

Annual Treasury Management Report

Cabinet Member for Finance and Commissioning

Date: 17 October 2023
Agenda Item:
Contact Officer: Anthony Thomas
Tel Number: 01543 308012
Email: Anthony.thomas@lichfielddc.gov.uk
Key Decision? YES
Local Ward Members: Full Council



Full Council

1. Executive Summary

- 1.1 The report covers the Treasury Management performance for the financial year 2022/23.
- 1.2 The Capital Programme was (**£1,177,055**) lower than the Approved Budget with under performance on the Birmingham Road Site Enabling Works (**£385,000**), Disabled Facilities Grants (**£181,327**) and Cinema Development (**£175,613**) being the most significant projects.
- 1.3 Income from Capital Receipts was lower than the Approved Budget by **£699,990**. The main reason is that the planned sale of Venture House was not completed.
- 1.4 The funding of the Capital Programme in 2022/23 reflects the actual expenditure of (**£3,572,946**). This includes lower funding from capital receipts because the use of funding from other sources, that have more restrictions, was prioritised.
- 1.5 Minimum Revenue Provision at **£429,204** was in line with the Approved Budget of **£430,000**.
- 1.6 Assets less liabilities on the Balance Sheet at **£82,879,666¹** is **£38,476,666** higher than the budget of **£44,403,000** and this variance is offset in Total Equity (Usable and Unusable Reserves). These variances are explained at 3.22 and 3.23 however; are in the main related to the Long Term Pension Liability assessed by the Pension Fund Actuary becoming a Long Term Asset. These accounting entries are statutorily offset by an Unusable Pension Reserve.
- 1.7 Investments at **£45,549,524** were **£603,524** higher than the Approved Budget of **£44,946,000**. This was due to higher working capital (amounts owed to other bodies or grants received in advance of payment) and higher unapplied grants and contributions. This is also reflected in the lower liability benchmark of (**£34,484,124**) compared to the Approved Budget of (**£33,882,000**) shown at **APPENDIX B**.
- 1.8 The net treasury position was in line with the Approved Budget.
- 1.9 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.
- 1.10 The report confirms the Council was compliant with all Treasury Limits and Prudential Indicators for 2022/23.

2. Recommendations

- 2.1 To approve the Annual Treasury Management Report and Prudential Indicators for 2022/23.

¹ Subject to the Audit Opinion for both 2021/22 and 2022/23 Financial Statements.

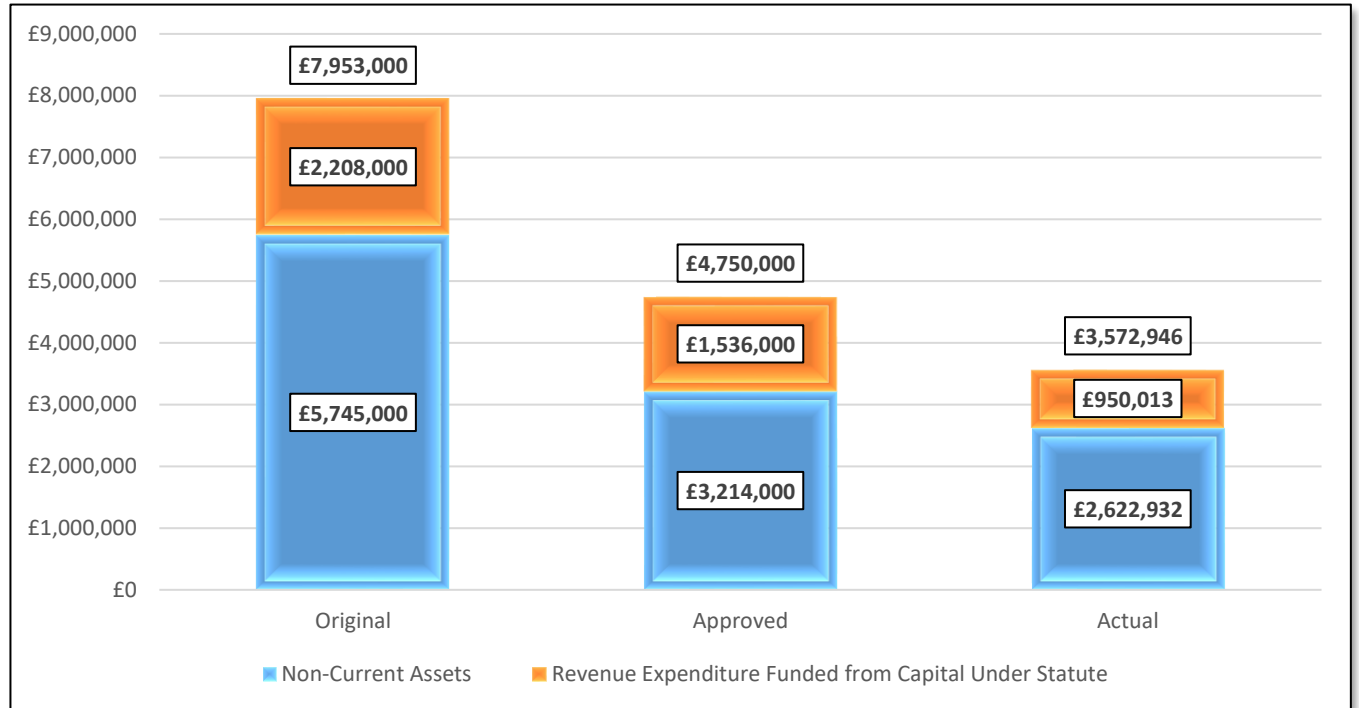
3. Background

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 2022/23 and the actual Prudential Indicators for 2022/23.
- 3.2 Treasury Management is defined as: *"The management of the local authority's borrowing, 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 2022/23;
 - 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 Budget to the Actual for 2022/23 is shown in detail at **APPENDIX A** and in the chart below:



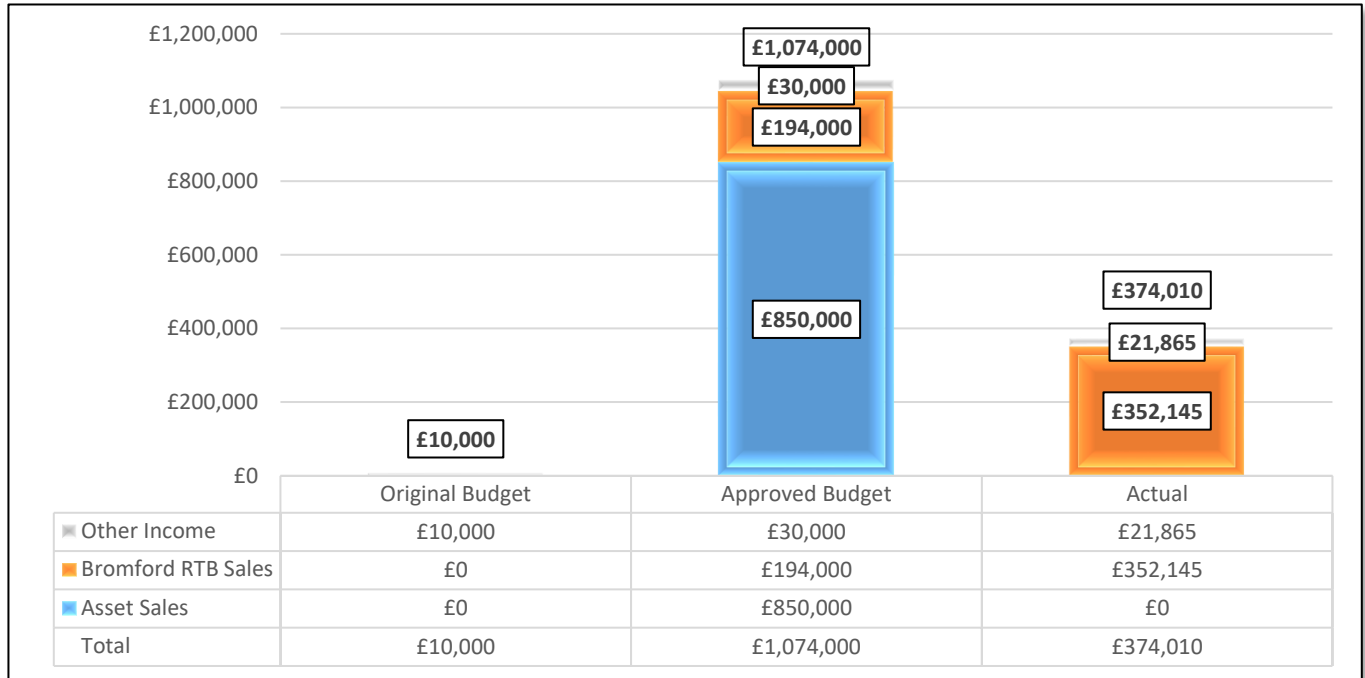
3.9 Capital expenditure was **£3,572,946** and this is **(£1,177,055)** or **25%** less than the Revised Approved Budget of **£4,750,000**.

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

	Variances	
	Slippage	Other
* Disabled Facilities Grants	(£181,000)	
* Friary Grange Refurbishment	(£134,000)	
* Other Projects	(£20,000)	(£33,607)
Enabling People Total	(£335,000)	(£33,607)
* Bin Purchase (funded from the Revenue Budget)		98,600
* Loan to Council Owned Company	(£57,000)	
* Public Conveniences	(£85,000)	
* Other Projects	(£68,000)	(£1,107)
Shaping Place Total	(£210,000)	£97,493
* BRS Enabling Works	(£385,000)	
* Cinema Development	(£176,000)	
* Car Parks – Variable Message Signing	(£130,000)	
* Other Projects	(£61,000)	£16,176
Developing Prosperity Total	(£609,000)	£16,176
* Building a Better Council	(£165,000)	
* Other Projects	£25,000	£36,883
A Good Council Total	(£140,000)	£36,883
Total Variance	(£1,294,000)	£116,945
	(£1,177,055)	

Capital Receipts

3.11 The budgeted and actual capital receipts received are shown below:

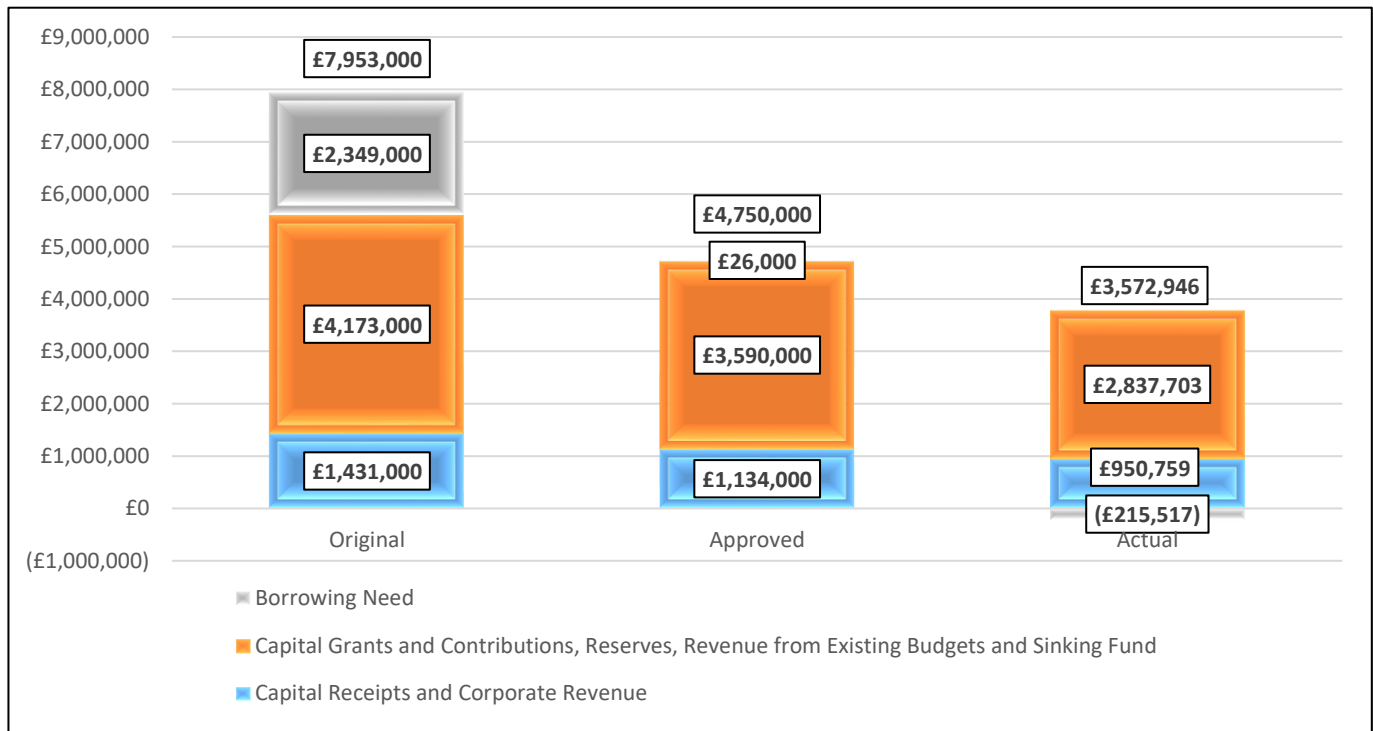


3.12 Capital receipts were **£699,990** lower than the Approved Budget. The main reason is that the planned sale of Venture House was not completed during 2022/23.

3.13 The Right to Buy 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.

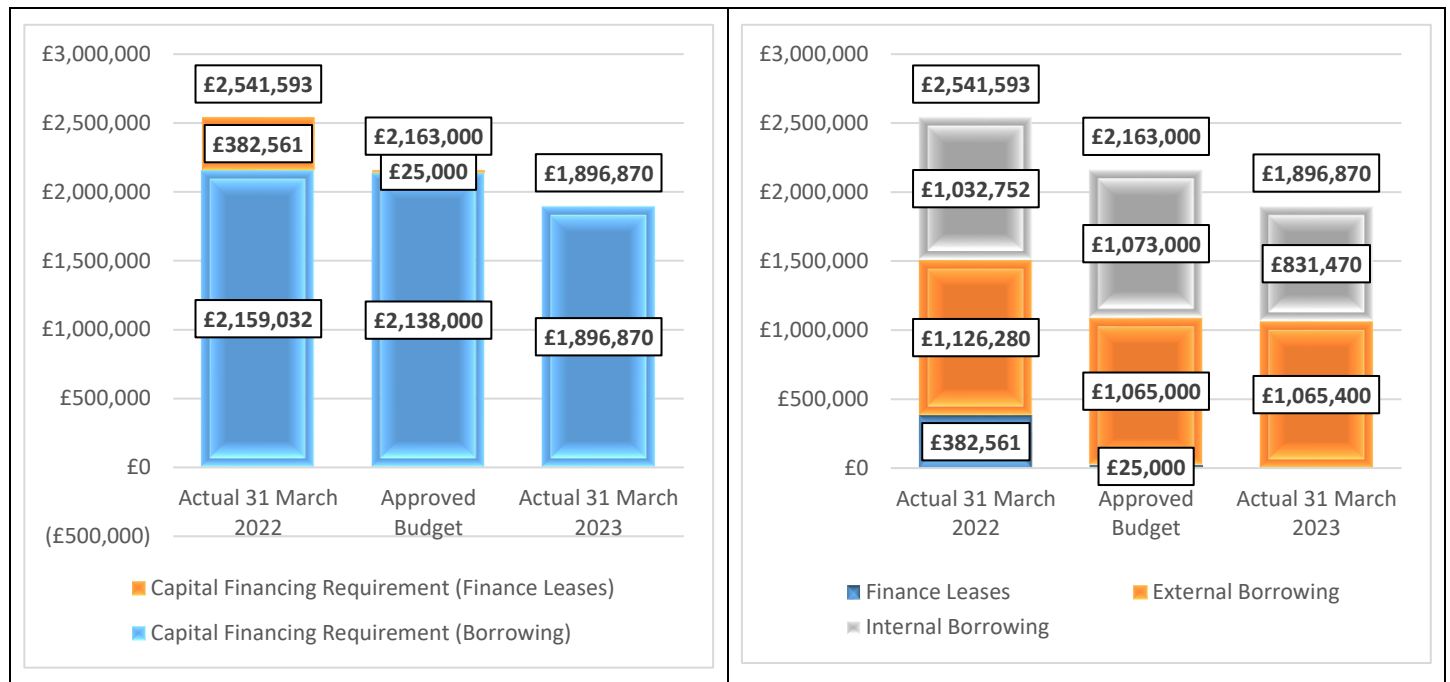
The Funding of the Capital Programme

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 is shown below:



3.16 The report to Cabinet on 14 February 2023, identified that **£216,000** of development costs for the new Leisure Centre would be funded by existing budgets or an earmarked reserve.

3.17 As part of the MTFs approved by Council on 28 February 2023, this funding was allocated from an earmarked reserve.

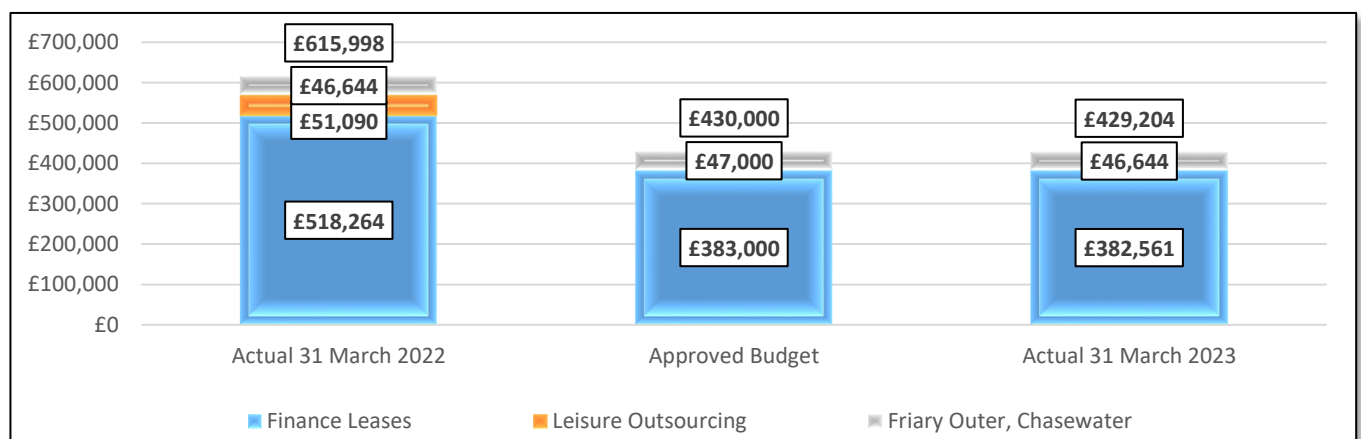
3.18 This approach ensures £10m of funding is available for the new leisure centre and has also reduced the Capital Financing Requirement (Borrowing Need) by **(£216,000)**.

3.19 The Liability Benchmark (the lowest risk level of borrowing) was **(£34,484,000)** and is lower compared to the Approved Budget of **(£33,882,000)** as shown at **APPENDIX B**. This is primarily due to higher usable reserves.

3.20 It indicates that the Council does not currently need to externally borrow to fund its Capital Financing Requirement and was the reason Council was able to approve £5m of internal borrowing to fund the new leisure centre.

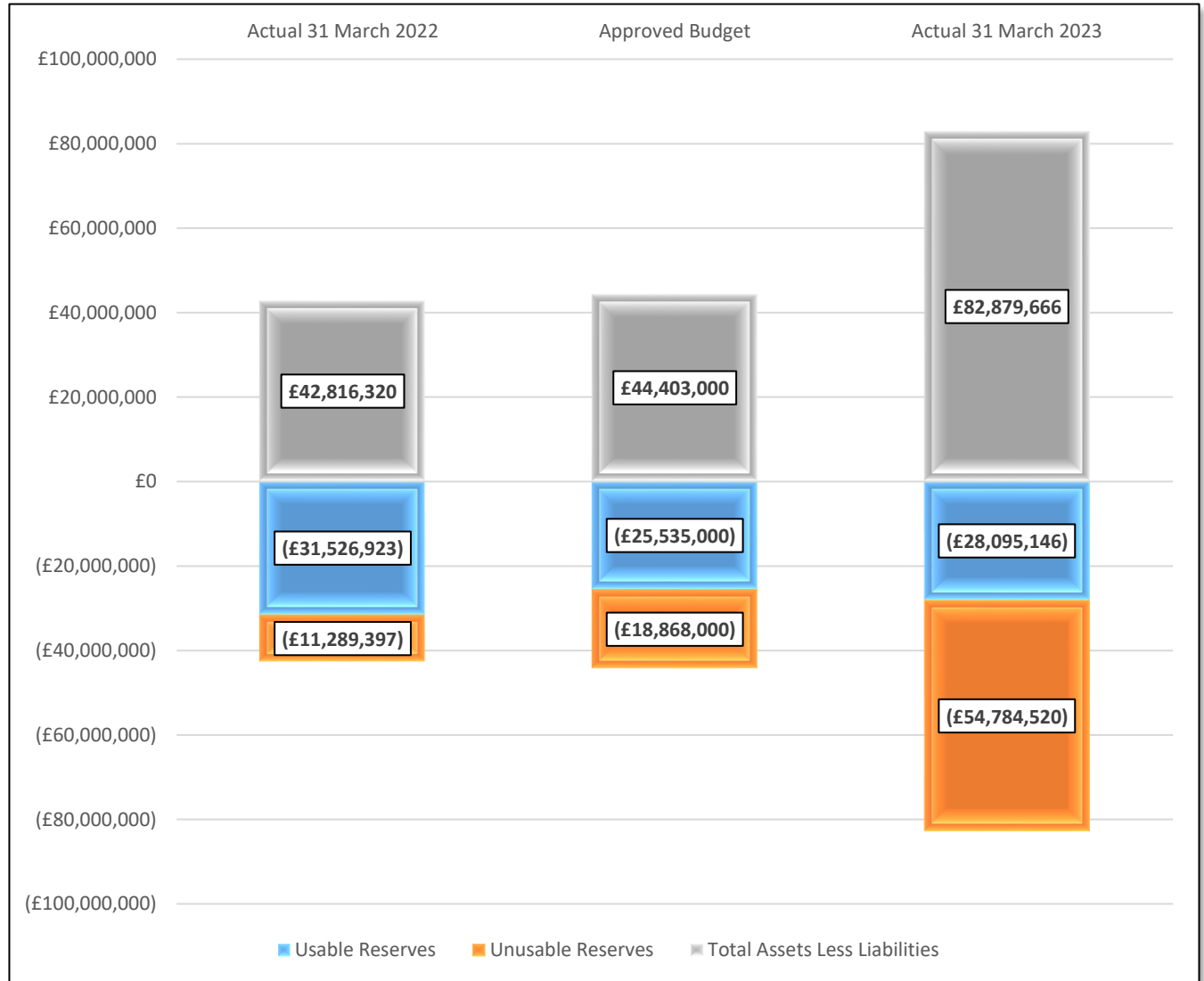
Minimum Revenue Provision in 2022/23

3.21 The Minimum Revenue Provision charged to revenue in 2021/22, budgeted in 2022/23 and the actual in 2022/23 is shown below:



The Balance Sheet

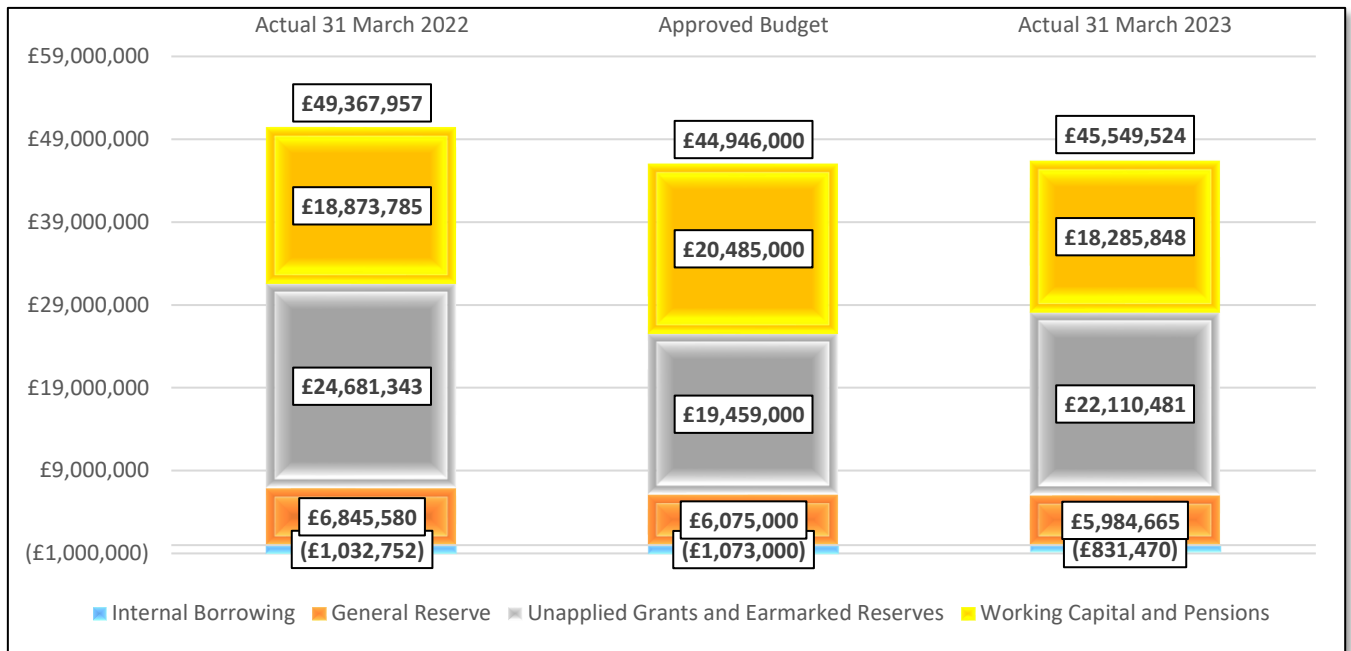
3.22 The actual Balance Sheet for 2021/22 together with the budgeted and actual Balance Sheet for 2022/23 are shown in detail at **APPENDIX B** and are summarised below:



3.23 The main reasons for the variance between the budgeted and actual Balance Sheet for 2022/23 are:

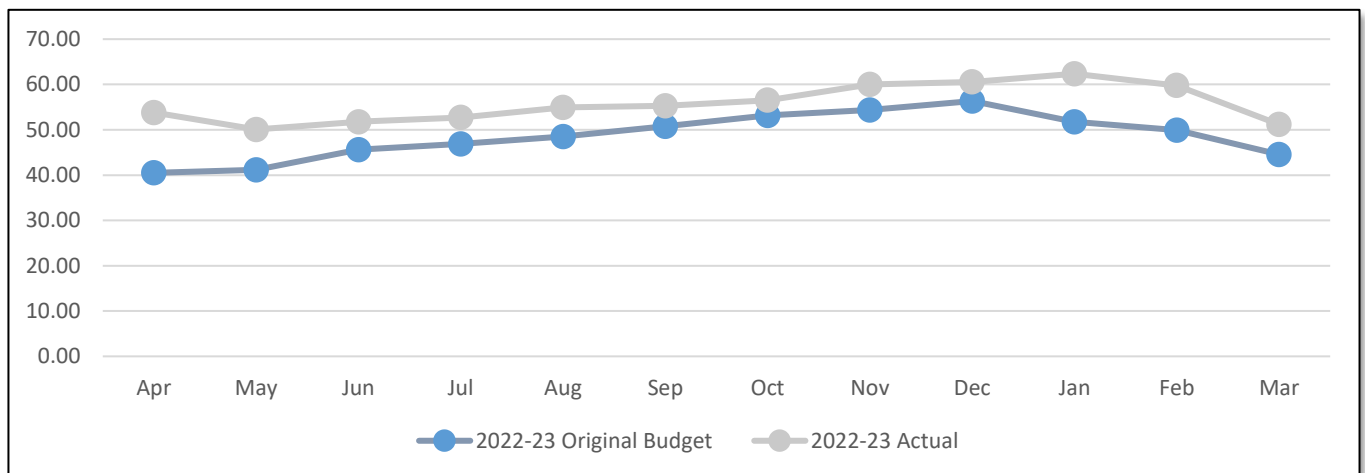
Area	Pensions £000	Assets £000	Current £000	Total £000
Pension liability now assessed as an asset by the Actuary	30,569			30,569
Higher Investments due to more net cash from changes in reserves and working capital			1,164	1,164
Higher Non-current assets due to valuation increases and spend		3,591		3,591
Lower Working capital			3,472	3,472
Other			(319)	(319)
Total Assets less Liabilities	30,569	3,591	4,317	38,477
Higher Earmarked Reserves			(3,403)	(3,403)
Lower Capital Receipts and Burntwood Sinking Fund			587	587
Lower Unapplied Capital Grants			165	165
Lower General Reserves			90	90
Total Usable Reserves			(2,561)	(2,561)
Lower Pensions Reserve to match the Pension liability	(30,569)		(1,218)	(31,787)
Increase in Revaluation Reserve and Capital Adjustment Account		(3,591)	(249)	(3,840)
Lower Other Reserves including Collection Fund			(289)	(289)
Total Unusable Reserves	(30,569)	(3,591)	(1,756)	(35,916)
Total Equity	(30,569)	(3,591)	(4,317)	(38,477)

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



Cash Flow Forecasts

3.25 The graph below shows the average investment levels (in £m) throughout the 2022/23 financial year compared to the Original budget:



3.26 The cash flow variance is primarily due to lower spend than forecast.

3.27 The Treasury Management Performance for both investment income and borrowing in 2022/23 was:

Treasury Management	2022/23			
	Revised Budget		Actual	
	Investment Income	Borrowing	Investment Income	Borrowing
Average Balance	£55.96m	£1.08m	£55.72m	£1.08m
Average Rate	2.44%	2.59%	2.55%	2.59%
Gross Investment Income	(£1,367,500)		(£1,434,614)	
Pooled Fund Transfer to Reserves	£390,500		£492,545	
External Interest		£67,000		£28,136
Internal Interest		£1,000		£2,663
Minimum Revenue Provision (less Finance Leases)		£47,000		£46,644
Net Treasury Position	(£977,000)	£115,000	(£942,069)	£77,443
	(£864,270)		(£864,626)	

Investment Strategy

3.28 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**.

3.29 The Government has recognised in recent Department of Levelling Up, Housing and Communities (DLUHC) 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.

3.30 The DLUHC 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 **16 February 2022 (updated 28 February 2023)**.

Service Investments

3.31 There are two significant approved investments of a service nature included in the Approved Budget for 2022/23 and these are detailed below:

	Budget	Actual	Variance
Approved Loan to the LWMTS	£57,000	£0	(£57,000)
Net Income	£860	£0	(£860)
Net Return	4.00%	0%	(4.00%)
Approved Loan to the Joint Venture	£240,000	£64,387	(£175,613)
Net Income (assumed revenue budget neutral)	0	0	0
Net Return	0	0	0

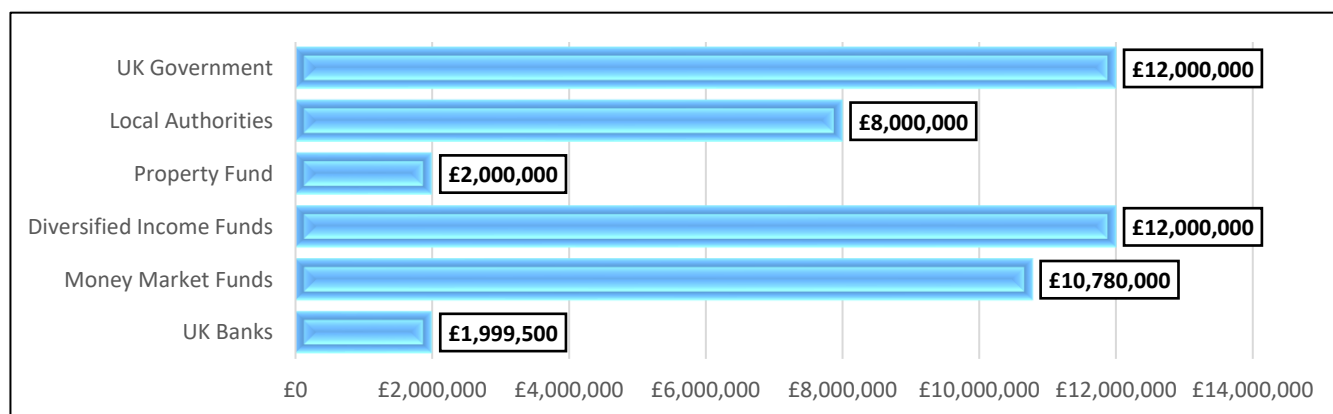
Commercial Investments

3.32 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.

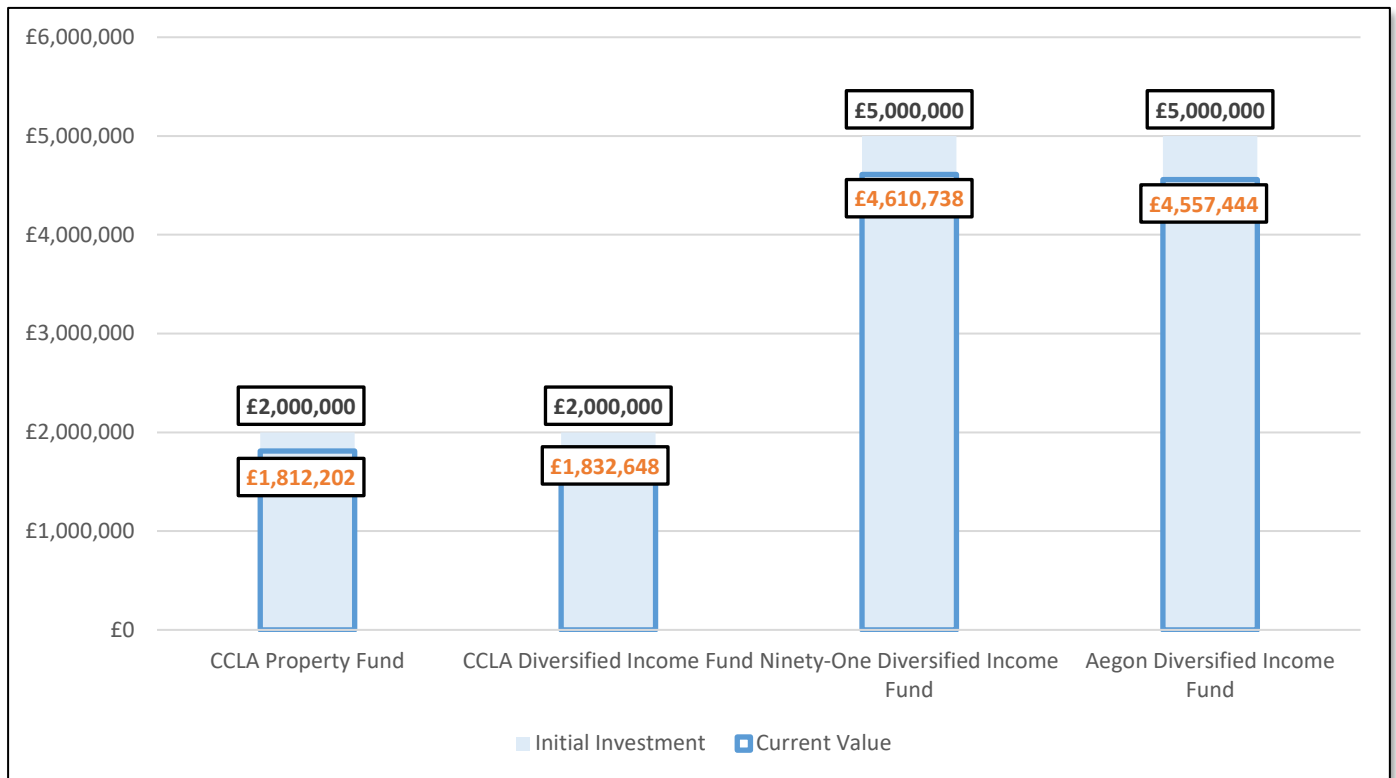
Treasury Management Investments

The Security of Our Investments

3.33 The investments the Council had at the 31 March 2023 of **£46.78m** (with the property fund and diversified income funds valued at their original investment value), by type and Country, are summarised below and in detail at **APPENDIX C**:



3.34 The current value of the Property Fund and Diversified Income Fund investments is:



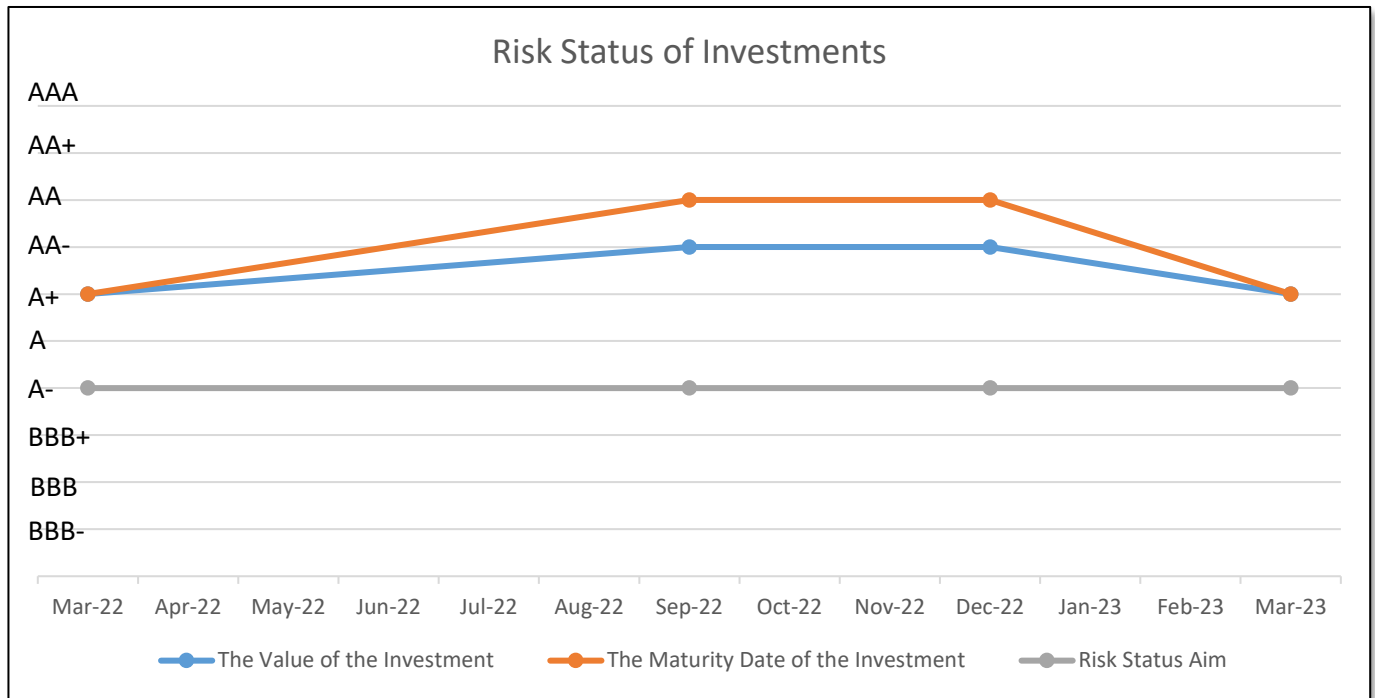
3.35 In terms of strategic investments, there is a 'book loss' of **£1,186,969** and the earmarked reserve to manage volatility risk is **£821,835**.

Strategic Investments Volatility Reserve		Fund Book Gains/(Losses)	
Opening Balance 01/04/2022	£329,290	CCLA Property Fund	(£187,798)
Approved Transfers 2022/23	£492,545	CCLA Diversified Income Fund	(£167,352)
		Ninety-One Diversified Income Fund	(£389,262)
		Aegon Diversified Income Fund	(£442,556)
Closing Balance 31/03/2023	£821,835	Net Book Loss as at 31/03/2023	(£1,186,969)
Shortfall	(£365,134)		

3.36 The Council's portfolio size (with the property fund and diversified investment funds valued at their current values of **£12.8m**), average credit score, diversification, and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:

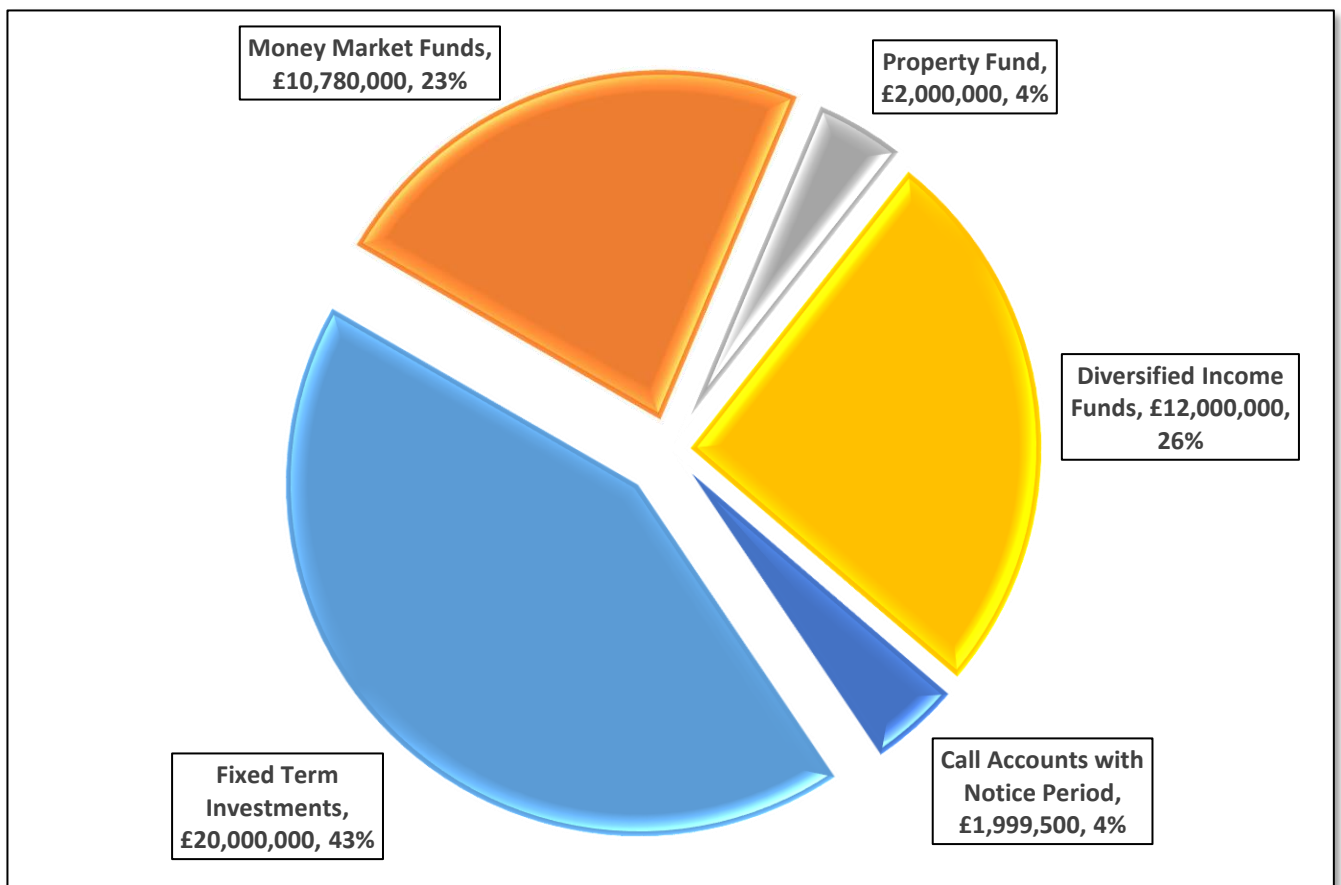


3.37 Our aim for the risk status of our investments was **A-** or higher. The risk status based on the length of the investment and the value from March 2022 to March 2023 is summarised in the graph below:

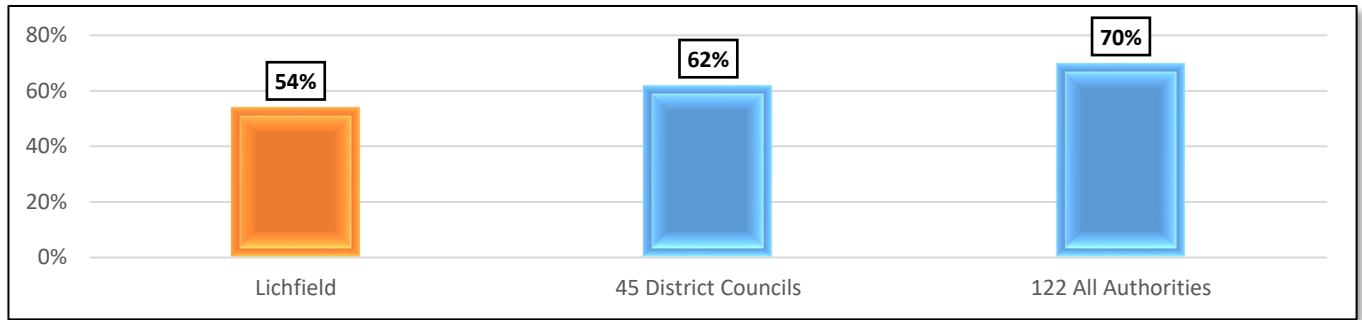


The Liquidity of our Investments

3.38 The Council did not have to temporarily borrow during 2022/23. 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:

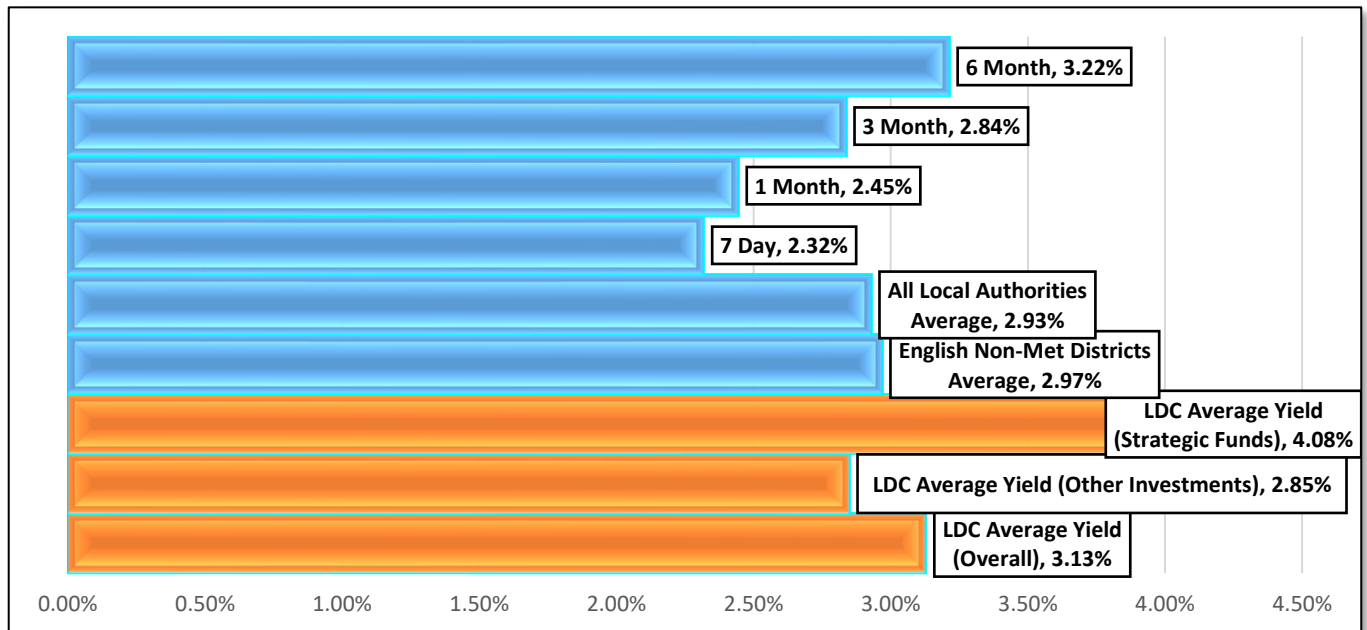


3.39 The proportion of the investment portfolio available within 100 days compared to all Arlingclose clients is below:



The Return or Yield of our Investments

3.40 The yield the Council was achieving as at 31 March 2023 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:



3.41 This graph shows the rate achieved on 31 March 2023, whereas the table at 3.25 shows the average yield for the whole financial year.

External Borrowing

3.42 At the end of the year, the Council had one long-dated PWLB loan totalling **£1,065,400** that was largely unchanged over the year, other than for the scheduled semi-annual principal repayments, at an interest rate of **2.59%** with **17.01** years to maturity. This is shown in detail at **APPENDIX C**.

IFRS 9 Statutory Override

3.43 In early 2023 there was informal notification that the IFRS 9 statutory override on accounting for gains and losses on pooled investment funds would be extended for two years and remain in place for the 2023/24 and 2024/25 financial years. This was confirmed by DLUHC on 6th April. Whether the override will be extended beyond the new end date is unknown but the commentary to the consultation outcome suggests maybe not.

Alternative Options

There are no alternative options.

Consultation

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

Financial Implications

- We can confirm that the Council has complied with its Prudential and Local Indicators for 2022/23; these were originally approved by Council at its meeting on 22 February 2022 and were fully revised and approved by Council on 28 February 2023.
- 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 2022/23.
- 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	2021/22 Actual	2022/23 Original	2022/23 Revised	2022/23 Actual	Compliant
Capital Investment					
Capital Expenditure (£m)	£4.741	£7.953	£4.750	£3.573	✓
Capital Financing Requirement (£m)	£2.542	£4.637	£2.163	£1.897	✓
Gross Debt and the Capital Financing Requirement					
Gross Debt	(£1.509)	(£1.863)	(£1.066)	(£1.065)	✓
Borrowing in Advance – is Gross Debt higher than the Capital Financing Requirement	No	No	No	No	✓
Total Debt					
Authorised Limit (£m)	£3.204	£15.238	£19.993	£1.509	✓
Operational Boundary (£m)	£3.204	£6.811	£7.565	£1.509	✓
Proportion of Financing Costs to Net Revenue Stream (%)	5%	4%	4%	4%	✓

Local Indicators					
Indicators	2021/22 Actual	2022/23 Original	2022/23 Revised	2022/23 Actual	Compliant
Replacement of Debt Finance or MRP (£m)	(£0.616)	(£0.459)	(£0.429)	(£0.429)	✓
Repayment of Burntwood Leisure Centre Loan (£m)	(£0.306)	£0.000	£0.000	£0.000	✓
Funding Development based Costs for Leisure Centre (£m)	£0.000	£0.000	£0.000	(£0.216)	✓
Capital Receipts (£m)	(£0.121)	(£0.010)	(£0.880)	(£0.022)	✓
Housing Capital Receipts (£m)	(£0.395)	£0.000	(£0.194)	(£0.352)	✓
Liability Benchmark (£m)	£38.242	£19.075	£33.881	£34.484 ²	✓
Treasury Management Investments (£m)	£49.368	£30.936	£44.946	£45.550 ³	✓

Treasury Management Indicators				
Prudential Indicators				
	Lower Limit	Upper Limit	As at 31/03/23	Compliant
Refinancing Rate Risk Indicator				
Under 12 months	0%	100%	5.71%	
12 months and within 24 months	0%	100%	5.71%	
24 months and within 5 years	0%	100%	17.14%	
5 years and within 10 years	0%	100%	28.57%	
10 years and within 20 years	0%	100%	42.86%	✓
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%	

² This figure is provisional at this time due to the accounts not yet being completed.

³ Excluding accounting adjustments

	2021/22	2022/23	2022/23	2022/23	Compliant
Indicators	Actual	Original	Revised	Actual	
Principal Sums invested for periods longer than a year (£m)	£10.000	£15.000	£15.000	£14.000	✓
Local Indicators					
	2021/22	2022/23	2022/23	2022/23	Compliant
Indicators	Actual	Original	Revised	Actual	
Balance Sheet Summary and Forecast					
Borrowing Capital Financing Requirement	£2.160	£4.636	£2.138	£1.897	✓
Internal (over) Borrowing	£1.033	£2.773	£1.073	£0.832	✓
Investments (or New Borrowing)	(£49.368)	(£30.936)	(£44.946)	(£45,550)	✓
Liability Benchmark	(£38.242)	(£19.075)	(£33.881)	(£34.484) ⁴	✓
	Target	2022/23	Compliant		
		Actual			
Security					
Portfolio average credit rating	A-	A+	✓		
Liquidity					
Temporary Borrowing undertaken	£0.000	£0.000	✓		
Total Cash Available within 100 days (maximum)	90%	71%	✓		

Approved by Section 151 Officer	Yes
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Legal Implications	No specific legal implications. The recommended Medium Term Financial Strategy, is part of the Budget Framework and will therefore require the approval of Full Council.
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Approved by Monitoring Officer	Yes
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Contribution to the Delivery of the Strategic Plan	The MTFs underpins the delivery of the Strategic Plan.
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Equality, Diversity and Human Rights Implications	There are no additional Equality, Diversity or Human Rights implications.
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EIA logged by Equalities Officer	Equalities Officer confirmed not required.
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Crime & Safety Issues	There are no additional Crime and Safety Issues.
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Environmental Impact (including Climate Change and Biodiversity).	There are no additional Environmental Impacts. Environmental, Social and Governance (ESG) of counterparties is a factor that will likely form part of the revised Treasury Management Code.
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GDPR/Privacy Impact Assessment	There are no additional GDPR/Privacy Impact Assessment Impacts.
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⁴ This figure is provisional at this time due to the accounts not yet being completed.

	Risk Description & Risk Owner	Original Score (RYG)	How We Manage It	Current Score (RYG)
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 2024	Likelihood: Green Impact: Red Severity of Risk: Yellow	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	Likelihood: Yellow Impact: Red Severity of Risk: Red	To closely monitor the level of appeals. An allowance for appeals has been included in the Business Rate Estimates.	Likelihood: Green Impact: Green Severity of Risk: Green
C	The review of the New Homes Bonus regime	Likelihood: Red Impact: Red Severity of Risk: Red	The Council responded to the consultation. In the MTFs, no income is assumed beyond 2024/25.	Likelihood: Red Impact: Yellow Severity of Risk: Yellow
D	The increased Localisation of Business Rates, Business Rate Reset and the Review of Needs and Resources	Likelihood: Red Impact: Red Severity of Risk: Red	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
E	The affordability and risk associated with the Capital Strategy	Likelihood: Yellow Impact: Red Severity of Risk: Red	A property team has been recruited via the Company 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
F	Sustained higher levels of inflation in the economy	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow	To maintain a watching brief on economic forecasts, ensure estimates reflect latest economic projections and where possible ensure income increases are maximised to mitigate any additional cost.	Likelihood: Yellow Impact: Yellow Severity of Risk: Yellow
Strategic Risk SR3: Capacity and capability to deliver / strategic plan to the emerging landscape				
G	The Council cannot achieve its approved Delivery Plan	Likelihood: Yellow Impact: Red Severity of Risk: Red	There will need to be consideration of additional resourcing and/or reprioritisation.	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	Likelihood: Yellow Impact: Red Severity of Risk: Red	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	Likelihood: Red Impact: Red Severity of Risk: Red	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) 2022/23 – Audit and Member Standards Committee 3 February 2022 • Mid-Year Treasury Management Report – Audit and Member Standards Committee 30 November 2022 • The Treasury Management Strategy Statement (TMSS) 2023/24 – Audit and Member Standards Committee 2 February 2023
Relevant web link	

Capital Programme Performance in 2022/23

Project	Original Budget	Approved Budget	Actual	Variance
New Build Parish Office/Community Hub	92,000	62,000	0	(62,000)
Burntwood Leisure Centre (leisure insourcing)	0	0	97,921	97,921
Friary Grange - Short Term Refurbishment	0	158,000	24,272	(133,728)
Replacement Leisure Centre	2,349,000	50,000	14,000	(36,000)
Burntwood Leisure Centre - Decarbonisation Scheme	0	18,000	(9,356)	(27,356)
Accessible Homes (Disabled Facilities Grants)	1,654,000	1,000,000	818,673	(181,327)
Home Repair Assistance Grants	4,000	0	0	0
Decent Homes Standard	147,000	0	0	0
DCLG Monies	212,000	0	0	0
Unallocated S106 Affordable Housing Monies	334,000	4,000	0	(4,000)
Burntwood Park Play Equipment	0	75,000	74,000	(1,000)
Conversion of 36a Bore Street	0	34,000	84,043	50,043
Changing Places Fund	0	94,000	57,627	(36,373)
Play Equipment at Chase Terrace Park	0	25,000	20,618	(4,382)
Play Area at Burntwood Leisure Centre	0	35,000	34,596	(404)
Zip Wire in Burntwood	0	30,000	0	(30,000)
Enabling People Total	4,792,000	1,585,000	1,216,393	(368,607)
Loan to Council Dev Co.	0	57,000	0	(57,000)
Lichfield St Johns Community Link (CIL)	35,000	0	0	0
Staffordshire Countryside Explorer (CIL)	0	44,000	42,681	(1,319)
Lichfield Public Conveniences	0	40,000	0	(40,000)
Bin Purchase	150,000	150,000	248,600	98,600
Dual Stream Recycling	0	267,000	235,995	(31,005)
Vehicle Replacement Programme (Other)	229,000	261,000	224,218	(36,782)
Env. Improvements - Upper St John St & Birmingham Road	7,000	0	0	0
Burntwood Public Conveniences	0	45,000	0	(45,000)
Shaping Place Total	421,000	864,000	751,493	(112,507)
Vehicle Replacement Programme (Car Parks)	10,000	0	0	0
Coach Park	1,137,000	50,000	1,200	(48,800)
Car Parks Variable Message Signing	150,000	150,000	19,985	(130,015)
Old Mining College - Refurbish access and signs (S106)	13,000	0	0	0
Pay on Exit System at Friary Multi Storey	150,000	93,000	90,858	(2,142)
BRS Enabling Works	0	385,000	0	(385,000)
Cinema Development	0	240,000	64,387	(175,613)
Multi Storey	0	0	512	512
Incubator Space	0	354,000	497,140	143,140
Card Payment in All Car Parks	100,000	123,000	138,093	15,093
Electric Vehicle Charge Points	80,000	10,000	0	(10,000)
Car Park Barriers	36,000	0	0	0
Developing Prosperity Total	1,676,000	1,405,000	812,176	(592,824)
LDC Carbonisation	0	0	(6,432)	(6,432)
Property Planned Maintenance	230,000	206,000	378,322	172,322
New Financial Information System	44,000	0	0	0
IT Infrastructure	0	115,000	96,234	(18,766)
Building a Better Council	600,000	490,000	324,760	(165,240)
Committee Audio-Visual Hybrid Meeting Platform	90,000	85,000	0	(85,000)
Construction Inflation Contingency	100,000	0	0	0
Good Council Total	1,064,000	896,000	792,883	(103,117)
Total	7,953,000	4,750,000	3,572,946	(1,177,055)

Funding Source	Original Budget	Approved Budget	Actual	Variance
Capital Receipts	£1,331,000	£1,134,000	£950,759	(£183,241)
Borrowing Need - Borrowing and Finance Leases	£2,349,000	£26,000	(£215,517) ⁵	(£241,517)
Capital Grants and Contributions	£3,030,000	£1,709,000	£1,415,637	(£293,363)
Reserves, Existing Revenue Budgets and Sinking Funds	£1,143,000	£1,881,000	£1,422,067	(£458,933)
Corporate Revenue	£100,000	£0	£0	£0
Funding Total	£7,953,000	£4,750,000	£3,572,946	(£1,177,055)

Funding Source	Original Budget	Approved Budget	Actual	Variance
Non-Current Assets	£5,745,000	£3,214,000	£2,622,932	(£591,068)
REFCUS	£2,208,000	£1,536,000	£950,013	(£585,987)
Capital Programme Total	£7,953,000	£4,750,000	£3,572,946	(£1,177,055)

⁵ A negative Borrowing Need is due to the funding of development costs for the new leisure centre from an earmarked reserve. These costs were previously assumed, as part of the Capital Financing Requirement, to be funded by borrowing.

The Council's Balance Sheet

	Type	2021/22	2022/23	2022/23	Variance to
		Actual £000s	Budget £000s	Actual £000s	Approved Budget £000s
Non-Current Assets	ASSET	48,033	48,480	52,071	3,591
Equity Investment in Local Authority Company	ASSET	225	225	225	0
Long Term Debtors	DEBT	143	143	57	(86)
Long Term Debtors - Cinema	DEBT	0	240	64	(176)
Long Term Investment (Company Loan)	LOAN	0	57	0	(57)
Investments	INV	49,784	44,946	46,110	1,164
Borrowing	BOLE	(1,126)	(1,065)	(1,065)	(0)
Finance Leases	BOLE	(383)	(0)	(0)	0
Working Capital	CRED	(23,592)	(23,100)	(19,628)	3,472
Pensions	CRED	(30,268)	(25,523)	5,046	30,569
TOTAL ASSETS LESS LIABILITIES		42,816	44,403	82,880	38,477

Unusable Reserves					
Revaluation Reserve	REV	(11,897)	(11,897)	(14,969)	(3,072)
Capital Adjustment Account	CAP	(33,819)	(34,966)	(35,494)	(528)
Deferred Credits	CRED	(47)	(47)	(47)	0
Pension Scheme	CRED	31,431	26,741	(5,046)	(31,787)
Benefits Payable During Employment Adjustment Account	CRED	409	409	409	0
Collection Fund	CRED	2,863	(305)	(867)	(562)
Available for Sale Financial Instruments Reserve	CRED	(228)	1,197	1,230	33
Usable Reserves					0
Unapplied Grants and Contributions	UGER	(4,057)	(4,353)	(4,188)	165
Usable Capital Receipts	UGER	(2,858)	(2,799)	(2,281)	518
Burntwood Leisure Centre Sinking Fund	UGER	(69)	(69)	0	69
Earmarked Reserves - Unrestricted	UGER	(12,654)	(7,952)	(11,700)	(3,748)
Earmarked Reserves - Restricted	UGER	(5,044)	(4,287)	(3,942)	345
General Fund Balance	GEN	(6,846)	(6,075)	(5,985)	90
TOTAL EQUITY		(42,816)	(44,403)	(82,880)	(38,477)

Reserves Available to cover investment Losses		(19,500)	(14,027)	(17,685)	(3,658)
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Summary					
Capital Funding	CAP	(33,819)	(34,966)	(35,494)	(528)
Revaluation Reserve	REV	(11,897)	(11,897)	(14,969)	(3,072)
Borrowing and Leasing	BOLE	(1,509)	(1,066)	(1,065)	0
Non-Current Assets	ASSET	48,258	48,705	52,296	3,591
Investments	INV	49,784	44,946	46,110	1,164
Unapplied Grants & Earmarked Reserves	UGER	(24,682)	(19,460)	(22,111)	(2,651)
General Reserve	GEN	(6,846)	(6,075)	(5,985)	90
Long Term Debtors	DEBT	143	143	57	(86)
Long Term Debtors - Cinema	DEBT	0	240	64	(176)
Long Term Investment (Company Loan)	ASSET	0	57	0	(57)
Working Capital & Pensions	CRED	(19,432)	(20,628)	(18,903)	1,725
Total		0	(0)	(0)	(0)
Internal Borrowing		1,033	1,073	832	(241)

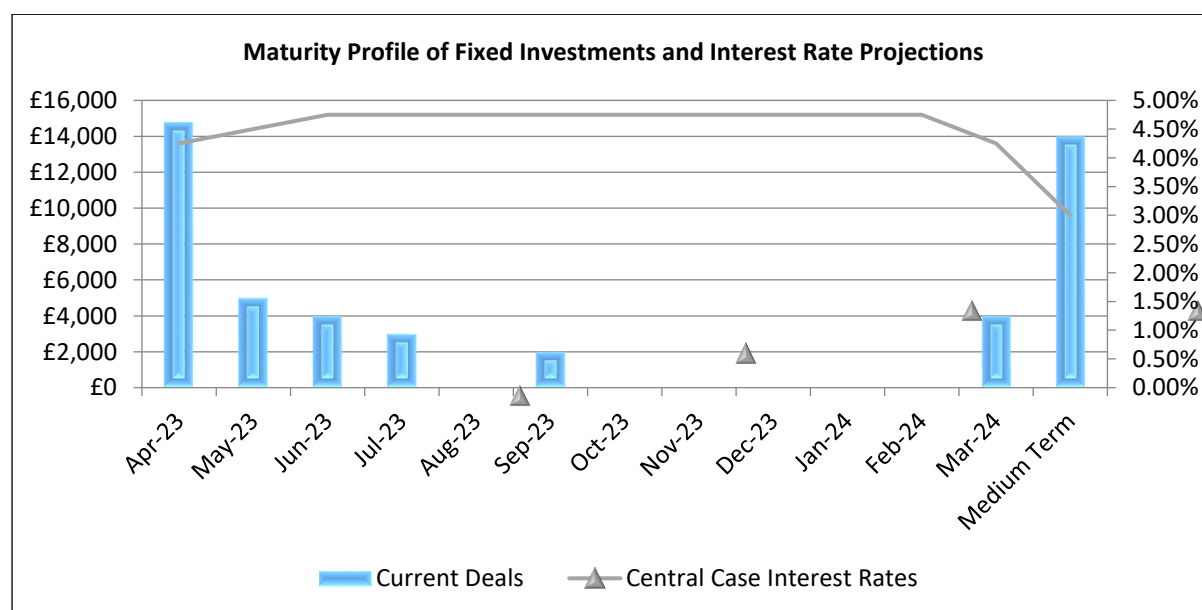
Liability Benchmark					
Capital Financing Requirement (Borrowing)		2,160	2,138	1,897	(241)
Working Capital		(18,875)	(20,485)	(18,286)	2,199
Usable Reserves		(31,527)	(25,535)	(28,095)	(2,560)
Minimum Level of Investments		10,000	10,000	10,000	0
Total		(38,242)	(33,882)	(34,484)	(602)

Investments in the 2022/23 Financial Year

The table below shows a breakdown of our investments at the end of March 2023:

Counterparty	Principal	Matures	Days to Maturity	Rate	Credit Rating	Non-UK Organisation
Money Market Funds						
Blackrock Institutional	£2,870,000	01-Apr-23	Instant Access	3.98%	0	N/A
Legal & General	£2,080,000	01-Apr-23	Instant Access	4.01%	0	N/A
BNP Paribas MMF	£830,000	01-Apr-23	Instant Access	5.11%	0	N/A
CCLA MMF	£5,000,000	01-Apr-23	Instant Access	3.98%	0	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.79%	N/A	No
Ninety-One Diversified Income Fund	£5,000,000	N/A	N/A	4.23%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	2.90%	N/A	No
Aegon Diversified Income Fund	£5,000,000	N/A	N/A	5.47%	N/A	No
Fixed Term Investments						
Debt Management Office	£4,000,000	19-Apr-23	19	3.06%	UK Government	
Debt Management Office	£4,000,000	22-May-23	52	3.38%	UK Government	
Debt Management Office	£4,000,000	19-Jun-23	80	3.68%	UK Government	
North Lanarkshire Council	£2,000,000	31-Jul-23	122	3.99%	LOCAL	
Brentwood Borough Council	£2,000,000	01-Mar-24	336	4.40%	LOCAL	
Folkestone and Hythe District Council	£2,000,000	07-Mar-24	342	4.40%	LOCAL	
West Dunbartonshire	£2,000,000	04-Sep-23	157	4.40%	LOCAL	
Call Accounts with Notice Period						
Santander	£1,000,000	26-Jun-23	84	3.62%	A	
HSBC	£999,500	01-May-23	31	4.17%	A+	
Total Investments	£46,779,500					

The maturity profile of these investments at 31 March 2023, 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 2023
Public Works Loan Board	£1,522,000	08-Apr-40	2.59%	£1,065,400