

# Crawley Borough Council

## Report to Overview and Scrutiny Commission 30 January 2023

### Report to Cabinet 1 February 2023

## Treasury Management Strategy 2023/2024

Report of the Chief Executive and Chief Accountant (s151 officer) – FIN/608A

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### 1. Purpose

- 1.1. To amend FIN/608 Treasury Management Strategy 2023/2024.

### 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 2023/2024 (FIN/608) 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/606A) 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 2.2(j) to increase the budget for Temporary Accommodation by £1,150,000, and 2.2(k) to increase the budget for Acquisition of Land and Dwellings by £10,000,000, the prudential indicators below are recommended to be updated in the Treasury Management Strategy 2023/2024 (FIN/608).

#### 5.1.2 Capital expenditure

| Capital Expenditure<br>£'000 | 2021/22<br>Actual | 2022/23<br>Estimate * | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
|------------------------------|-------------------|-----------------------|---------------------|---------------------|---------------------|
|------------------------------|-------------------|-----------------------|---------------------|---------------------|---------------------|

|  |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|
| Joint responsibility inc.<br>New Town Hall | 21,336        | 6,373         | 1,171         | 100           | 0             |
| Cabinet                                    | 181           | 311           | 450           | 339           | 300           |
| Environment Services &<br>Sustainability   | 432           | 594           | 257           | 25            | 0             |
| Housing General Fund                       | 3134          | 2,401         | 9,503         | 4,338         | 0             |
| Planning & Economic<br>Development         | 5176          | 1,475         | 13,220        | 10,984        | 4,220         |
| Resources                                  | 216           | 329           | 1,965         | 0             | 0             |
| Wellbeing                                  | 941           | 1,084         | 873           | 0             | 0             |
| <b>General Fund</b>                        | <b>31,416</b> | <b>12,567</b> | <b>27,439</b> | <b>15,786</b> | <b>4,520</b>  |
| <b>HRA</b>                                 | <b>13,927</b> | <b>23,979</b> | <b>44,882</b> | <b>33,471</b> | <b>27,212</b> |
| Non-treasury<br>investments **             | 0             | 0             | 0             | 0             | 0             |
| <b>Total</b>                               | <b>45,343</b> | <b>36,546</b> | <b>72,321</b> | <b>49,257</b> | <b>31,732</b> |

### 5.1.3 Financing of Capital Expenditure

| Financing of Capital<br>Expenditure<br>£'000 | 2021/22<br>Actual | 2022/23<br>Estimate | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
|--|-------------------|---------------------|---------------------|---------------------|---------------------|
| Capital receipts                             | 17,628            | 7,616               | 6,174               | 5,415               | 781                 |
| Capital reserves                             | 152               | 0                   | 727                 | 314                 | 0                   |
| 1-4-1 receipts                               | 3,659             | 3,076               | 11,010              | 8,852               | 5,345               |
| Revenue                                      | 408               | 1,772               | 2,278               | 339                 | 300                 |
| Capital grants                               | 11,069            | 3,954               | 12,584              | 7,991               | 3,439               |
| Major Repairs Reserve                        | 12,427            | 11,430              | 27,872              | 26,346              | 21,867              |
| <b>Net financing need for<br/>the year</b>   | <b>0</b>          | <b>8,698</b>        | <b>11,676</b>       | <b>0</b>            | <b>0</b>            |

### 5.2.3 CFR projections

| £'000                                | 2021/22<br>Actual | 2022/23<br>Estimate | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
|--------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Capital Financing Requirement</b> |                   |                     |                     |                     |                     |
| CFR – General Fund                   | 18,778            | 18,031              | 22,917              | 21,849              | 20,780              |
| CFR - HRA                            | 240,625           | 249,323             | 243,323             | 240,323             | 242,323             |
| CFR – Non-financial<br>investments   | 0                 | 0                   | 0                   | 0                   | 0                   |
| <b>Total CFR</b>                     | <b>259,403</b>    | <b>267,354</b>      | <b>266,240</b>      | <b>262,172</b>      | <b>263,103</b>      |
| <b>Movement in CFR</b>               | <b>(922)</b>      | <b>7,951</b>        | <b>(1,114)</b>      | <b>(4,068)</b>      | <b>931</b>          |

| <b>Movement in CFR represented by</b>                  |              |              |                |                |            |
|--|--------------|--------------|----------------|----------------|------------|
| Net financing need for<br>the year (above)             | 0            | 8,698        | 11,676         | 10,000         | 15,000     |
| IFRS16 Leases  |              | 44           |                |                |            |
| Less MRP/VRP and<br>other financing<br>movements - GF  | (922)        | (791)        | (790)          | (1,068)        | (1,069)    |
| Less MRP/VRP and<br>other financing<br>movements - HRA |              |              | (12,000)       | (13,000)       | (13,000)   |
| <b>Movement in CFR</b>                                 | <b>(922)</b> | <b>7,951</b> | <b>(1,114)</b> | <b>(4,068)</b> | <b>931</b> |

### 5.3.1 Year End Resources

| Year End Resources<br>£'000 | 2021/22<br>Actual | 2022/23<br>Estimate | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
|-----------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total CFR</b>            | <b>259,403</b>    | <b>267,354</b>      | <b>266,240</b>      | <b>262,172</b>      | <b>263,103</b>      |
| Less: External borrowing*   | (260,325)         | (249,356)           | (237,375)           | (241,064)           | (243,070)           |
| <b>Under/over borrowing</b> | <b>(922)</b>      | <b>17,998</b>       | <b>28,865</b>       | <b>21,108</b>       | <b>20,033</b>       |
| Less: Usable reserves       | (75,549)          | (82,244)            | (49,918)            | (31,823)            | (32,653)            |
| Less: Working Capital**     | (52,474)          | (25,000)            | (20,000)            | (20,000)            | (20,000)            |
| <b>Expected investments</b> | <b>(128,945)</b>  | <b>(89,246)</b>     | <b>(41,053)</b>     | <b>(30,715)</b>     | <b>(32,620)</b>     |

### 5.3.3 Liability Benchmark

| £'000                        | 2021/22<br>Actual | 2022/23<br>Estimate | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
|------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Total CFR</b>             | <b>259,403</b>    | <b>267,354</b>      | <b>266,240</b>      | <b>262,172</b>      | <b>263,103</b>      |
| Less: Usable reserves        | (75,549)          | (82,244)            | (49,918)            | (31,823)            | (32,653)            |
| Less: Working Capital        | (52,474)          | (25,000)            | (20,000)            | (20,000)            | (20,000)            |
| <b>Net loans requirement</b> | <b>131,380</b>    | <b>160,110</b>      | <b>196,322</b>      | <b>210,349</b>      | <b>210,450</b>      |
| Plus: Liquidity allowance    | 10,000            | 10,000              | 10,000              | 10,000              | 10,000              |
| <b>Liability benchmark</b>   | <b>141,380</b>    | <b>170,110</b>      | <b>206,322</b>      | <b>220,349</b>      | <b>220,450</b>      |

### 6.2.1 Current portfolio position

| £'000                                | 2021/22<br>Actual | 2022/23<br>Estimate | 2023/24<br>Forecast | 2024/25<br>Forecast | 2025/26<br>Forecast |
|--------------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| <b>External Debt</b>                 |                   |                     |                     |                     |                     |
| Debt at 1 April                      | 260,325           | 260,325             | 249,356             | 237,375             | 241,064             |
| Expected change in Debt              | 0                 | (11,000)            | (12,000)            | 3,676               | 2,000               |
| Other long-term liabilities (OLTL)   | 0                 | 0                   | 31                  | 19                  | 13                  |
| Expected change in OLTL              | 0                 | 31                  | (12)                | (6)                 | (7)                 |
| <b>Actual gross debt at 31 March</b> | <b>260,325</b>    | <b>249,356</b>      | <b>237,375</b>      | <b>241,064</b>      | <b>243,070</b>      |
| The Capital Financing Requirement    | 259,403           | 267,354             | 266,240             | 262,172             | 263,103             |
| (Under) / over borrowing             | (922)             | 17,998              | 28,865              | 21,108              | 20,033              |

### 6.3.1 Affordable borrowing limit

| Operational boundary<br>£'000      | 2022/23<br>Estimate | 2023/24<br>Estimate | 2024/25<br>Estimate | 2025/26<br>Estimate |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Debt</b>                        | 260,325             | 249,356             | 241,051             | 243,064             |
| <b>Other long term liabilities</b> | 44                  | 31                  | 19                  | 13                  |
| <b>Total</b>                       | 260,369             | 249,387             | 241,070             | 243,077             |

### 6.3.2 Authorised Limit

| <b>Authorised limit<br/>£'000</b> | <b>2022/23<br/>Estimate</b> | <b>2023/24<br/>Estimate</b> | <b>2024/25<br/>Estimate</b> | <b>2025/26<br/>Estimate</b> |
|-----------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Debt                              | 280,325                     | 269,356                     | 261,051                     | 263,064                     |
| Other long term liabilities       | 44                          | 31                          | 19                          | 13                          |
| Total                             | 280,369                     | 269,387                     | 261,070                     | 263,077                     |

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