**POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE AND ISLE OF WIGHT**

**JOINT AUDIT COMMITTEE – 25 September 2023**

*Q1 Treasury Management Report 2023/24*

**REPORT OF THE CHIEF FINANCE OFFICER OF THE OFFICE OF THE POLICE AND CRIME COMMISSIONER**

1. **Purpose**
	1. The Police and Crime Commissioner for Hampshire (PCC) has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2021 which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports.
	2. 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 in the normal quarterly revenue and capital monitoring reports.
2. **Recommendation**
	1. It is recommended that the Joint Audit Committee (JAC) considers the report and makes observations as appropriate.
3. **Executive Summary**
	1. The report fulfils the PCC’s legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and provides an update on the performance of the treasury management function during quarter one 2023/24; the report also provides an update on some key treasury decisions taken in the first part of quarter 2.
	2. The PCC’s treasury management strategy was most recently updated and approved by the PCC in March 2023. The PCC has borrowed and invested 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 are therefore central to the PCC’s treasury management strategy.
	3. Treasury management in the context of this report is defined as: “The management of the organisation’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
	4. This report sets out the performance of the treasury management function during Q1 2023/24, to include the effects of the decisions taken and the transactions executed in the first three months of the financial year, and also provides an update on key activity to date in Q2.
	5. Overall responsibility for treasury management remains with the PCC. No treasury management activity is without risk and the effective identification and management of risk are therefore integral to the PCC’s treasury management objectives.
	6. All treasury activity has complied with the PCC’s Treasury Management Strategy and Investment Strategy for 2023/24, and all relevant statute, guidance and accounting standards. In addition, support in undertaking treasury management activities has been provided by the PCC’s treasury advisers, Arlingclose.
	7. The Prudential Code includes the requirement to produce and have approved a Capital Strategy, a summary document covering capital expenditure and financing, treasury management and non-treasury investments. The PCC’s most recent Capital and Investment Strategy, complying with CIPFA’s requirement, was approved by the PCC in February 2023.
4. **External Context**
	1. The following sections outline the key economic themes in the UK against which investment and borrowing decisions have been made so far in 2023/24.

**Economic commentary**

* 1. From the start of the quarter until May it looked like peak global monetary policy rates were in sight as inflation continued to ease and central banks turned more dovish in tone. Only a few weeks later, stronger and more persistent inflation data, particularly in the UK, changed the picture. Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.
	2. 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%.
	3. 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 (MPC) reaccelerated monetary policy tightening over the period with a 0.25% rise in May and a 0.5% rise in June, taking the 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.
	4. Interest rate expectations priced in further hikes in policy rates. Arlingclose, the authority’s treasury adviser, revised its forecast to include a further 0.5% of monetary tightening to take Bank Rate to 5.5%; as at the date of this report, the Bank Rate had increased by a further 0.25% in August, taking the rate to 5.25%. The risks, however, are that rates could be higher; financial markets are forecasting policy interest rates above 6%. The MPC are next scheduled to meet to consider the Bank Rate on the 21st September 2023, and a verbal update will be provided to this meeting.
	5. With many mortgages at low fixed rates now systematically being re-set over the next 12-24 months at higher rates there has been a lagged effect of the feed through of monetary policy on households’ disposable income. The economic slowdown is expected to develop over time and therefore, despite the GfK measure of consumer confidence improving to -24 in June, it is likely confidence will be negatively affected at some point. The manufacturing sector contracted during the quarter according to survey data, which will eventually feed into services, whose expansion is slowing.

**Financial markets**

* 1. Financial 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.
	2. 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%.

**Credit review**

* 1. 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 and the purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March 2023 Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. No changes were made to the names on the list.
	2. Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress but made no changes to the counterparty list or recommended durations over the quarter. Nevertheless, heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Council’s counterparty list recommended by Arlingclose remains under constant review.
1. **Local Context**
	1. At 31 March 2023 the PCC’s underlying need to borrow for capital purposes was £53.74m as measured by the Capital Financing Requirement (CFR), while balance sheet resources, which are the underlying resources available for investment, amounted to £131.1m (usable reserves £146.29m less working capital £15.19m). These factors are summarised in Table 1.

|  |  |  |
| --- | --- | --- |
| **Table 1: Balance sheet summary** | **31/03/23Balance£m** | **31/03/24Forecast£m** |
| Total CFR | 53.74 | 51.18 |
| Less: finance leases | (2.04) | (1.14) |
| **Loan CFR** | **51.70**  | **50.04**  |
| **External borrowing** |   |   |
| Public Works Loan Board | (29.70)  | (19.35)  |
| **Internal borrowing** | **22.00**  | **30.69**  |
| Less: Balance sheet resources | (131.10)  | (130.40) |
| **Net investments** | **(109.10)**  | **(99.71)**  |

* 1. The treasury management position at 30th June and the change over the quarter is shown in Table 2 below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Table 2: Treasury management summary** | **31/03/23Balance£m** | **Movement£m** | **30/06/23Balance£m** | **30/06/23Rate%** |
| Long-term borrowing | (29.35) | 0.00 | (29.35) | 4.28 |
| Short-term borrowing | (0.35) | 0.00 | (0.35) | 6.00 |
| **Total borrowing** | **(29.70)** | **0.00** | **(29.70)** | **4.30** |
| Long-term investments | 15.09 | 8.91 | 24.00 | 4.22 |
| Short-term investments | 25.02 | (3.90) | 21.12 | 4.47 |
| Cash and cash equivalents | 66.80 | (28.18) | 38.62 | 4.69 |
| **Total investments** | **106.91** | **(23.17)** | **83.74** | **4.50** |
| **Net treasury management investments** | **77.21** | **(23.17)** | **54.04** |  |

Note: the 31 March figures in Table 2 are taken from the balance sheet in the PCC’s accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments, and therefore differ from Table 1.

* 1. The decrease in net investments of £23.17m shown in Table 2 reflect the prepayment of three years’ worth of employer pension contributions on 1st April.
	2. The overall level of investments provides significant financial resilience for the PCC, albeit that the majority of the reserves are ringfenced and set aside for specific purposes; the expectation is that reserves will be drawn down significantly over the next few years, particularly to support the capital programme, major equipment purchase, IT infrastructure and device replacement, Operation Magenta and to fund inflation pressures.
1. **Borrowing Update**
	1. The PCC has no current plans to borrow to invest primarily for commercial return in 2023/24 and so is currently unaffected by the changes to the Prudential Code.
	2. The PCC is not planning to purchase any investment assets primarily for yield during 2023/24, so is able to retain full access to the PWLB (albeit there are no plans to take on any new external borrowing).
	3. Further, the PCC has and may continue to invest in pooled funds as part of its Treasury Management strategy. This is not a policy to primarily generate yield but part of the implementation of the wider Treasury Management strategy to invest the PCC’s surplus cash and reserves ensuring it is investing its funds prudently, having regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. By investing a diversified portfolio in respect of yield this meets the PCC’s aim of protecting reserves from high inflation.
	4. The PCC is a net investor and expects a negative liability benchmark up to and including 2026/27, meaning that there is not currently a requirement to undertake new borrowing either internally or externally. It is expected that a forecast reduction in balance sheet resources will result in a positive liability benchmark as at 31 March 2027, however the liability benchmarking will be at or below the current level of external borrowing (after the recent repayment), which indicates that no further borrowing will be necessary in the forecast period.
	5. With the changing interest rate environment, the potential to repay existing PWLB debt as part of treasury management (so switching between external PWLB debt and internal borrowing) to provide a long term interest rate saving has been reviewed.
	6. The market environment and in particular PWLB loan repayment rates were such that in August 2023 the repayment of a portion of PWLB debt became a realistic option; whilst not undertaken in Q1, £10m of PWLB debt, with an average date to redemption of 13.5 years, was repaid in Q2 to take advantage of favourable redemption rates in accordance with advice taken from Arlingclose, securing an interest rate saving of 4.42% for the 13.5 years.
	7. It is important to note that the underlying need to borrow has not reduced, and that this is a treasury management decision to switch between external PWLB debt to ‘internal borrowing’ (in lieu of investing the £10m cash, we have repaid external debt to effectively secure a ‘risk free’ interest saving/return of 4.42% for 13.5 years). A further breakdown of this activity will be included in the Treasury Management mid-year report.
2. **Borrowing Strategy**
	1. At 30 June 2023 the PCC held £29.70m of loans as part of its strategy for funding previous years’ capital programmes. The year-end treasury management borrowing position and year-on-year change are summarised in Table 3 and Table 3A.

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| --- | --- | --- | --- | --- | --- |
| **Table 3: Borrowing position** | **31/03/23Balance£m** | **Net movement£m** | **30/06/23Balance£m** | **30/06/23Weighted average rate%** | **31/03/23Weighted average maturity(years)** |
| Public Works Loan Board (PWLB) | (29.70) | - | (29.70) | (4.30) | 11.20 |
| **Total borrowing** | **(29.70)** | **-** | **(29.70)** | **(4.30)** | **11.20** |

Note: the figures in Table 3 are from the balance sheet in the PCC’s accounts but adjusted to exclude accrued interest.

* 1. The PCC’s 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. The flexibility to renegotiate loans should the PCC’s long-term plans change is a secondary objective.
	2. As noted in paragraph 6.6, the PCC redeemed £10m of PWLB debt in August 2023, as part of a treasury management transaction which replaced external PWLB debt with internal borrowing; the outcome of that decision is that PWLB debt has reduced to £19.70m, as shown below in Table 3A:

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| --- | --- | --- | --- | --- | --- |
| **Table 3A: Borrowing position** | **31/06/23Balance£m** | **Net movement£m** | **30/08/23Balance£m** | **30/06/23Weighted average rate%** | **31/03/23Weighted average maturity(years)** |
| Public Works Loan Board (PWLB) | (29.70) | 10.0 | (19.70) | (4.31) | 9.72 |
| **Total borrowing** | **(29.70)** | **10.0** | **(19.70)** | **(4.31)** | **9.72** |

1. **Treasury Investment Activity**
	1. CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation’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.
	2. The PCC holds invested funds representing income received in advance of expenditure plus balances and reserves held. During the year, the PCC’s investment balances have ranged between £62.6m and £103.9m due to timing differences between income and expenditure. The year-end investment position and the year-on-year change are shown in Table 4.

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| --- | --- | --- | --- | --- | --- |
| **Table 4: Treasury investment position** | **31/03/2023 Balance** | **Net movement** | **30/06/2023****Balance** | **30/06/23Income return** | **30/06/23Weighted average maturity** |
|  | **£m** | **£m** | **£m** | **%** | **(years)** |
| **Short term investments**  |  |  |  |  |  |
| Banks and building societies: |  |  |  |  |  |
| * Unsecured
 | 6.34 | (1.01) | 5.33 | 4.21 | 0.00 |
| * Secured
 | - | 3.60 | 3.60 | 5.13 | 0.54 |
| Money market funds | 65.48 | (32.17) | 33.31 | 4.77 | 0.00 |
| Government: |  |  |  |  |  |
| * Local authorities
 | 7.00 | (2.00) | 5.00 | 3.80 | 0.36 |
| * Treasury bills
 | 13.00 | (0.50) | 12.50 | 4.55 | 0.26 |
| **Total** | **91.82** | **(32.08)** | **59.74** | **4.62** | **0.12** |
| **Long term investments**Banks and building societies: |  |  |  |  |  |
| * Secured
 | 5.09 | 8.91 | 14.00 | 4.03 | 3.07 |
| **Total** | **5.09** | **8.91** | **14.00** | **4.03** | **3.07** |
| **Higher yielding investments** |  |  |  |  |  |
| Pooled funds: |  |  |  |  |  |
| * Pooled property\*
 | 4.00 | 0.00 | 4.00 | 3.50 | N/A |
| * Pooled equity\*
 | 3.00 | 0.00 | 3.00 | 5.56 | N/A |
| * Pooled multi-asset\*
 | 3.00 | 0.00 | 3.00 | 4.69 | N/A |
| **Total** | **10.00** | **0.00** | **10.00** | **4.48** | **N/A** |
| **Total investments** | **106.91** | **(23.17)** | **83.74** | **4.50** | **0.60** |

\* The rates provided for pooled fund investments are reflective of annualised income returns based on the market value of investments at the start of the year.

Note: the 31 March figures in Table 4 are from the balance sheet in the PCC’s accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

* 1. The drop in investment balances since the year end can primarily be attributed to the payment of £39.50m on 1st April to pre-pay three years of employer pension contributions in advance. By making this payment in advance the PCC has received a discount of 4.4%pa, which will deliver a saving/an effective return estimated at £2.60m over 3 years.
	2. The CIPFA Code and government guidance both require the PCC to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the optimum rate of return, or yield. The PCC’s objective when investing money is therefore to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults alongside the risk of receiving unsuitably low investment income. The PCC’s Treasury Management Strategy Statement (TMSS) sets out how it will manage and mitigate these risks.
	3. As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.
	4. The progression of risk and return metrics are shown in the extracts from Arlingclose’s quarterly investment benchmarking in Table 5 below. The table shows that the PCC is earning a higher rate than other authorities advised by Arlingclose while incurring less risk.

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| --- | --- | --- | --- | --- |
| **Table 5: Investment benchmarking (excluding pooled funds)** | **Credit rating** | **Bail-in exposure** | **Weighted average maturity(days)** | **Rate of return** |
| 31.03.2023 | AA- | 74% | 60 | 3.98% |
| 30.06.2023 | AA-  | 53% | 243 | 4.63% |
| Police & Fire Authorities | A+ | 84% | 35 | 4.21% |
| All LAs | A+ | 63% | 11 | 4.44% |

**Externally managed pooled funds**

* 1. As at 30th June 2023, £10m of the PCC’s investments were invested in externally managed strategic pooled funds as part of the strategy to invest the PCC’s core cash balances up to £40m in longer term investments 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 an average total return of 23.98% since purchase (on average a return of 4.4% per annum during a low interest rate environment period where the return on non pooled investments had been less than 1%)
	2. Financial market conditions were volatile during the quarter, but favourable in some areas. Resilient economic data, which led to diminishing talk of recessions at a time when interest rate peaks are thought to be near, initially helped UK, euro-area and US equity markets. However, UK equities fell in May (sterling’s strength weighed on some sectors) and ended the quarter marginally lower. Eurozone equities were slightly higher but did not match the larger global rally in US equities (helped by a soft-landing scenario for the economy and enthusiasm over AI) and Japanese equities.
	3. UK property markets continued to struggle as higher interest rates and bond yields and higher funding costs weighed on the sector. There was some improvement in May, building on signs of returning investor interest and transactional activity in calendar Q1 and a perception that the downturn in commercial real estate may be bottoming out. This has helped support capital values and rental income. The additional move upwards in yields in late May/June and the prospect of sluggish economic growth however constrained the outlook.
	4. The combination of the above had a marginal negative effect on the combined value of the PCC’s pooled funds since March 2023. Income returns remained broadly consistent, but capital values have decreased particularly in the pooled property and multi-asset funds held by the PCC.
	5. 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 PCC’s medium-to long-term investment objectives are regularly reviewed. Having taken advice from Arlingclose as a result of the changes in the interest rate environment providing similar (and in some cases better) returns on more liquid investments, the PCC has sought to disinvest £5m (from its total pooled fund holding of £10m) from some of its pooled fund holdings in Quarter 2, crystallising a net capital gain of £239.7k. Capital gains made from this disinvestment have been transferred to an Investment Risk Reserve, in order to mitigate any potential losses on future pooled fund disinvestment should they arise.
	6. In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds through the in-year revenue account. The override has been extended for 2 years until 31st March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The PCC will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.
1. **Non-Treasury Investments**
	1. The definition of investments in CIPFA’s revised Treasury Management Code now covers all the financial assets of the PCC as well as other non-financial assets which the PCC 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).
	2. Investment Guidance issued by DLUHC also broadens the definition of investments to include all such assets held partially or wholly for financial return. The Investment Guidance applies to all authorities defined as local authorities under the Local Government Act 2003, section 23, which includes Police and Crime commissioners.
	3. This could include the direct purchase of land or property and any such loans and investments will be subject to the PCC’s normal approval processes for revenue and capital expenditure and need not comply with the treasury management strategy. The PCC does not have any existing non-treasury investments.
2. **Compliance Report**
	1. The PCC CFO reports that all treasury management activities undertaken during the quarter complied fully with the principles in the Treasury Management Code and the PCC’s approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in Table 7 below.

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| --- | --- | --- | --- | --- |
| **Table 7: Investment Limits** | **2023/24 Maximum Invested during Q1****£m** | **30/06/23 Actual** **£m** | **2023/24 Authorised Limit** | **Complied** |
|  The UK Government | 17.00 | 12.50 | n/a | ü |
| Local authorities & other government entities | 7.00 | 5.00 | Unlimited | ü |
| Secured investments \* | 17.60 | 17.60 | Unlimited | ü |
| Banks (unsecured) \* | 10.33 | 10.33 | Unlimited | ü |
| Building societies (unsecured) \* | 0.00 | 0.00 | £16m | ü |
| Registered providers (unsecured) \* | 0.00 | 0.00 | £16m | ü |
| Money market funds \* | 65.48 | 33.31 | Unlimited | ü |
| Strategic pooled funds | 10.00 | 10.00 | £39m | ü |
| Real estate investment trusts | 0.00 | 0.00 | £16m | ü |
| Other investments \* | 0.00 | 0.00 | £16m | ü |

* 1. Compliance with the authorised limit and operational boundary for external debt, is demonstrated in Table 8.

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| --- | --- | --- | --- | --- | --- |
| **Table 8: Debt limits** | **Q1 2023/24 Maximum****£m** | **30/06/23 Actual****£m** | **2023/24 Operational Boundary £m** | **2023/24 Authorised Limit** |  **Complied?** |
| Total debt | 30.70 | 30.60 | 70.50 | 87.50 |  |

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

**Liability benchmark**

* 1. This new indicator compares the Authority’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 required to manage day-to-day cash flow.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **31/03/2023** | **31/03/2024** | **31/03/2025** | **31/03/2026** |
| **Actual £m**  | **Forecast £m** | **Forecast £m** | **Forecast £m** |
| Total CFR | 53.74 | 51.18 | 84.37 | 81.03 |
| Less: finance leases | (2.04) | (1.14) | (35.98) | (34.28) |
| **Loan CFR** | **51.70**  | **50.04**  | **48.39** | **46.75** |
| Less: Balance sheet resources | (131.10) | (130.40) | (108.90) | (84.10) |
| **Net loans requirement** | **(79.40)** | **(80.36)** | **(60.51)** | **(37.35)** |
| Plus: Liquidity allowance | 10.00 | 10.00 | 10.00 | 10.00 |
| **Liability benchmark** | **(69.40)** | **(70.36)** | **(50.51)** | **(27.35)** |
| **Existing borrowing** | **29.90** | **19.35** | **19.00** | **19.00** |



* 1. The PCC is a net investor and as the above table and graph shows, the PCC expects a negative liability benchmark across the forecast period (demonstrated by no visible liability benchmark line on the graph until into 2026), meaning that there is not a requirement to borrow for the foreseeable future.

**Maturity structure of borrowing**

* 1. This indicator is set to control the PCC’s exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement.

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| --- | --- | --- | --- | --- |
| **Table 10: Maturity structure of borrowing** | **30/06/23Actual** | **Upper Limit** | **Lower Limit** | **Complied** |
| Under 12 months | 1% | 50% | 0% |  |
| 12 months and within 24 months | 1% | 50% | 0% |  |
| 24 months and within 5 years | 0% | 50% | 0% |  |
| 5 years and within 10 years | 27% | 75% | 0% |  |
| 10 years and above | 71% | 100% | 0% |  |

**Principal sums invested for periods longer than a year**

* 1. The purpose of this indicator is to control the PCC’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:

|  |  |  |  |
| --- | --- | --- | --- |
| **Table 11: Price risk indicator** | **2023/24** | **2024/25** | **2025/26** |
| Actual principal invested beyond year end | £24m | £24m | £20m |
| Limit on principal invested beyond year end | £40m | £40m | £40m |
| Complied |  |  |  |