

Recommendation of the Performance and Audit Scrutiny Committee: 29 July 2021: Annual Treasury Management and Financial Resilience Report (2020 to 2021)

Report number:	CAB/WS/21/037	
Report to and dates:	Cabinet	21 September 2021
	Council	28 September 2021
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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 Annual Treasury Management and Financial Resilience Report (2021 to 2021), as contained in Report number: FRS/WS/21/003, be approved.**

1. Context to this report

1.1 Annual Treasury Management and Financial Resilience Report (2020 to 2021)

Following the Financial Resilience Sub-Committee's consideration of Report number: FRS/WS/21/003 on 12 July 2021, the Service Manager (Resources and Performance) verbally report on the Sub-Committee's consideration of the report.

1.2 The West Suffolk Council's Annual Treasury Management and Financial Resilience Report for 2020 to 2021 included tables summarising the interest earned and the average rate of return achieved during 2020 to 2021; investment activity during the year; investments held as at 31 March 2021; borrowing and temporary loans and capital borrowing budget 2020 to 2021.

1.3 The budget for investment income in 2020 to 2021 was £131,000 which was based on a 0.65% target average rate of return on investments. Interest actually earned during the financial year totalled £96,767 (average rate of return of 0.354%), against a budget for the year of £131,000; a budgetary deficit of £34,233.

1.4 The report included assumptions on borrowing for the capital projects included within it and was based around four main projects:

- Western Way development;
- Mildenhall Hub;
- West Suffolk Operational Hub; and
- Investing in our Growth Fund.

1.5 The report also included a summary of the capital borrowing budget for 2020 to 2021; borrowing and income – proportionality; borrowing and asset yields.

1.6 During the financial year there had been no requirement to borrow externally, over and above the long-standing £4m loan relating to the Newmarket Leisure Centre. Therefore, the only interest payable for the year was £169,600 relating to this loan.

1.7 The report also included at Appendix A the CIPFA Financial Resilience Index 2021. The index showed the Council's position on a range of measures associated with financial risk. The graphs showed West Suffolk Council within the context of neighbouring Councils within Suffolk.

1.8 The Sub-Committee had scrutinised the Annual Financial Resilience Report 2020 to 2021 in detail and asked questions of officers to which response were provided. Discussions were held on the Councils asset base and rental

income; and the merits of currently borrowing internally verses externally to fund capital projects.

1.9 The Performance and Audit Scrutiny Committee on 29 July 2021 considered the report. In particular discussions were held on external borrowing, low interest rates, the true cost of borrowing internally verses forgone interest, and why the council had not yet borrowed externally whilst interest rates were low to fund large projects to which comprehensive responses were provided.

1.10 The Performance and Audit Scrutiny Committee did not raise any issues at this time to be brought to the attention of Cabinet and 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/21/003](#)

6. Appendices referenced in this report

6.1 [Appendix A](#) - CIPFA Financial Resilience Index 2021

7. Background documents associated with this report

7.1 Report number: [FRS/WS/21/003](#)