

**6c REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 3 DECEMBER 2020
– INVESTMENT STRATEGY (CAPITAL AND TREASURY) MID-YEAR REVIEW
2020/21**

NB: To be considered with Item 12

RECOMMENDED TO CABINET:

- (1) That the forecast expenditure of £3.937million in 2020/21 on the capital Programme be noted;
- (2) That the adjustments to the capital programme for 2020/21 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2021/22 by £7.022million, be approved;
- (3) That the position of the availability of capital resources, as detailed in table 3 paragraph 8.6 and the requirement to keep the capital programme under review for affordability, be noted;

That Cabinet recommend to Council:

- (4) That the position of Treasury Management activity as at the end of September 2020 be noted.

REASONS FOR DECISIONS:

- (1) Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- (2) To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

The Service Director – Resources presented the report entitled Investment Strategy (Capital And Treasury) Mid-Year Review 2020/2, including:

- Directed Members to the contents in Table 2 on page 158/159 within the report;
- The Council were dealing with a high number of grants and schemes which meant the Council's cash balances were high;
- Investment Returns (yields) on cash balances were low;
- Directed Members to the Table contained on page 161 within the report;
- The table highlighted that there were some historic investments still in place and they would reach maturity at some point;
- Investments would be replaced with a new ones at a much lower interest rate;
- As part of the spending review, there was an announcement relating to borrowing from the Public Works Loan Board which was the 'go-to' place for borrowing for Local Authorities. Whilst the Council were not in a borrowing position at the moment, owing to the capital reserves, it would be something that would be looked into in future years;
- Rates had decreased on that borrowing and conditions had been imposed that stated that the Council were not able to borrow from the Public Works Loan Board if there was any spend in the capital programme that was primarily to generate income; and

- That announcement could have an implication on the Investment Strategy going to Full Council in February.

It was:

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NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 3 December 2020 can be viewed at Minute 51 here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CIId=146&MIId=2455&Ver=4>