

BARNSELEY METROPOLITAN BOROUGH COUNCIL

This matter is not a Key Decision within the Council's definition and has not been included in the relevant Forward Plan

**Report of the Executive Director – Core Services &
Service Director – Finance (Section 151)**

CORPORATE FINANCE PERFORMANCE QUARTER ENDING 30th September 2020

1. Purpose of the Report

- 1.1 To consider the financial performance of the Authority during the second quarter ended September 2020 and assess the implications against the Council's Medium Term Financial Strategy (MTFS).
- 1.2 This report also provides an updated position to reflect the ongoing impact of COVID-19 on the Council's 20/21 budget.

2. Recommendations

- 2.1 It is recommended that Cabinet:

CORPORATE FINANCE PERFORMANCE

- Note the current forecast General Fund Revenue overspend of £47.0M incorporating the ongoing impact of COVID-19;
- Note the current forecast Housing Revenue Account overspend of £3.4M incorporating the ongoing impact of COVID-19;
- Note the overall net impact (after all Government funding) of £15.5M;
- Approve the continuation of the moratorium on all non-essential expenditure and the suspension of non-urgent one-off investments originally approved to commence in 20/21; and
- Approve the write off of historic bad debts totalling £1.5M.

CAPITAL PROGRAMME PERFORMANCE

- Note the forecast position on the approved Capital Programme;
- Note the external funding position highlighted in paragraphs 4.1.

TREASURY MANAGEMENT

- Note the key messages from the Council's Treasury Management activities.

3. Overall General Fund Position to the Quarter Ending September 2020

The COVID-19 pandemic has placed a significant strain on the 20/21 revenue budget. The Council is currently reporting an overall projected General Fund revenue overspend for 20/21 of £47.0M. This is comprised of a forecast overspend on Directorate budgets of £32.6M, and a £14.4M overspend on Corporate budgets.

In addition, there is a projected overspend of £3.4M on the Housing Revenue Account.

Directorate	Approved Net Budget 2020/21	Projected Net Outturn 2020/21	Variance	Variance Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
	£'000	£'000	£'000	£'000	£'000	£'000
Children's	31,368	32,326	958	1,023	457	-522
Place	44,055	54,958	10,903	4,573	6,250	80
Adults & Communities	62,795	76,884	14,089	16,231	35	-2,177
Public Health	4,515	8,144	3,629	3,912	8	-291
Core Services	20,875	23,865	2,990	1,476	2,063	-549
Service Totals	163,608	196,176	32,569	27,215	8,813	-3,459
Corporate / General Items *	8,968	23,373	14,405	8,050	6,355	0
Sub Total – Council	172,576	219,550	46,974	35,265	15,168	-3,459
HRA	0	3,360	3,360	2,083	1,476	-199
TOTAL	172,576	222,910	50,334	37,348	16,644	-3,658
COVID-19 Funding	0	0	-34,848	0	0	0
TOTAL			15,486			

* The Public Health outturn includes the cost of the Council's outbreak control, specific funding for which has been received and included in the total Covid 19 Government funding.

** The Corporate outturn includes a forecast shortfall in Council Tax and Business Rate Income.

Overall Forecast Position

3.1 The General Fund revenue outturn position as at September 2020 is currently reporting a forecast overspend of £47.0M. There is also a forecast overspend on the Housing Revenue Account of £3.4M.

3.2 Currently 96% of the 20/21 efficiency targets are forecast to be delivered (£7.1M against a target of £7.4M).

COVID-19

3.3 The COVID-19 pandemic is placing significant financial strain on the Authority's 20/21 budget.

COVID-19 Expenditure

- 3.4 It is currently forecast that leading the COVID-19 emergency response will cost the Council in the region of £37.3M. This cost includes providing additional support to the Social Care market, supporting the most vulnerable in society, maintaining social distancing, providing personal protective equipment as well as the increased cost of delivering front line services. Further detail is provided in the Directorate updates below.

COVID-19 Income

- 3.5 A shortfall in income in the region of £16.6M is expected during 20/21 as a result of COVID-19. This includes lost income from fees and charges totalling £8.8M, £4.2M in Council tax, £2.1M in business rates and £1.5M in housing rents.
- 3.6 Further details of the income lost through irrecoverable fees and charges is provided in the Directorate updates below. Council tax collection is currently forecast at 94.6%, 1.4% below target. This is due to an increase in the number of residents claiming Local Council Tax Support as well as other residents who have struggled financially during the pandemic. Business Rates collection is forecast to be 94.25%, 3.25% below target, largely as a result of the closure of all but essential businesses at the end of March and the continued disruption there on in.
- 3.7 The S151 Officer is also seeking approval to write off debt amounting to £1.486M which has become uneconomical to pursue. This is summarised in the table below:

Type of Dept	Value of Write off (£M)
Council Tax	1.005
Business Rates	0.236
Trade Debt General Fund	0.101
Trade Debt HRA	0.045
Housing Benefit Overpayment	0.099
Sub Total	1.486
Rent Arrears	-
Total	1.486

COVID 19 Government Support

- 3.8 Government have provided some financial support to help Council's through the pandemic. To date the Council has received £34.8M in funding. Support has also been announced for lost income from fees and charges and this [£1.9M] is included within the total funding received [£34.8M].
- 3.9 However, at this time it is considered that Government support will be inadequate to cover the full cost of responding to and recovering from the pandemic. To mitigate against this risk Cabinet approved the Barnsley MBC Recovery &

Renewal Strategy in June (Cab 10/06/2020/10) together with the COVID-19 Financial Recovery Strategy.

COVID-19 Financial Recovery

3.10 The COVID-19 Financial Recovery Strategy comprises of two phases:

- Phase 1 – Emergency Response & Short-Term Recovery [20/21 financial year];
- Phase 2 – Longer Term Recovery and Sustainability [21/22 and beyond / MTFS].

3.11 Phase 1 of the strategy introduced a moratorium on all non-essential expenditure. This effectively instructs all services to review any planned but as yet uncommitted areas of spend and determine if this is absolutely essential in maintaining business as usual council activity. Any non-essential activity to be suspended until further notice.

3.12 This also included the immediate postponement of some £45M of new investment [both capital and revenue]. A full review of this investment has subsequently been completed with £19M being released to be progressed with immediate effect, largely because of the positive impact this will have on the recovery of communities and the local economy. This leaves investment [£26M] still on hold to mitigate the 20/21 forecast deficit position should that be required.

3.13 The flexible use of Government funding can also be considered, with any remaining overspend balance being a call on the Council's Minimum Working Balance / emergency reserves.

3.14 Although far from ideal, by delivering Phase 1 of the agreed recovery strategy the Council is well placed to address the forecast overspend caused by the Covid 19 pandemic. However, any additional cost pressures over and above those identified to date need to be cautiously managed to ensure that the Council's financial position does not become exposed.

3.15 It should also be noted that this position is reported as we enter a second national lockdown, the financial impact of which is not yet fully known. Moreover, it is also reported against the backdrop of future financial uncertainty. Not only does the Council need to recover from the impact of Covid 19, the Government's Comprehensive Spending Review (CSR) due at the end of November 2020 will now provide a 1 year only settlement which creates further ongoing uncertainty / impairs strategic financial planning.

DIRECTORATE UPDATES

- 3.16 Council services are forecasting a significant overspend for 2020/21 of £32.2M. This is made up of £35.6M of costs relating to the impact of COVID-19, offset by operational underspends of (£3.4M). Details of variances have been split between existing business as usual activities and those relating to COVID-19.

Children's Services Directorate

- 3.17 The Children's Services Directorate is currently forecasting an **overspend of £0.958M**, of which £1.480M is related to COVID-19 pressures, offset by £0.522M operational underspends.

People Directorate	Approved Net Budget 2020/21 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
Education, Early start & Prevention	3,465	3,447	-18	120	384	-522
Children Social Care & Safeguarding	25,702	26,677	975	903	73	0
Sub-Total	29,167	30,125	958	1,023	457	
Schools	2,201	2,201	0	0	0	0
Total – People	31,368	32,326	958	1,023	457	-522

COVID-19 Costs

- 3.18 Additional costs of £1.023M are currently forecast. This includes employing additional Social Worker resource to support the increase in children's social care caseloads of £0.527M, an anticipated increase in Looked After Children [LAC] placement numbers and respite care costs totalling £0.309M, support to early years care providers of £0.120M and support for care leavers of £0.065M.

COVID-19 Income

- 3.19 The Directorate is anticipating income losses of £0.384M due to school closures and a reduction in the demand for Education Psychology, Education Welfare and SEND support services. The temporary closure of Newsome Avenue for respite care has also resulted in a £0.074M income pressure.

Business as Usual

- 3.20 Children in Care remains an area of concern, projecting an overspend of £0.934M. This cost has been fully offset in year by the planned use of one-off Social Care Grant, with the ongoing impact provided for as part of the revised MTFS. Over and above this an underspend (£0.522M) is anticipated as a result of vacancies across Education, Early Start & Prevention.

Place Directorate

- 3.21 The Place Directorate is forecasting an **overspend of £10.903M**, the majority of which (£10.823M) is COVID-19 related.

Directorate	Approved Net Budget 2020/21 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
Regeneration & Culture	14,892	19,517	4,625	1,296	3,399	(70)
Environment & Transport	29,163	35,441	6,278	3,277	2,851	150
Total Place	44,055	54,957	10,903	4,573	6,250	80

COVID-19 Costs

- 3.22 Regeneration and Culture have seen additional costs of £1.296M associated with COVID-19, this being an increase of £0.627M since Q1 predominately related to an increase in security and cleaning costs. Costs include property related / building adaptations to support strict government guidelines (£0.748M), supplier relief (£0.215M), delivering cultural services digitally (£0.050M) and conducting a Retail Impact Assessment (£0.018M).
- 3.23 The pandemic has also resulted in a delay to the town centre buildings review and delivery of 20/21 planned efficiency savings (£0.265M).
- 3.24 Environment and Transport have incurred significant additional costs of £3.277M as a result of the pandemic, this being an increase of £0.594M compared to the position reported at Q1 primarily due to the assumed extension of the revised waste services [Covid] delivery model to the end of the financial year. These costs include; additional waste collection and disposal costs due to general increases in waste combined with implementing COVID safe measures into operational delivery (£2.283M), additional costs of Home to School Transport to comply with the Government's COVID-19 safety guidelines (£0.867M) and the installation of a refrigeration unit at the crematorium (£0.077M). There will also be a delay in the delivery of planned 20/21 efficiency savings within Commercial Services (£0.050M).

COVID-19 Income

- 3.25 Regeneration and Culture forecast a shortfall in income of £3.399M, an increase of £0.208M since the position reported at Q1. This relates to the loss of commercial rents (including markets) of £2.831M, as well as a general shortfall in fees and charges of £0.568M within the Employment and Skills service, planning fees, reduced Right to Buy sales and across the Council's cultural offer.
- 3.26 Environment and Transport are anticipating income losses of £2.851M, a slight improvement of £0.144M since the position reported a Q1. These losses are

associated with; a shortfall in highways income as a result of the suspension of highways works in the Q1 (£1.144M), a loss of car parking income (£1.014M), a loss of commercial waste and recycling income (£0.569M) and a loss in fee income from sports and leisure facilities (£0.124M).

Business as Usual

3.27 Regeneration and Culture are reporting an overall underspend on BAU of £0.070M, a decrease of £0.117M from Q1. The overall underspend is comprised of vacancy management (£0.342M), offset by the running costs of under occupied buildings e.g. LIFT (£0.255M) and additional project costs at Elsecar Heritage Centre. Environment and Transport is reporting an overspend of £0.150M mainly due to a delay in the delivery of the Transfer Loading Station (£0.333M), offset by staffing underspends.

Adults & Communities Directorate

3.28 The Adults & Communities Directorate is forecasting an **overspend of £14.089M**, of which £16.266M relates to COVID-19 pressures, offset by operational underspends across the Directorate of £2.177M.

Directorate	Approved Net Budget 2019/20 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
BU02 – Adult Social Care & Health	52,930	63,504	10,574	12,539	0	-1,965
BU08 – Safer, Stronger & Healthier Communities	9,865	13,380	3,515	3,692	35	-212
Total for Directorate	62,795	76,884	14,089	16,231	35	-2,177

COVID-19 Costs

3.29 Additional costs totalling £12.539M are estimated to be incurred in sustaining the adult social care service / providers during the COVID-19 pandemic. This includes; payments to plan, payment of voids [to the end of October 2020 but subject to review] and payments to introduce infection control measures (£10.955M). The Council has also pooled resources with the CCG to support the cost of hospital discharges (£1.584M). The Directorate has also led the provision of support to the most vulnerable in society by providing financial hardship support, brokered the provision of accommodation for the homeless and rough sleeper's, provided the emergency contact centre and co-ordinated community response, food distribution, support to the voluntary sector as well as additional measures to combat an increase in anti-social behaviour (£3.692M).

COVID-19 Income

3.30 Minor income losses (£0.035M) are anticipated as a result of the suspension of fixed penalty notices.

Business as Usual

3.31 The Directorate is forecasting an underspend on its day to day operations of - £2.177M, a significant improvement from Q1. Efficiencies planned for 21/22 have also been delivered early (£0.325M). These underspends have been offset in part by a reduction in client contributions (£1.048M) and the increasing cost of care packages for Working Age Adults. (£0.567M).

Public Health

3.32 Public Health is forecasting an **overspend of £3.629M**, of which £3.920M relates to COVID-19 pressures.

Directorate	Approved Net Budget 2020/21 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs £'000	Covid Income Lost £'000	Business as Usual £'000
Public Health	4,515	8,144	3,629	3,912	8	(291)

COVID-19 Costs

3.33 The Directorate is responsible for delivering the Council's outbreak control plan to support the detection and prevention of Covid 19 across the Borough. Specific funding allocations totalling £3.528M have been allocated via central government to support these costs which is included within the Council's overall COVID 19 funding. Further costs (£0.090M) have also been incurred associated with bereavement support and compliance and enforcement (£0.294M).

COVID-19 Income

3.34 Minor income losses are anticipated associated with the issuing of animal welfare licences.

Business as Usual

3.35 An operational underspend of £0.291M is forecast by year end, mainly as a result of staffing underspends in the 0-19 service. A detailed review and re-configuration across the Public Health Directorate is currently underway to ensure resources are aligned to priorities in a sustainable way. The outcome of this will be reported in future updates.

Core Directorate

- 3.36 The Core Services Directorate is forecasting an **overspend of £2.990M**, of which £3.539M relates to COVID-19 pressures, offset by operational underspends of £0.549M.

Directorate	Approved Net Budget 2020/21 £'000	Projected Net Outturn 2020/21 £'000	Variance £'000	Variation Split by:		
				Covid Costs	Covid Income Lost	Business as Usual
				£'000	£'000	£'000
IT	6,572	7,488	916	442	105	369
Finance	3,968	5,093	1,125	44	1,429	(348)
Bus Imp, HR & Comms	5,225	5,959	734	981	155	(402)
Legal Services	1,590	1,889	299	-	374	(75)
Council Governance	3,520	3,436	(84)	9	-	(93)
Total – Core	20,875	23,865	2,990	1,476	2,063	(549)

COVID-19 Costs

- 3.37 Additional cost pressures of £1.476M are anticipated including £0.833M relating to the estimated cost of acquiring the necessary PPE for the remainder of the year [for all Council Services] and £0.442M associated with providing the required IT support / equipment to facilitate home & remote working requirements. The remaining costs have been incurred on staff support £0.067M, supplier relief payments £0.044M and staff incentives (Markets Vouchers and Barnsley Spirit awards) £0.076M.

COVID-19 Income

- 3.38 The Core Directorate is anticipating income losses of £2.063M, predominately due to a fall in the demand for school meals as a result of school closures (£1.128M). Other losses relate to court fee income (£0.250M) following the suspension of court activity [due to recommence November 2020) particularly related to non-payment of Council Tax, external (mainly schools) trading income (£0.207M), a shortfall in license / land charge fee income (£0.373M) and income from registrars (£0.105M).

Business as Usual

- 3.39 An operational underspend of £0.549M is forecast, a slight improvement from Q1 mainly due to increased vacancy levels. The overall position is mainly comprised of staff turnover and vacancy management (£0.615M), an underspend in the cost of servicing elections (£0.152M) as a consequence of the postponement of this year's election and various other underspends in supplies & services in line with the moratorium (£0.123M). These underspends are offset by overspends in Legal Services due to the use of locums (£0.247M) and loss of external SLA income (£0.094M).

Corporate Budgets

- 3.40 Corporate budgets are forecasting to be **overspent** by **£14.405M** by the end of 20/21. This is a result of increased costs associated with the Covid 19 response together with forecast losses in tax collection. In terms of the latter although the Government has announced that losses may be spread over a 3-year period [rather than the current 1-year period] the detail of that announcement is still awaited.

COVID-19 Costs

- 3.41 There are COVID related costs of £8.050M. This relates to the provision of additional staffing resource across the Council to support the Tier 3 and subsequent further lock down response (£3.124M), the costs of recovery from the first lockdown restrictions (£1.289M) and provision for a discretionary business support scheme subject to clarity on nationally available funding (£2.5M).
- 3.42 In addition, the Council has also seen increased insurance premiums costs (£0.500M), additional system costs and resources required to administer the Government's business support grant scheme (£0.237M), additional payments to the Coroner's Office (£0.100M) and other miscellaneous corporate costs (£0.300M).

COVID-19 Income

- 3.43 As reported in Q1 there continues to be an anticipated shortfall in budgeted Council Tax income of approximately £4.2M. This is largely due to the downturn in the economy / job impact and a subsequent increase in the number of new Universal Credit / Local Council Tax Support claimants (£2.4M). Collection is also less than forecast (£1.8M) at an estimated collection rate of 94.6% (95.85% in 2019/20).
- 3.44 In addition, there is a shortfall in relation to Business Rate income, with a collection rate of 94.25% (97% in 2019/20) forecast. This is mainly due to the enforced closure of businesses at the end of March and subsequent disruption which has adversely impacted business income together with a small number of business closures in recent months (£2.085M).

Housing Revenue Account (HRA)

- 3.45 The HRA is currently forecasting an operational overspend as at the end of September of £3.360M.

COVID-19 Costs

- 3.46 An additional cost of £2.048M is forecast on the housing repairs contract relating to the payment of supplier relief and the cost of emergency works during the initial lockdown period. The forecast also includes a provision for the anticipated increased cost of materials together with additional operational costs as a result of limited property access and social distancing arrangements.

COVID-19 Income

- 3.47 The combination of COVID and subsequent increase in the number of tenants claiming Universal Credit and / or seeing their incomes fall as a result of furlough / redundancy has contributed to a reduction in the amount of rent collected [Q2 collection rate is 95%]. It is forecast that the bad debt provision will be increased by £1.476M to cover the expected rental income loss of £3.569M.

Business as Usual

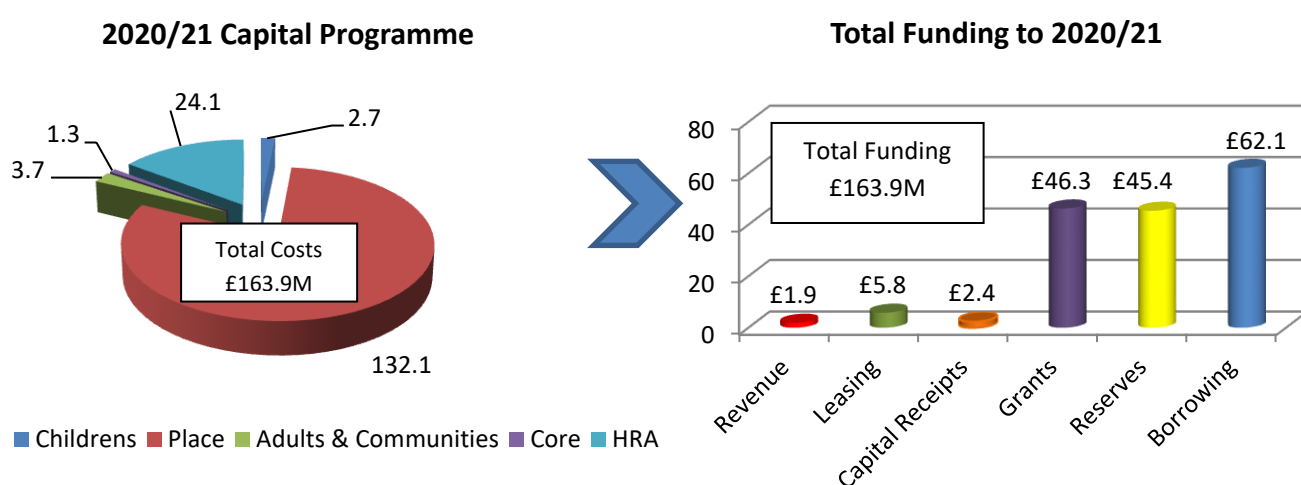
- 3.48 There has been an increase in costs associated with the Property Repairs Improvement Programme (PRIP) contract due to additional statutory compliance issues that were identified during the first quarter (£0.458M). This has been fully offset by an increase in overall rental income (£0.622M) as a result of lower than anticipated RTB sales.

4. Overall Capital Programme Position Q1 Ending September 2020

The position on the Council's Capital Programme for 20/21 is currently projected to be an overall lower than anticipated expenditure of £1.7M.

This in the main relates to scheme slippage of £5.2M, offset by an increase in scheme costs totalling £3.0M and rephasing of costs from future years (£0.5M).

4.1 The Council's capital programme is planned over the five-year period 20/21 through 24/25 inclusive and has a total estimated cost of £198.3M. The cost in 2020/21 totals £163.9M as highlighted in the chart below:



Directorate	2020/21 Capital Programme	2020/21 Actuals	2020/21 Projected Outturn	2020/21 Variance	Total Capital Programme	Total Projected Outturn	Total Variance
	£M	£M	£M	£M	£M	£M	£M
Children's Services	2.703	1.622	2.669	(0.034)	3.070	3.131	0.061
Place	135.895	38.503	132.076	(3.819)	156.117	156.100	(0.017)
Adults & Communities	3.748	0.901	3.747	(0.001)	8.482	8.481	(0.001)
Core Services	1.340	0.013	1.340	-	1.340	1.340	-
HRA	21.867	3.148	24.052	2.185	26.259	29.229	2.970
Total	165.553	44.188	163.884	(1.669)	195.268	198.281	3.013

Key Messages

4.2 The table below summarises all movements in the capital programme during Q2. Each movement is explained further in paragraphs 4.3 to 4.7 below.

	2020/21	Later Years	Total
	£M	£M	£M
Reported Variance as at 30th September			
As a result of:			
Slippage:			
Children's Services	(0.077)	0.077	-
Place	(3.802)	3.802	-
Adults & Communities	-	-	-
Core Services	-	-	-
Housing Revenue Account	(1.285)	1.285	-
Sub-Total	(5.164)	5.164	-
Re-phasing:			
Children's Services	0.007	(0.007)	-
Place	-	-	-
Adults & Communities	-	-	-
Core Services	-	-	-
Housing Revenue Account	0.500	(0.500)	-
Sub-Total	0.507	(0.507)	-
Funded Increases/(Decreases) in Scheme Costs:			
Children's Services	0.036	0.024	0.060
Place	(0.017)	-	(0.017)
Adults & Communities	(0.001)	-	(0.001)
Core Services	-	-	-
Housing Revenue Account	2.971	-	2.971
Sub-Total	2.989	0.024	3.013
Total	(1.669)	4.682	3.013

2020/21 Slippage

- 4.3 Scheme slippage totaling £5.164M is reported during the quarter. The table below highlights the main schemes that have slipped

Scheme	Amount Slipped £M
Principal Towns Programme	1.238
Billingley View Housing Development	1.071
Wentworth Castle & Stainborough Park	0.620
Housing New Build Scheme – St Michaels	0.550
High Street Heritage Action Zone	0.286
Strategic Business Parks	0.567
Other	0.832
TOTAL	5.164

2020/21 Scheme Rephasing

- 4.4 There has been a rephasing of scheme costs from future years (£0.507M) mainly relating to accelerating the Council's Empty Homes Acquisitions Programme.

2020/21 Variation in Scheme Costs

- 4.5 There has been an increase in scheme costs totaling £3.013M which predominately relates to the planned 2020/21 Barnsley Homes Standard works. At quarter 1, the expected position on the BHS programme was largely unknown in terms of delivery as a result of Covid-19. It was prudently forecast that a significant element of works would not be able to be completed during the year and therefore the plans were amended accordingly. However, during quarter 2, the Council, in conjunction with partners Berneslai Homes and Wates has implemented a recovery strategy in respect of the BHS programme, which aims to catch up on the delays suffered during lockdown and it is now anticipated that the works will all be completed by the end of March. There are no implications as a result of this acceleration as resources were held pending clarity following the Q1 position.

5. Treasury Management update as at end of September 2020

Economic Summary

Whilst there was some volatility in interest rates during the second quarter, the overall position remains broadly the same. No significant increases in rates are expected over the next two years due to the need to stimulate a prolonged period of economic recovery.

Borrowing Activity

In line with the agreed TM strategy there was no new borrowing undertaken during quarter 2. It is anticipated that the Council will need to borrow up to £232M over the next 3 years, of which £80M will need to be taken at fixed rates of interest to maintain interest rate risk exposure at 70% of total debt.

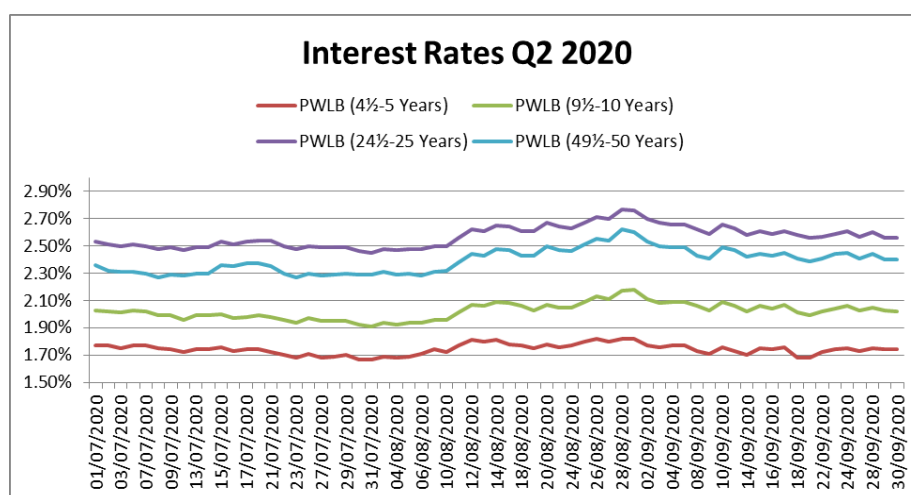
Investment Activity

There has been a net reduction in investment balances of £28 Million during the quarter. Security and liquidity remained the key priorities, with the bulk of transactions relating to secure Money Market Funds and instant access accounts. It is recommended that the temporary increase in investment limits applied in March 2020 should remain in place for the next quarter to ensure sufficient liquidity during the Covid crisis.

Key Messages – Economic Summary

5.1 Interest rates remain a key driver of the Council's Treasury Management activities.

There was some volatility in interest rates during the second quarter (as illustrated by the movement in PWLB borrowing rates below) although the overall position remained broadly the same:



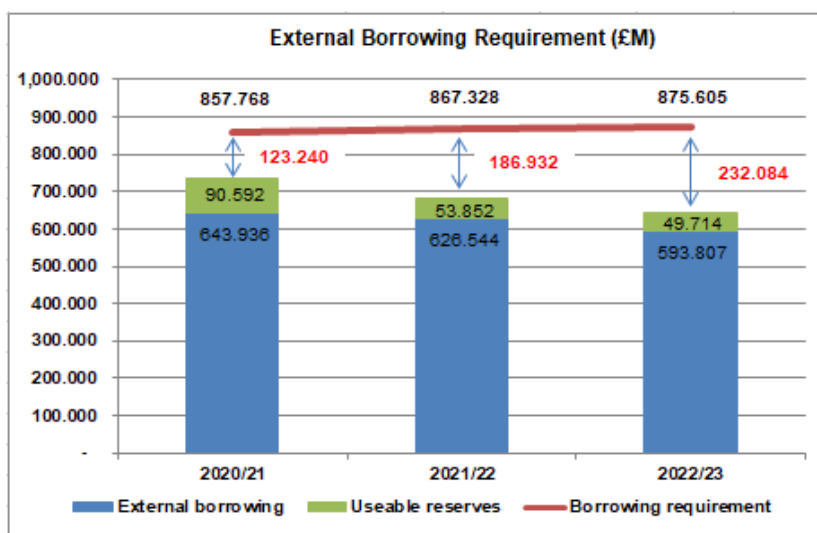
5.2 The expectation remains that there will be little upward movement in interest rates over the next two years due to the need to stimulate a prolonged period of economic recovery.

	Latest Interest Rate Projections* (Link Asset Services)					
	Latest	Mar-21	Sep-21	Mar-22	Sep-22	Mar-23
UK Base Rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
PWLB Certainty (50 Years)	2.43%	2.30%	2.40%	2.40%	2.50%	2.50%

Key Messages – Borrowing Activity

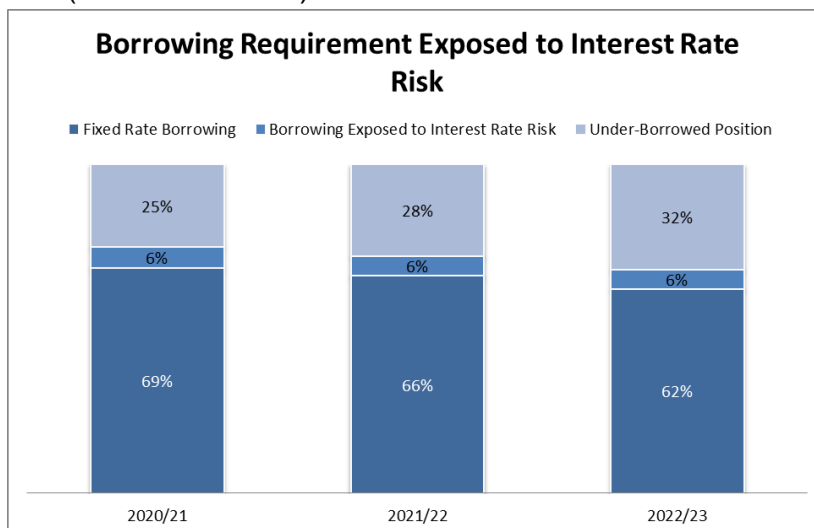
5.3 In line with the agreed Treasury Management strategy to limit exposure to interest rate risk whilst maintaining an appropriate level of internal borrowing to minimise financing costs, no new borrowing was undertaken during the quarter.

5.4 However, as shown in the chart below, it is anticipated that the Council will need to borrow up to £232M by the end of 2022/23 with a breakdown of this borrowing shown in the table below.



Projected external borrowing requirement 2020/21 – 2022/23		£M
Planned capital investment		102.913
Maturing loans / reduced support from useable reserves		143.017
Amounts set aside to repay debt		(13.846)
Total		232.084

5.5 The above is in line with the Council's current commitment to maintain its exposure to interest rate risk to 30% of its borrowing requirement. To deliver against this strategy, it is anticipated that the Council will need to fix out an additional £80M by the end of 2022/23. The remainder could be funded through temporary borrowing or internal cash resources (see chart below):



Key Messages - Investments

5.6 The Council's investment strategy is to minimise credit risk and maintain a suitable balance of liquid funds to ensure that cash is available when needed. To reflect this strategy, the bulk of transactions related to secure Money Market Funds, instant access accounts and short-term local authority deposits.

5.7 It is recommended that the temporary increase in investment limits applied in March 2020 remain in place, to ensure sufficient liquidity during the COVID-19 crisis.

Background Information – available on request

Corporate Finance Performance Q2 – detailed report

Capital Programme Update Q2 – detailed report

Treasury Management Update Q2 – detailed report