

NORTH DEVON COUNCIL

POLICY DEVELOPMENT COMMITTEE: 18TH NOVEMBER 2021

MINUTE EXTRACT OF STRATEGY AND RESOURCES COMMITTEE HELD ON 1ST NOVEMBER 2021 IN RESPECT OF ITEM 8 ON THE POLICY DEVELOPMENT COMMITTEE AGENDA

79. MID YEAR TREASURY MANAGEMENT REPORT 2021-22

The Committee considered a report by Director of Resources and Deputy Chief Executive (circulated previously) regarding the Mid Year Treasury Management Report for 2021-22.

The Head of Governance highlighted the following:

- The Council was required through regulations issued under the Local Government Act 2003 to produce a mid year treasury report reviewing treasury management activities and the prudential and treasury indicators for 2021/22.
- The Treasury Management Strategy Statement (TMSS) for 2021/22 was approved by Council on 24 February 2021.
- The underlying TMSS approved previously required revision in the light of economic and operational movements during the year. The proposed changes were set out in paragraph 4.1 of the report.
- Section 4.3 of this report provided further information on the Capital Financial Requirement and the Operational Boundary. The change to the upper borrowing limit over 10 years would allow greater flexibility for long term borrowing. Strategy and Resources Committee - 1 November 2021.
 - Revised estimated for capital expenditure and the changes since the capital programme had been agreed as part of the budget as detailed in paragraph 4.2 of the report.
- Changes to the capital financing requirement as detailed in paragraph 4.3 of the report. Internal borrowing was most prudent and cost effective for the Council.
- Annual Investment Strategy as detailed in paragraph 4.8 of the report. The Council held £40m of investments as at 30 September 2021 (£22.8m at 31 March 2021) and the investment portfolio yield for the first six months of the year was 0.05% against the benchmark 7 day LIBID of -0.08%.

In response to questions, the Head of Governance advised the following:

- External borrowing was currently required for £0.5m at a rate of 1.43% interest. Interest rates were kept under review.

In response to questions, the Director of Resources and Deputy Chief Executive advised the following:

- For larger projects such as the Leisure Centre, payment of interests on external borrowing was included within the budget at a higher level than the current interest

rates to allow protection should interest rates increase. The Council produced borrowing models with its treasury advisors.

RECOMMENDED:

- (a) That the changes to the prudential indicators be approved;
- (b) That the report and the treasury activity be noted.