

Financial Resilience Sub-Committee

Minutes of a meeting of the **Financial Resilience Sub-Committee** held on **Monday 15 January 2024** at **10.30 am** facilitated by **Microsoft Teams**

Present

Councillors

Chair Ian Houlder

Frank Stennett

Substitute attending for a full member

David Smith

In attendance

Diane Hind

(Portfolio Holder for Resources)

89. **Substitutes**

The following substitution was declared:

Councillor David Smith substituting for Councillor Sue Perry.

90. **Apologies for absence**

Apologies for absence were received from Councillor Sue Perry.

91. **Minutes**

The minutes of the meeting held on 13 November 2023 were confirmed as a correct record by the Chair.

92. **Declarations of interest**

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

93. **Treasury Management Report (December 2023) (Report number FRS/WS/24/001)**

The Sub-Committee received Report number FRS/WS/24/001, which provided a comprehensive assessment on investment activities for West Suffolk Council from 1 April 2023 to 31 December 2023.

The Council held investments of £55,750,000 as at 31 December 2023. Interest achieved in the first nine months of the financial year amounted to £2,083,152.79 against a budget for the period of £536,250.

External borrowing as at 31 December 2023 was £9,500,000, a reduction of £250,000 from 1 April 2023 (related to the repayment plan for the recent PWLB £10 million 40 year loan), with the Council's level of internal borrowing being £47,604,200 as at 31 December 2023. Overall borrowing (total of both external and internal) was expected to increase over the full financial year.

Borrowing costs (Interest Payable and MRP) for the year were currently forecast to be £1,097,895 against an approved budget of £2,294,200, 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 approved on 21 February 2023 set out the Council's projections for the current financial year. The annual budget for investment income for 2023 to 2024 was £715,000, which was based on a 3.25 percent 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; borrowing and income – proportionality; borrowing and asset yields and market information.

The Treasury Management Strategy Statement 2023 to 2024 detailed the treasury management prudential indicators that the Council measured and used to manage its exposure to treasury management risks. Appendix 1 contained details of how the Council was performing against these indicators as at 31 December 2023. The Council's treasury management advisors provided economic and interest rate forecasts on a monthly basis. Appendix 2 contained details from this forecast from December 2023.

The report also explained that CIPFA issued a Financial Resilience Index, which was a comparative analytical tool, which could be used to support good financial management and provided a common understanding within a council of their financial position. (Exempt) Appendix 3 contained details on how the Council performed during 2022 to 2023. It was noted that, currently, this information was embargoed.

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

It was then proposed by Councillor David Smith, seconded by Councillor Ian Holder, and with the vote being unanimous, it was:

RECOMMENDED:

That, subject to the approval of Cabinet and Council, the Treasury Management Report (December 2023), being Report number FRS/WS/24/001, be approved.

94. **Financial Resilience - Strategy Statement 2024 to 2025 and Treasury Management Code of Practice (Report number FRS/WS/24/002)**

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

The proposed Treasury Management Strategy Statement 2024 to 2025 was attached as Appendix 1 to Report number FRS/WS/24/002, along with the Treasury Management Code of Practice at Appendix 2.

The Sub-Committee were informed that the only significant change to the Treasury Management Strategy Statement for 2024 to 2025 was the addition of the UK Infrastructure Bank (UKIB) as a source of borrowing. This was a government owned policy bank launched in June 2021 with the aim to finance green infrastructure with both public and private sector partners. The Bank was able to lend funds to councils at lower rates than the Public Works Loan Board (PWLb) and on more flexible terms/arrangements.

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 and asked questions, to which responses were provided.

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

RECOMMENDED

That:

1. Subject to the approval of Cabinet and Council, the Treasury Management Strategy Statement 2024 to 2025, attached as set out in Appendix 1 to Report number FRS/WS/24/002, 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/24/002, be approved.

95. **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 2024, November 2024 and January 2025 meetings of the Performance and Audit Scrutiny Committee.

96. **Part 2 - Exempt**

See minute number 97. below.

97. **Treasury Management Report - December 2023 - EXEMPT Appendix 3
(Report number FRS/WS/24/001)**

The Cabinet received Exempt Appendix 3 (CIPA Financial Resilience Index 2023) to this report.

The meeting concluded at 11.53 am

Signed by:

Chair
