

Treasury Management Prudential Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators, as set out in the Treasury Management Strategy Statement 2023 to 2024.

Performance against these indicators for December 2023 is detailed within each indicator below.

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

Credit risk indicator	Target	Dec 23*
Portfolio average credit score	6.0	4.17

This target of 6.0 represents an average credit rating score across the portfolio of A, on the scale of AAA to unsecured.

*Due to the timing of this report, we have not had the updated score for our portfolio average credit score from our treasury advisors. The figure of 4.17 is from the last quarterly benchmarking report as at the end of September 2023. This represents an average credit rating across the portfolio of AA-, which is a higher rating than the target. It is unlikely that the score for December will be significantly different from that in September due to the similar nature of our investments.

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 on instant access, without additional borrowing.

Liquidity risk indicator	Target	Dec 23
Total cash available on instant access	£5 million	£6.25 million

As at the end of December 2023, West Suffolk had access to £6.25 million of cash available on instant access (i.e. it could get access to that cash on the same day). There is a balance of having enough cash available on instant access to meet unexpected payments, but not having too much in instant access that you are losing out on interest receipts.

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 borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit	Dec 23
Under 12 months	100%	0%	2.63%
12 months and within 24 months	20%	0%	2.63%
24 months and within 5 years	20%	0%	7.89%
5 years and within 10 years	20%	0%	13.16%
10 years and above	100%	0%	73.68%

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.

West Suffolk's current borrowing portfolio has a maturity structure which complies with the approved limits.

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 if its investment. The prudential limits on the long-term treasury management investments will be:

Price risk indicator	2023 to 2024	2024 to 2025	2025 to 2026
Limit on principal invested beyond year end	£30 million	£30 million	£30 million

Price risk indicator	2023 to 2024	2024 to 2025	2025 to 2026
Amount invested beyond year end as at 31 December 2023	£18.5 million	£0	£0

Currently the that is invested beyond the end of the 2023 to 2024 financial year end is £18.5 million. £8 million of this is with Santander in a 365 day notice account. Notice was given on this account in June 2023 with these funds due to be returned to West Suffolk on 11 June 2024. The remaining amounts relate to investments which are maturing in April and May 2024 to cover known cash flow requirements. As we get closer to the end of the financial year, the amount invested beyond the year end will increase.