

**10<sup>th</sup> July 2019**

**Policy, Resources and Economic Development  
Committee**

**2018/19 Provisional Outturn and Annual Treasury  
Management Report**

**Report of:** *Jacqueline Van Mellaerts, Director of Corporate Resources*

**Wards Affected:** *All*

**This report is:** *Public*

**1. Executive Summary**

1.1 This report deals with the 2018/19 provisional outturn for:

- The General Fund - paragraph 3.
- Housing Revenue Account - paragraph 4.
- The Capital Programme - paragraph 5.

1.2 The report also considers the reserves and working balance levels.

1.3 The Council is also required by regulations issued under the Local Government Act 2003 to produce an Annual Treasury Management review of activities and the actual prudential and treasury indicators for 2018/19. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code) - paragraph 6.

**2. Recommendations**

**2.1 That the provisional (subject to audit) outturn 2018/19 for the General Fund and the HRA contained within this report, are approved.**

**2.2 That the capital programme carry forwards requested in Table 7 and Capital Funding in Table 7a are approved.**

**2.3 That the reserve transfers and reserve balances set out in the report are approved.**

**2.4 That the Treasury Management activity and information for 2018/19 be noted.**

### 3. General Fund - Provisional Outturn 2018/19

- 3.1 The General Fund provisional outturn shows a deficit of £188k at year end for 2018/19.
- 3.2 The estimated outturn for the General Fund (as reported to Council in March 2019) was a break-even position as at 31 March 2019. Table 1 provides a summary of the actual spend for the General Fund compared to the estimated outturn.

**Table 1 – 2018/19 General Fund Outturn**

	<b>2018/19 Estimated Outturn £'000</b>	<b>2018/19 Actual £'000</b>	<b>2018/19 Variance £'000</b>
<b>Vision for Brentwood Expenditure:</b>			
Environment & Housing Management	2,892	2,722	(170)
Community & Health	1,214	1,245	31
Economic Development	(1,152)	(1,144)	8
Planning & Licensing	672	644	(28)
Transformation	5,070	4,772	(298)
<b>Total Spend on Vision for Brentwood</b>	<b>8,696</b>	<b>8,239</b>	<b>(457)</b>
Operating and Financing Charges	917	806	(111)
Appropriations	(989)	(172)	817
<b>TOTAL SPENDING REQUIREMENT</b>	<b>8,624</b>	<b>8,873</b>	<b>249</b>
<b>Funding:</b>			
Council Tax	(5,969)	(5,969)	0
Business Rates Income	(2,220)	(2,200)	20
Collection Fund Deficit/(Surplus)	175	175	0
New Homes Bonus Grant	(410)	(410)	0
Business Rates Pooling	(200)	(261)	(61)
<b>TOTAL COUNCIL FUNDING</b>	<b>(8,624)</b>	<b>(8,685)</b>	<b>(41)</b>
<b>Deficit/(Surplus) on General Fund Balances</b>	<b>0</b>	<b>188</b>	<b>188</b>

- 3.3 The £188k deficit reported, is made up of many variances across all services. These variances include costs incurred that are specifically funded from reserves. These costs are detailed in Section 4 of this report.
- 3.4 Table 2 outlines the subjective variances, further analysis of these variances can be found within Appendix C:

**Table 2 – 2018/19 General Fund Key Variances**

<b>Subjective</b>	<b>Over/ (Under spend) £'000</b>	<b>Explanation</b>
Employee Related Expenditure	17	Budget pressure on structure changes
Premises Related Expenditure	(29)	Saving on rate able value on Council Assets
Transport Related Expenditure	47	Pressure on maintaining fleet that needs replacing
Supplies & Services	(143)	Reduction in inventory replacement as well as costs not required for external printing and printing materials.
Fees & Services	99	Increase associated with professional fees required for the LDP and procurement of the joint venture.
Communication & Computing	29	Increase pressure for costs associated with cloud managed service
Third Party Payments	(172)	Reduction in required amount of project management support.
Benefit Payments & Subsidy	(179)	Universal Credit impact. Less subsidy received and less payments made to claimants who are transferring or have transferred onto Universal Credit.
Pension Fund Deficit	35	Cost of pension deficit slightly more than expected.
External Payments	5	Increase on election advances.
Management Initiatives	136	Savings yet to be achieved
Government Grants	(157)	Additional grant income not forecast; funding announced after last estimated outturn update. Majority has been earmarked for specific spend in future years.
Other Grants & reimbursements	(511)	Income from HMRC in relation to Sport Exemption Claim, earmarked into a reserve.
Sales Income	4	Small deficit on charges.
Fees & Charges	(73)	Fees & Charges have been volatile throughout the year. Variance is attributed to Increase in penalty charge notices, season ticket income and planning application income

Rental Income – Land & building	38	Vacancy periods as well as development of assets.
Miscellaneous Receipts	241	Commercial Activity Income, not met. Some of this variance can be offset by the additional interest income from the loans to SAIL.
Interest and Investments	(145)	Interest from the Vat sport exemption claim and from the loans to SAIL. Increase in temporary borrowing interest payments
Recharges	(7)	Small increase to the HRA
Transfers and Appropriations	992	Increase in income, such as VAT income, has resulted in less draw down on reserves to fund services.
Collection Fund Deficit	(41)	NNDR pool performance higher than forecast.
<b>TOTAL Variance</b>	<b>188</b>	

### **General Fund Working Balance**

- 3.4 The estimated working balance as at 31 March 2019 is £3.117 million which is £188k less than the anticipated level reported in March 2019.
- 3.5 This is due the General Fund funding gap increasing to a provisional deficit of £188k.
- 3.6 The financial position statement presented to members on 1 March 2019 has been revised to show 2018/19 outturn position and the closing working balances, which is shown in Appendix A.
- 3.7 The General Fund balance must continue to be managed so that it provides the flexibility to manage unexpected demands and pressures without destabilising the Council's overall financial position. The level of the working balance should provide a reasonable allowance for unquantifiable risks or one-off exceptional items of expenditure that are not covered within existing budgets.
- 3.8 General guidance and practice amongst other authorities varies. Options include a percentage of Gross Operating Costs and a percentage of Net Spending Requirement to be maintained as a minimum. A minimum reserve level of £2.2 million was agreed at the March 2019 Full Council meeting. This figure was calculated on the risk assessment, which was carried out by the Finance Department, this risk assessment reviews and considers the risks, that sits within the Council's risk register.

## 4 General Fund Reserves

- 4.1 As part of the year end procedures the Council must review its Earmarked Reserves. These Reserves are required in order to comply with proper accounting practice, whilst others have been created to earmark resources for known or predicted liabilities.
- 4.2 The total reserve balance as at 31<sup>st</sup> March 2019 is £4.821 million; the estimated drawdown requirement was a net position of £771k. The complete reserves position is set out in Appendix B.
- 4.3 The reserves are grouped into 5 types of reserves.
- **Service** – Monies requested by the service from existing budgeted to be used on specific plans or projects.
  - **Trading** – Trading Accounts are held so that over a period of three financial years the account should balance to zero. Any surplus is taken into account when setting future years fees and charges.
  - **Specific** – Monies that the Council has received that have restricted conditions on how the money can be used.
  - **Funding** – Earmarked specifically to mitigate financial risks to the Council
  - **Transformation** – Monies specifically earmarked to fund the Councils transformational activities.
- 4.4 The Funding Volatility reserve, this reserve is to mitigate the uncertainty and financial risks the Council Faces, especially in regard to the Fair Funding Review. Therefore, for 2018-19 this reserve has increased by £759k. The contribution to this reserve is predominantly from the VAT refund the Council received in 18-19 for the sports exemption claim. Other contributions include grant income received that are not specific, ring fenced grants, therefore these have been earmarked to the funding reserve.
- 4.5 Organisational Transformation Reserve, this has decreased by £717k. The drawdown from this reserve has been utilized to fund the procurement of the Joint Venture partner for the Asset Development Programme. In addition to this, the reserve has also funded the membership to ASELA and the Council's emergency planning review. £100k of the reserve has been moved into a separate European Union Exit reserve. This reserve is to set aside funds for the necessary preparations required of the Council when the UK exits the EU. Due to the uncertainty around the impact of leaving the EU the reserve has been set up to support any financial pressures the Council may face when leaving.
- ## 5. Housing Revenue Account (HRA) – Provisional Outturn 2018/19
- 5.1 The HRA outturn figure shows a projected deficit of £138k. The estimated forecast for the HRA (as reported to Council in March 2019) was a potential deficit of around £15k as at 31 March 2019. The variance reflects the conscious decision for

investment in the Council's housing stock, through repairs and maintenance as well as contract management.

- 5.2 Table 3 provides a summary of the actual spend on the Housing Revenue Account compared to the estimated outturn.

**Table 3 – 2018/19 HRA Outturn**

	<b>2018/19 Estimated Outturn £'000</b>	<b>2018/19 Actual £'000</b>	<b>2018/19 Variance £'000</b>
<b>Expenditure:</b>			
Repairs and Maintenance	2,710	2,545	(165)
Supervision and Management	3,066	3,244	178
Rents, Rates, Taxes and Other Charges	182	176	(6)
Share of Corporate Costs	433	426	(7)
Depreciation and Impairment	2,905	2,896	(9)
Movement in the Allowance for Bad Debts	60	163	103
<b>TOTAL EXPENDITURE</b>	<b>9,356</b>	<b>9,450</b>	<b>94</b>
<b>Income:</b>			
Dwelling Income	(11,710)	(11,805)	(95)
Non-Dwelling Income	(358)	(346)	12
Charges for Services and Facilities	(862)	(817)	45
Contribution towards Expenditure	(72)	(81)	(9)
<b>TOTAL INCOME</b>	<b>(13,002)</b>	<b>(13,049)</b>	<b>(47)</b>
<b>Net Cost of HRA Services</b>	<b>(3,646)</b>	<b>(3,599)</b>	<b>47</b>
Interest and Debt Management	1,928	1,928	0
Interest & Investment Income	(49)	(101)	(52)
Other Operating and Financing Charges	2,182	2,910	728
<b>Net Cost of HRA Services inc Operating Charges</b>	<b>415</b>	<b>1,138</b>	<b>723</b>
Appropriations	(400)	(1,000)	(600)
<b>Deficit / (Surplus) for HRA Services</b>	<b>15</b>	<b>138</b>	<b>123</b>

- 5.3 Table 4 outlines the key variances for net cost of HRA services including operating charges:

**Table 4 – HRA VARIANCES**

<b>Budget</b>	<b>(Under)/Over Spend £'000</b>	<b>Explanation</b>
Repairs & Maintenance	(165)	Expected repairs costs associated with terminating current contract, less than forecast.
Policy & Management	196	Costs associated with the procurement and mobilization of the new Repairs and Maintenance Contract with Axis.
Rent collection & Recovery	11	Increase in court fees due to tackling rent arrears.
Right to Buy	3	Increase in professional costs required for the right to buy applications.
Tenant participation	(4)	Decreased spend on Tenant Participation activities.
Utilities	72	Increase in utilities for void properties as well as the cost of supply increasing.
Caretaking	(34)	Vacancy savings.
Grounds Maintenance	(37)	Recharge less based on ongoing review of Grounds Maintenance
Waste Collection	8	Increase costs on waste disposal, due to clearing communal areas, for health and safety policies.
Sheltered Accommodation	(37)	Vacancy savings
Rents, Rates, Taxes & other Charges	(6)	Small underspends.
Corporate Costs	(7)	Corporate recharges slightly less than forecast.
Depreciation	(9)	Small saving. Less contributed to the Major Repairs Reserve, which funds the decent home capital program.
Bad Debt	103	As the Rent arrears increase, the bad debt provision against these debts increase.
Dwelling Income	(95)	Increase as more properties are bought/developed and charged at Affordable Rents.

Non-Dwelling Income	12	Long-term periods on void garages.
Charges for Services & facilities & Contribution	36	Less income on leaseholder service charges and impact of void properties.
Interest & Investment Income	(52)	Charge from General Fund, from internally borrowing HRA cash resources. Transfer of shops
Pension Fund Deficit	11	Increase on pension deficit.
Revenue Contribution to Capital	717	Contribution to fund the increased overspend on the Affordable housing capital program.
Appropriations	(600)	Increase on the use of reserve to fund costs associated with the new Repairs and Maintenance Contract.
Total	123	

## 6. HRA Working Balance

- 6.1 The impact of the provisional outturn means that the estimated working balance as at 31 March 2019 is around £1.902 million.
- 6.2 The HRA working balance must continue to be managed so that it provides the flexibility to manage unexpected demands and pressures without destabilising the Council's overall financial position. The level of the working balance should provide a reasonable allowance for unquantifiable risks or one-off exceptional items of expenditure that are not covered within existing budgets. The working balance can also be used to act as a source of pump priming investment and/or to deliver "invest to save" projects.
- 6.3 General guidance and practice amongst other authorities varies. Options include a percentage of total income, and a set value per Council Dwelling. However, individual risk assessments undertaken at a local level are considered best practice.

## 7. HRA Earmarked Reserves

- 7.1 In addition to the Working Balance, the HRA has 2 earmarked reserves. The Repairs & Maintenance Reserve has been fully utilised in 2018/19. The total value of HRA Reserve is around £2.4 million. A schedule of the Earmarked Reserves is attached as Appendix B to this report.

## 8. Capital Programme – Provisional Outturn 2018/19

8.1 The projected forecast spends on the Capital Programme for 2018/19 is £5.939 million, compared to the budgeted capital programme of £13.664 million.

8.2 Table 5 shows details of the actual spend compared to the estimated outturn (as reported to Council in March 2018) and the current budget for the capital programme.

**Table 5 – 2018/19 Capital Outturn**

	<b>2018/19 Current Budget</b>	<b>2018/19 Provisional Outturn</b>	<b>2018/19 Actual</b>	<b>2018/19 Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Details of Expenditure:</b>				
Environment & Housing Management	7,370	5,911	5,593	(1,777)
Community & Health	734	363	420	(314)
Economic Development	1,939	1,839	1,849	(90)
Transformation	39,127	20,624	21,609	(17,518)
<b>TOTAL EXPENDITURE FOR VISION FOR BRENTWOOD</b>	<b>49,170</b>	<b>28,737</b>	<b>29,471</b>	<b>(19,699)</b>
<b>Funded by:</b>				
Capital Receipts	2,965	3,593	3,492	527
Retained HRA capital Receipts	850	850	1,157	307
Government Grants	250	250	224	(26)
Major Repairs Reserve	3,140	2,115	997	(2,143)
Contributions from Revenue	1,982	1,982	2,699	717
Section 106	238	238	255	17
Borrowing	39,745	19,709	20,647	(19,098)
<b>TOTAL FUNDING</b>	<b>49,170</b>	<b>28,737</b>	<b>29,471</b>	<b>(19,699)</b>

8.3 The Capital Programme for 2018/19 has been fully funded through a mixture of financing.

8.4 £13.5million of Borrowing costs are associated with the loans provided to Seven Arches investment Ltd (SAIL)

8.5 Table 6 outlines the variance for each individual capital scheme and an analysis to whether it should be carried forward into 2019/20.

**Table 6 – 2018/19 Capital Scheme Variances**

Capital Scheme	2018/19 Actual	2018/19 Variance	Explanation of variance
	£'000	£'000	
Town Hall Remodelling	7,744	(1,021)	Ongoing Project, due for completion in 19.20
Asset Development Program	194	3	Slight overspend
Multi Storey Car Park	1,710	(90)	Project completing in early 19.20
ICT Strategy	171	0	Fully Utilised
Play Area Refurbishments (incl S106 monies)	294	(113)	Slippage requested for works required outside the 19/20 Play Area Strategy to ensure all play areas are kept safe.
Parks Infrastructure Improvements	89	(35)	Delay to the completion of the ramp and rail at KGPF, slippage requested due to project slipping into 19/20.
Irrigation to Golf Course	23	(7)	Project delayed due to wet weather in 18/19, slippage requested to complete project.
Open Space Incursions	60	0	Fully utilised.
Cemetery Infrastructure Improvements	212	21	Spend includes the new memorial wall.
Cemetery Headstones	19	(16)	
Home Repair Assistance Grant	1	(29)	Requests for grants have declined. Future budgets have been reflected for this decline, therefore slippage not required.
Brentwood Business Partnership	39	0	Capital grant given to the partnership.
Disabled Facilities Grant	223	(27)	
Equipment Purchase S106	0	(41)	Section 106 funds still to be spent.
CCTV System Upgrade	16	11	Higher specification of equipment purchased.
Vehicle & Plant Replacement Programme	226	(565)	Spend delayed pending service review to begin in 19.20. Slippage requested to purchased new vehicles, if the proposed service review of waste is agreed.
Highways Match Funding to ECC	100	0	Fully Utilised
Warley Sports Pavilion	0	(169)	Project no longer going ahead.

Loan to Wholly Owned Company	13,500	(16,500)	Loans to SAIL, reprofiled in budget based on SAIL's business plan
<b>TOTAL GENERAL FUND</b>	<b>24,617</b>	<b>(18,583)</b>	
HRA Decent Homes	991	(2,149)	Planned works on hold, to be utilised on compliancy
New Homes Build	3,862	1,030	Future budgets to be reprofiled to reflect increased spend in 2018/19
<b>TOTAL HRA</b>	<b>4,853</b>	<b>(1,119)</b>	
<b>TOTAL</b>	<b>29,471</b>	<b>(19,699)</b>	

- 8.6 Due to the under spends on some of the variances above, budget holders have requested various schemes to be carried forward into 2019/20. Senior officers have reviewed these requests along with the above variances and have made decisions on which schemes should be carried forward.
- 8.7 Table 7 shows a complete summary of the capital schemes that have been started and are not yet complete and are therefore requested to be carried forward to 2019/20.

**Table 7 – 2018/19 Capital Scheme Carry Forwards into 2019/20**

<b>Scheme</b>	<b>Amount to carry forward £'000</b>
Town Hall Remodeling	1,021
MSCP Refurbishment	90
Parks Infrastructure	35
Play Area Refurbishment	113
Irrigation to Golf Course	7
Vehicle Replacement Programme	565
HRA Decent Home and Compliancy Works	2,149
<b>TOTAL AMOUNT TO CARRY FORWARD</b>	<b>4,080</b>

- 8.8 The amount carried forward in Table 7 must be funded, through capital receipts, capital grants, revenue contributions or borrowing. As at 31<sup>st</sup> March 2019, the provisional capital receipts balance was £3.167million. Of which all is ring fenced for 1-4-1 Dwelling Replacement (Garage Site Development). Therefore, all future and current capital spend within the General Fund is to be funded from borrowing. Table 7a proposes how the Capital Program will be funded including the proposed carry forwards from Table 7.

**Table 7a – 2019/20 Capital Program Funding including Carry Forwards**

	<b>Amount £'000</b>
General Fund Total Program 2019/20	25,995
HRA Decent Homes Program 2019/20	3,601
HRA Garage Site Development Program 2019/20	6,882
<b>Current Approved Capital Program 2019/20</b>	<b>36,478</b>
GF Proposed Carry Forwards	1,832
HRA Decent Home Proposed Carry Forwards	2,149
<b>Total Proposed Capital Program incl Carry Forwards</b>	<b>40,459</b>
<b>Funded By</b>	
General Fund Capital Receipts	(200)
Retained Capital Receipts	(2,064)
Government Grants	(250)
Other Grants	(450)
HRA Major Repairs Reserve	(5,751)
HRA Revenue Contribution	(4,000)
General Fund Borrowing	(26,927)
HRA Borrowing	(817)
<b>TOTAL Funding</b>	<b>(40,459)</b>

8.9 The General Fund carry forwards are to be funded by borrowing. The increase in borrowing will increase the interest and minimum revenue provision on the General Fund revenue working balance.

8.10 The increase in the HRA Decent Home and Compliancy works will be funded from the HRA Major Repairs Reserve. This has a balance at 31<sup>st</sup> March 2019 of £4.325 million with an in year expected contribution of £3.035 million in 19/20.

## **9. Annual Treasury Management Review 2018/19**

### **Introduction and Background**

9.1 This report describes the treasury activity for 2018/19 compared to the treasury management strategy for the year.

## **10. The Council's Capital Expenditure and Financing 2018/19**

10.1 The actual capital expenditure is one of the prudential indicators that the Council is required to report. Capital expenditure during 2018/19 was £29.471m and is shown in more detail on Table 5. The table also shows how this was financed.

## **11. The Council's Overall Borrowing Need**

11.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR).

11.2 In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2017/18) plus the estimates of any additional capital financing requirement for the current (2018/19) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2018/19. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	<b>31-Mar-18 Actual £'000</b>	<b>31-Mar-19 Actual £'000</b>
CFR – General Fund	11,097	18,445
CFR – HRA	61,544	61,544
CFR - Commercial Activity	0	13,500
<b>Total CFR</b>	<b>72,641</b>	<b>93,489</b>
Gross borrowing position	61,166	73,166
<b>Under funding of CFR</b>	<b>11,475</b>	<b>20,323</b>

## 12. The Council's Treasury Position at the Year End

12.1 The treasury position as at 31 March 2019 compared with the previous year is shown in Table 9:

**Table 9: Year End Treasury Position**

	31-Mar-18		31-Mar-19	
	Principal	Average Interest Rate	Principal	Average Interest Rate
	£000	%	£000	%
General Fund	2,000		2,000	
HRA	59,166		59,166	
Commercial Activity	0		12,000	
<b>Total External Debt</b>	<b>61,166</b>	<b>3.42%</b>	<b>73,166</b>	<b>3.02%</b>
Total Capital Financing Requirement	72,641		93,489	
<b>Under Borrowing</b>	<b>(11,475)</b>		<b>(20,323)</b>	
<b>Investments</b>				
Short-term deposits with banks & building societies	14,000	0.55%	2,000	0.80%
<b>Total Investments</b>	<b>14,000</b>		<b>2,000</b>	
<b>Net Borrowing Position</b>	<b>47,166</b>		<b>71,166</b>	

12.2 The Commercial Activity borrowing represents three loans taken out with other local authorities to enable the Council to provide capital finance to Seven Arches Investments Ltd.

12.3 Investments have reduced from £14m to £2m over the year. This was a planned reduction as the Council has utilised internal resources to fund the Town Hall remodelling.

### 13. Prudential and Treasury Indicators

13.1 The Council is required by the Prudential Code to report the following prudential and treasury indicators after the year end. These indicators provide either an overview or a limit on treasury activity.

#### Prudential Indicators

13.2 **The Authorised Limit** – this is the “affordable borrowing limit” required by Section 3 of the Local Government Act 2003. This represents a limit beyond which external debt is prohibited. The limit is set or revised by the Full Council. During 2018/19 the Council has maintained gross borrowing within this limit.

- 13.3 **The Operational Boundary** – this is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.
- 13.4 **Actual financing costs as a proportion of net revenue stream** – this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

**Table 13: Other Prudential Indicators**

	<b>2017/18 £000</b>	<b>2018/19 £000</b>
Authorised limit for external debt	86,533	117,526
Operational boundary for external debt	80,566	114,526
Financing costs as a proportion of net revenue stream:		
General Fund	1.40%	1.50%
Commercial Activity	0.00%	0.20%
HRA	14.10%	14.20%

**Treasury Indicators**

- 13.5 **Maturity Structure of the fixed rate borrowing portfolio** - this indicator assists the Council in avoiding large concentrations of fixed rate debt that has the same maturity structure and would therefore need to be replaced at the same time.

	<b>31 March 2019 £000</b>	<b>Proportion of total borrowing</b>	<b>Estimated upper limit</b>
Less than 1 year	12,000	16%	10%
1 to 2 years	0	0%	10%
2 to 5 years	5,000	7%	20%
5 to 10 years	10,400	14%	20%
Over 10 years	45,766	63%	100%

- 13.6 The proportion of debit due to mature in less than one year is higher than the estimate. This is attributable to the short-term loans taken out to finance the commercial activity. For 2019/20 the upper limits have been revised in the light of the 2017/18 actuals.

13.7 **Exposure to Fixed and Variable Rates** - the Council is not exposed to changes in variable interest rates as all its borrowings are at fixed interest rates.

13.8 In summary, the Council has complied with all of the above relevant statutory and regulatory requirements which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means that its capital expenditure is prudent, affordable and sustainable, and its treasury practices demonstrate a low risk approach.

## 14. References to Corporate Plan

14.1 Good financial management underpins all priorities within the Corporate Plan.

## 15. Implications

### Financial Implications

**Name & Title: Jacqueline Van Mellaerts, Director of Corporate Resources**  
**Tel & Email 01277 312829 /jacquelinevanmellaerts@brentwood.gov.uk**

15.1 The financial implications are set out in the report.

### Legal Implications

**Name & Title: Paula Harvey, Deputy Monitoring Officer.**  
**Tel & Email 01277 312705/ paula.harvey@brentwood.gov.uk**

15.2 The recommendations set out within this report are lawful and within the Council's powers and duties. There is an existing legal framework for the Council to make proper arrangements for the management of its financial affairs, including the production of an Annual Treasury Management review of activities.

## 16. Background Papers

16.1 2 March 2019 Full Council – Medium Term Financial Plan 2019/20 – 2021/22

## 17. Appendices to this report

Appendix A – Financial Position Statement  
Appendix B – Earmarked Reserves  
Appendix C – Detailed Subjective Variance Analysis 2018/19

**Report Author Contact Details:**

**Name & Title:** Phoebe Barnes, Interim Financial Controller

**Telephone:** 01277 312839

**E-mail:** [phoebe.barnes@brentwood.gov.uk](mailto:phoebe.barnes@brentwood.gov.uk)