

BDC TREASURY MANAGEMENT – OUTTURN 2021/22**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 2021/22 and the actual outturn CFR are shown in the table below: -

	Current Budget 2021/22 £000	Actual Outturn 2021/22 £000
<i>Capital Financing Requirement 1 April</i>	116,581	116,581
Prudential Borrowing HRA	1,203	1,004
Minimum Revenue Provision (MRP)	(705)	(705)
Additional Voluntary Contributions	0	(571)
Movement on other debt – retentions	0	(70)
<i>Capital Financing Requirement 31 March 2022</i>	117,079	116,239

The overall outturn position shows a net decrease of outstanding debt of £0.342m in 2021/22 when compared to the opening CFR. Prudential borrowing has been undertaken by the Council in 2021/22 totalling £1.004m 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 2022	£000
General Fund	6,100
Housing Revenue Account	110,139
Total CFR	116,239

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 2022 is as follows:

	£000
Capital Financing Requirement 31 March 2022	116,239
Financed from:	
External Borrowing via PWLB	93,400
Use of internal balances and reserves	22,839
Total Financing of CFR	116,239

PWLB Borrowing

The Council's total outstanding PWLB debt amounted to £97.100m at 1 April 2021. During 2021/22 £3.7m of principal has been repaid. No new loans have been taken out with the PWLB during 2021/22. The profile of the outstanding debt is analysed as follows: -

PWLB BORROWING	Maturity Profile 31 March 2021 £	Maturity Profile 31 March 2022 £
Term		
12 Months	3,700,000	4,000,000
1 - 2 years	4,000,000	3,400,000
2 - 5 years	12,600,000	12,200,000
5 - 10 years	22,800,000	23,800,000
Over 10 years	54,000,000	50,000,000
Total PWLB Debt	97,100,000	93,400,000

PWLB Interest

The interest cost to the Council of the PWLB debt for 2021/22 is £3.378m. 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 2021/22 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 2022

Bank Name	Balance Invested 31 March 22 £000
Fixed	
Local Authorities	10,459
Call Accounts	
Bank Accounts	5,000
Money Market Funds	27,000
Total	42,459

From the table above it can be seen that the balance invested by the Council at 31 March 2022 is £42.459m. Interest earned from temporary investments during 2021/22 amounted to £0.065m and is detailed in the following table:

	Average Period each Investment	Total Investment during year £000	Interest Received 2021/22 £
Local Authorities	1 year	20,000	27,581
Local Authorities	9 months	10,000	7,614
Local Authorities	6 months	6,372	5,055
Money Market Funds	Overnight	Average interest rate 0.07%	17,481
Banks	Overnight	Average interest rate 0.14%	6,921
Total			64,652

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.

	Set Limits in year 2021/22 £000	Actual in year 2021/22 £000
Authorised (total Council external borrowing limit)	127,081	126,239
Operational Boundary	122,081	121,239