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Appendix 1

Treasury Management Strategy Statement 2025/2026, Annual Revenue Provision Policy

Statement and Annual Investment Strategy

1 Background

1.1 The Local Government Act 2003 (the Act) and the framework established by CIPFA through its Prudential Code requires the Authority to set Prudential and Treasury Indicators for each of the next three years to ensure that the Authority's Capital investment plans are affordable, prudent and sustainable.

1.2 The Act also requires the Authority to set out its Treasury Strategy for borrowing and to prepare an Annual Investment Strategy that sets out the Authority's policies for managing its investments and the priority given to the security and liquidity of those investments.

1.3 The strategy for 2025/2026 covers:

- The current treasury position
- Prospects for interest rates
- Borrowing requirements and strategy
- Annual Revenue Provision policy statement
- The investment strategy
- Debt rescheduling options; and
- treasury management and prudential indicators for the period 2024/25 to 2027/28

1.4 It is a statutory requirement under s33 of the Local Government Finance Act 1992 for the Authority to produce a balanced budget. In particular, s32 requires the Authority to calculate its budget requirement for each financial year to include the revenue costs that flow from Capital financing decision. This means that Capital spending increases that lead to increases in revenue costs, whether from additional borrowing or running costs, must be limited to a level which is affordable within the projected income of the Authority for the foreseeable future.

1.5 The Authority's Treasury Management is provided under a Service Level Agreement (SLA) by St Helens Council. The Council uses Link Asset Services as its external treasury management advisors; Link work on behalf of both the Council and MRWA. MRWA recognises that regardless of the delegations via the SLA, responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

1.6 The Authority also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Authority, together with the Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

1.7 In December 2017, CIPFA issued revised Prudential and Treasury Management Codes. As a result all local authorities are required to prepare a Capital Strategy report, which is intended to provide the following:-

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

1.8 On 20th December 2021 the Codes were revised and re-issued by CIPFA, with an expectation that there should be:

- An annual Treasury Management strategy, incorporating Prudential and Treasury management indicators;
- An explanation of the way the Authority calculated the statutory set aside that is the Minimum Revenue Provision (MRP);
- A Treasury Management strategy statement that sets out how the Authority approaches its borrowing and investing activities;
- An interest strategy which sets out the approach to market rates and risk;
- A Mid-year Treasury Management paper and an Outturn Treasury management report;
- For 2023/24 the requirement for quarterly reporting is introduced; and
- The Capital Strategy is to be included in the overall strategy.

1.9 The aim of the report is to ensure that all Authority Members fully understand the effect of these requirements and the overall strategy, governance procedures and risk appetite entailed by this strategy and the Capital Strategy which has been prepared and is attached as an annex to this document. The Strategy seeks to formalise existing current working arrangements and all capital decisions will be taken in line with the usual governance arrangements, protocols and procedures. The Capital Strategy is detailed at Annex 6.

2 Current Treasury position

Borrowing

2.1 At the time of writing this report the Authority currently has outstanding external borrowing of £38.697M which includes:

Outstanding debt at 31/3/2024	Principal £M	Average rate %
Public Works Loan Board (PWLB) debt Market Debt	36.697 2.000	3.35 4.01
Total debt	38.697	3.39

2.2 The maturity profile of the Authority's borrowing (both PWLB and market loans) is shown below:

Loan source	Amount £M	Maturity
PWLB	0.300	0 – 1 year
		1 – 5 years
		5 – 10 years
		10 – 15 years
PWLB	7.000	15 – 20 years
PWLB	7.100	20 – 25 years
PWLB	9.102	25 – 30 years
PWLB	8.195	30 – 40 years
PWLB	5.000	40+ years
Market Loan	2.000	40+ years

2.3 In line with the Prudential Code, the maturity of borrowing should be determined by reference to the earliest date on which the lender can require repayment.

2.4 The Authority's current external debt position (together with forward projections) is shown below. The table shows total external debt against the underlying Capital borrowing need (the Capital Financing Requirement – CFR), highlighting that the Authority may start to 'over borrow' compared with the CFR, this reflects the additional borrowing required to cover the cash flow management.

External Debt comparison	**2024/25 Revised £M**	**2025/26 Estimate £M**	**2026/27 Estimate £M**	**2027/28 Estimate £M**
Capital financing requirement (CFR) calculation				
Property Plant and equipment	316,807	319,445	319,655	319,775
Investment property	0	0	0	0
Less – revaluation reserve	-40,901	-40,901	-40,901	-40,901
Plus – Capital Adjustment account	18,942	19,047	19,152	19,257
Capital Financing Requirement (before liabilities)	**294,848**	**297,591**	**297,906**	**298,131**
- Less lease liability	-228,008	-232,064	-233,131	-232,276
Total Underlying Borrowing Requirement (A)	**66,840**	**65,527**	**64,775**	**65,855**
External Borrowing				
- Short term	0	0	0	0
- Long term	38,816	40,074	40,944	41,114
- Managed by other local authorities (Merseyside Residual Debt)	0	0	0	0
Total external debt (B)	**39,184**	**41,822**	**42,032**	**42,152**
Under / (over)	**27,656**	**23,705**	**22,743**	**23,703**

External Debt comparison	2024/25 Revised £M	2025/26 Estimate £M	2026/27 Estimate £M	2027/28 Estimate £M
borrowing (A-B)				

2.7 Within the prudential indicators there are a number of key indicators to ensure that the Authority operates within defined limits. One of these is that the Authority needs to ensure that its gross debt does not, except in the short term, exceed the CFR in the preceding year plus the estimates of additional CFR for 2025/26 and the following two financial years. The table above shows that the Authority's actual gross debt is lower than its CFR for the period.

2.9 The Authority's proposed borrowing position confirms that there is sufficient scope for the Authority to take out additional PWLB borrowings to finance capital expenditure.

2.10 The strategy adopted in previous years has been effective with relatively low long term interest rates allowing the Authority to meet its longer-term borrowing requirements, as demonstrated by comparison with its Capital Financing Requirement, at an affordable cost. The Authority has also been able to meet repayment requirements on the external debt without incurring early-repayment premiums and therefore to protect is budgetary position against diminishing investment income while reducing the Treasury risk associated with investment holdings.

2.11 The Authority's use of Capital receipts and other reserves to support the Capital programme has previously been important to enable the Authority to maintain a flexible approach to the Treasury Management Strategy. There are no longer any receipts and balances available and so any growth in the Capital Financing Requirement would need to be accompanied by an increase in the external borrowing in the same year. Any capital investment will require additional capital funding, most likely via the PWLB although these loan rates have increased in the last year. There may be scope in future to allocate a proportion of the Authority's General Fund to finance capital expenditure directly, but that depends upn the medium term demands made on the GF and whether there is scope beyond that period.

2.12 This need to borrow will be kept under review over the medium term and is in part dependent upon the need for further Capital investment. There is likely be a detailed review of the need for Capital investment over the next financial year as the Authority looks to respond to the requirements of the City Region's Strategic Review of Waste and MRWA's declaration of a Climate Emergency. It is likely that following this review there will be a need to develop a medium-term asset strategy as part of a wider Capital programme, both to support the initiatives that may be required to properly respond to the Government's Simpler Recycling agenda, and to provide for investment in the contract that is likely to be procured for 2029. However, at this stage, as no decisions have been finalised over these issues, the need to invest in new assets is uncertain.

Investments

2.13 If the Authority has any temporary (or longer term) funds that are not required for immediate settlement of payments, these are invested on behalf of the Authority by St Helens Council under the SLA. The Council are provided with information from the Authority on prospective dates for the receipt of significant amounts of income (mostly the Levy) and also about when significant payments are due to be made from the Authority (mostly the contract payments in respect of waste services).

2.14 The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly. This Section therefore ensures the Council is implementing best practice in accordance with the Code.

2.15 The Authority's Annual Investment Strategy (which is incorporated into the annual Treasury Management Strategy Statement) confirms that the Authority's investment priorities are the security of Capital and liquidity of funds and then yield. The Authority's investment dealings in the period therefore have been undertaken in order to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity and having properly assessed all inherent risks. This activity is carried out on behalf of the Authority by St Helens Council's Treasury Managers under the terms of the SLA.

2.16 In the current economic climate it is considered appropriate to ensure that all investments are placed with highly credit rated financial institutions in line with the Council's authorised Counterparty List (i.e. those institutions with whom we invest monies).

2.17 On behalf of the Authority the Council actively monitors the creditworthiness of its counterparties utilising information provided by our Treasury Management advisors, Link Asset Services.

2.18 On behalf of the Authority the Council seeks to maintain a mix of investments with the Counterparties who meet the Council's criteria, however the profile of maturities has been influenced by a number of factors:

i) the availability of advantageous call rates from some high quality Counterparties;

ii) limits on the duration of investments with certain counterparties;

iii) availability of investment opportunities in excess of one year with a number of Counterparties.

2.19 The Council's Treasury Management of the Authority's funds has continued to outperform the benchmarks as detailed in the table below which provides the most up to date information available.

3. Prospects for Interest Rates (see also Annex 1)

3.1 The Authority uses the Treasury Management functions provided by St Helens Council under the SLA. As a part of that function the Council has appointed Link Asset Services as treasury adviser for both the Council and the Authority.. Annex 1 provides an overview of current Bank of Interest forecasts for both short and longer-term interest rates. The Bank of

England's Monetary Policy Committee (MPC) has responded to the economic challenges over the last 12 months and that has continued to see a relatively stable approach to in interest rates. The Governor of the Bank of England has not ruled out further rate changes as the economic challenges continue.

3.2 The expectation is that interest rates will likely fall slightly over the short to medium term before stabilising at around 3.5% going forwards. This may be subject to change dependent upon the current challenging position for the UK economy as the Government's borrowing costs are increasing and the international value of the Pound is under pressure.

3.3 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecasts above (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

3.5 Other views on prospective interest rates are available. However, most are showing an increasing likelihood that the prospects for interest rate reductions, albeit relatively modest, continue to be further into the medium to longer term. There is no view that rates will increase significantly in either the medium or the longer term, suggesting concerns about growth remain.

4. Borrowing requirement and strategy

4.1 The Authority's in year borrowing requirement for the next and subsequent two financial years are based on the requirements arising from the proposed Capital Programme included in the budget report and calculated as:

	2025/26 £M	**2026/27 £M**	**2027/28 £M**
Prudential borrowing	2.638	0.210	0.120
Revenue provision	0.105	0.105	0.105
In year Capital financing requirement*	2.743	0.315	0.225

** calculated as separate from the requirement including PPP assets*

4.2. These requirements are calculated as:

(i) that element of the proposed Capital Programme not financed by specific grant, Capital receipts or earmarked balances:

(ii) less the Annual Revenue Provision, as calculated by reference to the Capital Finance and Accounting Regulations 2008 (as considered in section 5).

4.3 The table shows the in-year Capital financing requirement during the three year period and reflects the Authority's capacity to support the Capital programme.

4.4 The current position is a product of previous decisions to use cash arising from available reserves and balances to negate the need to borrow. With historically and abnormally low Bank Rates, the avoidance of new external borrowing has reduced costs in the short term and reduced longer term exposure to interest rate and credit risk.

4.5 The prospect of borrowing to fulfil a Capital programme will continue to be necessary to fund the investment. Given the increases in PWLB borrowing rates, it is likely that any future borrowing may attract higher rates than were previously available.

4.6 Given the prevailing uncertainty the continuing need for caution will underpin the Authority's approach to Treasury Management via St Helens Council. Where conditions are considered to have changed so that they could have an impact on the Authority's underlying financial position Members will be advised and their views sought on which option available provides the most appropriate course of action for the Authority.

5. Annual Revenue Provision Statement

5.1 Under Regulation 27 of the Capital Finance Regulations, Local authorities are required to charge their revenue account for each financial year with a Minimum Revenue Provision (MRP) to account for the repayment of principal in that financial year. The requirement to make this statutory provision was amended under regulation 28 of the Capital Finance Regulations 2008. The current Regulation 28 sets out a duty for a Local Authority to make an amount of Minimum Revenue Provision (MRP) which it considers to be prudent.

5.2 Under Regulation 28, Authorities are provided with a number of alternative approaches, which can be adopted for the purpose of calculating a 'prudent provision'. The approach by an authority should be outlined in a Statement and submitted to the Authority for consideration. The statement below outlines the approach the Authority undertakes in the calculation of its revenue provision.

5.3 The Authority policy is to estimate MRP based on the Asset Life method. Department of Communities and Local Government (DCLG) guidance is that this method may only be used for Capital expenditure incurred after 1 April 2008 (para 16); Capital expenditure incurred before 1 April 2008 has to be charged based on the regulatory method i.e. 2% of opening Capital Financing Requirement (para 16). For finance leases and PFI schemes, the MRP to be charged is the principal element of the contract (para 20).

5.4 Para 8 of the DCLG MRP Guidance states that for the CFR method of calculating MRP this 4% of the CFR for the preceding year. Para 16(a) of the DCLG MRP Guidance states that Options 1 and 2 can only be used for Capital expenditure incurred before 1 April 2008. This has the following consequences:

- MRP for 2008/09 is be solely based on the CFR for 31/3/2008, because MRP under the Asset Life method only starts in the year following the Capital expenditure being incurred (para 10 of the DCLG MRP Guidance refers);
- Because the Authority opted to use the Asset Life method for all Capital expenditure incurred after 1 April 2008, it follows that the CFR method is effectively based solely on the CFR as at 31/3/2008, because all subsequent expenditure will be on the Asset Life method and revaluations of pre 1 April 2008. Capital expenditure will be neutral to the CFR, because upward asset revaluations will be equally matched by upward increases in the Revaluation Reserve for each asset (and vice versa for impairments).

5.5 Para 20 of the DCLG MRP Guidance states "In the case of finance leases and on balance-sheet PFI contracts, the MRP requirement would be regarded as met by a charge equal to the element of the rent/charge that goes to write down the balance sheet liability." The Authority has no finance leases, therefore the only MRP under this option will be the "principal" on the Veolia and on the MERL service concession contracts.

5.6 The MERL service concession contract has been calculated on a straight line basis as its overall charge is the same as would otherwise be the case on a depreciating balance. The method allows more certainty over the charged made and is allowable under the regulation.

6. Annual Investment Strategy

6.1 Alongside the Treasury Management Service provided by St Helens Council, the Authority will have regard to the MHCLG's Guidance on Local Government Investments and CIPFA's Code of Practice when working with the Council, which conducts investment activity on behalf of the Authority. The overriding priority of both the Authority and the Council are that security and liquidity of funds are of paramount importance.

6.2 In accordance with the above, and in order to minimise the risk to investments the Authority supports the Council's approach to clearly stipulate minimum acceptable credit quality of Counterparties for inclusion on the Council's lending list. The creditworthiness methodology used by the Council to create the Counterparty list takes account of ratings provided by FITCH, one of three main ratings agencies. Any investments made during 2025/26 will be in accordance with the Annual Investment Strategy, which is detailed in annex 1 and mirrors the Council's Strategy.

6.3 In keeping with previous decisions, the Authority has agreed with the Council's strategy to seek to lock in longer period investments where opportunities and Counterparty criteria permits. At the same time the Council's treasury managers have made maximum strategic use of its call facilities and Money Market Funds (MMFs) for cash flow generated balances and to ensure liquidity. This will continue during 2025/26, subject to:

i. The outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are at historically low levels and there is a forecast pick up in rates over the medium term);
ii. The management of counterparty risk
iii. Any opportunities to repay debt using available investments
iv. The Authority's liquidity requirements

7. Debt Rescheduling

7.1 Debt rescheduling has historically been undertaken in order to:

i. Generate cash savings at minimum risk;
ii. Amend debt maturity profiles and / or the balance of volatility;
iii. Aid fulfilment of the Authority's overall borrowing strategy.

7.2 Due to the expectation of short-term borrowing rates being slightly cheaper than longer term rates there may be some limited opportunities to generate savings by switching from long term to short term debt. However, these potential savings will need to be considered in light of their potentially short-term nature and the likely additional cost of refinancing those short term loans, once they mature, compared with the current rates of longer term debt in the existing portfolio.

7.3 Consideration will also be given to whether there is potential for making savings by running down investment balances by repaying debt prematurely (as short-term investments are likely to be lower than rates paid on currently held debt). Due to the existence of higher redemption interest rates on PWLB debt premiums are highly likely to compromise such opportunity.

7.4 While the Prudential Code allows the premium costs arising from debt rescheduling to be funded from Capital receipts, the Authority currently has no such receipts. There are no plans to sell any assets to generate such receipts, although in the event that such a sale took place and a receipt were to be generated, the Authority would have another option to reduce liabilities arising from borrowing activity and to reduce longer term revenue costs.

7.5 Should any rescheduling opportunities arise that create potential for improvement in the Authority's financial position, prudence will be exercised and any actions will be reported as appropriate to the Authority. Given the overall interest rates on the Authority's debt and the prevailing market rates that are currently higher than that, together with the premium (cost) to be paid for rescheduling, it is considered unlikely that there will be opportunities for rescheduling in the next financial period.

7.6 Separately from debt rescheduling it may be noted that the Authority's Resource Recovery Contract (RRC) which is a PPP arrangement (similar to PFI, but without any Govt. support) is fairly mature. One of the questions from the Local Partnerships Strategic review across Merseyside was whether there might be opportunities to re-finance the arrangements, providing benefits for both the contractor and the Authority. It may be that over the medium term that re-financing could become an area where the Authority could seek further advice and consider moving forwards with, alongside the contractor.

8. Treasury Limits and Prudential Indicators 2024/25 to 2027/28

8.1 It is a statutory duty under Section 3 of the Local Government Act 2003 and supporting Regulations for the Authority to determine and keep under review how much it can afford to borrow. The amount so determined is the “Affordable Borrowing Limit”.

8.2 The Authority must have regard to the Prudential Code when setting this limit. The Code also sets a series of limits and indicators that the Authority must consider.

8.3 The proposed limits and indicators required for approval for the period, revised estimate 2024/25 to 2027/29 are contained in Annex 3.

8.4 The Treasury Management and Prudential limits were not breached in the year 2024/25.

9. CIPFA Code of Practice: Treasury Management in the Public Services (the Code)

9.1 The Authority has affirmed annually that it continues to adopt the Code as a part of the budget reports. This year as a part of this report the Authority is requested to confirm formal the adoption of the Code and its relevant clauses as set out in Annex 4 and in the Treasury Management Policy Statement at Annex 5.

Annex 1

Annual Investment Strategy 2025/26

1. Purpose

1.1 This strategy is submitted to the Authority for approval in accordance with the guidance issued by the then ODPM under section 15 (1)(a) of the Local Government Act 2003.

1.2 The strategy covers the period to 31 March 2026 and complements the Treasury Management Strategy 2025/26 and the Treasury Management practices that are adopted as required by the CIPFA Code of Practice: Treasury Management in the Public Services.

1.3 In doing so the Annual Investment Strategy sets out:

- which investments the Authority (working with St Helens Council) may use for the prudent management of any surplus funds during the period, under the heads of Specified Investments and Non-Specified Investments;
- the procedures for determining the use of each asset class;
- the maximum periods for which funds may be prudently committed in each class;
- the upper limits to be invested in each class;
- the extent to which prior professional advice needs to be sought both from the Authority's Treasury Advisers and the Council Treasury Managers prior to the use of each class; and
- the minimum amount to be held in short term investments

2. Investment Objectives and Principles

2.1 The general policy objective for the Authority is the prudent investment of its surplus funds. The Authority's investment priorities are the security of Capital and the liquidity of investments.

2.2 The Authority will work with St Helens Council and its investment managers to achieve the optimum return on its investments, commensurate with the proper levels of security and liquidity and having properly assessed all inherent risk, as detailed in its Treasury Management Practices.

2.3 The Authority will work with St Helens Council to ensure that temporary borrowing will not be made whilst the Authority has investment funds available and its longer term borrowing activity will have full regard to the content of CIPFA's Prudential Code and the Authority's own approved Treasury Strategy. In particular, the Authority will not engage in treasury borrowing activity that is solely for the purposes of investment or on-lending to make a return.

3. Specified and Non-Specified Investment Types

3.1 Investment Instruments are broadly classified within government guidance as being Specified or Non-Specified.

3.2 An investment is a Specified Investment if:

a) the investment is denominated in sterling and any payments or repayments of the investment are only in sterling
b) the investment is not a long-term investment
c) the making of the investment is not defined as Capital expenditure by virtue of Regulation 25 (1)(d) of the Local Authorities (Capital Finance and Accounting) Regulation (England) Regulations 2003 (SI 3146 as amended); and
d) the investment is made with a body or investment scheme which has been awarded a high credit rating by a credit rating agency or is made with the UK Government, a Local Authority in England and Wales (as defined in Section 23 of the Act), a Parish or Community Council.

3.3 Non-Specified Investments are those investments not meeting the definition of a specified investment and, inherently, are subject to greater degrees of treasury risk. They do, however, offer some potential diversification. As a result, and as part of an overall strategy, a small number are identified via St Helens Council's Treasury Managers as being potentially suitable for use, dependent upon prior consultation and advice from the Authority and the Council's shared Treasury Management consultants.

3.4 In assessing the relative characteristics of each possible instrument type, the risk attached in their use and how their use would assist in the delivery / achievement of the Authority's investment objectives and principles, Annex A has been prepared to detail those instruments that are proposed may be used as part of the investment strategy.

4. Credit and Counterparty Policies

4.1 The Authority is guided by the Council which relies on credit ratings published by its own adviser, an independent ratings agency, to establish the credit quality of Counterparties (issuers and issues) and investment schemes. Credit Rating lists are reviewed by the Council on a regular basis to ensure prompt action to remove institutions whose ratings fall below the Council's threshold (which safeguards the Authority). The Council's Treasury Management Practices document the approach to this review.

4.2 The Council's Treasurer has a delegated authority from the Council to establish the criteria by which the lending list is compiled for internally managed investments. The Authority is consulted on the criteria for the list, which is contained in annex B.

5. Liquidity of Investments

5.1 The need to ensure liquidity by the continuous management and monitoring of the Council and the Authority's cash transactions and resources is one of the key objectives of the

Treasury function and the approach to liquidity risk management is fully documented in the Council's Treasury Management Practices.

5.2 The limits included in Annex A are a reflection of the overriding importance of liquidity, and in addition to those, as a general rule the Council aims to ensure that it has a minimum of 15% of the investments it makes for the Authority and the Council held with a maturity of less than one week at all times. Where cash-flow expectations dictate, this general rule will be amended accordingly.

6. Investment Strategy – Internally Managed Investments

6.1 All investments made in the duration of this strategy will comply fully with the strategy.

6.2 Decisions taken within the framework, regarding the period and type of investment, will be taken having regard to future cashflow requirements and likely interest rate movements. A suitable proportion of investments will be held "at call" for contingent purposes to allow for any significant investment opportunities for longer periods that may become available.

6.3 The prevailing interest rates have led the Council's treasury Managers to seek, where possible, to lock in to fixed rate deals at advantageous rates through the use of special tranche deals. This practice will continue in 2025/26 subject to:

i. The outlook for medium term interest rates (i.e. to avoid locking into deals whilst investment rates are at historically low levels and there is a forecast pick up in rates over the medium term);
ii. The management of Counterparty risk;
iii. Any opportunities to repay debt using available investments; and
iv. The Authority and the Council's liquidity requirements

6.4 Working on behalf of the Authority and the Council, maximum strategic use will be made of the Council's competitive call account facilities and the AAA rated money market funds to which the Council and the Authority have access to during the period.

7. Investment Strategy – Externally Managed Funds

7.1 Neither the Authority, nor its agent the Council; currently engage any Fund Managers to invest monies on their behalf. This has been the position since a Treasury Management review of fund manager activity and the decision in 2007 to repatriate funds held by the then fund manager.

7.2 Arrangements for the re-engagement of fund managers at a future point may be considered in consultation with the Council and the appointed Treasury Management consultants. If it were to be considered that the engagement of a fund manager may be warranted, then the Authority would work with the Council to ensure that a full tender exercise be considered and a formal agreement would be entered to determine the scope of activity.

8. Reporting arrangements

8.1 The Authority will receive reports on the activities planned and undertaken at least twice each year, as part of the budget setting exercise and as part of the closedown of the Authority's year end accounts. In addition, if there are any matters during the year that require the Authority to consider then reports will be made directly to the Authority.

Annex A

Outlook for interest rates

The Bank of England suggests interest rates will not rise significantly over the next five years:

Projected interest rates in 5 years in the UK

Projected interest rates in the UK over the next five years show a trend towards gradual declines after reaching higher levels in response to inflation. As of late 2024, the Bank of England (BoE) is expected to deliver one or two more rate cuts, which could bring the average rate down to around 4.75% - 4.50% by the end of the year. The outlook for 2025 suggests continued easing, with rates potentially falling further to between 3.75% and 3.5%. The Bank of England forecast from the November meeting shows rates dropping to 3.7% in 2025.

By 2026, some forecasts predict interest rates might stabilise around 3.5%, assuming the BoE successfully manages to keep inflation closer to its 2% target. This trajectory reflects a move away from the exceptionally low rates experienced in the post-2008 financial crisis and pandemic periods, as the economy adjusts to a more stable and sustainable growth environment.

Local Government Investments (England)

Specified versus Non-Specified Investments

The English Investment Guidance issued by the ODPM on 22 March 2004 defined Local Government investments as being either “Specified” or “Non-Specified”. The guidance was, however, non-prescriptive in classifying the various investment instruments available into either of these categories. Indeed, in a continually changing market where new innovative ‘products’ are frequently being introduced it would be extremely problematical, if not impossible to do.

Much focus and emphasis is therefore placed on that element of the Guidance which states that Specified Investments should require “minimal procedural formalities”. The Authority and the Council’s Treasury Management advisers have discussed this issue directly with the DCLG, who have expressed their desire to see Local Authorities apply the spirit of the Guidance rather than focus on a legalistic approach to the meaning of words in the Guidance. The spirit of the Guidance is that investment products, which take on greater risks and therefore should be subject to greater scrutiny should be subject to more rigorous justification and agreement of their use in the Annual Investment Strategy and so should fall into the Non-Specified category.

The following tables have been drafted on that basis.

Local government Investments (England) - Specified Investments

All "Specified Investments" listed below must be sterling denominated with maturities of up to 1 year

Investment	Repayable / Redeemable within 12 months?	Security / Minimum credit rating	Use for managing internal investments	Maximum period
Debt Management Agency Deposit Facility (DMADF)	Yes	Govt-backed	Yes	6 months
Term deposits with UK Government or with UK local Authorities (i.e. Local Authorities as defined under section 23 of the 2003 Act) with maturities up to 1 year	Yes	High security although local authorities are not credit rated	Yes	1 year
Term deposits with credit-rated deposit takers (Banks and Building Societies) with maturities up to 1 year	Yes	See*	Yes	1 year
Money Market Funds (i.e. a collective investment scheme as defined in SI 2004 No. 534). *These funds do not have any maturity date*	Yes	Yes: AAA	Yes	*The period of investment may not be determined at the outset but would be subject to cash flow and liquidity requirements*
Forward deals with credit rated Banks and Building Societies < 1 year (i.e. negotiated deal period plus period of deposit)	Yes	See*	Yes	1 year in aggregate
Callable deposits with credit rated Banks and Building Societies, with maturities not exceeding 1 year	Yes	See*	Yes	1 year
Call Account Facilities with credit rated deposit takers (Banks and Building Societies)	Yes	See*	Yes	n/a

**Subject to approved credit rating criteria as determined in the Annual Investment Strategy of St Helens Council as the Authority's agent, or as a result of delegation by the Council to the St Helens Treasurer in accordance with the Council's Treasury Management Practices.*

Local government Investments (England) - Non-Specified Investments

Investment	Repayable / Redeemable within 12 months?	Security / Minimum credit rating	Use for managing internal investments	Maximum maturity of Investments
Term Deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	No	See*	Yes	3 years
Term deposits with UK Government or with UK local Authorities (i.e. Local Authorities as defined under section 23 of the 2003 Act) with maturities greater than 1 year	No	High security although local authorities are not credit rated	Yes	3 years
Certificates of Deposit with credit rated deposit takers (Banks and Building Societies) *Custodial arrangement required prior to purchase*	Yes	See*	Yes – after consultation with external Treasury Consultants	3 years
Callable deposits with credit rated deposit takers (Banks and Building Societies) with maturities greater than 1 year	Potentially	See*	Yes	3 years
Forward deposits with credit rated Banks and Building Societies for periods > 1 year (i.e. negotiated deal period plus period of investment)	No	See*	Yes – after consultation / advice from eternal Treasury Consultants	3 years in aggregate
Structured Deposits where investment returns are determinant on how specified interest rate structures move over a determined period	Potentially	n/a	Potentially – after consultation / advice from eternal Treasury Consultants	3 years

**Subject to approved credit rating criteria as determined in the Annual Investment Strategy of St Helens Council as the Authority's agent, or as a result of delegation by the Council to the St Helens Treasurer in accordance with the Council's Treasury Management Practices.*

Counterparty Criteria 2020/21

Counterparty category		Credit ratings					Maximum Investment (1)	Maximum period
(i)	Part Nationalised banks	See below (2)					£25M £35M for RBS group	2 years including on call
(ii)	Money Market Funds (MMF)	AAA rated (3)					£20M per MMF (£40M total)	On call
(iii)	Other local authorities and public bodies	AAA rated					£10M per LA (£30M in total)	2 years
FITCH RATINGS		**Long term**	**Short term**	**Viability**	**Support**	**Sovereign**		
(iv)	Authorised institutions (under the Banking Act 1987) which hold a suitable credit rating	AA- and above	F1+	aa- and above	1	AA+ and above	£25M	2 years
		A and above	F1 and above	a- and above	1	AA+ and above	£15M	12 months
(v)	Call accounts held with authorised institutions (under the Banking Act 1987) which hold a suitable credit rating	AA- and above	F1+	aa- and above	1	AA+ and above	£20M	On call
		A and above	F1 and above	a- and above	1	AA+ and above	£15M	On call
(vi)	Building Societies which hold a suitable credit rating	A and above	F1 and above	a- and above	1	AA+ and above	£10M (£25M total)	12 months

Notes to Counterparty Criteria

1. For each institution meeting the criteria above and subject to the limits for maximum investments, no single investment transaction should be undertaken for more than £10M.

2. In interpreting the lending criteria detailed above it should be accepted that the part nationalised banks in the UK (Lloyds Group and Royal Bank of Scotland Group) have credit ratings that do not conform to the credit criteria used by Local Authorities to identify banks which are of high credit worthiness. In particular, as they are no longer separate institutions in their own right it is impossible for Fitch to assign them an individual rating for their stand-alone financial strength. However, these institutions are recipients of an F1+ short term rating as they effectively take on the credit worthiness of the Government i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1; in other words, on both counts they have the highest ratings possible. Until such time as a decision is made by the Government to dispose of their interests in these banks, investments in these institutions can be made on the basis that they meet the highest criteria.

3. Each individual Money Market Fund (MMF) used must be separately approved by the St Helens Treasurer via a St Helens Council Administrative Decision.

Annex 3

Treasury Limits and Prudential Indicators

Treasury Limits and Prudential Indicators 2024/24 to 2026/27			**2024/25 Revised**	**2025/26 Estimates**	**2026/27 Estimates**	**2027/28 Estimates**
1(i)	Proposed Capital expenditure that the Authority plans to commit during the forthcoming subsequent two financial years	**Capital Expenditure (£M)**	0.383	2.638	0.210	0.120
1(ii	Additional in year borrowing requirement for Capital expenditure	**In year Capital Financing Requirement (CFR) (£M)**	-13,370	-11,475	-13903	-13,993
2	The CFR is an aggregation of historic and cumulative Capital expenditure which has yet been paid for by either revenue or Capital resources	**Capital Financing Requirement as at 31 March (£M)***	66,840	65,527	64,775	65,885
3	The 'net borrowing' position represents the net of the Authority's gross	**Net Borrowing requirement: External borrowing (£M)**	39,184	41,822	42,032	41.152

	external borrowing and investments sums held	**Investments held (£M)** **Net requirement (£M)**	0 **-39,184**	0 **-41,822**	0 **-42,032**	0 **-41.152**
4	Identifies the impact and trend that the revenue costs of Capital financing decisions will have on the General Fund budget over time	**Ratio of financing cost to net revenue stream****	18.95	18.58	18.23	17.73
5	The Authority's budget strategy has been to support Capital spending from reserves set aside, in future to fund the Capital programme additional borrowing is likely to be required	**Incremental impact of Capital investment decisions (increase in Levy %)**	0.0047%	0.0316%	0.0025%	0.0014%
6	This represents an absolute limit on borrowing at any one point in time. It reflects the level of external debt which, while not desired,	**Authorised limit for External Debt (£M)***	**228,890**	**220,263**	**209,204**	**198,097**

	could be afforded in the short term but which is not sustainable in the longer term It includes the estimated external limit boundary for other long term liabilities – effectively including the RRC liabilities.					
7	This is the limit beyond which external debt is not normally expected to exceed. It includes the estimated external limit boundary for other long term liabilities – effectively including the RRC liabilities.	**Operational Limit for External Debt (£M)***	**224,844**	**216,175**	**205,076**	**193,909**
8	These limits seek to ensure that the authority does not expose itself to an inappropriat e level of	**Upper limit for Fixed Interest Rate Exposure**	100%	100%	100%	100%
		Upper limit for Variable Interest	50%	50%	50%	50%

	interest rate risk, and has a suitable proportion of debt	**Rate Exposure**				
9	This limit seeks to ensure liquidity and reduce the likelihood of any inherent or associated risk	**Upper Limit for Sums Invested over 364 days**	60%	60%	60%	60%

* *CFR and other calculations includes assumptions about the treatment of assets under IFRIC 12 as part of the Resource Recovery Contract (RRC), there are offsetting lease liabilities which will also feature in the authority's balance sheet*

** *Ratio of financing costs to net revenue stream – the scale of the proportion reflects the element of the contract payments for the PPP contracts which pay for the capital proportions of the services being provided.*

Annex 4

Adoption of the CIPFA Treasury Management in the Public Services Code of Practice and cross sectorial-guidance notes

The 2011 revision of the CIPFA Code and the update from 2021recommends that all public service bodies formally adopt specific clauses as contained in the Code. All requirements of the Code are implemented through the governance frameworks, policies, systems, procedures and controls in place both in the Authority and the Council which provides Treasury Management functions and will continue to be so. For completeness it is recommended that the Authority formally approve the following:

1 The Authority will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and approaches to risk management of its treasury management activities. In the case of the Authority this will mirror the policy statement of St Helens Council which provides the Treasury Management function for the Authority.
- The use of suitable Treasury Management Practices (TMPs) as developed by St Helens Council, which set out the manner in which St Helens, on the Authority's behalf, will seek to achieve those policies and objectives, and prescribing how it will manage and control those objectives.

2 The Authority will receive reports on the Treasury Management policies, activities and practices carried out on its behalf, including as a minimum an annual strategy and plan in advance of the year and an annual review after the year end, together with such updates as may be required where there are unplanned changes.

3. The Authority will work with the Director of Finance in the administration of Treasury Management decisions, and in particular the Director of Finance will liaise closely with the St Helens Treasurer to whom the Authority has delegated the day to day operation of Treasury Management policy and practices on behalf of the Authority under a Service Level Agreement (SLA). The Council will act in accordance with the approved Policy Statement, and TMPs and the CIPFA Standard of Professional Practice on Treasury Management.

4. The Authority is responsible for ensuring effective scrutiny of the treasury management strategy and practices.

Treasury Management Policy Statement

The policies and objectives of the Treasury Management function under the SLA are defined as follows:

1. Treasury Management is 'the management of the Authority's investments and cash flows; its banking, money market and Capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.

2. The successful identification, monitoring and control of risks are the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the Authority.

3. It is acknowledged that effective Treasury Management will provide support towards the achievement of its business and service objectives and the Authority is committed to the principles of value for money in Treasury Management, and to employing suitable comprehensive performance measurement techniques within the context of effective risk management.

Annex 6

CIPFA Financial management code

CIPFA introduced a new ‘Financial Management Code’ with full adoption of the Code by all local authorities by 2023-24.

Key elements of the Code are:

- Leadership
- Accountability
- Transparency
- Standards
- Assurance
- Sustainability

These elements are all parts of earlier Codes and the new FM Code will bring them together. Both the Treasury Management and the budget reports for 2025-26 have been prepared taking account of the requirements of the Code.

MRWA capital strategy

The Capital Strategy sets out a summary for Members of how the Authority's Corporate Plan objectives are supported by the assets it deploys; whether those assets need to be changed or improved; how the assets are managed and maintained; what finances are used to provide the support to assets and where those finances come from. It also confirms for Members the Authority's approach to the Prudential Code and Treasury Management where the Authority may have any surplus funds available. This strategy is set in the context of the draft Corporate Plan that is presented for approval at the Authority meeting held in February 2025.

Our Vision

To lead the way towards zero waste across the Liverpool City Region

Our Mission

We have a passion for the environment. Working together, we will transform resource management and help our communities reduce, reuse and recycle, to protect our planet from climate change.

Our Values

- Respectful,
- Socially responsible,
- Collaborative,
- Transparent,
- Innovative,
- Integrity

This in turn leads to our Priority Areas, which are the focus of the Authority's activities and which capture the works we are engaged with to promote a Zero Waste strategic approach:

- **Deliver our statutory and contractual duties**
- **Develop new and improved services**
- **Ensure the highest standards of governance and performance**
- **Develop and implement our Zero Waste Strategy 2040**
- **Educate and influence behaviour change**

All of the Authority's activities are mapped out across these priority areas as par of the Authority's Capital Strategy.

The Corporate Plan

Priority area • **Deliver our statutory and contractual duties**	Priority area • **Develop new and improved services**	Priority area • **Ensure the highest standards of governance and performance**	Priority area • **Develop and implement our Zero Waste Strategy 2040**	Priority area • **Educate and influence behaviour change**
OBJECTIVES: • Our waste contracts deliver frontline services that meet expected standards and to agreed terms and conditions	**OBJECTIVES:** • We are adequately resourced and prepared to deliver on the changing statutory and future service provision demands.	**OBJECTIVES:** • Our Corporate Planning and Performance Management Frameworks ensure a consistent, streamlined and	**OBJECTIVES:** • We lead and support the LCR Waste Partnership, including development and delivery of the Liverpool City	**OBJECTIVES:** • Our Behavioural Change Programme promotes the waste hierarchy by supporting consistent messaging on waste

• Our business support functions are effective in supporting the Authority's aims and objectives • Our estate and facilities for which the Authority has responsibility are managed effectively • Our staff are deployed effectively and have opportunities to develop the skills needed • We facilitate the development of levy mechanism options that drive improved behaviours	• We support efficient delivery through robust processes and procedures backed up by effective IT infrastructure and services. • We review the provision of waste services and implement agreed changes Key stakeholders are fully engaged in the planning and delivery of future waste services.	joined-up approach to delivery and performance across the Authority. • Our governance framework and processes are agile and robust and we continuously seek to improve how we do things • We effectively manage our corporate risks • Decision making is fully informed by a comprehensive and detailed suite of data and information; and we use waste data to identify the potential for improvements in whole system performance.	Region Zero Waste Strategy. • We develop a programme of data and evidence to inform the Zero Waste Strategy 2040 • We maximise joint working with our partners and stakeholders through effective communication, consultation, and engagement. • We develop and implement Social Value Metrics • Our activities and practices are delivered in a way that results in continuous improvement of our environmental performance and social impacts • We measure and report our progress on the achievement of social value,	avoidance, resource recovery and appropriate waste disposal behaviours • We build and nurture our relationships with community organisations so that they can help us deliver our objectives • We develop and implement metrics to measure the success of the Behavioural change and Education programmes • We work with LCR Partnership to deliver LCR wide communications promoting reuse and recycling • We develop our understanding of residents' attitudes, challenges and barriers to waste prevention, reuse and repair

			meeting our Sustainable Development Goals and our carbon footprint. • We promote and support circular economy in LCR	•

Assets

The following is a summary of the key assets used to deliver the Authority's priorities.

Priority area • **Deliver our statutory and contractual duties**	Priority area • **Develop new and improved services**	Priority area • **Ensure the highest standards of governance and performance**	Priority area • **Develop and implement our Zero Waste Strategy 2040**	Priority area • **Educate and influence behaviour change**
RRC Contract The Energy from Waste Plant at Wilton 11 in Redcar The Rail Transfer Loading Station at Kirkby in Knowsley Including for both: the land, buildings, plant and machinery and equipment used to support the contract. **WMRC contract** The two Materials Recycling Facilities on Merseyside The network of 16 Household Waste Recycling Centres in Merseyside and Halton.	**Adequate Resourcing** The systems and people used to deliver our services are under regular review **IT infrastructrure** There has been a significant investment in the IT infrastructure to replace the former provider with a modern service provider. The development of the ICT approach continues as the new HR system is built upon and a CRM system is developed and rolled out.	**Corporate planning framework** The Authority's Corporate Planning Framework is designed to ensure that there are priorities for the delivery of services and there are mechanisms in place for recording and reporting on the levels of performance that are achieved. **Data and Performance Information** The Authority has a wide range if information that it collects which is designed to provide information that	**LCR partnership** The Authority leads the partnership so that improvements in the way that waste services are delivered are also designed to contribute to the zero waste agends **MRWA Zero Waste Strategy** The Authority has contributed to the development of an LCRCA Zero Waste Strategy and at the same time has developed a Zero Waste Strategy for MRWA which will lead our improvements into the medium term.	**Behavioural Change Programme** The BCP in itself is designed to support people as they reflect on and change behaviours to contribute to moving up the waste hierarchy, less use, more re-use, more recycling, less residual waste. A constituent part of this is the Zero Waste Community Fund that targets key objectives for the Authority and supports local organisations in delivery of those objectives.

The Waste Transfer stations on Merseyside. Including for all: the land, buildings, plant and machinery and equipment used to support the contract. **Estate** The Estate through which both the contracts are delivered is supervised by MRWA so that it is properly maintained by each of the contractors. **Closed Landfill sites** Seven former landfill sites are monitored and managed by the Authority to ensure that they are safe and managed well within the parameters set by permits and the Environment Agency and United Utilities (the regulators). **Business Support Functions** There are resources, strategies and procedures in	**Changing statutory and future service provision** The Authority has plans to respond to the requirements of the Government's Simpler Recycling agenda, including food waste and additional materials The WMRC comes to a conclusion in 2029, the Authority has established a procurement team and has external advisers in place to enable the procurement of replacement services to meet that timeframe. **Key stakeholders are engaged** The Authority is part of a Strategic Waste Partnershio ti ensure future services are developed together. It has also established governance frameworks to support the procurement of a new contract to replace the WMRC	supports the Corporate Planning framework. The includes COGNOS for contractual performance, a performance framework, and an upgraded HR system. This will be enhanced when the CRM system is fully embedded. Waste Data Flow information underpins the measurement of the Authority's performance across its contracts.	**Joint working with partners via communications** The work with partners, both inside and outside the partnership helps ensure the delivery of shared key objectives, this is helped by effective communications from MRWA and across the partners. **Environmental and Social Value Frameworks** These are developed to ensure the Authority can deliver better outcomes for the LCR based on the services it currently provides and planning for future services. **Continuous improvement on environmental objectives** The Authority is not content to maintain a status quo and recognises that performance improvements will lead to better outcomes	

place together with management systems that ensure the Authority's objectives are delivered. **Corporate and Performance Frameworks** These frameworks ensure the development of plans to ensure the effective delivery of services and management and monitoring so that the delivery can be measured effectively and reported upon.			under the zero waste strategy **Measuring and reporting on environmental and social value** Ensuring that the delivery of the Authority's objectives is measured and then reported on, without prejudice, is important as it can lead to changes in resource priority if key success measures are failing.	

Management and Maintenance

The following is a summary of the responsibility for the management and maintenance of the key assets used to deliver the Authority's priorities.

Priority area • **Deliver our statutory and contractual duties**	Priority area • **Develop new and improved services**	Priority area • **Ensure the highest standards of governance and performance**	Priority area • **Develop and implement our Zero Waste Strategy 2040**	Priority area • **Educate and influence behaviour change**
RRC Contract The responsibility for management and maintenance of the Wilton and Kirkby facilities and associated assets lies with the contractor Merseyside Energy Recovery Ltd (MERL) under the terms of the contract. They carry out this function via their operator Suez. MERL is required to maintain the assets so that they are capable of operating effectively for the life of the contract, with the prospect of a five year extension at the end.	**IT infrastructure** During 2024-25 the ICT infrastructure that was formerly provided by the Combined Authority (as MerseyTravel) has been replaced. MRWA has procured the hardware and software required to provide new service. The management of those services is outsourced to delivery partner 'Intergence' who provide the Authority with a wide range of ICT and support services. Separately the Authority has developed a new HR system 'Staffology' and facilities of	**No significant assets**	**No significant assets**	**No significant assets**

Should there be any substantial legislative change this would not be altered, although MRWA would pay for the change. **WMRC contract** The responsibility for management and maintenance of the assets lies with Veolia ES Merseyside and Halton (Veolia). They are required to demonstrate that they have maintenance programmes in place which ensure the condition of the assets is maintained. Where MRWA require changes to the number, type and configuration of the assets MRWA is responsible for those changes. **Closed Landfill sites** MRWA are responsible for managing the former landfill	this system are being expanded to take full advantage of its capabilities. Elsewhere a CRM system is in development that will help the Authority to manage its activities.			

costs for the whole for their remaining lives. This includes the costs of ensuring leachate and gas emissions are managed within permitted levels. **Office accommodation** Mersey Travel are the landlords for the office accommodation, any landlord related costs are their responsibility. For minor furniture related costs MRWA are responsible.				

Finance – capital and revenue

The assets utilised, managed and maintained by the Authority are financed through a combination of capital and revenue resources. The Capital Programme and Revenue budgets are approved annually at the Authority's budget meeting, and may be revised if during the year different priorities are identified. The Capital programme and the Revenue Budget set out plans for the remainder of the current year and detailed plans for the following financial year. The Capital Programme and Revenue Budgets also set out for the medium term what the expectation is for the following two years. The Capital Programme sets out the expected sources of funding over each of the years of the Programme, and the Revenue Budget does the same.

Under the current corporate plan, with the significant Waste Management contracts in place, the WMRC for the next 4 years and the RRC for the next 19, there are no very significant capital projects planned at present. The most significant project involves the plan to develop four food waste reception points, one across each of the existing waste transfer stations the Authority operates (through its contractor). There are likey to need to be some significant decisions over the medium term about how to treat food waste, that may involve the development of an anaerobic digestor; there may also need to be decisions about how to treat the additional materials delivered by Councils in respect of simpler recycling, where the MRFs may need substantial redevelopment. These decisions are not yet in place and so are not reflected either here or in the capital prgramme.

Priority area • **Deliver our statutory and contractual duties**	**Priority area** • **Develop new and improved services**	**Priority area** • **Ensure the highest standards of governance and performance**	**Priority area** • **Develop and implement our Zero Waste Strategy 2040**	**Priority area** • **Educate and influence behaviour change**
RRC Contract The costs of management and maintenance of all the assets used to deliver this contract are met by the contractor, and ultimately by MRWA through the contract	**The capital programme for ICT includes the following** **2024-25** IT hardware £95k 2025-26			

payments, these are revenue payments. **WMRC contract** The costs of management and maintenance of all the assets used to deliver this contract are met by the contractor, and ultimately by MRWA through the contract payments, these are revenue payments. The cost of any strategic asset developments will be met from the capital programme. **Closed Landfill sites** The closed landfill sites require regular monitoring and maintenance. These are not considered to be capital costs but are treated as revenue costs for and are paid for from revenue budgets. The Capital Programme for these areas includes the following: 2024-25 revised programme	IT Hardware £50k			

WMRC Preparation for Food waste Delivery £250k **Closed Landfill** Closed Landfill apparatus upgrade £38k **2025-26** **WMRC** Preparation for Food waste Delivery £2,250k HWRC access £20k HWRC review £250k Re-use initiatives £30k **Closed Landfill** Closed Landfill apparatus upgrade £38k **2026-27** **WMRC** HWRC access £20k HWRC review £10k Repairs & Upgrades £100k				

Closed Landfill Closed Landfill apparatus upgrade £90k 2027-28 **WMRC** HWRC access £20k HWRC review £10k Repairs & upgrades £100k **Capital programme** 2024-25* PWLB new borrowing – up to £383k 2025-26* PWLB new borrowing – up to £2,638 2026-27* PWLB new borrowing – up to £210k 2027-28* PWLB new borrowing – up to £120k				

*the whole of the funding for all the capital programme is shown here – a part of it is used to fund the ICT developments shown under the next corporate heading **Revenue** Funding to be met from Levy charged to constituent District Councils. (This applies to all columns)				

Treasury management

The Authority's Treasury management is carried out under the terms of a service level agreement by St Helens Council. The Council manages a portfolio of borrowings that supported capital programmes from prior periods. The Council also work alongside Treasury Management advisers, Link Asset Services, to ensure that the portfolio of loans is kept under review to ensure the best economic terms are being obtained. The Authority is also supported on those occasions where there is a surplus of funds, by ensuring the Council uses its Treasury managers and adviser to obtain the terms best suited to the Council and the Authority. These kinds of Treasury Management investments are considered in terms of security, liquidity and yield. As they represent an investment of public sector monies, security is given a high priority. That the funds may only be invested for a few days due to cash-flow requirements ensures that liquidity is also important. Finally, the return on the investment, or yield, will be considered. Whilst this may provide for a relatively conservative approach to Treasury Management it ensures that the Authority's monies are secure, available and where possible gain a reasonable return. Over the longer-term results have shown that the St Helens Treasury Managers have achieved results that are ahead of the market across the investment portfolio.

The Authority has not used any unusual Treasury Management approaches to borrow monies with a view to investing those funds elsewhere for commercial purposes, this is largely because the general powers to do so are uncertain and MRWA's access to those general powers is very limited. This ensures that the levels of risks taken by the Authority are not significantly higher than would be expected in normal operations.

Priority area • **Deliver our statutory and contractual duties**	**Priority area** • **Develop new and improved services**	**Priority area** • **Ensure the highest standards of governance and performance**	**Priority area** • **Develop and implement our Zero Waste Strategy 2040**	**Priority area** • **Educate and influence behaviour change**
The Authority adopts the CIPFA Treasury Management Code				

The CIPFA prudential indicators underpin the Authority's borrowing.

MRWA Borrowing portfolio:

The Authority currently has a borrowing portfolio of:

Outstanding debt at 15/1/2023	**Principal £M**
Public Works Loan Board (PWLB) debt	36.697
Market Debt	2.000
Total debt	38.697

The loans are repayable at different intervals over the next 1-40+ years.

New PWLB loans may be taken out as the capital programme funding requires, PWLB borrowing tends to be at a lower rate

than commercial borrowing. The ‘Market debt’ shown above represents a loan taken out initially as a Lender Option Borrower Option (LOBO) loan with Barclays, at a time when those loans were seen to be at preferential rates. The option to transfer it into a normal market loan was exercise by the bank three years ago and the rate offered at the time was in line with other market loans at the time. **Cash flow** The Authority does not manage a bank account, nor does it manage its cash flow on a day to day basis. This function is carried out by St Helens Council as part of the service level agreement under the Treasury Management function.				