Harrogate
BOROUGH COUNCIL

Capital Strategy 2019/20

Introduction

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance in Local Authorities requires, in 2019/20, local authorities to produce a capital strategy in order to demonstrate that capital expenditure and investment decisions are taken in line with service or organisational objectives and take account of stewardship, value for money, prudence, sustainability and affordability.

2. The capital strategy is a key document for the Council and forms part of the authority's revenue, capital, balance sheet and reserves planning. It provides:

    - a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
    - an overview of how associated risk is managed
    - the implications for future financial sustainability

3. The aim of the capital strategy is to provide an understanding of the Council's overall long-term objectives, governance procedures, allocation and monitoring of capital expenditure and risk appetite.

4. The capital strategy is reported separately from the Treasury Management Strategy; treasury investments will be reported through the Treasury Management Strategy and non-treasury investments will be reported through the capital strategy. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the non-treasury function where the policy for service and commercial investments are usually associated with capital expenditure in relation to an asset.

Capital expenditure

5. Expenditure is classified as capital expenditure when it results in the acquisition, construction or enhancement of an asset (for example land, buildings, equipment) that will benefit the council for a period greater than one year. The definition extends to expenditure on grants or loans to other bodies that they will use to fund expenditure that the Council would have classed as capital had it incurred the expenditure itself. Classification as capital is subject to the application of a deminimis of £10,000 for land and buildings and £5,000 for equipment, per the accounting policies set in the Council's annual Statement of Accounts.

Asset Management Planning

6. Developing a long-term approach to managing our assets has been a particular focus in recent years.

7. This approach has a number of aspects, including:
    - rationalising the current asset base so we only retain assets that help us deliver our priorities,
    - maintaining the assets we do retain so that we can maximise the return from them and provide the best possible services to our residents,
    - identifying opportunities for acquiring new assets that help us further achieve our corporate objectives,

- demonstrating flexibility in the way we fund such activity so that we get the most from our financial resources.

8. In terms of managing our assets, we have recognised that by taking a proactive approach to asset management we can ensure the return from them is maximised. A key development in this area was the introduction of the previous Capital Strategy and subsequent Capital and Investment Programme. The previous strategy was initially approved in October 2016, following a comprehensive review of existing resources and asset needs, and will ensure our assets are maintained appropriately and funding available to us is used where it is needed the most.
9. Whilst the strategy was initially fully funded, the latest programme highlights a shortfall in funding in the medium-term. This will need to be carefully monitored, in order to ensure that the programme remains sustainable and we have sufficient resources going forward to fund all priority works. Key influences on the overall plan will include:
    - Leisure Provision Review
    - HCC Future Strategy
    - ICT Strategy
    - Economic Growth and Commercial Property

10. The Strategic Planning team play a key role in developing and refining the 25 year capital programme, utilising their knowledge of the asset portfolio to assess maintenance and investment priorities, costs and timescales. The Sustainable Harrogate Project Board will be responsible for:

- Overseeing implementation of the HBC Asset Management Framework to ensure that the Council’s land and property assets are managed in a consistent and strategic manner
- Managing and prioritising a rolling programme of corporate ‘Asset Challenge Reviews’
- Recommending options from these reviews to Place Board, Management Board (MB), Cabinet, Council (in line with Council’s decision making processes)
- Devising mechanisms and processes for strategically assessing property and land proposals on a consistent, corporate basis
- Ensuring linkages between strategic asset management work and the Council’s capital and revenue budget programmes
- Promoting Housing Delivery.

11. A Strategic Asset Review is currently being undertaken, with the assistance of external experts, in order to give us a detailed overview of our asset portfolio. This will present the Council with information regarding which assets require significant investment, development opportunities that may exist and potential options to dispose of assets that no longer support our priorities. This will allow the Council to make informed decisions about which assets to invest in, and which to look to dispose of or redevelop. This will potentially have a significant impact on the capital expenditure programme, whilst also potentially generating capital receipts with which to fund the prioritised works.

Capital and Investment Programme

12. Non-Housing capital expenditure, as well as ‘investment’ expenditure classified as revenue expenditure, is reported and approved as part of the Capital and Investment Programme (C&IP). The original strategy set out a 25 year forecast programme of expenditure on assets and the associated funding requirements, which is updated on a rolling basis with a more detailed programme for the forthcoming five years. This is a key document that captures the full extent of the Council’s planned non-Housing capital expenditure and associated funding.

13. The Council has historically had a moderate capital programme, with some notable major projects, but the scale of investment required going forward is potentially increasing. Major projects in varying stages of planning and development include Ripon Pool, the Station Gateway development in Harrogate, and the redevelopment of the Harrogate Convention Centre, as well as ongoing investment in ICT infrastructure and software through the ICT strategy and development plan. Historically, major projects have generally solely involved the Council. The Station Gateway project is an example of a new approach, as it involves a number of major stakeholders working together on a large scale project. Careful monitoring of the C&IP and associated funding will be key to ensuring that the Council has the resources to invest in its priority projects.

14. Harrogate’s latest Corporate Plan was approved by Council in December 2017 and the timespan was extended by Cabinet in June 2018 to cover the years 2018 to 2024 to align with our revised transformation programme. This sets out our long term vision for the Harrogate district, our aim as an organisation, our corporate priorities and the long term outcomes that we want to achieve. Each year we publish our corporate delivery plan, which details what we will do, what our targets are and how we will measure these. It comprises the following four priorities:

    i) A Strong Local Economy

    ii) A Sustainable Environment

    iii) Supporting our Communities

    iv) Excellent Public Services

15. Clearly it is key that all expenditure, be it revenue or capital, is allocated in order to support these priorities. The C&IP and capital strategy link to other key Council strategies. The Council’s corporate priorities are overarching in their application to prioritising spend, whilst capital projects are a key feature of the Council’s transformation programme, 2024. The programme also links to the Council’s Medium Term Financial Strategy.

How our **STRATEGIES AND PLANS** *fit together*

Governance – non-Housing programme

16. Each year, the Capital and Investment Programme is updated and the detailed five-year programme is reported to Management Board (MB), before approval by Cabinet and Council in February alongside the revenue budget. Once the programme is approved, the schemes set out within the programme have their individual spending levels approved plus a 10% contingency, though the relevant officer will still need to adhere to the contract procedure rules.

17. The reporting of the Capital and Investment Programme monitoring has been aligned with the current revenue monitoring, which requires a quarter one report in August in addition to the mid-year (November), quarter three (February) and outturn (June) reports.

18. As is the nature with capital and investment works, expenditure may be delayed, vary and in some cases may cease, as well as new schemes being identified. New spending approvals will therefore be sought in the quarterly monitoring reports and the implications for the Capital and Investment Programme and the strategy as a whole will be made clear.

19. For works that are emergency in nature, the Director of Economy and Culture has delegated responsibility to approve works up to the value of £50k (funded from the Council Investment Reserve (CIR)) in circumstances where the consequence of not undertaking the works will lead to a health and safety risk, a legal risk, a serious service disruption, a significant loss of income to the council or the loss of opportunity to achieve a significant saving. Such expenditure will be reported at the next possible opportunity.

20. Approvals to spend are limited to the amounts approved in the programme, plus a 10% contingency if required. It is important that value for money is sought with all expenditure and spending should not take place just because a budget exists. Equally, unnecessary works should not be undertaken in order to exhaust the budget (and contingency). Though the Capital Strategy was developed to fund investment in the Council's assets to support service delivery and the Council's priorities, works should be delayed where it does not have a detrimental effect on the quality of the services the Council provides. The on-going success of the strategy will likely require budget savings against individual schemes/asset purchases to help fund schemes where cost overruns prove inevitable and to fund new emerging works.

21. Where savings are generated against individual schemes/asset purchases the saving is to the Council as a whole, not the service where the saving has been achieved. The service should not be looking to identify other areas where it wishes to spend the saving on and it should not spend the saving on works for which the original funding was not provided. This will allow decisions to be taken in the round at a strategic level, though operational needs will be considered.

22. As part of the monitoring arrangements, where services do identify new spending needs these will be considered in the context of the strategy as a whole and, where insufficient funding is available in total, competing requests will be considered together. Unsuccessful requests may be considered again in the future.

23. As part of the monitoring arrangements in relation to property assets, Strategic Property, supported by Financial Services, meet with service officers to review and update the programme and to ensure that new approvals are sought on a timely basis to allow the

works to be progressed. For other assets, the relevant service officer will discuss the new requirements with Financial Services.

24. Where expenditure does not take place in the year of the approved programme the funding will be retained to fund the expenditure in the following year, should it still be required. The initial approval will hold, though the programme in the new year will be updated for any delayed works and as such will be re-approved. This, however, is subject to the need to delay or delete works to balance the overall programme. All proposed spend will be continually reviewed, particularly where it continues to be delayed.

Governance – Housing capital expenditure

25. Capital expenditure on Housing assets is reported separately, in line with the statutory divide between General Fund services and Housing Revenue Account services. Housing capital expenditure is approved through the 'Housing Improvement Programme' (HIP) report, which is presented to Cabinet Member (Housing and Safer Communities) in January each year, before approval by Cabinet and Council in February.

26. Monitoring is undertaken on a monthly basis throughout the year, and is report to Cabinet Member and Cabinet at quarter 2, at quarter 3 (as part of the budget report) and outturn.

27. Approvals for variations in spending, or for new schemes, can be sought through these reports or via separate reports to Cabinet Member and Cabinet as necessary.

Funding

28. Capital expenditure can be funded from a number of sources, as follows:

    a) **Capital grants and contributions** – although funding opportunities can be limited, where possible, external contributions to projects are sought. For example, Housing have worked successfully with Homes England (formerly Homes and Communities Agency) for a number of years, securing significant grant contributions to assist in providing social and shared ownership housing.
    b) **Capital receipts** – amounts generated from the sale of assets and from the repayment of capital loans, grants or other financial assistance. These can be an important part of the funding for major projects. There is currently a strategic asset review being undertaken, which, amongst other things, will identify surplus and poorly performing assets for potential disposal. Historically, the Council has utilised Housing capital receipts to fund Housing capital expenditure, although the ringfence that applies to Housing Revenue Account revenue funds does not apply to capital sums.
    c) **Revenue contributions** – amounts set aside from the revenue budget or reserve. The Council Investment Reserve was established in 2015/16 to consolidate all reserve balances that relate to capital and investment works. This ensures that all available funding is easily identified. There is an annual budgeted contribution from revenue to this reserve, which in 2019/20 will be £2,883k. Revenue contributions are also a key element of the funding for the Housing capital programme, as the Housing Revenue Account creates annual surpluses, which can then be reinvested in the Housing stock.
    d) **Section 106 Planning obligations** – developer contributions received in lieu of provision of open space or housing provision. Ringfenced to provide facilities in line with the individual section 106 agreements.
    e) **Borrowing** – either internal (where cash balances allow) or external borrowing. Currently, the only external borrowing held is for loans that were taken out to fund the

‘self-financing’ payment required to be paid to Government in 2012 for the HRA to buy itself out of the previous Housing Subsidy system. Because of the healthy cash balances that the Council has held over recent years, internal borrowing has been used as a source of funding for some major projects, including the civic centre construction. This has been an effective strategy as it has avoided the cost of external borrowing and has mitigated the risks and difficulties associated with investing cash balances.

f) **Community Infrastructure Levy (CIL)** – this is similar to Section 106 funding, in that it is a levy on development, to be spent on local and sub-regional infrastructure needed to support new development in the area, but it is applicable to a wider range of developments and does not have to spent on infrastructure that is directly related to the development in question. The Council is currently in the process of setting up CIL and it is envisaged that it will be adopted in Autumn 2019.

29. Generally, funding sources would be used in the following order:

1) Section 106 contributions – because there are time limits within which they must be utilised (though noting that they are ringfenced for spending on affordable housing or open spaces, in line with the individual section 106 agreements).
2) Capital grants and contributions – again, because there can be time limits within which they must be used or other conditions associated with the provision of the grant.
3) Capital receipts and CIL – because they can only be used to fund capital expenditure and cannot be used to fund revenue expenditure.
4) Revenue contributions – reserve balances will be utilised next, as there is no cost to revenue other than the cost of interest lost by virtue of reducing the cash balance held by the Council. Direct contributions from revenue will be used where it is affordable.
5) Borrowing – internal borrowing will be utilised ahead of external borrowing, due to the lower interest cost. External borrowing will be the last option, due to the higher interest costs that are chargeable to revenue.

Capital Financing Requirement and Borrowing

30. The Council is required to comply with CIPFA’s Prudential Code for Capital Finance (the ‘Prudential Code’) when assessing the affordability, prudence and sustainability of its capital investment plans.

31. Fundamental to the prudential framework is a requirement to set a series of prudential indicators. These indicators are intended to collectively build a picture that demonstrates the impact over time of the Council’s expenditure plans upon the revenue budget and upon borrowing and investment levels, and explain the overall controls that will ensure that the activity remains affordable, prudent and sustainable. These prudential indicators have been agreed as part of the Treasury Management Strategy in February 2019. One of the key indicators focuses on the Capital Financing Requirement (CFR).

32. When capital expenditure is funded from borrowing, this does not result in expenditure being funded immediately, but instead results in an annual charge to the revenue budget over a number of years in the form of Minimum Revenue Provision (MRP).

33. The forward projections of the CFR reflect:

- Additional capital expenditure from borrowing or further credit arrangements resulting in an increase to the CFR; and

- Revenue budget provision being made for the repayment of debt, which results in a reduction to the CFR

34. The actual CFR for 2017/18 and forward projections for the current and forthcoming years are as follows:

Item	**2017/18 Actual £k**	**2018/19 Latest forecast £k**	**2019/20 Estimate £k**	**2020/21 Estimate £k**	**2021/22 Estimate £k**
Opening CFR	82,056	84,394	83,595	85,294	84,540
New borrowing in year (GF)	2,918	0	2,467	0	0
Statutory MRP charge to revenue (GF)	-580	-799	-768	-754	-824
Voluntary set aside (HRA)	0	0	0	0	-15,000
Closing CFR	84,394	83,595	85,294	84,540	68,716

The closing CFR is split between the General Fund and HRA as follows:

General Fund	23,638	22,414	24,113	23,359	22,535
Housing Revenue Acc	60,756	61,181	61,181	61,181	46,181

35. Depending on the level of capital investment undertaken, the CFR could vary. Also, in June 2018, Cabinet approved that the strategy of the HRA Business Plan be revised from one of debt repayment to one of housing growth. In 2020/21, a £15m loan (part of those taken out to fund self-financing) falls due for repayment. It is therefore possible that the currently planned voluntary set aside of debt may not take place, and this loan could be refinanced either in full or in part.

36. The CFR shows how much capital expenditure has historically been funded from borrowing and therefore how much remains to be funded in future. In relation to the General Fund CFR, it is a requirement of the Capital Finance Regulations that an annual charge is made to the revenue budget in order to pay off a portion of the debt. This is called Minimum Revenue Provision (MRP). As part of the Treasury Management Strategy, the Annual MRP Statement was set out and agreed.

37. The Capital Finance Regulations require that local authorities set aside a ‘prudent’ amount of MRP to repay debt. The regulations set out a number of options to support this calculation. For debt incurred prior to 1 April 2008, MRP is charged at a rate of 4% of the balance of outstanding debt. For debt incurred after 1 April 2008, a charge is made based on dividing the total borrowed over the lifetime of the asset that the borrowing relates to, on a straight-line basis.

38. There is not the same requirement for the Housing Revenue Account to pay MRP – although the HRA can make voluntary set asides to reduce debt levels, it can, theoretically, maintain debt levels indefinitely, albeit with the associated interest costs. For external borrowings, the HRA pays interest to the PWLB, whilst it pays interest to the General Fund on the remainder of its CFR.

39. The Council’s gross debt position is summarised below. The table shows the actual external debt against the underlying CFR, and the resulting over or under borrowing.

	2017/18 Actual £k	2018/19 Estimate £k	2019/20 Estimate £k	2020/21 Estimate £k	2021/22 Estimate £k
External Debt					
External Debt at 31 March - GF	0	0	0	0	0
CFR - GF	23,638	22,414	24,113	23.359	22,535
Under/(over) borrowing - GF	23,638	22,414	24,113	23,359	22,535
External Debt at 31 March - HRA	53,082	53,077	53,073	53,067	38,061
CFR – HRA	60,756	61,181	61,181	61,181	46,181
Under/(over) borrowing - HRA	7,674	8,104	8,108	8,114	8,120

40. Statutory guidance states that debt should remain below the CFR, except in the short-term for cash flow management purposes. As can be seen from the table above, the level of external debt is significantly below the level of CFR. It should be noted that all external debt relates to the HRA; the General Fund does not have any external debt and nor is it currently forecast to. That said, this will need to be reviewed in light of the major capital projects that are currently in the planning stages.

41. As part of the Treasury Management Strategy, limits are set for the amount of external debt that can be taken on, in order to ensure that debt remains at acceptable and affordable levels.

Investment Strategy - Non-financial assets

42. Treasury investments – investments of cash balances – are dealt with as part of the Treasury Management Strategy that was approved by Council in March 2019. CIPFA's latest Treasury Management Code requires authorities to incorporate non-financial investments within the capital strategy. Separately, the Ministry of Housing, Communities and Local Government (MHCLG) updated its Statutory Guidance on Local Authority Investments in 2018, which sets out disclosures and reporting requirements in relation to investments.

Service investment - loans

43. The Council can lend money to local bodies or its subsidiaries to support local public services and stimulate local economic growth.

44. We are in the process of establishing Bracewell Homes Ltd, a wholly-owned company that is being established to provide shared ownership housing in the district. The investment in this company will be classed as capital expenditure (and has been included in the Capital and Investment Programme). Some initial funding will be provided in 2019/20 in order for the company to pay the deposit on the first batch of houses it will be purchasing, before the company starts operating fully in 2020/21. The funding provided will be a mixture of equity and loan. The loans made to the company are not forecast to exceed £300k and are currently expected to be repaid in full by 31 March 2024. This is the only planned loan at present.

45. The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and to ensure that the total exposure to service loans remains proportionate to the size of the Council, an upper limit on the outstanding exposure has initially been set at £1.5m. This will accommodate the loans to the housing company, but can reviewed in future should it be beneficial to increase it.

46. Accounting standards require the Council to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Council's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Council makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

47. Risk assessment: A business case was constructed for the Housing company, with external consultants utilised to scrutinise and challenge the assumptions and projections therein. A risk analysis was carried out as part of the business case. The performance of the company will be kept under careful review via quarterly meetings of the Housing company board.

Service investment - shares

48. The Council does not currently invest in any shares but will do so once the Housing company is established by virtue of the company being a wholly owned subsidiary. The investment is currently expected to be £200k in total, although the limit will be set at £750k in order to permit some flexibility in the equity/loan split to the company. The Council currently has no other plans to invest in shares.

49. Risk assessment: One of the risks of investing in shares is that they can fall in value, potentially meaning that the initial outlay will not be recovered. As described above, a risk analysis was carried out as part of the Housing company business plan. It is forecast that the company should grow successfully and the performance of the company will be kept under careful review via quarterly meetings of the company board, so that remedial action can be taken if necessary.

50. Liquidity: although this type of investment is fundamentally illiquid, the limit on the level of investment mitigates the risk and the Council will earn a return from the company via dividends.

Non-specified investments

51. Shares are the only investment type that the Council has identified that meets the definition of a non-specified investment in the government guidance. The limits above in relation to share investments are therefore also the Council's required upper limits on non-specified investments. The Council does not foresee making any other investments that would meet the definition of non-specified investments in future.

Investment Properties

52. The Council owns a small number of 'investment properties', as defined in CIPFA's Code of Practice on Local Authority Accounting. These are land and building assets held solely to earn rentals or for capital appreciation or both. These are all assets that have been held by the Council for a long time and no historic cost information is held in relation to them. They are measured at fair value and these values are updated annually, which ensures that the values reflect current market conditions at the end of each reporting period. The latest fair values are shown in the table below:

53.

Property by type	Fair value 31/3/2018 £k	Projected fair value 31/3/2019 £k	Projected increase or decrease(-) in value £k
Shopping centre	3,950	3,500	-450
Secondary industrial land	701	813	112
Garage block	78	150	72
Total	4,729	4,463	-266

54. There is no outstanding debt in relation to the purchase of any of these assets. In 2019/20, we are budgeting to receive £246k of income in relation to these assets, whilst running costs are less than £1k; the net income supports the Council's General Fund revenue budget. As such, the fair values of the assets are considered to retain sufficient value to provide security of investment. Any losses in fair value would not in themselves change this; so long as the assets are generating a net income, they are supporting the revenue budget. For the same reason, although these are not highly liquid assets, as they would take time to sell, this is not considered to be a problem at present.

55. No other commercial investments are currently planned, but opportunities may arise from the Strategic Asset Review and may be sought through the 'Commercial Harrogate' aspect of the 2024 programme. Any such schemes would be subject to careful assessment, with external experts involved if necessary, and would be approved through Transformation Board and Cabinet. Due regard would be given to the statutory guidance issued by MHCLG and CIPFA's Prudential Code when assessing any potential investments.

Proportionality

56. As stated above, the net income generated from investment property supports the revenue budget. However, it is currently a small proportion of the net revenue stream (income from Council Tax, Business Rates and general government grants), as shown below:

	2017/18 Actual £k	2018/19 Forecast £k	2019/20 Budget £k	2020/21 Projected Budget £k
Net revenue stream – General Fund	21,217	23,716	23,655	20,535
Investment income	270	275	246	246
Proportion	1.3%	1.2%	1.0%	1.2%

Investment is therefore considered to be 'proportional' at present, and a higher percentage could be accommodated. The Council is not overly reliant on investment income to balance its budget and no borrowing capacity is currently allocated to this type of income generation.

57. Gross debt is compared to net revenue stream below. The figures shown relate to the HRA, as the General Fund does not currently have any external debt.

	2017/18 Actual £k	2018/19 Forecast £k	2019/20 Budget £k	2020/21 Projected Budget £k
Gross Debt	53,082	53,073	53,067	38,061
Net revenue stream – HRA	18,553	17,903	17,756	18,276
Ratio	2.86 : 1	2.96 : 1	2.99 : 1	2.08 : 1

The debt all relates to the loans that were taken out to fund the 'self-financing' payment required to be paid to Government in 2012 for the HRA to buy itself out of the previous Housing Subsidy system. When self-financing was implemented, the government set a 'borrowing cap' for the Council of £84,181k; if the HRA had borrowed up to this amount, the ratio in 2019/20 would have been 4.74 : 1. Borrowing caps were removed in October 2018 and so the HRA can now borrow more if it is affordable to do so. At present, debt levels are therefore within reasonable bounds.

Capacity, skills and culture

58. The Council recognises that those elected members and statutory officers involved in the investment decision making process must have appropriate capacity, skills and information to enable them to:

    - take informed decisions as to whether to enter into a specific investment;
    - assess individual assessments in the context of the strategic objectives and risk profile of the Council;
    - enable them to understand how new decisions have changed the overall risk exposure of the Council.

    If the Council starts making any such investments, the Council will ensure that the relevant officers and members of Audit and Governance Committee and Cabinet have appropriate skills, providing training and external support where necessary.

59. The Council will also ensure that those involved in negotiating any commercial deals are aware of the core principles of the prudential framework and of the regulatory regime within which local authorities operate, particularly if they are external experts from the private sector, who may not be so familiar with the role and priorities of local authorities.

Chief Finance Officer Statement

60. The chief finance officer should report on the affordability and risk associated with the capital strategy.

61. At present, the non-housing capital programme is affordable in the short- to medium-term, though following the approval of the ICT Strategy is not fully funded beyond the medium term. In addition, the programme may come under increasing pressure, as significant projects are come forward – for example, Leisure provision review, Station Gateway and Harrogate Convention Centre redevelopment. It may be necessary to reprioritise schemes if funding is insufficient to do everything and we are increasingly likely to need to externally borrow in order to support our priorities.

62. The housing capital programme is reviewed in terms of its impact on the HRA 30-year business plan and is affordable in its present form. This will be kept under careful review if plans come forward to increase borrowing in order to increase housing supply.

63. We are in a strong position, and the Strategic Asset Review will assist us in focussing on those assets that can support our priorities the most, be it through investment, redevelopment or, in some cases, disposal.

64. We are in a fortunate position that, to date, we have not had to rely on commercial investments as an alternative source of income. This type of investment is more risky than the traditional treasury investments. That said, we will look at potential opportunities through the 2024 programme as we look to develop and grow into an ever-more self-sustainable council.