

Crawley Borough Council

Report to Overview and Scrutiny Commission 31 January 2022

Report to Cabinet 2 February 2022

Treasury Management Strategy 2022/2023

Report of the Head of Corporate Finance, **FIN/561**

1. Purpose

- 1.1. To amend FIN/557 Treasury Management Strategy 2022/2023.

2. Recommendations

- 2.1. To the Overview and Scrutiny Commission:

That the Commission consider the report and decide what comments, if any, it wishes to submit to the Cabinet.

- 2.2. To the Cabinet

The Cabinet is recommended to amend the prudential indicators in the Treasury Management Strategy 2022/2023 (FIN/557) as set out in Section 4 of this report before considering the recommendations contain within it.

3. Reasons for the Recommendations

- 3.1. The recommended amendment to the Budget and Council Tax Report (FIN/560) would impact on the capital programme and prudential indicators in the Treasury Management Strategy. The recommendations in this report enable the financing of the revised capital programme.

4. Amendments to the Treasury Management Strategy

- 4.1. Following the additional recommendation in the Budget report 2.2h to increase the temporary accommodation of £6m, the prudential indicators below are recommended to be updated in the Treasury Management Strategy 2022/2023 (FIN/557).

5.1.2 Capital expenditure

Capital Expenditure £'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
New Town Hall – joint responsibility	17,734	21,826	5,910	0	0
Cabinet	0	191	500	200	339
Environment Services & Sustainability	310	600	566	57	0
Housing General Fund	842	4,156	9,993	3,265	1,700
Planning & Economic Development	153	509	4,790	7,776	0
Resources	153	678	1,841	20	0
Wellbeing	322	1,273	1,245	0	0
General Fund	19,514	29,233	24,845	11,318	2,039
HRA	22,703	17,341	35,060	29,197	22,130
Non-financial investments *	0	0	0	0	0
Total	42,217	46,574	59,905	40,515	24,169

5.1.3 Financing of Capital Expenditure

Financing of Capital Expenditure £'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Capital receipts	13,016	20,028	2,305	6,770	980
Capital reserves	3,556	1	1,102	0	0
1-4-1 receipts	2,828	3,094	4,485	6,742	3,488
Revenue	210	1,147	1,834	0	339
Capital grants	7,155	1,876	8,604	2,779	720
Major Repairs Reserve	15,452	15,928	31,075	24,224	18,642
Net financing need for the year	0	4,500	10,500	0	0

5.2.3 CFR projections

£'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Capital Financing Requirement					
CFR – General Fund	0	23,422	33,110	31,932	30,687
CFR - HRA	260,325	240,625	240,625	237,325	234,325
CFR – Non-financial investments	0	0	0	0	0
Total CFR	260,325	264,047	273,735	269,257	265,012
Movement in CFR	0	3,722	9,688	(4,478)	(4,245)

Movement in CFR represented by					
Net financing need for the year (above)	0	4,500	10,500	0	0
IFRS16 Leases	0	0	44	0	0
Less MRP/VRP and other financing movements	0	(778)	(856)	(4,478)	(4,245)
Movement in CFR	0	3,722	9,688	(4,478)	(4,245)

5.3.1 Year End Resources

Year End Resources £'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Total CFR	260,325	264,047	273,735	269,257	265,012
Less: External borrowing*	(260,325)	(260,325)	(249,325)	(237,325)	(224,325)
Under/over borrowing	0	3,722	24,410	31,932	40,687
Less: Usable reserves	(77,418)	(56,042)	(43,947)	(36,756)	(43,645)
Less: Working Capital**	(31,676)	(30,000)	(25,000)	(20,000)	(20,000)
Expected investments	(109,094)	(82,320)	(44,537)	(24,824)	(22,958)

5.3.2 Liability Benchmark

£'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
Total CFR	260,325	264,047	273,735	269,257	265,012
Less: Usable reserves	(77,418)	(56,042)	(43,947)	(36,756)	(43,645)
Less: Working Capital	(31,676)	(30,000)	(25,000)	(20,000)	(20,000)
Net loans requirement	151,231	178,005	204,788	212,501	201,367
Plus: Liquidity allowance	10,000	10,000	10,000	10,000	10,000
Liability benchmark	161,231	188,005	214,788	222,501	211,367

6.2.1 Current portfolio position

£'000	2020/21 Actual	2021/22 Estimate	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast
External Debt					
Debt at 1 April	260,325	260,325	260,325	266,325	264,325
Expected change in Debt	0	0	6,000	(2,000)	(3,000)
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	260,325	260,325	266,325	264,325	261,325
The Capital Financing Requirement	260,325	264,047	273,735	269,257	265,012
(Under) / over borrowing	0	(3,722)	(7,410)	(4,932)	(3,687)

6.3.1 Affordable borrowing limit

Operational boundary £'000	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	260,325	266,325	266,325	264,325
Other long term liabilities	0	44	31	19
Total	260,325	266,369	266,356	264,344

Authorised limit £'000	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate
Debt	270,325	276,325	276,325	274,325
Other long term liabilities	0	44	31	19
Total	270,325	276,369	276,356	274,344

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