

Financial Resilience Sub-Committee

Minutes of a meeting of the **Financial Resilience Sub-Committee** held on **Monday 8 November 2021** at **10.30 am** facilitated by Microsoft Teams.

Present **Councillors**

Chair Ian Houlder

Victor Lukaniuk

Elaine McManus

41. **Substitutes**

No substitutions were declared.

42. **Apologies for absence**

No apologies for absence were received from members of the Sub-Committee.

Councillor Sarah Broughton, Cabinet Member for Resources and Property sent her apologies.

43. **Minutes**

The minutes of the meeting held on 12 July 2021 were confirmed as a correct record by the Chair.

44. **Declarations of interest**

Members' declarations of interest are recorded under the item to which the declaration relates.

45. **Treasury Management Report - September 2021**

The Sub-Committee received Report number FRS/WS/21/005, which provided a comprehensive assessment on investment activities for West Suffolk Council from 1 April 2021 to 30 September 2021.

The Council held investments of £52,000,000 as at 30 September 2021. Interest achieved in the first half of the financial year amounted to £34,122 against a budget for the period of £22,5000, a budgetary surplus of £11,622. Although interest rates continued to be low as a result of the Covid-19 pandemic, which started in mid-March 2020, the Council had more cash invested during the period leading to higher overall interest achieved despite the lower rates.

External borrowing as at 30 September 2021 remained at £4m with the Council's level of internal borrowing increasing slightly to £48,039,000 as at 30 September 2021. Overall borrowing, both external and internally was expected to increase over the full financial year, but not by as much as was originally budgeted for.

Borrowing costs (interest payable and MRP) for the year were forecast to be £965,804 against an approved budget of £3,135,850, although this could change if more external borrowing was undertaken than was currently forecast. The difference would be placed in the capital financing reserve to use towards future interest rate fluctuation.

The 2021 to 2022 Annual Treasury Management and Investment Strategy Statements sets out the Council's projections for the current financial year. The budget for investment income for 2021 to 2022 was £45,000, which was based on a 0.25% target average rate of return on investments.

The report also included a summary of the borrowing activity during the period; borrowing strategy and sources of borrowing; borrowing and capital costs – affordability; borrowing and income – proportionality; borrowing and asset yields; CIPFA consultation on prudential code and market information.

Attached at Appendix 1 to the report was Arlingclose economic and interest rate forecast.

The Sub-Committee scrutinised the report in detail and asked questions to which responses were provided. In particular detailed discussions were held on the Council preparing itself for external borrowing by the end of the financial year, whilst interest rates were at an historic low. Officers wished to reassure the Sub-Committee that any new borrowing would be on a repayment basis. Also, the Council's Treasury advisors (Arlingclose) continued to advise the Council that rates were likely to continue to remain low so there was perhaps not an urgency to externally borrow at the present time. Any future external borrowing decision would be made with the best information to hand.

In response to a question raised relating to lending monies to other local authorities as set out in the report, officers explained this was being done on a short-term basis to assist other local authorities cover their short-term cash flow needs, and advice was taken from the advisors at that the time of making the investment.

In response to a question raised on where the Council's cash was invested, officers reassured the Sub-Committee that where Councils could place money had significantly reduced and could only be held with secure organisations. Details of the current cash investments were included in the report.

At the conclusion of the scrutiny of the report, the Director (Resources and Property) advised the Sub-Committee that she was looking to arrange bringing in Arlingclose, the Council's treasury advisors to provide some training for members of the Sub-Committee or the Performance and Audit Scrutiny Committee on treasury management and sought the Chair's views

on this proposal. In response the Chair felt in the first instance that Arlingclose be invited to attend a future meeting of the Sub-Committee.

It was then proposed by Councillor Elaine McManus, seconded by Councillor Victor Lukaniuk, and with the vote being unanimous it was:

RECOMMENDED:

That subject to the approval of Cabinet and Council, the Treasury Management Report (September 2021), being Report number: FRS/WS/21/005, be approved.

46. **Dates of future meetings**

The Sub-Committee noted the dates for future meeting(s), as listed below. All dates were Mondays starting at 10.30am and would be held as indicated:

- 17 January 2022 (MS Teams Virtual Meeting Platform).

The meeting concluded at 11.37am

Signed by:

Chair
