

|  |                       |  |
|--|-----------------------|--|
| <b>Item No</b>                                 | <b>Referred from:</b> | <b>FINANCE, AUDIT AND RISK COMMITTEE</b>                                     |
| <b>6D</b>                                      | <b>Date:</b>          | <b>19 JUNE 2024</b>  |
|  | <b>Title of item:</b> | <b>INVESTMENT STRATEGY (CAPITAL AND TREASURY) END OF YEAR REVIEW 2023-24</b> |
| <b>To be considered alongside agenda item:</b> |                       | <b>AGENDA ITEM 10</b>  |

The report considered by Finance, Audit and Risk Committee at the meeting held on 19 June 2024 can be viewed here [Agenda for Finance, Audit and Risk Committee on Wednesday, 19th June, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

**RECOMMENDATIONS TO CABINET:**

- (1) That Cabinet notes expenditure of £2.409million in 2023/24 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approves the adjustments to the capital programme for 2024/25 as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend by £2.655million and £0.193million in 2025/26.
- (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.
- (4) That Cabinet approves the application of £1.313million of capital receipts/set aside towards the 2023/24 capital programme, paragraph 8.7 refers.
- (5) Cabinet is asked to note the position of Treasury Management activity as at the end of March 2024.
- (6) Cabinet is asked to recommend this report to Council and ask Council to:
  - 1) Approve the actual 2023/24 prudential and treasury indicators.
  - 2) Note the annual Treasury Report for 2023/24.
  - 3) Approve a change to the Investment Strategy allowing investments to be placed on Lloyds Call Account so the combined total of Current Account and Call Account is up to £5M.

**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 11 minutes 24 seconds

*N.B Councillor Paul Ward declared an interest and did not take part in the debate or vote on this item.*

The Service Director – Resources presented the report entitled ‘Investment Strategy (Capital and Treasury) End of Year Review’ and highlighted that:

- The report monitored the spend on the capital programme and the investment of surplus cash.
- The movement of the capital programme over the last quarter was highlighted in Table 2 of the report.
- There were items that had not been completed or started as expected in the capital programme 2023 -24 and the Council were seeking approval to move these items into the capital programme 2024-25. The reasons for the delays were stated on page 141 of the report.
- In the last quarter there had been more cash to invest due to the delayed capital programme funds.
- Changes to the costs of the capital programme 2023-24 were detailed in table 3 of the report.
- Paragraph 8.6 of the report detailed the capital schemes completed in 2023-24.
- The funding details of the capital programme were stated at 8.7 of the report and included Section 106 money, reserves and grant funding.
- The Capital Reserves were running low and can only be used once. There was some land that could be sold, but this would generate only a small amount of reserves relative to the overall capital programme.
- It was anticipated that the Council would need to borrow fund in the next civic year and this was detailed in 8.9 of the report.
- The average return on investment over the year was 5.57%, new investment deals were now being offered at 5.34%, and all investments complied with the investment strategy.
- Lloyds bank, were offering a call account with a 5% interest rate and no fees, this was an improvement on the 2% currently received for amounts in the current account. The risks had been assessed with the view that this was a viable option.

In response to a question from Councillor Sean Nolan, the Service Director – Resources stated that the risks for the Lloyds Call account were the same as all of the institutions and these were highlighted on page 171 of the report.

**RESOLVED:** That the Finance, Audit and Risk Committee provided comments and recommended to Cabinet the Investment Strategy (Capital and Treasury) End of Year Review 2023-24.

**RECOMMENDATIONS TO CABINET:**

- (1) That Cabinet notes expenditure of £2.409million in 2023/24 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approves the adjustments to the capital programme for 2024/25 as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend by £2.655million and £0.193million in 2025/26.
- (3) That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.7 of the report and the requirement to keep the capital programme under review for affordability.

- (4) That Cabinet approves the application of £1.313million of capital receipts/set aside towards the 2023/24 capital programme, paragraph 8.7 refers.
- (5) Cabinet is asked to note the position of Treasury Management activity as at the end of March 2024.
- (6) Cabinet is asked to recommend this report to Council and ask Council to:
  - 1) Approve the actual 2023/24 prudential and treasury indicators.
  - 2) Note the annual Treasury Report for 2023/24.
  - 3) Approve a change to the Investment Strategy allowing investments to be placed on Lloyds Call Account so the combined total of Current Account and Call Account is up to £5M.

***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.