

# Referrals report of recommendations from Cabinet

<b>Report number:</b>	<b>COU/WS/21/013</b>	
<b>Report to and date:</b>	<b>Council</b>	28 September 2021
<b>Documents attached:</b>	<b>None</b>	

## A. Referrals from Cabinet: 29 June 2021 and 20 July 2021

There are no referrals emanating from the Cabinet meetings held on 29 June 2021 and 20 July 2021.

## B. Referrals from Cabinet: 21 September 2021

(These referrals have been compiled before the meeting of Cabinet on 21 September 2021 and are based on the recommendations contained within each of the reports listed below. Any amendments made by the Cabinet to the recommendations within these reports will be notified accordingly to members in advance of the meeting)

### 1. Financial Resilience – Annual Treasury Management and Financial Resilience Report (2020 to 2021)

**Portfolio holder:** Councillor Sarah Broughton

**Cabinet Report number:** [CAB/WS/21/037](#)

**Financial Resilience Sub-Committee:** 12 July 2021 and  
**Performance and Audit Scrutiny Committee:** 29 July 2021

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

**Appendix A to Report number:** [FRS/WS/21/003](#)

#### **Recommended:**

**That the Annual Treasury Management and Financial Resilience Report (2020 to 2021), as set out in Report number: FRS/WS/21/003, be approved.**

- 1.1 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.
- 1.2 The budget for investment income in 2020 to 2021 was £131,000 which was based on a 0.65 percent target average rate of return on investments. Interest actually earned during the financial year totalled £96,767 (average rate of return of 0.354 percent), against a budget for the year of £131,000; a budgetary deficit of £34,233.
- 1.3 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
  - Investing in our Growth Fund
- 1.4 The report also included a summary of the capital borrowing budget for 2020 to 2021; borrowing and income – proportionality; borrowing and asset yields.
- 1.5 During the financial year there had been no requirement to borrow externally, over and above the long-standing £4 million loan relating to the Newmarket Leisure Centre. Therefore, the only interest payable for the year was £169,600 relating to this loan.
- 1.6 The report also included, at Appendix A, the Chartered Institute of Public Finance and Accountancy (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.
- 1.7 The Financial Resilience Sub-Committee had scrutinised the Annual Financial Resilience Report 2020 to 2021 in detail and asked questions of officers to which responses were provided. Discussions were held on the Council's asset base and rental income; and the merits of currently borrowing internally versus externally to fund capital projects.
- 1.8 The Performance and Audit Scrutiny Committee on 29 July 2021, also considered the report. In particular, discussions were held on external borrowing, low interest rates, the true cost of borrowing internally versus 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.
- 1.9 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 above.

## 2. Financial Resilience (June 2021)

**Portfolio holder:** Councillor Sarah Broughton

**Cabinet Report number:** [CAB/WS/21/038](#)

**Financial Resilience Sub-Committee: 12 July 2021 and  
Performance and Audit Scrutiny Committee: 29 July 2021  
Report number:** [FRS/WS/21/004](#)

**Appendix 1 to Report number:** [FRS/WS/21/004](#)

### **Recommended:**

**That the Financial Resilience Report (June 2021), as contained in  
Report number: FRS/WS/21/004, be approved.**

- 2.1 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.
- 2.2 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 Minimum Revenue Provision (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.
- 2.3 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 percent target average interest rate of return on investments.
- 2.4 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.
- 2.5 The Financial Resilience Sub-Committee scrutinised the investment activity for 1 April 2021 to 30 June 2021, and asked questions to which responses were provided.
- 2.6 The Performance and Audit Scrutiny Committee on 29 July 2021 also 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.

- 2.7 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 above.