

Recommendation of the Performance and Audit Scrutiny Committee: 28 July 2022: Annual Treasury Management and Financial Resilience Report (2021 to 2022)

Report number:	CAB/WS/22/043	
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 Annual Treasury Management and Financial Resilience Report (2021 to 2022), as contained in Report number: FRS/WS/22/003, be approved.

1. Context to this report

1.1 Annual Treasury Management and Financial Resilience Report (2021 to 2022)

Following the Financial Resilience Sub-Committee's consideration of Report number: [FRS/WS/22/003](#) on 11 July 2022, the Service Manager (Resources and Performance) verbally reported on the Sub-Committee's consideration of the report.

1.2 The West Suffolk Council's Annual Treasury Management and Financial Resilience Report for 2021 to 2022 included tables summarising the interest earned and the average rate of return achieved during 2021 to 2022; investment activity during the year; investments held as at 31 March 2022; borrowing and temporary loans and capital borrowing budget 2021 to 2022.

1.3 The budget for investment income in 2021 to 2022 was £45,000 which was based on a 0.25 percent target average rate of return on investments. Interest actually earned during the financial year totalled £94,451.98 (average rate of return of 0.395 percent), against a budget for the year of £45,000; a budgetary surplus of £49,451.98.

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

- Western Way development
- Mildenhall Hub
- West Suffolk Operational Hub
- Toggam Solar Farm
- Investing in our Growth Fund.

1.5 The report also included a summary of the capital borrowing budget for 2021 to 2022; borrowing and income – proportionality; borrowing and asset yields.

1.6 During the financial year 2021 to 2022 the Council's underlying need to borrow in investing in its communities increased by just over £6 million. With £10 million of external borrowing taken out in the year, the level of internal borrowing has reduced by £3.9 million. This would help to reduce the level of interest rate risk the Council was currently exposed to.

1.7 The Sub-Committee had scrutinised the Annual Financial Resilience Report 2021 to 2022 in detail and asked questions of officers to which responses were provided. Discussions were held on the £10 million external loan and how would the Council rebuild its cash balances over the longer term.

1.8 The Performance and Audit Scrutiny Committee considered the report and asked questions to which responses were provided. In particular, discussions were held on who decided on which bank(s) the Council placed its money for

investment; the asset value of the solar farm; and at what point would the Council look at selling the solar farm if income decreased significantly.

- 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 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/22/003](#)

6. Appendices referenced in this report

- 6.1 None

7. Background documents associated with this report

- 7.1 [Capital Strategy 2021 to 2022](#)

[Treasury Management Strategy Statement 2021 to 2022](#) and [Treasury Management Code of Practice](#)