

Financial Resilience Sub-Committee

Minutes of a meeting of the **Financial Resilience Sub-Committee** held on **Monday 7 November 2022** 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

62. **Substitutes**

No substitutions were declared.

63. **Apologies for absence**

No apologies for absence were received.

64. **Minutes**

The minutes of the meeting held on 11 July 2022 were confirmed as a correct record by the Chair.

65. **Declarations of interest**

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

66. **Treasury Management Report - September 2022**

The Sub-Committee received report number FRS/WS/22/005, which provided a comprehensive assessment on investment activities for West Suffolk Council from 1 April 2022 to 30 September 2022.

The Council held investments of £78,000,000 as at 30 September 2022. Interest achieved in the first half of the financial year totalled £317,734 against a budget for the period of £22,500.

External borrowing as at 30 September 2022 was £13,875,000, a reduction of £125,000 from 1 April 2022 (this relates to the repayment plan for the recent PWLB £10m 40-year loan), with the Council's level of internal borrowing increasing slightly to £41,699,661 as at 30 September 2022. The overall borrowing (weighted towards internal) was expected to increase over the full financial year.

Borrowing costs (interest payable and MRP) for the year were 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 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 Service Manager (Finance and Procurement) informed the Sub-Committee that the Council had received a letter relating to the Thurrock loan, which explained that all inter-authority loans would be paid back with interest. Therefore, the Council would be receiving its loan back in early December 2022.

The Sub-Committee scrutinised the report in detail and asked questions to which responses were provided. In particular discussions were held on the current interest rate rises; the solar farm yield for 2021 to 2022 and the Barclays £4m loan.

In response to a question raised on what happened to the additional interest received on cash balances, officers advised that this was used towards funding council services in year or placed in the council's interest equalisation reserve to assist further years fluctuations in interest receivable.

In response to a question raised regarding the £10m loan, officers advised that the £10m load would meet the Council's overall financing capital requirement. The list of projects which it could be used for were set out on pages 12 – 13 of the report.

In response to a question raised regarding the interest rate rises and whether the interest achieved would close the budget gap, rather than cutting services, officers explained that the Performance and Audit Scrutiny Committee on 17 November 2022 would receive a detailed report on the current position on closing the budget gap for 2023 to 2024.

It was then proposed by Councillor Robert Nobbs, 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 2022), being report number FRS/WS/22/005, be approved.

67. **Dates of future meetings**

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

- 16 January 2023 (Venue: MS Teams).

The meeting concluded at 11.20am

Signed by:

Chair
