/23	Complied? (Yes/No)
The UK Government	50 years	Unlimited	N/A	£2.0 million	Yes
Local authorities & other Government entities	25 years	£10 million	Unlimited	£0	Yes
Banks (unsecured)*	13 months	£4.0 million	£20.0 million	£0.7 million	Yes
Building Societies* (unsecured)	13 months	£2.0 million	£2.0 million	£0	Yes
Registered Providers* (unsecured)	5 years	£3.0 million	£3.0 million	£0	Yes
Money Market Funds*	N/A	£10.0 million	Maximum of 3 Funds (£10 million each)	£12.0 million	Yes

** Minimum Credit Rating*

Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken account of.

Table 9: Debt and the Authorised Limit and Operational Boundary

Description	Q1 2023/24 Maximum	30/06/23 Actual	Operational Boundary 2023/24	Authorised Limit 2023/24	Complied? (Yes/No)
	£000's	£000's	£000's	£000's	£000's
Borrowing	286,764	286,764	443,184	453,184	Yes
PFI and Finance Leases	0	0	0	0	Yes
Total Debt	**286,764**	**286,764**	**443,184**	**453,184**	**Yes**

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following Treasury Management Prudential Indicators.

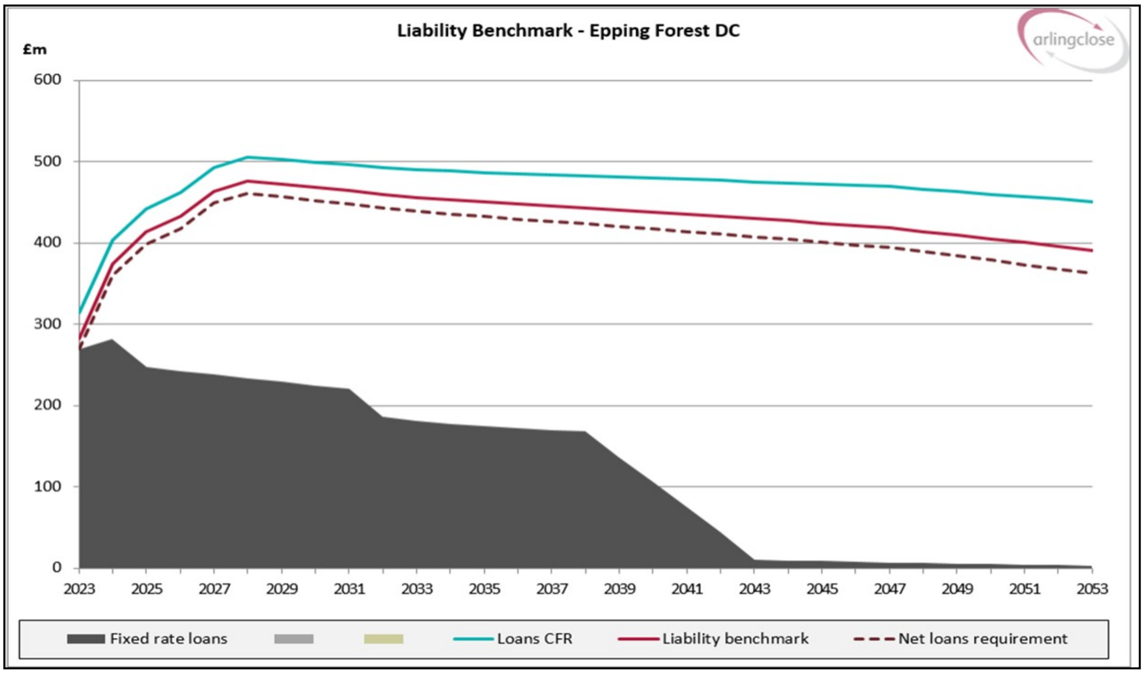
Liability Benchmark

This new indicator compares the Council's actual existing borrowing against a Liability Benchmark that has been calculated to show the lowest risk level of borrowing. 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 shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external Borrowing the Council must hold to fund its current capital and revenue plans while keeping Treasury Investments at the minimum level of £15.0 million required to manage day-to-day cash flow.

Description	31/03/23 Actual	31/03/24 Forecast	31/03/25 Forecast	31/03/26 Forecast
	£M's	£M's	£M's	£M's
Loans CFR	313.6	403.3	441.7	461.5
Less: Balance Sheet resources	(43.7)	(43.7)	(43.7)	(43.7)
Net loans requirement	**269.9**	**359.6**	**398.0**	**417.8**
Plus: Liquidity Allowance	15.0	15.0	15.0	15.0
Liability Benchmark	**284.9**	**374.6**	**413.0**	**432.8**
Existing Borrowing	**281.6**	**295.4**	**260.6**	**256.2**

Following on from the medium-term forecast above, the long-term (30-year) Liability Benchmark below assumes:

- Minimum Revenue Provision (MRP) on new capital expenditure based on an average asset life of 29 years (covering a range of 7 to 50 years); and
- Income, expenditure, and reserves all increasing by inflation of 2.5% per annum.



Maturity Structure of Borrowing

This indicator is set to control exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit	30/06/23 Actual	Complied?
Under 12 months	50%	0%	13%	Yes
12 months and within 24 months	50%	0%	3%	Yes
24 months and within 5 years	50%	0%	5%	Yes
5 years and within 10 years	50%	0%	18%	Yes
10 years and within 15 years	50%	0%	14%	Yes
15 years and within 20 years	50%	0%	44%	Yes
25 years and above	50%	0%	3%	Yes

It should be noted that – based on Arlingclose advice – the proposed limits presented above are deliberately wide in range. This is because the indicator is only designed to cover the risk of replacement loans being unavailable, rather than interest rate risk.

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Long-Term Treasury Management Investments

The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2023/24 (April – June)
Actual principal invested beyond year end.	£0
Limit on principal invested beyond year end.	£15.0 million
Complied?	Yes

Additional Indicators

Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30/06/23 Actual	2023/24 Target	Complied?
Portfolio average credit rating	AA	A-	Yes

Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	30/06/23 Actual	2023/24 Target	Complied?
Total cash available within 3 months	£14.7 million	£12.0 million	Yes

Interest Rate Exposure

The Treasury Management Strategy for 2023/24, considered by the Committee and adopted by the Council in February, included an Interest Rate Exposure Indicator, aimed at controlling the Council's exposure to interest rate risk (setting upper limits on the one-year revenue impact of a 1% rise or fall in interests). The indicator is not a requirement of the Treasury Management Code, although it is a reporting requirement within the Council's Statement of Accounts and is good practice recommended by Arlingclose.

At the time of preparing this report, the Interest Rate Exposure Indicator is under review, with technical guidance and support being provided by Arlingclose. A full update on the position will be included in the Quarter 2 update.