

**7c REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 15 DECEMBER 2021
– SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY
REVIEW 2021/22)**

RECOMMENDED TO CABINET:

- (1) That Cabinet notes the forecast expenditure of £3.045million in 2021/22 on the capital programme, paragraph 8.3 refers
- (2) That Cabinet approves the adjustments to the capital programme for 2021/22 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, decreasing the estimated spend in 2022/23 by £2.661million
- (3) That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.
- (4) That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2021.

REASONS FOR RECOMMENDATIONS:

- (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 Second Quarter Investment Strategy (Capital and Treasury Review 2021/22) along with Appendices A and B and drew attention to the following:

- Table 3 at P.8.5 related to two big removals from the capital programme in the area of investment properties in the acquisition or development of commercial properties or the provision of market rents; the Council had no concrete plans in this area at present but was exploring options, and was aware of a changing regulatory landscape that made it prudent to remove these items for possible re-entry at a future juncture;
- A new CIPFA prudential code was expected which would alter the way the Council was able to borrow money to fund projects and would impact future investment strategy;
- The Council had high balances of government money owing to business rate funding and short term investments in stable funds had been explored to make best use of this cash balance.

The following Members asked questions:

- Councillor Terry Hone

In response to questions the Service Director – Resources advised the Acquisition of Property Investment Policy was unlikely to need review in light of changing CIPFA guidance as the Council's policy was based largely on property within the District and property for economic

redevelopment with a secondary focus on returns, which was not the focus of the CIPFA changes.

Councillor Terry Hone commented that he was pleased to see the Council had prudently focussed its investments on properties and funds within the United Kingdom rather than abroad and noted that other local authorities had suffered as a result of their decisions to do otherwise.

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NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 15 December 2021 can be found at Item 12 here:

[Agenda for Finance, Audit and Risk Committee on Wednesday, 15th December, 2021, 7.30 pm - North Hertfordshire District Council \(north-herts.gov.uk\)](#)