

# Financial Resilience Sub-Committee

**Minutes** of a meeting of the **Financial Resilience Sub-Committee** held on **Monday 17 July 2023** at **10.30 am** facilitated by **Microsoft Teams**.

Present            **Councillors**

Ian Houlder

Sue Perry

**Substitutes attending for a full member**

Don Waldron

This being the first meeting of the Financial Resilience Sub-Committee since the Council's Annual General Meeting on 23 May 2023, the Democratic Services Officers (Scrutiny) opened the meeting.

## 75. **Substitutes**

The following substitution was declared:

Councillor Don Waldron substituting for Councillor Frank Stennett.

## 76. **Appointment of Chair: 2023 to 2024**

Councillor Sue Perry nominated Councillor Ian Houlder as Chair. This was duly seconded by Councillor Don Waldron, and with the vote being unanimous, it was

### **RESOLVED:**

That Councillor Ian Houlder be elected Chair of the Financial Resilience Sub-Committee for 2023 to 2024.

Councillor Ian Houlder then took the Chair for the remainder of the meeting.

## 77. **Apologies for absence**

Apologies for absence were received from Councillor Frank Stennett.

## 78. **Minutes**

The minutes of the meeting held on 16 January 2023 were confirmed as a correct record by the Chair.

## 79. **Declarations of interest**

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

80. **Annual Treasury Management and Financial Resilience Report 2022 to 2023**

The Sub-Committee received Report No: FRS/WS/23/003, which reported on treasury activities of West Suffolk Council from 1 April 2022 to 31 March 2023.

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

At the end of March 2023, interest actually earned during the financial year totalled £1,317,980.12 (average rate of return of 1.582%), against a budget for the year of £45,000; a budgetary surplus of £1,272,980.12. The surplus was primarily due to two main reasons, the council holding considerable amounts of grant money pending distribution, meaning cash balances were higher than predicted and with the continuing volatility in the investment market, interest rates continued to change.

The Annual Treasury Management and Financial Resilience Report (2022 to 2023) included tables summarising the interest earned and average rate of return achieved; treasury management investment activity during the year; investments held as at 31 March 2023; external borrowings and temporary loans; capital financing requirement and internal borrowing.

The report contained information on the council's borrowing strategy and sources of borrowing; borrowing and capital costs (affordability); liability benchmark; borrowing and income (proportionality) and borrowing and asset yields.

Assumptions on the borrowing costs for the capital projects were included within it and was based around the following main projects:

- Western Way Development;
- Mildenhall Hub;
- West Suffolk Operational Hub;
- Toggam Solar Farm; and
- Investing in our Growth Fund.

The Council's external borrowing as at 31 March 2023 was £9,750,000, down from £14,000,00 at 1 April 2022. The reduction was due to the early repayment of the £4,000,000 loan with Barclays Bank in March 2023. The Council's level of internal borrowing was £46,557,503 as at 31 March 2023.

The Sub-Committee scrutinised the Annual Treasury Management and Financial Resilience Report 2022 to 2023, and asked questions to which responses were provided.

In response to a question raised relating to the £10m loan, officers explained that the loan was taken out at a fixed rate of 1.84% over a 40-year period, with repayments over the term of the loan.

In response to a question raised on how often the Council revised the Medium-Term Financial Strategy (MTFS) due to interest rates rising, officers advised that the Council budget and MTFS which covered a 5-year period was reviewed yearly. The Council would also be taking advice from its Treasury Advisors, Arlingclose.

It was then proposed by Councillor Ian Houlder, seconded by Councillor Sue Perry, and with the vote being unanimous it was:

**RECOMMENDED:**

That subject to the approval of Cabinet and Council, the Annual Treasury Management and Financial Resilience Report (2022 to 2023), being Report number FRS/WS/23/003, be approved.

**81. Treasury Management Report (June 2023)**

The Sub-Committee received Report number FRS/WS/23/004, which provided a comprehensive assessment on investment activities for West Suffolk Council from 1 April 2023 to 30 June 2023.

The Council held investments of £49,500,000 as at 30 June 2023. Interest achieved in the first quarter of the financial year totalled £494,653.64 against a budget for the period of £178,750.

External borrowing as at 30 June 2023 was £9,625,000 a reduction of £125,000 from 1 April 2023 (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 £47,041,702 as at 30 June 2023. Overall borrowing, both external and internal was expected to increase over the full financial year.

Borrowing costs (interest payable and MRP) for the year were forecast to be £927,067 against an approved budget of £2,268,900 although this could change if more external borrowing was undertaken than was currently forecast.

The 2023 to 2024 Annual Treasury Management and Investment Strategy Statements sets out the Council's projections for the current financial year. The budget for investment income for 2023 to 2024 was £715,000 which was based on a 3.25 per cent target average rate of return on investments.

The report also included a summary of borrowing activity during the period; borrowing strategy and sources of borrowing; borrowing and capital costs – affordability; liability benchmark; borrowing and income – proportionality; borrowing and asset yields and market information. Attached at Appendix 1 to the report was Arlingclose (the Council's external treasury advisor) economic and interest rate forecast as at June 2023.

The Sub-Committee scrutinised the report in detail. In particular discussions were held on the differing investment interest rates being offered by various

counterparties, as set out in paragraph 3.5 of the report, to which responses were provided.

It was then proposed by Councillor Don Waldron, seconded by Councillor Ian Houlder, and with the vote being unanimous it was:

**RECOMMENDED:**

That subject to the approval of Cabinet and Council, the Treasury Management Report (June 2023), being Report number FRS/WS/23/004, be approved.

**82. 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:

- 13 November 2023
- 15 January 2024

The meeting concluded at 11.24am

**Signed by:**

**Chair**

---