AGENDA ITEM.

REPORT TO AUDIT & GOVERNANCE COMMITTEE

25 JULY 2022

REPORT OF DIRECTOR OF FINANCE, DEVELOPMENT & REGENERATION AND DEPUTY MANAGING DIRECTOR

TREASURY MANAGEMENT STRATEGY – ANNUAL REPORT 2021/22

SUMMARY

This report informs Members of the performance against the treasury management and prudential indicators set in the Treasury Management Strategy approved by Council in February 2021.

REASONS FOR PRODUCING THIS REPORT

The Council operates under the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Council to approve a treasury management annual report after the end of each financial year.

This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Introduction

The Council's Treasury Management Strategy for 2021/22 was approved at Council on the 24th February 2021. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.

External Context

The Councils treasury management advisors Arlingclose have provided the following commentary on the external context.

Economic background: The continuing economic recovery from coronavirus pandemic, together with the war in Ukraine, higher inflation, and higher interest rates were major issues over the period.

Bank Rate was 0.1% at the beginning of the reporting period. April and May saw the economy gathering momentum as the shackles of the pandemic restrictions were eased. Despite the improving outlook, market expectations were that the Bank of England would delay rate rises until 2022. Rising, persistent inflation changed that.

UK CPI was 0.7% in March 2021 but thereafter began to steadily increase. Initially driven by energy price effects and by inflation in sectors such as retail and hospitality which were re-opening after the pandemic lockdowns, inflation then was believed to be temporary. Thereafter price rises slowly became more widespread, as a combination of rising global costs and strong demand was exacerbated by supply shortages and transport dislocations. The surge in wholesale gas and electricity prices led to elevated inflation expectations. CPI for February 2022 registered 6.2% year on year, up from 5.5% in the previous month and the highest reading in the National Statistic series. Core inflation, which excludes the more volatile components, rose to 5.2% y/y from 4.4%.

The government's jobs furlough scheme insulated the labour market from the worst effects of the pandemic. The labour market began to tighten and demand for workers grew strongly as employers found it increasingly difficult to find workers to fill vacant jobs. Having peaked at 5.2% in December 2020, unemployment continued to fall and the most recent labour market data for the three months to January 2022 showed the unemployment rate at 3.9% while the employment rate rose to 75.6%. Headline 3-month average annual growth rate for wages were 4.8% for total pay and 3.8% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 0.1% while regular pay fell by 1.0%.

With the fading of lockdown – and, briefly, the 'pingdemic' – restraints, activity in consumer-facing sectors improved substantially as did sectors such as oil and mining with the reopening of oil rigs but materials shortages and the reduction in the real spending power of households and businesses dampened some of the growth momentum. Gross domestic product (GDP) grew by an upwardly revised 1.3% in the fourth calendar quarter of 2021 according to the final estimate (initial estimate 1.0%) and took UK GDP to just 0.1% below where it was before the pandemic. The annual growth rate was revised down slightly to 7.4% (from 7.5%) following a revised 9.3% fall in 2020.

Having increased Bank Rate from 0.10% to 0.25% in December, the Bank of England hiked it further to 0.50% in February and 0.75% in March. At the meeting in February, the Monetary Policy Committee (MPC) voted unanimously to start reducing the stock of its asset purchase scheme by ceasing to reinvest the proceeds from maturing bonds as well as starting a programme of selling its corporate bonds.

In its March interest rate announcement, the MPC noted that the invasion of Ukraine had caused further large increases in energy and other commodity prices, with the expectation that the conflict will worsen supply chain disruptions around the world and push CPI inflation to around 8% later in 2022, even higher than forecast only a month before in the February Monetary Policy Report. The Committee also noted that although GDP in January was stronger than expected with business confidence holding up and the labour market remaining robust, consumer confidence had fallen due to the squeeze in real household incomes.

Financial markets: The conflict in Ukraine added further volatility to the already uncertain inflation and interest rate outlook over the period. The Dow Jones started to decline in January but remained above its pre-pandemic level by the end of the period while the FTSE 250 and FTSE 100 also fell and ended the quarter below their pre-March 2020 levels.

Credit review: The successful vaccine rollout programme was credit positive for the financial services sector in general and the improved economic outlook meant some institutions were able to reduce provisions for bad loans. However, in 2022, the uncertainty engendered by Russia's invasion of Ukraine pushed CDS prices modestly higher over the first calendar quarter, but only to levels slightly above their 2021 averages, illustrating the general resilience of the banking sector.

Having completed its full review of its credit advice on unsecured deposits, in September Arlingclose extended the maximum duration limit for UK bank entities on its recommended lending list from 35 days to 100 days; a similar extension was advised in December for the non-UK banks on this list. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local Context

On 31st March 2022, the Council had net borrowing of £37.10m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.21 Actual £m	2021/22 Movement £m	31.3.22 Actual £m
General Fund CFR	182.17	3.12	185.30
Less: Other debt liabilities	(7.93)	(0.13)	(8.06)
Borrowing CFR	**174.25**	**2.99**	**177.24**
Less: Usable reserves	(121.56)	(5.97)	(127.53)
Less: Working capital	(3.17)	(9.44)	(12.61)
Net Borrowing / (Investments)	**49.52**	**(12.42)**	**37.10**

Lower official interest rates have lowered the cost of short-term, temporary loans and investment returns from cash assets that can be used in lieu of borrowing. The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31st March 2022 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.21 Balance £m	2021/22 Movement £m	31.3.22 Balance £m
Long-term borrowing	70.36	8.18	78.54
Short-term borrowing	9.67	(3.75)	5.93
Total borrowing	**80.03**	**4.43**	**84.46**
Long-term investments	14.19	2.42	16.61
Short-term investments	0.00	0.00	0.00
Cash and cash equivalents	16.32	14.43	30.75
Total investments	**30.51**	**16.85**	**47.36**
Net Borrowing / (Investments)	**49.52**	**(12.42)**	**37.10**

Due to the level of liquid cash balances held by the authority during 2021/22 current loans were allowed to mature without the need to undertake any new additional borrowing. During the year loans totalling £5.016m matured. However, as it was predicted that interest rates would increase, in March 2022 the authority, through the Public Loans Works Board agreed a £10m 20-year annuity loan at 2%. This was entered into to achieve efficiencies against the Authority's future borrowing requirements. Equivalent rate in July 2022 is 3.1%. Overall total borrowing increased from £80.03m as at 31st March 2021 to £84.46m as at 31st March 2022

Total investments increased during the year up £16.85m from £30.51m at the end of 2020-21 to £47.36m at the end of 2021-22. This was due to the fact that the Government continued to provide additional grants associated with Covid 19 during the year and on the 31st March 2022 allocated £11.8m in energy payment funds for the authority to distribute.

Borrowing Update & Revised CIPFA Codes, Updated PWLB Lending Facility Guidance

In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

The principles of the Prudential Code took immediate effect although local authorities could defer introducing the revised reporting requirements until the 2023/24 financial year if they wish. Due to the late publication of the revised code Stockton has deferred the introduction of the requirements until 2023/24.

To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules.

The Authority was not planning to borrow to invest primarily for commercial return and so in the main is unaffected by the changes to the Prudential Code noted above.

The Authority currently holds £17.407m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. The Authority as part of the updated code in the future will need review the options for exiting these investments if there is an economical case to do so.

Borrowing Strategy during the year

At 31st March 2022 the Council held £84.46m of loans, an increase of £4.43m from the previous year. The year-end borrowing position and the year-on-year change is shown in Table 3 below.

Table 3: Borrowing Position

	31.3.21 Balance £m	2021/22 Movement £m	31.3.22 Balance £m	Average Rate %	31.3.22 WAM* years
Public Works Loan Board	33.53	9.03	42.56	4.31%	7.7
Banks (LOBO)	37.00	0.00	37.00	4.83%	37.9
Local Authorities	5.50	(4.60)	0.90	1.50%	0.0
Banks (fixed-term)	4.00	0.00	4.00	8.99%	0.6
Total borrowing	**80.03**	**4.43**	**84.46**	**4.91%**	**20.6**

**Weighted average maturity*

The Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.

The Authority has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of the borrowing need based on realistic projections, it was decided to take a long-term repayment loan. The Authority borrowed £10m long-term fixed rate loan, details of which are below. These loans provide some longer-term certainty and stability to the debt portfolio.

Long-dated Loans borrowed	Amount £m	Rate %	Period (Years)
PWLB Annuity Loan - March 2022	10.0	2.00	20
Total borrowing	**10.0**		

PWLB funding margins have lurched quite substantially and there remains a strong argument for diversifying funding sources, particularly if rates can be achieved on alternatives which are below gilt yields + 0.80%. The Authority will evaluate and pursue these lower cost solutions and opportunities with its advisor Arlingclose.

The Council continues to holds £37m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate as set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost. No banks exercised their option during the year.

Treasury Investment Activity

CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Council's investment balances fluctuated due to timing differences between income and expenditure.

To supplement the statement above, during the year the Authority received central government funding to support expenditure during the coronavirus pandemic and energy payment scheme through grant schemes. These funds were temporarily invested in short-dated, liquid instruments such as call accounts and Money Market Funds until required to be utilised.

The year-end investment position is shown in Table 4 below.

Table 4: Treasury Investment Position

	31.3.21 Balance	Net Movement	31.3.22 Balance	31.3.22 Income Return
	£m	**£m**	**£m**	**%**
Banks & building societies	0.25	0.43	0.68	0.01
Government (incl. LA's)	0.00	0.00	0.00	0.00
Money Market Funds	16.00	14.00	30.00	0.54
Pooled Property funds	13.81	2.42	16.23	3.57
Total investments	**30.06**	**16.85**	**46.91**	**1.68**

Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Ultra low short-dated cash rates, which were a feature since March 2020 when Bank Rate was cut to 0.1%, prevailed for much of the 12-month reporting period which resulted in the return on sterling low volatility net asset value (LVNAV) Money Market Funds being close to zero even after some managers temporarily waived or lowered their fees. However, higher returns on cash instruments followed the increases in Bank Rate in December, February and March. At 31st March, the 1-day return on the Authority's MMFs ranged between 0.45% - 0.6% p.a.

Similarly, deposit rates with the Debt Management Account Deposit Facility (DMADF) initially remained very low with rates ranging from 0% to 0.1%, but following the hikes to policy rates increased to between 0.55% and 0.85% depending on the deposit maturity.

The progression of credit risk and return metrics for the Council's investments managed in-house are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	WAM* (days)	Rate of Return
31.03.2021	4.91	A+	100%	1	1.71%
30.06.2021	4.84	A+	92%	3	1.17%
30.09.2021	4.75	A+	92%	2	1.09%
31.12.2021	4.85	A+	97%	1	1.32%
31.03.2022	4.8	A+	100%	1	1.68%
Similar LA's (31.03.22)	4.58	AA-	67%	43	1.08%
All LAs (31.03.22)	4.39	AA-	60%	14	0.97%

*Weighted average maturity

Externally Managed Pooled Funds: £16.23m (based on 31.3.22 valuation) of the Council's investments are held in an externally managed strategic pooled property fund where short-term security and liquidity are lesser considerations, and the objectives instead are regular revenue income and long-term price stability. These funds generated a dividend return of £0.536m (3.57%) (£0.603m 2020-21) which is used to support services in year and the fund realised capital growth of £2.424m over the previous year's valuation up from £13.809m to £16.233m as at the 31st March 2022.

In the nine months to December improved market sentiment was reflected in equity, property and multi-asset fund valuations and, in turn, in the capital values of the Authority's property, funds in the Authority's portfolio. In the January- March quarter the two dominant themes were tighter UK and US monetary policy and higher interest rates, and the military invasion of Ukraine by Russia in February, the latter triggering significant volatility and uncertainty in financial markets.

In light of Russia's invasion, Arlingclose contacted the fund managers of our MMF and strategic funds and confirmed no direct exposure to Russian or Belarusian assets had been identified. Indirect exposures were immaterial. It should be noted that that any assets held by banks and financial institutions (e.g. from loans to companies with links to those countries) within MMFs and other pooled funds cannot be identified easily or with any certainty as that level of granular detail is unlikely to be available to the fund managers or Arlingclose in the short-term, if at all.

The change in the Authority's funds' capital values and income earned over the 12-month period is shown in Table 4.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns will exceed cash interest rates.

Overall investment income during 2021-22 was £0.600m (£0.688m 2020-21).

Non-Treasury Investments

The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

The Council also held £18.398m of such investments in;

- directly owned property £17.046m
- loans to local businesses £0.593m
- loans to subsidiaries £0.555m
- other £0.204m

These investments generated £0.968m of investment income for the Council after taking account of direct costs in 2021/22 representing a rate of return of 5.29%.

Compliance

The Director of Finance, Development and Regeneration and Deputy Managing Director reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in Table 6 below.

Table 6: Debt Limits

	2021/22 Maximum	31.3.22 Actual	2021/22 Operational Boundary £m	2021/22 Authorised Limit £m	Complied
Borrowing	84.46	84.46	183.14	213.14	✓
PFI & finance leases	8.06	8.06	8.06	8.06	✓
Total debt	**92.52**	**92.52**	**191.20**	**221.20**	✓

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. Total debt was above the operational boundary for 0 days during 2021/22.

Compliance with specific investment limits is demonstrated in Table 7 below.

Table 7: Investment Limits

Sector	2021/22 Maximum	31/03/22 Actual	Counterparty limit	Sector limit	Complied
The UK Government	£22.5m	£0m	Unlimited	n/a	
Local authorities & other government entities	£0m	£0m	£5,000,000	Unlimited	✓

Secured investments *	£0m	£0m	£5,000,000	Unlimited	✓
Banks (unsecured) *	£3.1m	£0.68m	£2,500,000	Unlimited	✓
Building societies (unsecured) *	£0m	£0m	£2,500,000	£5,000,000	✓
Registered providers (unsecured) *	£0m	£0m	£2,500,000	£12,500,000	✓
Money market funds *	£30.0m	£30.0m	£5,000,000	Unlimited	✓
Strategic pooled funds	£16.2m	£16.2m	£15,000,000	£25,000,000	✓
Real estate investment trusts	£0m	£0m	£5,000,000	£12,500,000	✓
Other investments *	£0m	£0m	£2,500,000	£5,000,000	✓

** see table 4 above for actual values with individual counterparties as at 31st March 2022.*

<u>Treasury Management Indicators</u>

The Council measures and manages its exposures to treasury management risks using the following indicators.

Maturity Structure of Borrowing: This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.3.22 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	2%	25%	0%	✓
12 months and within 24 months	6%	40%	0%	✓
24 months and within 5 years	5%	60%	0%	✓
5 years and within 10 years	15%	80%	0%	✓
10 years and above	72%	100%	0%	✓

Principal Sums Invested for Periods Longer than 365 days: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2021/22	2022/23	2023/24
Actual principal invested beyond year end	£15m	£15m	£15m
Limit on principal invested beyond year end	£60m	£50m	£40m
Complied	✓	✓	✓

<u>Prudential Indicators 2021/22</u>

Introduction: The Local Government Act 2003 requires the Council to have regard to the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Finance in Local Authorities (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Council has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

This report compares the approved indicators with the outturn position for 2021/22. Actual figures have been taken from or prepared on a basis consistent with, the Council's Statement of Accounts.

Capital Expenditure: The Council's capital expenditure and financing is summarised as follows.

Capital Expenditure and Financing	**2021/22 Estimate £m**	**2021/22 Actual £m**	**Difference £m**
Total Expenditure	**43.72**	**37.3**	**(6.42)**
Capital Receipts	3.42	0.9	(2.52)
Grants & Contributions	33.0	28.6	(4.40)
Revenue	3.3	3.4	0.10
Borrowing	4.0	4.4	0.40
Total Financing	**43.72**	**37.3**	**(6.42)**

Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose.

Capital Financing Requirement	**31.03.22 Estimate £m**	**31.03.22 Actual £m**	**Difference £m**
General Fund	191.2	185.3	**(5.90)**
Total CFR	**191.2**	**185.3**	**(5.90)**

There was a difference of (£5.90m) on the CFR from the original estimate due to a variance against the approved spend profile within the capital programme in year.

Actual Debt: The Council's actual debt at 31st March 2022 was as follows:

Debt	**31.03.22 Estimate £m**	**31.03.22 Actual £m**	**Difference £m**
Borrowing	158.73	84.46	**(74.27)**
Finance leases	3.60	4.50	**0.90**
PFI liabilities	4.13	3.55	**(0.58)**
Total Debt	**166.46**	**92.52**	**(73.94)**

There was a significant reduction in the planned borrowing requirements during 2021/22 due to the high level of upfront Covid and other grant payments received by the authority and slippage on the capital programme.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The table below shows the position as at 31st March 2022;

Debt and CFR	**31.03.22 Estimate £m**	**31.03.22 Actual £m**	**Difference £m**
Total debt	166.46	92.52	**(73.94)**
Capital financing requirement	191.20	185.30	**(5.90)**
Headroom / (Under Borrowed)	**(24.74)**	**(92.78)**	**(68.04)**

Total debt during the year remained below the CFR. At the 31st March the Council was under borrowed by £92.78m.

Operational Boundary for External Debt: The operational boundary is based on the Council's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

Operational Boundary and Total Debt	**31.03.22 Boundary £m**	**31.03.22 Actual Debt £m**	**Complied**
Borrowing	183.14	84.46	✓
Other long-term liabilities	8.06	8.06	✓
Total Debt	**191.20**	**92.52**	✓

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the *Local Government Act 2003.* It's the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit and Total Debt	**31.03.22 Limit £m**	**31.03.22 Actual Debt £m**	**Complied**
Borrowing	213.14	84.46	✓
Other long-term liabilities	8.06	8.06	✓
Total Debt	**221.20**	**92.52**	✓

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income. The table below shows the position as at 31st March 2022.

Ratio of Financing Costs to Net Revenue Stream	31.03.22 Estimate %	31.03.22 Actual %	Difference %
General Fund	3.0%	2.4%	-0.6%

Other

IFRS 16: The implementation of the new IFRS 16 Leases accounting standard was due to come into for force for local authorities from 1st April 2022. Following a consultation CIFPA/LASAAC announced an optional two year delay to the implementation of this standard a decision which was confirmed by the Financial Reporting Advisory Board in early April 2022. Authorities can now choose to adopt the new standard on 1st April 2022, 1st April 2023 or 1st April 2024.

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