

RAPC 427/20

NEW FOREST NATIONAL PARK AUTHORITY

RESOURCES, AUDIT AND PERFORMANCE COMMITTEE – 1 JUNE 2020

FINANCIAL OUTTURN AND TREASURY REPORT 2019/20

Report by: Nigel Stone, Head of Resources (CFO)

Purpose:

This report sets out the detailed projected outturn position for the Authority for the 2019/20 financial year. This information will latterly be formed into the annual Financial Report (Accounts), which will then be audited and presented for consideration and approval by the Authority in September. This report also includes the annual report on the Treasury Service and Prudential Indicators for 2019/20.

Executive Summary:

The original budget for 2019/20, approved as NFNPA 567/19 and set within the context of the Medium-Term Financial Plan, estimated a £30,000 contribution would be required from the Revenue Support Reserve to balance the budget. The latest Budgetary Control Report (which came to this Committee in February 2020) estimated that, other than a potential pressure regarding planning fee income, there were no known significant net variances.

The impact of the Covid-19 pandemic on the 2019/20 financial outturn position has been minimal, particularly so as it occurred so late in the financial year, but impacts going forward are still currently being assessed.

The draft outturn figures (correct as at writing of this report in mid-May) indicate a small overspend of £6,000 which equates to a 0.12% variance to the original budget. As a result, a figure of around £36,000 will be taken from the Revenue Support Reserve.

1 General Fund Revenue Budget Outturn 2019/20

- 1.1 The draft year-end position is set out in the standard management reporting format in **Annex 1**. Further breakdowns, including within the standard accounting format, is shown in **Annex 2**. Detailed outturn for the Programme Fund and Partnership Projects can be found in **Annexes 3 and 4** respectively. The projected impact on the Reserves (general and earmarked) is shown in **Annex 5**.
- 1.2 The overall original income and expenditure budgets for 2019/20 were £4.86m, as shown in Annex 1. This included £0.96m from Authority-led partnership projects (externally-funded). These historic budgets, and the outturn figures, have not been significantly impacted by the C-19 pandemic.

- 1.3 The overall expenditure position at year-end shows £4.71m spend (97% of budget). Without the partnership projects, spend was £3.92m from a budget of £3.90m (101%).
- 1.4 The overall income position shows £4.71m received (97% of budget). Without the partnership projects, income was £3.92m from a budget of £3.90m (101%).
- 1.5 The original budget required a contribution from the Revenue Support Reserve of £30,000 – as a result of the outturn position this has risen to £36,000. The variance is broken down in sections 2 to 4 below.

2 Expenditure – Key Variances (from tables in Annex 1)

2.1 Employee Costs (+£68,000)

The Authority had slightly lower than forecast vacancy savings during this financial year (£15k), alongside some additional costs for temporary planning posts (£10k), access officer costs (£40k) and travel expenses (£3k). The access officer costs were originally expected to be covered by funding for the establishment of the England Coast Path, but this work and funding has been delayed.

3 Income – Key Variances (from table in Annex 1)

3.1 Planning Fees (-£96,000 overall, +£54,000 without one-off fee)

Planning fee income was £96,000 higher than originally forecast (total fees received was c£508,000), however this includes the £150,000 single fee for the Fawley development application (which of course comes with its own resultant costs). Excluding that item, fees were down by £54,000 on the original budget. Some of the Fawley fee has been spent and the remainder will be carried over to 2020/21 when the application is likely to be determined.

It should be noted that the planning fees still only cover, on average, under 50% of the cost of determining an application.

3.2 Investment & Interest Income (-£5,000)

A full report on the Treasury function during 2019/20 is attached to this report as **Annex 6**. The interest received on investments and holdings for the year was £16,000; this equates to a 0.72% return compared to the benchmarked return of 0.55%.

3.4 Contribution to Earmarked Reserves

The original budget projected that we would utilise £37,000 from our earmarked reserves during the 2019/20 financial year, the outturn position shows that in fact we will add a total of £58,000 this year. The variance largely related to the carry over of the remaining Fawley planning application fee to 2020/21.

3.5 Contribution from Revenue Support Reserve

Largely due to some known pressures netting off some additional income, the overall financial position requires £36,000 from the Revenue Support Reserve this year, £6,000 (0.12%) more than originally budgeted.

4 Programme Fund – Key Variances (from table in Annex 3)

4.1 Narrative has been added to the table in Annex 3 where significant variances occurred. The overall total of £252,000 spent compared to an original budget estimate of £274,000 (92%).

4.2 There were no large variances reported and the variance solely consists of a larger number of small underspends from across the budget lines. The underspend will be used to net off the overspend on salaries.

5 Partnership Projects (from table in Annex 4)

5.1 The Authority spent a total of over £0.78m during 2019/20 on Authority-led Partnership Projects as set out in the table in Annex 4. Of this funding, just £64,000 was put in by the Authority; once the project funds are fully spent/claimed, on average for every £1 we put in, a further £15 was generated.

5.2 The variance from the original budgeted spend of £0.96m is largely down to the Our Past, Our Future Landscape Partnership Scheme which only spent £583,000 from its original estimate of £800,000 spend for 2019/20. There is no requirement to spend specific amounts by financial years, so no funding has been 'lost' as a result. A full financial review of the scheme has recently been undertaken by the Delivery Manager, reported to the Board, and any identified underspends reallocated.

5.3 The remaining partnership project budgets will be carried forward to 2020/21 through earmarked reserves.

6 Reserves (from table in Annex 5)

6.1 The projected position of the Reserves is shown in Annex 5. The key changes in-year have already been detailed in 3.4 / 3.5 above.

6.2 Various transfers to and from earmarked reserves are listed in the table in Annex 5. These generally constitute either spending from existing reserves, ring-fenced funding being added to a reserve or where a provision is being made for non-standard costs in future years that we are currently aware of (the vast majority for use in 2020/21), as categorised below:

Spending – Transport Grants, Buildings Maintenance, OPOF Landscape Partnership, Land Advice Service, Sustainable Communities Fund and Planning Grants.

Ring-fenced – Pedall, Affordable Housing (Bransgore Rental Income), ICT replacement and Planning Fees (Fawley).

Provisions – none.

6.3 This gives draft 'key' reserve balances of:

Minimum Reserve	£300,000
Planning / Risk Reserve	£108,000
Revenue Support Reserve	£0
Capital / Major Projects Reserve	£597,000

7 Developer Contributions (from table in Annex 5)

7.1 The first table of Annex 5 shows a summary of the Developer Contributions held by the Authority at year-end. A total of £51,000 was received during the year and £82,000 released.

8 Procurement Waivers

8.1 There were no procurement waivers granted in 2019/20.

9 Accounts and Accounting Policies 2019/20

9.1 At this time it is not expected that any significant changes will be required to the Authority's existing Accounting Policies in order to produce the Financial Report (Statement of Accounts) for 2019/20. Should any changes latterly be required, this will be reported to the Authority alongside the final Financial Report in September.

9.2 The actuarial valuation of the HCC pension fund for the year-end has been completed and shows that the overall liability, which will show on our balance sheet, has increased from £6.45m to £7.29m (after asset values remained static but the liability increased).

10 Summary

10.1 The current projection indicates an increased call of £36,000 from the Revenue Support Reserve for 2019/20. This equates to a negative variance of around 0.12% on the overall original budget.

10.2 In addition to the movement on the Revenue Support Reserve, a further net £58,000 has been added to the other Earmarked Reserves, increasing the total reserves held to around £1.56m.

11 Recommendations

It is recommended that Members:

- 1 note the provisional outturn position;
- 2 note the Treasury Management Stewardship Report and Prudential Indicators 2019/20 in Annex 6; and
- 3 approve the *indicative* transfers to/(from) Reserves in 2019/20 as set out in section 6 and detailed in Annex 5.

Papers:

RAPC 427/20	Report
RAPC 427/20 - Annex 1	General Financial Outturn
RAPC 427/20 - Annex 2	Standard Accounting Format
RAPC 427/20 - Annex 3	Programme Fund Outturn
RAPC 427/20 - Annex 4	Partnership Projects Outturn
RAPC 427/20 – Annex 5	Projected Positions of the Reserves
RAPC 427/20 – Annex 6	Treasury Management Stewardship - Report & Prudential Indicators

Equality and Diversity Implications:

There are no specific equality or diversity implications arising out of this report.

Contact:

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Annex 1

Budget Monitoring 2019/20
Summary Accounts for the period 1 April – 31 March 2020

	Original Budget	Payments / Income	% of Budget Spent
<u>Expenditure:</u>	£000	£000	
Employee Costs (Salary, Travel, Pensions etc)	2,746	2,814	76%
Programme Fund	274	252	92%
Sustainable Communities Fund	30	21	70%
Strategy & Planning	50	51	102%
Local Plan	50	47	94%
Central Costs (split below)	749	739	99%
Subtotal	3,899	3,924	101%
Authority-led Partnership Projects	964	781	81%
Total Expenditure	4,863	4,705	97%
<u>Income:</u>			
National Park Grant	-3,251	-3,251	100%
Planning Income & Grants	-412	-358	87%
Fawley Application Fee	0	-150	N/A
Shared Services	-128	-140	109%
Income Generation (inc. Affordable Housing)	-30	-31	103%
Investment & Interest Income	-11	-16	145%
Contribution from Revenue Support Reserve (estimated)	-30	-36	120%
Contribution from Other Earmarked Reserves (estimated)	-37	+58	N/A
Subtotal	-3,899	-3,924	101%
Authority-led Partnership Projects	-964	-781	81%
Total Income	-4,863	-4,705	97%

Central Costs Split

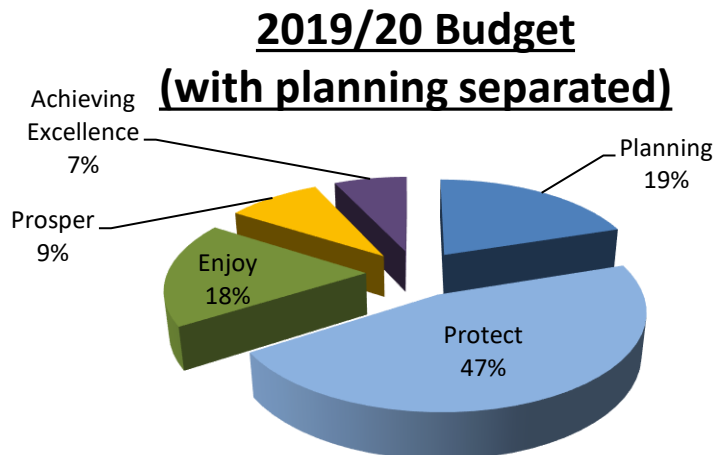
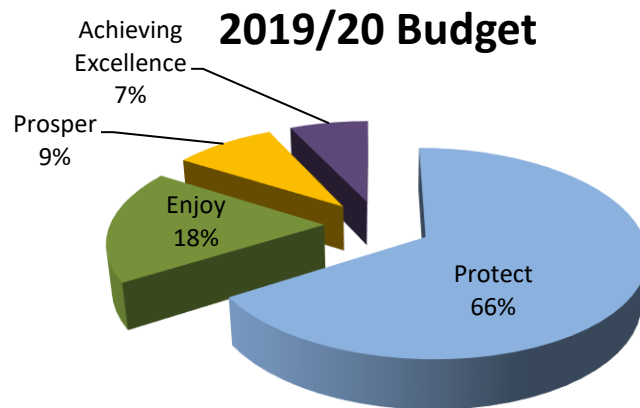
	Latest Budget £000	Payments £000	% of Budget Spent
Secretariat	47	46	98%
Human Resources	77	82	106%
ICT Services	176	180	102%
ICT R&R Fund	40	31	78%
Member Services	61	59	97%
Finance & Audit Services	48	46	96%
Accommodation	215	215	100%
Business Support (e.g. insurance, printing, stationery)	85	80	94%
TOTAL	749	739	99%

Annex 2

2019/20 Original Budget (£3.9m – not including partnership projects) shown as ‘Protect, Enjoy, Prosper & Achieving Excellence’

	Protect*	Enjoy	Prosper	Achieving Excellence
	£000	£000	£000	£000
Employee Costs (allocated)	1,831	443	256	216
Programme Fund	106	123	45	-
Sustainable Communities Fund (approximation)	21	6	3	-
Strategy & Planning	100	-	-	-
Central Costs (allocated)	499	121	70	59
TOTAL	2,557*	693	374	275

*Includes up to £0.75m of costs directly related to the Planning Service



2019/20 Budget position in Authority's formal reporting format

	Budgeted Net Cost of Services 2019/20		Projected Expenditure	Projected Income	Projected Net Position
	£000		£000	£000	£000
Conservation of the Natural Environment	529		1,230	-750	480
Conservation of Cultural Heritage	350		340	-20	320
Recreation Management and Transport	230		300	-80	220
Promoting Understanding	511		480	0	480
Rangers, Estates and Volunteers	120		170	-80	90
Development Control	613		1,180	-510	670
Forward Planning and Communities	521		530	0	530
Corporate and Democratic Core	455		475	-20	455
SUBTOTAL	3,329		4,705	-1,460	3,245
National Park Grant	-3,251			-3,251	
Investment & Interest Income	-11			-16	
Use of Reserves	-67			22	
TOTAL	0			-4,705	

Annex 3

	Original Project Budget	Payments	% of Budget Spent	Notes on significant variations
Programme Fund 2019/20				
PROTECT*	£000	£000		
Ecology and Catchment Co-ordination	14	13	93%	
Woodland Management Projects (NFLAS)	5	5	100%	
Natural Environment Evidence Base (HBIC / WRC)	8	8	100%	
Our Past, Our Future (Landscape Partnership)	56	56	100%	
Archaeology Projects and SLAs	10	9	90%	
Green Halo Partnership	7	7	100%	
OTHER (Projects less than £5,000)	6	5	83%	
PROTECT SUBTOTAL	106	103	97%	
ENJOY*	£000	£000		
Access Improvements	15	14	93%	
Health and Wellbeing	5	7	140%	Small overspend
Education (Travel Grants and Resources)	8	6	75%	
Recreation Management	13	13	100%	
Interpretation & Information	8	7	88%	
New Forest Show	6	7	117%	Small overspend
Media and Promotion	23	21	91%	
Publications	30	28	93%	
Ranger Projects	7	3	43%	Low equipment spend this year
People and Wildlife Ranger Projects	5	4	80%	
OTHER (Projects less than £5,000)	3	1	33%	Low boundary marker maintenance costs
ENJOY SUBTOTAL	123	111	90%	

	Original Project Budget	Payments	% of Budget Spent	Notes on significant variations
PROSPER*	£000	£000		
New Forest Marque	25	25	100%	
Sustainable Transport	10	11	110%	Small overspend
OTHER (Projects less than £5,000)	10	2	20%	Savings on sustainability projects and events
PROSPER SUBTOTAL	45	38	84%	
TOTAL EXPENDITURE	274	252	92%	

*The designation of projects to 'Protect, Enjoy & Prosper' are for illustrative purposes only and do not constitute the total funding allocated to each area by the Authority (see Annex 1).

Annex 4

Authority-led Partnership Projects 2019/20

	Authority Direct Financial Contributions	Partner Financial Contributions	Total Project Budget	Total Payments to date	Payments as % of budget	Notes on significant variations
	£000	£000	£000	£000		
Our Past, Our Future (HLF)	59	741	800	583	73%	Funding to be spent by all partners – On track, but not limited by financial years
New Forest Remembers	0	18	18	0	0%	Remaining legacy funding does not have to be spent this year
Pedall (Big Lottery)	0	80	80	80	100%	
Higher Level Stewardship	0	60	60	50	83%	
Land Advice Service	5	65	70	68	97%	
TOTAL	64	964	1,028	781	76%	

On average, for every £1 the Authority contributes it generates a further £15 from partner organisations

Annex 5

Developer Contributions:

	Affordable Housing	Open Space	Ecological Mitigation
	£000	£000	£000
Starting Balance	524	68	94
Funds Received	0	4	47
Funds Spent / Released	(9)	(41)	(32)
Current Balance	515	31	109

Current Reserve Balances:

	Starting Balance	Projected Movement	Closing Balance
	£000	£000	£000
General Fund Reserve	300	0	300
Earmarked Reserves:			
Revenue Support Reserve	36	(36)	0
Capital / Major Projects Reserve	597	0	597
Planning / Risk Reserve	108	0	108
Other	492	58	550
TOTAL	1,533	22	1,555

Annex 6

ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND ACTUAL PRUDENTIAL INDICATORS 2019/20

1. Introduction

- 1.1 The annual treasury report is a requirement of the Authority's reporting procedures and covers the treasury activity for 2019/20. The report also covers the actual Prudential Indicators for 2019/20 in accordance with the requirements of the Prudential Code.

2. Background

- 2.1 The Authority's treasury management activities are regulated by a variety of professional codes, statutes and guidance:
- The Local Government Act 2003 (the Act), which provides the powers to borrow and invest as well as providing controls and limits on this activity;
 - Statutory Instrument (SI) 3146 2003, as amended, develops the controls and powers within the Act;
 - The SI also requires the Authority to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services;
 - Under the Act, HMCLG has issued Investment Guidance to structure and regulate the Authority's investment activities.
- 2.2 This Authority has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this Code and the above requirements. These require that the prime objective of the treasury management activity is the effective management of risk, and that any activities are undertaken in a prudent, affordable and sustainable basis.
- 2.3 The Code requires, as a minimum, the regular reporting of treasury management activities to:
- Forecast the likely activity for the forthcoming year (in the Annual Treasury Strategy Report); and
 - At least two reports on activity and performance one of which will be the annual report (this report).

2.4 This report sets out the information in the following appendices: -

Appendix 1

- A summary of the treasury strategy agreed for 2019/20;
- A summary of the economic factors affecting the strategy over 2019/20;
- The decisions taken and performance of the treasury service and their revenue effects;
- The Authority's treasury position at 31 March 2020.

Appendix 2

- The main Prudential Indicators and compliance with limits;
- Performance indicators set for 2019/20;
- Risk and performance.

APPENDIX 1

TREASURY MANAGEMENT STEWARDSHIP REPORT – 2019/20

1. Introduction

This appendix sets out the performance for the Authority's treasury management activities.

2. Treasury strategy for 2019/20

The Authority approved the Treasury Management Strategy for 2019/20 in March 2019 (NFNPA 567/19).

The main principles of the investment strategy cover: -

- The security of investments;
- The liquidity of investments;
- Monitoring investment categories and counterparties;
- The use of money brokers;
- Performance indicators.

3. The Economy and Interest Rates

3.1 UK and Global Economic Background & Outlook

Prior to the Covid-19 pandemic, UK GDP growth was low but stable/steady, as was most of continental Europe and the US. However, the economic outlook is now markedly weaker and far more uncertain in terms of a likely recession, increased business failure, increased unemployment and potentially negative inflation. The scale and length of these issues are very uncertain at this time.

Interest rates have recently fallen to historic lows, including two cuts in March 2020 following the C-19 pandemic, and are not now projected to rise significantly for some considerable time yet.

Date	Bank Base Rate
At 1 April 2019	0.75%
11 March 2020 (cut)	0.25%
19 March 2020 (cut)	0.10%
31 March 2020	0.10%

3.2 UK Interest Rate Forecast(s)

Given the current economic conditions, it is not possible or practical to give further insight or estimates of future interest rate positioning at this time, other than to say that they are unlikely to rise significantly within the next couple of years.

4. Investment strategy

- 4.1 During the year, no investments were made for 1 year; all were for shorter periods or in deposits with instant access. All investments during the year have allowed for anticipated cash flow movements both on a daily and annual basis.
- 4.2 Short-term temporary investments in 2019/20 have been on average for a period of 30-60 days; this does not include the instant access accounts where the Authority invests.

5. Investments / Holdings

- 5.1 Temporary Investments are deposits which are capable of being repaid within one year. The term of the loans are negotiated from overnight to 364 days.
- 5.2 The interest rate earned on temporary investments for the year was 0.72%.
- 5.3 For 2019/20, the interest receivable on temporary money market investments is £16,000; this is above the estimated £11,000 which was originally budgeted. This variance is due to the slightly higher interest rates available in the market prior to the most recent events (which came too late in the financial year to have a significant financial impact).
- 5.4 A list of investments/holdings at 31 March 2020 is shown below:-

Borrower	Amount £	Interest Rate %	Maturity Date
Temporary Investments/Holdings			
Debt Mgmt Office (Govt)	1,250,000	0.07	Instant access
Standard Life Money Market Fund	500,000	0.25	Instant access
Lloyds Current Account	656,000	0.10	Instant access
Total	2,406,000		

- 5.5 All temporary investments have been invested according to the parameters set within the Authority's Treasury Policy Statement.

6. Investment benchmark

- 6.1 The temporary investment interest earnings are measured against a target benchmark. It is expected that earnings will at least equal the benchmark.
- 6.2 The benchmark is equivalent to the average 7 day LIBID rate available through the money markets and is measured over the financial year.

- 6.3 The 1 year LIBID benchmark is also included at 6.5 below for comparison purposes as there were two deposits that were invested over a one year term. Funds were invested in deposits with a variety of maturity dates and this has moderated the overall interest earnings achieved.
- 6.4 The table below shows the performance of the Authority's investments compared to the benchmark.
- 6.5 Results to 31 March 2020 are summarised as follows:

	7 day LIBID %	1 year LIBID %
Benchmark Return	0.55	0.69
Actual Return	0.72	0.72
Return above/(below) Benchmark	0.17	0.03

- 6.6 As at 31 March 2020 temporary investment interest earnings was above of the 7-day benchmark by 0.17%; this equates to around £3,900.

7. Investment instruments

- 7.1 All of the investments are made in money market deposits other than balances held in the Money Market Fund and Heritable bank in default.
- 7.2 All of these deposits earn a yield that is made up entirely of interest earnings. There is no capital appreciation/depreciation. No Gilts or Certificates of Deposits are used.

8. Borrowing Strategy

- 8.1 It was envisaged that no borrowing, other than the bank overdraft facility, would be required in 2019/20 and no loans were raised during the year.
- 8.2 The Authority's overdraft facility with the bank was not used at all during the year and therefore no interest was charged.

9. Compliance with the CIPFA code of practice

- 9.1 All treasury functions and debt management procedures, which were undertaken during the period, complied with the existing CIPFA Code of Practice on Treasury Management, as set out in the Authority's Treasury Policy Statement, and the Treasury Management Strategy for 2019/20.

10. Treasury Position at 31 March 2020

- 10.1 The following table shows the treasury position at the 31 March 2020 compared with the previous year. All investments have interest payable at a fixed coupon rate

for the period of the investment other than the Instant Access account and the Money Market Fund which are variable: -

	31 March 2019		31 March 2020	
	Principal	Average Rate	Principal	Average Rate
Temporary Cash-flow Investments				
Bank, Building Society & Gov't Instant Access - Variable Deposit	£1.63m	0.49%	£1.91m	0.67%
Money Market Fund	£0.50m	0.65%	£0.50m	0.70%
Total Investments	£2.13m	0.53%	£2.41m	0.68%

APPENDIX 2

PRUDENTIAL INDICATORS AND COMPLIANCE ISSUES TO 31 MARCH 2020

1. Introduction

1.1 The Authority is required by the Prudential Code to report the actual prudential indicators after the year-end.

1.2 The following table, at Paragraph 2.2, provides a schedule of all the mandatory prudential indicators applicable to the Authority. However only the Authorised Borrowing Limit is statutory and must not be breached; the other prudential indicators are for guidance only.

1.3 Certain of these indicators must be compared to others and are detailed later in this appendix.

2. Estimated and actual treasury position and prudential indicators

2.1 The following table compares the actual figure for 2019/20 with the original indicator for 2019/20 and the actual figure for 2018/19.

2.2 The original indicator for 2019/20 is the same as was included in the Treasury Management Policy and Strategy Report 2019/20 (NFNPA 567/19).

		2018/19 Actual £000	2019/20 Original Indicator £000	2019/20 Actual £000
1	Capital Expenditure	288	250	225
2	Treasury Position at 31 March - Investments	2,130	1,500	1,750
3	Authorised Borrowing Limit (against maximum position)	0	0	0
4	Operational Borrowing Limit (against average position)	0	0	0
5	Investments - Upper limits on fixed interest rates (against maximum position)	Maximum N/A	Maximum 100%	Maximum N/A
6	Investments - Upper limits on variable interest rates (against maximum position)	Maximum 100%	Maximum 100%	Maximum 100%
7	Interest on Net Investments	14	11	16
8	Maximum principal funds invested (against maximum position)	Maximum 3,103	Maximum 4,000	Maximum 3,217
9	Ratio of capital financing costs to net revenue stream	14%	17%	13%

- 2.3 There were no reportable breaches of any statutory limits during the year.
- 2.4 The Authorised Limit must not be breached. The table demonstrates that during 2019/20 the Authority has maintained gross borrowing within its Authorised Limit.

	2019/20
Authorised Limit	£2.00m
Operational Boundary	£0.00m
Maximum gross borrowing position during the year	£0.00m
Minimum gross borrowing position during the year	£0.00m

The Operational Boundary is the expected average borrowing position of the Authority during the year, and periods where the actual position is over the Boundary is acceptable subject to the Authorised Limit not being breached.

- 2.5 In addition to the above the Authority has adopted the CIPFA Code of Practice which is required as a Prudential Indicator.

3. Treasury service performance indicators for 2019/20

- 3.1 The treasury service has set the following performance indicator:
- For money market investments, the benchmark for return should be set above the average 7 day LIBID rate.
- 3.2 The performance indicator was 0.55% for the year; the performance was 0.72% as explained in paragraph 6.5 in appendix 1 above.

4. Risk and performance

- 4.1 The Authority has complied with all of the relevant statutory and regulatory requirements that 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 that its treasury practices demonstrate a cautious approach.
- 4.2 The Authority is aware of the risks of passive management of the treasury portfolio and has proactively managed the investments over the year subject to both counterparty and cash flow constraints but tempered by the uncertain market conditions.
- 4.3 Shorter-term market rates and likely future movements of interest rates predominantly determine the Authority's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised (though never totally negated) through the annual investment strategy, accurately forecasting future returns can be difficult.

- 4.4 The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of default applies to all of the Authority's deposits, even more so within the current pandemic situation, but there was no evidence at 31 March 2020 that this was likely to crystallise.
- 4.5 Section 5 of appendix 1 (p.18) shows the returns for 2019/20.