

## NORTH DEVON COUNCIL

COUNCIL: 20 NOVEMBER 2024

### MID YEAR TREASURY MANAGEMENT REPORT 2024/25

#### MINUTE EXTRACT OF THE POLICY DEVELOPMENT COMMITTEE HELD ON 7 NOVEMBER 2024

The Committee considered a report by the Head of Governance (circulated previously) regarding the Mid-Year Treasury Management Report 2024/25 together with the minute extract of the Strategy and Resources Committee held on 4 November 2024 (circulated previously).

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 from the Committee, the Head of Governance advised the following:

- The table on page 94 of the report detailed the Interest Rate Forecasts. It was anticipated that there would be further cuts in interest rates. The Council would therefore be looking for short term borrowing.

- It was too soon to know the impact of the US election on the UK economy and our borrowing rates. PWLB rates are linked to UK government gilt yields so we would have to see how the market responds.

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