

# Recommendation of the Performance and Audit Scrutiny Committee: 28 January 2021: Financial Resilience (December 2020)

<b>Report number:</b>	<b>CAB/WS/21/006</b>	
<b>Report to and date(s):</b>	<b>Cabinet</b>	9 February 2021
	<b>Council</b>	23 February 2021
<b>Cabinet member:</b>	Councillor Sarah Broughton Portfolio Holder for Resources and Performance Telephone: 07929 305787 Email: <a href="mailto:sarah.broughton@westsuffolk.gov.uk">sarah.broughton@westsuffolk.gov.uk</a>	
<b>Chair of the Performance and Audit Scrutiny Committee:</b>	Councillor Ian Houlder Performance and Audit Scrutiny Committee Telephone: 07597 961069 Email: <a href="mailto:ian.houlder@westsuffolk.gov.uk">ian.houlder@westsuffolk.gov.uk</a>	
<b>Lead officer:</b>	Rachael Mann Assistant Director (Resources and Performance) Telephone: 01638 719245 Email: <a href="mailto:rachael.mann@westsuffolk.gov.uk">rachael.mann@westsuffolk.gov.uk</a>	

**Decisions Plan:** The decision made as a result of this report will usually be published within 48 hours. This item will be referred to Council for a final decision and is, therefore, not subject to call-in. This item is included on the Decisions Plan.

**Wards impacted:** All wards

**Recommendation:** That subject to the approval of Council, the Financial Resilience Report (December 2020), as contained in Report number: FRS/WS/21/001, be approved.

## **1. Context to this report**

### **1.1 Investment Activity 1 April to 31 December 2020**

Following the Financial Resilience Sub-Committee's consideration of Report number: FRS/WS/21/001 on 18 January 2021, the Service Manager (Resources and Performance) verbally report on the Sub-Committee's consideration of the report.

- 1.2 The total amount invested at 1 April 2020 was £29,900,000 and at 31 December 2020 £38,900,000.
- 1.3 The 2020 to 2021 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income in 2020 to 2021 was £142,141 which is based on a 0.65 percent target interest rate of return on investments.
- 1.4 As at the end of December 2020, interest earned during the third quarter of the financial year amounted to £73,250.00 against a profiled budget for the period of £106,605; a budgetary deficit of £33,355. The budgetary deficit relates to continued low interest rates as a result of the COVID-19 pandemic which started in mid-March 2020.
- 1.5 The report also included a summary of the borrowing and capital costs - affordability; borrowing and income – proportionality; borrowing and asset yields; borrowing and temporary loans and other market considerations.
- 1.6 As at the end of December 2020 a total of £16.8 million had been borrowed internally to fund agreed business case investments from available cash balances. This had meant the Council had not had any additional external borrowing over the long-term £4 million loan.
- 1.7 The Sub-Committee scrutinised the investment activity for 1 April 2020 to 31 December 2020, and asked questions to which responses were provided. In particular, the Sub-Committee discussed negative interest rates; whether the council had start-up plans for any new tenants for industrial or rental units; and what provision was in place for debt collection relating to industrial and retail units.
- 1.8 The Performance and Audit Scrutiny Committee on 28 January 2021 considered the report and did not raise any issues to be brought to the Cabinet's attention.
- 1.9 The Performance and Audit Scrutiny Committee has put forward a recommendation as set out on page one of this report.

**2. Alternative options that have been considered**

2.1 Not applicable.

**3. Consultation and engagement undertaken**

3.1 Not applicable.

**4. Risks associated with the proposals**

4.1 Not applicable.

**5. Implications arising from the proposals**

5.1 Financial:

See Report number: [FRS/WS/21/001](#)

**6. Appendices referenced in this report**

6.1 None

**7. Background documents associated with this report**

7.1 Report number: [FRS/WS/21/001](#)