

## TMG 14 November 2024

### Agenda

1. Market and Regulatory Update (Link)
2. Balance Sheet Analysis Update (Link)
3. Quarterly Report (September)
4. Strategy Check
5. Mid-Year Strategy Review
6. AOB

### Attendance:

Harry Rayner – MEM (Chair)  
Rosalind Binks – MEM  
Paul Stepto – MEM  
Alister Brady – MEM  
Nick Buckland – KCC

James Graham – KCC  
Geoff Hall – KCC  
Chris Ellis - KCC  
Chris Jones – Link Group  
David Whelan – Link Group

### Discussion Summary:

- Link Group presented the latest market expectations following the UK Budget and US election including the Bank of England's forecasts for GDP, inflation, wage Growth, interest rates. Link also shared a regulatory update. Information included an update to the latest interest rate forecast following an internal meeting at Link which took place after slides had been prepared and distributed.
- CJ presented Link's projections for KCC's Balance Sheet and Liability Benchmark. The current liquidity allowance (the level of investments the Council has conventionally looked to hold in highly liquidity cash instruments) is £200m and excluding the strategic pooled funds balance (c. £175m). Current projection shows in 2025/26, KCC will dip under this figure as existing external borrowing matures. However, by 2027/28 projection shows liquidity levels would rise above £200m once more, without further action. Link advised that KCC does not have an immediate borrowing need.
- Officers explained that that the analysis provided represented a snapshot at a point in time and real figures may vary. Moreover, the Capital Financing Requirement (CFR) has historically been subject to change based on the actual pace of the capital programme. The Group also noted that changes in the Government's local government funding policy will likely have impacts.
- Officers added that the current treasury management strategy is designed to be robust and can be adapted as situations change.
- Link provided a comparison of other councils' CFRs and borrowing. When compared to neighbouring counties who will need to borrow externally, KCC's does not appear as an outlier.
- Officers provided a quarterly update on treasury activity updated as of end of September. External borrowing balances are lower compared to the previous reported position as loans have matured. External borrowing balances are expected to decline further over the medium term as more loans mature. Cash balances are projected to decline over the remainder of this year, which is a normal trend.

The Group asked for a clarification around the aims of having a diversified maturity profile within the debt portfolio and officers confirmed that borrowing maturities are spread across time to avoid the risk posed by having to re-finance large amounts of borrowing in a short period of time.

- Officers updated the group on treasury investment activity including the use of covered bonds and the externally managed strategic pooled funds portfolio.
- The Group noted the change in name for the CCLA 'Better World Caution' Fund (previously the Diversified Income Fund) and officers confirmed that the investment objective remained the same.
- The Group reviewed the appropriateness of the current treasury management strategy for 2024/25 and no changes were proposed. The treasury management consultant agreed that no changes were necessary.

**Actions Points:**

Ref	Action	Status
1	JG will communicate Link's most recent slides and the Mid Year Review to all members.	Complete