

Selby District Council



Minutes

Executive

Venue:	Council Chamber - Civic Centre, Doncaster Road, Selby, YO8 9FT
Date:	Thursday, 2 February 2023
Time:	4.00 pm
Present:	Councillors M Crane (Chair), R Musgrave (Vice-Chair), C Lunn, D Buckle and T Grogan
Officers Present:	Janet Waggott – Chief Executive, Alison Hartley – Monitoring Officer, Peter Williams – Head of Finance, Victoria Foreman – Democratic Services Officer
Public:	0
Press:	0

NOTE: Only minute numbers 63 and 64 are subject to call-in arrangements. The deadline for call-in is 5pm on 14 February 2023. Decisions not called in may be implemented from 15 February 2023.

60 APOLOGIES FOR ABSENCE

There were no apologies for absence.

61 MINUTES

The Committee considered the minutes of the meeting held on Thursday 5 January 2023.

RESOLVED:

To approve the minutes of the meeting held on

Executive
Thursday, 2 February 2023

Thursday 5 January 2023.

62 DISCLOSURES OF INTEREST

There were no disclosures of interest.

**63 FINANCIAL RESULTS AND BUDGET EXCEPTIONS REPORT
TO 31 DECEMBER 2022 (E/22/36)**

The Lead Executive Member for Finance and Resources presented report E/22/36 which asked Members to endorse the actions of Officers and note the contents of the report, approve re-profiled capital programmes and Programme for Growth as set out at Appendices C and D and approve the use of the HRA Surplus towards the additional costs of Boiler Replacement.

Members noted that the end of Q3, current estimated full year revenue outturn estimates indicated surpluses of (£305k) for the General Fund (GF) and (£241k) for the Housing Revenue Account (HRA).

The Executive Member explained that all new general fund savings had been delayed to 2024/25, post Local Government Reorganisation (LGR). The £195k saving in the Housing Revenue Account for the housing system would be aligned to delivery of phase 2 of the project which was anticipated to be in Q4 2022/23, although savings would not be realised until future years and resource requirements for local government reorganisation may impact on delivery timescales.

The Executive were informed that at quarter 3, the capital programme in the General Fund was forecasting an underspend of £0.59m, which was related to the investment in the Industrial Units which was proposed to be pushed back to 2023/24. In the Housing Revenue Account, work was expected to be delayed on St Wilfrid's Court and the Housing Acquisition and Development programme, resulting in £0.7m being phased back into next year. This was partly offset by anticipated overspends on the budget for boiler replacements by £0.277m due to failures. In addition, £2m had been added to the property refurbishment budget, funded from S106 affordable housing receipts, which was approved at the Extraordinary Council meeting in January 2023.

The Programme for Growth projects spend was £1,635k in the year to Quarter 3 including £766k on staffing costs.

The Leader emphasised the importance of the work to address boiler failures in the Council's housing.

The Executive Member commended the report.

Executive
Thursday, 2 February 2023

RESOLVED:

The Executive

- i) endorsed the actions of Officers and noted the contents of the report;**
- ii) approved re-profiled capital programmes and Programme for Growth as set out at Appendices C and D;**
- iii) approved the use of the HRA Surplus towards the additional costs of Boiler Replacement.**

REASON FOR DECISION:

To ensure that budget exceptions were brought to the attention of the Executive in order to approve remedial action where necessary.

64 TREASURY MANAGEMENT - QUARTERLY UPDATE Q3 2022/23 (E/22/37)

The Lead Executive Member for Finance and Resources presented report E/22/37 which asked Members to endorse the actions of Officers on the Council's treasury activities for Q3 2022/23 and approve the report.

Members noted that the report reviewed the Council's borrowing and investment activity (Treasury Management) for the period 1 April 2022 to 31 December 2022 and presented performance against the Prudential Indicators.

The Lead Executive Member explained that the Council's investments held in the NYCC Investment pool had averaged £87.8m over the quarter at an average rate of 2.79%, and earned interest of £617.0k. Total interest earned to the end of December stood at £1075.2k (£775.5k allocated to the General Fund; £299.7k allocated to the HRA) which was £960.8k above the year-to-date budget. Current trends indicated that forecast returns for the year could be in the region of £1,853.7k (£1,337.1k GF, £516.6k HRA) a total budget surplus of £1,701.2k. For the General Fund, any interest earned above a £350k threshold was to be transferred to the Contingency Reserve. This figure was currently forecast to be £987.1k.

The Executive acknowledged that investments had performed positively as a result of the regular and sustained rises in Bank of England base rate that had been experienced over the course of the year, as well as higher sustained cash balances. Base rate had risen from 0.25% when budgets were initially set, to the current level of 3.50%. The forecasted return for the year took into account the tapering effect of these rises, as older investments at lower

rates matured and were replaced by newer investments at higher rates. This position remained fluid as further base rate rises, currently anticipated by the market, would serve to further increase potential returns.

Members also noted that in addition to investments held in the pool, the Council had £4.55m invested in property funds as at 31st December 2022. The funds had achieved a 3.22% revenue return and 16.75% capital loss over the course of the year, resulting in revenue income of £127.4k and an 'unrealised' capital loss of £914.6k. Following the peak in capital value reported in the Q4 2021/22 and Q1 2022/23 treasury reports, a subsequent capital loss had been incurred as a result of the current strain on commercial property markets, driven by the increasing cost of borrowing that had been seen as the year progressed. These funds remained long term investments and changes in capital values were realised when the units in the funds were sold.

The Lead Executive Member clarified that long-term borrowing totalled £52.833m at 31 December 2022, (£1.6m relating to the General Fund; £51.233m relating to the HRA), interest payments of £1.917m were forecast to be paid in 2022/23, a saving of £59k against budget. The Council had no plans for any short-term borrowing for the year.

With regards to prudential indicators, the Council's affordable limits for borrowing were not breached during this period.

In looking ahead to the remainder of 2022/23, Members were pleased to note that investment returns were expected to continue to rise as further base rate increases were expected. Latest estimates showed an increase to 4.25% by March 2023. This position remained highly fluid and was based on the latest expectations by the Council's treasury advisors.

The Lead Executive Member commended the report.

RESOLVED:

The Executive endorsed the actions of Officers on the Council's treasury activities for Q3 2022/23 and approved the report.

REASON FOR DECISION:

To comply with the Treasury Management Code of Practice, the Executive is required to receive and review regular treasury management monitoring reports.

The meeting closed at 4.06 pm.

Executive
Thursday, 2 February 2023