
HAVANT BOROUGH COUNCIL

GOVERNANCE, AUDIT & FINANCE BOARD

7 October 2020

2019/20 Treasury Management Outturn Report

FOR NOTING

Portfolio Holder: Cllr Inkster

Key Decision: No

Report Number: HBC/.../20

1. Purpose

- 1.1. This report is submitted to provide Governance, Audit & Finance Board with details of performance against the Council's Treasury Management Strategy for 2019/20

2. Recommendations

- 2.1. That Governance, Audit & Finance Board notes the Treasury Management Outturn 2019/20.

3. Executive Summary

- 3.1. The CIFPA Treasury Management in Public Services: Code of Practice requires the Council to approve a Treasury Management Strategy before the start of each financial year, review performance and approve an annual report after the end of each financial year.
- 3.2. During 2019/20 Treasury Management was outsourced to Capita, the service came back in-house from 1 April 2020. This report provides the annual report required at the end of each financial year.
- 3.3. Full Council delegates responsibility for Treasury to Governance, Audit & Finance Board, hence the report is provided to Governance, Audit and Finance Board.

4. Additional Budgetary Implications

- 4.1. None.

5. Background and relationship to the Corporate Strategy and Business Plans

The Outturn Report

5.1. The Treasury Management Outturn report is provided at Appendix A. The report provides details on the following with summary table provided under each heading of the outturn position.

- a. Council's Capital Expenditure & Financing - The underlying need to borrow is measured by the Council's Capital Financing Requirement (CFR). The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed. The difference between the budget and actual figure for 2019/20 relates to the purchase of the Meridian Centre in December 2019.

	2018/19 Actual	2019/20 Budget £'000	2019/20 Actual £'000
Capital expenditure	£ 1,477	£ 1,842	£ 6,858
Financed in year	£ 1,477	£ 1,842	£ 6,858
Unfinanced capital expenditure			

- b. Council's overall borrowing need – Havant Borough Council has no investments as at 31 March 2020. There is external borrowing in place and the table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator. The gross borrowing position came in under budget at £3.350M against a budget of £13.858M.

	31-Mar-19 Actual £'000	31-Mar-20 Budget £'000	31-Mar-20 Actual £'000
CFR General Fund (£m)	£ 9,622	£ 13,657	£ 13,858
Gross borrowing position	£ 3,443	£ 8,850	£ 3,350
Under / over funding of CFR	-£ 6,179	-£ 4,807	-£ 10,508

- c. Treasury position as at 31 March 2020 – during the financial year there were no investments made. The maturity structure of the debt portfolio is detailed as follows:

	2019/20 Budget		31/03/2020 Actual	
Under 12 months	£	97,255	£	97,255
12 months to 2 years	£	206,457	£	206,457
2 years to 5 years	£	342,029	£	342,029
5 years to 10 years	£	668,601	£	668,601
10 years to 20 years	£	2,031,945	£	2,031,945

- d. The Strategy for 2019/20 - The Council formulates a view on interest rates as part of the budget setting process. This view is formulated on the basis of the Office for Budgetary Responsibility forecasts used for the Autumn Statement in 2019. The Bank of England rate is currently 0.1%. It was reduced from 0.25% to 0.1% on 19 March 2020 in an emergency move to help control the economic shock of the Covid-19 pandemic. The bank indicated in May 2020 that the bank could reduce the rate even further, possibly becoming negative in the future.
- e. Borrowing outturn – an overview of Treasury borrowing position is provided below:

DEBT PORTFOLIO	31 March 2019 Principal £'000	Rate/Return	Average	31 March 2020 Principal £'000	Rate/Return	Average Life yrs
Fixed rate funding:						
-PWLB						
PWLB £4m 16/03/2012 30 Yrs 4.04%	£ 3,443	4.04%	30yrs	£ 3,350	4.04%	30yrs
Total debt	£ 3,443			£ 3,350		
CFR	£ 9,622			£ 13,858		
Over / (under) borrowing	-£ 6,179			-£ 10,508		
Total investments	£ -			£ -		
Net debt	-£ 3,443			-£ 3,350		

- f. Investment outturn – The Council cash balance as at 31 March 2020 was £24million. The internally managed funds earned interest of £104,000.

6. Options considered

- 6.1. None, it is a requirement to produce a Treasury Management Outturn Report.

7. Resource Implications

- 7.1. None

8. Legal Implications

- 8.1. As noted, the Council is required to produce a Treasury Management Outturn report each year and this report fulfils that commitment.

9. Risks

- 9.1. The Council's lending and borrowing list is regularly reviewed during the financial year and credit ratings are monitored throughout the year. All lending/borrowing transactions are within approved limits and with approved institutions.
- 9.2. The CIPFA Treasury Management in the Public Services: Code of Practice requires the Council nominate a committee to be responsible for ensuring effective scrutiny of the Treasury Management Strategy and Policies. The Governance, Audit & Finance Board carry out that function.

10. Consultation

- 10.1. Consultation has been carried out with the Cabinet member responsible for Finance, s151 Finance Officer and Monitoring Officer.

11. Communication

- 11.1. The report will be published on our website.

12. Appendices

- Appendix 1 – Treasury Management Outturn Report 2019/20

Agreed and signed off by:

Portfolio Holder: Cllr Inkster (23 September 2020)

Director & s151: Lydia Morrison (22 September 2020)

Legal: David Brown (22 September 2020)