

Referrals report of recommendations from Cabinet

Report number:	COU/WS/21/002	
Report to and date:	Council	23 February 2021
Documents attached:	None	

A. Referrals from Cabinet: 9 February 2021

1. Delivering a Sustainable Medium-Term Budget

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: [CAB/WS/21/005](#)

Performance and Audit Scrutiny Committee Report number:
[PAS/WS/21/003](#)

- 1.1 On 19 November 2020, the Performance and Audit Scrutiny Committee supported the key budget assumptions underpinning the 2021 to 2022 and medium-term budgets for West Suffolk Council.
- 1.2 Report number: PAS/WS/21/003 presented to the Committee on 28 January 2021 provided an update on those key budget assumptions as a result of both the provisional settlement announced on 25 November 2020 and the detailed budget process undertaken by service areas supported by their finance business partners during November and December 2020.
- 1.3 The report also set out the scale of the financial challenge for West Suffolk Council for 2021 to 2022 and the medium-term, and the plans to address those financial challenges in enabling the Council to meet its statutory responsibility to set a balanced budget for the forthcoming year.
- 1.4 Having been supported and approved by Cabinet, the proposals set out in Section 2 and Appendix B: Table 1 of Report Number: PAS/WS/21/003 (and reproduced in Cabinet Report number: CAB/WS/21/005 – see links above to view the detailed proposals) have been incorporated into the main budget setting report due to be considered later on this Council agenda at Agenda Item 8.

- 1.5 Members are therefore requested to **note** that no decision is therefore required at this stage.

2. Financial Resilience (December 2020)

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: [CAB/WS/21/006](#)

Financial Resilience Sub-Committee Report number: [FRS/WS/21/001](#)

Recommended:

That the Financial Resilience Report (December 2020), as contained in Report number: FRS/WS/21/001, be approved.

2.1 Investment Activity 1 April to 31 December 2020

On 18 January 2021, the Financial Resilience Sub-Committee considered Report number: FRS/WS/21/001 on 18 January 2021, which provided the Council's investment activity for the third quarter of the 2020 to 2021 financial year.

- 2.2 The total amount invested at 1 April 2020 was £29,900,000 and at 31 December 2020, £38,900,000.
- 2.3 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.
- 2.4 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.
- 2.5 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.
- 2.6 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.
- 2.7 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.

- 2.8 The Performance and Audit Scrutiny Committee supported its Sub-Committee's recommendation and this was subsequently put forward and endorsed by Cabinet.

3. Financial Resilience - Strategy Statement 2021 to 2022 and Treasury Management Code of Practice

Portfolio holder: Councillor Sarah Broughton

Cabinet Report number: [CAB/WS/21/007](#)

Financial Resilience Sub-Committee Report number: [FRS/WS/21/002](#)

Appendix 1 to Report number: [FRS/WS/21/002](#)

Appendix 2 to Report number: [FRS/WS/21/002](#)

Recommended: That

- 1. the Financial Resilience Strategy Statement 2021 to 2022 as set out in Appendix 1 to Report number: FRS/WS/21/002, be approved; and**
- 2. the Treasury Management Code of Practice, as set out in Appendix 2 to Report number: FRS/WS/21/002, be approved.**

- 3.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice requires that, prior to the start of the financial year that Council formally approves a Treasury Management Policy Statement and Investment Strategy, setting out the Council's treasury management policy and strategy for the forthcoming year.
- 3.2 The Treasury Management Strategy Statement 2021 to 2022 was attached as Appendix 1 to Report number: FRS/WS/21/002, and the Treasury Management Code of Practice attached as Appendix 2.
- 3.3 The report also included additional supporting information on treasury advisors; borrowing strategy; investment strategy counterparty ratings and interest rate projections.
- 3.4 The Financial Resilience Sub-Committee scrutinised the report on 18 January 2021 and asked questions to which responses were provided. In particular, discussions were held on the municipal bonds agency; borrowing limits and internal borrowing.

- 3.5 On 28 January 2021, the Performance and Audit Scrutiny Committee considered the report and asked questions relating to the Council’s borrowing strategy, to which responses were provided.
- 3.6 Cabinet endorsed the recommendation of the Performance and Audit Scrutiny Committee, as set out above.

4. Budget and Council Tax Setting 2021 to 2022 and Medium Term Financial Strategy 2021 to 2025

Portfolio holder: Councillor Sarah Broughton

Report number: [CAB/WS/21/008](#)

(Note that due to extensive number of appendices attached to this report, the above link applies to the Cabinet agenda papers page on the Council’s website)

- 4.1 The recommendations emanating from the Cabinet’s consideration of this report are contained within Report number: COU/WS/21/003 ‘Budget and Council Tax Setting: 2021 to 2022 and Medium Term Financial Strategy 2021 to 2025’, for consideration as Agenda Item 8 on this Council agenda.