

Recommendation of the Performance and Audit Scrutiny Committee: 28 July 2022: Treasury Management Report (June 2022)

Report number:	CAB/WS/22/044	
Report to and dates:	Portfolio holder decision	23 September 2022
	Council	27 September 2022
Cabinet member:	Councillor Sarah Broughton Deputy Leader and Portfolio Holder for Resources and Property Telephone: 07929 305787 Email: sarah.broughton@westsuffolk.gov.uk	
Chair of the Performance and Audit Scrutiny Committee:	Councillor Ian Houlder Performance and Audit Scrutiny Committee Telephone: 07597 961069 Email: ian.houlder@westsuffolk.gov.uk	
Lead officer:	Rachael Mann Director (Resources and Property) Telephone: 01638 719245 Email: rachael.mann@westsuffolk.gov.uk	

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 Treasury Management Report (June 2022), as contained in Report number: FRS/WS/22/004, be approved.

1. Context to this report

1.1 Investment Activity 1 April 2021 to 30 June 2022

Following the Financial Resilience Sub-Committee's consideration of Report number: [FRS/WS/22/004](#) on 11 July 2022, the Service Manager (Finance and Performance) verbally reported on the Sub-Committee's consideration of the report.

- 1.2 At the end of June 2022, interest earned during the first quarter of the financial year amounted to £90,077.11 against a profiled budget for the period of £11,250, a budget surplus of £78,827.11.
- 1.3 External borrowing as at 30 June 2022 was £13,875,000, a reduction of £125,000 from 1 April 2022, which relates to the repayment plan for the recent Public Works Loan Board (PWLB) £10 million 40-year loan, with the Council's level of internal borrowing increasing slightly to £41,536,828 as at 30 June 2022. Overall borrowing, both external and internal was expected to increase over the full financial year.
- 1.4 The 2022 to 2023 Annual Treasury Management and Investment Strategy sets out the Council's projections for the current financial year. The budget for investment income for 2022 to 2023 was £45,000, which was based on a 0.25 percent target 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; PWLB rule changes and market information.
- 1.6 Members were informed that future reports would include a section on "liability benchmark". At the end of 2021, a Chartered Institute of Public Finance and Accountancy (CIPFA) consultation was issued with a proposal to include a new indicator for the "liability benchmark" in the Treasury Management Code. The liability benchmark was effectively the net borrowing requirement of a local authority, plus a liquidity allowance over the long-term life of any external loans. This showed the funding position of a local authority after taking into account reserves and the working capital cash position. It then measured current and committed external borrowing against that need and reflected the current capital programme.
- 1.7 The Sub-Committee scrutinised the investment activity for 1 April 2021 to 30 June 2022, and asked questions to which responses were provided
- 1.8 The Performance and Audit Scrutiny Committee on 28 July 2022 scrutinised the report. In particular, discussions were held on forecast rates; interest rates, external borrowing and the Western Way Development.

- 1.9 The Performance and Audit Scrutiny Committee has put forward recommendations 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/22/004](#)

6. Appendices referenced in this report

- 6.1 None

7. Background documents associated with this report

- 7.1 Report number: [FRS/WS/22/004](#)