

Item No	Referred from:	Finance, Audit and Risk Committee
6G	Date:	8 January 2025
	Title of item:	Second Quarter Investment Strategy (Capital and Treasury) Review 2024-25
To be considered alongside agenda item:		Agenda Item 17

The report considered by Finance, Audit and Risk Committee at the meeting held on 8 January 2025 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 8th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee provided comments on the recommendations to Cabinet, which are:

- (1) That Cabinet notes the forecast expenditure of £15.699M 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 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.
- (3) That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2024.
- (4) That Cabinet recommends to Council that it approves capital budgets in 2025/26 for a new flume (£300k) and a refurbishment of the pool changing rooms (£250k) at North Herts Leisure Centre.

REASONS FOR REFERRAL:

- (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.
- (3) The proposal to approve the 2025/26 capital budgets at North Herts Leisure Centre in January (rather than in the usual budget report at the end of February) means that the works can take place at the same time as the decarbonisation works, and therefore not require two periods where the pool cannot be used. It also provides a more obvious benefit to users of the facility.

Audio recording – 1 hour 37 minutes 08 seconds

The Service Director – Resources presented the report entitled 'Second Quarter Investment Strategy (Capital and Treasury) Review 2024/25' and highlighted that:

- Details on capital slippage had been provided in this quarter two report, rather than later into the year as previously, which had meant the figures were bigger than usual.

- It was hoped this would be a realistic end-of-year figure. Whilst slippage was still likely to increase, this should be more accurate than previous Q2 figures.
- An explanation of why a difference exists had been provided and resourcing was an issue in some areas.
- There was potential that the museum storage may progress quicker, if an option other than developing the existing site was chosen, which would lead to less slippage into next year.
- There had been a £14M reduction in 2024/25, but this was to be moved into future years.
- It was still currently forecast that the Council would need to borrow a little this year to fund the capital programme. However, this may be possible to fund from capital reserves with a little more slippage.
- Some areas were bringing spend forward and these were outlined at 8.9 of the report.
- There was potential that the budget may need to increase slightly, but this would be presented to and considered by Cabinet.
- Money invested by the Council was mostly with other authorities, as detailed at 8.12, where interest rates were generally higher. However, all interest rates were higher than had become the normal, around 5%, and all rates on investments were set out at 8.13.

The following Members asked questions:

- Councillor Ralph Muncer
- Councillor Sean Nolan
- Independent Member John Cannon
- Councillor Tina Bhartwas

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

- He would push consultants and contractors to have the financial forecasts relating to the Leisure Centre Decarbonisation project by budget setting in February.
- There was only one example of where an external party was involved in a delay.
- A detailed report on the Museum Storage Options had been provided to Cabinet, following consideration by Overview and Scrutiny Committee. The options ranged from do nothing, through to redevelopment of the existing site or moving to an off-site option, with different options on funding provided for these.
- Cabinet wanted to do something to provide a permanent storage solution.
- There were too many items to have on permanent display, with the items with the broadest interest kept in the museum itself and the storage would be for other items that still had historical significance for the district but with less general public interest.
- The final report on the Museum Storage would be presented to Overview and Scrutiny Committee for consideration, ahead of the final decision by Cabinet. Depending on the option selected and the value of funding required, it may need referral onto Council.
- The number of quotes required under the procurement processes at the Council was determined by the value of what was being procured. If costs came in higher than expected, then further quotes may be required, which can lead to delays. But it was an important process that higher costs were challenged and that Officers were sure it was a required expenditure.

In response to questions, the Chair advised that there were elements within the museum storage which were held on behalf of other organisations and the facility was required to protect these, as well as ensure the museum retained its accreditation.

Councillor Vijaiya Poopalasingham proposed and Councillor Dominic Griffiths seconded the motion.

Councillor Ralph Muncer proposed an amendment to recommendation 2.4 to include 'subject to the revised assessments following the decision by Cabinet regarding the Public Sector Decarbonisation Scheme on 14 January 2025'. This was seconded by Councillor Ruth Brown.

There was debate amongst Members to understand the meaning of the amendment and this was clarified by Councillors Muncer and Brown.

Councillor Ian Albert, as Executive Member for Finance and IT, noted that this was a prudent amendment as conversations so far had not considered what would happen with the brought forward work, should the Public Sector Decarbonisation Scheme not progress, as these were linked to be conducted at the same time.

Having been proposed and seconded, following a vote, the amendment was **AGREED**.

Having been proposed and seconded and, following a vote, the substantive motion was:

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- (2) 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.
- (3) That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2024.
- (4) That Cabinet recommends to Council that it approves capital budgets in 2025/26 for a new flume (£300k) and a refurbishment of the pool changing rooms (£250k) at North Herts Leisure Centre, subject to the revised assessments following the decision by Cabinet regarding Public Sector Decarbonisation Scheme on 14 January 2025.

REASONS FOR REFERRAL:

- (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.
- (3) The proposal to approve the 2025/26 capital budgets at North Herts Leisure Centre in January (rather than in the usual budget report at the end of February) means that the works can take place at the same time as the decarbonisation works, and therefore not require two periods where the pool cannot be used. It also provides a more obvious benefit to users of the facility.