

# RECOMMENDATION FROM THE RESOURCE AND FINANCE SCRUTINY COMMITTEE – CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES AND MRP STATEMENT 2025-26 - SUPPLEMENTARY REPORT

Meeting: **Executive**

Date Of Meeting: **13 February 2025**

Report Author(s): **Emily Kelly**

Lead Officer: **Stephen Fitzgerald | stephen.fitzgerald@woking.gov.uk**

Portfolio Holder: **Cllr Dale Roberts | cllrdale.roberts@woking.gov.uk**

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Will the decision be open for call in?  Yes  No

Does the report contain confidential or exempt information?  Yes  No

## 1.0 Purpose of Report

At its meeting held on 10 February 2025, the Resource and Finance Scrutiny Committee scrutinised the Capital, Investment and Treasury Management Strategies and Minimum Revenue Provision (MRP) Statement 2025-26. Through the discussions the Committee agreed to make a recommendation to the Executive. The draft minute extract of the item is set out below along with the recommendation to the Executive:

### **“CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGIES AND MRP STATEMENT 2025-26 RFSC25-006**

Stephen Fitzgerald, Strategic Director for Finance, introduced the report, explaining that it formed both part of regulatory compliance and good financial practice. The scale of Woking’s debt in comparison to other local authorities was highlighted to Members. The report established the Council’s minimum revenue provision and treasury management strategies, and it was explained that successful management of investments has had a positive impact on the Council’s overall financial position. In addition, Stephen noted that Treasury Management training has also been arranged for Members.

Members asked for clarification on whether the report was CIPFA compliant, and indeed whether merely being CIPFA compliant was fit for purpose, given the past financial situations the Council had faced despite producing CIPFA compliant reports. Stephen Fitzgerald confirmed that the report was CIPFA compliant and explained that, whilst the CIPFA system might not be perfect, it did provide a degree of security and professional judgement, and therefore remained overwhelmingly beneficial.

**Recommendation from the Resource and Finance Scrutiny Committee – Capital, Investment and Treasury Management Strategies and Minimum Revenue Provision (MRP) Statement 2025-26 – Supplementary Report**

Questions were raised regarding the recording of MRP on some elements of Woking's debt and not others. Stephen Fitzgerald explained that calculating MRP on debts where this was possible, even if it cannot be paid or is not feasible for all elements of debt, was an important part of the Council's Improvement and Recovery Plan.

An additional question concerned the possibility of funds being invested in foreign institutions, as outlined in the report, and Members were keen to highlight that rated institutions within the UK should be the only option used by the Council for the majority of situations.

Members questioned why the interest generated on funds raised through the Community Infrastructure Levy (CIL) was returned to the General Fund budget, rather than being reallocated to the communities along with the funds themselves. More information on the financial impact of this change was requested from Officers. It was noted that the future of the existing CIL funds was not certain given the proposals for local government reorganisation, and ward Councillors should be encouraged to bring forward proposals for the use of CIL funds.

Reviewing the report, Members asked why the long-term borrowing maturity profile had such a high figure for the financial year of 2025/6 at £338 million, compared to £95 million for 2024/25 and figures of around £20-30 million for most of the rest of the plan period.

Further questions concerned the repricing of loans and the ability to lock in low interest rates, along with the cost of refinancing. Mike Stevens, Deputy Financial Services Manager, explained that loans were repriced when they hit maturity, approximately annually, at which stage a new interest rate would be received. The administration cost to refinance loans has been reasonably low and, despite the short-term nature of the interest rates, due to low rates in the past, the loans have been able to be redeemed at a discount.

Officers were asked about the impact of the recent central government announcement that projected figures on GDP had been revised down. Brendan Bradley, Deputy Director for Finance, explained that all calculations and projections had been carried out using the most up to date figures at the time, and that these would be revised in future based on the newest information.

**RESOLVED:**

Officers explore the implications of transferring the interest from the Community Interest Levy funds away from the General Fund

**RECOMMENDED to the Executive**

**That only rated institutions within the UK be considered for financial deposits and investments.”**

**Recommendation from the Resource and Finance Scrutiny Committee – Capital, Investment and Treasury Management Strategies and Minimum Revenue Provision (MRP) Statement 2025-26 – Supplementary Report**

**2.0 Recommendations**

- 2.1 The Executive is requested to consider the above recommendation from the Resource and Finance Scrutiny Committee and resolve accordingly.

Reason for Decision

- 2.2 To consider the recommendation from the Resource and Finance Scrutiny Committee following pre-decision scrutiny.

**Report Ends**