

## BRECKLAND DISTRICT COUNCIL

- Report of:** Councillor Phillip Cowen, Executive Member Finance, Revenues & Benefits
- To:** Governance and Audit Committee 24 June 2021
- Author:** Alison Chubbock, Assistant Director Finance
- Subject:** Annual Report on the Treasury Management Service and Actual Prudential Indicators 2020/21
- Purpose:** The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

### **Recommendation(s):**

Recommend to Full Council:

- 1) To approve the actual 2020/21 prudential indicators within this report
- 2) To note the Treasury Management stewardship report for 2020/21 at Appendix B and Appendix C

### **1.0 BACKGROUND**

- 1.1 During 2020/21 the minimum reporting requirements were that Governance and Audit Committee should receive the following reports:
- An annual treasury strategy in advance of the year (Governance and Audit Committee 16<sup>th</sup> January 2020)
  - A mid year (minimum) treasury update report (Governance and Audit Committee 17<sup>th</sup> December 2020)
  - An annual review following the end of the year describing the activity compared to the strategy (this report)

The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

To support Members scrutiny role, Member training on treasury management usually takes place annually. Training last took place in October 2019 and was not refreshed during 2020 due to the Covid pandemic. Further training will be programmed in as soon as practicable.

An update from Link Asset Services, the Councils Treasury Management Advisors, on the economy and interest rates at March 2021 is attached to this report at Appendix A.

## 2.0 OVERALL TREASURY POSITION AT 31 MARCH 2021

During 2020/21, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2019/20 Actual £m	2020/21 Estimate £m	2020/21 Actual £m
Actual capital expenditure	4.579	14.516	7.246
Capital Financing Requirement (CFR):	Nil	Nil	Nil
Net borrowing	Nil	Nil	Nil
External debt	Nil	Nil	Nil
Investments			
• Longer than 1 year	0		0
• Under 1 year	<u>23.828</u>		<u>27.398</u>
• Total	<u>23.828</u>		<u>27.398</u>

NB: The 20/21 investments total excludes loans to Breckland Bridge which fall outside of the treasury reporting requirement. These loans enhance the Council's investment return. (Further details in Appendix B).

Other prudential and treasury indicators can be found at Appendix B. The Assistant Director Finance also confirms that no borrowing was undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached. The financial year 2020/21 continued the challenging investment environment of previous years; low investment returns and higher levels of counterparty risk. At 31 March 2021, the Council's external debt was Nil (Nil at 31 March 2020) and its investments totalled £27.398m (£23.828m at 31 March 2020).

## 3.0 OPTIONS

3.1 Note the treasury management stewardship report for 2020/21 and Recommend to Full Council to approve the actual 2020/21 prudential indicators.

3.2 Make changes before noting the treasury management stewardship report for 2020/21 as presented and recommending to Full Council to approve the actual 2020/21 prudential indicators.

## 4.0 REASONS FOR RECOMMENDATION(S)

4.1 To meet the requirements of both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

## 5.0 **EXPECTED BENEFITS**

5.1 The Council is required through regulation to report the outturn position for last year. By approving the outturn report, this will ensure the Council has confirmed compliance with regulations and has identified the starting position for treasury activity in the forthcoming year.

## 6.0 **IMPLICATIONS**

In preparing this report, the report author has considered the likely implications of the decision - particularly in terms of Carbon Footprint / Environmental Issues; Constitutional & Legal; Contracts; Corporate Priorities; Crime & Disorder; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Transformation Programme; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### 6.1 **Constitutional & Legal**

6.1.1 Local Government Act 2003

### 6.2 **Financial**

6.2.1 This is a report required by regulation and is financial in nature

### 6.3 **Reputation**

6.3.1 This is a report required by regulation and is financial in nature

### 6.4 **Risk Management**

6.4.1 Risks are included in the report and appendices

### 6.5 **Stakeholders / Consultation / Timescales**

6.5.1 This is a report required by regulation and is financial in nature

## 7.0 **ACRONYMS**

7.1 CIPFA – Chartered Institute of Public Finance & Accountancy

7.2 CFR – Capital Financing Requirement

7.3 MHCLG – Ministry for Housing, Communities & Local Government

7.4 LIBID – London Interbank Bid rate

7.5 MRP – Minimum Revenue Provision

7.6 PFI – Public Finance Initiative

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Background papers:- None

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### **Lead Contact Officer**

Name and Post: Margaret Bailey, Senior Accountant Capital & Treasury

Telephone Number: 01362 656218

Email: Margaret.bailey@breckland.gov.uk

**Key Decision:** No

**Exempt Decision:** No

**This report refers to a Mandatory Service**

**Appendices attached to this report:**

Appendix A – The economy and interest rates (as at March 2021)

Appendix B – Annual Report on the Treasury Management Service 2020/21 (Incorporating  
Outturn Prudential Indicators)

Appendix C - March 2021 Treasury Performance Report