

**BDC TREASURY MANAGEMENT – OUTTURN 2022/23****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 2022/23 and the actual outturn CFR are shown in the table below: -

	<b>Current Budget 2022/23 £000</b>	<b>Actual Outturn 2022/23 £000</b>
<b><i>Capital Financing Requirement 1 April</i></b>	<b>116,237</b>	<b>116,237</b>
Prudential Borrowing	3,721	1,247
Minimum Revenue Provision (MRP)	(405)	(405)
Movement on other debt – retentions	0	125
<b><i>Capital Financing Requirement 31 March 2023</i></b>	<b>119,553</b>	<b>117,204</b>

The overall outturn position shows a net decrease of outstanding debt of £0.967m in 2022/23 when compared to the opening CFR. Prudential borrowing has been undertaken by the Council in 2022/23 totalling £1.247m on new HRA Council Dwellings and the Crematorium at Shirebrook.

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

<b>Capital Financing Requirement at 31 March 2023</b>	<b>£000</b>
General Fund	6,020
Housing Revenue Account	111,184
<b>Total CFR</b>	<b>117,204</b>

**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 2023 is as follows:

	<b>£000</b>
Capital Financing Requirement 31 March 2023	117,204
Financed from:	
External Borrowing via PWLB	89,400
Use of internal balances and reserves	27,804
<b>Total Financing of CFR</b>	<b>117,204</b>

### **PWLB Borrowing**

The Council's total outstanding PWLB debt amounted to £93.400m at 1 April 2022. During 2022/23 £4m of principal has been repaid. No new loans have been taken out with the PWLB during 2022/23. The profile of the outstanding debt is analysed as follows: -

<b>PWLB BORROWING</b>	<b>Maturity Profile 31 March 2022 £</b>	<b>Maturity Profile 31 March 2023 £</b>
<b>Term</b>		
12 Months	4,000,000	3,400,000
1 - 2 years	3,400,000	7,200,000
2 - 5 years	12,200,000	12,800,000
5 - 10 years	23,800,000	21,000,000
Over 10 years	50,000,000	45,000,000
<b>Total PWLB Debt</b>	<b>93,400,000</b>	<b>89,400,000</b>

### **PWLB Interest**

The interest cost to the Council of the PWLB debt for 2022/23 is £3.204m. 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 2022/23 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 2023

<b>Bank Name</b>	<b>Balance Invested 31 March 23 £000</b>
<b>Fixed</b>	
Local Authorities	200
<b>Call Accounts</b>	
Money Market Funds	30,000
<b>Total</b>	<b>30,200</b>

From the table above it can be seen that the balance invested by the Council at 31 March 2023 is £30.200m. Interest earned from temporary investments during 2022/23 amounted to £0.703m and is detailed in the following table:

	<b>Average Period each Investment</b>	<b>Total Investment during year £000</b>	<b>Interest Received 2022/23 £</b>
Local Authorities	1 year	5,000	13,281
Local Authorities	2 months	5,000	4,184
Local Authorities	1 months	1,120	560
Money Market Funds	Overnight	Average interest rate 2.22%	684,712
<b>Total</b>			<b>702,737</b>

### **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.

	<b>Set Limits in year 2022/23 £000</b>	<b>Actual in year 2022/23 £000</b>
Authorised (total Council external borrowing limit)	127,888	127,204
Operational Boundary	122,888	122,204