

Public Document Pack
SOUTHEND-ON-SEA CITY COUNCIL

Policy and Resources Scrutiny Committee

Date: Thursday, 31st August, 2023

Time: 6.30 pm

Place: Committee Room 1 - Civic Suite

Contact: Stephanie Cox (Principal Democratic Services Officer)

Email: committeesection@southend.gov.uk

A G E N D A

- 1 Chair's Introduction & Apologies for Absence**
- 2 Declarations of Interest**
- 3 Questions from Members of the Public**
- 4 Minutes of the Meeting held on 12 July 2023 (Pages 3 - 8)**
- **** ITEMS FOR PRE-CABINET SCRUTINY / CALLED IN FROM THE FORWARD PLAN**
- 5 Association of South Essex Local Authorities - Joint Committee (Pages 9 - 10)**
To receive the draft minutes of the meeting of the Joint Committee of the Association of South Essex Local Authorities (ASELA) held on 27th July 2023.
- 6 Corporate Risk Register (Pages 11 - 44)**
- 7 Debt Management Position to 31 July 2023 (Pages 45 - 56)**
- 8 Treasury Management Report - Quarter 1 (2023/24) (Pages 57 - 72)**

Chair & Members:

Cllr S Wakefield (Chair), Cllr L Burton (Vice-Chair), Cllr B Beggs, Cllr M Borton, Cllr S Buckley, Cllr O Cartey, Cllr T Cowdrey, Cllr M Dent, Cllr F Evans, Cllr N Folkard, Cllr S George, Cllr J Harland, Cllr R McMullan, Cllr M Sadza, Cllr C Walker, Cllr J Warren and Cllr P Wexham

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SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Policy and Resources Scrutiny Committee

Date: Wednesday, 12th July, 2023
Place: Committee Room 1 - Civic Suite

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Present: Councillor S Wakefield (Chair)
Councillors L Burton (Vice-Chair), B Beggs, M Borton, S Buckley, O Cartey,
P Collins, M Dent, F Evans, N Folkard, S George, J Harland, R McMullan,
M Sadza, C Walker, J Warren and R Woodley

*Substitute in accordance with Council Procedure Rule 31.

In Attendance: Councillors T Cox, D Garston
J Chesterton, T Holland, D Lyons and S Cox

Start/End Time: 6.35 - 8.35 pm

13 Chair's Introduction & Apologies for Absence

(a) Chair's Introduction

Prior to the consideration of the matters set out in the agenda, the Chair outlined their expectations of the standard of conduct and behaviour to be shown at the meeting.

(b) Apologies for Absence

Apologies for absence were received from Councillor T Cowdrey (Substitute: Councillor R Woodley) and Councillor P Wexham (Substitute: Councillor P Collins).

14 Declarations of Interest

The following interests were declared at the meeting:

(a) Councillors M Borton and N Folkard – Minute 18 (Delivery of Southend Outcomes and Priorities – Annual Report and Provisional Outturn 2022/23) – as the report made reference to concessionary fares and they held a concessionary bus pass.

(b) Councillor Woodley – Minute 17 (Reducing Heating Charges) – as a customer of OVO Energy.

15 Questions from Members of the Public

There were no questions from members of the public relating to the responsibilities of the Committee.

16 Minutes of the Meeting held on 8 June 2023

Resolved:

That the minutes of the meeting of the Committee held on 8 June 2023 be confirmed as a correct record and signed.

The Chair brought forward agenda Item 7 'Reducing Heating Charges'.

17 Reducing Heating Charges

The Committee considered a report of the director of Finance & Corporate Services which had been referred for pre-Cabinet scrutiny, which set out the rationale for reducing heating charges in view of the lower contract costs for the supply of gas to communal heating systems.

The Committee welcomed that South Essex Homes would continue to work with tenants to ensure that they maximised the assistance available to them.

During the discussion, it was agreed by the Committee that:

- Any future decisions to decrease heating charges by enacted automatically by officers in consultation with the relevant Portfolio Holder, without further need for future papers to Scrutiny or Cabinet, so as to pass savings onto residents in a timely manner.
- Any future proposed charging increase(s) be reported to the relevant Scrutiny Committee and Cabinet for consideration before any decision is taken.

Resolved:

It is recommended that Cabinet:

1. Agrees to reduce the heating charges to properties with a communal heating system with effect from Monday 4th September 2023 as outlined in the report.
2. Agrees that future decisions to decrease heating charges by enacted automatically by officers in consultation with the relevant Portfolio Holder, without further need for future papers to Scrutiny or Cabinet, so as to pass savings onto residents in a timely manner.
3. Agrees that any future proposed charging increase(s) be reported to the relevant Scrutiny Committee and Cabinet for consideration before any decision is taken.

Note: This is an Executive Function
Cabinet Member: Councillor D Garston

18 Delivery of Southend Outcomes and Priorities - Annual Report and Provisional Outturn 2022/23

The Committee considered the report of the Director of Financial Services which had been referred for pre-Cabinet scrutiny, presenting the Delivery of Southend 2050 Outcomes and Priorities: Annual Report and Provision Outturn 2022/23.

In response to a number of questions, the Leader of the Council explained that a written response could be provided and suggested that the meeting move into exempt session at the end to enable Councillors to ask questions on subjects that were commercially sensitive.

The Leader of the Council made a formal offer to Councillor P Collins and Councillor R Woodley to work with Cabinet on the Capital Programme, to which it was confirmed further discussions would take place outside of the meeting.

Resolved:

That the following recommendations to be referred to Cabinet be noted:

1. Note the achievements, successes and challenges brought to life within the Annual Report 2022/23 (Section 4 and Appendix 1).
2. Note the provisional 2022/23 revenue outturn position for both the General Fund (Section 5) and Housing Revenue Account (HRA) (Section 6) and delegate the agreement of any final adjustments following the completion and audit of the Statement of Accounts to the Executive Director (Finance and Resources).
3. Consider and approve the appropriation of revenue funds to and (from) earmarked reserves, as set out in Section 5.19 to 5.27 (General Fund) and Section 6.6 (HRA).
4. Note the potential revenue impact of the 2022/23 outturn on the 2023/24 General Fund budget and Medium Term Financial Strategy (Section 5.28 – 5.44).
5. Note that the expenditure on the capital investment programme for 2022/23 totalled £51.822M against a revised budget of £61.820M (Section 7.4).
6. Approve the relevant budget carry forwards and accelerated delivery requests totalling a net £13.032M moving into 2023/24 and future years, as set out in Appendix 2.
7. Approve the virements, reprofiles, additions, deletions and new external funding for schemes, as detailed in Appendix 2 and note that this will result in an amended Capital Investment Programme deliverable by the Council of £137.705M for the period 2023/24 to 2027/28, as detailed in Appendix 3.
8. Note the requested changes as detailed in Appendix 2 will result in an amended total Capital Investment Programme deliverable by South Essex Homes Limited, Porters Place Southend-on-Sea LLP and Kent County Council of £59.046M, as detailed in Appendix 3. Page 3 of 36
9. Note that a further review of the affordability and prioritisation of the current approved Capital Investment Programme and all the schemes currently listed as subject to viable business cases will be brought back to a future Cabinet meeting.
10. Note the content of the Infrastructure Funding Statement 2022/23 (included in Appendix 4) and agree to carry forward CIL Main Fund receipts from reported year 2022/23 and previous reported years until the CIL Governance Framework and spending plans are reviewed for the reported year 2023/24, or Cabinet authorise any detailed spending proposals.
11. Delegate authority to the Executive Director for Growth and Housing (in consultation with Ward Members and the Cabinet Member for Housing and Planning) to agree how the CIL Ward Neighbourhood Allocations received up until 31 March 2023 (excluding allocation to Leigh Town Council) are to be spent.

Note: This is an Executive function.

Cabinet Member: Councillor T Cox

19 2022-23 Annual Treasury Management report

The Committee considered a report from the Senior Finance Lead (Strategy, Sustainability and Governance) detailing the treasury activity for the period from April 2022 to March 2023 and reviewed performance against the Prudential indicators for 2022/23.

Resolved:

That the following recommendations to be referred to Cabinet be noted:

1. Approves the Annual Treasury Management Report for 2022/23 and the outturn Prudential Indicators for 2022/23.
2. Notes that the financing of 2022/23 capital expenditure of £51.822m has been funded in accordance with the schedule set out in Table 1 of section 4.
3. Notes that Capital Financing and Treasury Management were carried out in accordance with statutory requirements, good practice and in compliance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Prudential Code during 2022/23.
4. Notes the following in respect of the return on investment and borrowing;
 - The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.
 - £3.773m of interest and income distributions for all investments were earned during 2022/23 at an average rate of 2.37%. This is 0.13% over the average SONIA rate (Sterling Overnight Index Average) and 0.07% over the average bank base rate. Also, the value of the externally managed funds decreased by a net of £7.335m due to the changes in the unit price, giving a combined return of -2.24%. (Section 7).
 - The level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained at £347.3m (Housing Revenue Account (HRA): £74.2m, General Fund (GF): £273.1m) throughout 2022/23.
 - The level of financing for 'invest to save' schemes decreased from £8.39m to £8.22m by the end of 2022/23.

Note: This is an Executive function.

Cabinet Member: Councillor T Cox

20 In-Depth Scrutiny Projects 2022/23 & 2023/24

The Committee received the report and recommendations arising from the in-depth scrutiny project for 2022/23 on the theme of 'Developing Strong Governance: Strengthening Joint Working Between Councillors and Officers.'

On behalf of the Project Team that led the in-depth scrutiny project, the Committee expressed thanks to all councillors and officers that contributed to the project. Particular thanks were paid to S Tautz who led on the project and was now retired from the local authority.

Resolved:

That the report and recommendations be noted.

Note: This is a Scrutiny function

21 Outside Bodies Task and Finish Group

The Committee considered a report of the Executive Director (Finance and Resources), proposing a review of the membership and representation on Outside Bodies as a potential

topic as a joint Scrutiny project for 2023/24 and which proposed the establishment of a Task and Finish Group to undertake the review.

The Chair reported that, at the Scrutiny Chairs Forum held on 27 June 2023, all the Scrutiny Chairs and Vice-Chairs present felt that resources should be directed to shorter Task and Finish reviews to drive specific areas of concern forward.

Subject to the agreement of the proposed approach, it was recommended that no additional topic(s) be selected by the Committee for in-depth scrutiny activity during the year 2023/24.

It was suggested that the Task and Finish Group may wish to examine expectations around attendance and mechanisms for reporting back to full Council.

Resolved:

1. That an Outside Bodies Task and Finish Group be established:

- in the proportion 4 Conservative, 3 Labour, 1 liberal Democrat, 1 Independent and 1 Residents First with appointments being made to ensure some representation from each of the scrutiny committees.
- It is suggested that the Group Leaders submit their nomination(s) to the Executive Director (Finance and Resources) in line with the proportionality allocations.

2. That the Terms of Reference (attached at Appendix 1) to the submitted report be approved.

3. Each of the three Scrutiny Committees receive an update on the progress accordingly, before a final report is approved

Note: This is a scrutiny function.

22 Scrutiny Work Programme 2023-24

The Committee received a draft Scrutiny work programme template, which set out the process for identifying suitable issues for scrutiny.

It was suggested that a procedural note be produced, clearly setting out the process how Councillors could suggest and influence items on the scrutiny work programme and the correct procedure for doing so.

Resolved:-

That the Scrutiny work programme be noted.

Note: This is a scrutiny function.

23 Exclusion of the Public

To agree that, under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the items of business set out below on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12A to the Act, and that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

At 8.20pm the meeting moved into exempt session.

Chairman: _____

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SOUTHEND-ON-SEA CITY COUNCIL

Meeting of Association of South Essex Local Authorities (ASELA) - Joint Committee

Date: Thursday, 27th July, 2023
Place: Basildon Council Offices

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Present: Councillor Andrew Jefferies – Thurrock
Councillor Barry Aspinall – Brentwood
Councillor Dave Blackwell – Castle Point
Councillor Meg Davidson – Southend
Councillor James Newport – Rochford

In Attendance: Scott Logan – Basildon
Robert Harris – Southend
Elizabeth Helm – Southend
Ian Butt - Castlepoint

Start/End Time: 09.30am – 09.37am

1 Apologies for Absence

Apologies for absence were received from Councillors Cox (substitute: Cllr Davidson), Mason (substitute: Cllr Newport), Baggott and Bentley.

2 Appointment of the ASELA Chair and Vice Chair

Resolved:

That Councillor Andrew Jefferies be appointed Chair for the 2023/24 Municipal Year.

3 Appointment of ASELA Vice Chair

Resolved:

That Councillor Andrew Baggott be appointed Vice-Chair for the 2023/24 Municipal Year.

4 Minutes of Previous Meeting

Resolved:

That the minutes of the meeting of the Committee held on Thursday, 23rd March 2023 be confirmed as a correct record.

5 Review of Governing Documents

The Joint Committee considered a report presenting the Governing documents for review.

The Joint Committee suggested that the ASELA logo/brand should be changed to the Association of South Essex Council's (ASEC). S Logan confirmed that this would be looked at as part of the review of the Constitution and reported back to the Joint Committee in September.

The Joint Committee noted that the secretariat will write to all Leaders to seek named deputies/substitutes.

Resolved:

That the ASELA Joint Committee Governing documents, be approved and that no changes be required at this time.

6 Accountable Body - to confirm that Southend Council shall act as accountable body for the Joint Committee for the 2023/24 year

Resolved:

That it be confirmed that Southend-on-Sea City Council shall act as the accountable body for the Joint Committee for the 2023/24 year.

7 Secretariat - to confirm that Southend Council shall act as Secretariat for the Joint Committee for the 2023/24 year

Resolved:

That it be confirmed that Southend-on-Sea City Council shall act as Secretariat for the Joint Committee for the 2023/24 year.

8 Agreement of 2023/24 Joint Committee Dates

The Joint Committee noted that the dates for the remainder of the 2023/24 year will be advised in due course.

The Joint Committee suggested that future meetings alternate between the constituent authorities.

Chair: _____

Meeting: Cabinet
Date: 18 September 2023
Classification: Part 1
Key Decision: No
Title of Report: **Corporate Risk Register July 2023**

Executive Director: Joe Chesterton (Finance & Resources)
Report Author: Andrew Barnes (Head of Internal Audit)
Executive Councillor: Cllr John Lamb (Regulatory Services)

1. Executive Summary

- 1.1. Risk is defined as uncertainty, whether positive or negative, that will affect the outcome of an activity or intervention. The term 'management of risk' incorporates the activities required to identify and control the exposure to risk that may have an impact on the achievement of the Council's priorities.
- 1.2. The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's Corporate Plan and outlines the key management arrangements in place to mitigate and reduce the likelihood of the risks crystallising or maximise the likelihood of the opportunities being fulfilled.

2. Recommendations

It is recommended that Cabinet notes the updated summary Corporate Risk Register and the position at July 2023 outlined in Appendix 1 and supports the actions being taken to manage the risks.

3. Background

- 3.1. The Council's Corporate Risk Register sets out the key risks to the successful delivery of the Council's Corporate Plan and outlines the key management arrangements in place to mitigate and reduce risks or maximise opportunities.
- 3.2. Updates to the Corporate Risk Register are discussed with Executive Directors, Directors, Heads of Service and Managers, reported to Corporate Leadership Team (CLT) and the summary position is reported to Cabinet twice a year in July and January. The updated position on each risk or

opportunity and management arrangements to mitigate these are included in Appendix 1.

- 3.3. The presentation of the risks is aligned to the current Corporate Plan overarching priorities that as a Council we want to achieve for the City. Appendix 1 reports the key risks to the achievement of those priorities and the management actions being taken to mitigate the risks, or maximise the opportunity. It includes the lead officers and relevant Cabinet Member for each risk. The differing roles of Members, in determining priorities and policies, and Officers in managing delivery of those priorities and implementing those policies should be remembered.
- 3.4. The re-introduction of a Corporate Plan has provided the opportunity for a review of the Council's governance framework that underpins the delivery of the expectations of the Corporate Plan, and a new framework of officer boards covering Strategy, Policy and Legislation, Performance, Governance, and Transformation have been introduced to implement the Council's aim of simple and effective governance.
- 3.5. Effective risk management is a key element of the governance framework and will therefore provide a key element of the updated governance framework. Work is being undertaken on updating the risk management policy statement and strategy as part of the review of governance arrangements, with the aim of ensuring that risk awareness and horizon scanning is business as usual for all teams.
- 3.6. In the period since the last report to Cabinet there have been further changes to the context that the Council is operating within that continues to increase the pressure on the local government sector. This includes the significant impact of inflation and cost of living pressures, with the impact on both costs of and demand for services. These issues have the potential to cause far reaching consequences and impacts across the whole of the Council's activities, the ways that services and officers are required to operate, and the support that needs to be provided to the City.
- 3.7. The priorities contained in the Corporate Plan 2022-2026, as agreed by Members, are:
 - A city that is strong and prosperous
 - A city with a good quality of life
 - A city rising to the climate challenge
 - A city delivering genuinely affordable housing.
- 3.8. To achieve these priorities it is recognised that the Council needs to change what it does in respect of:
 - Delivering the right quality services
 - How we work
 - Digital as an enabler.

- 3.9. The Corporate Plan is being refreshed to reflect the new Administration's priorities, feedback from the LGA Corporate Peer Challenge and the current challenges and opportunities facing the organisation. Following adoption of the new refreshed Corporate Plan, the Corporate Risk Register will be refreshed to reflect the updated priorities.
- 3.10. Changing and improving in the priority areas will enable the council to unlock the potential of employees, develop and deliver more accessible services and achieve the best possible outcomes for our residents and communities. The Council has been working with external support to identify how the Council compares to other similar authorities and identify ideas and opportunities to do things differently that underpins a transformation blueprint setting out the programme and organises these opportunities into workstreams to create order and sequence to activities.
- 3.11. The next phase of the programme is about to get underway with a transformation partner to undertake a review of all service areas to identify the current 'As Is' situation and identify the desired 'To Be' situation that will support the Council to be modernised and financially sustainable.
- 3.12. Within this context CLT and other Directors have identified the following risks to be managed, monitored and reviewed as part of the Corporate Risk Register. Changes since the last report to Cabinet are also highlighted below:
1. Covid-19 pandemic – risk de-escalated from the CRR, as a result of improvements in the pandemic situation (meaning there is no CRR1 in Appendix 1.)
 2. Financial sustainability – management actions revised
 3. Inflation and cost of living pressure – Risk updated to Economic operating environment – risk updated, management actions revised
 4. Public services landscape - management actions and scoring revised
 5. Workforce - management actions and lead officer revised
 - 6a. Cyber security event - risk updated and management actions revised
 - 6b. Data protection – management actions revised
 7. Capital investment delivery programme – risk updated and management actions revised
 8. Transformation programme delivery – new risk added
 9. Mitigating for and adapting to climate change - management actions updated
 10. Waste management service – risk updated and management actions revised
 11. Safeguarding responsibilities and child welfare – management actions and lead officer revised
 12. Other safeguarding responsibilities – revised risk to focus on safeguarding of adults
 13. Health inequalities – management actions updated
 14. Staffing vacancies impacting on the delivery of statutory responsibilities – risk description, management actions and lead officer revised
 15. Adult social care – management actions revised
 16. Social cohesion – management actions revised
 17. Housing – risk, management actions and lead officer revised
 18. House building programme – risk, management actions and lead officer revised
 19. Local plan – management actions revised

20. Regeneration and major projects – management actions and lead officer revised
 21. Southend as a visitor destination - management actions and lead officer revised
 22. Economic recovery and income inequalities – management actions and lead officer revised.
- 3.13. The risk register heat map on page 4 of appendix 1 plots the current risk score for each risk using the Council’s scale, as shown on page 2 of appendix 1. This shows that the risks that have been escalated to the Corporate Risk Register are those with the potential to be the most detrimental to achieving the Corporate Plan priorities for the City, which is why the risk scores are all relatively high and consequently the risks appear on the Corporate Risk Register.
- 3.14. A growing catalogue of recent incidents have occurred at other Councils where examples of the risks that we are facing and working to manage have crystallised, resulting in significant detrimental effects on the operations and provision of services at those Councils. These incidents demonstrate the importance of the effectiveness of management arrangements in respect of, and the governance arrangements overseeing that management of, the risks that are being faced by the Council, and the need to remain vigilant to the potential for things to go wrong.
- 3.15. As a reminder it is worth noting that the underlying risk management arrangements currently follows a 3-stage process:
- 1st stage:** An ‘inherent risk’ with the risk assessed with no controls, assurance or actions in place, resulting in an inherent risk score.
- 2nd stage:** The ‘current risk’ where the risk is assessed with controls, assurances and identified management actions and arrangements. It is this position that is being reported within the summary corporate risk register at Appendix 1.
- 3rd stage:** The ‘target risk’ which is the risk with the controls, assurances and actions, as if they have been completed, resulting in a target risk score.
- 3.16. Appendix 1 provides a summary of the risks and opportunities currently on the corporate risk register and the arrangements in place to manage those, along with the ‘current score’ position for each risk as assessed by management, based on the risk or opportunity itself and the management of the issue that is in place to ensure that it progresses as the Council would want.
- 3.17. The risks as documented are effectively the worst-case scenario of what could happen if the Council is not appropriately managing the risk that it is facing. This does not mean that it will happen, as the purpose of the arrangements being put in place to manage the risk, or deliver the opportunity, is to ensure that the issue works out in the way that the Council wants it to.

- 3.18. Executive and other Directors ensure service specific risks are managed within their departments, within service management and in accordance with the risk management strategy and processes. 'Red' rated risks with corporate implications can be escalated to CLT via those Directors. Actions for managing these risks are updated and reviewed by Departmental Leadership Teams.
- 3.19. Operational risks, managed within departments, are also assessed as part of reviews undertaken by Internal Audit and project risks are monitored by CLT where applicable.

4. Reasons for Decisions

- 4.1. The Accounts and Audit Regulations 2015 require that a relevant authority must ensure it has a sound system of internal control which facilitates the effective exercise of its function and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.
- 4.2. Cabinet noting the summary Corporate Risk Register contributes to the assurance that this requirement is being met.

5. Other Options

- 5.1. None.

6. Financial Implications

- 6.1. Any financial implications arising from identifying and managing risk will be considered through the normal financial management processes. Proactively managing risk can result in reduced costs to the Council by reducing exposure to potential loss.

7. Legal Implications

- 7.1. The Accounts and Audit Regulations 2015 require that:
- 7.2. *'A relevant authority must ensure it has a sound system of internal control which facilitates the effective exercise of its function and the achievement of its aims and objectives, ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk.'*
- 7.3. Cabinet reviewing and endorsing this report contributes to the delivery of effective arrangements for the management of risk.

8. Policy Context

8.1. None.

9. Carbon Impact

9.1. Climate change risk is included in the Summary Corporate Risk Register at Appendix 1.

10. Equalities

10.1. Corporate equalities considerations have been considered in the drafting of the register and any specific equality related risks have been identified for the Council.

11. Consultation

11.1. Consultation has taken place with key stakeholders of the corporate risk register.

12. Appendices

12.1. Appendix 1: Summary Corporate Risk Register as at July 2023



Southend-on-Sea
City Council

Corporate Risk Register July 2023



Risk tolerance level – Risks above this level will need particular resources and focus

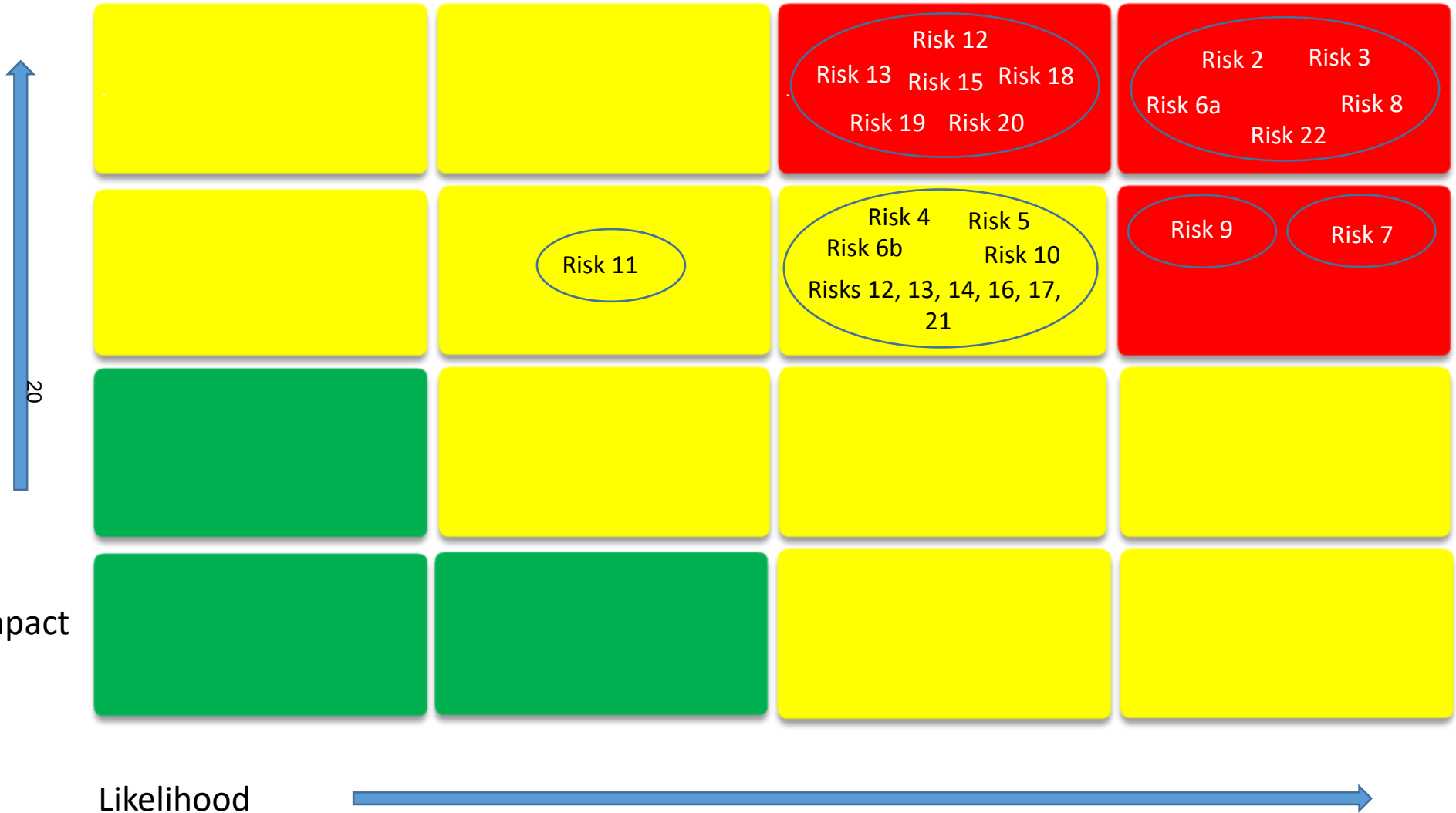
Catastrophic / exceptional opportunity	4	8	12	16
Severe / significant opportunity	3	6	9	12
Material	2	4	6	8
Negligible	1	2	3	4
	Unlikely <25%	Likely 25-50%	Very Likely 50-75%	Almost Certain >75%

Risk acceptance level (activity below which attracts minimum effort and resources)

Risk Register Heat Map: Risk numbers

Risk	
2 – Financial sustainability	13 – Health inequalities
3 – Inflation and cost of living pressures	14 – Staffing vacancies impacting on the delivery of statutory responsibilities
4 – Public services landscape	15 – Adult social care
5 - Workforce	16 – Social cohesion
6 – a) Cyber security b) Data protection	17 – Housing
7 - Capital investment programme delivery	18 – House building programme
8 – Transformation programme	19 – Local plan
9 – Mitigating for and adapting to climate change	20 – Regeneration and major projects
10 – Waste management	21 – Visitor destination and major events
11 – Safeguarding responsibilities and child welfare	22 - Economic recovery and income inequalities
12 – Other safeguarding responsibilities	

Risk Register Heat Map: Current risk score



Risk Register abbreviations

Officer abbreviations	Member abbreviations
ED = Executive Director	CM = Cabinet Member
D = Director	L = Leader (CM for Special Educational Needs and Disability)
AD = Assistant Director	E = Environment
H = Head	ACH & T = Arts, Culture, Heritage and Leisure
GM = Group Manager	HT & P = Highways, Transport & Parking
SFL = Senior Finance Lead	CE & L = Children’s Service, Education & Learning
	EG & I = Economic Growth & Investment
	CS & PP = Community Safety & Public Protection
	H & P = Housing & Planning
	PH, ASC & CA = Public Health, Adult Social Care & Constitutional Affairs
	RS = Regulatory Services

Cross cutting



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
2	<p>Financial sustainability</p> <p>Risk that failure to address the financial challenges by effectively managing the growing demand for services, managing the costs of the impact of energy, inflation and the cost of living, while enhancing local income streams as part of recovery will threaten the medium to long term financial sustainability of the Council, leading to a significant adverse impact on Council services and the ability to deliver the Corporate Plan priorities, in order to address the financial position.</p>	<ol style="list-style-type: none"> 1. Budget setting for 2024/25 being programmed to identify required investment and efficiencies to deliver a robust budget and agreement to a robust programme of ongoing activity to deliver budget sustainability into the medium term. 2. Budget included in service plans for the year increasing transparency for the service manager, monitoring of revenue, capital and a medium term programme of reviews to ensure the overall budget is effectively managed through the year. 3. Management oversight of budget setting process for 2024/25 will include challenge provided by Cabinet, CLT and Director to Director challenge to each other and services on proposed savings and resultant proposed budgets. Increased budget monitoring and reporting and strengthened savings tracking reports and monitoring to CLT and Cabinet. 4. Financial Sustainability Strategy 2022-2032 in place to influence the Medium Term Financial Strategy (MTFS), that includes budget pressures and regularly considers the financial impact of inflation, cost of living and Government policy. Reported to CLT, Cabinet and Council to provide assurance, with reports to and minutes of meetings. This includes close attention to information from the Government despite no Comprehensive Spending Review and the uncertainty surrounding the Local Government Settlement along with a watch alert on the Government's finance reform plans. 5. Increased focus on transformation as part of the budget setting through the refreshed roadmap for the short to medium term with impact of forthcoming enhancements to Business World, My Southend and Digital Transformation key inputs to sustainability in the medium term. 6. Transformation programme to challenge the operating model of all services during 2023/24, enhancing the Know Your Business workstream developed as part of the Council Change Programme to ensure that appropriate focus on achieving value for money and the optimum approach to the delivery of the Corporate Plan priorities is being made by all services. 	4	4	16	D of Financial Services / Leader and CM for RS

Cross cutting



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
3	<p>Economic operating environment</p> <p>Risk that failure to address the pressures caused by energy prices, inflation and the cost of living cause budgetary control difficulties and growing demand for services, that the Council is unable to address, increasing the use of reserves to fund budget gaps, threatening the financial sustainability of the Council.</p> <p>Risk that impact on the supply chain (including labour shortages, cost increases in materials, labour and fuel and difficulty in sourcing plant and vehicles) and finance to deliver the increased costs of the capital programme, lead to a significant adverse impact on Council services and the ability to deliver the outcomes desired by the Council.</p>	<p>1. On-going budget reviews; better linking of business planning and budgeting to service outcomes; effective and creative management of service demand; review of major contractual arrangements; further implementation of the Commissioning Framework; exploring new commercial opportunities; evaluating a range of income generation initiatives.</p> <p>2. Medium Term Financial Strategy (MTFS), including budget pressures to regularly consider financial impact of inflation and cost of living reported to CLT, Cabinet and Council to provide assurance, with reports to and minutes of meetings.</p> <p>3. Assisting many local households through providing access to a range of Government grants and schemes such as rent and deposits for qualifying people in housing need and targeted hardship support for South Essex Homes tenants.</p> <p>4. A new local Tackling Poverty Strategy approved in February 2023, includes themes and advice around debt and welfare, fuel poverty, digital exclusion, housing poverty and food poverty. Key elements of this new strategy have been co-produced with local people throughout last summer.</p> <p>5. A Just About Managing page on the Council's website signposting people to advice, guidance, and opportunities. The Council, where it can, will try to provide an additional package of local support / mitigation / advice for the most vulnerable.</p>	4	4	16	D of Financial Services / Leader and CM for RS

Cross cutting



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
4 24	<p>Public services landscape</p> <p>Risk that failure to address and engage with the different models and public service governance arrangements being discussed will result in the organisation and the City being left behind and ultimately unable to deliver the Council's ambition and outcomes.</p>	<ol style="list-style-type: none"> 1. Actively engaged in the Association of South Essex Local Authorities (ASELA) and as a member of the Joint Committee support the management of outcomes desired for the economic corridor. Minutes of the JC are received by P&R Scrutiny Committee alongside a cover note on the implications for Southend. 2. Officers continue to be connected with the devolution work. However, Southend has restated its position that an L3 deal is not supported. 3. Mid and South Essex Integrated Care System, spanning more fully health and local government, in place from 1 July 2022. The Council has a seat on the Board and will continue to champion population health and community-based approaches for health and wellbeing through this partnership. The Council also has representatives from Adults, Public Health and the Chair of the Health and Wellbeing Board. The ICS's Strategy was developed to reflect the Health and Wellbeing Board priorities and was signed off in March 2023. 4. The South East Essex Alliance has relationships across the SEE system, with shared immediate priorities and long term themes. The Council plays an active role in the development of agreed plans, priorities and longer term themes for the Alliance to deliver. The DASS, DCS and DPH all are core members of this partnership. 5. Development of the Council's Corporate Plan articulating the council's focus for the next four years, The corporate plan details for our employees and councillors how we will work with residents and partners to co-create our new city and deliver strategic priorities. 	3	3	9	H of Corporate Strategy/ Policy Manager / Leader

Cross cutting



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
5	<p>Workforce</p> <p>Risk that the Council will not have the appropriate staffing resources, with the right skills, doing the right things, working in the right places through collaborative teams.</p> <p>Cross-council specific pressures relating to attracting talent in a competitive market, or straining existing resources, due to significant staffing changes and operational pressures, leading to reduced workforce capacity causing a failure to effectively address the challenges posed by the post-pandemic issues, inflation and financial pressures in the short term, and achieve the Council's desired outcomes in the longer term.</p> <p>Further risk caused by the number of changes to CLT, that may impact on the capacity to progress with delivery of desired outcomes.</p>	<ol style="list-style-type: none"> 1. The council has a Corporate Plan, that focusses the priorities of the council over the next 4 years. 2. The updated transformation programme is being established and will involve co-designed service redesign of all services centred around future proofing our ways of working to deliver quality services, within a financially sustainable context. 3. Workforce is managed as a key strategic issue, from attraction, pay, reward and retention, to the way the workforce works in a modern, flexible and agile way. 4. Workforce outcomes Plan are part of the Corporate Plan, to be delivered through the People Vision working alongside the Corporate Plan and Transformation Programme, with governance through the Transformation Board. 5. Appropriate governance and oversight to challenge all proposed recruitment, redeployment, learning & development and redundancies to ensure that the Council is making the best use of its human resource and enabling all employees to reach their full potential. 6. Managing the capacity of CLT by realigning the staff reporting to those acting up as they lead the organisation through this transitional period and 'double teaming' so that they are able to cover for each other. 	3	3	9	H of HR and Payroll / Leader

Cross cutting



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
6a	<p>Cyber security event</p> <p>Risk of a cyber security event causing significant operational, financial and reputational damage to the Council, caused by:</p> <p>a) failure to ensure the Council has a coherent and comprehensive approach to cyber security and data protection, including strategy, tools and processes</p> <p>b) a data breach (see CRR 6b)</p> <p>c) remote working creating a wider footprint for attack</p> <p>d) clicking on an attachment by a colleague</p> <p>e) single point of connectivity failure</p> <p>f) risk of loss or leakage of resident data from personal devices.</p> <p>Opportunity to build resilience by ensuring that staff have the necessary digital skills.</p>	<ol style="list-style-type: none"> 1. New ICT operating model being embedded with a specific Head of Security focussed on enhancing cyber security arrangements and enhanced structure to deliver improved digital arrangements. 2. Cyber security strategy in place and being embedded. 3. Rollout of new secured hardware, including for Councillors. 4. Cyber Incident Planning and Response with key members of ICT team having attended CESH accredited training and role-based training. 5. Implementation of security tools including: Multi-Factor Authentication, Conditional Access, Modern Authentication, Microsoft Level E5 security and a Ransomware protection tool. 6. Membership and use of threat intelligence networks to enable quicker response to emerging threats. 7. Compulsory Me-learning training sets for all staff, Phishing simulation test exercises and vulnerability testing taken place. Specific cyber-security briefings held for Councillors. 8. Monitoring and response processes in place, with regular reporting to the Governance Board. 9. Resilience and Business Continuity plans in place. 10. Phishing exercises and focused learning for those who 'click'. 11. Alternative key connectivity suppliers. 12. Participation in government cyber assessments and received funding for further cyber security measures and tools. 13. Cyber Security Service Provider appointed to provide added support and guidance when required. 14. Device management solution applied to lock down personal data when council systems accessed on personal devices. 15. Upskill programme for digital champions, starting with cyber awareness. 	4	4	16	D of Digital and ICT / Leader

Cross cutting



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
6b 27	<p>Data Protection</p> <p>Risk that a failure to comply with responsibilities as a Data Controller (under DPA 2018 / UK GDPR) leads to personal data being compromised, resulting in harm to individuals, loss of trust from residents, businesses and others, regulatory action, financial penalty and reputational damage.</p>	<ol style="list-style-type: none"> 1. Processing of personal data including new processing, risk assured in line with the Data Protection by Design and Default Policy and Procedure. 2. Annual Information Governance Toolkit assessment undertaken with a report prepared from the independent assessment and any actions to improve acted upon. 3. Mandatory annual Data Protection refresher training programme. 4. Senior Information Risk Owner in place, monitoring information usage, and producing an annual SIRO report on data protection to Audit Committee. 5. Caldicott Guardian in place, ensuring Caldicott Principles are respected. 6. Regular reporting to Governance Board and Corporate Leadership Team with reports to and minutes of meetings. 	3	3	9	AD Legal Services / Leader

Cross cutting



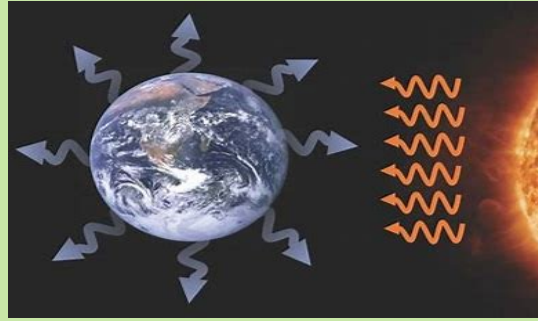
CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
7	<p>Capital Investment Programme Delivery</p> <p>Risk that a failure to deliver the agreed Capital Investment Programme leads to a lack of progress on the intended improvements to infrastructure and facilities for the City anticipated to support the Corporate Plan priorities, resulting in reduced inward investment from businesses, missed employment opportunities for residents and reputational damage for the Council.</p> <p>Risk that the combination of the ongoing inflationary pressures and supply chain issues (causing increased costs and difficulty sourcing materials, labour, fuel, plant and vehicles) will lead to delays in the delivery of the agreed Capital Investment Programme, or that less will be delivered for the approved budgets.</p>	<ol style="list-style-type: none"> 1. Member input to budget and programme creation to ensure focus on the key priorities and deliverables. 2. Appropriate level of committed resources, both human and financial to deliver the programme. 3. Project plans and managers in place for all projects upon entry to the programme, as presented to and agreed by Investment Board, for onward presentation to and approval by Cabinet and Council. 4. Capital Programme Delivery Board (CPDB) overseeing and monitoring progress to ensure that plans are delivered with Terms of Reference on the specific roles of the Investment Board and the CPDB in place. 5. Capital Challenge sessions chaired by the Leader or Cabinet member for Regulatory Services to support the final proposed capital investment programme budget for 2023/24 to 2027/28. 6. Reprioritisation review undertaken by the Departmental Leadership Teams and overseen by the CPDB to assess the resources in place to deliver the programme and ensure focus of resources on the right priorities. 7. Reporting to CLT / Cabinet to provide overall oversight and scrutiny. 	4	3	12	SFL – Strategy, Sustainability and Governance / CLT / Leader / CM for EG & I

Cross cutting



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
8	<p>Transformation Programme Delivery</p> <p>Risk that:</p> <ul style="list-style-type: none"> • there is inadequate leadership, engagement and support for the Transformation Programme • the programme will place demand on the ICT, Data and Corporate Programme Office teams, that they are unable to respond to • inappropriate choices are made in what and how to transform • the transformation partner is unable to deliver what has been agreed • the likely high number of projects to effect change are inadequately sequenced and aligned. <p>resulting in the programme not achieving the anticipated benefits to service delivery and the financial position that are required for the Council to become a modern and financially sustainable Council.</p>	<ol style="list-style-type: none"> 1. Transformation Board of officers has been established to provide a strategic framework to oversee delivery of outcomes and bring together a comprehensive view of all transformation activities and manage the governance of these, while providing oversight of delivery of the programme, drive accountability, manage risk and opportunity and ensure appropriate governance of the programme of work 2. A procurement exercise to find a partner with the most appropriate methodology to challenge the status quo, assist with forming the As-Is and To-Be views and outlining projects to close the gaps at the optimum costs has recently been concluded. Proven experience in delivering such outcomes at other Local Authorities was a key criteria in the selection. 3. CLT have agreed that the corporate programme management office will support the projects, using best practice guidance and tools. 4. A set of principles has been established to drive forward the transformation objectives and guide the activity to ensure any change initiatives align across services and are working in a consistent direction of travel. 5. Delivery model established to provide rigour around the assessment of business cases, ensuring that all aspects are covered, as well as tracking the proposed deliverables and ensuring both the programme office, and services have the ability to manage and deliver the programme. 	4	4	16	D of Transformation / Leader

A city rising to the climate change challenge



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
9	<p>Mitigating for and adapting to climate change</p> <p>Risk that failing to implement changes needed to reduce the City's carbon footprint will cause an inadequate contribution to the reduction in carbon emissions required. This will result in significant adverse impact on the City, and if the climate adaptation measures being implemented are also inadequate, including sea defences, there will be further implications for the Council in needing to respond to climate events in the City.</p>	<ol style="list-style-type: none"> 1. Council declaration of a climate emergency providing initiatives to be pursued. 2. Green City Action Plan approved by Cabinet detailing the actions to be taken to become a Green City. Update reported to Cabinet in January 2023 reporting progress and next steps, including a Net Zero Carbon Energy strategy to be developed. 3. Additional capital resources proposed as part of the budget for 2023/24. 4. Updated governance structure to manage the delivery of Climate Change response, to ensure full consideration of all issues. 6. Oversight of Green City priorities that includes carbon reduction activity through: reports to Theme leads, CLT and Cabinet with challenge at and minutes of meetings. 7. Member Environmental Working Party with reports to and minutes of meetings. 	3	4	12	H of Waste & Climate Change / CM for E

A city rising to the climate change challenge



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (Lxl)	Leads
			Likelihood	Impact		
10 31	<p>Waste management</p> <p>Risk of contractor failing to meet contractual requirements to effectively manage waste arrangements results in a loss of service quality and additional financial liability for the Council.</p> <p>Further risk that the enhanced service being sought from the revised future arrangements will not provide a solution that will deliver the outcomes in respect of adaptation to climate change and recycling that is being sought by the Council.</p>	<ol style="list-style-type: none"> 1. Regular contract performance undertaken, formal contract management meetings in place with reports and minutes as appropriate. 2. Data set monitored by DMT / performance board and senior managers with reports to and minutes of meetings. 3. Cabinet and Scrutiny overview with reports to and minutes of meetings, including an in-depth scrutiny project on barriers to recycling that is complete, with Environment Working Group report completed. Waste Steering Board and Waste Technical Group introduced to support the procurement process. 4. Market engagement undertaken to understand broad concepts of service delivery against council aims and objectives. 5. Two stage procurement being undertaken: Stage 1 to submit two outline proposals: one being a full weekly collection service and the second being the bidders' proposals to meet the Council's aims and objectives. Stage 2 to submit full proposals against the service model determined by stage 1. 6. Timetable in place to complete stage 1 and determine a service model by July 2023, stage 2 to award contract by February 2024 and then mobilise service for commencement in October 2024. 7. Existing service with current provider extended beyond October 2023 to allow the procurement process to take place and mitigate for delays. 	3	3	9	H of Waste & Climate Change / CM for E

A city with a good quality of life



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
11	<p>Safeguarding responsibilities and child welfare</p> <p>Risk that the Council fails to deliver its statutory safeguarding duties and responsibilities given that the Children's Social Work, Early Help and Youth Support was judged to be requiring improvement by Ofsted in 2019.</p> <p>Risk heightened by the challenges caused by inflation and the cost of living through food and fuel, increasing vulnerable people that are in need of support.</p>	<ol style="list-style-type: none"> 1. The Safeguarding Partnership provides independent scrutiny of children's safeguarding arrangements in the city and holds SCC and partner agencies to account. 2. The Children's services Improvement Board has been strengthened by the appointment of an independent chair who provides support, challenge and scrutiny to the Children's Services senior management team. 3. Revised and more robust improvement plan which is closely monitored by the Director of Children's Social Work, Early Help and Youth Support. Direct reports provide monthly monitoring reports. 4. Introduction of a monthly Practice and Performance board with Children's Services management team focussing on intelligent use of management information to track the journey of the child. 5. DfE funding has been utilised to support the improvement journey to support the remodelling of the front door, thresholds and support in improving partnership working. 6. Offer for fostering in-house service implemented from April 2023 to improve placements in the City, with additional resources identified in the budget for 2023/24. 7. Annual Safeguarding Report taken to Cabinet in November. 	2	4	8	D of Children's Social Work, Early Help & Youth Support / CM for CS, E&L and CM for PH, ASC & CA

A city with a good quality of life



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
12	<p>Other safeguarding responsibilities</p> <p>Risk that the Council will not be able to effectively deliver its statutory safeguarding responsibilities as a result of a lack of understanding, resources and the additional challenges posed inflation and the cost of living through food and fuel, and that this causes a failure to deliver the outcomes anticipated for vulnerable people that are in need of support.</p>	<ol style="list-style-type: none"> 1. Local Safeguarding Partnerships in place to complement and oversee the work of the Children's and Adult's services. 2. Principal Social Worker – lead role in assuring quality of policy and practice and ensuring adherence to key frameworks eg. safeguarding. 3. Review mechanisms in response to serious incidents – ensuring learning from Serious Case Reviews / Safeguarding Adults Reviews is embedded to minimise future risk. 4. Care Quality Arrangements – working alongside key partners eg. NHS/CQC to identify additional resources and ensure safe, good quality care provision. 5. Establishment of a new Adult Quality Assurance Framework to assure social work practice and regular audits introduced in 2022, now becoming embedded. 6. Annual Safeguarding Report taken to Cabinet in November. 	3	3	9	ED Adults & Communities / CM for CS, E&L and CM for PH, ASC & CA

A city with a good quality of life



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
13	<p>Health inequalities</p> <p>Risk that the health inequalities, particularly the physical and emotional health and wellbeing of residents, will increase due to the ongoing impact of covid-19, inflation and the cost of living pressures.</p> <p>In the longer term the changes resulting from the Health and Care Bill creating an Integrated Care System for Mid and South Essex, impacts on the implementation of the Localities Model, that does not result in effective health and social care outcomes for residents, resulting in increased health inequalities, worsening health outcomes and significant cost increases.</p>	<ol style="list-style-type: none"> 1. Mid and South Essex Integrated Care System, spanning more fully both health and local government, in place. ICS to provide a joint funded post to focus on addressing health inequalities. The draft 5 Year Strategy and Delivery Plan aims to identify any health inequalities emerging and to identify strategies to prevent needs escalating. 2. South East Essex Alliance who alongside the Council provide a leadership role in understanding need and providing oversight and challenge of arrangements and delivery. Additional Health Inequalities funds have been allocated to the system via the ICB to support further mitigations. 3. Health and Wellbeing Board that receive the Joint Strategic Needs Assessment (JSNA) providing the intelligence needed to determine the targeted action required, with reports to and minutes of meetings. 4. Core population health management datasets identify the problems to be addressed. New locality/neighbourhood profiles being finalised to support with targeted interventions. Developing a strategy to deal with premature mortality in respect of Cancer, Respiratory and COPD. 5. Annual Public Health Report helps to focus our efforts on tackling health inequalities. 	4	3	12	D of Public Health / CM for PH, ASC & CA

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A city with a good quality of life



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
14	<p>Risk of staffing vacancies impacting on the delivery of statutory responsibilities including:-</p> <p>Education Psychologists (EPs): National Shortage of EPs reflected in current 70% vacancy rate and significant retention issues, with 50% of the Southend EP service leaving in last 3 months due to market pressures. Locum psychologists are also in short supply and significantly more expensive.</p> <p>EPs must provide Statutory Assessment advice, without which EHCPs cannot be issued. Statutory timescales are significantly compromised.</p> <p>Qualified Social workers: Recruitment of permanent social workers continues to be a challenge nationally and for Southend, exacerbated by a lack of good quality agency qualified social workers to fill current vacancies, especially on the Family Support and Protection teams.</p>	<ol style="list-style-type: none"> 1. Implementation of revised salary, recruitment and retention package August 2023 with attractive CPD and applied psychology opportunities. 2. Continued use of locums to provide statutory advice capacity. 3. Review of EPs structure to realign with Inclusion, EY and Education activities more broadly, to attract EPs. 4. Recovery programme to be implemented once EP / locums secured. 5. 3 year recruitment and retention scheme for the Children's Social work early help and youth support service introduced in April 2022 being closely monitored to see if it is having a positive impact. 6. HR undertaking another benchmarking exercise to compare Southend rates of pay for permanent qualified social workers with other Councils across the Eastern region. 7. Recruitment and retention is a standing item on the Assurance Board chaired by the ED Children and unblock Health and the Children's Service Improvement Board. Head of Service with responsibility for HR is now a permanent member of the Children's Service Improvement Board. 	3	3	9	<p>D of Children's Social Work, Early Help & Youth Support / D of Education Inclusion& Early Years / HNB Project lead / HoS SEND</p> <p>Leader and CM for CS, E & L</p>

A city with a good quality of life



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
15	<p>Adult social care</p> <p>Risk that difficulties being experienced in the adult social care market will cause provider failure and further difficulty in meeting increasing demand for support, resulting in worsening outcomes for those in need of that support. Cost inflation has heightened these risks in the short term, causing providers to require higher fees from a low level, increasing the pressure on capacity in the market</p>	<ol style="list-style-type: none"> 1. The Council influences the market for care by signalling the future expectation of requirements through: <ul style="list-style-type: none"> • Market Position Statement • Commissioning Strategies. 2. The Care Governance Process provides quality assurance arrangements, oversight and support for the local market, including external assessment of services through the Care Quality Commission. 3. Provider Failure Policy in place to direct action in the event of provider difficulty. 4. Cost of Care Exercise and development of a Sustainability Plan, supporting strategic focus as well as sustainability of future care provision. 5. Additional resources identified in the budget for 2023/24. 6. Short term options to provide additional short term capacity being explored. 7. Revised model of care for ASC is being developed for implementation, focusing on citizenship, prevention and enablement. 	4	3	12	D of Commissioning A&C / CM for PH, ASC & CA

A city with a good quality of life



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
16	<p>Social cohesion</p> <p>Risk that the impact of the cost of living pressures on both young people and those living in challenging circumstances, cause them to be particularly worried about the future and experience mental health issues, isolation and fears, resulting in a reduction in social cohesion and an increase in undesirable behaviour.</p> <p>Increased footfall to beach and public spaces with increased unmanaged drinking leading to anti-social behaviour and an increased need to manage the public spaces.</p> <p>Refugees perceived as utilising resources causing additional tensions.</p> <p>These impact on the ability of the City to deliver the priorities specified in the Corporate Plan and damage the reputation of the City.</p> <p>Opportunity for the celebration of City status to re-set and re-focus direction galvanising the community.</p>	<ol style="list-style-type: none"> 1. Support for young people including promotion of apprenticeship opportunities and Kickstart schemes. 2. LGA peer remote peer project on support for younger people aged 18 -25 with funding secured to implement the action plan. 3. Tackling Poverty Strategy approved at Cabinet in February 2023. 4. Mapping mental health services across the City and innovative routes to access mental health support, including ChatHealth, is being led by EPUT. 5. Multi-agency Southend Community Safety Partnership (CSP) work together to tackle crime, disorder and anti-social behaviour. 6. Community Safety Unit (CSU) in place with CCTV and officers providing a visual presence and enforcement activity. 7. OpUnion tactical coordination group to ensure a partnership Police / Council response to increased demand in key areas. 8. Public Spaces Protection Orders put in place to help manage problematic areas. 9. Daily Partner briefings to share information and intelligence across the City. 10. Enforcement Review of the Council's functions involving enforcement activity to optimise the effectiveness of that resource at addressing the various enforcement roles required by the Council. 	3	3	9	H of Communities / Lead Commissioner for Adults / GM Community Safety & Crime Reduction / CM for CS & PP

A city delivering genuinely affordable housing



CGI from Better Queensway transformation consultation

CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
17	<p>Housing</p> <p>Risk that a failure to implement plans to address rising homelessness and failure to implement the Housing, Homelessness and Rough Sleeping Strategy will lead to further homelessness, increased use of temporary accommodation (TA) & an inability to meet rising housing demand over the next 20 years, leading to worse outcomes for residents.</p> <p>Risk is increased by the impact of the cost of living pressures on those just about managing leading to more housing precarity and risk of homelessness.</p> <p>Other pressures on the local housing market such as other councils placing households in Southend, and government contracted asylum and refugee housing needs being sought in the city also make it harder for SCC to source suitable accommodation for its own purposes.</p>	<ol style="list-style-type: none"> 1. Housing, Homelessness and Rough Sleeping strategy is being delivered. 2. Core Strategy and Local Development Plan in place with reports to and minutes of meetings. 3. Regular briefings with Portfolio Holder, Working Party, capital challenges and key aspects of the programme, as well as regular updates to DMT, CLT and Cabinet as required. 4. Effective team structures and strong focus on professional development across the service to ensure timely and effective responses. 5. Cost of living work includes targeting households at risk through and offering assistance where feasible. New software to better target those at risk being procured. 	3	3	9	D of Housing / CM for H & P

A city delivering genuinely affordable housing



Proposed Roots Hall development

CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
18 39	<p>House building programme</p> <p>Risk that not achieving the development and delivery of the house building pipeline through effective engagement and arrangements with the market and developers that have been impacted by Covid-19, inflation and supply chain issues, will result in an inability to deliver the anticipated housing supply, causing additional pressure on the housing market and an impact on the delivery of the desired outcomes of the Council, with an impact on Local Plan housing targets (see also CRR19).</p>	<p>1. House building pipeline in place and being managed with Cabinet agreement to specifically focus on five key workstreams:</p> <ul style="list-style-type: none"> a) Council acquisitions programme b) HRA infill development programme c) Local Authority Housing Fund d) Major Schemes (Better Queensway / Roots Hall & Fossetts Farm) e) Broader pipeline of sites being developed, with Cabinet agreement in place to progress first phase <p>2. Methodology for working with developers in place, to ensure that the right considerations are made about potential developers.</p> <p>3. Updated partnership arrangements with developers to address economic challenges.</p> <p>4. Regular reporting to CLT, Portfolio Holder and Cabinet.</p>	3	4	12	D of Housing / CMs for H & P / EG & I

A city delivering genuinely affordable housing



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
19 40	<p>Local plan</p> <p>Risk that failure to meet Government requirements and make sufficient progress will lead to reputational damage to the Council and the potential imposition of unwanted development and the loss of plan making powers, causing an inability to manage development effectively and deliver upon the Council's outcome priorities.</p> <p>(Nationally the Government is currently considering changes to national policy, which could have significant impacts on the Local Plan process. However, until we are clearer on what the detail of these changes are and when they will come forward it is difficult to establish what impact they may have on timescales.)</p>	<ol style="list-style-type: none"> 1. Local Plan delivery project arrangements in place with appropriate milestones and timelines to deliver the Local Plan. Consultation on 2 stages, issues and options and refining the options documents, completed. Next milestone will be consulting on a Preferred Approach. 2. Local Plan being prepared in the context of ASELA and other key Council strategies (including Corporate Plan, Housing, Homelessness and Rough Sleeping Strategy, Climate Change Emergency Declaration). 3. Engagement with Planning and Housing Working Party Working Party to develop policy as appropriate. 4. Joint working with partners being managed to address the current duty to cooperate, including on infrastructure and housing. 5. Ensure Strategic Planning Service delivering this work continues to be appropriately resourced. 	3	4	12	D of Planning / CM for H & P

A city that is strong and prosperous



CRR ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
20	<p>Regeneration and major projects</p> <p>Risk that failure of partners to progress major infrastructure developments (e.g. Queensway, Seaways, Fossett Farm and Airport Business Park) will result in not achieving delivery of the plans and necessary sequencing of developments, resulting in the dependencies for the chain of regeneration not being delivered and the opportunities for improvement of the City and delivery of anticipated outcomes not being achieved (jobs & skills, housing, linked spend, economic growth, housing delivery etc), as well as significant financial and reputational damage to the Council.</p>	<ol style="list-style-type: none"> 1. Strategic planning for the City in place and being managed. 2. Methodology for working with developers in place, to ensure that the right considerations are made about potential developers. 3. Queensway and Airport Business Park Project Board arrangements in place to govern progress with delivery, with reports to and minutes of meetings and updates as part of the Corporate Performance reporting. 4. Regular and formal monitoring / reporting arrangements in place with key funders, such as the Local Enterprise Partnership (SELEP) and Homes England (HE). 5. Regular reporting to Corporate Management Team and Cabinet, with reports to and minutes of meetings. 6. Progress on delivery of key projects including: planning approval for Better Queensway met first HIF funding delivery milestone, exchange of the contracts and agreements for lease on Roots Hall and Fossetts Farm, and SELEP funding for the Launchpad that was completed in October 2022, concluding the primary Council funded works for Airport Business Park. 	3	4	12	D of Regeneration & Growth / CM for EG & I

A city that is strong and prosperous



CR R ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (LxI)	Leads
			Likelihood	Impact		
21	<p>Visitor destination and major events</p> <p>Risk that the competing demands and needs of residents and visitors will impact on the City’s ability to meet the needs of residents or provide a suitable destination for visitors, and that cost of living pressures impact on the ability of the City to provide an attractive proposition for visitors, with a resultant impact on the economic strength of the City and employment opportunities for school leavers.</p> <p>Opportunities arising from City Status and people holidaying in the UK, but with potential increase in visitor numbers needing to be enabled to be done safely and ensure the offer made by businesses is sustainable.</p> <p>Risk of major events hosted in the City not being adequately managed to secure participant safety resulting in adverse outcomes for participants and reputational and financial damage for the Council.</p>	<ol style="list-style-type: none"> 1. Refreshed tourism strategy ‘Destination Southend’ developed in partnership with key stakeholders on the Southend Tourism Partnership built on feedback from stakeholders including residents and visitors. 2. Cultural Vision refreshed built on feedback from key stakeholders including residents and visitors that will inform investment decisions and actions to be progressed. 3. Culture led regeneration of High Street working with stakeholders and partners towards a new Masterplan to shape the offer of the City Centre. 4. Effective investment in and management of local attractions including engagement with key stakeholders. 5. ‘Visit Southend’ website to promote events and attractions available to visitors. 6. Event application process for events on Council land, requiring an event management plan to be provided by the organiser. 7. Significant events with potential safety risks meet with the Safety Advisory Group (includes Regulatory Services / H&S, Police, Health, Coastguard, Garons Park) that reviews event management plan and discusses with the event organisers if necessary. SAG prohibit events where necessary (but limited scope to actually stop events on private property). 	3	3	9	D of Culture & Tourism / CM for ACH & L

A city that is strong and prosperous



CR R ref	Risk / Opportunity	Management (key controls and action to mitigate the risk / deliver the opportunity)	Risk Assessment (current score)		Risk rating (Lxl)	Leads
			Likelihood	Impact		
22	<p>Economic recovery and income inequalities</p> <p>Risk that the impact of covid-19, inflation and cost of living pressures result in reducing economic activity causing a reduction in employment opportunities for 18-25 year olds and an increase in unemployment across the City. The impact is likely to be experienced unevenly across sectors with the retail, hospitality, leisure and tourism sectors adversely affected causing further risk to traditional shopping centres and the town centre, as well as a further increase in income inequalities and disparity between different parts of the City.</p> <p>However, the move to City status provides the opportunity to attract new businesses and employers into the City, providing new and additional employment that can contribute to the delivery of the ambition and outcomes for the City led by the major regeneration schemes driven by the Council.</p>	<ol style="list-style-type: none"> 1. Focus on economic recovery led by the economic crisis and recovery group, includes representatives from businesses, DwP, Citizens Advice, UoE & Police, provides governance for the UK Shared Prosperity Fund bids that have been made, reporting via the Economic Recovery Working Party. 2. Using a data driven approach to target and support key businesses and providers of jobs to help offset the decline of smaller businesses and lost jobs. Engagement with funders of employment and skills projects to refocus delivery on job and business retention including changes to how projects are delivered to suit a virtual environment (eg. SEBB, SECTA, A Better Start Southend Work, Skills, 60 Minute Mentor). 3. Updated Southend Skills strategy will give us a current appraisal of sector specific challenges and employment demographics to inform creation of solutions with partners. 4. Engagement with businesses, including the Southend Business Partnership, to understand the ongoing impacts of the pandemic and wider economic pressures to provide specific interventions that will support recovery, including the use of Multiply funding to build numeracy skills. 5. Tackling Poverty Strategy approved by Cabinet in February 2023. 6. Development of 3 Levelling Up Funding bids with colleagues across the organisation and partners, focussed on Visitor Economy and Town Centres (awarded £19.9m for bid 1), Culture Led Regeneration of the City Centre and Highways (decision on funding delayed by Government) available to support recovery. 7. Development of ASELA proposition for inward investment offer for South Essex which initially focuses on retention and support for businesses. 	4	4	16	H of Communities / H of Economic Inclusion / CM for EG & I

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Title: Corporate Debt Management - Position to 31st July 2023

Meeting: Cabinet

Date: 18 September 2023

Classification: Part 1

Policy Context:

Key Decision: No

Report Author: Richard Campbell, Council Tax Manager

Executive Councillor: Councillor Cox Leader and Cabinet Member for SEND

1. Executive Summary

1.1 The purpose of this report is to apprise Cabinet of the following:

- The end of year position, 31 July 2023 of outstanding debt to the Council.
- Debts that have been written off, or are recommended for write off, for the financial year to 31 July 2023;
- Obtain approval for the write off of irrecoverable debts that are over £25,000.

2. Recommendations

It is recommended that Cabinet:

- 2.1 Notes the finalised outstanding debt position on 31 July 2023 and the position of debts written off to 31 July 2023 as set out in **Appendices A & B**.
- 2.2 Notes that no write offs exceeding £25,000 need to be considered for approval as part of this report, as shown in **Appendix B**.

3. Background Information

- 3.1 It was agreed by Cabinet on 19 March 2013 that the S151 Officer would submit regular reports to Cabinet on all aspects of the Council's outstanding debt, along with the required write off position. This is the first report for the financial year 2023/24.

3.2 Southend-on-Sea City Council is made up of several service areas, all of which are responsible for the collection and administration of outstanding debt. The main areas are Accounts Receivable and Revenues which are linked to the billing and collection of most debts that fall due to be paid to the Council for chargeable services, such as service/rental charges and statutory levies such as Council Tax and Non-Domestic Rates (Business Rates).

There are also other areas of debt that are included in this report, namely recovery of Housing Benefit Overpayments, Parking and Enforcement penalties and library fines. In addition, the position regarding outstanding debt levels for the Housing Revenue Account for rent arrears and service charges.

3.3 The process and legislative framework for the collection and write off of debt was detailed in the report to Cabinet on 17 September 2013. It is worth highlighting that the Council has a good success rate in collection of debt. The collection targets are agreed annually as part of the Council's service and financial planning process.

3.4 Debts are only considered for write off where all other courses of recovery available have been undertaken or explored and the debt is considered irrecoverable.

3.5 Council Tax

£119.9m of Council Tax is due to be collected in 2023/24, with a year-end collection target of 97.5%. The Council to date has collected a total of £42.9m, with a percentage collection of 35.8% achieved. This is currently £135k less than the target profile for this period of the year but does not present a risk to the overall end of year collection, with the expectation that this will either be achieved or exceeded.

Collection is continuing for outstanding arrears for previous financial years. The chart below shows the actual in year collection rate over the past 4 years, and the collection rate of each year's charge to date, including debts that have been written off.

Council Tax Performance		
	As of 31 March of relevant year	As of 31 July 2023
1 April 2019 - 31 March 2020	97.5%	99.1%
1 April 2020 - 31 March 2021	96.7%	99.0%
1 April 2021 - 31 March 2022	97.4%	98.5%
1 April 2022 - 31 March 2023	97.5%	98.1%

The team continue to collect debts outside of this financial year and have to date had a positive collection of £1.1m within the first reporting period, meaning 10.1% of all debt held has been collected.

The previous report referred to the Council’s plans to commence a review later this year in connection to the large sum of older debts held to ensure all debts that remain on account are recoverable. This remains a priority of the team, and work will hopefully commence in this area in the upcoming months, after the large court sessions have been reviewed.

3.6 Non-Domestic Rates (Business Rates)

£39.5m of Non-Domestic Rate is due to be collected in 2023/24, with a collection target of 98.5%. The Council to date has collected a total of £15.8m, with a percentage collection of 40.1% achieved. This is currently £325k higher than the target profile for this period of the year therefore presents an extremely positive start to the year, with no current risk to the end-of-year collection.

Collection is continuing for outstanding arrears for previous financial years. The chart below shows the actual in year collection rate over the past 4 years, and the collection rate of each year’s charge to date, including debts that have been already written off.

	Non-Domestic Rates Performance	
	As of 31 March of relevant year	As of 31 July 2023
1 April 2019 - 31 March 2020	98.3%	99.9%
1 April 2020 - 31 March 2021	90.6%	99.9%
1 April 2021 - 31 March 2022	96.3%	99.6%
1 April 2022 - 31 March 2023	98.7%	99.8%

The team continue to collect debts outside of this financial year and have to date had a positive collection of £380k within the first reporting period, meaning 22.4% of all debt held has been collected.

3.7 Housing Benefit Overpayment

This is any entitlement to a rent allowance or rent rebate that a person has received but is not entitled to. Most commonly this accumulates when there is a change to a person’s circumstance, and they fail to notify us in good time. The overpayment will be invoiced unless they are in receipt of Housing Benefit in which case their benefit entitlement is reduced to enable recovery of the overpayment. The vast majority of Housing Benefit overpayment is due to claimant error.

Collection during the reporting period is comparable to the prior year, and as a result there has been a decrease of debt in this area, from £4.5m to £4.2m as of 31 July 2023.

3.8 Libraries

Library debt is made up of overdue fines and replacing lost or non-returned books.

3.9 Adult Services

Adult Services make charges for the following services:

- Contributions to residential accommodation
- Charges for non-residential services i.e. Home Care, Community Support, Day Services and transport to services
- Charges to other local authorities
- Charges to National Health Service

As of 31 July 2023, the level of debt was £7.438m, which is an increase of £1.937m compared to this time last year. The main driver of the increased debt level is the increased rates paid to providers, which are - subject to means testing - passed onto the service user.

Of this debt, £2.543m (34%) is debt deferred against property and £1.692m (23%) is under 30 days old, which includes sums owed by the National Health Service or other local authorities.

Of the remaining £3.203m (43%), the majority has been overdue for greater than one year and in some cases, the customer ID reflects that the debt is now charged to the service users' estate. This poses significant risk to recovery as it is unsecured. This has been reflected by an appropriate increase in the Bad Debt provision specifically earmarked for this Service area.

Whilst social care debt needs to be managed in a sensitive manner, considering the potential vulnerability of the service user, this has been highlighted as an area for improvement. A review of working practices for this debt area is currently underway with the intended outcome of a centralised debt management team for the Council with a view to maximising collection in this area for both current and future years.

3.10 Parking

The recovery of unpaid Penalty Charge Notices is undertaken by a semi-judicial process under the current Traffic Management Act 2004.

From 1 April 2023 to 31 July 2023, a total of 24,467 Penalty Charge Notices (PCNs) have been issued identifying a projected income of £722,395. It should be noted that PCNs are issued at a higher rate and lower rate (£70.00 and £50.00 respectively) depending on the seriousness of the parking contravention. PCNs may be paid at a discounted rate of 50% of the charge if paid within 14 days of the date of issue.

This value is continuously being amended as payments are received and it should be recognised that payments made at the 50% discount amount will reduce the projected income level. Historically, 75% of paid PCN's are paid at the discounted payment.

The value of cancelled notices for the period 1 April 2023 to 31 July 2023 is £85,094 and cases written off where no vehicle owner has been identified totals £8,846.

Note: "In parking enforcement process, only PCNs that have been registered as an unpaid debt at the Traffic Enforcement Centre are classed as being at debt stage."

3.11 **Miscellaneous Income**

This will include a range of services that the Council will charge for including such areas as rental income on commercial properties, recharges to other bodies for services we have provided, and recovering overpaid salaries from staff that have left.

It is important to note that collection can vary month by month depending on the value of invoices raised as a reasonable period needs to be allowed for payment to be made.

There has been a significant increase in the write off position due to high value debt agreed for write off in the previous quarters report.

Total debt outstanding of £4.831m compared to £8.127m at the same time last year, a reduction of £3.296m. Of which, £700K is owed by various government bodies and represents little risk of not being received.

3.12 **Housing**

Under the management of South Essex Homes there are arrears of outstanding debt of Rent and Service Charges for housing tenants. Extensive recovery procedures are followed but if the debt is deemed to be irrecoverable then the cost of any write-offs for this category of debt is specifically charged to the Housing Revenue Account and not to Council Tax payers.

3.13 **Debt Collection and Recovery Policy and Write-Off Levels**

The current Debt Collection and Recovery Policy was approved in November 2017, at this time delegation was given to the Executive Director (Finance & Resources) to update the values and level of write-off that can be written off by various designated officers with the Council. Although the Council's existing policy remains robust it was approved at the last Debt Management report to Cabinet that a refresh is undertaken as part of the transformation review for the service and any proposed changes are brought back for consideration and approval by Cabinet. It is intended that this will now be for

the January cabinet cycle to enable the refreshed policy to align with the outcomes of the transformation review including automation of processes and procedures.

Write off approval levels currently in place are shown in the tables below, which are in accordance with the latest Financial Procedure rules set out in the Constitution and the latest corporate debt recovery policy.

Debt Type: Accounts Receivable/Adult Services/ Housing and Council Tax Benefit	
Designation	Amount
Assistant Manager	under £5,000
Manager	Up to £10,000
Executive Director (Finance & Resources)	Between £10,000 and £25,000
Cabinet	£25,000 and above

Debt Type: NNDR (National Non Domestic Rates)	
Designation	Amount
Senior Officer	Up to £2,000
Team Leader	Up to £5,000
Manager	Up to £10,000
Executive Director (Finance & Resources)	Between £10,000 and £25,000
Cabinet	£25,000 and above

Debt Type: Parking	
Designation	Amount
Team Leader	Up to £5,000
Head of Parking	Up to £10,000
Jointly - Head of Parking and Executive Director (Finance & Resources)	Between £10,000 and £25,000
Cabinet	£25,000 and above

South Essex Homes, as managing agent, submit proposed write-offs to the Council, following which the following approval levels are exercised.

Debt Type: Housing Rents and Service Charges	
Designation	Amount
Jointly - Head of Housing Service and Executive Director (Finance & Resources)	Under £25,000
Cabinet	£25,000 and above

4. Reasons for Decisions

- 4.1. Debt collection is conducted independently by each department in accordance with the Council's Corporate Debt Management Policy to ensure a fair and consistent approach is applied to each case, and to maximise collection for the Council.
- 4.2 Each write-off is considered on an individual basis to assess the viability of collection and via the Council's Corporate Debt Management Policy to ensure a standard consistent approach.

5. Other Options

- 5.1. This is a report notifying members of the current position of the Council's debt and related write offs, and therefore there are no other options.

6. Financial Implications

- 6.1 Debts that are written off will have been provided for within the Council's bad debt provision and as such there should be no specific additional financial implications for the Council. However, it is possible that unforeseen and unplanned additional write offs occur, which could lead to the value of debts written off in any year exceeding the bad debt provision.

Where there is a potential for this to happen, this report will act as an early warning system and will enable additional control measures to be agreed and undertaken to either bring the situation back under control, or to make appropriate adjustments to the bad debt provision.

Relevant service areas are aware that they will have to bear the full cost of the value of debts that are written off from within their service's budget.

The Council's bad debt provision is calculated according to the type of debt using and agreed formulae. Exceptions can be made on a case-by-case basis by Finance Officers applying their professional judgement considering specific service knowledge. The proposed arrangements for each debt type are reviewed annually, and the approach is agreed with the Council's external auditors.

For General Fund debt the following percentages are used to calculate the value of provisions for various types of debt

Type of debt	Age of debt in months						
	<1	1-2	2-3	3-4	4-6	6-12	>12
Sundry Debt	0%	10%	10%	50%	50%	90%	90%
Adult Social Care	0%	10%	10%	50%	50%	90%	100%
Commercial Rents	0%	10%	15%	25%	50%	70%	90%

Where there is an active payment plan in place no bad debt provision is made.

Provisions for bad debt associated with Council Tax or NNDR are calculated as part of the Collection Fund accounting arrangements and apportioned between Southend-on-Sea City Council as the billing authority and preceptors. These calculations follow a similar formulaic approach for bad debt provision over the last 23 years. The approach and calculations are also shared with the Council's external auditors each year.

Provisions for bad debt associated with the Housing Revenue Account follow specific recommended guidelines. The Council follows this approach, and the overall bad debt provision is calculated on this basis.

7. Legal Implications

- 7.1 If there are debts to be written off that exceed the level at which officers have delegated powers to deal with the matter, authorisation is required from Cabinet.

8. Carbon Impact

- 8.1. No carbon impact implications.

9. Equalities

- 9.1 Debt Collection is managed through a Corporate Debt Management Policy and is based on an approach of "Can't Pay Won't Pay". Each write-off is considered on an individual basis through a standard consistent best practice approach.

10. Consultation

- 10.1. No consultation required for the write off of debt.

11. Appendices

- 11.1. Appendix A: Debt Management Position 31.07.2023
Appendix B: Write Offs 31.07.2023

Summary of Outstanding Debt**A. Outstanding Debt in respect of arrears before 2023/24**

Debt pre 1/4/2023	Council Tax (a)	Business Rates (a)	Housing Benefit Overpayments (b)	Adult Services	Miscellaneous Income	HRA (Care Line/Service Charges)	Parking (c)	Libraries (d)	HRA Current Tenants (e)	HRA Former Tenants (e)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Collectable Debt	11,186	1,694	4,259	8,238	11,361	410	1,188	n/a	n/a	477
Amount Paid @ 31.07.2023	1,135	380	497	2,492	8,872	124	72	0	n/a	69
Number of Accounts	20,117	558	2,097	3,606	1,765	147	n/a	n/a	n/a	513
Total Outstanding	10,051	1,314	3,868	5,746	2,489	286	1,116	n/a	n/a	408

B. Current Year Debt (Debt raised in respect of 2023/24)

Debt post 1/4/2023	Council Tax (a)	Business Rates (a)	Housing Benefit Overpayments (b)	Adult Services	Miscellaneous Income	HRA (Care Line/Service Charges)	Parking (c)	Libraries (d)	HRA Current Tenants (e)	HRA Former Tenants (e)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net Collectable Debt at 31.07.2023	119,915	39,531	450	4,766	13,943	996	2	n/a	13,730	96
Amount Paid @31.07.2023	42,914	15,861	497	3,074	11,601	446	0	4	13,819	9
Number of Accounts	8,499	2,386	343	998	638	545	n/a	n/a	1,793	100
Total Outstanding	77,001	23,670	350	1,692	2,342	550	2	n/a	1,022	87

Total Debt	Council Tax (a)	Business Rates (a)	Housing Benefit Overpayments (b)	Adult Services	Miscellaneous Income	HRA (Care Line/Service Charges)	Parking (c)	Libraries (d)	HRA Current Tenants (e)	HRA Former Tenants (e)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Net Collectable Debt at 31.03.2023	131,101	41,225	4,709	13,004	25,304	1,406	1,190	n/a	13,730	573
Total Amount Paid @31.03.2023	44,049	16,241	994	5,566	20,473	570	72	4	13,819	78
Total Number of Accounts	28,616	2,944	2,440	4,604	2,403	692	n/a	n/a	1,793	613
Total Debt Outstanding	87,052	24,984	4,218	7,438	4,831	836	1,118	n/a	1,022	495

NOTES

- (a) Council Tax and Business Rates includes adjustments for write offs, credits and outstanding court costs.
- (b) HB Overpayment is not attributable to a financial year in the same way that Council Tax or NDR are i.e. a yearly debit is not raised. It is also not feasible to state when a payment is made which age of debt it has been paid against. For these reasons the outstanding amounts in the report reflect the actual outstanding debt at the date requested, it does not reflect the outstanding debt against current year and previous year debts.
- (c) Parking total outstanding is net of PCNs cancelled and written off.
- (d) The figure of £18k relates to total payments received since 1 April 2022 until 31 March 2023
- (e) HRA tenancy debts (residential rent accounts) are rolling amounts, with no breaks in years or rollovers. Any cash received is applied to the oldest rent week outstanding. The figures shown are total arrears outstanding, and therefore include arrears still outstanding from prior years.

Summary of Write Off's

Debts written off in 2023/24
 Period 1 April 2023 – 31 March 2024 relating to any year

Write Offs	Council Tax £	Business Rates £	Housing Benefit Overpayment t £	Adult Services £	Miscellaneous Income £	HRA (Service Charges) £	Parking £	Libraries £	HRA Tenants £
Under £5k	116,079.22	13,334.90	7,529	12,270	33,108	10	357,643.81	733.60	31,545.64
£5k-£25k	0	58,708.43	0	5,961	16,742	0	0.00	0	19,315.76
Over £25k	25,686.20	52,259.54	0	0	264,717	0	0.00	0	0
Total	141,765.42	124,302.87	7,529	18,231	314,567	10	357,643.81	733.60	50,861.40

There are no Write off's greater than £25,000 to be submitted for approval for this period.

Amount to write off	Service Area

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Title: Treasury Management Report – Quarter One 2023/24

Meeting: Cabinet

Date: 18 September 2023

Classification: Part 1

Policy Context:

Key Decision: No

Report Authors: Caroline Fozzard, Senior Finance Lead (Strategy, Sustainability and Governance),

Executive Councillor: Councillor Cox Leader and Cabinet Member for SEND

1. Executive Summary

1.1. The Treasury Management Report for Quarter One covers the treasury management activity for the period from April to June 2023 and compliance with the treasury management strategy for that period.

2. Recommendations

That the following is approved:

2.1. The Treasury Management Report for Quarter One 2023/24.

That the following is noted:

2.2. Treasury management activities were carried out in accordance with the CIPFA (The Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management in the Public Sector during the period from April to June 2023.

2.3. The loan and investment portfolios were actively managed to minimise cost and maximise interest earned, whilst maintaining a low level of risk.

2.4. £1.483m of interest and income distributions for all investments were earned during this three-month period at an average rate of 4.20%. This is 0.17% under the SONIA rate (Sterling Overnight Index Average) and 0.24% under the average bank rate. Also, the value of the externally managed funds decreased by a net of £0.643m due to changes in the unit price, giving a combined overall return of 2.38%. (Section 8).

2.5. The level of borrowing from the Public Works Loan Board (PWLB) (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained at £347.3m (HRA: £74.2m, GF: £273.1m) during the period from April to June 2023.

2.6. During the quarter the level of financing for 'invest to save' schemes remained the same at £8.22m.

3. Background

3.1. This Council has adopted the 'CIPFA Code of Practice for Treasury Management in the Public Sector' and operates its treasury management service in compliance with this code. The code recommends that local authorities submit reports regularly as part of its Governance arrangements.

3.2. Current guidance is that authorities should report formally at least twice a year and preferably quarterly. The Treasury Management Policy Statement for 2023/24 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation. This is the first quarterly report for the financial year 2023/24.

3.3. Appendix 1 shows the in-house investment position at the end of quarter one of 2023/24.

3.4. Appendix 2 shows the treasury management performance specifically for quarter one of 2023/24.

4. National Context

4.1. Despite the ongoing economic and fiscal challenges UK gross domestic product (GDP) is estimated to have risen by 0.2% in the quarter from April to June 2023. The services sector grew by 0.1% on the quarter, driven by increases in information and communication, accommodation and food service activities, and human health and social work activities. Manufacturing also grew by 1.6%.

4.2. The latest unemployment rate for the quarter from April to June 2023 was 4.2%, an increase of 0.3% on the previous quarter. The increase was driven by people unemployed for up to 6 months. The economic inactivity rate decreased but that was largely driven by those looking after family or home, whereas those inactive because of long-term sickness increased to a record high.

4.3. The Consumer Prices Index including owner occupiers' housing costs (CPIH) was at 7.8% in April, at 7.9% in May and 7.3% in June. The largest downward contributors to the CPIH inflation rate in June came from principally from falling prices for motor fuel, while food prices rose in June 2023 but by less than in June 2022, also leading to an easing in the rates.

4.4. During the quarter, in response to persistent inflationary pressures, the Bank of England increased the bank base rate from 4.25% to 4.5% on 11 May and further increased the rate to 5% on 22 June. The Monetary Policy Committee will continue

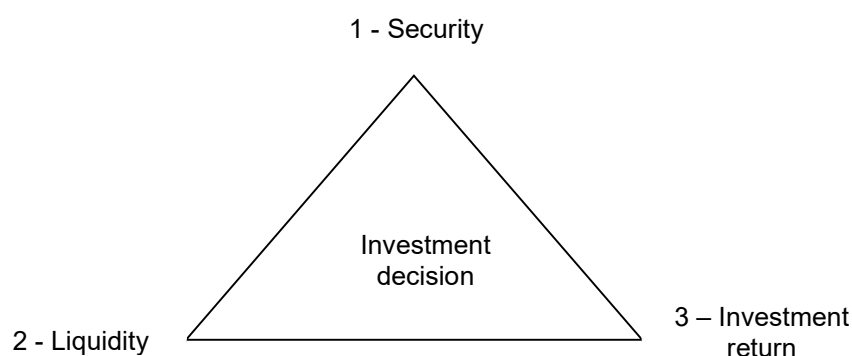
to closely monitor indications of inflationary pressures in the economy as a whole and have indicated that they will adjust the bank base rate as necessary to return inflation to the 2% target.

- 4.5. The economic situation together with the financial market conditions prevailing throughout the quarter provided opportunities for in-house treasury management activities. Variable rate instant access accounts benefited from the increasing interest rates and as fixed term deposits matured, advantage could be taken of the increased rates when reinvesting those monies. However, the prevailing financial market conditions were less favourable to the performance of the externally managed funds, with their unit prices all decreasing over the period from April to June 2023, albeit to a lesser extent than during 2022/23. The bond funds were impacted by the market conditions associated with the continued high rates of inflation. The property funds have been impacted by falling property valuations since mid-2022 and it is predicted that further smaller valuation declines are likely in 2023, followed by a period of stabilisation.

5. Investments

- 5.1. A prime objective of our investment activities is the security of the principal sums invested. To ensure this security before an in-house deposit is made an organisation is tested against a matrix of credit criteria and then other relevant information is considered. During the period from April to June 2023 investment deposits were limited to those who met the criteria in the Annual Treasury Management Investment Strategy when the deposit was placed.
- 5.2. Other investment objectives are to maintain liquidity (i.e. adequate cash resources to allow the council to operate) and to optimise the investment income generated by surplus cash in a way that is consistent with a prudent level of risk. Investment decisions are made with reference to these objectives, with security and liquidity being placed ahead of the investment return. This is shown in the diagram below:

5.3.



Security:

- 5.4. To maintain the security of sums invested, we seek to lower counterparty risk by investing in financial institutions with good credit ratings, across a range of sectors and countries. The risk of loss of principal of all monies is minimised through the Annual Treasury Management Investment Strategy.

- 5.5. Pie chart 1 of Appendix 1 shows that at the end of quarter one; 34% of our in-house investments were placed with financial institutions with a long term credit rating of AAA, 22% with a long term rating of A+ and 44% with a long term rating of A.
- 5.6. As shown in pie chart 2 of Appendix 1 these monies were with various counterparties, 66% being placed directly with banks and 34% placed with a range of counterparties via money market funds.
- 5.7. Pie chart 3 of Appendix 1 shows the range of countries where the parent company of the financial institution with which we have monies invested is registered. For money market funds there are various counterparties spread across many countries.

Liquidity:

- 5.8. At the end of quarter one £47.2m of our in-house monies were available on an instant access basis and £37.5m was invested in fixed term deposits. The table below shows the fixed term deposits during the period April to June 2023.

Table 1: Fixed Term Deposits

Counterparty	Date of Deposit	Return Date	Number of days	Interest rate (%)	Amount (£m)
Santander UK plc	21/10/2022	23/10/2023	367	5.00	5
Santander UK plc	14/11/2022	14/11/2023	365	4.95	10
Lloyds Bank Corporate Markets (NRFB)*	29/12/2022	29/06/2023	182	4.33	2.5
Lloyds Bank Corporate Markets (NRFB)*	29/12/2022	29/09/2023	274	4.71	10
National Bank of Kuwait (International) plc	17/05/2023	16/05/2024	365	5.27	12.5

* NRFB – Non Ring-Fenced Bank

- 5.9. The maturity profile of our in-house investments is shown in pie chart 4 of Appendix 1.

Investment return:

- 5.10. During the quarter the Council used the enhanced cash fund manager Payden & Rygel to manage monies on its behalf. An average balance of £5.0m was invested in these funds during the quarter. The table on the next page shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 3 of Appendix 2.

Table 2: Payden Sterling Reserve Fund

Quarter 1	£m	Investment return (%)
Value of fund at start of quarter	4.962	
Decrease in fund due to value of unit price	(0.036)	(2.90)
Value of fund at end of quarter	4.926	
Income distributions	0.044	3.51
Combined investment income (income distribution plus change in fund value due to unit price)	0.008	0.61

5.11. The Council had an average of £92.1m of investments managed in-house over the period from April to June 2023, and these earned an average interest rate of 4.56%. Of the in-house managed funds:

- an average of £24.8m was held in the Council's main bank account earning an average of 4.27% over the quarter. These monies were held in this account to ensure adequate cash resources to allow the council to operate.
- an average of £33.5m was held in money market funds earning an average of 4.43% over the quarter. These work in the same way as a deposit account but the money in the overall fund is invested in a number of counterparties, therefore spreading the counterparty risk.
- an average of £33.8m was held in fixed term deposits and earned an average return of 4.90% over the quarter.

5.12. In accordance with the Treasury Management Strategy the performance of investments managed in-house during the quarter is compared to the SONIA rate. Throughout the quarter in-house performance was higher than the SONIA rate (Sterling Overnight Index Average) which fluctuated between 4.18% and 4.93%. The bank base rate started the quarter at 4.25%, increased to 4.5% on 11 May and increased to 5% on 22 June. Performance is shown in Graph 1 of Appendix 2.

5.13. As investment balances fluctuate, all investment returns quoted in this report are calculated using the average balance over the period and are quoted as annualised returns.

6. Short Dated Bond Funds

- 6.1. During the quarter two short-dated bond funds were used for the investment of medium term funds: Royal London Investment Grade Short Dated Credit Fund and the AXA Sterling Credit Short Duration Bond Fund.
- 6.2. The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into corporate bonds in the one to five year range. An income distribution will be generated from the coupon on the bond and income distributions are paid to the Council. The price of units can rise and fall, depending on the price of bonds in the fund so these funds are invested over the medium term with the aim of realising higher yields than short term investments.
- 6.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that and not the change in the unit price.
- 6.4. An average of £7.2m was managed by AXA Investment Managers UK Limited. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 2 of Appendix 2.

Table 3: AXA Sterling Credit Short Duration Bond Fund

Quarter 1	£m	Investment return (%)
Value of fund at start of quarter	7.286	
Decrease in fund due to value of unit price	(0.181)	(10.01)
Value of fund at end of quarter	7.105	
Income distributions*	0.057	3.14
Combined investment income (income distribution plus change in fund value due to unit price)	(0.124)	(6.87)

* This income distribution is an estimate and will be confirmed and distributed in quarter 2.

- 6.5. An average of £7.0m was managed by Royal London Asset Management. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 2 of Appendix 2.

Table 4: Royal London Investment Grade Short Dated Credit Fund

Quarter 1	£m	Investment return (%)
Value of fund at start of quarter	6.975	
Decrease in fund due to value of unit price	(0.184)	(10.64)
Value of fund at end of quarter	6.791	
Income distributions	0.065	3.74
Combined investment income (income distribution plus change in fund value due to unit price)	(0.119)	(6.90)

7. Property Funds

- 7.1. Throughout the quarter long term funds were invested in two property funds: Patrizia Hanover Property Unit Trust and Lothbury Property Trust.
- 7.2. The monies are invested in units in the fund, the fund is then invested as a whole by the fund managers into properties. An income distribution is generated from the rental income streams from the properties in the fund. Income distributions are paid to the Council. There are high entrance and exit fees and the price of the units can rise and fall, depending on the value of the properties in the fund, so these funds are invested over the long term with the aim of realising higher yields than other investments.
- 7.3. In line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve will be used to capture all the changes in the unit value of the funds. Members should be aware that investment returns in some quarters will look very good and in other quarters there may be losses reported, but these will not impact the revenue account as only the distributions paid to the Council will impact that and not the change in unit price.
- 7.4. An average of £19.1m was managed by Patrizia Property Investment Managers LLP. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 1 of Appendix 2.

Table 5: Patrizia Hanover Property Unit Trust

Quarter 1	£m	Investment return (%)
Value of fund at start of quarter	19.111	
Decrease in fund due to value of unit price	(0.055)	(1.15)
Value of fund at end of quarter	19.056	
Income distributions*	0.179	3.76
Combined investment income (income distribution plus change in fund value due to unit price)	0.124	2.61

* This income distribution is an estimate and will be confirmed and distributed in quarter 2.

- 7.5. An average of £11.4m was managed by Lothbury Investment Management Limited. The table below shows the movement in the fund value over the quarter, the income distributions for that quarter, the returns both for each element and the combined return. See also Table 1 of Appendix 2.

Table 6: Lothbury Property Trust

Quarter 1	£m	Investment return (%)
Value of fund at start of quarter	11.393	
Decrease in fund due to value of unit price	(0.187)	(6.61)
Value of fund at end of quarter	11.206	
Income distributions*	0.091	3.22
Combined investment income (income distribution plus change in fund value due to unit price)	(0.096)	(3.39)

* This income distribution is an estimate and will be confirmed and distributed in quarter 2.

- 7.6. Over the last few quarters the Lothbury Fund has received a lot of redemption requests from unitholders. These have been driven by three main reasons: pension funds changing the structure of their portfolios and coming out of property investments; the relative underperformance of the fund against its benchmarks in 2022/23 and the retirement of two long standing members of the Executive Board. The Lothbury Fund Managers have discretion to suspend redemptions from the fund when certain thresholds are met. As of 3 July 2023 these thresholds had been exceeded. Having regard to the level of redemptions, the current economic and market conditions and in order to manage sales to meet redemptions, the Fund Managers believed it was in the best interest of all investors to suspend redemptions. The suspension will run for a period of up to 12 months from the next settlement date of 10 October 2023.
- 7.7. The Council views its investment into property funds are over the long term with the aim of realising higher yields than other investments. The current fund valuations have decreased over the last four quarters and in line with the capital finance and accounting regulations the Council's Financial Instrument Revaluation Reserve has been used to capture those decreases in the unit value of the fund and therefore there has been no impact from these changes on the revenue budget. However, if units are sold this would realise any losses so the Council is not currently seeking to redeem any units. Quarterly income distributions will be received from the fund as normal.
- 7.8. If all the requested redemptions go ahead and are not withdrawn, the Lothbury Fund is likely to be much smaller. The Senior Fund Management team has agreed a revised fund strategy to reassess the asset portfolio, assuming a notional Fund size of £500m, which is about half of its current size. They believe this will better position the Fund into 2024 and beyond with a high-quality portfolio for the remaining investors. It will be focussed on retaining the highest quality assets in the best performing sectors. The Executive Board are currently presenting this revised fund strategy to all investors and some of those in the redemption queue are expected to change their mind and withdraw their requests. By the end of September the Fund Managers should have a clearer view on the level of ongoing Fund investment and therefore the value of assets that will need to be sold in an orderly way to meet the redemption requests. A further update will be provided as part of the quarter two report to November Cabinet.

8. Overall Investment Position

- 8.1. An average of £92.1m of investments were managed in-house. These earned £1.047m of interest during this three-month period at an average rate of 4.56%. This is 0.19% above the SONIA rate and 0.12% above the average bank base rate.
- 8.2. An average of £5.0m was managed by an enhanced cash fund manager. During this three-month period this earned £0.044m from income distributions at an average rate of 3.51% and the value of the fund decreased by £0.036m at an average rate of -2.90%, giving a combined return of 0.61%
- 8.3. An average of £14.2m was managed by two short-dated bond fund managers. During this three-month period these earned £0.122m from income distributions at

an average rate of 3.44% and the value of the funds decreased by £0.365m at an average rate of -10.32%, giving a combined overall return of -6.88%.

- 8.4. An average of £30.5m was managed by two property fund managers. During this three-month period these earned £0.270m from income distributions at an average rate of 3.56% and the value of the funds decreased by £0.242m at an average rate of -3.19%, giving a combined overall return of 0.37%.
- 8.5. The total for interest and income distributions in paragraphs 8.1 to 8.4 above is £1.483m. The total change in external fund values due to the unit price is a net decrease of £0.643m, which is set out in the table below:

Table 7: Externally managed funds – changes in unit price

Fund	Table Number	Amount (£m)
Payden Sterling Reserve Fund	2	(0.036)
AXA Sterling Credit Short Duration Bond Fund	3	(0.181)
Royal London Investment Grade Short Dated Credit Fund	4	(0.184)
Patrizia Hanover Property Unit Trust	5	(0.055)
Lothbury Property Trust	6	(0.187)
Total net decrease due to changes in unit price		(0.643)

9. Borrowing

PWLB and short term borrowing

- 9.1. The Capital Financing Requirement (CFR) is the Council's theoretical need to borrow but the Section 151 Officer can manage the Council's actual borrowing position by either:
- 1 - borrowing to the CFR;
 - 2 - choosing to use temporary cash flow funds instead of borrowing (internal borrowing) or;
 - 3 - borrowing for future increases in the CFR (borrowing in advance of need).
- 9.2. The Council began 2023/24 in the second of the above scenarios, with actual borrowing below CFR.
- 9.3. This, together with the Council's cash flows, the prevailing Public Works Loans Board (PWLB) interest rates and the future requirements of the capital investment programme, were taken into account when deciding the amount and timing of any loans. During the quarter no new PWLB loans were taken out, no loans matured and no debt restructuring was carried out.

- 9.4. The level of PWLB borrowing (excluding debt relating to services transferred from Essex County Council on 1st April 1998) remained the same at £347.3m during quarter one. The average rate of borrowing at the end of the quarter was 3.46%. A profile of the repayment dates is shown in Graph 2 of Appendix 2.
- 9.5. The table below summarises the PWLB activities during the quarter:

Table 8: PWLB borrowing during quarter 1

Quarter	Borrowing at beginning of quarter (£m)	New Borrowing (£m)	Re-financing (£m)	Borrowing repaid (£m)	Borrowing at end of quarter (£m)
April to June 2023	347.3	0	0	(0)	347.3
<i>Of which:</i>					
General Fund	273.1	0	0	(0)	273.1
HRA	74.2	0	0	(0)	74.2

All PWLB loans held are at fixed rates and are repayable on maturity.

- 9.6. The level of PWLB borrowing at £347.3m is in line with the financing requirements of the capital investment programme and the revenue costs of this borrowing are fully accounted for in the revenue budget. The current level of borrowing is also in line with the Council's prudential indicators and is proportionate, prudent, affordable and sustainable.
- 9.7. These figures exclude debt held by Essex County Council of £9.2m relating to assets transferred on 1st April 1998, which this Council is responsible for servicing. The debt is recognised as a deferred liability on our balance sheet.
- 9.8. Interest rates from the PWLB fluctuated throughout the quarter in response to economic events: 10 year PWLB rates between 4.23% and 5.27%, 25 year PWLB rates between 4.58% and 5.44% and 50 year PWLB rates between 4.27% and 5.23%. These rates are after the PWLB 'certainty rate' discount of 0.20%.
- 9.9. No short term loans for cash flow purposes were taken out or repaid during the quarter. See Table 4 of Appendix 2.

Funding for Invest to Save Schemes

- 9.10. Capital projects have been completed on energy efficiency improvements at the new Beecroft Art Gallery, replacement lighting on Southend Pier and LED lighting at the Priory Park workshop which will generate on-going energy savings. These are invest-to-save projects and the predicted revenue streams cover as a minimum the financing costs of the project.
- 9.11. To finance these projects in total the Council has taken out interest free loans of £0.079m with Salix Finance Ltd which is an independent, not for profit company, funded by the Department for Energy and Climate Change that delivers interest-

free capital to the public sector to improve their energy efficiency and reduce their carbon emissions. The loans are for a period of four and five years with equal instalments to be repaid every six months. There are no net revenue budget implications of this funding as there are no interest payments to be made and the revenue savings generated are expected to exceed the amount needed for the repayments. £0.001m of these loans were repaid during the period from April to June 2023.

9.12. At the meeting of Cabinet on 23rd June 2015 the LED Street Lighting and Illuminated Street Furniture Replacement Project was approved which was to be partly funded by 25 year reducing balance 'invest to save' finance from L1 Renewables Finance Limited. The balance outstanding at the end of quarter one was £8.20m. There were no repayments during the period from April to June 2023.

9.13. Funding of these invest to save schemes is shown in table 5 of Appendix 2.

10. Compliance with Treasury Management Strategy

10.1. The Council's investment policy is governed by the CIPFA Code of Practice for Treasury Management in the Public Sector, which has been implemented in the Annual Treasury Management Investment Strategy approved by the Council on 23 February 2023. The investment activity during the quarter conformed to the approved strategy and the cash flow was successfully managed to maintain liquidity. See Table 7 of Appendix 2.

11. Reasons for Decisions

11.1. The CIPFA Code of Practice on Treasury Management recommends that Local Authorities should submit reports regularly. The Treasury Management Policy Statement for 2023/24 set out that reports would be submitted to Cabinet quarterly on the activities of the treasury management operation.

12. Other Options

12.1. There are many options available for the operation of the Treasury Management function, with varying degrees of risk associated with them. The Treasury Management Policy aims to effectively control risk to within a prudent level, whilst providing optimum performance consistent with that level of risk.

13. Financial Implications

13.1. The financial implications of Treasury Management are dealt with throughout this report.

14. Legal Implications

- 14.1. The Council has adopted the 'CIPFA Code of Practice for Treasury Management in the Public Sector' and operates its treasury management service in compliance with this Code.

15. Carbon Impact

- 15.1. None arising from this report.

16. Equalities

- 16.1. None arising from this report.

17. Consultation

- 17.1. The key Treasury Management decisions are taken in consultation with our Treasury Management advisers.

18. Background Papers

None.

19. Appendices

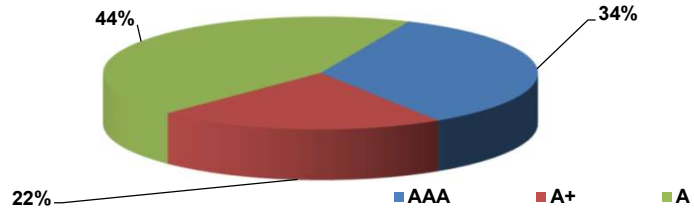
Appendix 1 – In-house Investment Position as at 30 June 2023

Appendix 2 – Treasury Management Performance for Quarter One - 2023/24

INVESTMENTS - SECURITY AND LIQUIDITY

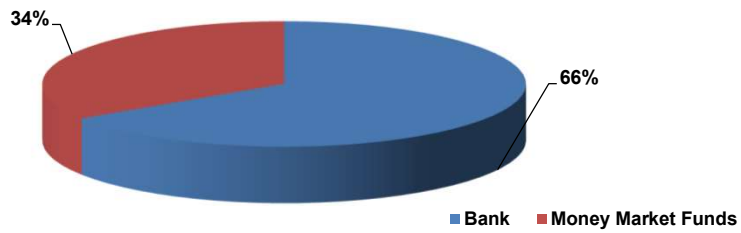
Pie Chart 1

Spread of investments by long term credit rating



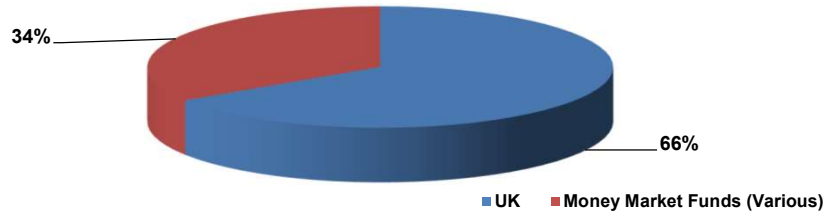
Pie Chart 2

Financial Sector invested in



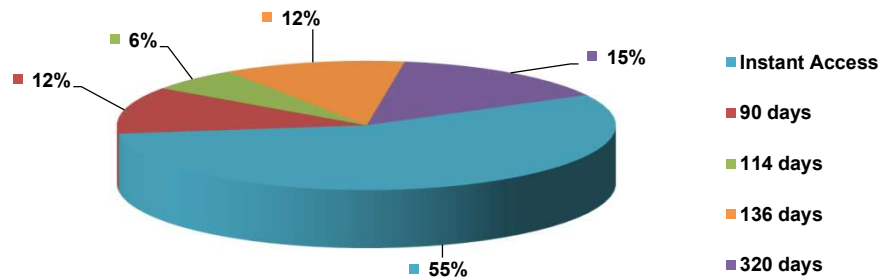
Pie Chart 3

Countries where parent company is registered



Pie Chart 4

Maturity profile of investments



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INVESTMENT

Graph 1 - Investment Return

Average interest rate earned on in-house investments compared with benchmarks 2023/2024
(4th Quarter 2022/2023 shown for comparison)



Table 1 - Property Funds

Financial Institution	Quarter	Value of fund at the start of the Qtr £	Number of units in the Qtr Units	Increase / (Decrease) in fund value £	Value of fund at end of the Qtr £	Income Distribution for the Qtr £	Combined interest Rate %
Patrizia(Rockspring) Hanover Real Estate Management Limited	1	19,110,813.30	1,327.00	(55,054.70)	19,055,758.60	179,237.34	2.61
Lothbury Investment Management - Property Fund	1	11,393,392.80	6,844.14	(187,555.55)	11,205,837.25	91,452.21	(3.39)

Table 2 - Short Dated Bond Funds

Financial Institution	Quarter	Value of fund at the start of the Qtr £	Number of units in the Qtr Units	Increase / (Decrease) in fund value £	Fund Value at end of the Qtr £	Income Distribution for the Qtr £	Combined Interest Rate %
Royal London	1	6,975,366.46	7,751,268.43	(184,480.19)	6,790,886.27	64,854.86	(6.90)
AXA	1	7,286,144.89	7,406,876.99	(180,727.80)	7,105,417.09	56,729.44	(6.87)

Table 3 - Enhanced Cash Fund

Financial Institution	Quarter	Value of fund at the start of the Qtr £	Number of units in the Qtr Units	Increase / (Decrease) in fund value £	Fund Value at end of the Qtr £	Income Distribution for the Qtr £	Combined Interest Rate %
Payden & Rygel	1	4,962,293.38	501,591.35	(35,964.12)	4,926,329.26	43,487.97	0.61

BORROWING

Table 4 - Short Term Borrowing

	Counterparty	Rate %	Amount £	From	To
In place during this Quarter	None				
Taken Out This Quarter	None				

Table 5 - Invest to Save Funding

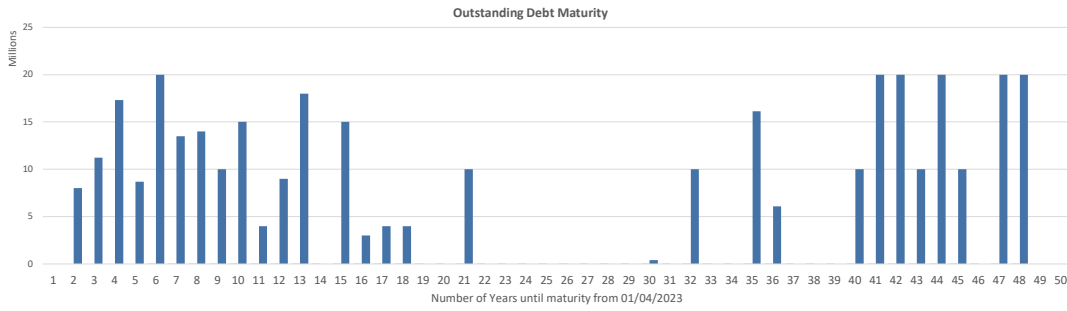
Financial Institution	Date	Period of loan	Final Repayment date	Amount borrowed £	Amount Repaid to Date £	Closing Balance Qtr 1 £	Rate of interest %
Salix Finance Ltd Energy Efficiency Programme	22/02/2019	5 Years	01/02/2024	64,148	(51,318.40)	12,829.60	0
	25/11/2019	5 Years	01/11/2024	8,200	(5,740.00)	2,460.00	0
	02/07/2020	5 Years	01/06/2025	6,171	(3,702.54)	2,468.36	0

L1 Renewables Finance Ltd

- 25 year reducing balance finance
 - balance of £8.2m outstanding at the end of quarter 1
 - there was no repayment in quarter 1

Table 6 - PWLB Borrowing

GRAPH 2 - Long Term Borrowing - PWLB



PWLB - New this quarter

None

PWLB - Repaid this quarter

None

PWLB Rates

	Lowest	Highest
Range of 10 years PWLB new loan rates this quarter (inc certainty rate)	4.23	5.27
Range of 25 years PWLB new loan rates this quarter (inc certainty rate)	4.58	5.44
Range of 50 years PWLB new loan rates this quarter (inc certainty rate)	4.27	5.23

TABLE 7 - Compliance with Treasury Management Strategy

All transactions properly authorised	✓
All transactions in accordance with approved policy	✓
All transactions with approved counterparties	✓
Cash flow successfully managed to maintain liquidity	✓
Any recommended changes to procedures	None required