

Annual Treasury Management Report

Cabinet Member for Finance, Procurement and Revenues & Benefits

Date: 22 July 2021

Agenda Item:

Contact Officer: Anthony Thomas

Tel Number: 01543 308012

Email: Anthony.thomas@lichfielddc.gov.uk

Key Decision? YES

Local Ward Members : Full Council



AUDIT (AND MEMBER STANDARDS) COMMITTEE

1. Executive Summary

- 1.1 The report covers the Treasury Management performance for the financial year 2020/21.
- 1.2 The Capital Programme actual spend at **£3,287,773** was (**£691,227**) lower than the Approved Budget of **£3,979,000** with under performance on the Coach Park (**£255,428**), affordable housing monies (**£177,000**) and Asset Maintenance (**£140,000**) being the most significant projects.
- 1.3 Income from Capital Receipts at (**£434,070**) was higher than the Approved Budget of (**£207,000**) by (**£227,070**) due mainly to additional Bromford Right to Buy Sales achieved at the end of the financial year.
- 1.4 The funding of the Capital Programme in 2020/21 reflects the actual expenditure of (**£3,287,773**). This includes lower funding from capital receipts and corporate revenue because the use of funding from other sources, that have more restrictions, was prioritised.
- 1.5 The borrowing need of **£3,016,203** was **£289,203** higher than the Revised Budget of **£2,727,000** due to an element of the funding necessary, for the early repayment of the Burntwood Leisure Centre capital investment proposal, still to be identified.
- 1.6 Minimum Revenue Provision at **£746,978** was in line with the Approved Budget of **£705,000** with the element related to finance leases marginally higher than budget.
- 1.7 Assets less liabilities on the Balance Sheet at **£24,259,065** is (**£5,314,935**) lower than the budget of **£29,574,000** and this variance is offset in Total Equity (Usable and Unusable Reserves). These variances are explained at 3.20 and 3.21 however; are in the main related to an increase in the Long Term Pension Liability assessed by the Pension Fund Actuary that is statutorily offset by a reduction in the Unusable Pension Reserve.
- 1.8 Investments at **£37,329,500** were **£8,814,500** higher than the Approved Budget of **£28,515,000**. This was due to higher working capital (amounts owed to other bodies) and higher unapplied grants and contributions principally due to the impact of the pandemic. This is also reflected in the lower liability benchmark of (**£25.033m**) compared to the Approved Budget of (**£15.877m**) shown at **APPENDIX B**.
- 1.9 Cashflow was generally higher than originally forecast due to increased government support and lower spend as a result of the pandemic.
- 1.10 The net treasury position was in line with the Approved Budget.
- 1.11 The Council's investments achieved a risk status of **A+**, which was more secure than the aim of **A-**, and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.
- 1.12 The report confirms the Council was compliant with all Treasury Limits and Prudential Indicators for 2020/21.

2. Recommendations

- 2.1 To review the report and issues raised within.
- 2.2 To review the actual 2020/21 Prudential Indicators contained within the report.

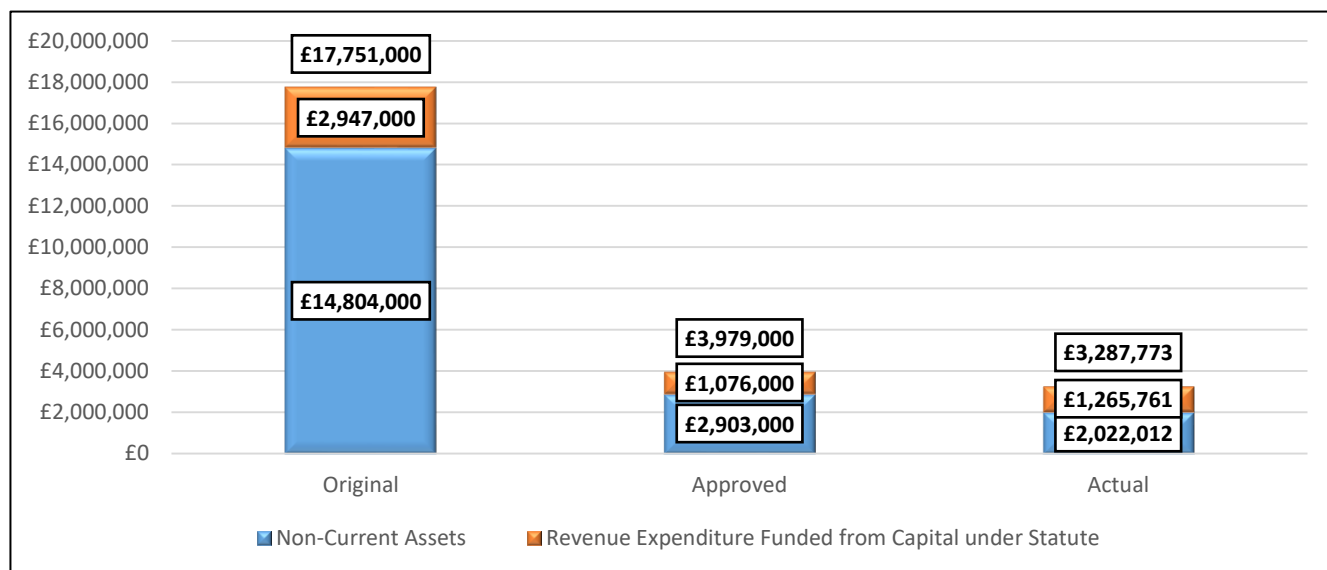
3. Background

The Capital Programme and Treasury Management

- 3.1 This Annual Treasury Report is a requirement of the Council's reporting procedures. It covers the Treasury activity during 2020/21 and the actual Prudential Indicators for 2020/21.
- 3.2 Treasury Management is defined as: *"The management of the local 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."*
- 3.3 Overall responsibility for Treasury Management remains with the Council. No Treasury Management activity is without risk; the effective identification and management of risk are integral to our Treasury Management objectives.
- 3.4 Our Treasury Management activity is underpinned by CIPFA's Code of Practice on Treasury Management ("the Code"), which requires local authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members be informed of treasury management activities at least twice a year. We report regularly to the Cabinet and Audit and Member Standards Committee on Treasury policy; strategy and activity.
- 3.5 This report is prepared in accordance with the revised CIPFA Treasury Management Code and the revised Prudential code and
 - presents details of capital spend, capital financing, borrowing and investment transactions;
 - reports on the risk implications of Treasury decisions and transactions;
 - gives details of the outturn position on Treasury Management transactions in 2020/21;
 - confirms compliance with Treasury limits and Prudential Indicators.
- 3.6 The performance of the Treasury Management function should be measured against the investment objectives of **Security** (the safe return of our monies), **Liquidity** (making sure we have sufficient money to pay for our services) and **Yield** (the return on our investments) contained in Statutory Guidance.
- 3.7 In addition, external borrowing is considered against the objectives of it being **affordable** (the impact on the budget and Council Tax), **prudent** and **sustainable** (over the whole life).

The Capital Programme

3.8 A summary of the Capital Programme performance from the Revised Budget to the Actual for 2020/21 is shown in detail at **APPENDIX A** and in the chart below:



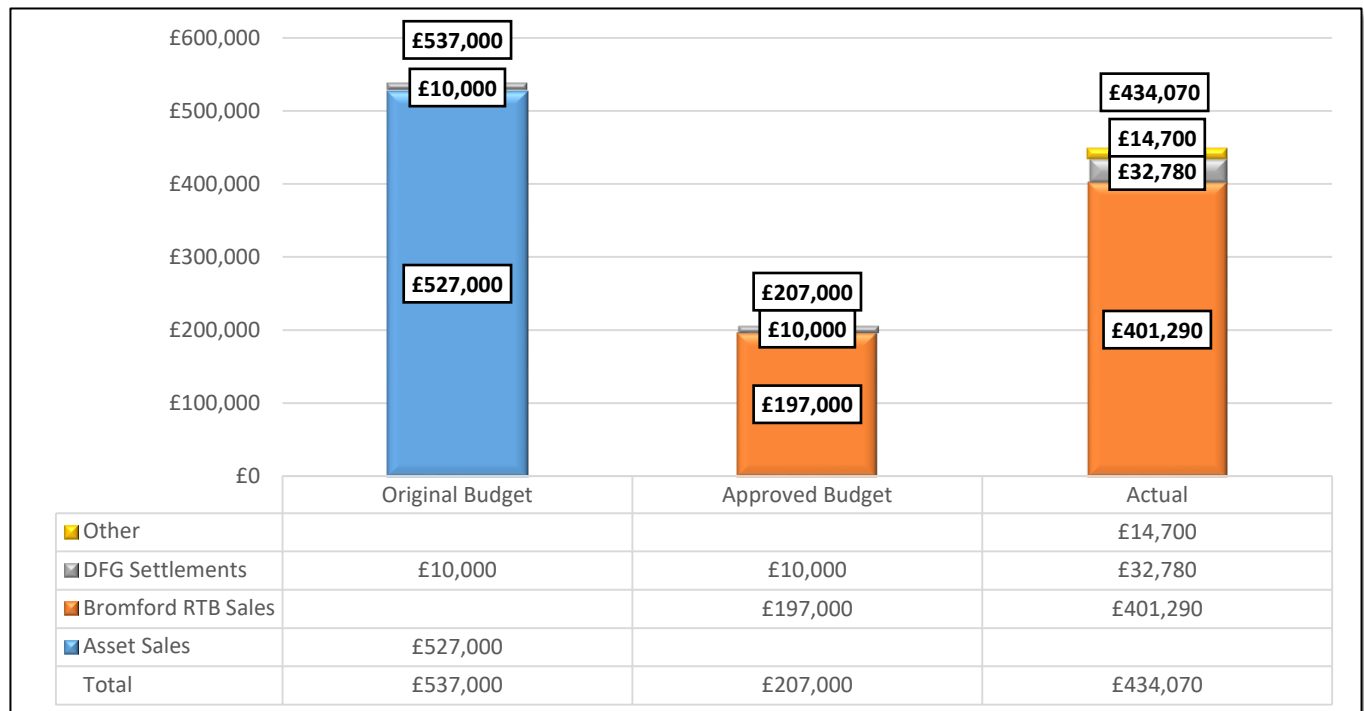
3.9 Capital expenditure was **£3,287,773** and this is **(£691,227)** less than the Revised Budget of **£3,979,000**.

3.10 There were variances compared to the Approved Budget related to the following:

	Variances	
	Slippage	Other
* Accessible Homes (Disabled Facilities Grants) - reflects delivery performance on the Support for Independent Living in Staffordshire Partnership	£172,000	
* Unallocated S106 Affordable Housing Monies - acquisitions have not been completed during the financial year as planned	(£177,000)	
* Other Projects	(£31,000)	(£5,880)
Enabling People Total	(£36,000)	(£5,880)
* Bin Purchase – Additional spend funded by reserves.		£53,898
* Other Projects	(£39,000)	(£708)
Shaping Place Total	(£39,000)	£53,190
* Birmingham Road Site - Coach Park - acquisition was not completed and therefore the enhancement works did not take place	(£255,000)	
* Multi Storey Car Park Refurbishment Project - the programming of the works was adjusted to reflect the short term redevelopment works on the adjacent site	(£49,000)	
* Other Projects	(£13,000)	(£556)
Developing Prosperity Total	(£317,000)	(£556)
* Beacon Park Equipment Storage - project delayed until 2021/22	(£100,000)	
* Asset Maintenance projects – projects delayed until 2021/22	(£140,000)	
* Other Projects	(£130,000)	£24,019
A Good Council Total	(£370,000)	£24,019
Total Variance	(£762,000)	£70,773
	(£691,227)	

Capital Receipts

3.11 The Original Budget, Approved Budget and actual capital receipts received are shown below:

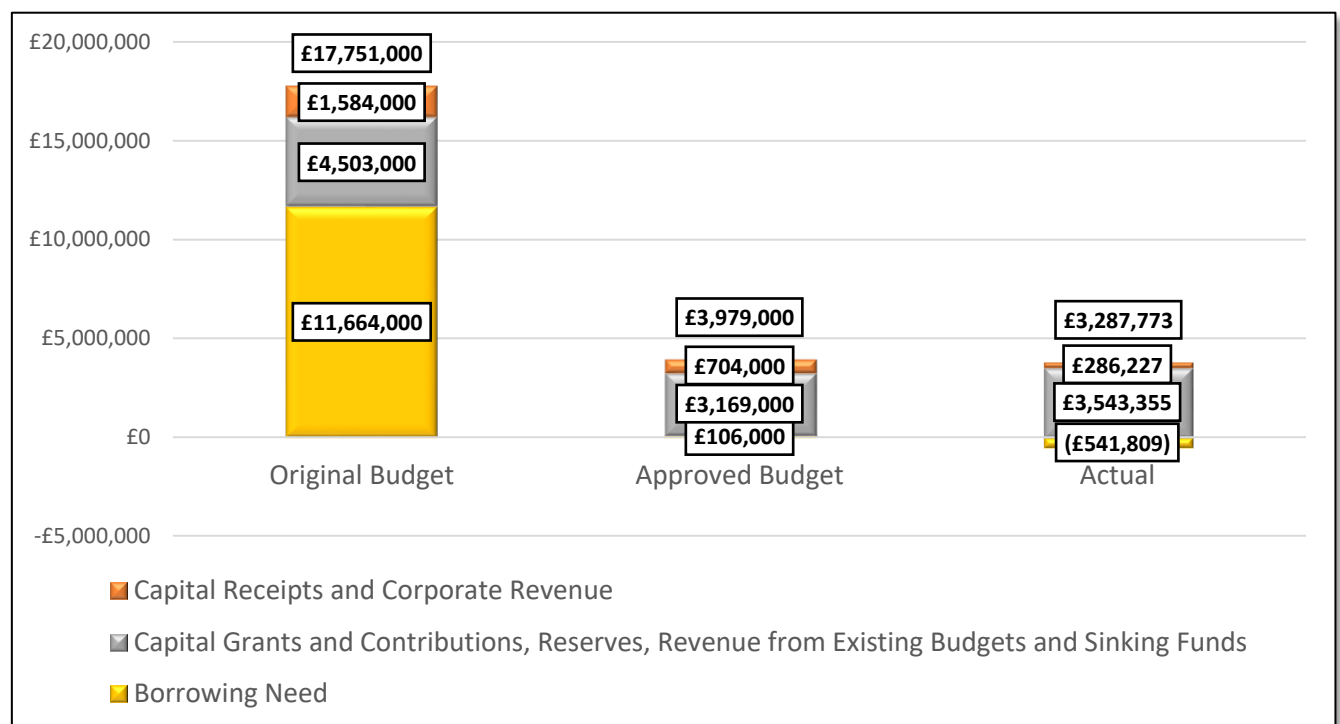


3.12 Capital receipts were **(£227,070)** higher than the Approved Budget. The main reason is that Bromford RTB Sales were higher than estimated.

3.13 These additional capital receipts, under the policy approved by Council on 14 July 2020, will be earmarked towards capital investment to support delivery of the Housing, Homelessness and Rough Sleeping Strategy.

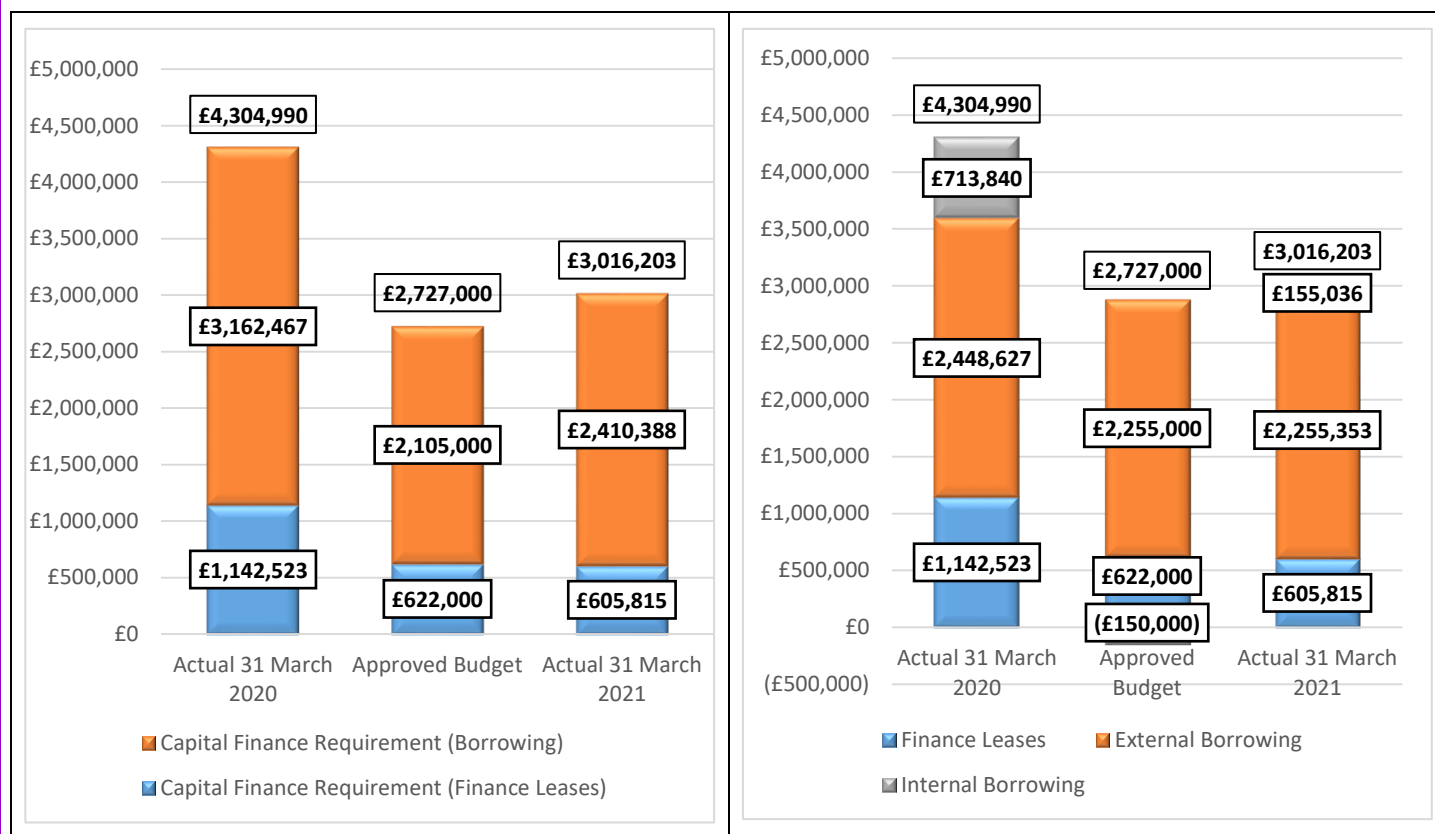
The Funding of the Capital Programme

3.14 The budgeted and actual sources of funding for the Capital Programme are shown below:



The Capital Financing Requirement (Borrowing Need) and its Financing

3.15 The actual and Budgeted Borrowing Need and its financing for 2019/20 and 2020/21 is shown below:

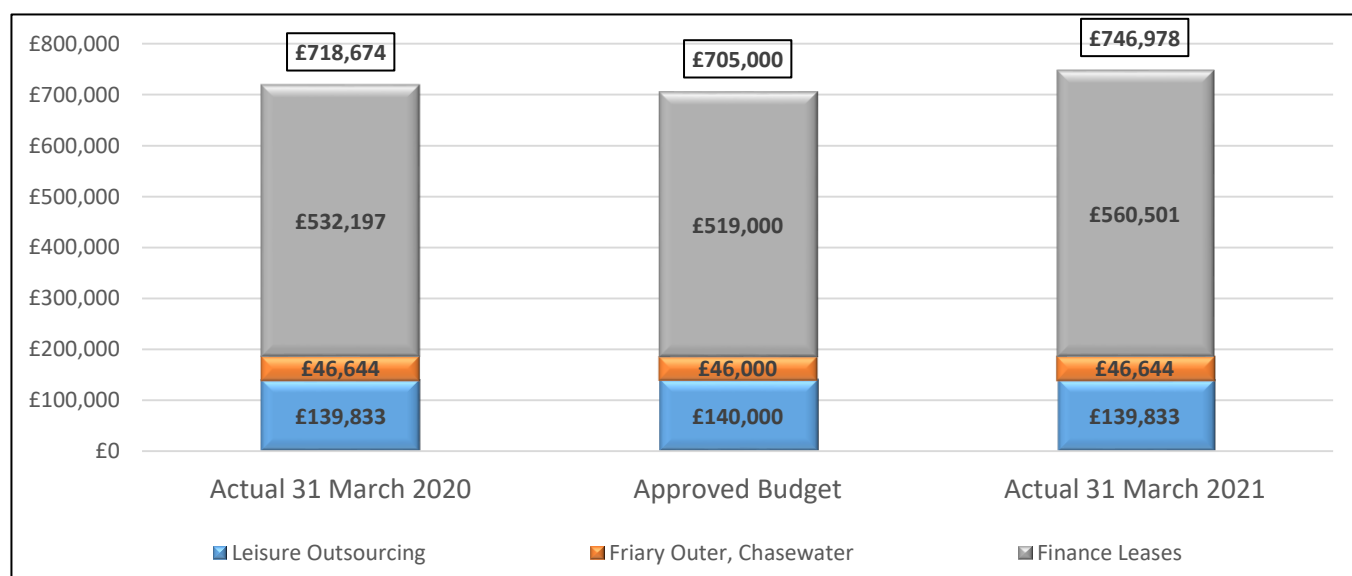


3.16 The Liability Benchmark (the lowest risk level of borrowing) was **(£25,033,000)** and is lower compared to the Approved Budget of **(£15,877,000)** as shown at **APPENDIX B**. This is due to higher useable reserves and working capital.

3.17 It indicates that the Council does not currently need to externally borrow to fund its Capital Financing Requirement.

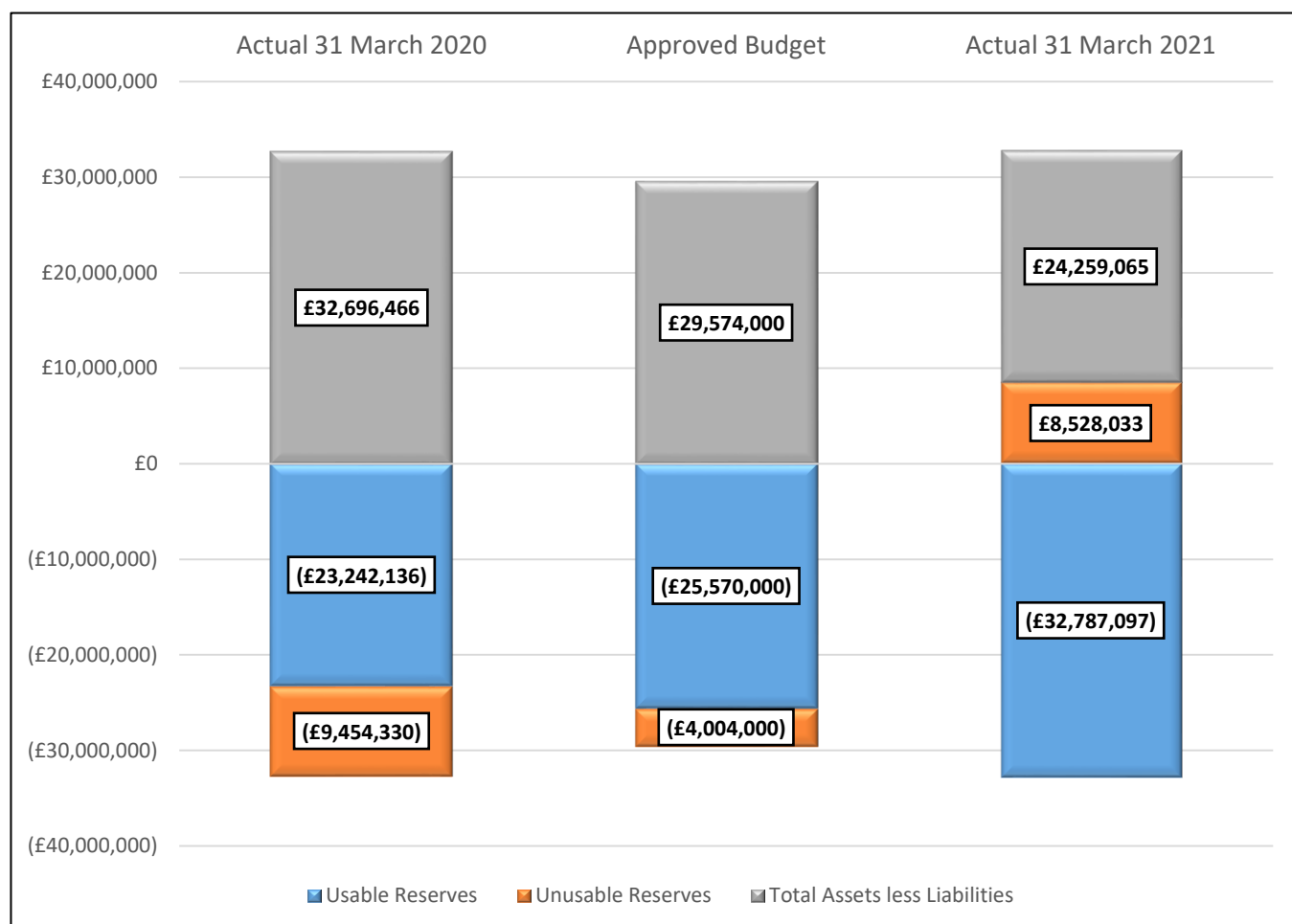
Minimum Revenue Provision in 2020/21

3.18 The Minimum Revenue Provision charged to revenue in 2019/20, budgeted in 2020/21 and the actual in 2020/21 is shown below:



The Balance Sheet

3.19 The actual Balance Sheet for 2019/20 together with the budgeted and actual Balance Sheet for 2020/21 are shown in detail at **APPENDIX B** and are summarised below:



3.20 The main reasons for the variance between the budgeted and actual Balance Sheet for 2020/21 are:

Total Assets Less Liabilities – lower than the budget by (£5,315,000) (18%)

- The Actuary has increased the Long Term Liability for Pensions by (£10,184,000) due to **actuarial** gains/losses arising from demographic and financial assumptions that have been offset by re-measurement gains on plan assets.
- There was an increase in investments of £9,158,000 partly due to higher working capital and usable reserves.
- Non-current assets are lower by (£2,318,000) due to lower asset valuations from the annual valuation exercise undertaken by the external valuer.
- Working Capital (debtors less creditors) was (£2,011,000) higher than the budget.

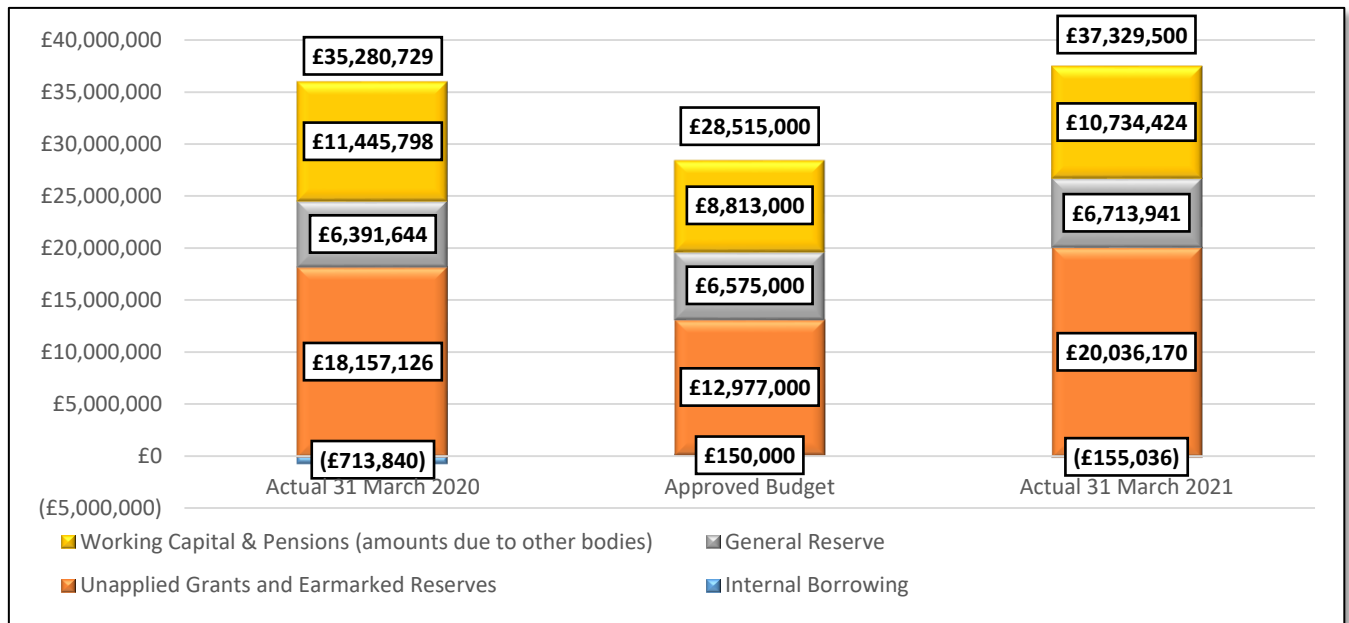
Usable Reserves – higher than budget by (£7,217,000) (28%)

- An increase in the level of earmarked reserves of (£4,791,000) due to COVID grants.
- A higher level of capital receipts and Burntwood Sinking Fund of (£1,232,000) due to higher Right to Buy sales and lower capital spend funded from these sources.
- A higher level of unapplied and capital grants of (£1,055,000) due mainly to new CIL receipts.

Unusable Reserves – lower than budget by £12,532,000 (313%)

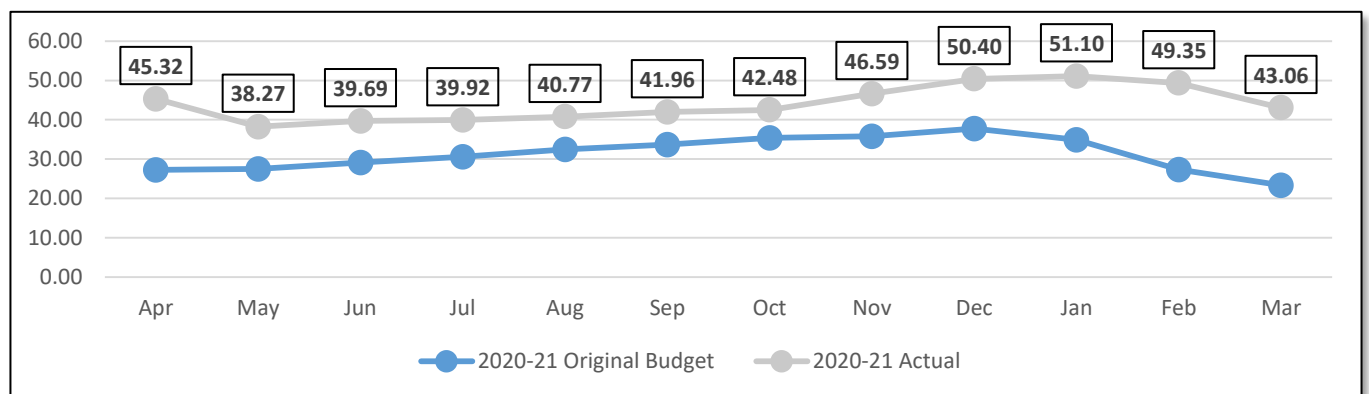
- There was mainly due to an increase in the Pension Reserve of £10,121,000 to offset the increase in the long term liability.

3.21 The level of investments and the sources of cash are shown in the chart below:



Cash Flow Forecasts

3.22 The graph below shows the average investment levels (in £m) throughout the 2020/21 financial year compared to the Original budget:



3.23 The cash flow variance is due to underspend on the capital programme compared to original budget and the Government support received in 2020/21 to offset the impact of the pandemic.

3.24 The Treasury Management Performance for 2020/21 for both investment income and borrowing was:

Treasury Management	2020/21			
	Revised Budget		Actual	
	Investment Income	Borrowing	Investment Income	Borrowing
Average Balance	£41.09m	£2.35m	£43.7m	£2.35m
Average Rate	0.84%	2.17%	0.82%	2.17%
Gross Investment Income	(£346,000)		(£360,170)	
COVID Variance	(£130,000)		(£124,607)	
Pooled Fund Transfer to Reserves	£76,000		£91,120	
External Interest		£52,000		£50,213
Internal Interest		£4,000		£1,941
Minimum Revenue Provision (less Finance Leases)		£187,000		£186,477
Net Treasury Position	(£400,000)	£243,000	(£393,656)	£238,630
	(£157,000)		(£155,026)	

Investment Strategy

3.25 The Council undertakes investments for three broad purposes:

- It approves the support of public services by lending or buying shares in other organisations – **Service Investments**.
- To earn investment income – **Commercial Investments**.
- It has surplus cash, as a result of its day to day activities, when income is received in advance of expenditure or where it holds cash on behalf of another body ready for payment in the future – **Treasury Management Investments**.

3.26 The Government has recognised in recent Ministry of Housing, Community and Local Government (MHCLG) guidance, as a result of increased commercial activity, that the principles included in Statutory Guidance requiring that all investments should prioritise security and liquidity over yield must also be applied to service and commercial investments.

3.27 The MHCLG Guidance requires the approval by Council of an Investment Strategy Report to increase the transparency around service and commercial investment activity. The Council approved its Investment Strategy Report on **18 February 2020**.

Service Investments

3.28 There was one investment of a service nature budgeted to take place in 2020/21. The investment and net return included in the Approved Budget is detailed below:

	Original Budget	Revised Budget	Actual	Variance
Approved Loan to the Local Authority Company	£675,000	£0	£0	£0
Net Income	£0	£0	£0	£0
Net Return	0.00%	0.00%	0.00%	

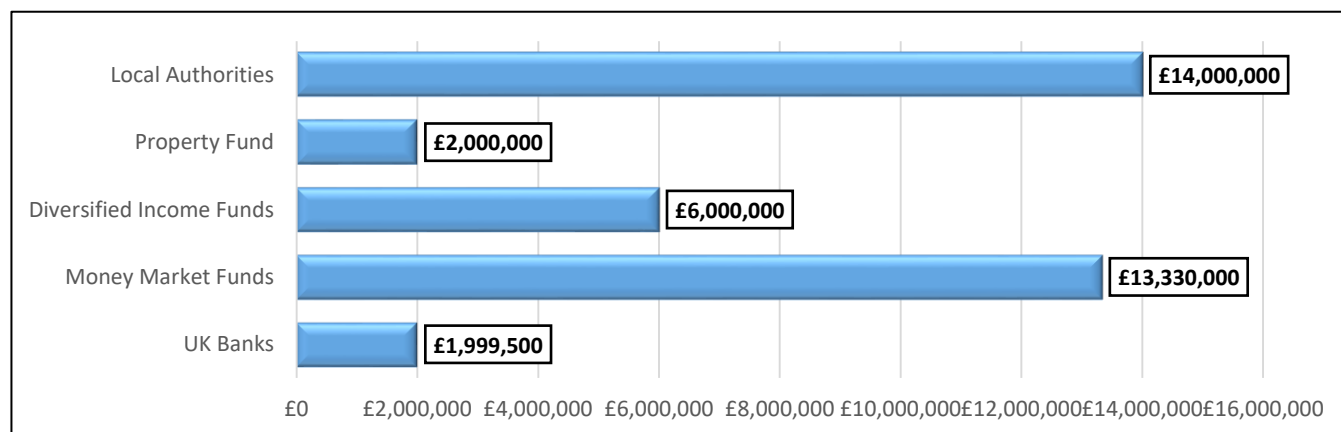
Commercial Investments

3.29 Council on 13 October 2020 approved the removal of all budgets related to Investment in Property and therefore currently there are no commercial investments planned.

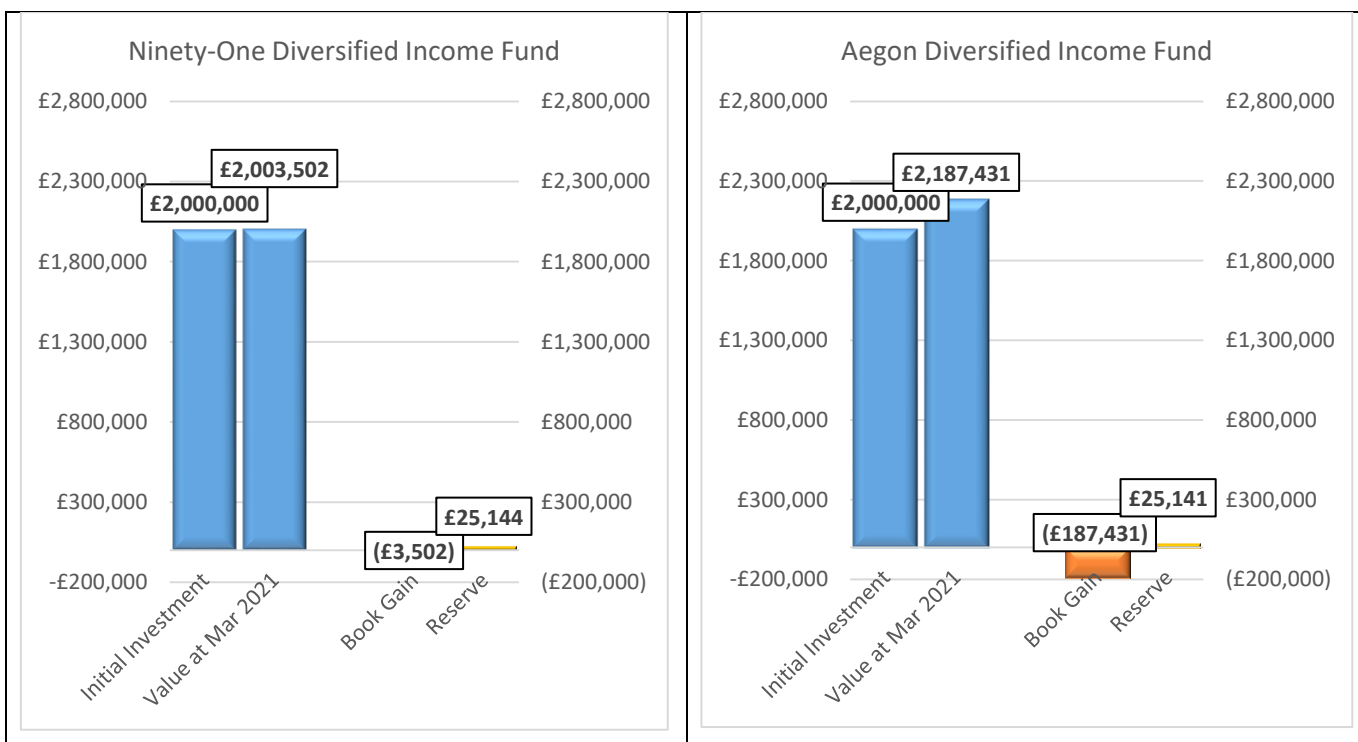
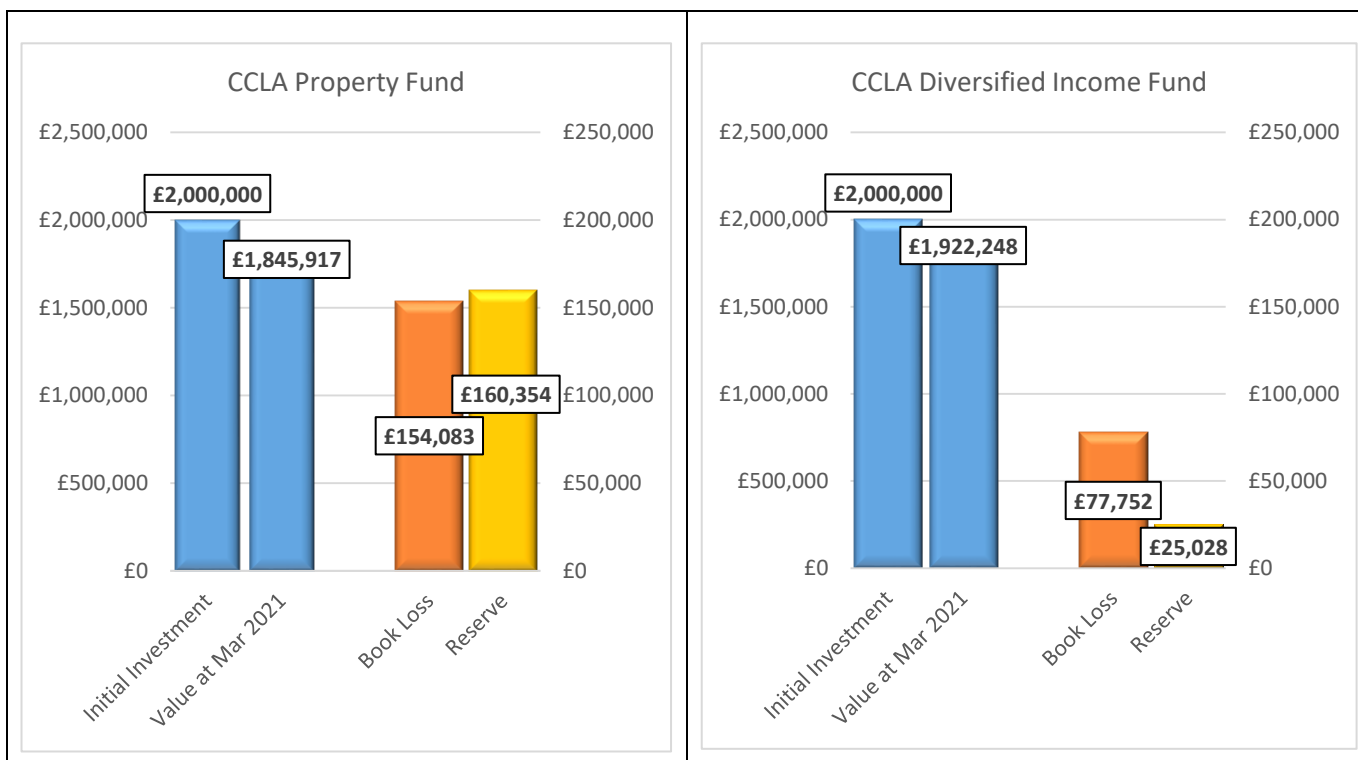
Treasury Management Investments

The Security of Our Investments

3.30 The investments the Council had at the 31 March 2021 of **£37.33m** (with the property fund and diversified income funds valued at original investment value of **£2m**), by type and Country, are summarised below and in detail at **APPENDIX C**:



3.31 The current value of the Property Fund and Diversified Income Fund investments, together with the value of the earmarked reserve at the end of 2020/21 intended to offset reductions in value, is shown below:

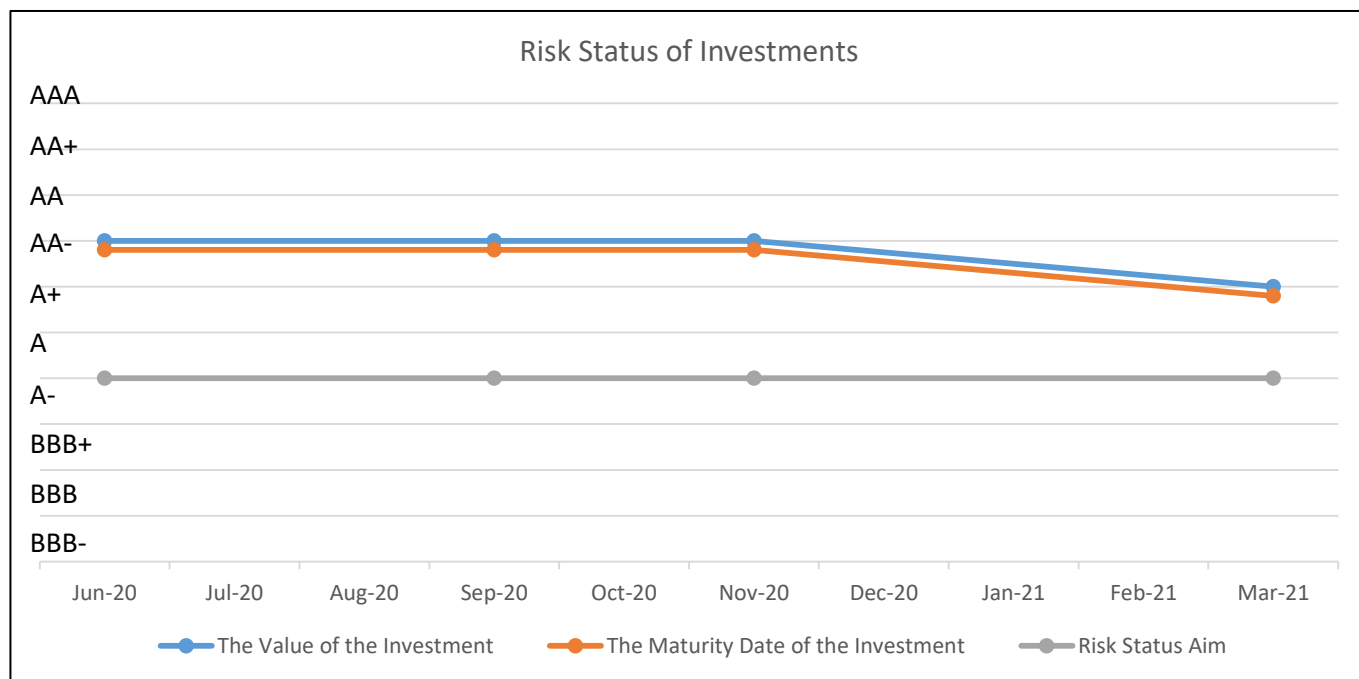


3.32 In April 2021, the Council invested a further £1m in each of the Ninety One and Aegon Diversified Income Funds to take the total investment level for Strategic Investments to £10m in line with the approved level in the Treasury Management Strategy Statement.

3.33 The Council's portfolio size (with the property fund and diversified investment funds valued at their current values of **£7.9m**), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:

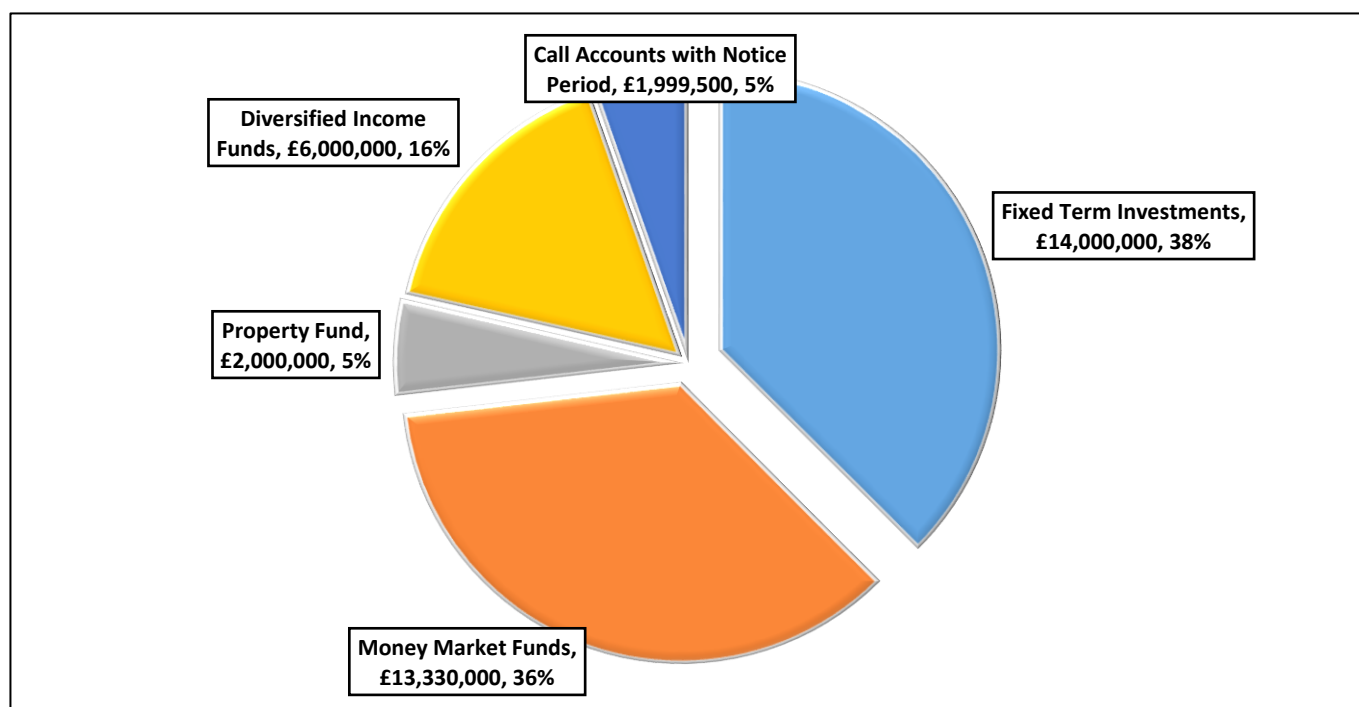


3.34 Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value from June 2020 to March 2021 is summarised in the graph below:

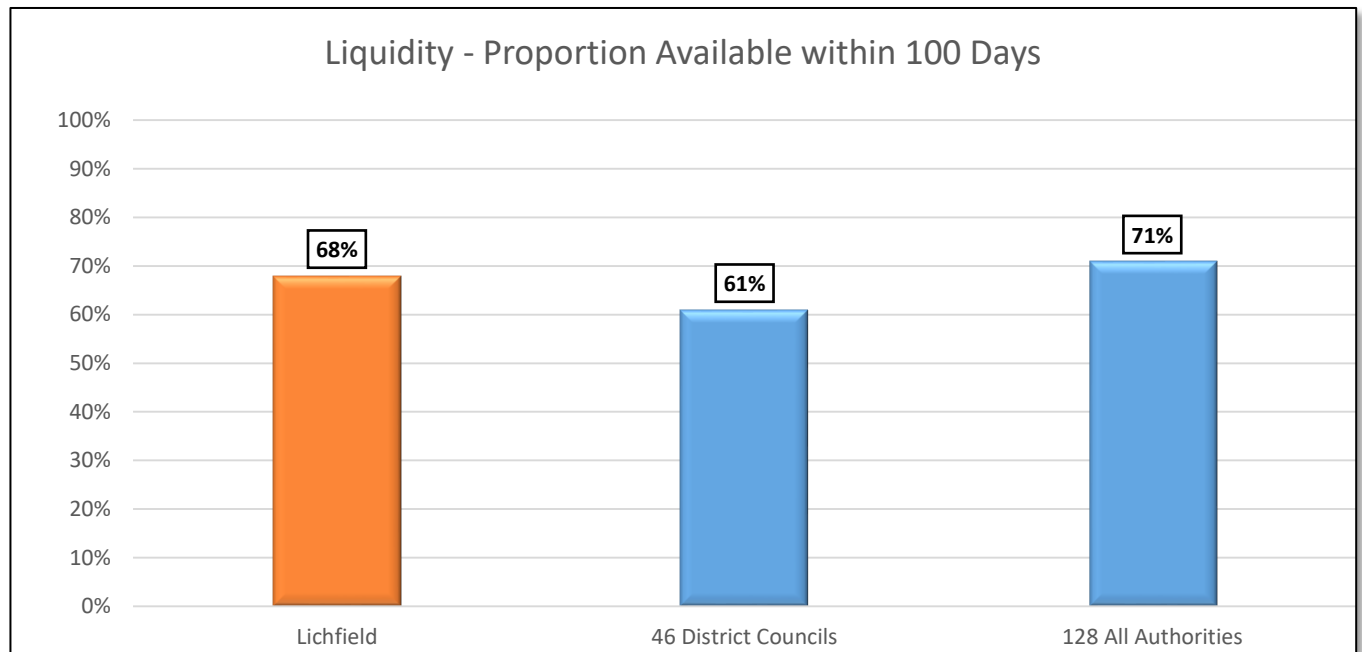


The Liquidity of our Investments

3.35 The Council briefly had to temporarily borrow during 2020/21. It retains a proportion of its investments in instant access Money Market Fund investments to ensure there is sufficient cash available to pay for goods and services. The investments by type are shown below:

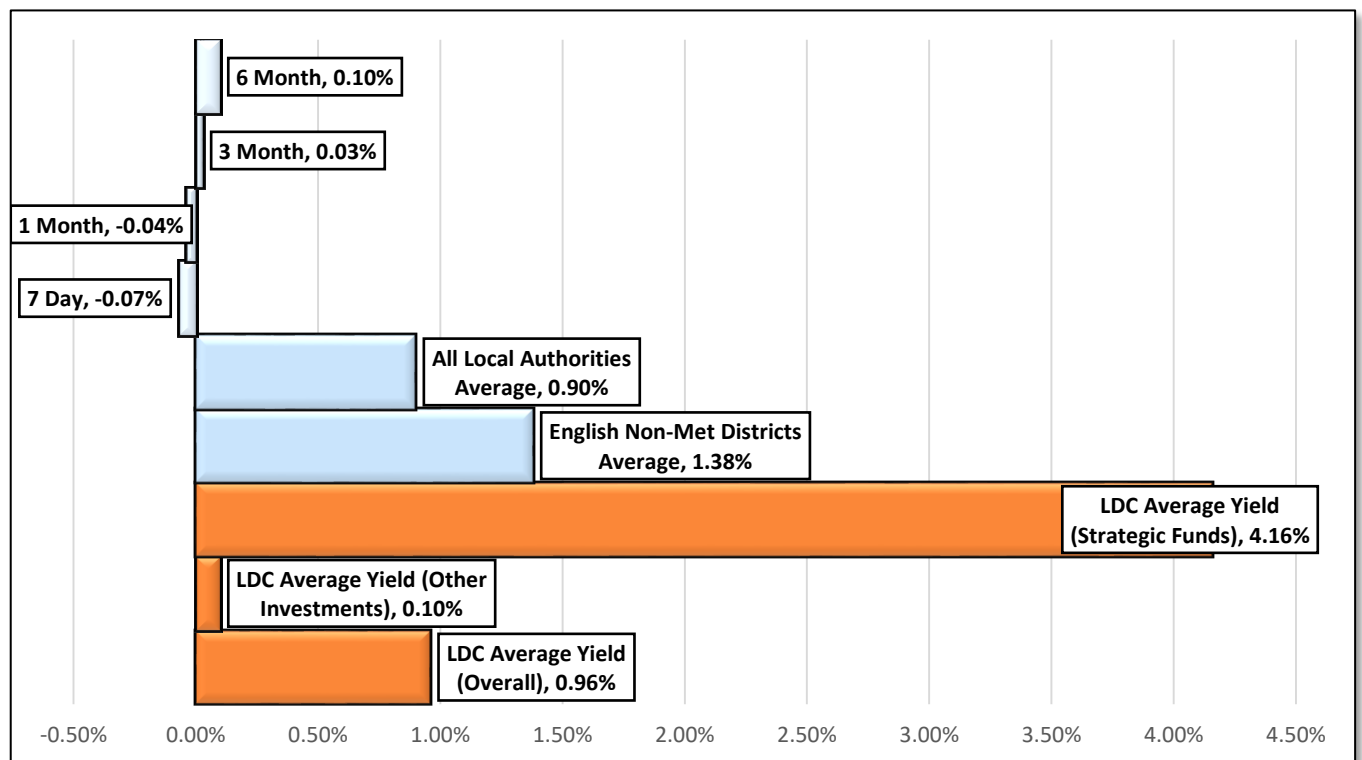


3.36 The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is below:



The Return or Yield of our Investments

3.37 The yield the Council was achieving as at 31 March 2021 compared to a number of industry standard benchmarks (including our preferred benchmark of the seven day LIBID rate) and all Arlingclose clients is shown below:



3.38 This graph shows a different figure for average yield to the table at 3.24 as this is the rate we achieved on 31 March 2021, whereas the table at 3.24 shows the average yield for the whole financial year.

3.39 The investment activity during the financial year generated **(£360,170)** of gross investment income compared to a budget of **(£346,000)**.

External Borrowing

3.40 The Council has two long-dated PWLB loans totalling **£2,255,353** that were largely unchanged over the year, other than for the scheduled semi-annual principal repayments, at an average cost of **2.17%** and on average **13.4** years to maturity. These are shown in detail at **APPENDIX C**.

Consultations

3.41 CIPFA issued two consultations related to the Prudential Code and the Treasury Management Code during 2020/21.

3.42 The Prudential Code consultation focussed on proposed changes to the Code in relation to the use of borrowing in advance of need to purely profit from the investment (i.e. property investment), commercial investment, the objectives of the Code, its status and the Prudential Indicators. The Council responded on 10 March 2021 to this consultation.

3.43 The Treasury management Code consultation focussed on proposed changes to competencies, knowledge and skills, Environmental, Social and Governance Risk Management, the establishment of a specialist Treasury Management Committee, the Liability benchmark and Prudential Indicators. The Council responded on 10 March 2021 to this consultation.

3.44 CIPFA published feedback on these two consultations in June 2021 and intends to consult further in July 2021 on proposed new wording.

3.45 The key elements of the feedback are:

- There will be a revised definition in relation to acceptable purposes for borrowing “an authority must not borrow to invest for the primary purpose of commercial return”.
- Proportionality will be included as an objective of the Prudential Code including an assessment of risk to resources such as commercial activity that may arise from a regeneration scheme.
- There will be new indicators related to net income from commercial and service investments to net revenue stream.
- The liability benchmark (currently included in our MTFS) will become a mandatory treasury indicator.
- There will be a treasury management knowledge and skills framework with scalability for organisations of differing sizes.
- There will be no requirement for a dedicated Treasury Management Committee.

3.46 The intention is that revised Codes will be published in December 2021.

Alternative Options

There are no alternative options.

Consultation

Consultation is undertaken as part of the Strategic Plan and with Leadership Team.

Financial Implications

Prudential indicators (PI) 2020/21:

- We can confirm that the Council has complied with its Prudential and Local Indicators for 2020/21; these were originally approved by Council at its meeting on 18 February 2020 and were fully revised and approved by Council on 16 February 2021.
- In compliance with the requirements of the CIPFA Code of Practice this report provides members with a Summary Report of the Treasury Management Activity during 2020/21.
- None of the other Prudential and Local Indicators have been breached. The Prudential and Local Indicators are summarised in the table below:

Capital Strategy Indicators					
Prudential Indicators					
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
<u>Capital Investment</u>					
Capital Expenditure (£m)	£2.297	£14.804	£3.979	£3.264	✓
Capital Financing Requirement (£m)	£4.305	£25.432	£2.727	£3.016 ¹	✓
<u>Gross Debt and the Capital Financing Requirement</u>					
Gross Debt	(£3.590)	(£19.091)	(£2.878)	(£2.295)	✓
Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement	No	No	Yes	No	✓
<u>Total Debt</u>					
Authorised Limit (£m)	£4.315	£31.906	£15.404	£6.591	✓
Operational Boundary (£m)	£4.315	£23.088	£7.203	£6.591	✓
Proportion of Financing Costs to Net Revenue Stream (%)	4%	10%	5%	5%	✓

Local Indicators					
Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
Replacement of Debt Finance or MRP (£m)	(£0.719)	(£1.041)	(£1.684)	(£1.289)	✓
Capital Receipts (£m)	(£1.005)	(£0.537)	(£0.207)	(£0.434)	✓
Liability Benchmark (£m)	(£22.652)	£11.249	(£15.877)	(£25.033)	✓
Treasury Management Investments (£m)	£34.554	£16.759	£28.131	£37.330	✓

Treasury Management Indicators				
Prudential Indicators				
	Lower Limit	Upper Limit	2020/21 Actual	Compliant
<u>Refinancing Rate Risk Indicator</u>				
Under 12 months	0%	100%	9%	✓
12 months and within 24 months	0%	100%	9%	
24 months and within 5 years	0%	100%	27%	
5 years and within 10 years	0%	100%	30%	
10 years and within 20 years	0%	100%	26%	
20 years and within 30 years	0%	100%	0%	
30 years and within 40 years	0%	100%	0%	
40 years and within 50 years	0%	100%	0%	
50 years and above	0%	100%	0%	

Indicators	2019/20 Actual	2020/21 Original	2020/21 Revised	2020/21 Actual	Compliant
Principal Sums invested for periods longer than a year (£m)	£6.000	£10.000	£10.000	£8.000	✓

¹ The higher level is due to an element of the funding, to enable the early repayment of capital investment at Burntwood Leisure Centre, still needing to be identified in 2021/22 of £357,628.

Local Indicators

Indicators	2019/20 Actual £m	2020/21 Original £m	2020/21 Revised £m	2020/21 Actual £m	Compliant
Balance Sheet Summary and Forecast					
Borrowing Capital Financing Requirement	£3.163	£24.871	£2.105	£2.410 ²	✓
Internal or (over) Borrowing	£0.715	£6.340	(£0.150)	(£0.155)	✓
(Investments) or New Borrowing	(£34.959)	(£16.093)	(£28.131)	(£37.330)	✓
Liability Benchmark	(£22.652)	£11.249	(£15.877)	(£25.033) ³	✓
	Target	2020/21 Actual	Compliant		
Security					
Portfolio average credit rating	A-	A+	✓		
Liquidity					
Temporary Borrowing undertaken	£0.000	£3.000	✓		
Total Cash Available within 100 days (maximum)	90%	76%	✓		

Figures shaded in blue have been updated from the Cabinet version of the Report due to more up to date information being available and these will be reflected in the Report to Council.

Contribution to the Delivery of the Strategic Plan

The MTFS underpins the delivery of the Strategic Plan.

Equality, Diversity and Human Rights Implications

There are no additional Equality, Diversity or Human Rights implications.

Crime & Safety Issues

There are no additional Crime and Safety Issues.

Environmental Impact

There are no additional Environmental Impacts.
CIPFA is undertaking a consultation that includes the potential for Environmental, Social and Governance (ESG) of counterparties to form part of the revised Treasury Management Code.

GDPR/Privacy Impact Assessment

There are no additional GDPR/Privacy Impact Assessment Impacts.

	Risk Description	How We Manage It	Severity of Risk
Strategic Risk SR1 - Non achievement of the Council's key priorities contained in the Strategic Plan due to the availability of finance.			
A	Council Tax is not set by the Statutory Date of 11 March 2021	Full Council set with reference to when major preceptors and Parishes have approved their Council Tax Requirements.	Likelihood : Green Impact : Red Severity of Risk : Yellow
B	Implementation of the Check, Challenge and Appeal Business Rates Appeals and more frequent revaluations	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
C	The review of the New Homes Bonus regime	Not all of the projected New Homes Bonus is included as core funding in the Base Budget. In 2021/22 £500,000 is included and in 2022/23 £400,000 is included. At this stage, no income is assumed from 2023/24 onwards.	Likelihood : Red Impact : Yellow Severity of Risk : Yellow
D	The increased Localisation of Business Rates and the Fair Funding Review in 2022/2023	To assess the implications of proposed changes and respond to consultations to attempt to influence the policy direction in the Council's favour.	Likelihood : Red Impact : Red Severity of Risk : Red

² The higher level is due to an element of the funding, to enable the early repayment of capital investment at Burntwood Leisure Centre, still needing to be identified in 2021/22.

³ This has changed from £25,077 in the Outturn due to final figures not being available at that time.

	Risk Description	How We Manage It	Severity of Risk
E	The affordability and risk associated with the Capital Strategy	An estates management team has been recruited to provide professional expertise and advice in relation to property and to continue to take a prudent approach to budgeting.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
Strategic Risk SR3: Capacity and capability to deliver / adapt the new strategic plan to emerging landscape.			
F	The financial impact of COVID-19 is not fully reimbursed by Government and exceeds the reserves available resulting in a Section 114 notice	The use of general and earmarked reserves to fund any shortfall.	Likelihood : Green Impact : Red Severity of Risk : Yellow
G	The Council cannot achieve its approved Delivery Plan for 2021/22	There will need to be consideration of additional resourcing and/or reprioritisation to reflect the ongoing impact of the pandemic.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
H	The resources available in the medium to longer term to deliver the Strategic Plan are diminished	The MTFS will be updated through the normal review and approval process.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow
I	Government and Regulatory Bodies introduce significant changes to the operating environment	To review all proposed policy changes and respond to all consultations to influence outcomes in the Council's favour.	Likelihood : Yellow Impact : Yellow Severity of Risk : Yellow

Background Documents	<ul style="list-style-type: none"> • CIPFA Code of Practice for Treasury Management in the Public Services • The Prudential Code for Capital Finance in Local Authorities • The Treasury Management Strategy Statement (TMSS) 2020/21 – Audit and Member Standards Committee 5 February 2020 • Mid-Year Treasury Management Report – Audit and Member Standards Committee 12 November 2020 • The Treasury Management Strategy Statement (TMSS) 2021/22 – Audit and Member Standards Committee 3 February 2021
Relevant web link	

Capital Programme Performance in 2020/21

Project	Type	Original Budget	Approved Budget	Actual	Variance
New Build Parish Office/Community Hub	REFCUS	92,000	0	0	0
Armitage with Handsacre Village Hall storage container	REFCUS	6,000	0	0	0
Armitage War Memorial and surrounding area	REFCUS	120,000	0	0	0
Play Equipment at Hill Ridware Village Hall	REFCUS	0	0	(4,897)	(4,897)
Burntwood LC CHP Unit	ASSET	0	223,000	159,125	(63,875)
Burntwood Leisure Centre - Decarbonisation Scheme	ASSET	0	531,000	619,835	88,835
King Edwards VI School (CIL)	REFCUS	0	101,000	101,000	0
Friary Grange - Short Term Refurbishment	REFCUS	521,000	400,000	430,812	30,812
Replacement Leisure Centre	ASSET	164,000	106,000	55,600	(50,400)
St. Stephen's School, Fradley (S106)	REFCUS	0	22,000	21,464	(536)
Beacon Park Pathway	ASSET	0	30,000	0	(30,000)
Gym Equipment at Burntwood Parks	ASSET	0	34,000	34,000	0
Accessible Homes (Disabled Facilities Grants)	REFCUS	1,698,000	511,000	682,601	171,601
Home Repair Assistance Grants	REFCUS	15,000	10,000	3,365	(6,635)
Decent Homes Standard	REFCUS	172,000	0	0	0
Energy Insulation Programme	REFCUS	10,000	0	0	0
DCLG Monies	REFCUS	212,000	0	0	0
Unallocated S106 Affordable Housing Monies	ASSET	414,000	255,000	78,215	(176,786)
Enabling People Total		3,424,000	2,223,000	2,181,120	(41,880)
Darnford Park (S106)	ASSET	13,000	18,000	17,784	(216)
Loan to Council Dev Co.	ASSET	675,000	0	0	0
Lichfield St Johns Community Link (CIL)	REFCUS	35,000	0	0	0
Staffordshire Countryside Explorer (CIL)	REFCUS	44,000	0	0	0
Equity in Council Dev Co.	ASSET	0	225,000	225,000	0
Bin Purchase	ASSET	150,000	210,000	263,898	53,898
Dam Street Toilets	ASSET	0	40,000	0	(40,000)
Vehicle Replacement Programme (Waste)	ASSET	0	22,000	21,995	(5)
Vehicle Replacement Programme (Other)	ASSET	56,000	66,000	67,277	1,277
Stowe Pool Improvements (S106) (Jul 2012)	ASSET	50,000	57,000	56,820	(180)
Cannock Chase SAC	REFCUS	22,000	32,000	31,416	(584)
Shaping Place Total		1,045,000	670,000	684,190	14,190
Multi Storey Car Park Refurbishment Project	ASSET	0	50,000	1,313	(48,688)
Birmingham Road Site - Coach Park	ASSET	625,000	250,000	(5,428)	(255,428)
Birmingham Road Site - Short Term Redevelopment	ASSET	0	222,000	208,559	(13,441)
Developing Prosperity Total		625,000	522,000	204,444	(317,556)
Property Investment Strategy	ASSET	11,500,000	0	0	0
Property Planned Maintenance	ASSET	125,000	90,000	0	(90,000)
New Financial Information System	ASSET	250,000	75,000	30,712	(44,288)
Multi-Functional Printers	ASSET	0	0	23,793	23,793
Depot Sinking Fund	ASSET	11,000	0	0	0
Equipment Storage	ASSET	0	100,000	0	(100,000)
IT Infrastructure	ASSET	55,000	154,000	66,369	(87,631)
IT Cloud	ASSET	100,000	0	0	0
ICT Hardware	ASSET	202,000	0	0	0
IT Innovation	ASSET	250,000	95,000	97,145	2,145
District Council House Repair Programme	ASSET	164,000	50,000	0	(50,000)
Good Council Total		12,657,000	564,000	218,020	(345,980)
Capital Programme Total		17,751,000	3,979,000	3,287,773	(691,227)

APPENDIX A

Type		Original Budget	Approved Budget	Actual	Variance
Non-Current Assets	ASSET	14,804,000	2,903,000	2,022,012	(880,988)
Revenue Expenditure Funded from Capital under Statute	REFCUS	2,947,000	1,076,000	1,265,761	189,761
Capital Programme Total		17,751,000	3,979,000	3,287,773	(691,227)

Funding Source	Original Budget	Approved Budget	Actual	Variance
Capital Receipts	1,402,000	522,000	104,227	(417,773)
Corporate Revenue	182,000	182,000	182,000	0
Borrowing Need - Borrowing and Finance Leases	11,664,000	106,000	(541,809)	(647,809)
Capital Grants and Contributions	3,287,000	1,754,000	1,830,867	76,867
Reserves, Existing Revenue Budgets and Sinking Funds	1,216,000	1,415,000	1,712,488	297,488
Capital Programme Total	17,751,000	3,979,000	3,287,773	(691,227)

The Council's Balance Sheet

	Type	2019/20 Actual £000s	2020/21 Actual £000s	2020/21 Approved Budget £000s	Variance to Revised Budget £000s
Non-Current Assets	ASSET	46,000	44,575	46,893	(2,318)
Equity Investment in Local Authority Company	ASSET	0	225	225	0
Long Term Debtors	DEBT	141	165	141	24
Investments	INV	34,737	37,289	28,131	9,158
Borrowing	BOLE	(2,449)	(2,255)	(2,255)	(1)
Finance Leases	BOLE	(1,143)	(606)	(623)	17
Working Capital	CRED	(11,872)	(13,580)	(11,569)	(2,011)
Pensions	CRED	(32,718)	(41,554)	(31,370)	(10,184)
TOTAL ASSETS LESS LIABILITIES		32,696	24,259	29,574	(5,315)

<u>Unusable Reserves</u>					
Revaluation Reserve	REV	(9,426)	(10,131)	(9,425)	(706)
Capital Adjustment Account	CAP	(32,269)	(31,653)	(34,966)	3,313
Deferred Credits	CRED	(47)	(47)	(47)	(0)
Pension Scheme	CRED	32,718	43,821	33,700	10,121
Benefits Payable During Employment Adjustment Account	CRED	332	460	332	128
Collection Fund	CRED	(1,307)	6,037	6,018	19
Available for Sale Financial Instruments Reserve	CRED	544	41	384	(343)
<u>Usable Reserves</u>		0			0
Unapplied Grants and Contributions	UGER	(2,938)	(3,618)	(2,563)	(1,055)
Usable Capital Receipts	UGER	(2,698)	(3,042)	(1,874)	(1,168)
Sinking Funds	UGER	(223)	(64)	0	(64)
Earmarked Reserves - Unrestricted	UGER	(6,794)	(15,145)	(10,508)	(4,636)
Earmarked Reserves - Restricted	UGER	(4,197)	(4,204)	(4,050)	(154)
General Fund Balance	GEN	(6,392)	(6,714)	(6,575)	(139)
TOTAL EQUITY		(32,696)	(24,259)	(29,574)	5,315

Reserves Available to cover Investment Losses	(13,185)	(21,859)	(17,083)	(4,775)
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<u>Summary</u>					
Capital Funding	CAP	(32,269)	(31,653)	(34,966)	3,313
Revaluation Reserve	REV	(9,426)	(10,131)	(9,425)	(706)
Borrowing and Leasing	BOLE	(3,591)	(2,861)	(2,878)	16
Non-Current Assets	ASSET	46,000	44,800	47,118	(2,318)
Investments	INV	34,737	37,289	28,131	9,158
Unapplied Grants & Earmarked Reserves	UGER	(16,850)	(26,073)	(18,995)	(7,078)
General Reserve	GEN	(6,392)	(6,714)	(6,575)	(139)
Long Term Debtors	DEBT	141	165	141	24
Working Capital & Pensions	CRED	(12,350)	(4,822)	(2,552)	(2,270)
Total		0	0	(0)	0
Internal Borrowing		714	155	(150)	305

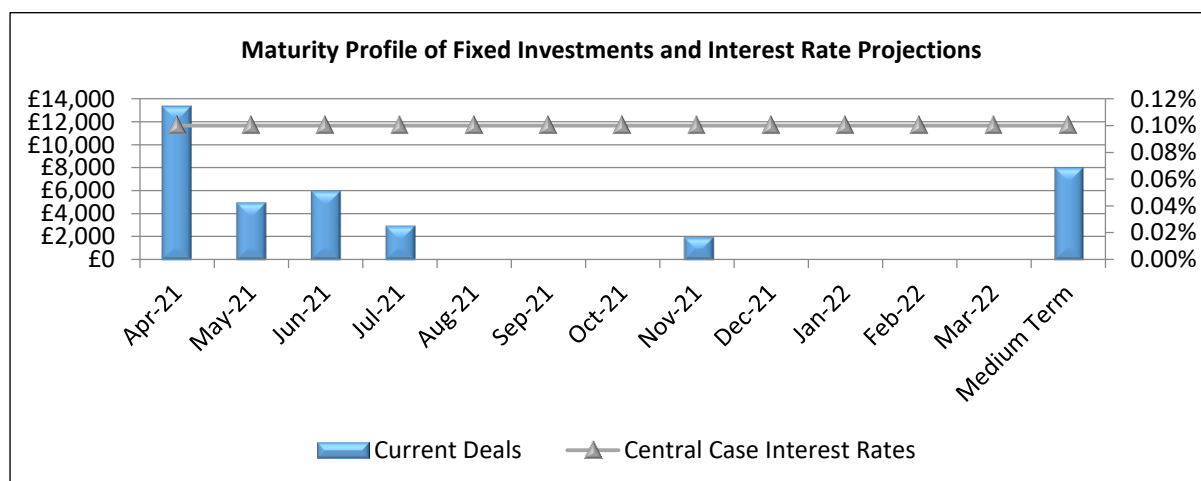
<u>Liability Benchmark</u>					
Capital Financing Requirement (Borrowing)		3,162	2,410	2,105	306
Working Capital		(12,572)	(4,657)	(2,411)	(2,246)
Usable Reserves		(23,242)	(32,787)	(25,570)	(7,217)
Minimum Level of Investments		10,000	10,000	10,000	0
Total		(22,652)	(25,033)	(15,877)	(9,156)

Investments in the 2020/21 Financial Year

The table below shows a breakdown of our investments at the end of March 2021:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
Money Market Funds						
Federated	£1,780,000	01-Apr-21	Instant Access	0.01%	0	N/A
Aberdeen	£4,000,000	01-Apr-21	Instant Access	0.01%	0	N/A
BNP Paribas MMF	£2,550,000	01-Apr-21	Instant Access	0.01%	0	N/A
CCLA MMF	£5,000,000	01-Apr-21	Instant Access	0.05%	0	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	4.34%	N/A	No
Ninety-One Diversified Income Fund	£2,000,000	N/A	N/A	4.11%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.44%	N/A	No
Aegon Diversified Income Fund	£2,000,000	N/A	N/A	3.67%	N/A	No
Fixed Term Investments						
Monmouthshire Council	£2,000,000	28-Jun-21	89	0.25%	LOCAL	
Cheltenham Borough Council	£2,000,000	12-May-21	42	0.15%	LOCAL	
Highland Council	£2,000,000	17-May-21	47	0.13%	LOCAL	
Conwy County Borough Council	£2,000,000	30-Jun-21	91	0.15%	LOCAL	
Staffordshire Moorlands District Council	£2,000,000	18-Nov-21	232	0.25%	LOCAL	
Surrey Heath Borough Council	£2,000,000	15-Jun-21	76	0.10%	LOCAL	
Ashford Borough Council	£2,000,000	19-Jul-21	110	0.10%	LOCAL	
Call Accounts with Notice Period						
Lloyds	£1,000,000	04-Jul-21	95	0.04%	A+	
HSBC	£999,500	01-May-21	31	0.20%	A+	
Total Investments	£37,329,500					

The maturity profile of these investments at 31 March 2021, compared to our Treasury Management advisor Arlingclose interest rate forecasts, is shown in the graph below:



External Borrowing

Source	Loan Amount	Maturity Date	Interest Rate	Outstanding Balance as at 31 March 2021
Public Works Loan Board	£1,522,000	08-Apr-40	2.59%	£1,187,160
Public Works Loan Board	£1,395,000	31-May-28	1.71%	£1,068,193