

Financial Resilience Sub-Committee

Minutes of a meeting of the **Financial Resilience Sub-Committee** held on **Monday 16 January 2023** at **10.30 am** facilitated by Microsoft Teams

Present **Councillors**

Chair Ian Houlder

Victor Lukaniuk

Robert Nobbs

In attendance

Sarah Broughton, Cabinet Member for Resources and Property

68. Substitutes

No substitutions were declared.

69. Apologies for absence

No apologies for absence were received.

70. Minutes

The minutes of the meeting held on 7 November 2022 were confirmed as a correct record by the Chair.

71. Declarations of interest

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

72. Treasury Management Report - December 2022

The Sub-Committee received report number FRS/WS/23/001, which provided a comprehensive assessment on investment activities for West Suffolk Council from 1 April 2022 to 31 December 2022.

The Council held investments of £71,500,000 as at 31 December 2022. Interest achieved in the first nine months of the financial year totalled £639,193.67 against a budget for the period of £33,750.

External borrowing as at 31 December 2022 was £13,750,000 a reduction of £250,000 from 1 April 2022 (this relates to the repayment plan for the recent PWLB £10 million 40-year loan), with the Council's level of internal borrowing increasing slightly to £42,309,057 as at 31 December 2022. Overall borrowing, which was weighted towards internal borrowing was expected to increase over the full financial year.

Borrowing costs (Interest Payable and MRP) for the year was forecast to be £1,069,488 against an approved budget of £2,268,350 although this could change if more external borrowing was undertaken than was currently forecast.

The 2022 to 2023 Annual Treasury Management and Investment Strategy Statements approved on 22 February 2022 sets out the Council's projections for the current financial year. The budget for investment income for 2022 to 2023 was £45,000 which was based on a 0.25 percent target average rate of return on investments, set prior to the current economic situation.

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

The Sub-Committee scrutinised the report in detail and asked questions to which responses were provided.

In response to a question raised on whether any progress had been made in relation to enquiries about paying back the £4m Barclays loan, officers advised that the Council's Treasury Advisor, Arlingclose had made enquiries and discussions were still ongoing with Barclays.

In response to a question raised on the volatility of the markets, officers advised that the Council was starting to see its investment rates rising, which were set out on page 8 of the report.

In response to a question raised regarding external borrowing, officers advised that it did not envisage the Council needing to borrow externally during the remainder of the financial year. However, if interest rates were to change significantly then the Council would revisit interest rates available at that time.

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

RECOMMENDED:

That subject to the approval of Cabinet and Council, the Treasury Management Report (December 2022), being report number FRS/WS/23/001, be approved.

73. Financial Resilience - Strategy Statement 2023 to 2024 and Treasury Management Code of Practice

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice required that, prior to the start of the financial year, the Council formally approved a Treasury Management Policy Statement and Investment Strategy setting out the Council's treasury management policy and strategy for the forthcoming year.

The proposed Treasury Management Strategy Statement 2023 to 2024 was attached as Appendix 1 to Report number: FRS/WS/23/002, along with the Treasury Management Code of Practice at Appendix 2.

A new Treasury Code of Practice was published on 20 December 2021 and changes from this Code had been incorporated into the Treasury Management Strategy 2023 to 2024. The key changes made were around knowledge and skills, as well as the inclusion of some extra treasury management prudential indicators, mainly around the liability benchmark.

The report also included additional supporting information on treasury advisors; borrowing strategy; investment strategy counterparty ratings and interest rate projections.

The Sub-Committee scrutinised the report in detail and asked a number of questions to which comprehensive responses were provided. In particular, discussions were held on the meaning of short-term borrowing; capital financing which was based on the current programme of planned spending and local authority lending and local authorities who are subject to a Section 114 notice.

Officers also explained that lending to other local authorities was relatively low risk and confirmed if West Suffolk Council was to lend in future the Council would also carry out its own research along with its treasury advisor, Arlingclose.

Discussions also took place on debt management, which the members were advised was a separate issue and was not part of the Strategy Statement before the Sub-Committee as it related only to treasury investment and sundry debt.

It was then proposed by Councillor Robert Nobbs, seconded by Councillor Victor Lukaniuk and with the vote being unanimous, it was

RECOMMENDED

That:

- 1) Subject to the approval of Cabinet and Council the Treasury Management Strategy Statement 2023 to 2024, attached as Appendix 1 to Report number: FRS/WS/23/002, be approved.**
- 2) Subject to the approval of Cabinet and Council, the Treasury Management Code of Practice, attached as Appendix 2 to Report number: FRS/WS/23/002, be approved.**

74. Dates of future meetings

The Sub-Committee **noted** that the next meetings of the Sub-Committee would be set to meet approximately one week prior to the July 2023,

November 2023 and the January 2024 meetings of the Performance and Audit Scrutiny Committee.

The meeting concluded at 11.51am

Signed by:

Chair
