BDC TREASURY MANAGEMENT – OUTTURN 2020/21

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 2020/21 and the actual outturn CFR are shown in the table below: -

	Current Budget 2020/21 £000	Actual Outturn 2020/21 £000
Capital Financing Requirement 1 April	**115,286**	**115,286**
Prudential Borrowing HRA	2,504	1,976
Minimum Revenue Provision (MRP)	(703)	(700)
Movement on other debt – retentions	78	19
Capital Financing Requirement 31 March 2021	**117,165**	**116,581**

The overall outturn position shows a net increase of outstanding debt of £1.295m in 2020/21 when compared to the opening CFR. Prudential borrowing has been undertaken by the Council in 2020/21 totalling £1.976m on new HRA 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 2021	**£000**
General Fund	7,446
Housing Revenue Account	109,135
Total CFR	**116,581**

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 and the use of its own reserves and balances. The position as at 31 March 2021 is as follows:

	£000
Capital Financing Requirement 31 March 2021	116,581
Financed from:	
External Borrowing via PWLB	97,100
Use of internal balances and reserves	19,481
Total Financing of CFR	**116,581**

PWLB Borrowing

The Council's total outstanding PWLB debt amounted to £99.100m at 1 April 2020. During 2020/21 £2m of principal has been repaid. No new loans have been taken out with the PWLB during 2020/21. The profile of the outstanding debt is analysed as follows: -

PWLB BORROWING **Term**	**Maturity Profile 31 March 2020 £**	**Maturity Profile 31 March 2021 £**
12 Months	2,000,000	3,700,000
1 - 2 years	3,700,000	4,000,000
2 - 5 years	14,600,000	12,600,000
5 - 10 years	20,800,000	22,800,000
Over 10 years	58,000,000	54,000,000
Total PWLB Debt	**99,100,000**	**97,100,000**

PWLB Interest

The interest cost to the Council of the PWLB debt for 2020/21 is £3.474m. 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 2020/21 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 2021

Bank Name	Balance Invested 31 March 21 £000
Fixed	
Local Authorities	20,456
Call Accounts	
Bank Accounts	5,000
Money Market Funds	12,500
Total	**37,956**

From the table above it can be seen that the balance invested by the Council at 31 March 2021 is £37.956m. Interest earned from temporary investments during 2020/21 amounted to £0.167m and is detailed in the following table:

	Average Period each Investment	Total Investment during year £000	Interest Received 2020/21 £
Local Authorities	1 year	24,450	62,295
Local Authorities	9 months	22,500	77,650
Money Market Funds	Overnight	Average interest rate 0.10%	23,387
Banks	Overnight	Average interest rate 0.12%	3,618
Total			**166,950**

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 2020/21 £000	Set Limits in year 2020/21 £000
Authorised (total Council external borrowing limit)	126,581	131,665
Operational Boundary	121,581	126,665