

**MINUTES OF A MEETING OF THE AUDIT AND GOVERNANCE COMMITTEE
HELD IN THE COUNCIL CHAMBER, FOLLATON HOUSE, PLYMOUTH ROAD,
TOTNES ON THURSDAY, 21 MARCH 2024**

Members in attendance * Denotes attendance ∅ Denotes apology for absence			
*	Cllr L Bonham (Chairman)	*	Cllr C Oram
*	Cllr S Dennis	*	Cllr A Presswell
*	Cllr D Hancock	*	Cllr S Rake
*	Cllr A Nix (Vice-Chairman)	*	Cllr G Yardy

Member(s) also in attendance:
Cllrs Birch, Brazil, Hopwood and Lawford

Item No	Minute Ref No below refers	Officers and Visitors in attendance
All Items		Section 151 Officer; Deputy Section 151 Officer; Head of Democratic Services; and Principal Accountant (via Teams)

AG.38/23 MINUTES

A Member highlighted that Minute AG.35/23 ('Totnes Market – Verbal Update from Deputy Chief Executive') of the draft Minutes of the meeting held on 14 December 2023 appeared to contain contradictory comments. As such, it was agreed that approval of the Minutes should be deferred until the next Committee meeting (to be held on 28 March 2024) to allow for the necessary amendments to be made.

AG.39/23 DECLARATIONS OF INTEREST

Members and officers were invited to declare any interests in the items of business to be considered during the course of the meeting, but there were none made.

AG.40/23 2024/25 CAPITAL STRATEGY, 2024/25 TREASURY MANAGEMENT STRATEGY AND 2024/25 INVESTMENT STRATEGY

Consideration was given to a report that sought to recommend approval of the proposed Capital Strategy, Investment Strategy and Treasury Management for 2024/25, together with their associated prudential indicators.

In discussion, particular reference was made to:

- (a) any slippages and/or revisions to the Capital Programme. The Committee noted that the contents of the Council's Capital Programme were regularly reviewed formally by the Executive;
- (b) the current Authorised Borrowing limit of £40 million proposed for 2024/25. The Section 151 Officer explained that, as a result of some technical work carried out previously on the overall borrowing capacity, this would be at a higher limit of £75 million. On the advice of the Council's treasury management advisors, a lower Authorised Borrowing limit had been set, as there should not be a significant gap between current borrowing levels (predicted to be £16 million by 2025/26) and the Authorised Borrowing limit. In the event of Members wishing to increase the authorised limit, it could be changed at any point but would require the ultimate approval of Full Council. As this present time, the Committee was content with the limit being set at £40 million and felt that the Capital Strategy was a contributing factor in the Council being in a sound financial position;
- (c) external grant funding opportunities. Members acknowledged that a high proportion of capital expenditure was financed through external grant funding. In expanding upon the point, a Member was of the view that there could be further scope for the Council to obtain greater amounts of external grant funding that was aligned to town centre regeneration if future Government funding streams were announced and, therefore, undertaking preparatory work for that now was beneficial. To that end, if any Member became aware of the ability for the Council to apply to obtain external grant funding, they were encouraged to let officers know at their earliest convenience. It was also noted that the Council used Grantfinder to identify relevant funding streams;
- (d) the investment property valuations. Given that the latest valuations were a paper based exercise and the Council was not proposing to sell any of its investment properties (as these were deemed to be long term strategic assets), the Section 151 Officer confirmed that she was not unduly concerned by their reduction in valuation. The Section 151 Officer also explained that the reduction in value was predominantly for a piece of land which the Council owned at Iybridge (that had no borrowing associated with it) and which was generating an income stream for the Council;
- (e) climate bonds. The Section 151 Officer explained that climate bonds were a method of financing capital projects associated with decarbonisation. When the Council was in a position of having costed decarbonisation projects following initial feasibility studies, this avenue could be explored as one of the means of financing capital projects for decarbonisation;

- (f) the fundamentals of the Investment Strategy. The Committee recorded its support for the requirements of the Council's investments being (in priority order): 1st Security; 2nd Liquidity; and 3rd Yield;
- (g) the rate of treasury management investment return obtained by the Council, which was 5.47%. Members highlighted the rates of return in comparison to other local authorities (the Council's return was in the top quartile) and officers committed to circulating a report from Link Services (the Council's Treasury Management Advisors) that illustrated this point following this meeting.

It was then:

RESOLVED

1. That Council be **RECOMMENDED** to approve the following 2024/25 Strategies:
 - (a) Capital Strategy (as attached at Appendix A of the presented report);
 - (b) Treasury Management Strategy (as attached at Appendix B of the presented report); and
 - (c) Investment Strategy (as attached at Appendix C of the presented report); and
2. That delegated authority be granted to the Section 151 Officer, in consultation with the Leader of the Council, to make any minor amendments to these Strategies if required throughout the 2024/25 Financial Year.

(Meeting commenced at 11.00 am and concluded at 12.10 pm)

Chairman