

## BRECKLAND DISTRICT COUNCIL

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

**To:** Governance and Audit Committee 2 February 2023

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

**Subject:** Half-Year Report on the Treasury Management Service and Actual Prudential Indicators 2022/23

**Purpose:** The Council is required through regulations issued under the Local Government Act 2003 to produce a mid-year treasury report reviewing treasury management activities and the actual prudential and treasury indicators. 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). The report covers the first 9 months of the year due to the timing of the Committee.

### **Recommendations:**

- 1) To note the actual prudential indicators for April to December 2022/23 within this report
- 2) To note the Treasury Management Mid-Year Report for 2022/23 at Appendix A and Appendix B

### **1.0 BACKGROUND**

1.1 During 2022/23 the minimum reporting requirements are that Governance and Audit Committee should receive the following reports:

- An annual treasury strategy in advance of the year (Governance and Audit Committee 2<sup>nd</sup> December 2021, then an updated strategy on 28<sup>th</sup> July 2022)
- A mid-year (minimum) treasury update report (this report)
- An annual review following the end of the year describing the activity compared to the strategy (June 2023)

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 January 2023 (reflecting the Bank of England's increase in the Base Rate in December) is attached to the Treasury Management Policy and Strategy elsewhere on this agenda.

## 2.0 OVERALL TREASURY MANAGEMENT POSITION AT 31 DECEMBER 2022

2.1 During the first nine months of 2022/23, 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	31.3.22 Actual £000	2022/23 Full Year Budget £000	31.12.22 Actual £000
Capital expenditure	6,613	11,119	5,534
Capital Financing Requirement (CFR):	202	2,182	6,607
Gross borrowing	Nil	Nil	Nil
External debt	Nil	Nil	Nil
Investments			
• Longer than 1 year	0		0
• Under 1 year	<u>40,562</u>		<u>34,262</u>
• Total	40,562		34,262
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 A).

2.3 Other prudential and treasury indicators can be found at Appendix A. 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 year to date has seen an improved investment environment compared with recent years, with investment returns increasing month on month. As at 31<sup>st</sup> December 2022, the Council's external debt was Nil (Nil at 31<sup>st</sup> March 2022) and its investments totalled £34.262m (£40.562m at 31<sup>st</sup> March 2022). The decrease in investments reflects the progress with the capital programme and disbursement of the one-off grant to provide the £150 Council Tax Rebate to households to help them to cope with higher energy bills, which was received in March 2022, but applied to Council Tax accounts in the first half of 2022/23.

## 3.0 OPTIONS

3.1 Note the treasury management stewardship report for the first nine months of 2022/23 and the actual prudential indicators, without amendment.

3.2 Make changes before noting the treasury management mid-year report for 2022/23 as presented.

## 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 treasury management position during the year. By approving the mid-year report, this will ensure the Council has confirmed compliance with regulations.

## 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 NNDR – National Non-Domestic Rates (Business Rates)  
7.10 PFI – Private Finance Initiative  
7.11 PWLB - Public Works Loans Board  
7.12 SONIA – Sterling Overnight Index Average

---

Background papers:- None

---

### **Lead Contact Officer**

Name and Post: Matthew Fernandez-Graham, Accountancy Manager  
Telephone Number: 07552 850553

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	Mid-Year Report on the Treasury Management Service 2022/23
Appendix B	December 2022 Treasury Performance Report