

BDC Treasury Management – Outturn 2018/19**Capital Financing Requirement**

The key area of Treasury Management is the measurement and control of the overall debt position of the Council. This is calculated through the Capital Financing Requirement (CFR). The CFR calculates the Council's underlying need to borrow in order to finance its capital expenditure. The revised estimate of the CFR for 2018/19 and the actual outturn CFR are shown in the table below: -

	Revised Budget 2018/19 £000	Actual Outturn 2018/19 £000
<i>Capital Financing Requirement 1 April</i>	112,548	112,548
Prudential Borrowing General Fund	3,176	1,632
Prudential Borrowing HRA	3,828	3,348
Finance Leases undertaken in year	0	0
Leasing Repayments	(21)	(21)
Minimum Revenue Provision (MRP)	(685)	(685)
Movement on other debt – retentions	0	75
Repayment of Allowable Debt (HRA)	0	(1,031)
Capital Receipts set-aside	0	0
<i>Capital Financing Requirement 31 March 2019</i>	118,846	115,866

The overall outturn position shows a net increase of outstanding debt of £3.318m in 2018/19 when compared to the opening CFR. Prudential borrowing is £2.024m lower than the estimate due to delays in spending on the capital programme. The borrowing undertaken by the Council in 2018/19 totalled £4.980m and was on General Fund Vehicles, Dragonfly Joint Venture, the Asset Management Plan and new Council Dwellings.

The Capital Financing requirement is split between the HRA and General Fund the balance of each is shown below:

Capital Financing Requirement at 31 March 2019	£000
General Fund	9,414
Housing Revenue Account	106,452
Total CFR	115,866

How the CFR is covered.

As mentioned above the CFR is the Council's underlying need to borrow to finance capital expenditure. To finance the CFR the Council has external borrowing, finance leases and the use of its own reserves and balances. The position as at 31 March 2019 is as follows:

	£000
Capital Financing Requirement 31 March 2019	115,866
Financed from:	
External Borrowing via PWLB	102,100
External Borrowing via Leasing arrangements	21
Use of internal balances and reserves	13,745
Total Financing of CFR	115,866

PWLB Borrowing

The Council's total outstanding PWLB debt amounted to £102.100m at 1 April 2018. During 2018/19 no principal repayment has been made. No new loans have been taken out with the PWLB during 2018/19. The profile of the outstanding debt is analysed as follows: -

PWLB BORROWING	Maturity Profile 31 March 2018 £	Maturity Profile 31 March 2019 £
Term		
12 Months	0	3,000,000
1 - 2 years	3,000,000	2,000,000
2 - 5 years	9,700,000	11,100,000
5 - 10 years	23,400,000	24,000,000
Over 10 year	66,000,000	62,000,000
Total PWLB Debt	102,100,000	102,100,000

PWLB Interest

The interest cost to the Council of the PWLB debt for 2018/19 is £3.642m. The cost is split within the accounts between the HRA and General Fund based on the level of debt outstanding within the CFR.

Temporary Borrowing

Cash flow monitoring and management serves to identify the need for short term borrowing to cover delays in the receipt of income during the course of the year.

During 2018/19 no short term borrowing was undertaken by the Council and therefore no interest charges were incurred.

Temporary / Fixed Investments

The table below details the fixed investments held at 31 March 2019

Bank Name	Balance Invested 31 March 19 £000
Fixed	
Local Authorities	24,450
Close Brothers	5,000
Call Accounts	
Money Market Funds	5,000
Total	34,450

From the table above it can be seen that the balance invested by the Council at 31 March 2019 is £34.450m. Interest earned from temporary investments during 2018/19 amounted to £0.291m and is detailed in the following table:

	Average Period each Investment	Total Investment during year £000	Interest Received 2018/19 £
Building Societies	6 months	15,000	39,794
Local Authorities	1 year	10,000	85,738
Local Authorities	6 months	9,000	7,710
Local Authorities	3 months	23,450	74,906
Money Market Funds	Overnight	Average interest rate 0.65%	82,687
Total			290,835

Overnight Balances

The balance of any daily funds is retained in the Council's general account with Lloyds Bank.

Compliance with Treasury Limits

During the financial year the Council continued to operate within the treasury limits set out in the Council's Borrowing and Investment Strategy.

	Actual in year 2018/19 £000	Set Limits in year 2018/19 £000
Authorised (total Council external borrowing limit)	125,866	128,846
Operational Boundary	120,866	123,846