

NORTH DEVON COUNCIL

COUNCIL: 22ND NOVEMBER 2023

MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 16TH NOVEMBER 2023 IN RESPECT OF ITEM 15(A) ON THE COUNCIL AGENDA

19 MID YEAR TREASURY MANAGEMENT REPORT 2023/24

The Committee considered a report by the Head of Governance (circulated previously) regarding the Mid-Year Treasury Management 2023/24.

The Head of Governance highlighted the following:

- The Treasury Management Strategy Statement for 2023/24 was approved at Council on 22nd February 2023.
- The underlying Treasury Management Strategy Statement approved previously required revision in light of economic and operational movements during the year. The proposed changes could be seen in section 4.1 of the report.
- The Council's forecast Capital Financing Requirement, underlying need to borrow for capital purposes, for 2023/24 was circa £30 million.
- . At present the Council projected external borrowing of £9 million with £3 million long term liabilities (finance leases) and £18 million from internal borrowing of cash flow funds.
- In the current economic climate internal borrowing remained the most prudent and cost effective approach by the Council.
- The forecast Capital Financing Requirement had decreased by about £3.4 million from the original budget. This was due to re-profiling of the Capital Programme with expenditure being slipped to future financial years for the projects such as Future High Streets project.
- The external Public Works Loan Board (PWLB) borrowing remained at £3 million with the current forecasted figure of £6 million additional borrowing during 23/24. The exact amount would depend on any further capital spend slippages and the cash flow balances towards the end of the financial year end.
- Section 4.5 of the report shows the borrowing strategy in more detail.
- The use of cash flow balances for internal borrowing had reduced the borrowing costs on the interest payable budget forecast at £164,000.
- A total in excess of £400,000 interest return on the portfolio held by the Council was being forecast.

In response to a question regarding the underspend of capital expenditure by service on page 89 of the report, the Head of Governance advised that the budget for capital spend at the beginning of the financial year for projects such as the future high streets project had been moved into future years.. He added that further slippages to the capital programme would reduce the need to take on additional external borrowing during the year

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

- That the allocated budget for temporary accommodation had only spent three quarters of it funds. However, there were some properties which were due for completion within the next few months. Work planned for Green Lanes might slip in the next financial year.
- The land release for Seven Brethren had been completed and work was currently ongoing at the site to demolish the old leisure centre. The financial position for this was the same as at quarter two.
- The material facility in the processing hall would commence in the New Year with the spend coming from the last quarter of the financial year. Only £5.3m of the £17m had been spent so far with the potential for some of the allocated spend being moved into the 2024/25 budget.
- The proposed Community Hub for Green Lanes would be funded separately through the business transformation reserve.

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