

Financial Resilience Sub-Committee

Minutes of a meeting of the **Financial Resilience Sub-Committee** held on **Monday 13 July 2020** at **10.30 am**, facilitated by **Microsoft Teams**

Present: **Councillors**

Chair Ian Houlder

Victor Lukaniuk

Elaine McManus

In attendance:

Sarah Broughton, Cabinet Member for Resources and Performance

13. **Substitutes**

No substitutions were declared.

14. **Apologies for Absence**

No apologies for absence were received.

15. **Minutes**

The minutes of the meeting held on 18 November 2019 were confirmed as a correct record.

16. **Annual Financial Resilience Report (2019-2020)**

The Sub-Committee received Report No: FRS/WS/20/001, which reported on the investment activities of West Suffolk Council from 1 April 2019 to 31 March 2020.

The 2019-2020 Annual Treasury Management and Investment Strategy Statements, approved on 19 February 2019, set out the Council's projections for the current financial year. The budget for investment income in 2019-2020 was £142,141, which was based on a 0.90% target average rate of return on investments.

At the end of March 2020, interest actually earned during the financial year totalled £389,892 (average rate of return of 0.828%), against a budget for the year of £142,141; a budgetary surplus of £247,751.

The Annual Financial Resilience Report (2019-2020) included tables summarising the interest earned and the average rate of return achieved during 2019-2020; investment activity during the year; investments held as at 31 March 2020; and capital borrowing budget 2019-2020.

The report included assumptions on borrowing for the capital projects included within it and was based around three main projects:

- West Suffolk Operational Hub;
- Mildenhall Hub; and
- Investing in our Growth Fund.

The report referred to the long-standing £4m loan relating to the Newmarket Leisure Centre and £2.29m of internal borrowing relating to the purchase of the Toggam Solar Farm.

The report also included a summary of the capital borrowing budget for 2019-2020; borrowing and income – proportionality; borrowing and asset yields; borrowing and temporary loans and other market considerations.

The Sub-Committee scrutinised the Annual Financial Resilience Report 2019-2020, and asked questions to which responses were provided.

In response to a question raised about any future borrowing, the Sub-Committee was advised that there would come a time when the Council would need to borrow externally, and this was set out in the Council's West Suffolk Capital Strategy.

In response to a question raised relating to Toggam Solar Farm, and its current value, officers advised that the Solar Farm had recently been revalued by an external company and the new valuation was currently being valued by the Council's External Auditors, Ernst and Young.

The Sub-Committee congratulated the Council on the record earnings achieved in May 2020 at the Toggam Solar Farm due to the exceptionally sunny weather the country had.

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

RECOMMENDED:

That the Annual Financial Resilience Report 2019-2020, being Report No: FRS/WS/20/001, be approved.

17. Financial Resilience - June 2020

The Sub-Committee received Report No: **FRS/WS/20/002**, which reported on the investment activities of West Suffolk Council for the period 1 April 2020 to 30 June 2020.

The total amount invested at 1 April 2020 was £29,990,000 and at 30 June 2020 it was £32,650,000.

The 2020-2021 Annual Treasury Management and Investment Strategy Statements approved on 25 February 2020, sets out the Council's projections for the current financial year. The budget for investment income for 2020-

2021 was £142,141, which was based on a 0.65% target average rate of return on investments.

At the end of June 2020, interest earned during the first quarter amounted to £31,947.08 (average rate of return 0.458%) against a profiled budget of £35,535 (average rate of return 0.65%), creating a budgetary deficit of £3,587.92. The deficit related to reducing interest rates as a result of the Covid-19 pandemic which started in mid-March 2020.

The Sub-Committee scrutinised the investment activity for 1 April 2020 to 30 June 2020. In particular discussions were held on the HM Debt Management Office, which was Government backed and was a new investment account being used by the Council.

The Sub-Committee wished to congratulate the Treasury Team on its outstanding working during these difficult financial times.

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

RECOMMENDED:

That the Financial Resilience Report (June 2020), being Report No: FRS/WS/20/002, be approved.

18. Dates of Future Meetings

The Sub-Committee noted the dates for future meetings, as listed below. All dates were Mondays starting at 10.30 am, as indicated:

- 9 November 2020; and
- 18 January 2021.

The meeting concluded at 11.15 am

Signed by:

Chair
