

NORTH DEVON COUNCIL

POLICY DEVELOPMENT COMMITTEE: 6TH JULY 2023

**MINUTE EXTRACT OF THE STRATEGY AND RESOURCES COMMITTEE HELD
ON 3RD JULY 2023 IN RESPECT OF ITEM 7 ON THE POLICY DEVELOPMENT
COMMITTEE AGENDA**

17 ANNUAL TREASURY MANAGEMENT REPORT 2022/23

The Committee considered a report by the Director of Resources and Deputy Chief Executive (circulated previously) regarding the Annual Treasury Management report 2022/23.

The Head of Governance highlighted the following:

- This report outlined the actual prudential and treasury indicators for 2022/23.
- The Council's Capital Financial Requirement (CFR) for the year was detailed in the table on page 83 of the report and was circa £24m which included the finance leasing of vehicles.
- A large capital programme during 2021/22 including the new Leisure Centre and purchase of Green Lanes Shopping Centre resulted in an increased CFR of circa £17m for that financial year. For 2022/23 a further £2.2m was added to our CFR which included the completion of the Leisure Centre build.
- In relation to borrowing outturn, the 2022/23 original budget prudently assumed a level of new external borrowing would be required to fund approved capital expenditure. As a result of lower spend and less external borrowing taken on, interest paid was much lower at £60,363 for the year, with the remaining budget of £275,000 now placed into a new Treasury Management reserve to help mitigate against higher borrowing costs as we move into the 2023/24 financial year.
- The average borrowing rate for year on borrowing loans was 2.01%.
- In terms of investments the increase in bank rate had assisted to improve investment returns for the year with total interest of £290,000 received compared to the original budget £35,000.
- The average rate of return on investment was 1.5% compared to the benchmark of 2.2% which closely tracked to the bank rate.

In response to a question, the Head of Governance advised the following:

- In terms of borrowing from internal reserves. There would have been a cost to carry as borrowing was much higher than the Council would receive in terms of interest. This decision had been made following advice received from its treasury advisors.
- Internal and external borrowing would be kept under review.

RECOMMENDED:

- (a) That the annual treasury management report for 2022/23 be noted;

(b) That the actual 2022/23 prudential and treasury indicators be approved.