

**NORTH DEVON COUNCIL**

**POLICY DEVELOPMENT COMMITTEE: 7th NOVEMBER 2024**

**MINUTE EXTRACT OF THE STRATEGY AND RESOURCES COMMITTEE HELD  
ON 4<sup>th</sup> NOVEMBER 2024 IN RESPECT OF ITEM 7(A) ON THE POLICY  
DEVELOPMENT COMMITTEE AGENDA**

**72. MID YEAR TREASURY MANAGEMENT REPORT 2024/25**

The Committee considered a report by the Head of Governance (circulated previously) regarding Mid-Year Treasury Management 2024/25.

The Head of Governance highlighted the following:

- The Treasury Management Strategy Statement (TMSS) for 2024/25 was approved at full Council on 21 February 2024.
- The revised Capital Financing Requirement (CFR) was around £37million. It was projected that the CFR would be funded from £18million external borrowing, £5million financial leases, £14million internal borrowing from reserves.
- The underlying TMSS approved previously required revision in the light of economic and operational movements during the year. The proposed changes were set out as follows:

<b>Prudential Indicator 2024/25</b>	<b>Original Estimate £000</b>	<b>Revised Prudential Indicator £000</b>
Capital Financing Requirement	36,322	37,291
Maturity Structure of borrowing Under 12 months – Upper Limit	70%	90%

- The change to the upper limit for borrowing under 12 months would allow greater flexibility for short-term borrowing, given the current interest rate forecast.
- The Council held £6.2million of investments as at 30 September 2024 (£1.8million at 31 March 2024) and the investment portfolio yield for the first six months of the year was 4.72% against the benchmark 7 day average SONIA rate of 5.12%.

In response to questions about the change in the CFR, the Head of Governance explained that the original TMSS had been approved in February 2024, with two capital schemes approved at a later date, which had a borrowing need. The Head of Governance confirmed that the overall authorised borrowing limit remained at £40million.

The Director of Resources and Deputy Chief Executive added that the Council hoped to maximise its longer-term borrowing when interest rates drop. Appendix A of the report detailed an economic update from the Council's external treasury advisors, Link Group.

RECOMMENDED to full Council:

- (a) That changes to the prudential indicators be approved; and
- (b) That the report and treasury activity be noted.