

<b>Item No</b>	<b>Referred from:</b>	<b>FINANCE, AUDIT AND RISK COMMITTEE</b>
<b>6D</b>	<b>Date:</b>	<b>4 SEPTEMBER 2024</b>
	<b>Title of item:</b>	<b>FIRST QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2024-25</b>
<b>To be considered alongside agenda item:</b>		<b>AGENDA ITEM 13</b>

*The report considered by Finance, Audit and Risk Committee at the meeting held on 4 September 2024 can be viewed here [Agenda for Finance, Audit and Risk Committee on Wednesday, 4th September, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#).*

**RECOMMENDATIONS TO CABINET:**

- (1) That Cabinet notes the forecast expenditure of £30.415M in 2024/25 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet notes the position of the availability of capital resources, as detailed in table 2 paragraph 8.10 and the requirement to keep the capital programme under review for affordability.
- (3) Cabinet is asked to note the position of Treasury Management activity as at the end of June 2024.
- (4) Cabinet is asked to approve that we should proceed with the Local Authority Housing Fund round 3 and submit the Memorandum of Understanding so that we can receive the initial allocation of funds.

That Cabinet recommends to Council

- (5) That Council approves a capital budget of £0.080M to fund the purchase and installation of a new chiller at the museum, paragraph 8.4 refers.
- (6) That Council approves a capital budget of £1.920M (£0.96M in 24/25 and £0.96M in 25/26) for round 3 of the Local Authority Housing Fund. This will be fully funded from Government grants and housing provider contributions, paragraph 8.5 refers.
- (7) That Council approves bringing forward £0.008M of the backup and business continuity hardware capital budget (from 2025/26 to 2024/25) and reducing the 2025/26 budget to £0.057M.

**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 45 minutes 14 seconds*

*N.B Councillor Paul Ward declared an interest and left the Chamber at 21:16, Councillor Griffiths returned to the Chamber at 21:18.*

The Service Director – Resources presented the report entitled 'First Quarter investment Strategy (Capital and Treasury) Review 2024-25' and highlighted that:

- The details in relation to current investments were highlighted in the report appendix.
- The returns from investments in Local Authorities were currently the highest performers and these equated to 77% of all investments. Local Authority investments were generally a lower risk than banks or building societies and were providing better returns. This was not always the case as during Covid banks and building societies provided higher returns.
- There was an ongoing review of the Capital programme and therefore the analysis provided in the report was not as detailed as previous reports, a more in-depth analysis would be presented to the Committee in quarter 2.
- It was proposed that a small amount of the IT spend scheduled for 2025-26 be brought forward to 2024-25, this would save money and was detailed in paragraph 8.9 of the report.
- It was becoming no longer viable to repair the chiller at the North Herts Museum and a spend of £80K was proposed to replace the chiller.
- Details of the Local Authority Housing Fund award were highlighted in paragraphs 8.5 to 8.8 of the report. Funding had been awarded for 10 properties and approval was sought from Council to add this item to the Capital programme.
- It was anticipated that housing providers would provide any required match funding.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Dominic Griffiths

In response to questions, the Service Director – Resources advised that:

- Settle had provided match funding for the previous Local Authority Housing Fund awards.
- The forecast of external debts shown on page 177 of the report, was calculated from forecast capital spend, it was likely that any future borrowing would commence with internal borrowing.
- The total forecast debt assumed the full delivery of the Capital programme.
- There was a multi-million provision for the new waste vehicles which formed part of the new contract and was factored into the contract costs.
- A provision had been made in the near future for a new waste depot, which could be moved to later years.
- Borrowing was likely to be required for any Churchgate project. As with any capital spend the cost would be spread over the lifespan of the asset.
- It was a normal for Local Authorities to borrow for investments, capital spend was required to keep running services.

Councillor Vijaiya Poopalasingham proposed and Councillor Ruth Brown seconded and, following a vote, it was:

**RESOLVED:** That the Finance, Audit and Risk Committee noted the report.

### **RECOMMENDATIONS TO CABINET:**

- (1) That Cabinet notes the forecast expenditure of £30.415M in 2024/25 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet notes the position of the availability of capital resources, as detailed in table 2 paragraph 8.10 and the requirement to keep the capital programme under review for affordability.
- (3) Cabinet is asked to note the position of Treasury Management activity as at the end of June 2024.
- (4) Cabinet is asked to approve that we should proceed with the Local Authority Housing Fund round 3 and submit the Memorandum of Understanding so that we can receive the initial allocation of funds.

That Cabinet recommends to Council

- (5) That Council approves a capital budget of £0.080M to fund the purchase and installation of a new chiller at the museum, paragraph 8.4 refers.
- (6) That Council approves a capital budget of £1.920M (£0.96M in 24/25 and £0.96M in 25/26) for round 3 of the Local Authority Housing Fund. This will be fully funded from Government grants and housing provider contributions, paragraph 8.5 refers.
- (7) That Council approves bringing forward £0.008M of the backup and business continuity hardware capital budget (from 2025/26 to 2024/25) and reducing the 2025/26 budget to £0.057M.

### **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.