

**6b REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 25 JANUARY 2023–
INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)**

RECOMMENDED TO CABINET:

1. That Council approve the adoption of the Investment Strategy (as attached at Appendix A), including the capital programme and prudential indicators.
2. That Council approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.11 to 8.16).

REASONS FOR DECISIONS:

1. To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes
2. To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Department of Levelling Up, Housing and Communities (DLUHC) and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

The Service Director – Resources presented the report entitled Investment Strategy (Integrated Capital and Treasury), including:

- This report detailed the capital budget and treasury position.
- Section 7 detailed the Current Capital Position.
- Section 8 onwards summarised the Investment Strategy which was attached as Appendix A.
- Format described assets that the Council had currently, how to maintain those, detailed new assets that the Council was planning to acquire and planned investments into current assets.
- The Service Director highlighted a mistake in the Report in Paragraph 5. It referred to the additional allocation for CCTV cameras. The correct figure was £0.15 million, not £0.015million. The amounts were correct in the detailed tables.
- The Strategy would lead to medium-term borrowing to fund investment due to Capital Reserves being used up.
- The report detailed borrowing internally against the Cash Reserve, which is recommended as best practice.
- The Council needed to consider a buffer balance for borrowing as well as structuring the borrowing.
- Minimum Revenue Position was detailed between both reports.
- Paragraph 8.9 detailed some changes to limits where investments can be made due to less cash.
- 8.9 also covered a proposal to change the sovereign (country) rating of investments in non-UK banks from AAA to A- to allow more countries to pass and to diversify investments.
- Section 8 overall covered treasury management practices and balance management.
- Overall, the report looked for the Council to approve the Capital Spend and how the cash balances are dealt with in terms of investments.

The following Members and participants asked questions:

- Councillor Terry Hone
- John Cannon

In response to the Member's question, the Service Director – Resources advised that

- The Council received a fully funded grant for a gum removal machine.
- The report does include a commitment to invest in Green/ ESG investments, where available and provide reasonable rates.
- The Council hoped that all Council vehicles would be electric in future. All current vehicles are leased bar one. The capital allocation is to reflect a change in accounting treatment.

The Committee, Member and Scrutiny Officer read out the recommendations in the report as follows:

That the Finance, Audit and Risk committee recommend to Cabinet that Council:

- **Approve the adoption of the Investment Strategy (as attached at Appendix A), including the capital programme and prudential indicators.**
- **Approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.11 to 8.16).**

Councillor Terry Tyler proposed, Councillor Sean Nolan seconded and after a vote, it was:

RECOMMENDED TO CABINET:

That Cabinet recommend:

1. That Council approve the adoption of the Investment Strategy (as attached at Appendix A), including the capital programme and prudential indicators.
2. That Council approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.11 to 8.16).

REASONS FOR DECISION:

1. To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes
2. To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Department of Levelling Up, Housing and Communities (DLUHC) and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

The report considered by Finance, Audit and Risk Committee at the meeting held on 25 January 2023 can be viewed at Minute 29 here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 25th January, 2023, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)