

Governance, Audit, Risk Management and Standards Committee TABLED DOCUMENTS

DATE: Tuesday 30 January 2018

11. **TREASURY MANAGEMENT STRATEGY STATEMENT INCLUDING PRUDENTIAL INDICATORS, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2018/19 (Pages 3 - 6)**

Updated information from the Director of Finance

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GARMS 30.1.2018 TMSS Tabled amendments

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Table 1 Capital Expenditure and Funding

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Community	38,475	35,244	41,822	28,160	14,373
People Services	17,017	23,462	7,870	7,200	-
Regeneration & Enterprise	1,699	195	904	726	201
Regeneration Programme	8,757	17,231	70,996	162,120	35,534
Resources & Commercial	12,200	11,989	3,738	5,700	4,700
HRA	11,603	13,301	2,739	19,883	13,836
Total Expenditure	89,751	101,422	128,069	223,789	68,644
Funding:-					
Capital grants	22,208	26,392	9,674	9,743	5,344
Capital receipts	3,013	2,575	11,044	35,624	53,919
Revenue financing	7,287	8,349	7,418	5,294	6,911
Section 106 / Section 20/ CIL	1,656	549	4,618	3,474	509
Total Funding	34,164	37,866	32,754	54,135	66,683
Net financing need for the year	55,587	63,557	95,315	169,653	1,960

Para 27 Non HRA CFR increases from £329m to £601million and then reduces to £577m in 2020/21

Table 2 Capital Financing Requirement

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
CFR as at 31 March					
Non – HRA	328,851	378,190	452,419	600,767	577,040
HRA	152,541	152,541	154,701	154,685	154,669
TOTAL	481,392	530,731	607,120	755,452	731,709
Movement in CFR	42,751	49,339	76,390	148,332	- 23,744

Movement in CFR represented by					
Net financing need for the year	55,587	63,557	95,315	169,653	1,960
Less Minimum/Voluntary revenue provision and other financing movements	12,836	14,218	18,925	21,321	25,704
Movement in CFR	42,751	49,339	76,390	148,332	- 23,744

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Table 3 Core Funds and Investments

Year End Resources	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Fund Balances/Reserves	61,877	50,083	41,383	39,573	22,523
Capital Receipts Reserve	22,649	16,393	16,393	17,305	10,380
Provisions	10,315	10,033	9,843	9,843	9,843
Other	19,568	14,676	11,007	8,255	6,191
Total Core Funds	114,409	91,185	78,626	74,976	48,937
Working Capital	- 73,918	-129,821	-123,770	-106,693	-107,621
Under/(Over) Borrowing	140,958	190,729	172,236	151,347	126,075
Expected Investments	47,369	30,000	30,000	30,000	30,000
Total	114,409	90,907	78,465	74,654	48,454

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Table 4 Summary Borrowing and Investments as at 31.12.2017

	Principal		Ave. rate
	£m	£m	%
Fixed rate funding	PWLB	218.4	4.13
	Market	106.0	
Variable rate funding			
Other long term liabilities (PFI & leases)		15.6	
Total Debt		340.0	
Total Investments at 31.12.2017		47.1	0.22

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Table 5 Changes to Gross Debt

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
External Debt					
Debt at 1 April	334,434	324,434	324,434	419,749	589,402
Expected change in Debt	- 10,000	-	95,315	169,653	1,960
Other long-term liabilities (OLTL) 1st April	17,032	16,000	15,568	15,136	14,704
Expected change in OLTL	- 1,032	- 432	- 432	- 432	- 432
Actual gross debt at 31 March	340,434	340,002	434,885	604,106	605,634
Capital financing requirement	481,392	530,731	607,120	755,452	731,709
Under / (Over) borrowing	140,958	190,729	172,236	151,347	126,075

Para 49 refers to Table 5 estimated changes in debt of £95m, £170m and £2m over the next three years.

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Table 6 Net Borrowing

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Gross Borrowing brought forward 1 April	351,466	340,434	340,002	434,885	604,106
Changes to Gross Borrowing	-11,032	-432	94,883	169,221	1,528
Carry Forward 31st March	340,434	340,002	434,885	604,106	605,634
Investment brought forward 1 April	76,233	47,369	30,000	30,000	30,000
Changes to Gross Investments	-28,864	-17,369	0	0	0
Carry Forward 31st March	47,369	30,000	30,000	30,000	30,000
Total Net Borrowing	293,065	310,002	404,885	574,106	575,634
Change in net borrowing	17,832	16,937	94,883	169,221	1,528

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Table 7 Operational Boundary and Authorised Limit

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
Authorised Limit for external debt					
Borrowing and finance leases	469	531	607	755	732
Operational Boundary for external debt					
Borrowing	334	334	435	604	606
Other long term liabilities	16	16	16	15	15
Total	350	350	451	619	621
Upper limit for fixed interest rate exposure					
Net principal re fixed rate borrowing	334	334	435	604	606
Upper limit for variable rate exposure					
Net principal re variable rate borrowing	-	-	-	-	-
Upper limit for principal sums invested over 364 days	60	60	60	60	60

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Table 12 Ratio of Financing Costs to Revenue Stream (GF)

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
Net revenue stream (£'000)	164,987	164,804	167,913	163,003	165,471
Interest costs (£'000)	7,817	7,268	8,174	8,728	9,485
Interest costs - finance leases (£'000)	1,717	1,700	1,700	1,700	1,700
Interest and investment income (£'000)	-1,525	-1,300	-1,300	-1,300	-1,300
MRP (£'000)	15,477	14,218	18,925	21,321	25,704
Total financing costs (£'000)	23,486	21,886	27,499	30,449	35,589
Ratio of total financing costs against net revenue stream (%)	14.2	13.3	16.4	18.7	21.5

Table 14
Incremental Impact of Capital Investment Decisions (Excluding Regeneration)

	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
Net Financing need (£'000)	45,131	46,131	23,415	6,808	- 33,774
Borrowing @ 25-50years PWLB rate (£'000)	1,146	1,241	711	217	- 1,077
MRP @ 2% (£'000)	903	923	468	136	-675
Total increased costs (£'000)	2,049	2,164	1,180	353	- 1,752
Ctax base (£'000)	82,000	83,500	84,466	85,946	85,946
% Increase	2.5	2.6	1.4	0.4	- 2.0
Band D Council Tax	1,560	1,628	1,689	1,738	1,766
Overall increase £ pa	38.98	42.17	23.58	7.14	- 36.01