

NORTH DEVON COUNCIL

COUNCIL: 23 NOVEMBER 2022

MID-YEAR TREASURY MANAGEMENT REPORT 2022/23

**RECOMMENDATIONS OF THE POLICY DEVELOPMENT COMMITTEE HELD ON
17 NOVEMBER 2022**

Minute 74: Mid-Year Treasury Management report 2022/23

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Mid-Year Treasury Management report for 2022/23 together with Minute Extract of Strategy and Resources on 7th November 2022 (circulated previously).

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 2022/23.
- Council approved the Treasury Management Strategy Statement for 2022/23 on 23 February 2022.
- The underlying Treasury Management Strategy Statement, previously approved, required updating in light of economic and operational movements during the year.
- The proposed changes, as set out in 4.1 of the report, were as follows:
 - Capital Financing Requirement, original estimate of £29.3m was now revised to £25m.
 - Operational Boundary, original estimate of £24.7m was now revised to £10.5m.
 - Maturity Structure of borrowing between 12 months to 2 years – upper limit, original estimate of 60%, was now revised to 70%.
- Section 4.3 of the report provided further information on the Capital Financial Requirement and the Operational Boundary. The change to the upper borrowing limit between 12 months and 2 years would allow greater flexibility for short-term borrowing given the current interest rate forecast.
- Revised estimates for capital expenditure and the changes since the capital programme was 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. The forecast Capital Financing Requirement had decreased by circa £4.3m from the original budget. This was due to the re-profiling of the capital programme with expenditure being slipped to future financial years for projects such as Seven Brethren redevelopment and Green Lanes capital improvements.
- The forecast external Public Works Loan Board borrowing had decreased by £13.5m from the original budget in part by the reduced capital expenditure as

above and higher yearend cash flow balance projections. Section 4.5 looked at the borrowing strategy in more detail.

- Annual Investment Strategy as detailed in paragraph 4.8 of the report. The Council held £17m of investments as at 30 September 2022 (£18m at 31 March 2022) and the investment portfolio yield for the first six months of the year was 0.59% against the benchmark 7 day SONIA of 1.19%.

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

The Committee thanked the Head of Governance for providing a clear report.