

# Recommendation of the Performance and Audit Scrutiny Committee: 29 July 2021: Financial Resilience (June 2021)

<b>Report number:</b>	<b>CAB/WS/21/038</b>	
<b>Report to and dates:</b>	<b>Cabinet</b>	21 September 2021
	<b>Council</b>	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 Financial Resilience Report (June 2021), as contained in Report number: FRS/WS/21/004, be approved.

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

### **1.1 Investment Activity 1 April 2021 to 30 June 2021**

Following the Financial Resilience Sub-Committee's consideration of Report number: FRS/WS/21/004 on 12 July 2021, the Service Manager (Resources and Performance) verbally report on the Sub-Committee's consideration of the report.

- 1.2 The Council held investments of £39,300,000 as of 30 June 2021. Interest achieved in the first quarter of the financial year amounted to £16,517 against a budget for the period of £11,250, a budgetary surplus of £5,267. Although interest rates continued to be low as a result of the Covid-19 pandemic, which started in mid-March 2020, the council had more cash invested during the period, leading to higher overall interest achieved despite the lower rates.
- 1.3 External borrowing as of 30 June 2021 remained at £4,000,000 with the Council's level of internal borrowing increasing slightly to £46,712,000 as at 30 June 2021. Overall borrowing, both external and internal was expected to increase over the full financial year, but not by as much as was originally budgeted for. Borrowing costs (interest payable and MRP) for the year were forecast to be £965,793 against an approved budget of £3,135,850, although this could change if more external borrowing was undertaken than was currently forecast.
- 1.4 The 2021 to 2022 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income in 2021 to 2022 was £45,000, which is based on a 0.25% target average interest rate of return on investments.
- 1.5 The report also included a summary of the borrowing activity during the period; borrowing strategy and sources of borrowing; borrowing and capital costs – affordability; borrowing and income – proportionality; borrowing and asset yields and CIPFA consultation on prudential code.
- 1.6 The Sub-Committee scrutinised the investment activity for 1 April 2021 to 310 June 2021, and asked questions to which responses were provided.
- 1.7 The Performance and Audit Scrutiny Committee on 29 July 2021 considered the report. In particular discussions were held on external borrowing and the historically low interest rates and the borrowing strategy for the Western Way Development.
- 1.8 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/21/004](#)

**6. Appendices referenced in this report**

6.1 [Appendix 1](#) - Arlingclose Economic and Interest Rate Forecast – June 2021

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

7.1 Report number: [FRS/WS/21/004](#)