CYNGOR SIR *POWYS* COUNTY COUNCIL.

AUDIT COMMITTEE
20th November 2024

CABINET EXECUTIVE
10th December 2024

REPORT AUTHOR:	**County Councillor David Thomas** **Portfolio Holder for Finance and Corporate Transformation**
REPORT TITLE:	**Treasury Management Quarter 2 Report**
REPORT FOR:	**Information**

1 Purpose

1.1 CIPFA's 2009 Treasury Management Bulletin suggested:
'In order to enshrine best practice, it is suggested that authorities report formally on treasury management activities at least twice a year and preferably quarterly.'

The CIPFA Code of Practice on Treasury Management emphasises a number of key areas including the following:

xi. Treasury management performance and policy setting should be subject to scrutiny prior to implementation.

1.2 In line with the above, this report is providing information on the activities for the quarter ending 30th September 2024.

2 Background

2.1 The Capital and Treasury Management Strategy (CTMS) approved by Full Council on 22nd February 2024 can be found here - Council (moderngov.co.uk)

3 Advice

3.1 Investments

3.2 The Authority's investment priorities within the Strategy are.

(a) the security of capital, then,
(b) the liquidity of its investments then
(c) the yield

3.3 The Authority aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite has been low in order to give priority to security of investments. With interest rates for investments remaining lower than borrowing rates, the use of cash reserves as opposed to borrowing is prudent and cost-effective.

3.4 Short-term money market investment rates have reduced slightly following the 0.25% reduction in the Bank Rate in August. Due to the uncertainty around the short term cash requirements, we have continued to hold the majority of surplus funds in the council's deposit accounts. These funds have earned interest totalling £0.52 million since the start of the financial year.

3.5 Investment returns on inter-authority short term lending are slightly above the council's deposit accounts rates. There has not been sufficient funds to lend long or short term so no lending has taken place in the last quarter.

3.6 The Authority had no investments on 30th September 2024.

3.7 Credit Rating Changes

3.8 There have been no credit rating changes relevant to this Authority's position during the last quarter.

3.9 The Authority's Capital Position

3.10 The 2024/25 Capital Programme was approved by Council on the 22nd February 2024. It included capital schemes totalling £102.50 million, of which £37.57 million related to the Housing Revenue Account (HRA). The programme has been updated following the reprofiling of projects and additional grants received from Welsh Government. The revised programme at the 30th September 2024 is budgeted at £86.36 million following the successful award of additional grants and the reprofiling of budgets between financial years. Actual spend amounts to £28.27 million, representing 33% of the total budget.

3.11 Table 1 - Breakdown by service

£'000	Original Budget	Virements Approved	Revised Budget	Actuals	Remaining Budget £	Remaining Budget %	Commitments
Education	12,612	(229)	12,383	5,271	7,112	57.4%	3,401
Highways Transport & Recycling	16,984	1,455	18,439	7,072	11,367	61.6%	5,347
Economy and Climate	21,573	6,826	28,399	4,854	23,545	82.9%	13,287
Planning and Regulatory Services	355	1,175	1,530	255	1,275	83.3%	499
Housing General Fund	1,748	655	2,403	895	1,508	62.8%	585
Community Wellbeing	1,033	611	1,644	381	1,263	76.8%	480
Adult Services	245	1,066	1,311	173	1,138	86.8%	285
Unallocated	9,718	(6,641)	3,077	0	3,077	100.0%	0
Digital Services	666	(248)	418	46	372	89.0%	163
Sub Total	**64,934**	**4,670**	**69,604**	**18,947**	**50,657**	**72.8%**	**24,047**
Housing Revenue Account	37,566	(20,812)	16,754	9,321	7,433	44.4%	10,712

TOTAL	**102,500**	**(16,142)**	**86,358**	**28,268**	**58,090**	**67.3%**	**34,759**

3.12 Currently 25%, £21.44 million, of the capital expenditure is budgeted to be financed by borrowing, the interest cost for this is charged to the revenue account. This has reduced significantly since the start of the year as grant funding is received and schemes are reprofiled.

3.13 Table 2 – Capital Programme funding

£'000	Supported Borrowing	Prudential Borrowing	Grants	Revenue Contribution	Capital Receipts	Total
Capital	4,687	13,901	41,002	6,828	3,186	69,604
HRA	0	2,849	7,105	5,800	1,000	16,754
Total	**4,687**	**16,750**	**48,107**	**12,628**	**4,186**	**86,358**

3.14 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. It represents the current year's unfinanced capital expenditure and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

3.15 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure, the Council's cash position is managed to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through external borrowing or utilising temporary cash resources within the Council.

3.16 Net external borrowing (borrowings less investments) should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for the current year and next two financial years. This allows some flexibility for limited early borrowing for future years.

3.17 Capital Financing Requirement (CFR)

The table below shows the impact of the reprofiling of schemes included in the capital programme into future years, with the CFR reducing in this financial year, delaying the increase until future years.

3.18 Table 3 – Capital Financing Requirement (CFR)

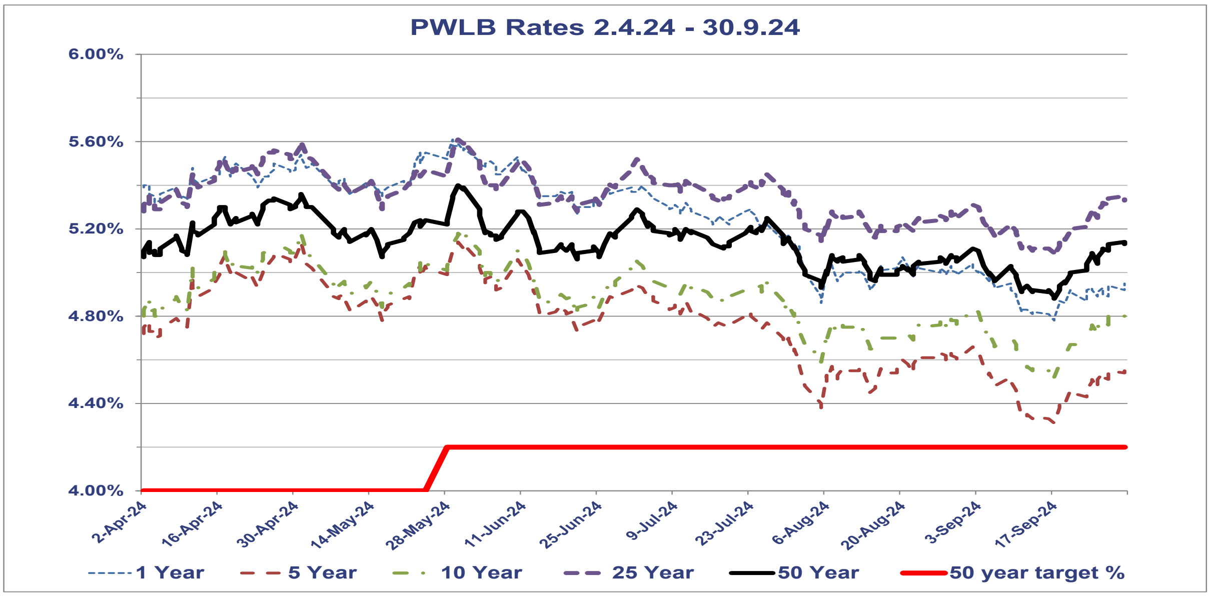
£'m	Total	HRA	Council Fund
Opening Balance – 1st April 2024			
Original Estimates[1]	**446,690**	111,760	334,930
Actual Balance	**431,450**	109,250	322,200
Closing Balance – 31st March 2025			
Original Estimates[1]	**489,270**	135,480	353,790
Quarter 1 Estimate	**485,070**	137,170	347,900
Quarter 2 Estimate	**447,445**	110,799	336,646
Closing Balance – 31st March 2026			
Original Estimates[1]	**522,760**	162,880	359,880
Quarter 1 Estimate	**518,470**	164,500	353,970
Quarter 2 Estimate	**476,790**	124,095	352,695
Closing Balance – 31st March 2027			
Original Estimates[1]	**554,050**	171,050	383,000
Quarter 1 Estimate	**552,680**	175,620	377,060
Quarter 2 Estimate	**530,266**	153,263	377,003

[1] Original estimate included in the CTMS approved by Full Council on 22nd February 2024.

3.19 Borrowing / Re-scheduling

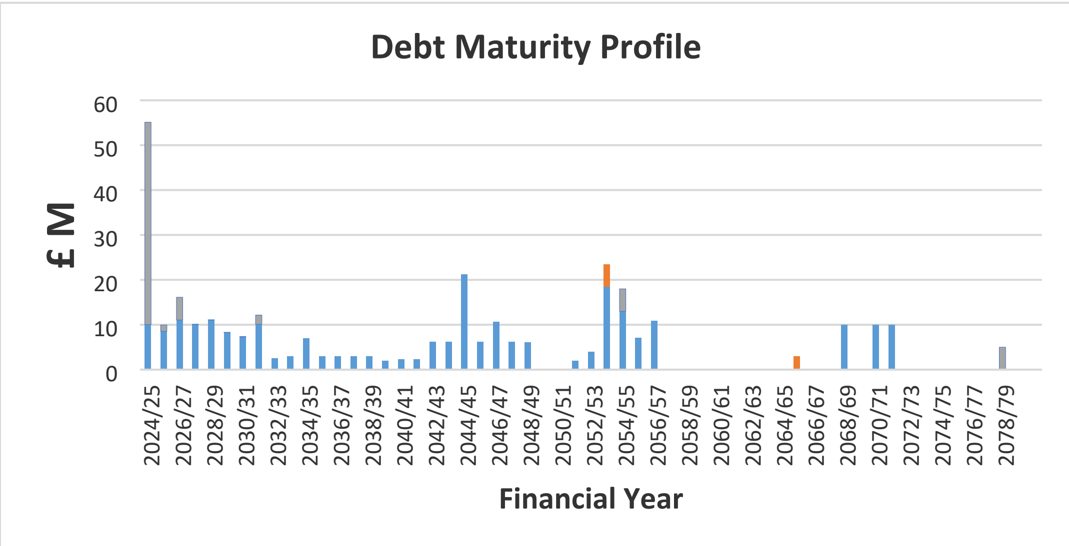
3.20 Effective management of the Authority's debt is essential to ensure that the impact of interest payable is minimised against our revenue accounts whilst maintaining prudent borrowing policies.

3.21 The chart below shows the changes in PWLB interest rates since the start of the April 2024. PWLB borrowing rates are based on the Gilts market.



3.22 A prohibition is still in place to deny access to borrowing from the Public Works Loan Board (PWLB) for any local authority which had purchase of assets for yield in its three year capital programme. There are currently no schemes for yield in the Capital Programme. With the significant amounts of borrowing in the future Capital Programme, the inability to access PWLB borrowing will need to be a major consideration for any future purchases of assets for yield. The additional income these assets generate must be sufficient to cover the increased borrowing costs, as borrowing sources other than the PWLB are likely to be more expensive. This does not apply to schemes where the primary aim relates to service delivery or regeneration.

3.23 Debt Maturity Profile



<u>Key</u> Blue = PWLB; Grey = Inter Authority Borrowing; Orange = Market Loans

3.24 £4.5 million PWLB and £15 million short term borrowing was repaid during the last quarter. With the uncertain economic position and as outlined by Link later in this report, it is anticipated that borrowing rates will fall over the next few years, so we need to ensure that the council isn't locked into higher rate borrowing for long periods, to allow flexibility to take advantage should rates drop.

3.25 £35 million short term borrowing has been taken out in the last quarter to cover the borrowing that was repaid since the start of the year, to meet the commitments in the capital programme and to cover some of the borrowing that's maturing in the next quarter.

3.26 A further £3.3 million PWLB and £35 million short term borrowing is due to be repaid in the next quarter. This borrowing will need to be replaced with some short term borrowing to absorb this repayment alongside the commitments in the capital programme.

3.27 Financing Costs to Net Revenue Stream

3.28 This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the Councils net revenue budget (net revenue stream). The estimates of financing costs include current commitments and the proposals in the capital programme.

3.29 Table 4 – Financing Costs to Net Revenue Stream

£'m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
From the approved CTMS 2024/25			
Financing Costs	12.90	13.39	12.33
Net Revenue Stream	340.73	341.68	343.03
%	*3.8%*	*3.9%*	*3.6%*
Quarter 1 estimates			
Financing Costs	13.53	14.90	12.57
Net Revenue Stream	340.73	341.68	343.03
%	*4.0%*	*4.4%*	*3.7%*
Quarter 2 estimates			
Financing Costs	13.30	14.83	14.97
Net Revenue Stream	340.73	341.68	343.03
%	*3.9%*	*4.3%*	*4.4%*

3.30 The table above shows the capital financing costs and the change between those disclosed in the 2024/25 Treasury Management and Capital Strategy. Markets suggest that the Bank of England interest rate is expected to fall. However, there are risks that these costs may increase if rates increase or do not fall in line with the current forecast.

3.32 The change has been caused by interest rates remaining higher than anticipated when the 2024/25 Treasury Management and Capital Strategy was produced. The latest estimates assume that around £50m of additional borrowing will be required before the end of the financial year to replace maturing debt and to cover commitments in the capital programme. The council has benefited from being under borrowed by £100m over the last few years, this has saved a significant amount of interest. This will not continue this year and the next few years as the amounts currently held in the Council's reserves reduces.

3.33 Prudential Indicators

3.34 All Treasury Management Prudential Indicators were complied with in the quarter ending 30th September 2024.

3.35 Economic Background and Forecasts

3.36 The forecast of interest rates by the Authority's advisor at the 28th May 2024 are shown below. The rates have fluctuated over the last few months but are expected to reduce slightly over the next few years. The current higher rates will increase the cost of borrowing over the next few years. The revised Medium Term Financial Strategy has been updated to take account of these changes. These are to be reviewed following the autumn statement.

Link Group Interest Rate View	28.05.24											
	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	5.25	5.00	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	5.30	5.00	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	5.30	4.90	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	5.10	4.80	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	5.00	4.80	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.30	5.20	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	5.10	5.00	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

3.37 The economic background provided by our treasury advisers; Link Group at the 30th September 2024 is attached at Appendix A.

3.38 Sundry Debt

3.39 The prompt collection of debt and encouraging payment as soon as possible helps the Councils cashflow position, reducing the need for short term borrowing.

3.40 The following table outlines the Council's outstanding sundry debt at the 2nd October 2024 of £13.21 million, up from £12.91 million, last quarter. This does not include Council Tax arrears.

3.41 Table 5 – Sundry Debt at the 2nd October 2024

Service	Current Debt (30 days or less)	Aged Debt (31 to 60 days)	Aged Debt (61 - 90 days)	Aged Debt (Over 90 days)	Total Aged Debt	Change from previous quarter	Trend Since Q1 2022/23
Adult Services	**5,638,622**	400,123	457,113	7,657,069	**8,514,305**	758,464	
Childrens Services	**20,935**	0	0	117,910	**117,910**	(112,245)	
Corporate, Legal & Democratic Services	**0**	0	0	9,626	**9,626**	(8,126)	
Economy & Digital Services	**137,265**	674	(53,493)	63,052	**10,234**	(69,120)	
Finance	**33,670**	8,510	0	719,899	**728,409**	(47,688)	
Highways, Transport & Recycling	**203,718**	122,145	292,701	1,207,589	**1,622,436**	428,356	
Housing	**40,920**	2,248	29,919	920,082	**952,249**	128,589	
Community Wellbeing	**1,250**	36	2,923	86,501	**89,460**	4,123	
Other	**53,296**	15,172	13,705	49,673	**78,549**	44,059	
Planning and Regulatory Services	**495,179**	28,861	48,663	699,999	**777,524**	45,619	
Schools	**39,501**	12,376	1,646	242,243	**256,265**	(40,413)	
Workforce & Organisation Development	**147,196**	1,865	219	55,597	**57,681**	23,594	
Total	**6,811,552**	**592,010**	**793,397**	**11,829,240**	**13,214,647**	**1,155,210**	

3.42 The £6.81 million shown in the current debt column relates to invoices that are less than 30 days old, overdue debt is classed as overdue when it is above 30 days after the invoice date.

3.43 The total debt represents 25% of the annual generated income (excluding Council Tax and NNDR), if you exclude the current debt (less than 30 days old) this falls to 16%.

3.44 The level of aged debt (over 30 days old) has increased by £0.30 million since the last quarter.

3.45 The table in 3.41 shows that around two thirds of the over three month debt is adult social care debt. This is more difficult to collect as Welsh Government will not allow bailiff action on residential care fees and court action only as a last resort. This debt relates to a high proportion of elderly and vulnerable customers, and often deferred charges are placed on their properties, which requires waiting for houses to be sold and estates to be realised which is often a lengthy process.

3.46 Table 6 - Sundry Debt Key Performance Indicators

£'m	PtHB Debt	Non PtHB Debt	Total Debt	Deferred Charge Secured	Payments Received	Debt Written-off [3]	Collection Rate
April	0.148	14.612	14.760	0.029	8.630	0.000	59%
May	1.180	13.780	14.960	0.658	3.312	0.000	51%
June	0.986	13.814	14.800	0.658	2.926	0.000	54%
July	1.031	14.274	15.305	0.731	3.578	0.011	61%
August	0.958	14.458	15.416	0.678	4.710	0.000	65%
September	5.210	14.560	19.770	0.677	3.022	0.008	65%

[3] Debt is written off in line with the council's debt policy.

3.48 Council Tax and NNDR Collection

3.49 The in-year collection rates at the end of June 2024 (Quarter 1) for Council tax and NNDR are shown below.

Council Tax 53.69% (0.21% down compared to same point during 2023/24)
NNDR 63.57% (0.79% down compared to same point during 2023/24)

3.50 £5.33 million of Council Tax and £0.76 million NNDR remains uncollected from previous financial years. Collection of monies during the ongoing cost of living crisis is challenging, however robust procedures are in place to pursue all monies owed to the Council, both for the current year and previous final years. We are in the process of recruiting two visiting officers as well as a new listing officer which should help identify properties that are subject to full council tax and improve collection rates. Recently, the team have reviewed, redesigned and brought in a dedicated phone line so customers' debt is dealt with in one place e.g. council tax and sundry debt taken by same operative (which has helped with cross skilling the team). We are also in process of creating capacity to move housing benefit queries into the Awards team thus freeing Recovery officers to work on sundry debt activity and we are streamlining process to improve deferred charge recovery.

3.51 VAT

3.52 The Technical Section of Finance act as the authority's VAT section. VAT can pose a risk to the authority hence this report includes VAT information.

3.53 The monthly VAT returns were submitted within the required deadlines during this quarter.

3.54 Key Performance Indicators - The VAT KPI's for 2024/25 are attached at Appendix B.

4. Resource Implications

4.1 Not applicable.

5. Legal implications

5.1 Not applicable.

6. Climate Change & Nature Implications

6.1 Not applicable.

7. Data Protection

7.1 Not applicable.

8. Comment from local member(s)

8.1 Not applicable.

9. Impact Assessment

9.1 Not applicable.

10. Recommendation

10.1 This report has been provided for information and there are no decisions required.

Contact Officer:	James Chappelle
Tel:	01597 826492
Email:	james.chappelle@powys.gov.uk
Head of Service:	Jane Thomas

Appendix A – Update provided by Link Group on the 30th June 2024

The third quarter of 2024 (July to September) saw:

- GDP growth stagnating in July following downwardly revised Q2 figures (0.5% q/q)
- A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July;
- CPI inflation hitting its target in June before edging above it to 2.2% in July and August;
- Core CPI inflation increasing from 3.3% in July to 3.6% in August;
- The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September meeting;
- 10-year gilt yields falling to 4.0% in September.

The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.

The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.

The government's plans to raise public spending by around £16bn a year (0.6% GDP) have caused concerns that a big rise in taxes will be announced in the Budget, which could weaken GDP growth in the medium-term. However, if taxes are raised in line with spending (i.e., by £16bn) that would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Our colleagues at Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.

The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3myy growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.

Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market activity.

CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.

The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member (Swati Dhingra) voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no change.

Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, our central forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations, however, although a November rate cut still looks likely, December may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025, though, we think a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.

Our forecast is next due to be updated around mid-November following the 30 October Budget, 5 November US presidential election and the 7 November MPC meeting and the release of the Bank of England Quarterly Monetary Policy Report.

Looking at gilt movements in the first half of 2024/25, and you will note the 10-year gilt yield declined from 4.32% in May to 4.02% in August as the Bank's August rate cut signalled the start of its loosening cycle. Following the decision to hold the Bank Rate at 5.0% in September, the market response was muted, with the 10-year yield rising by only 5bps after the announcement. This likely reflected the fact that money markets had priced in a 25% chance of a rate cut prior to the meeting. The yield had already increased by about 10bps in the days leading up to the meeting, driven in part by the Fed's "hawkish cut" on 18 September. There is a possibility that gilt yields will rise near-term as UK policymakers remain cautious due to persistent inflation concerns, before declining in the longer term as rates fall to 3.0%.

The FTSE 100 reached a peak of 8,380 in the third quarter of 2024, but its performance is firmly in the shade of the US S&P500, which has breached the 5,700 threshold on several occasions recently. Its progress, however, may pause for the time being whilst investors wait to see who is elected the next US President, and how events in the Middle East (and Ukraine) unfold. The catalyst for any further rally (or not) is likely to be the degree of investors' faith in AI.

MPC meetings: 9 May, 20 June, 1 August, 19 September 2024

On 9 May, the Bank of England's Monetary Policy Committee (MPC) voted 7-2 to keep Bank Rate at 5.25%. This outcome was repeated on 20th June.

However, by the time of the August meeting, there was a 5-4 vote in place for rates to be cut by 25bps to 5%. However, subsequent speeches from MPC members have supported Governor Bailey's tone with its emphasis on "gradual" reductions over time.

Markets thought there may be an outside chance of a further Bank Rate reduction in September, following the 50bps cut by the FOMC, but this came to nothing.

Nonetheless, November still looks most likely to be the next month to see a rate cut to 4.75% but, thereafter, inflation and employment data releases, as well as geo-political events, are likely to be the determinant for what happens in the remainder of 2024/25 and into 2025/26.

Interest Rate Forecasts

The Authority has appointed Link Group as its treasury advisors and part of their service is to assist the Authority to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

Our latest forecast on 28 May sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View	28.05.24									
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
BANK RATE	4.50	4.00	3.50	3.25	3.25	3.25	3.25	3.00	3.00	3.00
3 month ave earnings	4.50	4.00	3.50	3.30	3.30	3.30	3.30	3.00	3.00	3.00
6 month ave earnings	4.40	3.90	3.50	3.30	3.30	3.30	3.30	3.10	3.10	3.20
12 month ave earnings	4.30	3.80	3.50	3.40	3.40	3.40	3.40	3.20	3.30	3.40
5 yr PWLB	4.50	4.30	4.10	4.00	3.90	3.90	3.90	3.90	3.90	3.80
10 yr PWLB	4.60	4.40	4.30	4.10	4.10	4.10	4.00	4.00	4.00	3.90
25 yr PWLB	5.00	4.80	4.70	4.50	4.50	4.40	4.40	4.40	4.30	4.30
50 yr PWLB	4.80	4.60	4.50	4.30	4.30	4.20	4.20	4.20	4.10	4.10

Appendix B - VAT - Key Performance Indicators

Creditor Invoices

VAT return for	Nº of high value Creditor invoices checked	Nº of Creditor invoices highlighted as requiring "proper" document for VAT recovery	% of creditor invoices checked requiring "proper" document for VAT recovery
Apr-24	308	1	0.3%
May-24	281	0	0.0%
Jun-24	257	1	0.4%
Jul-24	363	1	0.3%
Aug-24	233	0	0.0%
Sep-24	268	2	0.7%

Income Management Entries

VAT return for	Nº of entries checked by formula per the ledger account code used	Nº of entries needing follow up check (but not necessarily incorrect).	% of entries needing follow up check
Apr-24	342	0	0.0%
May-24	359	2	0.6%
Jun-24	379	0	0.0%
Jul-24	421	32 [4]	7.6%
Aug-24	403	0	0.0%
Sep-24	349	2	0.6%

[4] This relates to one transaction that was split over 32 finance codes.

Debtor Invoices

VAT return for	Nº of Debtor invoices checked	Nº of checked debtor invoices with incorrect VAT code used	% of debtor invoices with incorrect VAT code
Apr-24	159	0	0.0%
May-24	117	0	0.0%
Jun-24	134	0	0.0%
Jul-24	128	0	0.0%
Aug-24	109	0	0.0%
Sep-24	120	1	0.8%

Note: Debtors VAT checking is carried out by Finance via a work process prior to the invoice being raised hence the improvement in errors compared to previous years

Purchase Cards

VAT return for	Nº of transactions for which paperwork requested for checking	Resolvable errors discovered	Value of VAT potentially claimable but recharged to budget due to non-response	Nº of transactions where VAT claimed incorrectly	% of transactions available to be checked where VAT was claimed incorrectly	Value of VAT incorrectly claimed hence recharged to budget
Apr-24	100	5	£554.63	12	12.0%	£265.13
May-24	102	11	£1,503.14	11	10.8%	£580.68
Jun-24	106	14	£923.12	15	14.2%	£263.13
Jul-24	118	6	£656.54	27	22.9%	£2,267.87
Aug-24	78	5	£647.16	29	37.2%	£1,327.46
Sep-24	117	9	£1,494.59	16	13.7%	£2,389.02

Chargebacks to service areas

The upload of appropriate documents to the BSM (Barclaycard Spend Management purchase card system) to enable VAT recovery was made mandatory in September 2017 as a result of the lack of response from service areas/establishments to provide documents when requested. Where no document has been uploaded, any VAT amount input against the transaction is charged to the service area as there is no evidence to support the VAT recovery.

Any other VAT errors that come to light as a result of the various checks are also charged to the relevant service areas.

Budget holders are able to see this clearly as chargebacks are coded to account code EX400600 and the activity code used alongside this gives the reason why this chargeback has occurred.

The amount charged back to service areas is £98,026. The breakdown of this is as follows:

Potentially correctable errors

Reason	Amount £
Not a tax invoice	6,142
Powys County Council is not the named customer	2,600
No invoice uploaded to purchase card system	7,557
Invoice(s) do not match payment	1,131
Total	**17,431**

Other errors

Reason	Amount £
Non-domestic VAT	226
No tax on invoice	3,017
Supply not to Powys County Council	63,575
Over-accounting for VAT	1,499
Internal payments	227
Bsm Error On Actual Tax	35
VAT mismatch on refund	-6
Invalid VAT Registration	336
Standard Rated Supply	11,686
Total	**80,595**

A breakdown by service is shown below.

Service	Not A Tax Invoice	PCC Not The Named Customer	No Invoice Uploaded To BSM	Invoice(s) Do Not Match Payment	Foreign VAT	No Tax On Invoice	Supply Not To PCC	Over-accounting For VAT	PCC Internal Payment	BSM Error On Actual Tax	VAT Mismatch On Refund	Invalid VAT Registration	Standard Rated Supply
Revenue													
Schools Delegated Budgets	1,144		2,926	472	206	1,368	4,026	2,038	101	35	4	336	11,686
Schools Improvement + Learning	13		208			1		14					
Community Wellbeing			-4										
Adult Services			3					13					
Childrens' Services	303		388	13		150		573			-17		
Highways Transport Recycling			233						127				
Economy And Climate			55										
Planning And Regulatory Servic	1,416		1,737	646			4,261				2		
General Fund Housing	68		741			748	3,774						
Housing Revenue Account	835		578			190		338			4		
Finance			89		20	357							
Digital Services			1										
Corporate Activities			59					-1,477					
Business Inteligence And Gover			10				169						
Legal			176				51,345						
Capital													
Community Wellbeing			5			1							
Childrens' Services			28										
Highways Transport Recycling	2,363		292			203							
Economy And Climate		2,600											
Housing Revenue Account			31										
Total	**6,142**	**2,600**	**7,557**	**1,131**	**226**	**3,017**	**63,575**	**1,499**	**227**	**35**	**-6**	**336**	**11,686**