

<b>Item No</b>	<b>Referred from:</b>	<b>FINANCE AUDIT &amp; RISK COMMITTEE</b>
<b>6g</b>	<b>Date:</b>	<b>21 JUNE 2023</b>
	<b>Title of item:</b>	<b>INVESTMENT STRATEGY (CAPITAL AND TREASURY) END OF YEAR REVIEW 2022/23</b>

The report considered by Overview & Scrutiny Committee at the meeting held on 21 June 2023 can be viewed here: [Choose agenda document pack - Finance, Audit and Risk Committee 21 June 2023 | North Herts Council \(north-herts.gov.uk\)](#)

**RECOMMENDATIONS TO CABINET:**

- (1) That Cabinet notes expenditure of £6.923million in 2022/23 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approves the adjustments to the capital programme for 2023/24 as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in by £1.222million.
- (3) That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.7 and the requirement to keep the capital programme under review for affordability. Page 75 Agenda Item 9
- (4) That Cabinet approves the application of £6.300million of capital receipts/set aside towards the 2022/23 capital programme, paragraph 8.7 refers.
- (5) Cabinet is asked to note the position of Treasury Management activity as at the end of March 2023.
- (6) Cabinet is asked to recommend this report to Council and ask Council to:
  - 1) Approve the actual 2022/23 prudential and treasury indicators.
  - 2) Note the annual Treasury Report for 2022/23.

**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.

*Audio recording – 57 minutes 37 seconds*

The Service Director – Resources presented the report entitled 'Investment Strategy (Capital and Treasury) End of Year Review 2022/23', and highlighted

- The report covered the Councils capital expenditure for the year 2022-23.

- The Capital related to the acquisition and improvements to buildings and property and Treasury is the investing of surplus cash.
- The Treasury Strategy of February 2022 set the parameters for investing.
- Table 2 of the report showed the Scheme Timetable Revision of projects that now happen in 2023/24. The Capital slippage is higher than hoped and the reasons for difference can be found in Column 5.
- The Council had 3 items on the report Changes to Capital Schemes Commencing in 2022/23 in Table 3, all of these schemes showed underspends and column 5 details the underspend reasons
- Paragraph 8.6 of the report highlighted schemes that have been completed in the year 2022/23.
- Paragraph 8.7 and Table 4 of the report showed how these schemes were funded, including the use of capital receipts.
- The Council have been investing surplus funds, in line with the Treasury Management Strategy Statement and shown in Appendix B. Due to the rise in interest rates, over £1m in additional interest had been generated.

The following Member asked questions:

- Councillor Terry Hone
- Councillor Sean Nolan
- Independent Person John Cannon.

In response to questions the Service Director – Resources stated:

- In February 22 the Council forecasted what it thought interest rates would do, that interest rates would peak and then start to drop down towards 2.5%. At the moment the interest being earned by the Council is above 4% and may not have reached its peak. Currently, the Council is in a strong position, with high investment balances and low borrowing, but the longer-term forecast assumes that the interest rate will come back down. The Council run out of capital receipts to fund its capital programme.
- A budget has been made for Street Cleaning Vehicles in 2025/26, and the Council are preparing for both funding options within the new contract, either Council or provider funding. A requirement under the accounting rules means that the Council must capitalise purchases for vehicles we gain from the use of, whatever the legal structure of funding or ownership.
- Finances and resources always have a limit our property improvements and The Council are focusing on ensuring that works the Council are prioritised based on risk and, where relevant, are commenced in the right seasonal months.

Councillor Tasmin Thomas proposed, and Councillor Tom Plater seconded, and following a vote, it was:

**RECOMMENDATIONS TO CABINET:**

- (1) That Cabinet notes expenditure of £6.923million in 2022/23 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approves the adjustments to the capital programme for 2023/24 as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in by £1.222million.

- (3) That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.7 and the requirement to keep the capital programme under review for affordability. Page 75 Agenda Item 9
- (4) That Cabinet approves the application of £6.300million of capital receipts/set aside towards the 2022/23 capital programme, paragraph 8.7 refers.
- (5) Cabinet is asked to note the position of Treasury Management activity as at the end of March 2023.
- (6) Cabinet is asked to recommend this report to Council and ask Council to:
  - 1) Approve the actual 2022/23 prudential and treasury indicators.
  - 2) Note the annual Treasury Report for 2022/23.

***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.