

Financial Resilience Sub-Committee

Minutes of a meeting of the **Financial Resilience Sub-Committee** held on **Monday 18 January 2021** at **10.30am**, facilitated by Microsoft Teams.

Present **Councillors**

Chair Ian Houlder

Victor Lukaniuk

Elaine McManus

Substitutes attending for a full member

Robert Nobbs

In attendance

Sarah Broughton, Cabinet Member for Resources and Performance.

25. **Election of Chair for the Meeting**

Due to the Chair, Councillor Ian Houlder being unable to the meeting, the Democratic Services Officer (Scrutiny) opened the meeting and asked for nominations to elect a Chair for the meeting.

Councillor Elaine McManus nominated Councillor Robert Nobbs as Chair. This was duly seconded by Councillor Victor Lukaniuk, and with the vote being unanimous, it was

RESOLVED:

That Councillor Robert Nobbs be elected Chair for the meeting held on 18 January 2021.

Councillor Robert Nobbs then took the Chair for the remainder of the meeting.

26. **Substitutes**

The following substitution was declared:

Councillor Robert Nobbs substituting for Councillor Ian Houlder.

27. **Apologies for absence**

Apologies for absence were received from Councillor Ian Houlder.

28. **Minutes**

The minutes of the meeting held on 9 November 2020 were confirmed as a correct record by the Chair.

29. **Declarations of interest**

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

30. **Financial Resilience Report (December 2020)**

The Sub-Committee received Report number FRS/WS/21/001, which reported on the investment activities of West Suffolk Council from 1 April 2020 to 31 December 2020.

The total amount invested at 1 April 2020 was £29,990,000 and at 31 December 2020 it was £38,900,000.

The 2020 to 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 to 2021 was £142,141, which was based on a 0.65% target average rate of return on investments.

As at the end of December 2020, the interest actually earned during the nine months of the financial year amounted to £73,250.00 (average rate of return of 0.352%) against a profiled budget for the period of £106,605 (average rate of return of 0.65%); a budgetary deficit of £33,355. The deficit related to continued low interest rates as a result of the Covid-19 pandemic which started in mid-March 2020.

The report also included a summary of the borrowing and capital costs – affordability; borrowing and income – proportionality; borrowing and asset yields; borrowing and temporary loans and other market considerations.

The Sub-Committee scrutinised the investment activity for 1 April 2020 to 31 December 2020, and asked questions to which responses were provided. In particular, the Sub-Committee discussed negative interest rates; whether the council had start-up plans for any new tenants for industrial/rental units; and what provision was in place for debt collection relating to industrial and retail units.

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 Financial Resilience Report (December 2020), being Report number FRS/WS/21/001, be approved.

31. **Financial Resilience - Strategy Statement 2021 to 2022 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 Financial Resilience Strategy Statement 2021 to 2022 was attached as Appendix 1 to Report No: FRS/WS/21/002, along with the Treasury Management Code of Practice at Appendix 2.

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 municipal bonds agency and internal borrowing.

In response to a question raised regarding when were the borrowing limits approved, officers explained the authorised borrowing limits changed each year based on the Councils plans and were included as part of the overall budget report approved by Council in February each year.

It was then proposed by Councillor Elaine McManus, 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 Financial Resilience Strategy Statement 2021 to 2022, attached as Appendix 1 to Report number: FRS/WS/21/002, 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/21/002, be approved.**

32. 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 2021, November 2021 and the January 2022 meetings of the Performance and Audit Scrutiny Committee.

The meeting concluded at 11.39am

Signed by:

Chair