

Appendix B – Treasury Performance at December 2022

Security

The low actual risk for the Council's portfolio of investments reflects its cautious approach to counterparty selection which in turn is reflected in lower investment returns.

| | Maximum risk level | Actual risk level | Variance |
|----------------------------------|--------------------|-------------------|----------|
| Investments maturing in < 1 year | 0.060% | 0.006% | 0.054% |

Liquidity

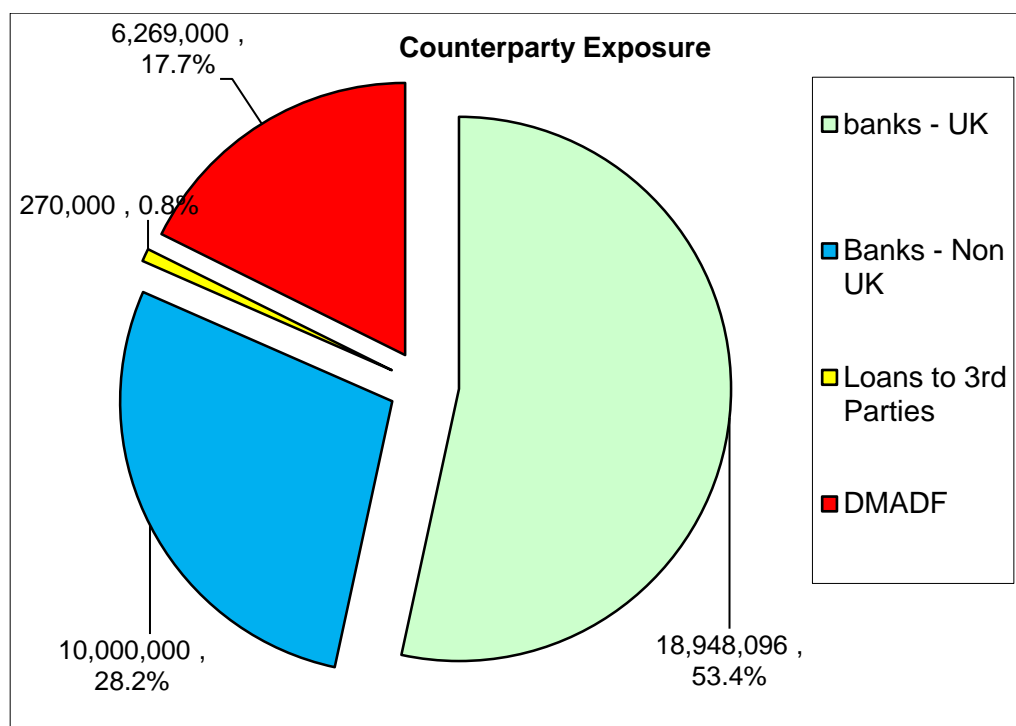
The Council had an average of £7.5m instant access cash available during the reporting period. This was slightly higher than our usual requirement of £5m, mainly due to holding grant funding at short notice ready for distribution. The council did not use its overdraft facility in this reporting period. The weighted average life (WAL) of investments was 32 days.

Yield

| | Budget | Forecast | Variance |
|-----------------------------|----------|----------|------------|
| Interest receivable 2022-23 | £190,726 | £790,043 | (£599,317) |
| Overnight SONIA | 1.735% | 1.865% | (0.130%) |

Interest receivable is significantly above budget due to the unexpected interest rate rises this year compared to when the budget was set. This is partly offset by below budget interest relating to expected loans to 3rd parties at market rates which were delayed.

Our exposure to different counterparties is shown in the graph below.



Currently 49% of investments have a maturity of less than 1 week.

Prudential Indicators

The CIPFA Treasury Management Code of Practice and the CIPFA Prudential Code for Capital Finance 2021 require us to report on our Prudential Indicators on a quarterly basis. Further information on the Prudential Indicators can be found in the Treasury Management Policy & Strategy on our website <https://www.breckland.gov.uk/info/strategies>

Prudential Indicator 1 – Capital Expenditure and Financing

Reported in section 2 of this report

Prudential Indicator 2 – Capital Financing Requirement (CFR)

| £'000 | 2021-22 Actual | 2022-23 Estimate | 2023-24 Estimate | 2024-25 Estimate |
|-------------|----------------|------------------|------------------|------------------|
| Opening CFR | (223) | 202 | 6,607 | 3,984 |
| Movement | 425 | 6,405 | (2,623) | (3,019) |
| Closing CFR | 202 | 6,607 | 3,984 | 965 |

A positive CFR indicates an underlying need to borrow, but the Council is presently able to borrow internally from its cash balances and avoid the need to borrow externally.

Prudential Indicator 3 – Ratio of Financing Costs to net revenue stream

| | | |
|--------------------|---------|---|
| Estimate | 1.19% | |
| Quarter 2 forecast | (3.27%) | Due to sharp rise in interest rates and interest earned |

Financing costs are net interest payable (on PFI) less interest receivable. Net Revenue stream is income from government grants, Council Tax and Business Rates.

Prudential Indicator 4 – Actual External Debt

£nil

Prudential Indicator 5 – Gross Debt Against CFR

Gross debt should not, except in the short term, exceed the total of the CFR in the preceding year plus the estimate of any additional CFR for 2022-23 and the following 2 financial years.

The Council remains compliant with this indicator.

Prudential Indicator 6 – Ratio of Net Income from Commercial and Service Investments to Net Revenue Stream

| | | |
|--------------------|--------|--|
| Estimate | 17.20% | |
| Quarter 3 forecast | 19.20% | Higher due to increased commercial property income |

Prudential Indicator 7 – Operational Boundary

| | | |
|--------------------|---------|-----------------------------|
| Estimate | £7,227k | |
| Quarter 3 forecast | £7,227k | This is the PFI scheme debt |

Prudential Indicator 8 – Authorised Limit

| | | |
|--------------------|---------|---|
| Estimate | £9,227k | |
| Quarter 3 forecast | £9,227k | This is the PFI scheme debt plus bank overdraft |