

## BRECKLAND DISTRICT COUNCIL

**Report of:** Councillor Phillip Cowen - Executive Member Finance, Revenues and Benefits

**To:** Governance and Audit Committee 23 June 2022  
Full Council: 7 July 2022

**Author:** Matthew Fernandez-Graham, Accountancy Manager

**Subject:** Annual Report on the Treasury Management Service and Actual Prudential Indicators 2021/22

**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 2021/22. 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).

### **Recommendations:**

#### **Recommend to FULL COUNCIL:**

- 1) To approve the actual 2021/22 prudential indicators within this report
- 2) To note the Treasury Management Annual Report for 2021/22 at Appendix B and Appendix C

## **1.0 BACKGROUND**

1.1 During 2021/22 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 17th December 2020)
- A mid-year (minimum) treasury update report (Governance and Audit Committee 2<sup>nd</sup> December 2021)
- 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 enabling Members to fulfil this responsibility, 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 and last took place in October 2021. An update from Link Asset Services, the Councils Treasury Management Advisors, on the economy and interest rates as of May 2022 (reflecting the Bank of England's increase in the Base Rate in May) is attached to this report at Appendix A.

## 2.0 OVERALL TREASURY MANAGEMENT POSITION AT 31 MARCH 2022

2.1 During 2021/22, 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:

Prudential and treasury indicators	31.3.21 Actual £000	2021/22 Budget £000	31.3.22 Actual £000
Capital expenditure	7,246	8,622	6,613
Capital Financing Requirement (CFR):	Nil	(276)	202
Gross borrowing	Nil	Nil	Nil
External debt	Nil	Nil	Nil
Investments			
• Longer than 1 year	0		0
• Under 1 year	<u>27,398</u>		<u>40,562</u>
• Total	27,398		40,562
Net borrowing	Nil	Nil	Nil

2.2 The 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).

2.3 Other prudential and treasury indicators can be found at Appendix B. The Assistant Director Finance also confirms that no borrowing was undertaken for any purpose and the statutory borrowing limit (the authorised limit) was not breached. The financial year 2021/22 continued the challenging investment environment of previous years, namely low investment returns. As at 31<sup>st</sup> March 2022, the Council's external debt was Nil (Nil at 31<sup>st</sup> March 2021) and its investments totalled £40.562m (£27.398m at 31<sup>st</sup> March 2021). The increase in investments reflected a one-off grant to provide the £150 Council Tax Rebate to households to help them to cope with higher energy bills, which was received at the end of March 2022, but applied to Council Tax accounts in 2022/23.

## 3.0 OPTIONS

3.1 Note the treasury management stewardship report for 2021/22 and Recommend to Full Council to approve the actual 2021/22 prudential indicators, without amendment.

3.2 Make changes before noting the treasury management annual report for 2021/22 as presented and recommending to Full Council to approve the actual 2021/22 prudential indicators.

## 4.0 REASONS FOR RECOMMENDATIONS

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; Data Protection; Equality & Diversity/Human Rights; Financial; Health & Wellbeing; Reputation; Risk Management; Safeguarding; Staffing; Stakeholders/Consultation/Timescales; Other. Where the report author considers that there may be implications under one or more of these headings, these are identified below.

### 6.1 Carbon Footprint / Environmental Issues

- 6.1.1 Where it is able to do so in compliance with regulations, the Council may choose to make investments with counterparties who invest in sustainable activities.

### 6.2 Constitution & Legal

- 6.2.1 Local Government Act 2003

### 6.3 Financial

- 6.3.1 This report is required by regulation and contributes towards the sound financial management of the authority.

### 6.4 Reputation

- 6.4.1 This report is required by regulation and contributes towards the sound financial management of the authority.

### 6.5 Risk Management

- 6.5.1 Risks are included in the report and appendices.

## 7.0 ACRONYMS

- 7.1 CFR – Capital Financing Requirement  
7.2 CIPFA - Chartered Institute of Public Finance & Accountancy  
7.3 CPI - Consumer Price Index  
7.4 DLUHC – Department for Levelling Up, Housing and Communities  
7.5 DMADF – Debt Management Account Deposit Facility  
7.6 LIBID – London Interbank Bid Rate  
7.7 MPC - Monetary Policy Committee of the Bank of England  
7.8 MRP – Minimum Revenue Provision  
7.9 PFI – Private Finance Initiative  
7.10 PWLB - Public Works Loans Board  
7.11 SONIA – Sterling Overnight Index Average

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Background papers:- None

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### Lead Contact Officer

Name and Post: Matthew Fernandez-Graham, Accountancy Manager

Telephone Number: 07425 618457  
Email: Matthew.Fernandez-Graham@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 rate forecast (as at May 2022)
Appendix B	Annual Report on the Treasury Management Service 2021/22 (Incorporating Outturn Prudential Indicators)
Appendix C	March 2022 Treasury Performance Report