

NORTH DEVON COUNCIL

COUNCIL: 19TH JULY 2023

MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 6TH JULY 2023 IN RESPECT OF ITEM 14 (A) ON THE COUNCIL AGENDA

7 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 together with Minute Extract of Strategy and Resources on 3rd July 2023 (circulated previously).

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 questions, the Director of Resources and Deputy Chief Executive and the Head of Governance advised the following:

- The interest rates were benchmarked at a rate of 2.2% as the interest rates for the first half of the last financial year were low. The Council held some funds for liquidity purposes but these attracted a lower interest rate.
- The mid-year treasury report would be the best time to review the treasury strategy for the current year in terms of investment options.

- Current investments had been placed at a rate above 5% but this report only went up as far as 31st March 2023. The level of debt against the Councils assets was quite low for internal borrowing.
- The Council had fixed assets of £128m and that was a positive asset base for the size of the authority.

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