# **Annual Treasury Management Report**

Cabinet Member for Finance and Procurement						
Date:	22 July 2020					
Agenda Item:	4					
Contact Officer:	Anthony Thomas					
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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 2019/20.
- 1.2 The Capital Programme was **(£13,362,351)** lower than the Revised Budget **(APPENDIX A)** mainly due to under performance on Investment in Property **(£10,500,000)**.
- 1.3 Income from Capital Receipts was higher than the Revised Budget by **(£149,784)** 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 2019/20 reflects the actual expenditure of **£2,296,649** and this includes lower funding from capital receipts of **(£264,162)** compared to the Revised Budget.
- 1.5 The borrowing need of **£4,304,990** is (**£10,504,010**) lower than the Revised Budget of **£14,809,000**. This is due to planned borrowing for the Investment in Property project not going ahead.
- 1.6 The Balance Sheet (APPENDIX B) shows a variance between actual and budget of £13,222,000 on Assets less Liabilities and (£13,222,000) on Total Equity. These variances are explained at 3.20 but are in the main related to a reduction in the Long Term Pension Liability assessed by the Pension Fund Actuary that is statutorily offset by a reduction in the Unusable Pension Reserve.
- 1.7 The level of cash available was £35,994,569 compared to the Revised Budget of £23,749,376. This was utilised for internal borrowing of £713,840 and investments of £35,280,729 (APPENDIX C).
- 1.8 The Council's investments achieved a risk status of **AA** that was more secure than the aim of **A** and yield exceeded all four of the industry standard London Interbank (LIBID) yield benchmarks.
- 1.9 The report confirms the Council was compliant with all Treasury Limits and Prudential Indicators for 2019/20.

## 2. Recommendations

- 2.1 To review the report and issues raised within.
- 2.2 To review the actual 2019/20 Prudential Indicators contained within the report.

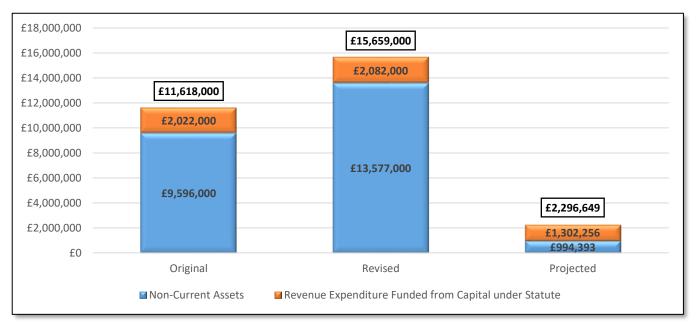
# 3. Background

### 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 2019/20 and the actual Prudential Indicators for 2019/20.
- 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 2019/20;
  - 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 2019/20 is shown in detail at **APPENDIX A** and in the chart below:

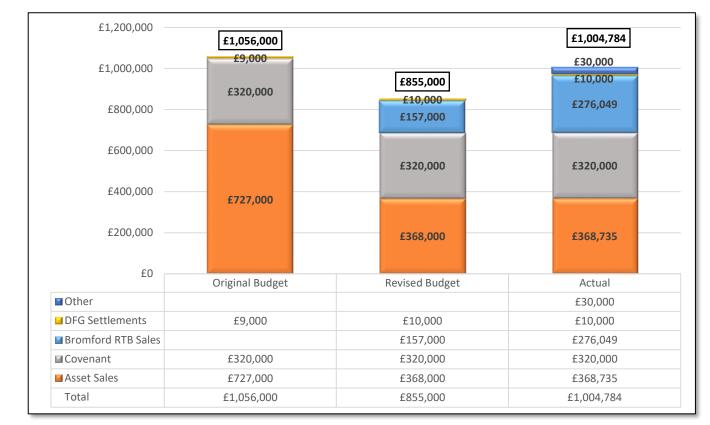


- 3.9 Capital expenditure was £2,296,649 and this is (£13,362,351) less than the Revised Budget of £15,659,000. This included slippage of £13,454,000 that was approved by Cabinet on 2 June 2020 to be added to the Capital Programme in 2020/21 when this delayed spend is planned to take place.
- 3.10 The main reasons for the variance to the Revised Budget are shown below:

	Varian	ces
	Slippage	Other
* Accessible Homes (Disabled Facilities Grants) - reflects delivery performance on the		
Support for Independent Living in Staffordshire Partnership	(£409,000)	
* Unallocated S106 Affordable Housing Monies - planned acquisitions have not been		
completed during the financial year as planned	(£270,000)	
* Burntwood Leisure Centre - Combined Heat and Power Unit - the completion of these		
works has been delayed due to technical utility issues	(£223,000)	
* Other Projects	(£335,000)	25,810
Enabling People Total	(£1,237,000)	£25,81
* Equity investment in the Council owned Company - the investment has taken place		
in 2020/21	(£225,000)	
* Other Projects	(£44,000)	65,213
Shaping Place Total	(£269,000)	£65,21
* Birmingham Road Site - Coach Park - acquisition was not completed and therefore		
the enhancement works did not take place	(£850,000)	
* Multi Storey Car Park Refurbishment Project - the programming of the works was		
adjusted to reflect the short term redevelopment works on the adjacent site	(£300,000)	
* Birmingham Road Site - Short Term Redevelopment - the commencement of the		
works was delayed	(£222,000)	
* Other Projects	(£50,000)	788
Developing Prosperity Total	(£1,422,000)	£78
* Investment in Property - planned acquisition did not take place due to PWLB		
consultation and subsequent CIPFA guidance	(£10,500,000)	
* Other Projects	(£26,000)	(162
A Good Council Total	(£10,526,000)	(£162
Total Variance	(£13,454,000)	£91,64
	(£13,362	,351)

## **Capital Receipts**

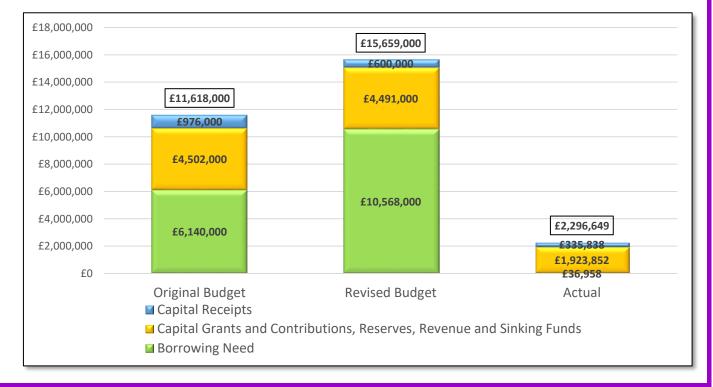
3.11 The Original Budget, Revised Budget and actual capital receipts received are shown below:



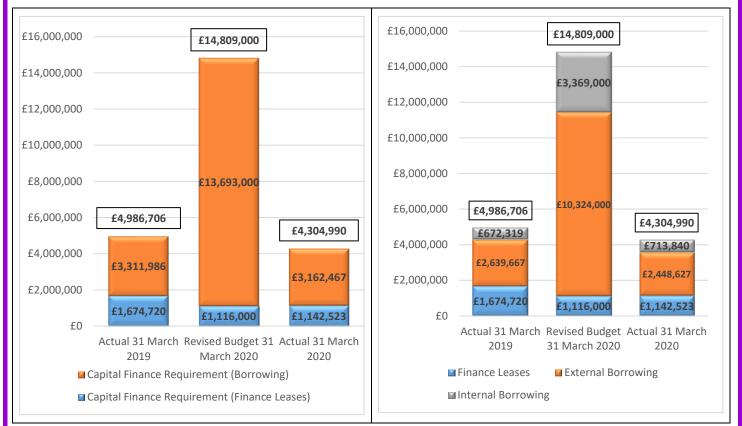
3.12 Capital receipts were **(£149,784)** higher than the Revised Budget. The main reason is that Bromford RTB Sales were higher than estimated because two properties with an income share of **(£147,000)** were sold during the final quarter.

#### The Funding of the Capital Programme

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



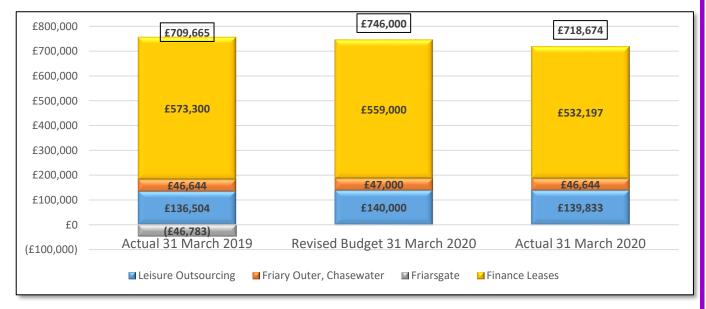
## The Capital Financing Requirement (Borrowing Need) and its Financing



- 3.15 The Liability Benchmark (the lowest risk level of borrowing) is shown at **APPENDIX B** and was **(£22,652,000)** and compares to the Revised Budget of **(£3,938,000)** as shown at **APPENDIX B**.
- 3.16 The Liability Benchmark is higher than budgeted. This is due to higher useable reserves and working capital and no external borrowing being undertaken to fund investment in property.
- 3.17 It indicates that the Council does not need to externally borrow to fund its Capital Financing Requirement.

### Minimum Revenue Provision in 2019/20

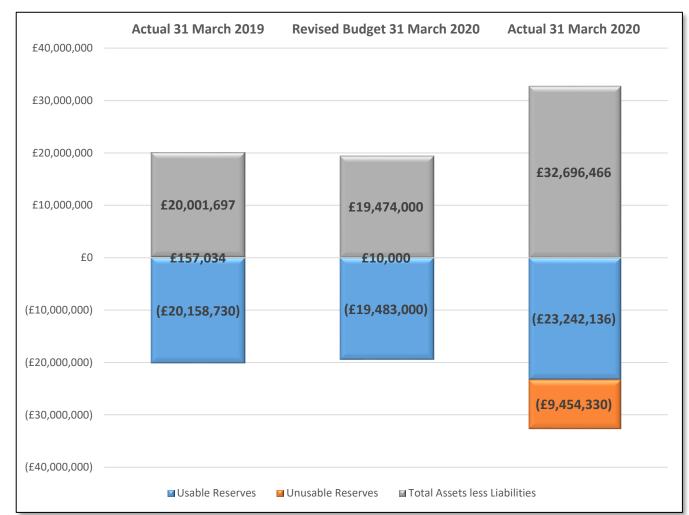
3.18 The Minimum Revenue Provision charged to revenue in 2018/19, budgeted in 2019/20 and the actual in 2019/20 is shown below:



3.14 The actual and Budgeted Borrowing Need and its financing for 2018/19 and 2019/20 is shown below:

#### The Balance Sheet

3.19 The actual Balance Sheet for 2018/19 together with the budgeted and actual Balance Sheet for 2019/20 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 2019/20 are:

Total Assets Less Liabilities - higher than the budget by £13,222,000 (68%)

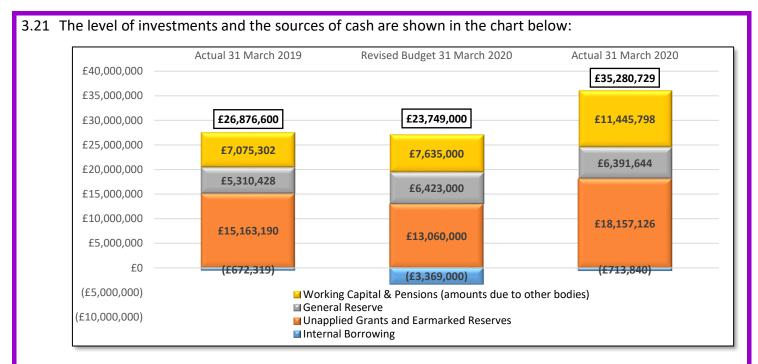
- The Actuary has reduced the Long Term Liability for Pensions by £12,212,000.
- There was an increase in investments of **£11,056,000** partly due to higher working capital and usable reserves.
- Non-current assets are lower by (£13,743,000) due primarily to no investment in property.
- Borrowing is £7,875,000 lower than planned due to no investment in property.
- Working Capital (debtors less creditors) was (£3,777,000) higher than the budget.

#### Usable Reserves – higher than budget by (£3,759,000) (42%)

- An increase in the level of earmarked reserves of **(£2,007,000)** due to lower capital spend funded from this source.
- A higher level of capital receipts and Burntwood Sinking Fund of (£662,000) due to higher Right to Buy sale and lower capital spend funded from these sources.
- A higher level of unapplied and capital grants of (£1,121,000) due mainly to new CIL receipts.

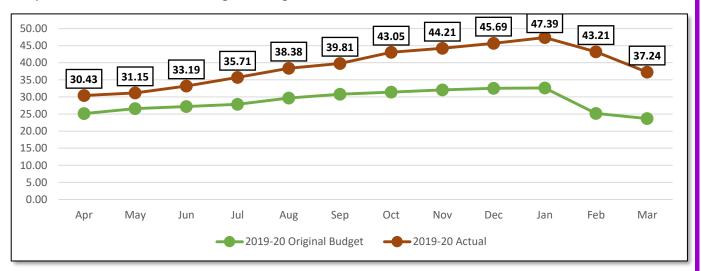
Unusable Reserves – higher than budget by (£9,690,000) (5%)

• There was a reduction in the Pension Reserve of (£12,212,000) to offset the reduction in the long term liability.



### **Cash Flow Forecasts**

3.22 The graph below shows the average investment levels (in £m) throughout the 2019/20 financial year compared to the Revised and Original budgets:



3.23 The Treasury Management Performance for 2019/20 for both investment income and borrowing are shown below:

	2019/20					
Traccury Management	Revised	Budget	Act	ual		
Treasury Management	Investment		Investment			
	Income	Borrowing	Income	Borrowing		
Average Balance	£34.29m	£5.54m	£39.1m	£2.5m		
Average Rate	1.19%	2.36%	1.09%	2.15%		
Gross Investment Income	(£408,000)		(£434,784)			
CCLA Transfer to Reserves	£40,000		£47,387			
External Interest		£54,070		£54,483		
Internal Interest		£4,000		£5,977		
Minimum Revenue Provision (less Finance Leases)		£187,930		£186,477		
Not Troccurry Desition	(£368,000)	£246,000	(£387,397)	£241,472		
Net Treasury Position	(£122	,000)	(£145	,925)		

### **Investment Strategy**

3.24 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.
- 3.25 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.
- 3.26 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 **19 February 2019**.

#### **Service Investments**

3.27 There were three investments of a service nature budgeted to take place in 2019/20. The investment and net return included in the Approved Budget is detailed below:

	Budget	Actual	Variance
Equity in the Local Authority Company	£225,000	£0	(£225,000)
Net Income	£0	£0	£0
Net Return	0.00%	0.00%	
Investment in Burntwood Leisure Centre (extra funded by Freedom)	£1,395,000	£1,422,888	£27,888
VAT Benefit	(£19,000)	(£19,000)	£0
Net Income (after loan repayments)	(£38,000)	(£38,000)	£0
Net Return (excluding VAT Benefit)	2.72%	2.67%	
ICT Cloud	£25,000	£34,200	£9,200
Net Income	(£30,000)	£0	£30,000
Net Return	120.00%	0.00%	
Total Investment	£1,645,000	£1,457,088	(£187,912)
Total Net Income	(£68,000)	(£38,000)	£30,000
Net Return	4.13%	2.61%	

3.28 The investment in Burntwood Leisure Centre has taken place and is generating net income. The net return from the ICT Cloud project is unlikely to be achieved following agreement to a project change.

#### **Commercial Investments**

3.29 The only commercial investment currently planned relates to the Investment in Property and the investment and net return in the Approved Budget is detailed below:

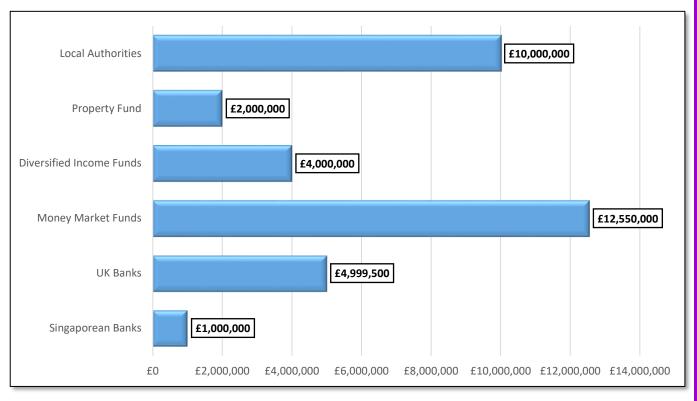
	Budget	Actual	Variance
Investment in Property	£10,500,000	£0	(£10,500,000)
Net Income	£0	£0	£0
Net Return (previous year end)	0.00%	0.00%	0.00%

- 3.30 To date, no property investment has taken place and therefore the budgeted net income is not currently being generated.
- 3.31 The approach to the Investment in Property will need to be reviewed following updated Government/CIPFA Guidance and the Public Works Loans Board consultation.

#### **Treasury Management Investments**

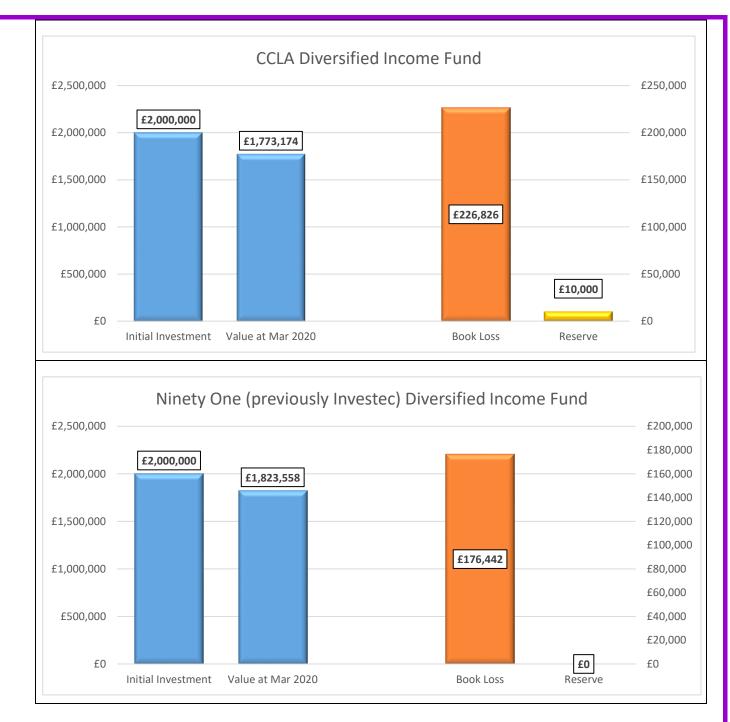
#### The Security of Our Investments

3.32 The investments the Council had at the 31 March 2020 of £34.55m (with the property fund and diversified income funds valued at original investment of £2m) by type and Country are summarised below and in detail at APPENDIX C



3.33 The current value of the Property Fund and Diversified Income Fund investments, together with the value of the earmarked reserve at the end of 2019/20 intended to offset reductions in value, is shown below:



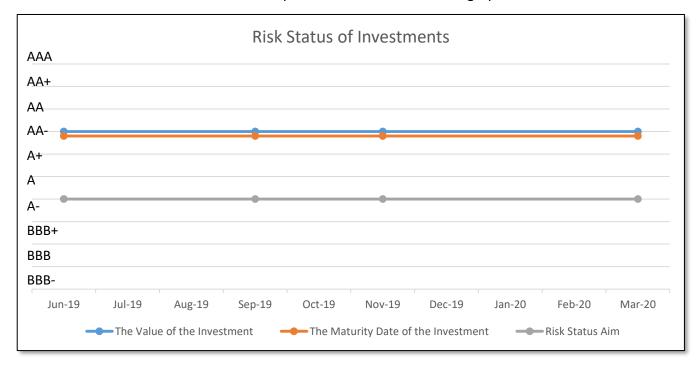


3.34 It is important to note that whilst all three of the Strategic Fund investments show 'book' losses at 31 March 2020 the valuations occurred at the height of the pandemic when asset prices were very volatile. In April and May, the valuations related to the two Diversified Income Fund investments have increased and therefore the 'book' losses have reduced although the financial markets currently remain volatile.

3.35 The Council's portfolio size (with the property fund and diversified investment funds valued at their current values of £5.4m), average credit score, diversification and exposure to 'Bail in' risk compared to Arlingclose Clients is shown below:

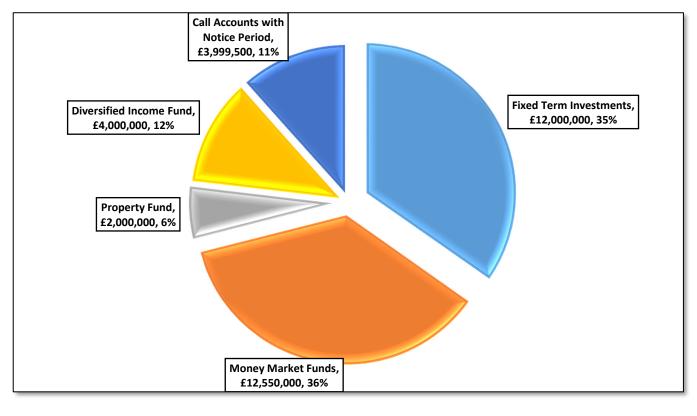


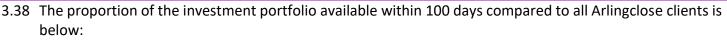
3.36 Our aim for the risk status of our investments was **A- or higher**. The risk status based on the length of the investment and the value for a 12 month period is summarised in the graph below:

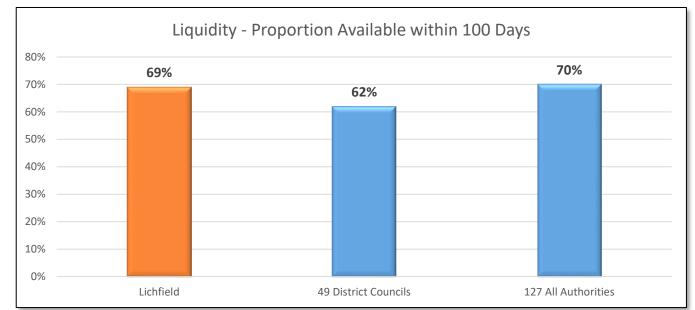


#### The Liquidity of our Investments

3.37 The Council has not had to temporarily borrow during 2019/20 and 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:

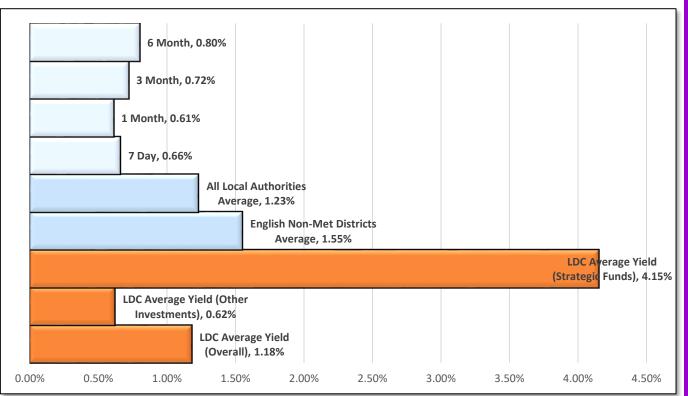






#### The Return or Yield of our Investments

3.39 The yield the Council was achieving as at 31 March 2020 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:



3.40 Investment activity generated (£434,784) of gross investment income.

#### **External Borrowing**

3.41 The Council currently has two external loans with the Public Works Loans Board with **£2,448,627** outstanding and these are shown in detail at **APPENDIX C**.

**Alternative Options** 

There are no alternative options.

Consultation	Consultation is undertaken as part of th	e Strategio	: Plan and	with Lead	ership Tear	n.				
Financial Implications	<ul> <li>Prudential indicators (PI) 2019/20:</li> <li>We can confirm that the Council has concerning to 2019/20; these were originally approved were fully revised and approved by Counce for the the requirements of the compliance with the requirements of the members with a Summary Report of the None of the other Prudential and Local Local Indicators are summarised in the test of the second se</li></ul>	d by Counc ncil on 18 of the CIPI e Treasury Indicators	cil at its m February FA Code o Managen have bee	eeting on 1 2020. of Practice nent Activit	19 February this report ty during 20	2019 and t provide: )19/20.				
	Capital St			ors						
	Prude	ntial Indi	cators							
	Indicators	2018/19 Actual	2019/20 Original	2019/20 Revised	2019/20 Actual	Complian				
	Capital Investment Capital Expenditure (£m) Capital Financing Requirement (£m) Gross Debt and the Capital Financing Requirement	£4.910 £4.987	£11.618 £10.301	£15.659 £14.809	£2.297 <mark>£4.305</mark>	**				
	Gross Debt	(£4.315)	(£9.598)	(£11.439)	(£3.041)	<				
	Borrowing in Advance - Gross Debt in excess of the Capital Financing Requirement Total Debt	No	No	No	No	-				
	Authorised Limit (£m) Operational Boundary (£m)	£4.751 £4.751	£21.598 £13.006	£23.473 £14.881	£4,315 <sup>1</sup> £4,315	1				
	Proportion of Financing Costs to Net Revenue Stream (%)	5%	6%	4%	4%	✓				
	Local Indicators									
		2018/19	2019/20	2019/20	2019/20	Complian				
	Indicators	Actual	Original	Revised	Actual	-				
	Replacement of Debt Finance or MRP (£m)	(£0.710)	(£0.720)	(£0.746)	(£0.719)	<ul> <li>Image: A second s</li></ul>				
	Capital Receipts (£m)	(£0.760)	(£1.056)	(£0.855)	(£1.005)					
	Liability Benchmark (£m)	£14.209	£5.017	£3.938	£22.652					
	Treasury Management Investments (£m)	£26.150	£23.689	£23.749	£34.550 <sup>2</sup>	•				
	Treasury Manage			rs						
	Prudential									
		Lower	Upper	2019/20	Compliant					
		Limit	Limit	Actual						
	Refinancing Rate Risk Indicator	Limit	Limit	Actual						
	Under 12 months	Limit 0%	100%	7%						
	Under 12 months 12 months and within 24 months	0% 0%	100% 100%	7% 7%						
	Under 12 months 12 months and within 24 months 24 months and within 5 years	0% 0% 0%	100% 100% 100%	7% 7% 25%						
	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years	0% 0% 0%	100% 100% 100% 100%	7% 7% 25% 33%	*					
	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and within 20 years	0% 0% 0% 0%	100% 100% 100% 100% 100%	7% 7% 25% 33% 25%	>					
	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and within 20 years 20 years and within 30 years	0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100%	7% 7% 25% 33% 25% 1%	~					
	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and within 20 years 20 years and within 30 years 30 years and within 40 years	0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100%	7% 7% 25% 33% 25% 1% 0%	~					
	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and within 20 years 20 years and within 30 years 30 years and within 40 years 40 years and within 50 years	0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100% 100%	7% 7% 25% 33% 25% 1%	~					
	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and within 20 years 20 years and within 30 years 30 years and within 40 years	0% 0% 0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100% 100% 100%	7% 7% 25% 33% 25% 1% 0% 0%	•					
	Under 12 months 12 months and within 24 months 24 months and within 5 years 5 years and within 10 years 10 years and within 20 years 20 years and within 30 years 30 years and within 40 years 40 years and within 50 years	0% 0% 0% 0% 0% 0%	100% 100% 100% 100% 100% 100% 100%	7% 7% 25% 33% 25% 1% 0%	2019/20 Actual	Complian				

<sup>1</sup> This is the highest level of debt outstanding during the financial year and is compared to the Authorised Limit and Operational Boundary to assess compliance.

<sup>2</sup> This figure is purely investments at year end unlike the figure at 3.21 which includes accounting adjustments.

2019/20       2019/20       2019/20       2019/20       2019/20       2019/20       Compliant         Balance Sheet Summary and Forecast       Em					Loc	al Indicators					
Balance Sheet Summary and Forecast Borrowing Capital Financing Requirement Internal or (over) Borrowing Lability Bonchmark       E3.312       E3.152       F13.664       E3.162       £3.700         (Investimetia) or New Borrowing Lability Bonchmark       (E24.660)       (E23.680)       (E23.280)       (E3.230)       (E3.230) <t< th=""><th></th><th></th><th>Indicators</th><th></th><th></th><th></th><th>2018/19</th><th>2019/20</th><th></th><th></th><th>Compliant</th></t<>			Indicators				2018/19	2019/20			Compliant
Borrowing Capital Financiang Requirement Internatio (orward) Borrowing (treatments) or New Borrowing (treatments)       13.162 (52.370) (treatments)       20.713 (treatments) (treatments)         Security Pointfolic average creat rating Listicity Temporary Borrowing undertaken Total Capit Available within 100 days (maximum) Palese note - the figures in blue differ from those approved by Cabinet on 2. June 2020 following the receipt of updated financial information and guidance. These updated figures were approved by Council on 14 July 2020.         Ontribution to the Delivery is the Strategic Plan       The MTFS underpins the delivery of the Strategic Plan.         There are no additional Equality, Diversity or Human Rights implications.       There are no additional Equality, Diversity or Human Rights implications.         Imme & Safety Issues       There are no additional Environmental Impacts.         DPR/Privacy Impact Assessment       There are no additional GDPR/Privacy Impact Assessment Impacts.         Order Additional Capital Receipts are not received.       How We Manage It       Severity of Risk         Planned Capital Receipts are not received.       How We Manage It       Severity of Risk         Planned Capital Receipts are not received.       How We Manage It       Severity of Risk         Planned Capital Receipts are not received.       Concentroing precedures: Constructing normanic and youdent monitoring precedures: Risk Description							£m	£m	£m	£m	
Internal or (own) Borrowing Liability Benchmark       E0.672 (E23.689)       E0.733 (E23.789)       E0.744 (E33.589)       (E378) (E32.889)       (E32.889)       (E32.889)       (E33.89)       (E33.89) <t< td=""><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>											
Iterestments       (E22 160)       (E23 760)       (E3 450)       (E3 450)         Itability Benchmark       (E14 200)       (E5 017)       (E3 393)       (E22 502)       (E22 502)         Security       Target       2019/20       (E3 170)       (E3 393)       (E22 502)       (E22 502)         Portfolio average credit rating       A       A       (E14 200)       (E000)       (E0000)       (E000)       (E000)					-	equirement					
Liability Benchmark       (£14.209)       (£5.017)       (£3.838)       (£22.552)         Image: Security       Target       2019/20       Compilant         Security       Portfolio average credit rating       A       AA         Liability Denowing undertaken       50.000       50.000       0.000         Please note the figures in blue differ from those approved by Cabinet on 2 June 2020 following the receipt of updated financial information and guidance. These updated figures were approved by Council on 14 July 2020.         Contribution to the Delivery       The MTFS underpins the delivery of the Strategic Plan.         riquality, Diversity and tuman Rights Implications       There are no additional Equality, Diversity or Human Rights implications.         rime & Safety Issues       There are no additional Equality, Diversity or Human Rights implications.         SDPR/Privacy Impact Assessment       There are no additional GDPR/Privacy Impact Assessment Impacts.         SDPR/Privacy Impact Assessment       There are no additional GDPR/Privacy Impact Assessment Impacts.         Risk Description       How We Manage It       Severity of Risk         Planned Capital Receipts are not       The budget for capital receipts will be monitorid as part of the council's normal budget monitoring procedures.       Green - tolerable         Achievement of The Council's key Council       Close monitoring of performance and expenditure; maximining the potential advice in relabinto the					-	n					
Image: Target 201920 Compliant Actual         Target Actual         Compliant Actual           Security Portfolio average credit rating Liadidity Temporary Borrowing undertaken Total Cash Available within 100 days (maximum) Please note - the figures in blue differ from those approved by Cabinet on 2 June 2020 following the receipt of updated financial information and guidance. These updated figures were approved by Council on 14 July 2020.           Contribution to the Delivery of the Strategic Plan         The MTFS underpins the delivery of the Strategic Plan.           Equality, Diversity and Amman Rights Implications         There are no additional Equality, Diversity or Human Rights implications.           Crime & Safety Issues         There are no additional Environmental Impacts.           Environmental Impact         There are no additional GDPR/Privacy Impact Assessment Impacts.           SDPR/Privacy Impact Assessment         There are no additional GDPR/Privacy Impact Assessment Impacts.           Risk Description         He budget for capital receipts will be monitored as part of the Council's normal budget monitoring procedures.         Green - Tolerable           Achievement of The Council's key Council priorities.         The budget for capital receipts will be monitored as part of the control's normal budget monitoring procedures.         Green - Tolerable           Code on Practates management team to provide professional expertise and advice in relation to the Property Investment the capital Strategy.         Yellow - Material           Background Documents         • CIPFA Code of Practice for Treasury					nowing	9	· ,			-	·
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	<u> </u>	<b>D</b> 1 1		
Project	Original Budget	Revised Budget	Actual	Variance
Accessible Homes (Disabled Facilities Grants)	1,104,000	1,200,000	790,795	(409,205)
Armitage War Memorial	40,000	1,200,000	0	(403,203)
Armitage with Handsacre Village Hall heating upgrade	40,000	5,000	4,822	(178)
Artificial grass at Armitage	0	13,000	4,822	(3,000)
Burntwood LC CHP Unit	0	235,000	12,049	(222,951)
Burntwood Leisure Centre Enhancement Work	235,000	233,000	12,049	(222,551)
DCLG Monies	212,000	0	0	0
Decent Homes Standard	197,000	0	0	0
Energy Insulation Programme	10,000	38,000	0	(38,000)
Fradley Village Heating & CCTV	10,000	5,000	4,521	(479)
Fradley Youth & Community Centre Cladding & Porch	0	15,000	13,875	(1,125)
Friary Grange - Short Term Refurbishment	0	174,000	55,092	(118,908)
Home Repair Assistance Grants	15,000	28,000	6,768	(21,232)
King Edwards VI School	0	101,000	0	(101,000)
Leisure Review: Capital Investment	0	30,000	57,888	27,888
New Build Parish Office/Community Hub	92,000	0	0	0
Play Equipment at Hill Ridware Village Hall	71,000	30,000	30,000	0
Replacement Leisure Centre	0	38,000	7,000	(31,000)
St. Stephen's School, Fradley	0	22,000	0	(22,000)
Unallocated S106 Affordable Housing Monies	400,000	270,000	0	(270,000)
Westgate Practice Refurbishment	0	120,000	120,000	0
Enabling People Total	2,376,000	2,324,000	1,112,810	(1,211,190)
Bin Purchase	0	150,000	210,589	60,589
Canal Towpath Improvements (Brereton & Ravenhill)	211,000	211,000	174,624	(36,376)
Cannock Chase SAC	13,000	44,000	43,759	(241)
Darnford Park	13,000	0	0	0
Env. Improvements - Upper St John St & Birmingham Road	7,000	7,000	0	(7,000)
Equity in Council Dev Co.	0	225,000	0	(225,000)
Loan to Council Dev Co.	900,000	0	0	0
Shortbutts Park, Lichfield	23,000	23,000	28,100	5,100
Stowe Pool Improvements	550,000	0	0	0
The Leomansley Area Improvement Project	0	3,000	0	(3,000)
Vehicle Replacement Programme	441,000	146,000	148,141	2,141
Shaping Place Total	2,158,000	809,000	605,213	(203,787)
Birmingham Road Site - Coach Park	238,000	861,000	11,359	(849,641)
Birmingham Road Site - Short Term Redevelopment	353,000	473,000	251,429	(221,571)
Car Parks Variable Message Signing	32,000	32,000	0	(32,000)
Erasmus Darwin Lunar Legacy	0	3,000	3,000	0
Multi Storey Car Park Refurbishment Project	0	300,000	0	(300,000)
Old Mining College - Refurbish access and signs	0	13,000	0	(13,000)
St. Chads Sculpture	50,000	50,000	45,000	(5,000)
Developing Prosperity Total	673,000	1,732,000	310,788	(1,421,212)
Depot Sinking Fund	11,000	0	0	0
District Council House Repair Programme	103,000	0	0	0
IT Cloud	25,000	25,000	34,200	9,200
IT Hardware	0	0	198,458	198,458
IT Infrastructure	105,000	105,000	5,880	(99,120)
IT Innovation	167,000	60,000	29,300	(30,700)
Property Investment Strategy	6,000,000	10,500,000	0	(10,500,000)
Property Planned Maintenance	0	104,000	0	(104,000)
Good Council Total	6,411,000	10,794,000	267,838	(10,526,162)
Approved Budget	11,618,000	15,659,000	2,296,649	(13,362,351)

## **Capital Programme Performance in 2019/20**

	Original	Revised	Actual	Variance
Funding Source	Budget	Budget		
Capital Receipts	976,000	600,000	335,838	(264,162)
Borrowing Need - Borrowing and Finance Leases	6,140,000	10,568,000	36,958	(10,531,042)
Capital Grants and Contributions	2,769,000	2,160,000	1,257,831	(902,169)
Reserves, Existing Revenue Budgets and Sinking Funds	1,733,000	2,331,000	666,021	(1,664,979)
Capital Programme Total	11,618,000	15,659,000	2,296,649	(13,362,351)

## The Council's Balance Sheet

	Туре	2018/19	2019/20	2019/20	Variance
	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,			Revised	То
		Actual	Actual	Budget	Revised Budget
		£000s	£000s	£000s	£000s
Non-Current Assets	ASSET	48,376	46,000	59,743	(13,743)
Equity Investment in Local Authority Company	ASSET	0	0	225	(225)
Long Term Debtors	DEBT	288	141	288	(147)
Investments	INV	26,808	34,737	23,681	11,056
Borrowing	BOLE	(2,640)	(2,449)	(10,324)	7,875
Finance Leases	BOLE	(1,675)	(1,143)	(1,115)	(28)
Working Capital	CRED	(8,409)	(11,872)	(8 <i>,</i> 095)	(3,777)
Pensions	CRED	(42,747)	(32,718)	(44,930)	12,212
TOTAL ASSETS LESS LIABILITIES		<b>20,001</b> <sup>3</sup>	32,696	19,474	13,222
			-		
Unusable Reserves					
Revaluation Reserve	REV	(9,419)	(9,425)	(9,419)	(6)
Capital Adjustment Account	CAP	(33,970)	(32,269)	(35,741)	3,472
Deferred Credits	CRED	(47)	(47)	(47)	0
Pension Scheme	CRED	43,621	32,718	44,930	(12,212)
Benefits Payable During Employment Adjustment Account	CRED	219	332	219	(113)
Collection Fund	CRED	(315)	(1,307)	0	(1,307)
Pooled Fund Adjustment Account	CRED	68	544	68	476
Usable Reserves					
Unapplied Grants and Contributions	UGER	(2,194)	(2,938)	(1,817)	(1,121)
Usable Capital Receipts	UGER	(2,029)	(2,698)	(2,259)	(439)
			(2,050)	(2,233)	
Burntwood Leisure Centre Sinking Fund	UGER	(236)		-	(223)
Earmarked Reserves - Unrestricted	UGER	(6,591)	(6,794)	(5,321)	(1,473)
Earmarked Reserves - Restricted	UGER	(3,798)	(4,197)	(3,663)	(534)
General Fund Balance	GEN	(5,310)	(6,392)	(6,423)	31
TOTAL EQUITY		(20,001)	(32,696)	(19,474)	(13,222)
		(44.004)	(12 105)		14 444
Reserves Available to cover Investment Losses		(11,901)	(13,185)	(11,744)	(1,441)
Summer:					
Summary Capital Funding	САР	(33,970)	(32,269)	(35,741)	3,472
Revaluation Reserve	REV	(33,970) (9,419)	(9,425)	(9,419)	(6)
Borrowing and Leasing Non-Current Assets	BOLE ASSET	(4,315) 48,376	(3,591) 46,000	(11,439) 59,968	7,848 (13,968)
Investments	INV	26,876	34,737	23,749	10,988
			(16,850)		(3,790)
Unapplied Grants & Earmarked Reserves	UGER	(14,848)		(13,060)	
General Reserve	GEN	(5,310)	(6,392)	(6,423)	31
	DEBT	288	141	288	(147)
Long Term Debtors	0050	(7 (70)	(12 250)	(7 0 2 2)	
Working Capital & Pensions	CRED	(7,678)	(12,350)	(7,923)	(4,427)
Working Capital & Pensions Total	CRED	0	0	0	0
Working Capital & Pensions	CRED				
Working Capital & Pensions Total Internal Borrowing	CRED	0	0	0	0
Working Capital & Pensions Total Internal Borrowing Liability Benchmark	CRED	0 672	0 715	0 3,369	0 (2,654)
Working Capital & Pensions Total Internal Borrowing Liability Benchmark Capital Financing Requirement (Borrowing)	CRED	0 672 3,312	0 715 3,163	0 3,369 13,468	0 (2,654) (10,305)
Working Capital & Pensions Total Internal Borrowing Liability Benchmark Capital Financing Requirement (Borrowing) Working Capital	CRED	0 672 3,312 (7,322)	0 715 3,163 (12,572)	0 3,369 13,468 (7,923)	0 (2,654) (10,305) (4,649)
Working Capital & Pensions Total Internal Borrowing Liability Benchmark Capital Financing Requirement (Borrowing) Working Capital Usable Reserves	CRED	0 672 3,312 (7,322) (20,158)	0 715 3,163 (12,572) (23,242)	0 3,369 13,468 (7,923) (19,483)	0 (2,654) (10,305) (4,649) (3,759)
Working Capital & Pensions Total Internal Borrowing Liability Benchmark Capital Financing Requirement (Borrowing) Working Capital	CRED	0 672 3,312 (7,322)	0 715 3,163 (12,572)	0 3,369 13,468 (7,923)	0 (2,654) (10,305) (4,649)

<sup>&</sup>lt;sup>3</sup> The Mid Year Treasury Management Report to Committee on 14 November 2019 showed Total Assets less Liabilities and Total Equity of £21.350m which was the figure prior to Statement of Accounts External Audit adjustments related to Pension valuations of £1.349m

#### **APPENDIX C**

#### Investments in the 2019/20 Financial Year

The table below shows a breakdown of our investments at the end of March 2020:

					Credit	Non-UK
Counterparty	Principal	Matures	Days to Maturity	Rate	Rating	Organisation
Money Market Funds						
Invesco Aim	£3,010,000	01-Apr-20	Instant Access	0.56%	0	N/A
Legal & General	£2,390,000	01-Apr-20	Instant Access	0.54%	0	N/A
Federated	£3,500,000	01-Apr-20	Instant Access	0.38%	0	N/A
Aberdeen	£650,000	01-Apr-20	Instant Access	0.75%	0	N/A
CCLA MMF	£3,000,000	01-Apr-20	Instant Access	0.59%	0	N/A
Strategic Funds						
CCLA Property Fund	£2,000,000	N/A	N/A	3.91%	N/A	No
CCLA Diversified Income Fund	£2,000,000	N/A	N/A	3.02%	N/A	No
Investec Diversified Income Fund	£2,000,000	N/A	N/A	3.40%	N/A	No
Fixed Term Investments						
Brentwood Borough Council	£2,000,000	29-Jul-20	120	0.93%	LOCAL	
Ashford Borough Council	£2,000,000	07-Jul-20	98	0.76%	LOCAL	
Broxtowe Borough Council	£2,000,000	11-May-20	41	0.72%	LOCAL	
Surrey Heath Borough Council	£2,000,000	15-Jun-20	76	0.83%	LOCAL	
United Overseas Bank	£1,000,000	18-Jun-20	79	0.83%	AA-	
Monmouthshire Council	£2,000,000	28-Sep-20	181	0.91%	LOCAL	
Call Accounts with Notice Period						
Santander	£1,000,000	27-Sep-20	180	0.95%	А	
Lloyds	£1,000,000	04-Jul-20	95	0.70%	A+	
Goldman Sachs International Bank	£1,000,000	04-Jul-20	95	0.89%	А	
HSBC	£999,500	01-May-20	31	0.33%	A+	
Certificates of Deposit						
Standard Chartered	£1,000,000	09-Apr-20	9	0.85%	А	
Total Investments	£34,549,500					
Other Accounting Entries	£731,229					
Total Investments (Balance Sheet)	£35,280,729					

#### **External Borrowing**

				Outstanding
			Interest	Balance as at
Source	Loan Amount	Maturity Date	Rate	31 March 2020
Public Works Loan Board	£1,522,000	08-Apr-40	2.59%	£1,248,040
Public Works Loan Board	£1,395,000	31-May-28	1.71%	£1,200,587

The maturity profile of these investments at 31 March 2020 compared to our Treasury Management advisor Arlingclose interest rate forecasts is shown in the graph below:

