NORTH AYRSHIRE COUNCIL

29 November 2022

Cabinet

Title:	**Treasury Management and Investment Mid-Year Report 2022/23**
Purpose:	To provide Cabinet with a Treasury Management update for the period 1 April to 30 September 2022.
Recommendation:	That Cabinet agrees to (a) endorse the contents of the Treasury Management and Investment Mid-Year Report for 2022/23 (Appendix 1); and (b) note the Prudential and Treasury Indicators contained therein.

1. Executive Summary

1.1 The Treasury Management and Investment Strategy and treasury management indicators provide a framework for the Council's treasury activities to ensure the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

1.2 This mid-year review report:

- provides an update on performance to 30 September 2022;
- updates the annual prudential indicators to reflect the latest information available to the Council; and
- demonstrates that the treasury management activities carried out during the period 1 April to 30 September 2022 have been consistent with the Treasury Management and Investment Strategy 2022/23 and have complied with the treasury management indicators set out in the Strategy.

2. Background

2.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) requires that Elected Members are provided with regular monitoring reports on treasury management activities. The Treasury Management Strategy for 2022/23 was approved by Council on 2 March 2022.

This report is the Mid-Year Report, providing Cabinet with an update on treasury management activities for the period 1 April to 30 September 2022.

An annual report on the treasury management activities for the year will be presented to Council following the end of the financial year.

These reports ensure that the Council is meeting best practice in accordance with CIPFA's Code of Practice.

2.2 The 2022/23 Mid-Year Report is attached at Appendix 1 and covers:

- Prudential and treasury indicators;
- Borrowing and associated rates; and
- Investments and associated rate of return.

2.3 This report provides an update on performance to 30 September 2022 and the annual prudential indicators to reflect the latest information. It is a statutory duty for the Council to determine and keep under review its approved borrowing limits and prudential indicators. Details within the report demonstrate that, during the period 1 April to 30 September 2022, the Council has operated within the authorised and operational limits and prudential indicators as set out in the Council's 2022/23 Annual Treasury Management Strategy Statement (TMSS).

2.4 The Executive Summary of the Mid-Year Report provides a high level overview of treasury management and performance, with more detail provided in the body of the report. Key points to note are:

- the re-profiling of capital expenditure into future years and continued use of internal resources have had an impact on all of the prudential indicators;
- PWLB interest rates rose by over 2% during the period in both the long and short term.
- during the year to date the Council has undertaken no new borrowing . The Council has utilised internal short-term cash reserves to temporarily fund any capital borrowing requirement to 30 September 2022; and
- investment returns are marginally above the target and this is reflective of the rising Bank of England base rate which increased from 0.75% to 2.25% during the period to 30 September.

3. Proposals

3.1 It is proposed that Cabinet (a) endorse the contents of the Treasury Management and Investment Mid-Year Report for 2022/23 (Appendix 1); and (b) note the Prudential and Treasury Indicators contained therein,

4. Implications/Socio-economic Duty

Financial

4.1 **General Services**

Capital Financing Costs - the Council budgeted £15.654m for financing costs and expenses on debt for 2022/23. It is currently estimated that actual costs will total £12.148m. This underspend will be transferred to the Loans Fund Reserve in line with the previously agreed policy to support delivery of the capital investment programme.

Housing Revenue Account

Capital Financing Costs - the Council budgeted £12.483m for financing costs and expenses for debt in 2021/22. It is currently estimated that actual costs will total £10.483m.

In both cases, the main reasons for the underspends are a) the re-profiling of capital expenditure into future years and b) the current strategy to utilise cash balances, resulting in savings on external interest costs.

Human Resources

4.2 None.

Legal

4.3 None.

Equality/Socio-economic

4.4 None.

Environmental and Sustainability

4.5 None.

Key Priorities

4.6 This report directly supports the Council Plan 2019 to 2024 by maximising resources and providing value for money to support financially sustainable delivery models.

Community Wealth Building

4.7 None.

5. Consultation

5.1 The Council's treasury advisors, Arlingclose Ltd, were consulted in the preparation of this report.

Mark Boyd
Head of Service (Finance)

For further information please contact **David Forbes, Senior Manager (Strategic Business Partner),** on **01294 324551**.

Background Papers
Treasury Management and Investment Strategy 2022/23 – Council 2 March 2022

North Ayrshire Council
Comhairle Siorrachd Àir a Tuath

Treasury Management and Investment Mid-Year Report

2022/23

PublicFinance INNOVATION AWARDS 2017 FINALIST

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Treasury Management and Investment Mid-Year Review 2022/23

1. Purpose

The Council is required by regulations issued under the Local Government in Scotland Act 2003 and the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017) to produce a mid-year review of treasury management activities. The purpose of this mid-year review is to report the performance of the Council's treasury operation and how this measures up against the Council's Treasury Management and Investment Strategy. This is done through the publication of updated prudential and treasury indicators for 2022/23.

This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

CIPFA published its revised Treasury Management Code of Practice [the TM Code] and Prudential Code for Capital Finance in December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments. The principles within the two Codes took immediate effect although local authorities could defer introducing the revised reporting requirements within the revised Codes until the 2023/24 financial year if they wish which the council has elected to do. This report has therefore been prepared in compliance with the 2017 codes.

During 2022/23, to meet the minimum reporting requirement, the following reports should be submitted to Elected Members:

- an annual treasury management and investment strategy (submitted to the Council on 2 March 2022)
- the capital strategy (submitted to the Council on 2 March 2022)
- a mid-year treasury update report (this report)
- an annual review following the end of the year describing the activity compared to the strategy (will be submitted to Council in June 2023)

Regulations place responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of treasury activities for the six months to 30 September 2022 and highlights performance against the Council's policies previously approved by members.

2. Executive Summary

During the six month period to 30 September 2022, the Council complied with its legislative and regulatory requirements.

The **key prudential and treasury indicators** for 2022/23 have been updated based on the latest available information and will be used to assess performance at the end of the year.

TABLE 1

Prudential and treasury indicators	2022/23 Original Estimate £m	2022/23 Revised Estimate £m
Capital expenditure **(Indicator 1)**		
· Non-HRA	124.152	63.428
· HRA	114.507	60.963
· **Total**	**238.659**	**124.391**
Capital Financing Requirement (CFR):		
· Non-HRA	298.935	222.683
· HRA	229.034	193.092
· **Total**	**527.969**	**415.775**
Gross borrowing **(Indicator 4)**	517.969	321.314
Operational Boundary **(Indicator 5)**	547.562	431.623
Authorised Limit **(Indicator 6)**	602.318	474.785
Investments **(Indicator 8)**		
· Longer than 1 year	-	-
· Under 1 year	20.000	44.304
· **Total**	**20.000**	**44.304**

A summary of performance is provided below with more detailed information provided in the body of the report.

Capital Expenditure for both the General Fund and HRA vary from original estimates due to changes in the profile of projects. Full details of all movements in the capital expenditure budgets are included in the capital programme performance reports submitted to Cabinet throughout the year.

The **Capital Financing Requirement (CFR)** is the underlying borrowing requirements of the Council. The reduction to the requirement during 2022/23 reflects the change in profile of the capital programme.

Gross Borrowing reflects the actual borrowing which has been undertaken. This is projected to be lower than anticipated due to the revised profile of capital projects and the continued use of internal funds, the latter being a key element of the Treasury Management Strategy to minimise costs.

The **Operational Boundary** is the maximum we would anticipate borrowing to fund the current year capital programme building in flexibility for the timing of the different funding streams and principal repayments. The in-year variance is linked to the continued use of internal funds and the re-profiling of the capital programme.

The **Authorised Limit** is set at 10% above the Operational Boundary to give some flexibility to raise funds for future year capital investment.

The Council has a strategy of taking a combination of temporary and permanent borrowing in recognition of the Council's longer term borrowing requirements and the market rates available at that time. This balances short term financial savings with longer term security of costs. During the period 1 April to 30 September 2022 the Council undertook no new borrowing.

Over the April-September period short term PWLB rates rose dramatically, particular in late September after the Chancellor's 'mini-budget' prompted a fall in sterling and rise in market interest rate expectations. As a result of the increased borrowing rates, the Council will continue its current strategy of using internal funds instead of borrowing in order to minimise exposure to external interest rates. Where an in year borrowing requirement is identified, short term borrowing options will be explored as an interim measure until market stability is regained.

Affordability of borrowing is measured by a number of indicators, including the impact of:

- Percentage of financial costs relative to the net revenue stream of the General fund and Housing Revenue Account.

As at 30 September 2022 the above indicator shows estimated ratios of 3.1% and 21.3% for General Fund and HRA respectively. Capital expenditure impacts on the revenue budget through financing charges so it is essential the Council ensures the financing costs remain affordable and do not constitute an excessive proportion of the revenue resources available. From a General Fund perspective, the latest Scottish Local Authority average was 5.86%, therefore demonstrating a prudent borrowing policy. For the HRA, the latest Scottish average was 21.62%. The level of loan charges is deemed prudent and affordable within the framework of the 30 year Housing business plan.

The **average investment** rate to 30 September 2022 was 0.8%, compared to a target of 0.50% and actual in 2021/22 of 0.15%. The return secured this year to date reflects the Bank of England base rate which has risen from 0.75% at the beginning of the financial year to 2.25% at 30 September. A further rate increase to 3% was announced on the 3 November with further increases anticipated. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Other prudential and treasury indicators and supporting information can be found in the main body of this report.

Conclusion

The Head of Finance confirms that long-term borrowing is only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) has not been breached.

3. Prudential and Treasury Indicators for 2022/23

The Prudential Code establishes a framework to ensure Councils demonstrate effective control over levels of, and decisions relating to, capital investment activity including borrowing. The Treasury indicators are used to ensure that risk is managed and controlled effectively. Together the Prudential and Treasury Indicators consider the affordability and impact of capital expenditure decisions and set out the Council's overall capital framework.

These indicators help the Council to demonstrate public accountability in relation to borrowing and investments. As part of this accountability this report will summarise the following: -

- Capital activity during the year (section a);
- Impact of this activity on the Council's underlying debt (the Capital Financing Requirement) (section b);
- The actual prudential and treasury indicators (section a – e);
- Overall treasury position identifying how the Council has borrowed in relation to this debt, and the impact on investment balances (section e);
- Detailed debt activity (section e); and
- Summary of interest rate movements in the year (section 4);
- Detailed investment activity (section 5).

(a) The Council's Capital Expenditure and Financing 2022/23 (Prudential Indicator 1)

The Council incurs capital expenditure when it invests in its long term assets. Capital Expenditure can be funded in two main ways:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply other resources, the capital expenditure will give rise to borrowing, which is approved as part of the Council's investment plans.

The tables below show the planned capital expenditure for 2022/23 and the latest forecast alongside the amount estimated to be financed in year and the amount which will give rise to borrowing.

TABLE 2

General Fund	2022/23 Original Estimate £m	2022/23 Revised Estimate £m
Capital expenditure (Indicator 1)	**124.152**	**63.428**
Financed in year from external funding and reserves	29.637	33.750
Unfinanced capital expenditure	**94.515**	**29.678**
HRA	2022/23 Original Estimate £m	2022/23 Revised Estimate £m
Capital expenditure (Indicator 1)	**114.507**	**60.963**
Financed in year from external funding and reserves	29.131	18.132
Unfinanced capital expenditure	**85.376**	**42.831**

(b) The Council's Overall Borrowing Need (the Capital Financing Requirement) (Prudential Indicators 2 and 3)

This indicator outlines the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not been paid from either a capital or revenue resource and therefore needs to be funded from borrowing. It is essentially a measure of the Council's underlying borrowing need.

Part of the Council's treasury activity is to meet the funding requirements for this borrowing need. The treasury management section organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government through the Public Works Loan Board [PWLB], or the money markets), by utilising temporary cash resources within the Council or through temporary borrowing from other local authorities.

The Council's underlying borrowing need (CFR) is not allowed to rise indefinitely. The Council is required to make an annual revenue charge, called the Loan Fund Principal Repayment. This is effectively a repayment of the borrowing need and it is charged to revenue over the life of the asset. This charge reduces the CFR each year. This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- increasing the annual revenue charge

The Council's CFR for the year is shown in the following table and is a key prudential indicator. The opening balance excludes the PPP / NPD schemes because no borrowing is actually required against these schemes as a borrowing facility is included in the contract.

Table 3 shows that, based on historic capital expenditure and this year's capital expenditure, the Council has a cumulative underlying borrowing need of £415.775 forecast at 31 March 2023. This is lower than the original estimate largely as a result of changes in the profile of capital projects.

TABLE 3

CFR	2022/23 Original Estimate £m	2022/23 Revised Estimate £m
Opening Balance	**357.927**	**352.988**
Add unfinanced capital expenditure (General Fund and HRA per Table 2)	179.891	72.509
Less Loans Fund Principal Repayments	(9.849)	(9.722)
Closing balance (Indicator 2)	**527.969**	**415.775**
Annual Change (Indicator 3)	**170.042**	**62.787**

c) Limits to Borrowing Activity (Prudential Indicators 4 - 6)

Borrowing activity is constrained by the prudential indicators for CFR, gross borrowing and by the authorised limit to ensure the Council operates its activities within well-defined limits.

Gross borrowing and the CFR

There is a need to ensure that gross debt does not, except in the medium term, exceed the total CFR (i.e. the Council does not borrow more than it needs to fund its capital programme). In exceptional circumstances Councils are allowed to borrow to cover the current financial year plus the next two financial years (i.e. to 2023/24). This provides some flexibility to borrow in advance where this is appropriate.

Table 4 highlights the Council's forecast gross borrowing position against the CFR and confirms that at 30 September 2021 the Council has complied with this prudential indicator as gross borrowing is currently within its CFR. The Council is currently under-borrowed by £166.762m due to the continuing strategy to delay long-term external borrowing by utilising internal cash balances.

TABLE 4

	2022/23 Original Estimate £m	2022/23 Revised Estimate £m	30 September 2022 Actual £m
Gross borrowing position **(Indicator 4)**	517.969	321.314	249.013
CFR	527.969	415.775	415.775
(Under)/Over Borrowed Position	**(10.000)**	**(94.461)**	**(166.762)**

As part of its annual Treasury Management and Investment Strategy the Council sets limits for external borrowing which it is not normally expected to exceed. These limits are explained below.

The Operational Boundary

The operational boundary is the expected maximum borrowing position of the Council during the year, taking account of the timing of various funding streams and the recharge of principal repayments from the revenue account. Periods where the actual position varies from the boundary is acceptable subject to the authorised limit not being breached.

The Authorised Limit

The authorised limit represents a limit beyond which external debt is prohibited. Performance against the approved strategy is monitored throughout the year and reported to Cabinet as appropriate. However, ultimate responsibility for setting or adjusting this limit lies with full Council. The current limit is set at 10% of the Operational Boundary.

Table 5 demonstrates that between 1 April and 30 September 2022 the Council's gross borrowing was within both the operational boundary and its authorised limit, by a significant margin due to the continuing strategy to delay new external borrowing by utilising internal cash balances and changes in the capital programme that have resulted in a reduced borrowing requirement.

TABLE 5

	Estimated £m	Revised £m
Average gross borrowing position 1 April to 30 September 2022		253.621
Maximum gross borrowing position 1 April to 30 September 2022		264.741
Operational boundary per Treasury Strategy 2022/23 (Indicator 5)	547.562	431.623
Authorised limit per Treasury Strategy 2022/23 (Indicator 6)	602.318	474.785

(d) Treasury Position at 30 September 2022 (Prudential Indicators 7 - 11)

The Council's debt and investment position is organised by the treasury management service to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within agreed parameters. Procedures and controls to achieve these objectives are well established through both Member reporting and the Council's Treasury Management Practices.

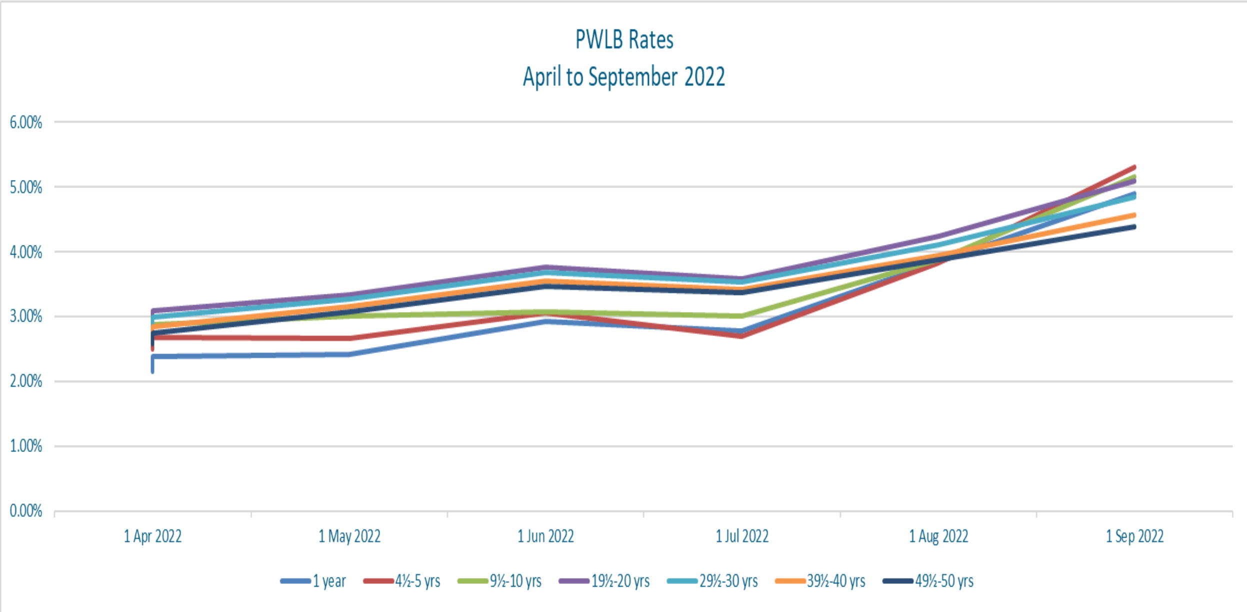
Borrowing Strategy for 2022/23

The Borrowing Strategy for 2022/23 anticipated bank interest rates rising to 1% during 2022/23 and fixed borrowing rates to remain steady. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued economic uncertainty has promoted a cautious approach, whereby investments continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

Over the April-September period short term PWLB rates rose dramatically, particular in late September after the Chancellor's 'mini-budget' prompted a fall in sterling and rise in market interest rate expectations. Interest rates rose by over 2% during the period in both the long and short term. As an indication the 5-year maturity certainty rate rose from 2.30% on 1st April to 5.09% on 30th September; over the same period the 20-year maturity certainty rate rose from 2.67% to 4.90%. Although interest rates across the board have risen, short-term borrowing from other local authorities remains at lower interest rates than long term borrowing. The Bank of England Bank Rate has risen from 0.75% to 2.25% during the period to 30 September with a further increase on 3 November to 3%.

As a result of the increased borrowing rates, the Council's current strategy is to use internal funds instead of borrowing. The Council's treasury advisors are forecasting that borrowing rates will fall over the medium term and that if borrowing is required in year, then short term borrowing will be explored to bridge the gap until more normal levels of market volatility are restored.

The following graph demonstrates that PWLB rates have remained relatively steady during the period April to September 2022.



CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority.

Local authorities can borrow from the PWLB provided they can confirm they are not planning to purchase 'investment assets primarily for yield' in the current or next two financial years, with confirmation of the purpose of capital expenditure from the Section 95 Officer. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing.

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

Borrowing Position for 2022/23

To date in 2022/23, the Council has undertaken no new borrowing. The Council has used internal short-term cash reserves to temporarily fund its capital borrowing requirement to 30 September 2022.

In terms of outlook for the remainder of the year, based on current capital plans and replacement borrowing requirements, it is estimated that the Council will borrow £64.860m this financial year, with a forecasted planned under borrowed position of £94.461m at the end of March 2023.

Rescheduling

No rescheduling has taken place between 1 April 2022 and 30 September 2022 as the average differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

The Council's treasury position (excluding borrowing by PPP/NPD and finance leases) at the 31 March 2022 and 30 September 2022 was as follows:

TABLE 6

	31 March 2022 Principal £m	Rate/ Return %	30 September Principal £m	Rate/ Return %
Fixed rate funding:				
-PWLB	181.055	4.68%	179.611	4.73%
-Other Local Authorities	25.000	0.10%	16.972	0.35%
-Market	1.522	8.40%	1.480	8.64%
Variable rate funding:				
-Market	50.950	5.10%	50.950	5.10%
Total debt (Indicator 7)	258.527	4.34%	249.013	4.53%
CFR	352.988		415.775	
Over / (under) borrowing	(94.461)		(166.762)	
Investments:				
- internally managed	43.506	0.15%	(44.304)	0.80%
Total investments (Indicator 8)	43.506		(44.304)	

All investments at 30 September 2022 mature within one year in line with the Treasury Management and Investment Strategy **(Indicator 9)**.

The maturity structure of the debt portfolio **(Indicator 10)** at 30 September 2022 is shown below and shows the period when the Council is required to repay and/or refinance debt. It is important to ensure a reasonable spread of debt to mitigate against high exposure levels in respect of refinancing. The current profile ensures this:

TABLE 7

Maturity Profile of Borrowing (Indicator 10)	31-Mar-22 Actual £m	30 September 2022 Actual £m
Under 12 months	76.911	68.873
12 months and within 24 months	2.950	3.030
24 months and within 5 years	10.050	9.938
5 years and within 10 years	24.439	24.439
10 years and within 20 years	28.665	31.421
20 years and within 30 years	6.625	2.425
30 years and within 40 years	106.887	106.887
40 years and within 50 years	2.000	2.000

The next indicator is used to manage risk and reduce the impact of adverse movement in interest rates. This sets a limit on the Council's exposure to fixed and variable interest rates **(Indicator 11).** The Council approved a limit on variable borrowing of £60.000m in the Treasury Management Strategy 2022/23.

TABLE 8

	2022/23 Original Limits £m	30 September 2022 Actual £m
Limits on fixed interest rates based on net debt **(Indicator 11)**	602.318	474.785
Limits on variable interest rates based on net debt **(Indicator 11)**	60.000	50.950

(e) Affordability Prudential Indicators (Prudential Indicator 12 - 14)

These Prudential Indicators assess the affordability of capital investment plans and provide an indication of the impact of capital investment plans on the Council's overall finances. The cost impact of borrowing decisions are reflected in the Council's budget as loan charges.

The actual and estimates of the ratio of financing costs to net revenue stream indicator identifies the trend in the cost of capital (borrowing and other long-term liabilities net of investment income) against the net revenue stream.

TABLE 9

Estimate of ratio of financing costs to net revenue stream (Indicator 14)	2022/23 Original Estimate £m	2022/23 Revised Estimate £m
General Services	3.7%	3.1%
HRA	21.7%	21.3%

Capital expenditure impacts on the revenue budget through financing charges so it is essential the Council ensures the financing costs remain affordable and do not constitute an excessive proportion of the revenue resources available.

From a General Fund perspective, the latest Scottish Local Authority average was 5.86%, thereby demonstrating a prudent borrowing policy.

For the HRA, the latest Scottish average was 21.62%. The level of loan charges is deemed prudent and affordable within the framework of the 30 year Housing business plan.

4. Investment Rates in 2022/23

The Bank Rate has risen from 0.75% to 2.25% during the period April to September. The Bank Rate was raised by a further 0.75% on the 3 November to 3%. The Council's treasury advisers, Arlingclose, currently project that the bank rate will peak at 4.25% with a further 0.5% increase in December and smaller rises in 2023 . The ongoing conflict in Ukraine has continued to put pressure on global inflation and the economic outlook for UK and world growth remains weak. The UK political situation towards the end of the period following the 'fiscal event' increased uncertainty further

5. Investment Position for 2022/23

Investment Policy

The Council's investment policy is governed by Scottish Government investment regulations, which have been implemented in the annual treasury management and investment strategy, approved by Council on 2 March 2022. This policy sets out the approach for choosing investment counterparties, based on credit ratings provided by the three main credit rating agencies and supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

All investments during 2022/23 have complied with our investment policy.

Resources

The Council's cash balances comprise revenue and capital resources and cash flow monies. The Council's cash resources at 30 September 2022 were as follows:

TABLE 10

Cash Balances	2022/23 Actual £m
1 April 2022	43.506
30 September 2022	44.304
Change within 6 months	**0.798**

Investments held by the Council

The Council has maintained an average balance of £44.156m of invested funds and utilised cash balances during the year in support of the under-borrowed position.

The Council's treasury management advisors, Arlingclose Limited, have five Scottish unitary authorities in their client group and provide regular investment benchmarking information to the Council. In terms of investment performance, North Ayrshire Council's average weighted rate of return on investments during the period 1 April 2021 to 30 September 2022 was 0.80% (0.15% for the period to 30 September 2021). The actual rate of return on investments as at 30 September for North Ayrshire Council was 1.58% compared to the group average rate of 1.85%.

The target investment rate for 2022/23 was 0.50% and the slightly higher weighted average return in the first half of the year reflects the rising Bank of England Base Rate.

We will continue to invest with approved counterparties in accordance with the approved strategy.