

Item No	Referred from:	FINANCE AUDIT & RISK COMMITTEE
6b	Date:	13 DECEMBER 2023
	Title of item:	SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2023/24
To be considered alongside agenda item:		13

The report considered by Finance Audit & Risk Committee at the meeting held on 13 December 2023 can be viewed here [Agenda for Finance, Audit and Risk Committee on Wednesday, 13th December, 2023, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#).

RECOMMENDATIONS TO CABINET:

- (1) That Cabinet notes the forecast expenditure of £8.185M in 2023/24 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approves the adjustments to the capital programme for 2023/24 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the overall estimated spend in 2024/25 and beyond by £3.898M.
- (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 2023 including the new Capital items.
- (5) That Cabinet recommends to Council that it confirms the addition of the Local Authority Housing Fund Phase 2 to the capital programme for 2023/24 and approves the reprofiling of Bancroft & Priory Splash Pads from 2024/25 into 2023/24.

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 1 hour 8 seconds

The Service Director – Resources presented the report entitled 'Second Quarter Investment Strategy (Capital and Treasury) Review 2023-24' and highlighted that:

- Project movement and any slippage into 2024/25 was identified at table 2 of the report.
- Significant project changes against forecast were highlighted in table 3 of the report.

- The Local Authority Housing Fund phase 2 would be fully funded by grants. A tranche of the Phase 1 grant had been received and would need to be paid to Settle. Settle had completed the 3 properties that they signed up to do, and they were now occupied.
- The Estate team had been unable to update the forecast for surplus land being sold, therefore the information in table 4 on page 107 of the report was overstated.
- There was an emerging overspend on the replacement of CCTV cameras in the district which was estimated to be above 20%, the matter was likely to go to Cabinet in January. Work was ongoing to limit the ongoing revenue costs of this project.
- The majority of investments had current interest rates in excess of 5%, the table at 8.12 detailed the investments.

The following Members asked questions:

- Councillor Tom Plater
- Councillor Terry Hone
- Councillor Tamsin Thomas
- Councillor Sean Nolan

In response to questions the Service Director – Resources stated:

- The forecast additions highlighted in table 4 had not been updated in quarter 2 which was not ideal but manageable and this related to delays in the disposal of surplus land and buildings.
- An update was expected before Cabinet in January on the replacement costs for CCTV cameras.
- There was normally one week between the Finance Audit and Risk Committee and Cabinet meetings, any updates made to the report for the Cabinet meeting on 16 January 2024 would be highlighted.
- The two biggest items of underspend reported in table 2 were not directly linked to resourcing, however some of the smaller items were.
- The museum storage costs were higher than expected and further work was taking place to look at all options.
- The contractor employed by settle for the John Barker Place development went into administration and this project had to be repurchased.
- A risk assessment for car park resurfacing had been undertaken with the outcome that the majority of car parks were in better condition than expected so delaying resurfacing would not lead to any adverse risks.
- The use of the term 'not urgent' in table 2 should be stated as 'not a priority', with regular checks being conducted on these projects to ensure they were safe as the majority of these projects being cyclical works.
- There were some risks that delaying projects may add to the cost of materials, but this was mitigated by the 5% interest rate from investments.
- Should a Council issue a S114 notice they were not bankrupt and any treasury investment borrowed from other authorities would be repaid. Investments were made in line with the investment strategy of the Council, but did also reflect the financial situation of the counterparty.

In response to a comment from Councillor Tom Plater, the Chair stated that in this instance the Committee was being asked to note the report and one matter had been raised that may change before Cabinet, had the Committee been asked to recommend the report then an adjustment to the recommendations would have been required.

Councillor Tamsin Thomas proposed and Councillor Terry Hone seconded and, following a vote, it was:

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