

AGENDA ITEM.

**REPORT TO AUDIT &
GOVERNANCE COMMITTEE**

29th SEPTEMBER 2025

**REPORT OF THE CHIEF
FINANCE OFFICER**

TREASURY MANAGEMENT STRATEGY – ANNUAL REPORT 2024/25

SUMMARY

This report informs Members of the performance against the treasury management and prudential indicators set in the Treasury Management Strategy approved by Council in February 2024.

REASONS FOR PRODUCING THIS REPORT

The Council operates under the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve a treasury management annual report after the end of each financial year.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Introduction

The Council's Treasury Management Strategy for 2024/25 was approved at Council on the 21st February 2024. 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.

The 2021 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 21st February 2024.

External Context

The Council's treasury management advisors Arlingclose have provided the following commentary on the external context.

Economic background: Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four

subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions.

After revising its interest rate forecast in November following the Budget, the council's treasury management advisor, Arlingclose, maintained its stance that Bank Rate will fall to 3.75% in 2025.

UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.

The UK economy Gross Domestic Product (GDP) grew by 0.1% between October and December 2024, unrevised from the initial estimate. This was an improvement on the zero growth in the previous quarter, but down from the 0.4% growth between April and June 2024. Of the monthly GDP figures, the economy was estimated to have contracted by 0.1% in January, worse than expectations for a 0.1% gain.

The labour market continued to cool, but the ONS data still require treating with caution. Recent data showed the unemployment rate rose to 4.4% (3mth/year) in the three months to January 2025 while the economic inactivity rate fell again to 21.5%. The ONS reported pay growth over the same three-month period at 5.9% for regular earnings (excluding bonuses) and 5.8% for total earnings.

The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the one dissenter preferring another 25 basis points cut. The meeting minutes implied a slightly more hawkish tilt compared to February when two MPC members wanted a 50bps cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.

The February Monetary Policy Report (MPR) showed the BoE expected GDP growth in 2025 to be significantly weaker compared to the November MPR. GDP is forecast to rise by 0.1% in Q1 2025, less than the previous estimate of 0.4%. Four-quarter GDP growth is expected to pick up from the middle of 2025, to over 1.5% by the end of the forecast period. The outlook for CPI inflation showed it remaining above the MPC's 2% target throughout 2025. It is expected to hit around 3.5% by June before peaking at 3.7% in Q3 and then easing towards the end of the year, but staying above the 2% target. The unemployment rate was expected to rise steadily to around 4.75% by the end of the forecast horizon, above the assumed medium-term equilibrium unemployment rate of 4.5%.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall throughout 2025. From the cuts in August and November 2024 and February 2025, which took Bank Rate to 4.50%.

Financial markets: Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy impacted financial markets. Yields in the UK and US started to diverge in the last month of

the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements and their potential impact.

The 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January in between. While the 20-year gilt started at 4.40% and ended at 5.22%, hitting a low of 4.27% in September and a high of 5.40% in January. The Sterling Overnight Rate (SONIA) averaged 4.90% over the period.

Credit review: In October, Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months. Duration advice for the remaining five institutions, including the newly added Lloyds Bank Corporate Markets, was kept to a maximum of 100 days. This advice remained in place at the end of the period.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

Local Context

On 31st March 2025 the Council had net borrowing of £111.43m 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

	31.3.24 Actual £m	2024/25 Movement £m	31.3.25 Actual £m
General Fund CFR	189.99	5.87	195.86
Less: Other debt liabilities	(5.55)	(3.60)	(9.15)
Borrowing CFR	184.44	2.27	186.71
Less: Usable reserves	(103.50)	17.35	(86.15)
Less: Working capital	5.67	5.20	10.87
Net Borrowing / (Investments)	86.61	24.82	111.43

The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low. At the year end the Council had an under borrowed position of £36m.

The treasury management position on 31st March 2025 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.24	2024/25	31.3.25
	Balance	Movement	Balance
	£m	£m	£m
Long-term borrowing	89.75	(3.68)	86.07
Short-term borrowing	18.64	46.07	64.71
Total borrowing	108.39	42.39	150.78
Long-term investments	13.03	0.25	13.28
Short-term investments	0.00	0.00	0.00
Cash and cash equivalents	8.75	17.32	26.07
Total investments	21.78	17.57	39.35
Net Borrowing / (Investments)	86.61	24.82	111.43

During the year long term loans decreased by £3.68m. This net position was due to the repayment of two LOBO loans totalling £21m and other long-term debt maturities. This was offset by a £20m 15-month loan, agreed in February 24 to aid with the authority's cash flow during the year end period and in preparation of a loan maturing in early April 2025. Details of the new loan are shown in the table below.

Table 2a: Long-dated Loans borrowed

Long-dated Loans borrowed	Amount	Rate	Period
	£m	%	(Months)
PWLB EIP Loan - Feb 2025	20.0	4.85	15
Total borrowing	20.0		

Short term loans increased by £46.07m during the year. As noted in the mid-term treasury management report to this Committee in November 2024 the authority repaid two LOBO loans totalling £21m. These had an original maturity date of 2077 and to reduce future interest rate risk and cost to the authority these were repaid. The authority has funded these by securing short-term loans in the local-to-local market. Also, for cash flow purposes and as noted above in preparation for the repayment of other loan maturities, a medium-term loan was entered into during the last months of the financial year.

Overall total borrowing increased from £108.39m as on 31st March 2024 to £150.78m as at 31st March 2025.

Total investments increased during the year rising £17.57m from £21.78m at the end of 2023-24 to £39.35m at the end of 2024-25. Funds secured and held at year end to fund maturities during early April 2025.

Dedicated Schools Grant

There is a statutory override in England (capital finance regulation 30L) that requires local education authorities that incur expenditure on their schools budget in excess of the Dedicated Schools Grant (DSG) received to charge this deficit to an unusable reserve instead of their revenue account. Cash is therefore leaving authorities' bank accounts on schools expenditure without revenue cash coming in to pay for it. Other things being equal, this creates a cash shortfall.

At the end of the 2024/25 financial year the Council had an overall accumulative deficit of £6.7m on its DSG. The Council has to cash flow this deficit and any borrowing requirements and costs associated with borrowing incurred include this deficit. The cost of borrowing cannot be charged to the DSG under current regulations, so these are charged to the Councils general fund. The cost of this borrowing in year was up to £300k.

Borrowing Update

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes. The Authority has no new plans to borrow to invest primarily for financial return.

The Authority currently holds £18.322m in commercial investments (2023-24 £17.970m) that were purchased prior to the change in the CIPFA Prudential Code. The Authority as part of the updated code in the future will need review the options for exiting these investments if there is an economical case to do so.

Borrowing Strategy and Activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. During the majority of the period short term interest rates have been higher than long term interest rates.

After substantial rises in interest rates since 2021 many central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields were volatile but have increased overall during the period. Much of the increase has been in response to market concerns that policies introduced by the Labour government will be inflationary and lead to higher levels of government borrowing. The election of Donald Trump in the US in November is also expected to lead to inflationary trade policies.

The PWLB certainty rate for 10-year maturity loans was 4.80% at the beginning of the period and 5.42% at the end. The lowest available 10-year maturity rate was 4.52% and the highest was 5.71%. Rates for 20-year maturity loans ranged from 5.01% to 6.14% during the period, and 50-year maturity loans from 4.88% to 5.88%.

For most of the year the cost of short-term borrowing from other local authorities closely tracked Base Rate at around 5.00% - 5.25%. However, from late 2024 rates began to rise, peaking at around 6% in February and March 2025.

At 31st March 2025 the Council held £150.78m of loans, an increase of £42.39m from the previous year. The year-end borrowing position and the year-on-year change is shown in Table 3 below.

Table 3: Borrowing Position

	31.3.24 Balance £m	2024/25 Movement £m	31.3.25 Balance £m	Average Rate %	31.3.25 WAM* years
Public Works Loan Board	55.13	18.26	73.39	4.78%	4.4
Banks (LOBO)	37.00	-21.00	16.00	4.87%	12.4
Local Authorities	16.26	45.12	61.38	5.10%	0.0
Banks (fixed-term)	0.00	0.00	0.00	0.00%	0.0
Total borrowing	108.39	42.39	150.78	4.81%	3.6

*Weighted average maturity

On 1st April 2024 the Authority held £37m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

As market rates rose during the year the Council received call options by the lenders on two of the LOBO loans held. On assessment of the LOBO portfolio by the Authority's treasury advisor, these loans presented restructuring opportunities with substantial value from a negotiated settlement with the lenders. The risks and benefits, including restructuring savings, were assessed and £21m LOBOs were repaid which has also helped reduce exposure to medium/long-term optionality. Details of these loans are shown in the table below;

Table 3a – LOBO's

	Amount £m	Rate %	Final Maturity	Action taken by Authority
Loan 1 FMS Wertmanagement	15	4.71	2077	Repaid at no cost and refinanced by short-term loans
Loan 2 FMS Wertmanagement	6	4.81	2077	Repaid at no cost and refinanced by short-term loans
Total	21			

Treasury Investment Activity

The CIPFA Treasury Management Code now defines treasury management investments as those investments which arise from the Authority's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances fluctuated due to timing differences between income and expenditure. The year-end investment position is shown in Table 4 below.

Table 4: Treasury Investment Position

	31.3.24 Balance	Net Movement	31.3.25 Balance	31.3.25 Income Return
	£m	£m	£m	%
Banks & building societies	0.40	0.17	0.57	3.80
Government (incl. LA's)	0.00	0.00	0.00	0.00
Money Market Funds	8.30	14.00	22.30	4.10
Pooled Property funds	13.03	0.25	13.28	4.43
Total investments	21.73	14.42	36.15	

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest 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 Authority expects to be a long-term borrower and new treasury investments are therefore 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 asset classes and boost investment income

Bank Rate reduced from 5.25% to 5.00% in August 2024, again to 4.75% in November 2024 and again to 4.5% in February 2025 with short term interest rates largely being around these levels. The rates on DMADF deposits ranged between 4.45% and 5.185% and money market rates between 4.5% and 5.3%.

The progression of credit risk and return metrics for the Council's investments managed in-house are shown in the extracts from Arlingclose quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	WAM* (days)	Rate of Return
31.03.2024	4.89	A+	100%	1	5.07%
30.06.2024	4.76	A+	100%	1	5.17%
30.09.2024	4.78	A+	100%	1	5.10%
31.12.2024	4.68	A+	100%	1	4.85%
31.03.2025	4.58	A+	87%	2	4.28%
Similar LA's (31.03.25)	4.63	A+	73%	81	4.56%
All LAs (31.03.25)	4.56	A+	62%	10	4.66%

*Weighted average maturity

Externally Managed Pooled Funds: £13.28m (based on 31.3.25 valuation) of the Council's investments are held in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a dividend return of £0.664m (4.43%) (£0.683m 2023-24) which is used to support services in year.

Having had a challenging time since 2022, UK commercial property generally experienced a recovery during the period, with improved investment activity, capital values stabilising or improving, particularly towards the end of the period, and income remaining relatively robust.

The change in the Authority's funds' capital values and income earned over the 12-month period is shown in Table 4.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

Statutory Override: Further to consultations in April 2023 and December 2024 MHCLG wrote to finance directors in England in February 2025 regarding the statutory override on accounting for gains and losses in pooled investment funds. On the assumption that when published regulations follow this policy announcement, the statutory override will be extended up until the 1st April 2029 for investments already in place before 1st April 2024. The override will not apply to any new investments taken out on or after 1st April 2024.

Non-Treasury Investments

The definition of investments in the Treasury Management Code now covers all the financial assets of the Authority as well as other non-financial assets which the Authority 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 Ministry of Housing, Communities and Local Government (MHCLG) also includes within the definition of investments all such assets held partially or wholly for financial return.

The Council also held £18.551m of such investments in;

- directly owned property £18.322m
- loans to local businesses £0.025m
- other £0.204m

These investments generated £0.931m of investment income for the Council after taking account of direct costs in 2024/25 representing a rate of return of 5.02%.

MRP Regulations

On 10th April 2024 amended legislation and revised statutory guidance were published on Minimum Revenue Provision (MRP). Most of the changes take effect from the 2025/26 financial year, although there is a requirement that for capital loans given on or after 7th May 2024 sufficient MRP must be charged so that the outstanding CFR in respect of the loan is no higher than the principal outstanding less the Expected Credit Loss (ECL) charge for that loan.

The regulations also require that local authorities cannot exclude any amount of their CFR from their MRP calculation unless by an exception set out in law. Capital receipts cannot be

used to directly replace, in whole or part, the prudent charge to revenue for MRP (there are specific exceptions for capital loans and leased assets).

Compliance

The Chief Finance Officer reports that the majority of all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 6 below.

Table 6: Debt and the Authorised Limit and Operational Boundary

	2024/25 Maximum	31.3.25 Actual	2024/25 Operational Boundary £m	2024/25 Authorised Limit £m	Complied
Borrowing	150.78	150.78	204.80	219.80	
PFI & finance leases	9.15	9.15	6.50	6.50	
Total debt	159.93	159.93	211.30	226.30	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was above the operational boundary for 0 days during 2024/25. Compliance with specific investment limits is demonstrated in Table 7 below.

Table 7: Investment Limits

	2024/25 Maximum	31.3.25 Actual	2024/25 Counterparty Limit	2024/25 Financial Limit	Complied
The UK Government	£36.9m	£3.2m	Unlimited	N/A	✓
Local authorities & other government entities	£0m	£0m	£5m	Unlimited	✓
Secured investments	£0m	£0m	£5m	Unlimited	✓
Banks (unsecured)	£2.5m	£0.57m	£2.5m	Unlimited	✓
Building societies (unsecured)	£0m	£0m	£2.5m	£5m	✓
Registered providers (unsecured)	£0m	£0m	£2.5m	£12.5m	✓
Money market funds	£25m	£22.3m	£5m	Unlimited	✓
Strategic pooled funds	£13.28m	£13.28m	£15m	£25m	✓
Real estate investment trusts	£0m	£0m	£5m	£12.5m	✓
Other investments	£0m	£0m	£2.5m	£5m	✓

** see table 4 above for actual values with individual counterparties as at 31st March 2025.*

Treasury Management Prudential Indicators

As required by the 2021 CIPFA Treasury Management Code, the Authority monitors and measures the following treasury management prudential indicators.

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

	31.3.25 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	43%	25%	0%	x
12 months and within 24 months	18%	40%	0%	✓
24 months and within 5 years	9%	60%	0%	✓
5 years and within 10 years	8%	80%	0%	✓
10 years and above	22%	100%	0%	✓

Due to the strategy of only taking out short term loans the upper limit indicator for the percentage of total loans under 12 months was breached. As noted above the authority entered into a number of short-term loans during the year to repay the LOBO loans and in advance of other loans maturing. This meant that this indicator was breached at year end. Once longer-term interest rates reduce the authority will replace short term loans with longer term loans.

Long-Term Treasury Management Investments: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management limits are:

	2024/25	2025/26	2026/27
Actual principal invested beyond year end	£13.3m	£13.3m	£13.3m
Limit on principal invested beyond year end	£60m	£50m	£40m
Complied	✓	✓	✓

Prudential Indicators Outturn 2024/25

Introduction: The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the 2021 Prudential Code sets out the following indicators that must be set and monitored each year.

The Authority measures and manages its capital expenditure, borrowing and commercial and service investments with references to the following indicators.

Capital Expenditure: The Council's capital expenditure and financing is summarised as

follows.

Capital Expenditure and Financing	2024/25 Estimate £m	31.03.25 Actual £m	Difference £m
Total Expenditure	87.84	56.6	(31.27)
Capital Receipts	3.17	0.09	(3.08)
Grants & Contributions	67.1	46.37	(20.72)
Revenue	2.2	7.03	4.85
Borrowing	15.4	3.08	(12.33)
Total Financing	87.84	56.57	(31.27)

Capital Financing Requirement: The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with minimum revenue provisions (MRP).

Capital Financing Requirement	2024/25 Estimate £m	31.03.25 Actual £m	Difference £m
General Fund	201.76	195.86	(5.90)

There was a difference of £5.9m on the CFR from the original estimate due to a variance against the in year spend profile within the capital programme.

Actual Debt: The Council's actual debt at 31st March 2025 was as follows:

Debt	31.03.25 Estimate £m	31.03.25 Actual £m	Difference £m
Borrowing	150.77	150.78	0.01
Finance leases	2.09	5.39	3.30
PFI liabilities	2.45	3.76	1.31
Total Debt	155.31	159.93	4.62

As you will notice in the table total borrowing was in line with original projections. The increase in Finance Leases and PFI liabilities related directly to new accounting requirements in relation to IFS16 related to leases.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The table below

shows the position as at 31st March 2025;

Debt and CFR	31.03.25 Estimate £m	31.03.25 Actual £m	Difference £m
Total debt	155.31	159.93	4.62
Capital financing requirement	201.76	195.86	(5.90)
Headroom / (Under Borrowed)	(46.45)	(35.94)	10.52

Total debt during the year remained below the CFR. At the 31st March the Council was under borrowed by £35.94m

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary and Total Debt	31.03.25 Boundary £m	31.03.25 Actual Debt £m	Complied
Borrowing	204.80	150.78	
Other long-term liabilities	6.50	9.15	
Total Debt	211.30	159.93	✓

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the *Local Government Act 2003*. It's the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit and Total Debt	31.03.25 Limit £m	31.03.25 Actual Debt £m	Complied
Borrowing	219.80	150.78	
Other long-term liabilities	6.50	9.15	
Total Debt	226.30	159.93	✓

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income. The table below shows the position as at 31st March 2025.

Ratio of Financing Costs to Net Revenue Stream	31.03.25 Estimate %	31.03.25 Actual %	Difference %
General Fund	3.8%	2.3%	-1.5%

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