

## **NORTH DEVON COUNCIL**

### **COUNCIL: 24 FEBRUARY 2021**

#### **TREASURY MANAGEMENT STRATEGY STATEMENT 2021/22**

#### **REPORT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 11 FEBRUARY 2021**

The Committee considered a report by the Chief Financial Officer (circulated previously) regarding the Treasury Management Strategy Statement for 2021/22.

The Head of Resources highlighted the following:

- Section 5.1 capital expenditure – the table detailed approved capital spend as per the previous report on the budget and capital programme, how this was financed in the lower table and therefore the ‘net financing need for each year’.
- The Council’s borrowing need (CFR) was outlined in the table on page 142. The increase to £17m from £6m (movement of £11m) took into account the borrowing for the new construction of the Leisure Centre.
- The Minimum Revenue Provision (MRP) set out the repayment of debt on both internal and external borrowing from revenue budget. The Medium Term Financial Strategy showed the impact of borrowing costs on the revenue budget.
- Paragraph 5.3 – the table showed the level of core funds and cash available for external investments, together with the Council’s under borrowed position which enables the Council to internally borrow for the purposes of capital funding.
- There was a high level of external investment of spare cash in 2020-21 due to cash flow of additional government monies for business grants, up-front payment of grants to the Council and covid-19 grants provided to the Council.
- The current borrowing position was detailed in section 6.1. External borrowing this current year was only £500,000 at present. Net investments were higher this year due to all the grants cash that the Council were investing short term to gain minimal return until spent out.
- The level of borrowing would increase in 2021-22 as detailed in the table on page 146. Additional borrowing £14m would be required during the year to cover the treasury need for increased Capital Financing Requirement which was in line with the Council’s financial plans. Under borrowing was funded from internal borrowing from cash reserves. The Council complied with this prudential indicator in the current financial year and it was not envisaged there would be difficulties for the future.
- The Operational Boundary (limit beyond which external debt was not expected to exceed) was set at £16million for 2021-22 to 2023-24 year.
- The Authorised limit (control on maximum level of borrowing) maintained at £22million was in line with the level set last year.
- The Council had adopted a prudent approach to managing risk and defined its risk appetite in section 7, in terms of creditworthy counterparties, lending limits, credit ratings of which the criteria was largely unchanged from last year.

RESOLVED that the decisions and recommendations of the Strategy and Resources Committee be endorsed.