

## **NORTH DEVON COUNCIL**

**COUNCIL: 20 JULY 2022**

### **ANNUAL TREASURY MANAGEMENT REPORT 2021/22**

#### **MINUTE EXTRACT OF POLICY DEVELOPMENT COMMITTEE HELD ON 14 JULY 2022 IN RESPECT OF ITEM 13(A) ON THE COUNCIL AGENDA**

##### **Minute 59: Annual Treasury Management Report 2021/22**

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Annual Treasury Management report for 2022/23 together with Minute Extract of Strategy and Resources on 6th June 2022.

The Head of Governance highlighted the following:

- The Council undertakes capital expenditure on long-term assets. These activities may either be:
  - Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
  - If insufficient financing was available, or a decision was taken not to apply resources, the capital expenditure would give rise to a borrowing need.
- A large capital programme during 2021/22 including the new Leisure Centre, Watersports Centre and purchase of Green Lanes Shopping Centre had resulted in an increased Capital Funding Requirement (CFR) of circa £17m. The CFR was below the estimate due to slippages in the wider capital programme, with this spend re-profiled into 2022/23.
- On 30th March 2022 the Council received £5.8m from Central Government for the Council Tax Energy Rebate scheme to be paid out during 2022/23. At year end the Council also had a balance of £5.2m in relation to Covid-19 business grants and circa £2.5m in relation to Omicron business grant payments to be repaid to central government during 2022/23 once the final reconciliations had been carried out.
- At 31st March 2022, the CFR, excluding finance leases, was £20.8m. External borrowing was only £3m as the Council's cash flow and reserve balances enabled the authority to internally borrow the remaining £17.8m.
- £2.5m of new long term PWLB borrowing was added in February 2022, to secure the rate and provide some long term budget certainty, prior to potential further increases in bank rate. This was also at a time when rates temporarily reduced due to uncertainties around the conflicts in Russia and Ukraine.
- The 2021/22 budget for external borrowing interest was £109,000 but the actual interest paid was a much lower £12,251.

- The Council had not borrowed more than, or in advance of its needs, purely in order to benefit from the investment of the extra sums borrowed.
- No debt rescheduling was done during the year as it was not a viable option.
- Investments held by the Council - the Council maintained an average balance of circa £38m of internally managed funds. The internally managed funds earned £17,859 interest at an average rate of return of 0.05%.
- The comparable performance indicator was the average 7-day LIBID rate, which was -0.07%; the LIBID rate stopped from 31st December 2021. Ongoing our performance would be compared to the 7 day backward looking SONIA (Sterling Overnight Index Average) un compounded rate which was 0.1355% for the year. This compared with a budget assumption of £35,000 investment interest.

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