

# Appendix 1: 2024/25 Performance against Treasury Management and Capital Indicators and Limits

## Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators, compliance has been indicated for each:

- Investment limits:** In order to minimise the risk of a single default against available reserves, the maximum that will be lent to any one organisation (other than the UK Government) will be £25m. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

| Sector   | Counterparty limit | Sector limit | Maximum balance held in 2024/25 per Counter Party / Sector | As at 30/6/24 per Counter Party / Sector | As at 30/9/24 per Counter Party / Sector | As at 31/12/24 per Counter Party / Sector | As at 31/3/25 per Counter Party / Sector | Complied? |
|--|--------------------|--------------|--|--|--|---|--|-----------|
| The UK Government                                      | Unlimited          | n/a          | £48m   | £31m                                     | £17m                                     |   |  | Yes       |
| Local authorities & other government entities          | £25m               | Unlimited    | £20m/<br>£177m   | £15m/<br>£163m                           | £20m/<br>£170m                           |   |  | Yes       |
| Secured investments                                    | £25m               | Unlimited    | £0   | £0                                       | £0                                       |   |  | Yes       |
| Banks (unsecured) (excluding operational bank account) | £15m               | Unlimited    | £0   | £0                                       | £0                                       |   |  | Yes       |
| Banks (unsecured, operational account)                 | £25                | Unlimited    | £5m  | £1m                                      | £1m                                      |   |  | Yes       |
| Building societies (unsecured)                         | £15m               | £25m         | £0   | £0                                       | £0                                       |   |  | Yes       |
| Registered providers (unsecured)                       | £15m               | £50m         | £0   | £0                                       | £0                                       |   |  | Yes       |
| Money market funds                                     | £25m               | Unlimited    | £7m/£11m   | £5m/£11m                                 | £5m/£11m                                 |   |  | Yes       |
| Strategic pooled funds                                 | £25m               | £100m        | £0   | £0                                       | £0                                       |   |  | Yes       |
| Real estate investment trusts                          | £25m               | £50m         | £0   | £0                                       | £0                                       |   |  | Yes       |
| Other investments                                      | £15m               | £25m         | £0   | £0                                       | £0                                       |   |  | Yes       |

2. **Security:** The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score 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.

|  | Target | As at 30.6.24 | As at 30.9.24 | As at 31.12.24 | As at 31.3.25 | Complied? |
|--|--------|---------------|---------------|----------------|---------------|-----------|
| Portfolio average credit score (lower is better) | 6 (A)  | 4.88 (A+)     | 4.81 (A+)     |                |               | Yes       |

3. **Liquidity:** The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet payments within a rolling three-month period, without additional borrowing. This is a minimum balance to be held, in practice this is routinely exceeded to meet forecast cashflows as was the case at 30.6.24 and 30.9.24.

| Liquidity risk indicator             | Target | As at 30.6.24 | As at 30.9.24 | As at 31.12.24 | As at 31.3.25 | Complied? |
|--------------------------------------|--------|---------------|---------------|----------------|---------------|-----------|
| Total cash available within 3 months | £15m   | £90.3m        | £52.9m        |                |               | Yes       |

4. **Interest Rate Exposures** This indicator is set to control the Authority's exposure to interest rate risk.

| Interest rate risk indicator  | Limit   | As at 30.6.24 | As at 30.9.24 | As at 31.12.24 | As at 31.3.25 | Complied? |
|---|---------|---------------|---------------|----------------|---------------|-----------|
| Upper limit on one-year revenue impact of a 1% rise in interest rates | £1.5m   | £1.3m         | £0.8m         |                |               | Yes       |
| Upper limit on one-year revenue impact of a 1% fall in interest rates | (£1.5m) | (£1.3m)       | (£0.8m)       |                |               | Yes       |

5. **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sums invested to final maturities beyond the period end were:

| Price risk indicator   | 2024/25 | 2025/26 | 2026/27 | No fixed date |
|--|---------|---------|---------|---------------|
| Limit on long-term principal invested beyond year end              | £80m    | £35m    | £10m    | £10m          |
| Actual long-term principal invested beyond year end as at 30/6/24  | £20m    | £0m     | £0m     | £0m           |
| Actual long-term principal invested beyond year end as at 30/9/24  | £65m    | £20m    | £0m     | £0m           |
| Actual long-term principal invested beyond year end as at 31/12/24 |         |         |         |               |
| Actual long-term principal invested beyond year end as at 31/3/25  |         |         |         |               |
| Complied?  | Yes     | Yes     | Yes     | Yes           |

## Capital Strategy Indicators

6. **Capital Expenditure in £ millions.** The table shows the Combined Authority's current capital expenditure for 2024/25, and the actual spend for each quarter to date. following three financial years based on the medium-term financial plan. Current forecast expenditure for the year is £125m, and this looks to be at risk due to the low quarter 2 spend of £3m.

|                     | 2024/25 budget as at 30.9.24 | Actual to 30.6.24 | Actual to 30.9.24 | Actual to 31.12.24 | Actual to 31.3.25 |
|---------------------|------------------------------|-------------------|-------------------|--------------------|-------------------|
| Capital investments | £149m                        | £36m              | £39m              |                    |                   |
| <b>TOTAL</b>        | £149m                        | £36m              | £39m              |                    |                   |

7. **Capital Financing in £ millions.** All capital expenditure must be financed, either from external sources (government grants and other contributions), the Authority's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing and Private Finance Initiative). The financing of the above expenditure is as follows:

|                         | 2024/25 budget as at 30.9.24 | Actual to 30.6.24 | Actual to 30.9.24 | Actual to 31.12.24 | Actual to 31.3.25 |
|-------------------------|------------------------------|-------------------|-------------------|--------------------|-------------------|
| Grant Funding           | £139.02m                     | £33.74m           | £37.00m           |                    |                   |
| Usable Capital Receipts | £9.91m                       | £1.95m            | £2.08m            |                    |                   |
| Debt                    | 0                            | 0                 | 0                 |                    |                   |
| <b>TOTAL</b>            | £148.93m                     | £35.69m           | £39.08m           |                    |                   |

8. **Gross Debt and the Capital Financing Requirement in £ millions.** The Authority's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The Authority currently has no debt and therefore no CFR. Projected levels of the Authority's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement.

|                               | 31.3.2025 forecast | Actual to 30.6.24 | Actual to 30.9.24 | Actual to 31.12.24 | Actual to 31.3.25 |
|-------------------------------|--------------------|-------------------|-------------------|--------------------|-------------------|
| Debt (incl. PFI & leases)     | 0                  | 0                 | 0                 |                    |                   |
| Capital Financing Requirement | 0                  | 0                 | 0                 |                    |                   |

9. **Borrowing and the Liability Benchmark in £ millions.** To compare the Authority's actual borrowing against an alternative strategy, a liability benchmark is calculated showing the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Authority is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Authority must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level of £10m required to manage day-to-day cash flow. As the Combined Authority has no immediate plans to borrow, it has an Asset Benchmark which shows the expected level of treasury investments at year end.

|                          | 31.3.2025<br>forecast | Actual to<br>30.6.24 | Actual to<br>30.9.24 | Actual to<br>31.12.24 | Actual to<br>31.3.25 |
|--------------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|
| Outstanding<br>borrowing | 0                     | 0                    | 0                    |                       |                      |
| Treasury<br>Investments  | £78.0m                | £205.3m              | £197.9m              |                       |                      |

10. **Authorised limit and operational boundary for external debt in £ millions.** The Authority is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

|  | 2024/25<br>limit | Actual to<br>30.6.24 | Actual to<br>30.9.24 | Actual to<br>31.12.24 | Actual to<br>31.3.25 |
|--|------------------|----------------------|----------------------|-----------------------|----------------------|
| Authorised limit -<br>total external debt        | 84.61            | 0                    | 0                    |                       |                      |
| Operational<br>boundary - total<br>external debt | 74.61            | 0                    | 0                    |                       |                      |

11. **Proportion of service interest income to net revenue stream** This indicators shows the income from service investments as a proportion of its net revenue stream and is intended to show how reliant the Authority is on this income in order to maintain a balanced budget. As can be seen below the Authority is not exposed to a significant risk in respect of this. The authority has no commercial investments, and therefore no commercial income.

|                                     | 2024/25<br>budget | Actual to<br>30.6.24 | Actual to<br>30.9.24 | Actual to<br>31.12.24 | Actual to<br>31.3.25 |
|-------------------------------------|-------------------|----------------------|----------------------|-----------------------|----------------------|
| Service interest<br>income (£m)     | £0.09m            | £0.03m               | £0.05m               |                       |                      |
| Proportion of net<br>revenue stream | 0.14%             | 0.10%                | 0.10%                |                       |                      |

12. **Proportion of financing costs to net revenue stream** Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from general government grants.

|                                     | 2024/25<br>budget | Actual to<br>30.6.24 | Actual to<br>30.9.24 | Actual to<br>31.12.24 | Actual to<br>31.3.25 |
|-------------------------------------|-------------------|----------------------|----------------------|-----------------------|----------------------|
| Financing costs (£m)                | 0                 | 0                    | 0                    |                       |                      |
| Proportion of net<br>revenue stream | 0%                | 0%                   | 0%                   |                       |                      |