REPORT TO:	Executive Board
REPORT NO:	COFI/44/19
DATE:	9 July 2019
LEAD MEMBER:	Councillor Mark Pritchard (Organisation - Finance, Performance Health and Safety and Governance)
CONTACT OFFICER:	Mark S Owen (Tel: 292701)
SUBJECT:	Treasury Management Outturn and Actual Prudential Indicators 2018/2019
WARD:	N/A

1. PURPOSE OF THE REPORT

1.1 To present the Treasury Management Outturn report and actual Prudential Indicators report for the financial year ended 31 March 2019.

2. EXECUTIVE SUMMARY

2.1 The Capital Financing Requirement increased by £17.02m to £427.76m, with a significant element of this required to support the Housing Revenue capital programme in the continued progression toward delivering the Welsh Quality Housing Standard.

2.2 Total debt and long term liabilities increased by £2.2m to £394.26m between 31 March 2018 and 31 March 2019.

2.3 Investments increased by £1.35m to £15.29m.

2.4 As the Council's Section 151 Officer, the Chief Officer Finance & ICT confirmed that Treasury Management activity was within the Council's Borrowing Limit and Treasury Management Prudential Indicators.

3 RECOMMENDATION

3.1 Members note the Treasury Management Outturn report and actual Prudential Indicators for 2018/19.

REASON FOR RECOMMENDATION

To comply with the CIPFA Prudential Code and Code of Practice on Treasury Management.

4 BACKGROUND INFORMATION

4.1 The Council has adopted the CIPFA Code of Practice on Treasury Management in the Public Services. The Code provides that the responsible Financial Officer presents an annual report on the performance of the Treasury Management function.

4.2 The Annual Treasury Management Outturn Report for 2018/19 and Prudential Indicators Outturn Report 2018/19 are attached in Appendix A.

5 IMPLICATIONS

5.1 **Policy Framework** – This falls under the Organisation theme of the Council Plan 2018-2022.

5.2 **Budget** – The Council's General Fund net Capital Financing Budget for 2018/19 was £8,317k, and for the Housing Revenue Account £17,414k.

5.3 **Legal** – None**.**

5.4 **Staffing** – None.

5.5 **Equality/Human Rights** – Equality Impact Assessment has been completed (FIN/EIA00176/2019). There is no impact on groups with protected characteristics as this represents the factual outturn position for Treasury Management activities and Prudential Indicators.

5.6 **Risks** – Treasury Management Risks are addressed in the Council's Treasury Management Practices, last reported to Executive Board on 10 February 2016.

6 CONSULTATION

6.1 The report has been discussed with the Council's Treasury Management and Capital Finance Consultants.

7 EVALUATION OF OPTIONS

7.1 The report is concerned with historical activity only, no options are considered.

BACKGROUND PAPERS	LOCATION	WEBSITE INFO.
1. CIPFA Code of Practice: Treasury Management in the Public Services	Finance Department	Hard copy available in Finance Department.
2. CIPFA Prudential Code	Finance Department	Hard copy available in Finance Department.
3. Wrexham County Borough Council Financial Regulations	Finance Department	http://www.internal.wrexham.gov.uk/wordpress/wp-content/uploads/2019/04/Financial-Procedure-Rules-2019-as-inc-in-April-2019-update-to-constitution.doc

Treasury Management Outturn Report 2018/19

Introduction

In December 2011 the Council adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management semi-annual and annual reports.

The Council's treasury management strategy for 2018/19 was approved at a meeting on 21 February 2018. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remain central to the Council's treasury management strategy.

Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year and, as a minimum, a semi-annual and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The 2017 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 20 February 2019.

External Context

Economic background: After spiking at over $85/barrel in October 2018, oil prices fell back sharply by the end of the year, declining to just over $50 in late December before steadily climbing toward $70 in April 2019. UK Consumer Price Inflation (CPI) for February 2019 was up 1.9% year/year, just above the consensus forecast but broadly in line with the Bank of England's February Inflation Report. The most recent labour market data for the three months to January 2019 showed the unemployment rate fell to a new low 3.9% while the employment rate of 76.1% was the highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.4% as wages continue to rise steadily and provide some upward pressure on general inflation. Once adjusted for inflation, real wages were up 1.4%.

After rising to 0.6% in the third calendar quarter from 0.4% in the second, fourth quarter economic growth slowed to 0.2% as weaker expansion in production, construction and services dragged on overall activity. Annual GDP growth at 1.4% continues to remain below trend. Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy have been

made since.
The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the 2.25%-2.50% range in December. However, a recent softening in US data caused the Fed to signal a pause in hiking interest rates at the last Federal Open Market Committee (FOMC) meeting in March.

With the 29th March 2019, the original EU 'exit day' now been and gone, having failed to pass a number of meaningful votes in Parliament, including shooting down Theresa May's deal for the third time, MPs voted by a majority of one (313 to 312) to force the prime minister to ask for an extension to the Brexit process beyond 12th April in order to avoid a no-deal scenario. Recent talks between the Conservative and Labour parties to try to reach common ground on a deal which may pass a vote by MPs have yet to yield any positive results. The latest deadline date agreed with the EU is 31 October. The ongoing uncertainty continues to weigh on sterling and UK markets.

While the domestic focus has been on Brexit's potential impact on the UK economy, globally the first quarter of 2019 has been overshadowed by a gathering level of broader based economic uncertainty. The US continues to be set on a path of protectionist trade policies and tensions with China in particular, but with the potential for this to spill over into wider trade relationships, most notably with EU. The EU itself appeared to be show signs of a rapid slowdown in economic growth with the major engines of its economy, Germany and France, both suffering misfires from downturns in manufacturing alongside continued domestic/populist unrest in France. The International Monetary Fund downgraded its forecasts for global economic growth in 2019 and beyond as a consequence.

Financial markets: December was a month to forget in terms of performance of riskier asset classes, most notably equities. The FTSE 100 (a good indicator of global corporate sentiment) returned -8.8% assuming dividends were reinvested; in pure price terms it fell around 13%. However, since the beginning of 2019 markets have rallied, and the FTSE 100 and FTSE All share indices were both around 10% higher than at the end of 2018.

Gilt yields continued to display significant volatility over the period on the back of ongoing economic and political uncertainty in the UK and Europe. After rising in October, gilts regained their safe-haven status throughout December and into the new year - the 5-year benchmark gilt yield fell as low as 0.80% and there were similar falls in the 10-year and 20-year gilts over the same period dropping from 1.73% to 1.08% and from 1.90% to 1.55%. The increase in Bank Rate pushed up money markets rates over the year and 1-month, 3-month and 12-month LIBID (London Interbank Bid) rates averaged 0.53%, 0.67% and 0.94% respectively over the period.

Recent activity in the bond markets and PWLB interest rates highlight that weaker economic growth is not just a UK phenomenon but a global risk. During March the US yield curve inverted (10-year Treasury yields were lower than US 3 month money market rates) and German 10-year Bund yields turned negative. The drivers are a significant shift in global economic growth prospects and subsequent official interest rate expectations given its impact on inflation expectations. Further to this is world trade growth which collapsed at the end of 2018 falling by 1.8% year-on-year. A large proportion of this downturn in trade can be ascribed to the ongoing trade tensions between the US and China which despite some moderation in January does suggest that the International Monetary Fund's (IMF) and Organisation for Economic Co-Operation & Development's (OECD) forecasts for global growth in 2019 of 3.5% might need to be revised downwards.

Credit background: Credit Default Swap (CDS) spreads drifted up towards the end of 2018 on the back of Brexit uncertainty before declining again in 2019 and continuing to remain low in historical terms. After hitting around 129 basis points in December 2018, the spread on non-ring-fenced bank NatWest Markets plc fell back to around 96bps at the end of March, while for the ring-fenced entity, National Westminster Bank plc, the CDS spread held relatively steady around 40bps. The other main UK banks, as yet not separated into ring-fenced and non-ring-fenced from a CDS perspective, traded between 33 and 79bps at the end of the period.

The ring-fencing of the big four UK banks (Barclays, Bank of Scotland/Lloyds, HSBC and RBS/NatWest Bank plc) transferred their business lines into retail (ring-fenced) and investment banking (non-ring-fenced) entities.

In February, Fitch put the UK AA sovereign long-term rating on Rating Watch Negative as a result of Brexit uncertainty, following this move with the same treatment for UK banks and a number of government-related entities.

There were minimal other credit rating changes during the period. Moody's revised the outlook on Santander UK to positive from stable to reflect the bank's expected issuance plans which will provide additional protection for the its senior unsecured debt and deposits.

Local Context

On 31st March 2019, the Council had £367.60m of borrowing (an increase of £3.22m from 31 March 2018) and £15.29m of investments (an increase of £1.35m from 31 March 2018). The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.18 Actual £m	31.3.19 Actual £m
General Fund CFR	157.31	156.03
HRA CFR	253.43	271.73
Total CFR	**410.74**	**427.76**
Less: *Other debt liabilities	(27.68)	(26.66)
Borrowing CFR	**383.06**	**401.10**
Less: Usable reserves	(44.54)	(54.00)
Net borrowing	**338.52**	**347.10**

* finance leases and PFI liabilities that form part of the Council's total debt.

The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31st March 2019 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.18 Balance £m	Movement £m	31.3.19 Balance £m	31.3.19 Rate %
Long-term borrowing	297.34	19.76	317.10	4.03
Short-term borrowing	67.04	(16.54)	50.50	
Total borrowing	**364.38**	**3.22**	**367.60**	
Long-term investments	0.00	0.00	0.00	0.51
Short-term investments	0.00	15.29	15.29	
Cash and cash equivalents	13.94	(13.94)	0.00	
Total investments	**13.94**	**1.35**	**15.29**	
Net borrowing	**350.44**	**1.87**	**352.31**	

Borrowing Strategy during the year

At 31st March 2019 the Council held £367.60m of loans, (an increase of £3.22m compared to 31 March 2018), as part of its strategy for funding previous years' capital programmes. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.18 Balance £m	Net Movement £m	31.3.19 Balance £m
Public Works Loan Board	273.59	20.38	293.97
Banks (LOBO)	15.30	0.00	15.30
Banks (fixed-term)	8.50	0.00	8.50
Local authorities (long-term)	0.00	0.00	0.00
Local authorities (short-term)	65.00	(17.00)	48.00
Other	1.99	(0.16)	1.83
Total borrowing	**364.38**	**3.22**	**367.60**

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of the Council's borrowing need based on realistic projections, it was decided to take a combination of short-term borrowing and medium-term repayment loans EIP and maturity loans. The Council borrowed £22.22m medium/longer-term fixed rate loans in the period, details of which are below. These loans provide some longer-term certainty and stability to the debt portfolio.

Long-dated Loans borrowed	Amount £m	Rate %	Period (Years)
PWLB EIP Loan 1	10.00	2.22	20
PWLB EIP Loan 2	2.22	1.98	20
PWLB Maturity Loan 1	10.00	2.03	10
Total borrowing	**22.22**		

LOBO loans: The Council continues to hold £15.3m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

Other Debt Activity
Treasury Investment Activity

The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances ranged between £0.1m and £25m due to timing differences between income and expenditure. The investment position is shown in table 4 below.

Table 4: Treasury Investment Position

	31.3.18 Balance £m	Net Movement £m	31.3.19 Balance £m
Banks & building societies (unsecured)	13.94	(13.94)	0.00
Government (incl. local authorities)	0.00	15.29	15.29
Money Market Funds	0.00	0.00	0.00
Total investments	**13.94**	**1.35**	**15.29**

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

In furtherance of these objectives, the Council has sought to invest with a heavy bias toward security and liquidity. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below. (See Annex A for guide to scoring analysis).

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

	Credit Score	Credit Rating	Bail-in Exposure
31.03.2018	4.87	A+	100%
31.03.2019	3.00	AA	0%
Similar LAs	4.16	AA-	38%
All LAs	4.20	AA-	55%

Readiness for Brexit: With little by way of political clarity as to the exact date on whether there would be an agreed deal prior to leaving the EU and to be prepared for the outside chance of a particularly disruptive Brexit (such as last-minute no-deal) on 29th March, the Council chose to deposit all of its funds over the financial year end in its account with Central Government via the Debt Management Office (DMO).

The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short and long-term borrowing was maintained.

Non-Treasury Investments

The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return.

The Council considers that whilst it has given a number of loans for service purposes to local organisations that these are not for financial return, rather for supporting the local economy.

Compliance

The Chief Officer Finance & ICT, reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.
Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 6 below.

Compliance with specific investment limits is demonstrated in table 7 below.

Table 6: Debt Limits

	2018/19 Maximum	**31.3.19 Actual**	**2018/19 Operational Boundary**	**2018/19 Authorised Limit**	**Complied? Yes**
Borrowing	367.60	367.60	419.89	434.89	✓
PFI and Finance Leases	26.66	26.66	27.74	27.74	✓
Total debt		**394.26**			

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Table 7: Investment Limits

	2018/19 Maximum	31.3.19 Actual	2018/19 Limit	Complied? Yes
Any single organisation, except the UK Government	4.82	0.00	5.00	Yes
UK Central Government	15.29	15.29	Unlimited	Yes
Any group of organisations under the same ownership	0.00	0.00	5.00	Yes
Any group of pooled funds under the same management	0.00	0.00	5.00	Yes
Negotiable instruments held in a broker's nominee account	0.00	0.00	20.00	Yes
Limit per non-UK country	3.00	0.00	10.00	Yes
Registered providers	0.00	0.00	5.00	Yes
Unsecured investments with building societies	0.00	0.00	11.00 in total	Yes
Money Market Funds	13.78	0.00	20.00 in total	Yes

Treasury Management Indicators

The Council measures and manages its exposures to treasury management risks using the following indicators.

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

	31.3.19 Actual	2018/19 Target	Complied?
Portfolio average credit rating	AA	A	✓

Interest Rate Exposures: This indicator is set to control the Council's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the amount of net principal borrowed / interest payable was:

	31.3.19 Actual	2018/19 Limit	Complied?
Upper limit on fixed interest rate exposure	319.60	407.60	✓
Upper limit on variable interest rate exposure	48.00	70.00	✓

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

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

Maturity Structure of Borrowing	**Upper Limit** %	**Lower Limit** %	**Actual Borrowing at 31/03/2019** **£m**	**Actual Borrowing at 31/03/2019** **%**	**Compliance with Set Limits**
under 12 months	30	0	65.80	17.90	Yes
12 months and within 24 months	20	0	2.82	0.77	Yes
24 months and within 5 years	20	0	9.32	2.53	Yes
5 years and within 10 years	80	0	44.57	12.13	Yes
10 years and within 20 years	80	0	164.06	44.63	Yes
20 years and within 30 years	80	0	22.00	5.98	Yes
30 years and within 40 years	80	0	59.02	16.06	Yes
40 years and within 50 years	80	0	0.00	0.00	Yes
50 years and above	90	0	0.00	0.00	Yes
Total			**367.60**	**100.00**	

Time periods start on the first day of each period immediately following stated date (i.e. 31st March 2019). The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 365 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2018/19	**2019/20**	**2019/21**
Actual principal invested beyond year end	-	-	-
Limit on principal invested beyond year end	£10m	£5m	£5m
Complied?	✓		

Annex A

Scoring:

Long-Term Credit Rating	Score
AAA	1
AA+	2
AA	3
AA-	4
A+	5
A	6
A-	7
BBB+	8
BBB	9
BBB-	10
BB+	11
BB	12
BB-	13
B+	14
B	15
B-	16
CCC+	17
CCC	18
CCC-	19
CC+	20
CC	21
CC-	22
C+	23
C	24
C-	25
D	26

The Authority aimed to achieve a score of 7 or lower, to reflect the Authority's overriding priority of security of monies invested and the minimum credit rating of threshold of A- for investment counterparties.

Prudential Indicator Outturn Report 2018/19

Introduction: The *Local Government Act 2003* requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year. This report compares the approved indicators with the outturn position for 2018/19. Actual figures have been taken from or prepared on a basis consistent with, the Authority's statement of accounts.

Capital Expenditure: The Authority's capital expenditure and financing may be summarised as follows.

Capital Expenditure and Financing	2018/19 Estimate Approved £m	31.03.2019 Actual £m	Difference £m
General Fund	13.16	15.77	2.61
HRA	50.27	42.23	(8.04)
Total Expenditure	**63.43**	**58.00**	**(5.43)**
Capital Receipts	4.37	0.90	(3.47)
Grants and Contributions	11.45	18.56	7.11
Reserves	2.60	0.10	(2.50)
Revenue	10.08	8.45	(1.63)
Borrowing	34.93	29.99	(4.94)
Total Financing	**63.43**	**58.00**	**(5.43)**

Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	2018-19 Estimate Approved £m	31.03.19 Actual £m	Difference £m
General Fund	156.19	156.03	(0.16)
HRA	277.73	271.73	(6.00)
Total CFR	**433.92**	**427.76**	**(6.16)**

The CFR at 31 March 2019 was £6.16m lower than the estimated level. This can be due to a number of reasons including the level of capital expenditure to be financed from debt being lower in the period than anticipated.

Actual Debt: The Authority's actual debt at 31st March 2019 was as follows:

Debt	2018-19 Estimate Approved £m	31.03.19 Actual £m	Difference £m
Borrowing	371.84	367.60	(4.24)
Finance leases	0.97	1.36	0.39
PFI liabilities	25.30	25.30	0.00
Total Debt	**398.11**	**394.26**	**(3.85)**

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

Debt and CFR	2018-19 Estimate Approved £m	31.03.19 Actual £m	Difference £m
Total debt	398.11	394.26	(3.85)
Capital financing requirement	433.92	427.76	(6.16)
Headroom	**35.81**	**33.50**	

Total debt remained below the CFR during the year.

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

Operational Boundary and Total Debt	2018-19 Operational Boundary £m	2018-19 Highest Level of Debt £m	Complied (Yes/No)
Borrowing	419.89	367.60	Yes
Other long-term liabilities	27.74	26.66	Yes
Total Debt	**447.63**	**394.26**	

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

Authorised Limit and Total Debt	2018-19 Authorised Limit £m	2018-19 Highest Level of Debt £m	Complied (Yes/No)
Borrowing	434.89	367.60	Yes
Other long-term liabilities	27.74	26.66	Yes
Total Debt	**462.63**	**394.26**	

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2018-19 Estimate Approved %	31.03.19 Actual %	Difference %
General Fund	3.42	3.38	(0.04)
HRA	25.86	26.54	0.68

HRA Limit on Indebtedness: The UK Government announced plans to lift the HRA Borrowing Cap in the UK Autumn Budget on 29 October 2018, and agreed for the cap to be fully abolished in Wales. (HHE/03/18 Executive Board 12 February 2019). Whilst the lifting of the cap may provide more flexibility in our approach to borrowing within the Business Plan, any decisions on borrowing are still required to be made with reference to the CIPFA Prudential Code.