THIS PAPER RELATES TO ITEM 3 ON THE AGENDA

CLACKMANNANSHIRE COUNCIL

Report to Clackmannanshire Council

Date of Meeting: 4 March 2022

Subject: Treasury Management Strategy Statement 2022/23

Report by: Chief Finance Officer

1.0 Purpose

1.1 The purpose of this report is to present the Council's Treasury Management Strategy Statement for 2022/23 and Prudential Indicators for 2022/23 to 2024/25.

1.2 CIPFA defines treasury management as:

“The management of the local authority’s borrowing, 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.”

2.0 Recommendations

2.1 It is recommended that Council:

2.1.1 approves the Treasury Management Strategy Statement for 2022/23 and Prudential Indicators for the years 2022/23 to 2024/25, attached as Appendix A, in compliance with the Prudential Code requirements.

2.1.2 notes the continuation of the Borrowing Strategy to support additional capital investment (paragraph 5.6)

2.1.3 notes that a loans fund payment holiday is proposed as part of the General Revenue and Capital Budget 2022/23 report also on this agenda

2.1.4 notes that as part of the Council’s commitment to Wellbeing Economy and Community Wealth Building, future investment decisions will consider ethical investment opportunities. (Appendix A, paragraph 5.1)

2.1.5 notes the investment portfolio position as at 31st January 2022 (Appendix B).

3.0 Background

3.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available to meet spending commitments as they fall due either for day-to-day revenue operations or for larger capital projects. Treasury activities will balance the interest costs of debt and the investment income arising from cash deposits. Surplus monies are invested in low risk counterparties commensurate with the Council's low risk appetite, initially providing adequate liquidity before considering investment return.

3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

3.3 The Prudential Indicators included in Appendix A have been determined based on the budget proposals contained in the Capital Programmes for both the General Fund and the Housing Revenue Account included within the General Services Revenue and Capital Budget 2022/23 on the agenda for approval at this meeting and the Housing Revenue Account (HRA) Budget 2022/23 previously approved by Council at its meeting on the 10 February 2022.

4.0 Reporting Requirements

Treasury Management Reporting

4.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first and most important report covers:

- the capital plans (including prudential indicators);
- a policy for the statutory repayment of debt (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the performance of the treasury function is in line with the strategy or whether any policies require revision.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

5.0 General Services Capital Programme

5.1 In its budget for 2021/22, Council approved a new 20 year capital investment rolling programme was covering the years 2021/22 to 2040/41. This programme set out planned significant capital investment areas across the Council's Be The Future priorities. The programme allows investment to support wellbeing and economic performance and recovery across the four priority themes. During 2021/22 this programme has been reviewed and updated to cover the period to 2041/42. Appendix C summarises the expenditure across the 20 year programme by the four themes. Further detail of the capital programme is also provided within the General Fund Revenue and Capital Budget 2022/23 also on this agenda.

5.2 The table below shows the gross expenditure across the 20 year programme, shown in detail for the first five years and summarised for each of the next five years, and the income expected for each of those years. The Gross Programme Limit represents the level of expenditure that can be incurred before external borrowing increases. This includes the income and repayments to external debt in the year, referred to as the funding envelope under the previous strategy, to minimise external debt. Table 1 indicates that over the period to 2041/42, there is a total of £227.051m available for capital investment without increasing borrowing. The Council's proposed programme (including carry forward from 2021/22) for the period 2022/23 – 2041/42 totals £254.135m, £27.084m above the Gross Programme Limit. This means that the Council's overall level of borrowing is expected to increase by this amount by the end of the 20 year programme.

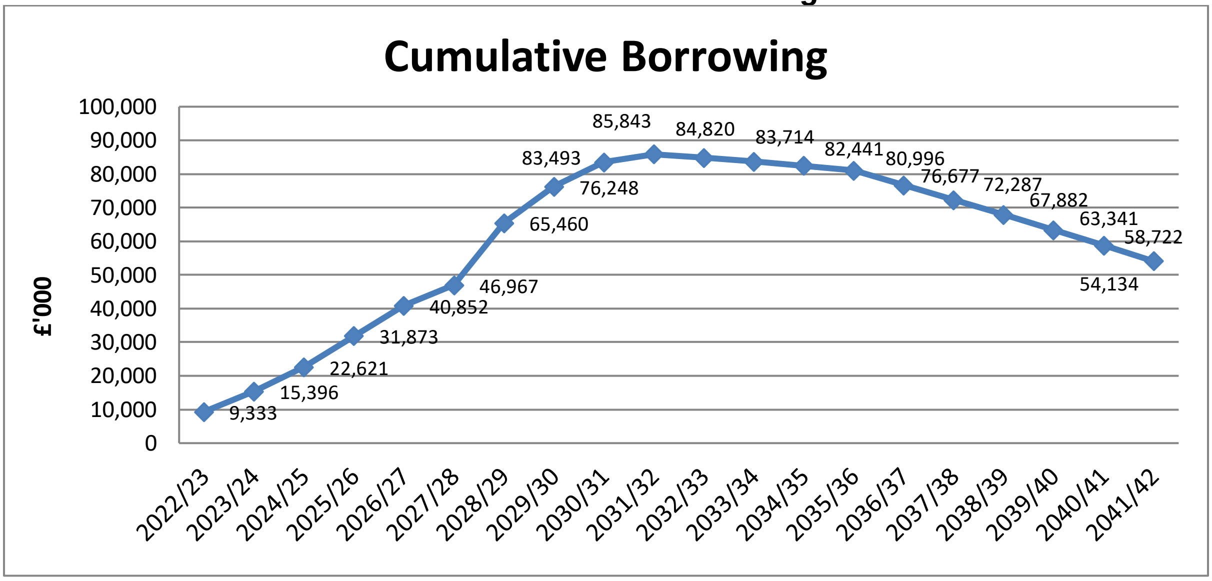
Table 1: General Services Capital Funding 2022/23-2041/42

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027-32 £000	2032-37 £000	2037-42 £000	Total £000
Gross Programme Limit									
Income	(5,553)	(8,829)	(8,662)	(8,649)	(8,809)	(28,085)	(21,545)	(21,545)	**(111,677)**
Loans Fund Principal Repayments	(0)	(1,557)	(1,456)	(1,823)	(1,552)	(18,759)	(30,400)	(32,778)	**(88,325)**
External Borrowing Principal Repayments	(2,946)	(412)	(412)	(1,237)	(412)	(5,601)	(29)	(16,000)	**(27,049)**
Total Gross Programme Limit	**(8,499)**	**(10,798)**	**(10,530)**	**(11,709)**	**(10,773)**	**(52,445)**	**(51,974)**	**(70,323)**	**(227,051)**
Proposed Planned Expenditure (including C/F from 2021/22 approved programme)	14,886	16,448	17,343	19,725	19,340	91,835	42,778	31,780	**254,135**

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027-32 £000	2032-37 £000	2037-42 £000	Total £000
Amount of Planned Expenditure (below)/above Gross Programme Limit	6,387	5,650	6,813	8,016	8,566	39,390	(9,195)	(38,543)	**27,084**

5.3 The profile of investment over the 20 year programme front loads expenditure within the first 10 years of the programme, thereafter reducing expenditure below the available funding envelope to start to reduce the level of external borrowing back towards the current level as shown in chart 2 below. This is in line with the Council's prioritisation of an investment-led recovery strategy in respect of the Covid-19 pandemic, as supported by the Council's Capital Budget. Throughout the programme, opportunities for additional funding sources will be sought to reduce any external borrowing requirement and expedite the reduction in the overall level of external borrowing.

Chart 2: Level of Additional External Borrowing



5.4 In order to support the planned investment outlined above, the previous borrowing strategy to minimise external debt was revised as part of the 2021/22 TMSS. Prior to this the previously strategy, approved in 2012, has delivered significant reductions in external debt of £33m, bringing the ratio of cost of borrowing to 3.74% forecast at March 2022 which is below the latest reported Scottish average of 7.20% (2020). The cost of borrowing is based on the loan charge payments on external borrowing compared to the Council's general revenue funding and is therefore an assessment of affordability. This low cost of borrowing allows capital investment to be made whilst still being affordable.

5.5 Table 3 below shows the ratio of the cost of borrowing over the life of the capital programme, detailed for the first five years then shown at the end of each of the further five year periods to 2041/42. Increased rates from 2031/32 reflect the cumulative additonal investment over the first ten years which is planned to reduce in future years. The cost of borrowing will be reviewed annually as part of the General Fund Revenue and Capital budget and the

Treasury Management Strategy to ensure costs of borrowing remain affordable over the longer term.

Table 3: Ratio of cost of borrowing

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2031/32 £000	2036/37 £000	2041/42 £000
Loan Charges/ Cost of Borrowing	4,939	4,052	5,726	5,730	6,366	11,404	12,520	12,466
General Revenue Funding	131,997	129,375	129,375	129,375	130,088	133,653	137,218	140,783
Ratio of Cost of Borrowing	**3.74%**	**3.13%**	**4.43%**	**4.43%**	**4.89%**	**8.53%**	**9.12%**	**8.85%**

5.6 As part of the Treasury Management Strategy Statement for 2021/22 approved on 24th March 2021 the Council approved the change in borrowing strategy from the previous strategy to minimise external debt to one that supports growth and investment in line with the 20 year capital programme but looks to reduce external debt over the longer term.

5.7 The Prudential Indicators in Appendix A reflect the revised capital programme over the years to 2024/25 and will be updated annually reflecting any changes in the expenditure or funding levels within the proposed programme. These indicators ensure that the proposed programme is prudent, affordable, and sustainable.

6.0 Capital Strategy

6.1 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed, and
- the implications for future financial sustainability.

6.2 The aim of this Capital Strategy is to ensure that Council fully understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

6.3 The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

6.4 The work carried out in preparing the 20 year Capital Programme established the foundations for the Council's Capital Strategy and this strategy is outlined in the General Revenue and Capital Budget report also on this agenda. Further work will be undertaken to develop this strategy to provide further detail on the elements outlined above including a capital implementation plan for significant projects.

7.0 Treasury Management Strategy for 2022/23

7.1 The strategy for 2022/23 covers two main areas:

Capital

- the capital plans and the prudential indicators, and
- the loans fund repayment policy.

Treasury Management

- the current treasury position;
- treasury indicators which limit treasury risk and the activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- statutory repayment of loans fund;
- the investment policy;
- the investment strategy;
- creditworthiness policy;
- country limits and
- policy on use of external service providers

7.2 These elements cover the requirements of the Local Government in Scotland Act 2003, the revised CIPFA Prudential Code and CIPFA Treasury Management Code (2017 editions), the CIPFA Treasury Management Guidance Notes 2018 and the Local Government Investment Regulations (Scotland) 2010 and the Local Authority (Capital and Financing and Accounting) (Scotland) Regulations 2016.

7.3 In December 2021, CIPFA published an updated Treasury Management and Prudential Code. This will be incorporated into the 2023/24 TMSS in line with the requirement for full implementation by 2023/24.

8.0 Training and Advice Services

8.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. Training is provided for members in the form of briefings on specific changes and reports. Link Asset Services, our treasury management advisors, also hold training sessions with members with the last refresher held on the 6 December 2017. Further training will be held during 2022/23 in the new Administrative cycle with a strong focus aligned to the long term capital plan and the move towards growth and investment and the related impact on borrowing activity.

8.2 The training needs of treasury management officers are periodically reviewed and training arranged as appropriate. Treasury management officers attend regular meetings with the Council's treasury management advisors, benchmarking meetings with representatives from other Scottish local authorities and specific training events arranged by the Council's treasury management advisors.

8.3 The Council uses Link Asset Services as its external treasury management advisors, however it recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon the services of our external service providers.

8.4 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment, and the methods by which their value is assessed, are properly agreed and documented and subjected to regular review. Following a procurement exercise during 2019, Link Asset Services were retained as the Council's external treasury management advisors until 31 July 2025.

9.0 Conclusion

9.1 The Treasury Management Strategy for 2022/23 builds on and consolidates the Council's existing Investment Strategy and Prudential Borrowing framework.

9.2 The strategy supports the delivery of the Council's capital investment plans and reflects the updated 20 year capital investment programme proposed within the General Fund Revenue and Capital Budget for 2022/23.

10.0 Sustainability Implications

10.1 None.

11.0 Resource Implications

11.1 *Financial Details*

11.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes ☑

11.3 Finance has been consulted and has agreed the financial implications as set out in the report. Yes ☑

11.4 *Staffing*

11.5 None

12.0 Exempt Reports

Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☑

13.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box☑)

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☐

Our families; children and young people will have the best possible start in life ☐

Women and girls will be confident and aspirational, and achieve their full potential ☐

Our communities will be resilient and empowered so that they can thrive and flourish ☐

(2) Council Policies (Please detail)

Treasury Management Policy Statement and Practices

14.0 Equalities Impact

14.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?
Yes ☐ No ☑

15.0 Legality

15.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☑

16.0 Appendices

16.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A – 2022/23 Treasury Management Strategy Statement & Annual Investment Strategy (including prudential indicators)

Appendix B – Investment Portfolio as at 31 January 2022

Appendix C – General Fund 20 Year Capital Programme 2022/23

17.0 Background Papers

17.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☑ (please list the documents below) No ☐

Treasury Management in Public Service; Code of Practice and Cross Sectoral Guidance Notes 2017

The Prudential Code for Capital Finance in Local Authorities 2017

Treasury Management Guidance Notes 2018

The Local Government Investment Regulations (Scotland) 2010

Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016

Financial Strategy June 2012

Interest rate forecasts

Economic background

Treasury management practice 1 - credit and counterparty risk management

Treasury management scheme of delegation

The treasury management role of the section 95 officer

Link Asset Services - Clackmannanshire Council Loans Fund Review

Author(s)

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2022/23 TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY (including Prudential Indicators)

The suggested strategy for 2022/23 in respect of the following aspects of the treasury management function is based upon the Council's views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Link Asset Services.

The strategy for 2022/23 covers the following areas:

- capital expenditure;
- the loans fund repayment policy;
- the current portfolio position;
- treasury indicators which limit treasury risk and the activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- statutory repayment of loans fund;
- the investment policy;
- creditworthiness policy;
- country limits; and
- the investment strategy.

1.0 The Capital Prudential Indicators

1.1 Capital Expenditure

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

The Prudential Code requires the Council to make reasonable estimates of the total capital expenditure that it plans to incur during the forthcoming financial year and the following two financial years. The Code also requires this information to be split between General Fund (GF) Services and Housing Revenue Account (HRA).

To provide a longer term view, the estimates of gross capital expenditure to be incurred for the next three years together with the projection for the current year and actual for 2020/21 are as follows:

Table 1: Gross Capital Expenditure

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund Services	13,646	13,447	14,886	16,448	17,343
Housing Revenue Account	4,292	6,311	15,903	11,852	12,702
Total	**17,938**	**19,758**	**30,789**	**28,300**	**30,045**

The above figures are shown gross of any income and are consistent with the capital programme proposals for General Services contained within the Revenue and Capital Budget report 2022/23 on the agenda for approval at this meeting and the HRA Capital Programme 2022/23 approved at Council on 10 February 2022.

The General Services Capital Programme approved at Council on 24th March 2021 set out planned significant capital investment areas across the Council's Be The Future priorities over 20 years from 2021/22 to 2040/41. The programme provides investment to support wellbeing and economic performance and recovery across the four priority themes.

During 2021/22, the GF Capital Programme was reviewed and revised to reflect a rolling programme of 20 years to 2041/42. Along with capacity to deliver the programme, the availability of funding continued to be a key consideration in the review of the programme to ensure that any additional borrowing was affordable. As such, the revenue charges associated with the level of expenditure across the years are reflected in the proposed revenue budget.

The capital plans for both the General Fund and the HRA take full account of the requirements of the Prudential Code, ensuring that planned expenditure is prudent and affordable. The planned spending figure of £30.789m for 2022/23 will be kept under review through the capital monitoring process and regularly reported to the appropriate Committees during the year.

1.2 Borrowing Need (Capital Financing Requirement)

The calculation of the Capital Financing Requirement (CFR) is intended to reflect the Council's underlying need to borrow for a capital purpose and it is used as a key measure in treasury management decisions for this reason. Capital expenditure that is not financed upfront by the use of capital receipts, capital grants or directly from revenue will increase the CFR of the Council.

The CFR does not increase indefinitely as it is reduced by annual repayments of debt. These repayments are calculated to be broadly commensurate with the period and pattern of benefits of the capital expenditure i.e. reflect the useful life of the asset financed from borrowing.

The CFR also includes the long term liabilities the Council has in respect of the PFI contract for three secondary schools and the finance lease for street lighting infrastructure. Whilst this increases the CFR, the Council is not required to borrow for these schemes.

Estimates of the end of year CFR position for the Council are shown in the table below. The table shows the current and future years together with the actual position for the previous year

Table 2: Capital Financing Requirement as at:

	31/03/21	31/03/22	31/03/23	31/03/24	31/03/25
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund Services	120,666	124,835	132,868	137,428	142,956
Housing Revenue Account	22,451	22,147	26,506	31,806	37,669
Total	**143,117**	**146,982**	**159,374**	**169,234**	**180,625**

The combined GF and HRA CFR is estimated to increase over the period to £180.625m by the end of March 2025.

The overall CFR at March 2025 is an increase of £33.643m on the projected level at March 2022. This increase reflects the proposed additional capital investment as set out in the GF and HRA Capital Plans. This increased level of capital investment will require additional external borrowing to be undertaken in the medium term, however alternative sources of funding such as grant funding, capital receipts and internal borrowing will be considered to reduce the requirement for external borrowing over the longer term. The increase in CFR across both the GF and the HRA also reflects the implementation of the revised accounting policies of the Loans Fund which were agreed in March 2020.

1.3 Statutory Repayment of loans fund advances

1.3.1 Policy on Statutory Repayment of Loans Fund Advances

Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

A variety of options to account for loans fund advances are permitted within the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, so long as a prudent provision is made each year. A review of the Council's Loans Fund advances by the Council's treasury management advisors, Link Asset Services, was undertaken during 2019/20 and as part of the Treasury Management Strategy Statement 2020/21, Council approved the following policy, applicable from 1 April 2019, on the repayment of loan fund advances by the GF and HRA as follows:

a) For loans fund advances made before 1 April 2019, the policy will be to use the Asset Life Method annuity method with all loans being repaid over 35 years at annuity rate of 5%.

b) For loan advances made after 1 April 2019 the policy will be to use the Asset Life Method annuity method with all loans being repaid over 35 years at annuity rate of 5%

c) For the assets under construction, the repayment of the first loan fund repayment to be deferred until the financial year following the one in which the asset is first available for use or operational.

The adoption of this policy for advances made before 1 April 2019 smoothed the loans fund repayments and reprofiled the revenue requirement to 2029/30. This 10 year timeframe was linked to the investment proposals within the Be the Future Programme which apply to both GF and HRA.

The approach was taken on a prudent basis following discussions with the Council's treasury management advisors and in line with a review by Audit Scotland and Scottish Government.

The policy has been reviewed and no changes to the assumptions used in the policy are proposed for 2022/23.

1.3.2 Loans fund principal repayment holiday

As part of the 2022/23 Local Authority draft settlement, a financial flexibility has been offered to Councils relating to the principal repayments of loans fund advances. This allows authorities to take a holiday on their loans fund repayments for 2022/23 and repay this amount over future years. The Council has opted to exercise this flexibility for 2022/23 which results in a reduction in gross expenditure of £0.966m.

1.4 Affordability

Prudential Indicators are required to assess the affordability of capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

1.4.1 Ratio of financing costs to net revenue stream

The Prudential Code requires the Council to make estimates of the ratio of capital financing costs to its net revenue stream.

The indicator is intended to measure the percentage of the Council's total income that it is estimated will be committed towards meeting the costs of borrowing used to fund capital expenditure. For the GF, this is the ratio of financing costs of borrowing against net expenditure financed by government grant and local taxpayers. For the HRA the indicator is the ratio of financing costs to gross rental income.

Estimates of the ratio of financing costs to net revenue stream for the current and future years are:

Table 3: Ratio of financing costs to net revenue stream

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund	4.70%	3.74%	3.13%	4.43%	4.43%
Housing Revenue Account	8.80%	7.36%	6.18%	8.60%	8.89%

The above figures show that for the GF, the proportion of the budget allocated to loan charges have reduced in 2022/23 and are estimated to increase in 2024/25. The ratios ranging between 3.74% and 4.43% are lower than the latest reported Scottish Average of 7.20% (2020). This is a positive outcome over this period reflecting ongoing capital investment against a backdrop of reducing levels of government grant funding that have been partly offset with increases in council tax income and reduced principal repayments, following the previous change in accounting policy for the loans fund as outlined in paragraph 1.3 above and the option to exercise the Loans Fund Payment holiday in 2022/23. The increase is mainly due an increase in interest payments on the new external borrowing that is anticipated to be undertaken to fund the capital programme. The ratios demonstrate that capital financing costs are being controlled through the effective implementation of the Council's borrowing and investment strategy.

Capital investment and funding in the HRA is detailed in the Housing Revenue Account Budget 2022/23 and Capital Programme 2022/23 approved at Council on 10 February 2022. The capital programme is set to maintain the Council's excellent Scottish Housing Quality Standard record and achieve the Council's own investment priorities. In line with the GF, the HRA ratio of capital financing costs to rental income shows an increase over the period to 2024/25 which reflects substantial capital investment and the related interest payments on the forecasted new external borrowing to fund it.

2.0 Borrowing

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and investments through the Capital Programme. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury indicators, the current and projected debt positions and the annual investment strategy.

2.1 Current Portfolio Position

Within the Prudential Indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes or speculative purposes.

The Council's treasury portfolio projected position at 31 March 2022 with forward projection are summarised in the table below. The table shows:

- the cumulative level of external debt held by the Council which represents the total amount of borrowing that has been undertaken to fund the capital programme;
- the expected change in debt, which is any repayments of maturing debt less new debt undertaken in the year to fund the in-year capital programme;
- Other Long Term Liabilities which is the total of any Finance Lease or PFI arrangements;
- the expected change in Other Long Term Liabilities which refers to the repayments in the year made against this debt;
- the Capital Financing Requirement which is the cumulative amount of borrowing that the Council required to borrow to fund capital expenditure; and
- the under or over borrowing position which is the difference between the required need to borrow and the actual borrowing undertaken.

The Code requires local authorities to maintain an under-borrowed position in the long term, this means that the total amount borrowed does not exceed the need to borrow. An under-borrowed position can occur where cash balances have been used to fund capital expenditure whereas, an over-borrowed position can occur where borrowing has been taken in advance of need. This is permissible in the short term to take account of timing of cash flows but the Council must return to an under-borrowed position in future years.

Table 4: External Debt

External Debt	2020/21 Actual £000	2021/22 Projection £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Cumulative Debt at 1 April	101,803	101,319	101,247	98,228	104,461
Expected change in Debt	(484)	(72)	(3,019)	6,233	7,090
Other long-term liabilities (OLTL) at 1 April	39,147	37,845	36,672	35,435	33,995
Expected change in OLTL	(1,302)	(1,173)	(1,237)	(1,440)	(1,638)
Actual gross debt at 31 March	**139,164**	**137,919**	**133,663**	**138,456**	**143,908**
Capital Financing Requirement	143,117	146,982	159,374	169,234	180,625
Under/(over) borrowing	**3,953**	**9,063**	**25,711**	**30,778**	**36,717**

For all years shown in the above table the Council's CFR is forecast to remain above the Gross Debt maintaining a consistent under-borrowed position going forward, therefore meeting the requirement of the indicator to be in an under-borrowed position over the medium term.

It is anticipated that new external borrowing will need to be undertaken to fund the projects within the capital programme. As a result external debt is forecast to increase from 2022/23 to 2024/25 in order to ensure sufficient cash is available to meet the capital investment within those years.

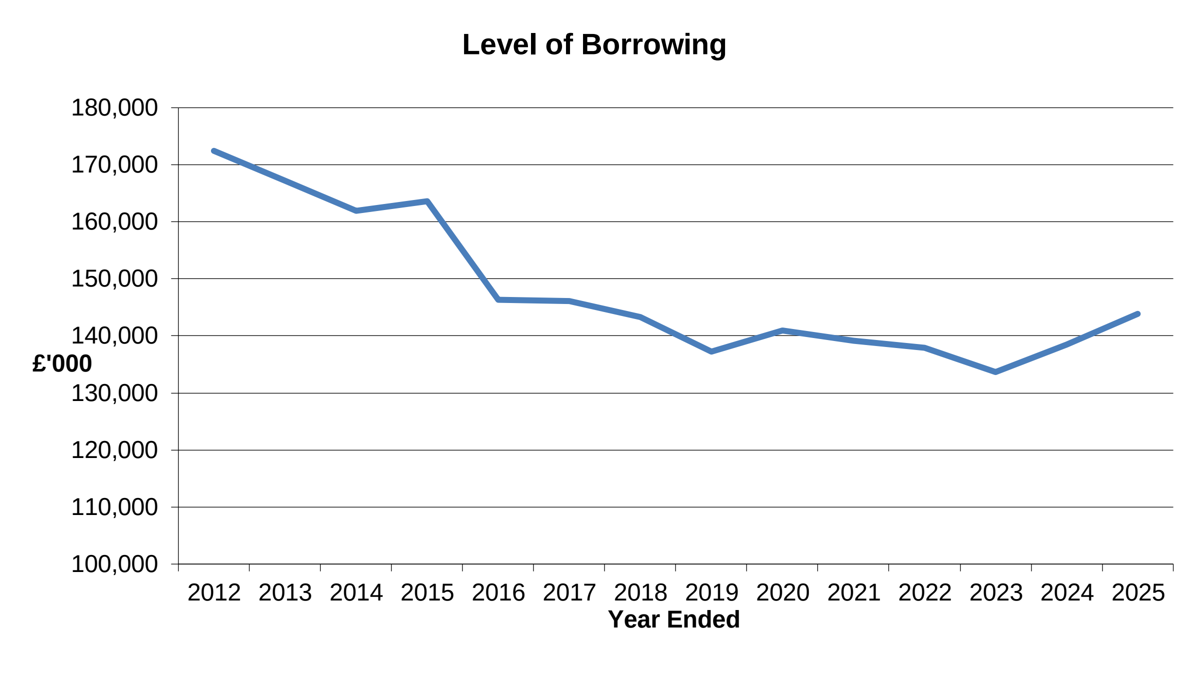
The expected change in debt also reflects PWLB loan repayments of £3.7m scheduled in the next three years to March 2025 which offset new external borrowing to fund capital investment. The new borrowing and the repayment profiles of debt maturity mean there are variations in annual change in debt year on year.

The steady reduction in other long term liabilities reflects the annual repayments of the PFI debt.

The difference between the gross debt and the CFR shows the amount of internal borrowing/utilisation of cash balances to fund capital expenditure that has been undertaken in previous years.

Significant reductions of £34.5m to March 2022 have been achieved since the previous policy to minimise external debt was approved in June 2012. This strategy to minimise long term debt has worked well in reducing long term debt, however, the policy was changed in 2021/22 to reflect the significant investment in key projects over the next few years and the expectation that borrowing may need to increase in the medium term. It is anticipated that once these key projects are complete, borrowing will reduce in line with the strategy. The chart below shows the reduction of external debt made to date and estimates the increase over the next few years.

Chart 1: Level of Borrowing



2.2 Treasury Indicators: Limits on Borrowing Activity

2.2.1 Authorised Limit for External Debt

The authorised limit for external debt is required to separately identify external borrowing (gross of investments) and other long term liabilities such as finance lease obligations. This is a key prudential indicator and is the maximum figure that the Council could borrow at any given point during each financial year.

Table 5: Authorised limit for external debt

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Borrowing	124,000	118,000	129,000	134,000
Other long term liabilities including PFI	40,000	39,000	37,000	36,000
Total	**164,000**	**157,000**	**166,000**	**170,000**

The authorised limit set out above is consistent with approved capital investment plans and Treasury Management policy and practice but allows sufficient headroom for unanticipated cash movements. The limit increases towards 2024/25 in line with increased expenditure on specific capital projects and the related forecasted external borrowing. The limit is reviewed on an annual basis in line with revisions to the approved capital programme.

If the authorised limit is liable to be breached at any time, the Chief Finance Officer (Section 95 Officer) will report to Council with a proposed recommended course of action which could include raising the authorised limit or to take measures to ensure the limit is not breached.

2.2.2 Operational Boundary for External Debt

The operational boundary is the limit beyond which the external debt is not normally expected to exceed. This is a key management tool for in-year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point in the year. In comparison, the authorised limit is the maximum allowable level of borrowing.

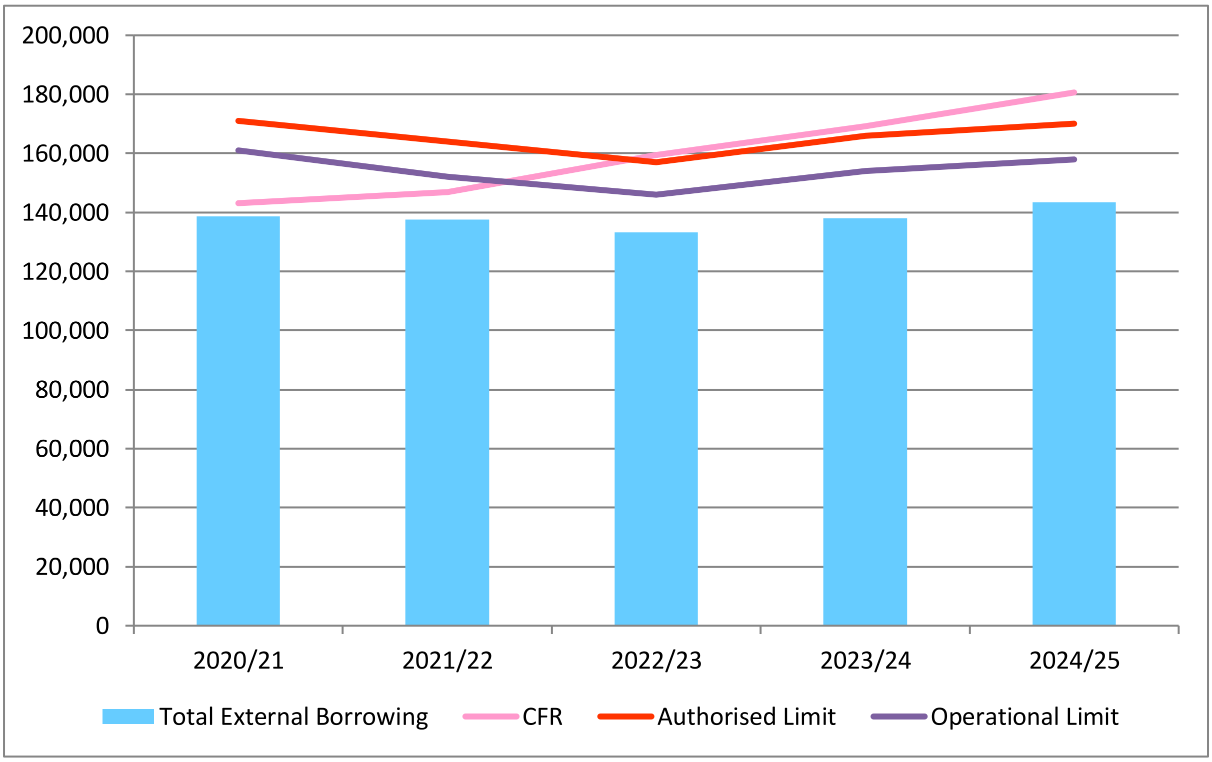
Table 6: Operational Boundary for external debt

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Borrowing	115,000	110,000	120,000	125,000
Other long term liabilities	37,000	36,000	34,000	33,000
Total	**152,000**	**146,000**	**154,000**	**158,000**

This indicator is consistent with the Council's plans for capital expenditure and financing with Treasury Management policy and practice. It is sufficient to facilitate appropriate borrowing during the financial year and will be reviewed on an on-going basis.

The following chart shows the forecasted level of external borrowing, CFR, authorised limit and operational boundary to March 2025.

Chart 2: Borrowing and Capital Financing Requirement



The chart above shows that the total external borrowing does not exceed the CFR which shows that the Council is expected to be in an under borrowed position and the external borrowing is not expected to breach the operation limit or the authorised limit.

3.0 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link's central view.

Table 7: Forecast Interest Rates

Quarter Ended	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2022	0.75	2.20	2.40	2.20
June 2022	1.00	2.30	2.50	2.30
Sept 2022	1.00	2.30	2.50	2.30
Dec 2022	1.25	2.30	2.60	2.40
March 2023	1.25	2.30	2.60	2.40
June 2023	1.25	2.30	2.60	2.40
Sept 2023	1.25	2.30	2.60	2.40
Dec 2023	1.25	2.30	2.60	2.40
March 2024	1.25	2.30	2.60	2.40
June 2024	1.25	2.30	2.60	2.40
Sept 2024	1.25	2.30	2.60	2.40
Dec 2024	1.25	2.30	2.60	2.40
March 2025	1.25	2.30	2.60	2.40

The Covid-19 pandemic had major impact on the UK and world economies in the last two years. In response to this, the Bank of England's Monetary Policy Committee (MPC) took emergency action to cut the Bank Rate to 0.1% in March 2020. This rate was maintained until December 2021 when it was increased to 0.25%. At its latest meeting on 4 February 2022, the MPC increased the Bank Rate again by a further 0.25% to 0.5%.

With inflation rising sharply and expected to reach a peak of 7.25% in April 2022, the forecast for Bank Rate now includes a further three increases of 0.25% in March, May and November 2022 to end at 1.25%.

The forecasts and MPC decisions will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Forecasts for average investment earnings beyond the three-year period will be heavily dependent on economic and political developments.

The current economic outlook and structure of market interest rates and government debt yields have key treasury management implications:

- There is expected to be very little upward movement for gilt yields and PWLB rates over the next three years. However they can be subject to exceptional levels of volatility due to economic recovery from major events such as: Covid-19 pandemic, geopolitical developments, sovereign debt crisis, emerging market developments and sharp changes in investor actions.

- Investment returns have improved in the second half of 2021/22 and are expected to improve further during 2022/23 as the MPC progressively increases the Bank Rate,
- Borrowing interest rates fell to historically low rates as a result of the Covid-19 crisis and the quantitative easing operations of the Bank of England still remain at historically low levels.

4.0 Borrowing Strategy

Over the medium term the Council is forecasted to maintain an under-borrowed position. This means that the capital borrowing need, the CFR, has been partly funded through cash balances as opposed to external loans. This strategy is prudent as investment returns are low and counterparty risk is relatively high. This strategy has had a positive impact over the last few years reducing overall borrowing and keeping interest charges low.

Against this background and the risks within the economic forecast, the Chief Finance Officer, supported by the Treasury team, will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates* than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Going forward, this strategy will be reviewed to avoid incurring higher borrowing costs in the future when borrowing is required to finance new capital expenditure and/or to refinance maturing debt. Treasury activity including the undertaking of external borrowing will continue to be reported through the regular reporting cycle of Treasury Management reports to Council.

4.1 Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sum borrowed. Any decision to borrow in advance will be within the approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reports.

4.2 Debt Rescheduling

Rescheduling of current borrowing in the Council’s debt portfolio is unlikely to occur as there is a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 basis points in November 2020.

If short term borrowing rates are cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings taking new debt over the short-term rather than long-term. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy, or
- to enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Council at the earliest meeting following its action.

4.3 Types of Borrowing

Currently the PWLB Certainty Rate is set at gilts +80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding at cheaper rates. Options available include:

- Local authorities (primarily shorter dated maturities);
- Financial institutions (primarily insurance companies, pension funds and banks), and
- Municipal Bond Agency.

At the time of undertaking any borrowing, a full appraisal will be carried out to identify the most cost effective type of borrowing in line with the Council's risk appetite.

4.4 Borrowing Requirement

The Council's borrowing requirement shown in the table below is based on the in-year borrowing estimated to be needed to fund the net expenditure in the proposed Revenue and Capital Budget report 2022/23 on the agenda for approval at this meeting and the Housing Revenue Account Budget 2022/23 and Capital Programme 2022/23 approved at Council on 10 February 2022.

The actual timing of any borrowing will be influenced by prevailing interest rates and expectations for future movement on rates.

Under the previous strategy to minimise external debt, repayments towards maturing debt should be higher than any new borrowing being undertaken to fund the capital programme over the longer term. However, as the Council is undertaking a period of capital investment, external debt is expected to rise over the first half of the programme but reduce over the second half as borrowing levels reduce. Fluctuations can also arise in individual years depending on the maturing loans within that year. The table below shows variations in the external borrowing requirement for years to 2024/25.

Table 8: Total Borrowing Requirement / Movement on CFR

	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Net New External Borrowing Requirement	13,692	13,438	15,150
Repayment of Maturing Debt	(1,300)	(3,578)	(3,759)
Total Borrowing Requirement / Movement on CFR	**12,392**	**9,860**	**11,391**

4.5 Interest Rate Exposure and Maturity Structure of Borrowing

There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/ improve performance. The indicators are:

- Upper limits on fixed interest rate exposure - this identifies a maximum limit, expressed as a % of the total debt and investment, of fixed interest rates borrowing and investments;
- Upper limits on variable interest rate exposure - this is similar to the previous indicator and covers a maximum limit on variable interest rates, and
- Maturity structure of borrowing - these gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Table 9: Treasury Management Limits

	2022/23	2023/24	2024/25
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates based on • Debt • Investments	 100% 75%	 100% 75%	 100% 75%
Limits on variable interest rates based on • Debt • Investments	 25% 75%	 25% 75%	 25% 75%
Maturity structure of fixed interest rate borrowing 2022/23			
		Lower	**Upper**
Under 12 months		0%	25%
12 months to 2 years		0%	25%
2 years to 5 years		0%	50%
5 years to 10 years		0%	75%
10 years and above		0%	100%
Maturity structure of variable interest rate borrowing 2022/23			
		Lower	**Upper**
Under 12 months		0%	25%
12 months to 2 years		0%	25%
2 years to 5 years		0%	50%
5 years to 10 years		0%	75%
10 years and above		0%	100%

5.0 Investment Strategy

5.1 Investment Policy

The aim of the investment strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk

Opportunities for investment arise naturally through Treasury Management activity and in particular the management of cash flows which can result in variations in the amount of cash required during the year. As at 31 January 2022, the Council held cash balances of £39.8m, of which £34.8m was immediately available and £5m held in short term deposits of 12 months or less as detailed in Appendix B.

During 2022/23 the Council will continue to invest surplus cash balances of which the return contributes to reducing the net expenditure of the Council. As part of the Council’s commitment to Wellbeing Economy and Community Wealth Building, opportunities to invest ethically will be considered which fit within the remit of our strategy.

The Council’s investment policy has regard to the Local Government Investment (Scotland) Regulations 2010 (and accompanying Finance Circular 5/2010), the CIPFA Treasury Management in Public Services Code of Practice and Cross

Sectoral Guidance Notes 2017 ("the CIPFA TM Code") and the CIPFA Treasury Management Guidance Notes 2018. The Council's investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the Scottish Government and CIPFA, and in order to minimise the risk to investments, the Council has adopted a prudent approach and defines its risk appetite by the following means:

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration of risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings;
- The Council's officers will use ratings and other information provided by Link Asset Services to ensure creditworthiness as detailed below;
- The Council's officers will also use other information sources which include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties;
- Investments will be place with counterparties from countries with a specified minimum sovereign rating;
- Limits will be set for the amount of principal sums invested for longer than 365 days, and
- All investments will be denominated in sterling.

5.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising a wide array of information sources including credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's.

This approach produces a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark pink 5 years for Ultra short dated bond funds with a credit score of 1.25
- Light pink 5 years for Ultra short dated bond funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Council will consider the ratings (Fitch or equivalents) in conjunction with other topical market information to support their use.

All credit ratings of counterparties currently used will be monitored quarterly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset creditworthiness service.

In the case where an investment is outwith the scope of the ratings agencies the Council will analyse the financial information available for that organisation such as annual accounts to assess the financial viability of the investment and to ensure a minimal level of financial risk. Joint Venture arrangements, contractual agreements and financial guarantees from the Scottish Government are investment areas previously entered into by the Council where this has applied. The Council currently has no investments of this type.

5.3 Country Limits

The Council has determined that it will only use approved counterparties registered to take deposits in the United Kingdom or approved counterparties registered in other countries who have a similar sovereign credit rating as the UK (currently AA).

5.4 Investment Returns

In-house funds - Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the variations in cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

Investment returns expectations –Bank Rate forecasts for financial year ends (March) are:

- 2021/22 0.75%
- 2022/23 1.25%
- 2023/24 1.25%
- 2024/25 1.25%

Taking account of the current investment returns, the suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next three years are as follows:

- 2021/22 0.10%
- 2022/23 0.75%
- 2023/24 0.75%
- 2024/25 0.75%

Investment treasury indicator and limit for the total principal funds invested for greater than 365 days. These limits are set with regard to the Council’s liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 365 days			
£m	**2022/23**	**2023/24**	**2024/25**
Principal sums invested > 365 days	£12m	£12m	£12m

For its cash flow generated balances, the Council will seek to utilise its bank instant access accounts, notice accounts and ultra short dated bonds funds in order to benefit from compounding interest. The Council also invests in money market funds which are distributing which means interest is paid at the end of each month rather than compounded.

The Markets in Financial Instruments Directive (MIFID II)

These regulations govern the relationship financial institutions conducting lending and borrowing transactions will have with local authorities. The effective date of the new regulations was 3 January 2018 and all local authorities are now classified as retail counterparties which determines the types of investments that they can undertake. Local authorities have the ability to apply for Professional status which extends the range of investments that are available but must meet certain qualifying criteria. To date there has been no requirement to apply for Professional Status but this will be considered as part of the on going treasury management reviews.

On-lending to Registered Social Landlords (RSL's)

Under powers granted by the Scottish Government, Scottish Local Authorities can on-lend to Registered Social Landlords in order to assist in the development of affordable housing. Any plans to utilise these powers will be reported for appropriate Council approval.

End of Year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

Appendix B

Investment Portfolio as at 31 January 2022

Borrower	Principal (£000)	Interest Rate	Access	Maturity Date
Bank of Scotland plc	2,500	0.05%	Fixed 1 Year	25/07/2022
Bank of Scotland Plc	2,500	Variable 0.46%	175 Day Call	29/05/2022
Aberdeen Standard Money Market Fund	6,000	Variable	Instant Access	
Aberdeen Standard Short Duration Fund	13,000	Variable	4 working days	
Blackrock Ultra Short Bond Fund	5,000	Variable	1 working day	
Royal Bank of Scotland Plc	7,735	0.1% (balance above £1m)	Instant Access	
Bank of Scotland	3,018	0%	Instant Access	
Other accounts	32			
Total Cash and Cash Equivalents	**39,785**			

TOTAL INVESTMENTS	**39,785**

At the 31 January 2022, the Council does not hold any short-term or long-term investments. Previous investments have all matured or been repaid.

Capital Programme 2022/23 to 2041/42 **APPENDIX C**

	Project	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total 2027-32 £'000	Total 2032-37 £'000	Total 2037-42 £'000	TOTAL £'000	Funding £'000	Net Spend £'000
Sustainable Growth	Innovation Hub Delivery	200	1,164							1,364		1,364
	City Deal (RPMO)	100	100							200		200
	Renewable Energy Projects	30								30		30
	Alloa Town Centre Updgrade	0	200	200						400		400
	Active Travel - Alloa Town Centre	100								100		100
	Active Travel Route Railway Station	0	560							560	(400)	160
	Forthbank Road Operational Facilities	16	4							20		20
	Flood Protection	57	235	86	86	86	430	430	430	1,840		1,840
	Tillicoultry Flood Protection	0	150	250	300	2,500	2,800			6,000	(4,800)	1,200
	Alva Glen	0	87							87		87
	Parking Management System	0	569	20						589		589
	Building energy management system	32	8							40		40
	TOTAL	**535**	**3,077**	**556**	**386**	**2,586**	**3,230**	**430**	**430**	**11,230**	**(5,200)**	**6,030**

Project	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total 2027-32 £'000	Total 2032-37 £'000	Total 2037-42 £'000	TOTAL £'000	Funding £'000	Net Spend £'000
Community Investment Grants	60	80	100	100	100	240			680		680
Clackmannan Regeneration	1,275								1,275	(750)	525
Clackmannan Town Hall Roof & Wall	1,067	50							1,117		1,117
Alloa Town Centre Upgrade extension		400							400		400
Village and Small Town - Alva	320								320		320
Village and Small Town - Menstrie		120							120		120
Village and Small Town - Tillicoultry		550							550		550
Clackmannan Community Access Point	93								93		93
School Estate - Tullibody South Campus	50								50		50
Coalsnaughton Primary School	106								106		106
Park Primary	48								48		48
Demolition of St Mungos	250								250		250
Learning Estate Development Driven (minimum requirements)		450	4,700	6,965	6,281	14,305			32,701	(11,100)	21,601
Learning Estate Indicative Future Investment Requirements (Options appraisals, condition and suitability)	690	1,150	460	300	3,250	17,750	21,000	10,000	54,600		54,600
Learning Estate Policy Driven		383	1,150	1,917	2,683	34,968			41,102		41,102
TOTAL	**3,959**	**3,183**	**6,410**	**9,282**	**12,314**	**67,263**	**21,000**	**10,000**	**133,411**	**(11,850)**	**121,561**

Project		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total 2027-32 £'000	Total 2032-37 £'000	Total 2037-42 £'000	TOTAL £'000	Funding £'000	Net Spend £'000
Health and Wellbeing	Social services adaptations	75	75	75	75	75	375	375	375	1,500		1,500
	Analogue to Digital	386	192							578		578
	Park, Play Area & Open Space Improvements	72	25	25	25	25	125	125	125	547		547
	Cycle Routes	222	100	100	55					477	(477)	0
	Gartmorn Dam Country Park	22	33							55		55
	Active Travel Route	0	2,000							2,000	(1,400)	600
	Resourcing	110								110		110
	Wellbeing Hub	2,860	1,450	5,485	5,485					15,280	(2,000)	13,280
	TOTAL	**3,747**	**3,875**	**5,685**	**5,640**	**100**	**500**	**500**	**500**	**20,547**	**(3,877)**	**16,670**

	Project	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total 2027-32 £'000	Total 2032-37 £'000	Total 2037-42 £'000	TOTAL £'000	Funding £'000	Net Spend £'000
Compliance and Operational Resilience	**DIGITAL**											
	Social services IT system	332	1,668							2,000		2,000
	Digital Transformation	750								750		750
	Digital Learning Strategy	478	478	478	250	250	1,250	1,250	1,250	5,684		5,684
	Digital Infrastructure (Fibre - Council and Schools)	350								350		350
	IT Equipment (Homeworking)	50								50		50
	IT Infrastructure (Council)	144	90	90	90	90	450	450	450	1,854		1,854
	Interactive Screen Replacement (Secondary Schools)	123								123		123
	ICT Replacement (Secondary Schools)	125	125	125	125	125	625	625	625	2,500		2,500
	ICT Upgrade (Primary Schools)	90	90	90	90	90	450	450	450	1,800		1,800
	ICT Resourcing - Corporate	165								165		165
	ICT Resourcing Digital rollout	50								50		50
	CRB system (School)	40								40		40
	LEARNING ESTATE											
	Fitness Suite Equipment	12	12	12	12	12	60	60	60	240		240
	Alva Primary School Bridge		35							35		35
	Asbestos Removal (Schools)	10	10	10	10	10	50	50	50	200		200
	Learning Estate DDA	17	17	17	17	17	85	85	85	340		340
	Cleaning Equipment Upgrade (Schools and Council)	23	10							33		33

	Project	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total 2027-32 £'000	Total 2032-37 £'000	Total 2037-42 £'000	TOTAL £'000	Funding £'000	Net Spend £'000
Compliance and Operational Resilence	**PLACE**											
	Bridge Improvements	190	200	122	75	75	375	375	375	1,787		1,787
	Street Lighting Replacement	258	258	258	258	259	1,297	1,303	1,305	5,196		5,196
	Carriageways - Road Improvements	2,151	2,210	2,210	2,210	2,210	11,050	11,050	11,050	44,141		44,141
	Cemetery Walls	257	250	250	250	172				1,179		1,179
	Kilncraigs Stone Preservation	120	30							150		150
	Strategic Estate Enhancements	315								315		315
	Police Intergration	8								8		8
	Vehicle Replacement	563	800	1,000	1,000	1,000	5,000	5,000	5,000	19,363		19,363
	Wheeled Bins	24	30	30	30	30	150	150	150	594		594
	TOTAL	**6,645**	**6,313**	**4,692**	**4,417**	**4,340**	**20,842**	**20,848**	**20,850**	**88,947**	**0**	**88,947**

GROSS PROGRAMME TOTAL	**14,886**	**16,448**	**17,343**	**19,725**	**19,340**	**91,835**	**42,778**	**31,780**	**254,135**	**(20,927)**	**233,209**
INCOME	**(5,553)**	**(8,829)**	**(8,662)**	**(8,649)**	**(8,809)**	**(28,085)**	**(21,545)**	**(21,545)**	**(111,677)**		
NET PROGRAMME TOTAL	**9,333**	**7,619**	**8,681**	**11,076**	**10,531**	**63,750**	**21,233**	**10,235**	**142,458**		

KEY EXISTING NEW REVISED