

7b. FAR 15 JUNE 2022: INVESTMENT STRATEGY (CAPITAL AND TREASURY) END OF YEAR REVIEW 2021/22

RESOLVED: To note the report entitled Investment Strategy (Capital and Treasury) End of Year Review 2021/22

RECOMMENDED TO CABINET: That Cabinet:

- (1) Notes expenditure of £1.434million in 2021/22 on the capital programme, paragraph 8.3 refers.
- (2) Approves the adjustments to the capital programme for 2022/23 as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in by £0.979million.
- (3) Notes the position of the availability of capital resources, as detailed in table 3 paragraph 8.7 and the requirement to keep the capital programme under review for affordability.
- (4) Approves the application of £1.225million of capital receipts/set aside towards the 2021/22 capital programme, paragraph 8.7 refers.
- (5) Notes the position of Treasury Management activity as at the end of March 2022.

That Cabinet recommends to Council to:

- (1) Approve the actual 2021/22 prudential and treasury indicators.
- (2) Note the annual Treasury Report for 2021/22.

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.

Audio Recording – 1:02:18

The Service Director – Resources presented the report entitled Investment Strategy (Capital and Treasury) End of Year Review 2021/22 along with Appendices A and B and highlighted points including:

- The total capital spend at the end of year was significantly lower than budgeted for coming in at around £1.434million where the budget originally forecast up to £16million. This budget was set with a significant speculative component to allow for potential commercial property acquisitions and housing investments which have not been made;
- CIPFA rules had also changed in year which impacted the range of investment opportunities the Council could pursue;
- £979,000 of the capital budget due to be spent at the end of last year had been slipped and would be allocated to the start of this financial year;
- Paragraph 8.6 lists the capital projects that have been undertaken in the last financial year;

- The current capital programme was funded primarily by usable capital receipts from previous capital sales but this source would run out in the next few years and the Council would then have to borrow to fund capital projects which was permitted under the regulations;
- There was one breach of the treasury strategy during the year that was to be noted where due to an IT failure which took longer to resolve than anticipated a treasury deal was not completed in time and the Council held an excess of money in its current account over night;
- Interest rates have been very low over the last year with returns ranging from 0.15% to 0.3% by the end of the year;
- Interest rates had risen quickly to around 1% recently which was better news but still below the level of inflation.

With the assent of the meeting it was:

RESOLVED: To note the report entitled Investment Strategy (Capital and Treasury) End of Year Review 2021/22

RECOMMENDED TO CABINET: That Cabinet:

- (6) Notes expenditure of £1.434million in 2021/22 on the capital programme, paragraph 8.3 refers.
- (7) Approves the adjustments to the capital programme for 2022/23 as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in by £0.979million.
- (8) Notes the position of the availability of capital resources, as detailed in table 3 paragraph 8.7 and the requirement to keep the capital programme under review for affordability.
- (9) Approves the application of £1.225million of capital receipts/set aside towards the 2021/22 capital programme, paragraph 8.7 refers.
- (10) Notes the position of Treasury Management activity as at the end of March 2022.

That Cabinet recommends to Council to:

- (3) Approve the actual 2021/22 prudential and treasury indicators.
- (4) Note the annual Treasury Report for 2021/22.

REASONS FOR DECISIONS:

- (3) Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- (4) 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 reports and papers associated with this item can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 15th June, 2022, 7.30 pm - North Herts Council \(north-herts.gov.uk\)](#)