

# Joint Executive (Cabinet) Committee



**Forest Heath**  
District Council

<b>Title of Report:</b>	<b>Recommendations of the Performance and Audit Scrutiny Committee – 25 July 2018: Annual Treasury Management Report 2016-2017 and Investment Activity (1 April – 30 June 2018)</b>	
<b>Report No:</b>	<b>CAB/JT/18/025</b>	
<b>Report to and dates:</b>	<b>Joint Executive (Cabinet) Committee</b>	4 September 2018
	<b>Council</b>	26 September 2018
<b>Portfolio holder:</b>	Councillor Stephen Edwards Portfolio Holder for Resources and Performance <b>Tel:</b> 01799 530325 <b>Email:</b> <a href="mailto:Stephen.edwards@forest-heath.gov.uk">Stephen.edwards@forest-heath.gov.uk</a>	
<b>Chairman of the Committee:</b>	Councillor Louis Busuttil Chairman of the Performance and Audit Scrutiny Committee <b>Tel:</b> 01638 810517 <b>Email:</b> <a href="mailto:louis.busuttil@forest-heath.gov.uk">louis.busuttil@forest-heath.gov.uk</a>	
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<b>Purpose of report:</b>	On 25 July 2018, the Performance and Audit Scrutiny Committee considered Report No: <a href="#">PAS/FH/18/028</a> , which provided information on the Council's Annual Treasury Management Report summarising the investments activities for the year 2017-2018; and provided a summary of the investment activities for the first three months of 2018-2019 financial year.	

<b>Recommendation:</b>	It is <b>RECOMMENDED</b> that, subject to the approval of Council, the Annual Treasury Management Report for 2017-2018, attached as Attachment 1 to Report No: PAS/FH/18/028, be <b>approved</b> .		
<b>Key Decision:</b> <i>(Check the appropriate box and delete all those that <b>do not</b> apply.)</i>	<i>Is this a Key Decision and, if so, under which definition?</i> Yes, it is a Key Decision - <input type="checkbox"/> No, it is not a Key Decision - <input checked="" type="checkbox"/>		
<b>Consultation:</b>	<ul style="list-style-type: none"> <li>See Report No: PAS/FH/18/028</li> </ul>		
<b>Alternative option(s):</b>	<ul style="list-style-type: none"> <li>See Report No: PAS/FH/18/028</li> </ul>		
<b>Implications:</b>			
Are there any <b>financial</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/FH/18/028</li> </ul>	
Are there any <b>staffing</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/FH/18/028</li> </ul>	
Are there any <b>ICT</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/FH/18/028</li> </ul>	
Are there any <b>legal and/or policy</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/FH/18/028</li> </ul>	
Are there any <b>equality</b> implications? If yes, please give details		Yes <input type="checkbox"/> No <input type="checkbox"/> <ul style="list-style-type: none"> <li>See Report No: PAS/FH/18/028</li> </ul>	
<b>Risk/opportunity assessment:</b>		<i>(potential hazards or opportunities affecting corporate, service or project objectives)</i>	
<b>Risk area</b>	<b>Inherent level of risk</b> (before controls)	<b>Controls</b>	<b>Residual risk</b> (after controls)
	Low/Medium/ High*		Low/Medium/ High*
See Report No: PAS/FH/18/028			
<b>Ward(s) affected:</b>		All Wards	
<b>Background papers:</b> <i>(all background papers are to be published on the website and a link included)</i>		Report No: <a href="#">PAS/FH/17/023</a> and <a href="#">Attachment 1</a> ; <a href="#">Appendix 1</a> ; <a href="#">Appendix 2</a> ; <a href="#">Appendix 3</a> ; <a href="#">Appendix 4</a> ; <a href="#">Appendix 5</a>	
<b>Documents attached:</b>		None	

## **1. Key issues and reasons for recommendation**

### **1.1 Annual Treasury Management Report 2017-2018**

- 1.1.1 The Council's Annual Treasury Management Report for 2017-2018 was attached as Attachment 1 to Report No: PAS/FH/18/028. The report included tables summarising the interest earned during 2017-2018 on the various treasury management investments held by the Council; investment activity during the year and investments held as at 31 March 2018.
- 1.1.2 The budgeted income from investments in 2017-2018 was £181,000 (average rate of return of 0.75%). Interest actually earned during the year totalled £118,328, an under achievement in interest of £62,671. The under achievement was primarily due to reduced funds available for investment following the purchase of the Solar Farm at Toggam Farm. This, combined with the continuing low rates of return offered by our counterparties, has resulted in this under achievement.
- 1.1.3 The Performance and Audit Scrutiny Committee considered the report and did not raise any issues.

### **1.2 Investment Activity 1 April to 30 June 2018**

- 1.2.1 The total amount invested at 1 April 2018 was £16.005m and at 30 June 2018 £19.005m. The increase in balances over this period was due primarily to timing differences in respect of the collection of local taxes; Council Tax and Non-Domestic Rates, and the payment of precepts i.e. to Suffolk County Council, Suffolk Police and central government.
- 1.2.2 The 2018-2019 Annual Treasury Management and Investment Strategy (report PAS/FH/18/009 refers) sets out the Council's projections for the current financial year. The budget for investment income in 2018-2019 was £224,000 which was based on a 0.75% target average rate of return on investments.
- 1.2.3 As at the end of June 2018, interest actually earned during the first quarter of the financial year amounted to £29,440 against a profiled budget for the period of £42,250; a budget deficit of £56,000. The budget deficit was due to lower cash balances as a result of rephrasing of some income generating projects. These projects were budgeted to be funded through external borrowing which would have temporarily boosted the cash balances and resultant interest.
- 1.2.4 The 2018-2019 budget also included new assumptions on borrowing for capital projects included within. As at the end of Quarter 1, there has been no requirement to borrow externally over and above the £4.0m Barclays loan relating to the Newmarket Leisure Centre. Therefore, the only interest payable for Quarter 1 is the £169,600 relating to this.
- 1.2.5 The Performance and Audit Scrutiny Committee considered the report and Committee has put forward a recommendation as set out on page two of this report.