



# RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

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| <b>DATE:</b>  | <b>Tuesday, 6 September 2022</b>  |
| <b>TIME:</b>  | <b>7.30 pm</b>  |
| <b>VENUE:</b> | <b>Committee Room - Town Hall,<br/>Station Road, Clacton-on-Sea, CO15<br/>1SE</b> |

**MEMBERSHIP:**

**Councillor M Stephenson (Chairman)**  
**Councillor Scott (Vice - Chairman)**  
**Councillor Allen**  
**Councillor Amos**  
**Councillor Barry**

**Councillor Codling**  
**Councillor Griffiths**  
**Councillor Morrison**  
**Councillor Skeels**

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DATE OF PUBLICATION: Wednesday, 24 August 2022

## AGENDA

### **1 Apologies for Absence and Substitutions**

The Committee is asked to note any apologies for absence and substitutions received from Members.

### **2 Minutes of the Last Meeting (Pages 1 - 12)**

To confirm and sign as a correct record, the minutes of the last meeting of the Committee, held on Monday 30 June 2022.

### **3 Declarations of Interest**

Councillors are invited to declare any Disclosable Pecuniary Interests or Personal Interest, and the nature of it, in relation to any item on the agenda.

### **4 Questions on Notice pursuant to Council Procedure Rule 38**

Subject to providing two working days' notice, a Member of the Committee may ask the Chairman of the Committee a question on any matter in relation to which the Council has powers or duties which affect the Tendring District and which falls within the terms of reference of the Committee.

### **5 Scrutiny of Proposed Decisions (Pages 13 - 14)**

Pursuant to the provisions of Overview and Scrutiny Procedure Rule 13, the Committee will review any new and/or amended published forthcoming decisions relevant to its terms of reference and decide whether it wishes to enquire into any such decision before it is taken.

Matters may only be raised on those forthcoming decisions at Committee meetings where the Member has notified the Committee Services Manager in writing (or by personal email) of the question they wish to ask, no later than Midday, two working days before the day of the meeting.

### **6 Recommendations Monitoring Report (Pages 15 - 20)**

To present to the Committee the updated Recommendations Monitoring Report, outlining any recommendations the Committee have sent to Cabinet. The Committee is requested to consider the report and determine whether any further action is required on the recommendations submitted.

### **7 Taking Forward the Overview and Scrutiny Work Programme 2022/23 (Pages 21 - 30)**

To present to the Committee a draft detailed Work Programme 2022/23, to consider the detail and ordering of the Work Programme.

### **8 Financial Outturn 2021/22 (Pages 31 - 40)**

To provide an overview of the Council's financial outturn for the year 2021/22 and the allocation of the associated General Fund Variance for the year.

### **Date of the Next Scheduled Meeting**

*The next scheduled meeting of the Resources and Services Overview and Scrutiny Committee is to be held in the Committee Room - Town Hall, Station Road, Clacton-on-Sea, CO15 1SE at a date still to be confirmed.*

## **Information for Visitors**

### **FIRE EVACUATION PROCEDURE**

There is no alarm test scheduled for this meeting. In the event of an alarm sounding, please calmly make your way out of any of the fire exits in the hall and follow the exit signs out of the building.

Please heed the instructions given by any member of staff and they will assist you in leaving the building and direct you to the assembly point.

Please do not re-enter the building until you are advised it is safe to do so by the relevant member of staff.

Your calmness and assistance is greatly appreciated.

**MINUTES OF THE MEETING OF THE RESOURCES AND SERVICES OVERVIEW  
AND SCRUTINY COMMITTEE,  
HELD ON THURSDAY, 30TH JUNE, 2022 AT 7.30 PM  
IN THE COMMITTEE ROOM - TOWN HALL, STATION ROAD, CLACTON-ON-SEA,  
CO15 1SE**

|                       |  |
|-----------------------|--|
| <b>Present:</b>       | Councillors M Stephenson (Chairman), Scott (Vice-Chairman), Allen, Amos, Barry, Codling, Griffiths, Morrison and Skeels  |
| <b>In Attendance:</b> | Keith Simmons (Head of Democratic Services and Elections), Keith Durran (Committee Services Officer), Hattie Dawson-Dragisic (Performance and Business Support Officer) and Taylor Turner (Apprentice (Democratic Services & Elections)) |

**10. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were no apologies for absence submitted or substitutions on this occasion.

**11. MINUTES OF THE LAST MEETING**

It was **RESOLVED** that the minutes of the meeting of the Committee held on Tuesday 24 May 2022 be approved as a correct record.

**12. DECLARATIONS OF INTEREST**

There were no declarations of interest by Councillors in relation to any item on the agenda for this meeting.

**13. QUESTIONS ON NOTICE PURSUANT TO COUNCIL PROCEDURE RULE 38**

On this occasion no Councillor had submitted notice of a question.

**14. TASK AND FINISH GROUP - DELIVERING HIGH QUALITY SERVICES/MINIMISE WASTE: MAXIMISE RECYCLING AND PUBLIC SPACES TO BE PROUD OF IN URBAN AND RURAL AREAS**

The Chairman reminded the Members of the Committee that they had all received a copy of the recommendations from the Task and Finish Group. There were discussions around looking at this topic again after it had been submitted to Cabinet. The Head of Democratic Services and Elections advised the Committee that this will eventually be added to the Recommendations Monitoring Report and this will provide a further opportunity for Members to be aware of developments in this matter. In addition, the Committee was also informed that, on the draft Work Programme, it had been proposed to undertake an enquiry into the specification for the 2026 contract for waste, recycling and litter services. As such this would be a further opportunity to enquire into this topic, provided the Committee agree to add this to the Work Programme for 2022/23.

It was **RESOLVED TO RECOMMEND** to **CABINET**:

***In respect of the recycling elements of the enquiry:***

- (1) That the capacity of the Street Scene Team to undertake a range of engagement and recycling promotion work with school age children, members of community organisations and the public through roadshows, Council Tax Bills etc. be assessed and plans brought forward to support this capacity. The Committee believes that this work is vital to ensure we have a well-informed local population about recycling and the benefits of it and that the capacity of the team should provide for this work to be undertaken systematically and consistently;**
- (2) That, in addition to the steps in (1) above, available data, or proxies for it, about recycling rates within the District be examined to identify those areas where recycling rates are lowest and that the available resources for promotional activity be targeted to those areas to increase recycling rates there. The Committee is conscious of the need to use data to guide action and that this is an area where finite resources can be directed where the need for action is most required.**
- (3) That proposals for new style three chamber litter bins to separate out general waste from plastic/can recyclables and card recyclables be examined with a view to these being installed in the centres of towns in the District. The Committee considers that these new style bins would help reinforce the message around recycling and further the Council's commitment to it (and positively reinforce the Council's Community Leadership role);**
- (4) That the expected standards for cleanliness/removal of broken glass at the recycling bring sites in the District be developed and publicised and, alongside these, deployment response times for the cleaning/clearing of those sites be established for reports of issues at those sites when the standards are not being met. This recording will include each incident of 'fly tipping' at the sites. The Committee believes the recycling bring sites provide a valuable addition to the kerbside recycling collection service and believes that working with the public we can look to keep the sites in the best possible condition by sharing with them the standards they should expect, the means of reporting when those standards are not met and a response regime to those reports that can manage expectations while returning the site to the expected standards as soon as possible; and**
- (5) That the introduction of an online (MyTendring) form to report a missed bin collection for garden waste collections (Brown bin) be pursued. The Committee regards the availability of a missed bin collection online form for the general waste (Black bin) and recycling boxes (red and green boxes) as positive and that the same 24/7 reporting route should be provided for garden waste where there is a missed collection.**

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***In respect of the public space litter elements of the enquiry:***

- (6) That the proposals for uniquely coloured (purple) bags for those undertaking Community Litter picks (to distinguish these bags from other forms of waste/recycling) be warmly supported;**
- (7) That the large blue litterbins used as part of the Summer Plan along the seafront should be retained throughout the low season to create a year round approach to litter collection in those spaces. The removal of the litterbins means that out of season there is a reduced litterbin service along the seafront. For residents in those areas and local individuals who use the seafront this reduced service is perceived as a lower standard for them than is provided for tourists. Retaining the bins, even with a reduced emptying regime would demonstrate the obvious commitment of the Council to its residents;**
- (8) That consideration be given to a pilot scheme along the stretch of the A120 from Ardleigh Crown to Horsley Cross to install high visibility litter bins in the laybys and evaluate the extent of their use (and any potential consequential fly tipping from their introduction) for a 12 months period (and that the experience be used to inform the approach along this road and the A133 going forward). The Committee believes that the pilot approach will provide the Council with valuable information as to whether litter bins in the laybys of major roads in the District would be advantageous;**
- (9) That the verge litter-picking schedule for the A120 from the new roundabout to the Auction roundabout be increased to six times a year. The current frequency is, in the view of the Committee, demonstrably insufficient to keep the verges concerned clear of litter and this then could encourage further littering to take place by those who see the extent of litter that is not cleared sufficiently frequently to deter it taking place;**

***In respect of future service provision***

- (10) The Committee welcomed the opportunity to input into the specification for the waste, recycling and street cleaning contract that will be the basis of service provision in those areas from 2026.**

**[Note: Further to item (10) in the above recommendations, the Committee proposed the development of proposals for the waste, recycling and street cleaning contract specification from 2026 be included in the work programme of enquiries for the Committee for 2022/23 (Minute 16 refers).]**

**15. SCRUTINY OF PROPOSED DECISIONS**

The Head of Democratic Services and Elections informed the Committee of the publish notice of forthcoming decisions since the agenda for the Committee's last meeting had been published. Under the Overview and Scrutiny Rule 13, no notice of a question on the forthcoming decisions had been given.

In respect of items on the list of forthcoming decisions, the Chairman informed the Committee that the Review of the Beach Hut Strategy would be picked up later in the meeting (Minute 16 refers), he also confirmed that the Committee had recently received off-agenda briefing note on the progress with the Clacton Leisure Centre Artificial Grass Pitch.

It was **RESOLVED** to note the report.

**16. WORK PROGRAMME FOR 2022/23 AND REVIEW OF THE YEAR 2021/22**

The Committee had before it a report of the Head of Democratic Services and Elections, which invited Members to consider a draft Work Programme for 2022/23 for recommendation to Council on 12 July 2022. The report also referenced a review of the work that had been carried out in the Year 2021/22 in respect of Overview and Scrutiny (an "Annual Report").

The draft Annual Report in respect of the scrutiny function in 2022/23 was circulated to the Committee at the meeting. It had been prepared in conjunction with the Chairmen of the two Overview and Scrutiny Committees of the Council. The Committee was advised that this report was a reflection of the last year of Scrutiny through this Committee and through the Community Leadership Overview and Scrutiny Committee. The Committee was invited to comment as to what stand out parts it wanted to see reflected in the Annual Report that will go to Full Council on 12 July 2022 (with the Work Programme).

The Committee was advised as to the process for developing Work Programme items for the Committee. This included consultation with a range of stakeholders. The consultation response were set out in Appendix A.

Appendix B to the report was a draft Work Programme for 2022/23, that the Committee were invited to consider and determine what it should recommend to Council on 12 July 2022. There were discussions around the items on the proposed draft Work Programme.

A proposal was made to add an item on the Work Programme to enquire into Health and Wellbeing in relation to travel issues in the District. The Committee was advised that this would be in terms of reference of the Community Leadership Overview and Scrutiny Committee. The Head of Democratic Services and Elections informed the Committee that although Community Leadership Overview and Scrutiny have already agreed on their items for the Work Programme it had also agreed to organise an informal meeting following Full Council and that he could look to adding that item into that process.

The Committee requested a briefing on the Climate Change action plan. The details of the briefing paper, would be developed at the Committee's meeting on 23 August 2022.

Cllr Allen spoke to his proposal, included in Appendix A in relation to a decision made by the Portfolio Holder for Environment and Public Space.



It was **RESOLVED**:

The Head of Democratic Services and Elections be authorised in consultation with the Committee's Chairmen, to finalise the Overview and Scrutiny Annual Report for 2021/22.

It was **RESOLVED TO RECOMMEND** to **FULL COUNCIL** that:

1. The Work Programme set out at Appendix A to these Minutes be approved.
2. That the Annual Report 2021/22 on the Scrutiny function, as finalised in accordance with the delegation from this Committee, be approved.

The meeting was declared closed at 8.53 pm

**Chairman**

**RECOMMENDATIONS TO COUNCIL ON 12 JULY 2022 FROM  
RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE  
FOR ENQUIRIES TO BE UNDERTAKEN IN 2022/23**

| <b>Item</b>  | <b>Date of Enquiry</b> | <b>Relevant Corporate Plan Theme/Annual Cabinet Priority</b>    | <b>Information to be provided in advance</b>   | <b>Those to be invited to attend</b>  | <b>Articulated value of undertaking the review</b>   |
|--|------------------------|---|--|---|--|
| <b>Scrutiny of the Council's proposals to review the Beach Hut Strategy</b><br><br>Page 6  | Commencing Summer 2022 | Delivering High Quality Services (Public Spaces to be Proud of) | A copy of the 2013 Beach Hut Strategy and the proposals for the review, which will be subject to consultation with stakeholders. | Portfolio Holder for Leisure and Tourism<br><br>Interim Corporate Director - Projects Delivery<br><br>Assistant Director, Economic Growth and Leisure | To feed the committees views into the review of the Beach Hut Strategy, prior to consideration by Cabinet.                     |
| <b>Planning Enforcement – Review of current powers, policies, procedures, data on the use of current enforcement powers, effectiveness of approach and</b> | Commencing Summer 2022 | Delivery of High Quality Services                               | Current Planning Enforcement Policy. Casework examples (i.e. priority and non-priority cases)                                    | Portfolio Holder for Planning,<br><br>Chairman of the Planning Committee,<br><br>Director of Planning,  | To ensure that the Planning Enforcement Service efficiently prioritises enforcement cases ensuring timely closure of casework. |

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| <p>assessment of how cases should be prioritised.</p>   |  |   |  | <p>Assistant Director of Planning</p>   |  |
| <p>Cyber Security for the Council. Looking at the threats, our approach to those threats and the future vulnerabilities. There was agreement that this might be a good subject for scrutiny.</p>  | <p>Commencing Summer 2022</p>  | <p>Strong Finance &amp; Governance</p>  | <ol style="list-style-type: none"> <li>1. Copy of All Member Cybersecurity Briefing Presentation 23/02/22.</li> <li>2. Cyber incident log examples explained.</li> </ol>                         | <p>Deputy Leader, Portfolio Holder for Corporate Finance and Governance,<br/><br/>Head of IT &amp; Resilience,<br/><br/>Cybersecurity &amp; Systems Manager</p> | <p>To challenge/ better understand the cybersecurity risks, defences and mitigations the council has in place.</p>           |
| <p>Council procurement and Contract Management – using potential exemplars from:<br/>-The housing maintenance contract awarded to Rapid, its delivery of work and the management of it.<br/>- The management of the previous cremator</p> | <p>Initial informal meeting in the summer to discuss the issues and hear of proposals from Officers and then to reconvene in the winter to look at</p> | <p>Delivery of High Quality Services<br/><br/>Effective and positive Governance</p> | <p>The Procurement Strategy<br/><br/>Confirmation of procurement and contract management requirements<br/><br/>Details of the procurements in the exemplars<br/><br/>Details of the contract</p> | <p>Management Team</p>  | <p>To ensure that procurement and contract management at the Council is functioning as it should and is fit for purpose.</p> |

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| <p><b>maintenance contract, the need to stop the use of those cremators and the process for securing replacement cremators given the sensitivity around this service and the budgetary implications for the Council while these cremators are out of action.</b></p> <p><b>The Leisure Centre Investment – specifications, securing contractors and delivery of those works and maintenance of the equipment at the Centres.</b></p> | <p><b>progress with any measures implemented</b></p> |   | <p><b>management in the exemplars</b></p> <p><b>Details of measures to improve procurement and contract management at the Council</b></p> <p><b>Procurement Project Pipe Line for programming future projects</b></p> |   |   |
| <p><b>Customer Service</b></p> <p><b>Particularly face to face, telephone and email contact across a range of services</b></p>   | <p><b>Autumn 2022</b></p>                            | <p><b>Delivery of High Quality Services</b></p> | <p><b>Customer Service Commitments</b></p> <p><b>Visitor and Call statistics</b></p>  | <p><b>Relevant Portfolio Holders</b></p> <p><b>Relevant Directors</b></p> | <p><b>To provide an opportunity to assess the level of customer service provided against policies and</b></p> |

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| <p><b>including Council Tax, Waste-Recycling and Leisure</b></p>  |                           |   | <p><b>Complaint handling</b></p> <p><b>Ombudsman focus report on equal access</b></p>  |   | <p><b>provide recommendations around both of these matters. In addition to ensure reasonable adjustments are in place to reflect the needs of those with disabilities.</b></p> |
| <p><b>Waste, recycling and litter beyond 2026.</b></p> <p><b>To consider how best to balance the expectations of residents, cost and service provision.</b></p> | <p><b>Spring 2022</b></p> | <p><b>Delivery of High Quality Services</b></p> | <p><b>The Specification for the current contracts to 2026.</b></p> <p><b>The key milestones in the development of specification for the service provision beyond 2026.</b></p> <p><b>The budget income, recycling credits and expenditure over the most recent five years.</b></p> <p><b>Relevant comparator data for waste, recycling and litter over time and in other</b></p> | <p><b>Relevant Portfolio Holders</b></p> <p><b>Relevant Directors</b></p> | <p><b>To identify what a high quality waste, recycling and litter should look like for Tendring District beyond 2026.</b></p>  |

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| <p><b>Carbon Neutral by 2030. The assessment of measures to progress towards the policy unanimously agreed by Full Council and adopted into the Council's Policy Framework. How will these carbon reduction measures affect the Council and its r partners financially (and is there a consequence for job numbers/skills of the individual measures)?</b></p> | <p><b>Off-Agenda Briefing Paper in the Autumn</b></p> | <p><b>Delivering High Quality Services/<br/>A7 - Carbon Neutral by 2030</b></p> | <p><b>comparator councils.<br/>To be scoped by the Committee in August 2022</b></p>  | <p><b>Not applicable</b></p>   | <p><b>To ascertain progress against the Action Plan 2020-2023 prior to the end of the period of the Action Plan and inform a process of informing the development of the Action Plan for the next period towards the 2030 net zero policy objective.</b></p> |
| <p><b>Post decision scrutiny of the decision of the Portfolio Holder for Environment &amp; Public Space (as follows):</b><br/><br/><b>(a) To give</b></p>  | <p><b>Not specified</b></p>                           | <p><b>Not specified</b></p>   | <p><b>A link to the decision on the Council's website is here:</b><br/><br/><a href="#"><u>Decision - Frinton Summer Theatre - Application for Consent to use Frinton Greensward</u></a></p> | <p><b>Portfolio Holder for Environment and Public Space</b><br/><br/><b>Assistant Director – Building and Public Realm</b></p> | <p><b>To review the consultation with all the parties that will be affected by the decision along with the Councillors whose wards will be affected.</b></p>   |

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| <p><b>consent for the use of the section of Frinton Greensward identified between 14 August 2022 and 5 September 2022 by the Frinton Summer Theatre subject to any necessary licences being obtained and conditions being adhered to; and</b></p> <p><b>(b) That the details of any consents given make it clear that consent is given for this event only and that future events will be evaluated on their merits at the time.</b></p> <p><b>The decision followed an application from Frinton Summer Theatre to provide a tented theatre for the production of plays</b></p> |  |  | <p><a href="http://tendringdc.gov.uk">tendringdc.gov.uk</a></p> <p><b>In addition to the decision itself, the objections received to the application are available at the same link; together with the report of the Assistant Director – Building and Public Realm who advised the Portfolio Holder on the application.</b></p> <p><b>The report considered by the Portfolio Holder prior to the decision to authorise the use of the Greensward references issues raised in the consultation undertaken in respect of concerns about residual costs falling on the Council in respect of additional demand for public lavatories, additional parking, remedial work</b></p> |  | <p><b>To determine the residual cost falling on the Council in respect of additional demand for public lavatories, additional parking, remedial work on the Greensward following the end of the Summer Theatre’s use of it.</b></p> |
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| <p><b>for four weeks on the Greensward at Frinton-on-Sea in the summer of 2022.</b></p> <p><b>The request from the Leader of the Tendring First Group is that the decision made by Portfolio Holder be brought to the Committee to be scrutinised as he believes it was made without a full and thorough consultation with all the parties that will be affected by the decision along with the Councillors whose wards will be affected.</b></p> |  |  | <p><b>on the Greensward following the end of the Summer Theatre's use of it.</b></p> |  |  |
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**In addition, there will be scrutiny for the 2022/23 Budget proposals and this work is scheduled for 4 and 11 January 20**



## **A.1 Resources and Services Overview and Scrutiny Committee** **6 September 2022**

### **OVERVIEW AND SCRUTINY PROCEDURE RULE 13 – SCRUTINY OF** **PROPOSED DECISIONS**

(Prepared by Keith Durran)

The below forthcoming decisions are those published since 30 June 2022

In presenting the following, the Committee's attention is drawn to the agenda item notes in respect of Overview and Scrutiny Procedure Rule 13.

| DESCRIPTION OF DECISION   | KEY DECISION – YES/NO | DECISION MAKER               | Decision Due Date |
|---|-----------------------|------------------------------|-------------------|
| <u>Review and Continuation of the housing repairs in-house team</u>                 | YES                   | Portfolio Holder for Housing | 16/09/2022        |
| <u>Proposed revision of the Council's Secure and Introductory Tenancy Agreement</u> | YES                   | Cabinet                      | 30/11/2022        |

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**A.2 Resources and Services Overview and Scrutiny Committee**  
**06 September 2022**

**RECOMMENDATIONS MONITORING REPORT**  
**(Prepared by Keith Durran)**

| Recommendation(s)<br>Including Date of Meeting and Minute Number  | Actions Taken and Outcome  | Completed, follow-up work required or added to Work Programme |
|---|--|---|
| <p><b><u>This Committee’s meeting on 30 June 2022 (Minute 14 refers)</u></b></p> <p><b><u>WASTE RECYCLING AND LITTERING:</u></b></p> <p><b><u>ENQUIRY RECOMMENDED:</u></b></p> <p><i>“In respect of the recycling elements of the enquiry:</i></p> <p><i>That the capacity of the Street Scene Team to undertake a range of engagement and recycling promotion work with school age children, members of community organisations and the public through roadshows, Council Tax Bills etc. be assessed and plans brought forward to support this capacity. The Committee believes that this work is vital to ensure we have a well-informed local population about recycling and the benefits of it and that the capacity of the team should provide for this work to be undertaken systematically and consistently;</i></p> <p><i>That, in addition to the steps in (1) above, available data, or proxies for it, about</i></p> | <p><b><u>The Recommendation was submitted to the Cabinet Meeting on 15 July 2022 (Minute 37 refers) and the Portfolio Holder’s Comments were as follows:</u></b></p> <p><i>“Colleagues, this report from the Resources and Services Overview &amp; Scrutiny Committee is far too good to just note as it is bursting with intelligent ideas. I want the chance for each to be examined in detail and properly costed, with a view to trying to encompass the report’s ideas. Damian Williams organised a meeting for me yesterday with Andy White and Jonathan Hamlet present. I said that only having received the report a week ago, this was not enough time to present a considered answer at this Cabinet meeting, but that I wanted a detailed answer to be prepared with costs included for the next Cabinet meeting.”</i></p> <p><i>Having considered the recommendations of the Resources and Services Overview &amp; Scrutiny Committee, together with the initial response of the Environment &amp; Public Space Portfolio Holder thereto:-</i></p> |   |

recycling rates within the District be examined to identify those areas where recycling rates are lowest and that the available resources for promotional activity be targeted to those areas to increase recycling rates there. The Committee is conscious of the need to use data to guide action and that this is an area where finite resources can be directed where the need for action is most required.

That proposals for new style three chamber litter bins to separate out general waste from plastic/can recyclables and card recyclables be examined with a view to these being installed in the centres of towns in the District. The Committee considers that these new style bins would help reinforce the message around recycling and further the Council's commitment to it (and positively reinforce the Council's Community Leadership role);

That the expected standards for cleanliness/removal of broken glass at the recycling bring sites in the District be developed and publicised and, alongside these, deployment response times for the cleaning/clearing of those sites be established for reports of issues at those sites when the standards are not being met. This recording will include each incident of 'fly tipping' at the sites. The Committee believes the recycling bring sites provide a valuable addition to the kerbside recycling

*It was moved by Councillor Talbot, seconded by Councillor Bray and:-*

*RESOLVED that Cabinet notes –*

- (a) the contents of the report; and*
- (b) that a full response from the Environment & Public Space Portfolio Holder will be submitted to the next meeting of the Cabinet.*

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| <p><i>collection service and believes that working with the public we can look to keep the sites in the best possible condition by sharing with them the standards they should expect, the means of reporting when those standards are not met and a response regime to those reports that can manage expectations while returning the site to the expected standards as soon as possible; and</i></p> <p><i>(5) That the introduction of an online (MyTendring) form to report a missed bin collection for garden waste collections (Brown bin) be pursued. The Committee regards the availability of a missed bin collection online form for the general waste (Black bin) and recycling boxes (red and green boxes) as positive and that the same 24/7 reporting route should be provided for garden waste where there is a missed collection.</i></p> <p><i>In respect of the public space litter elements of the enquiry:</i></p> <p><i>That the proposals for uniquely coloured (purple) bags for those undertaking Community Litter picks (to distinguish these bags from other forms of waste/recycling) be warmly supported;</i></p> <p><i>That the large blue litterbins used as part of the Summer Plan along the seafront should be retained throughout the low season to create a year round approach to litter</i></p> |  |  |
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*collection in those spaces. The removal of the litterbins means that out of season there is a reduced litterbin service along the seafront. For residents in those areas and local individuals who use the seafront this reduced service is perceived as a lower standard for them than is provided for tourists. Retaining the bins, even with a reduced emptying regime would demonstrate the obvious commitment of the Council to its residents;*

*That consideration be given to a pilot scheme along the stretch of the A120 from Ardleigh Crown to Horsley Cross to install high visibility litter bins in the laybys and evaluate the extent of their use (and any potential consequential fly tipping from their introduction) for a 12 months period (and that the experience be used to inform the approach along this road and the A133 going forward). The Committee believes that the pilot approach will provide the Council with valuable information as to whether litter bins in the laybys of major roads in the District would be advantageous;*

*(9) That the verge litter-picking schedule for the A120 from the new roundabout to the Auction roundabout be increased to six times a year. The current frequency is, in the view of the Committee, demonstrably insufficient to keep the verges concerned clear of litter and this then could encourage further littering to take place by those who*

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| <p><i>see the extent of litter that is not cleared sufficiently frequently to deter it taking place;</i></p> <p><i>In respect of future service provision:</i></p> <p><i>(10) The Committee welcomed the opportunity to input into the specification for the waste, recycling and street cleaning contract that will be the basis of service provision in those areas from 2026.</i></p> <p><i>[Note: Further to item (10) in the above recommendations, the Resources and Services Overview and Scrutiny Committee had proposed to Council on 12 July 2022 that the development of proposals for the waste, recycling and street cleaning contract specification from 2026 be included in the work programme of enquiries for the Committee for 2022/23.]</i></p> |  |  |
|--|--|--|

Recommendations monitoring for those recommendations from earlier meetings of the Committee have been previously reported to the Committee and, as such, are not repeated here as there is no further update to be provided on them.

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## RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE 6 SEPTEMBER 2022

### REPORT OF THE HEAD OF DEMOCRATIC SERVICES AND ELECTIONS

#### A.3 Taking Forward the Overview and Scrutiny Work Programme 2022/23

(Report prepared by Keith Durran and Keith Simmons)

#### BACKGROUND

Council on 12 July 2022 (Minute 29 refers), determined the Overview and Scrutiny work programme for 2022/23 for this Committee. The scope of the various enquiries within the approved work programme is set out as Appendix A to this report.

Following this, an informal meeting was held of the Members of this Committee on Thursday 11 August 2022, to consider the steps to put in place to deliver that work programme. The purpose of this report is to invite the Committee to consider, and if satisfied endorse, the proposals arising from the meeting on 11 August and otherwise agree arrangements for the work programme over the coming months.

The Council's decision of 22 July envisaged four Task and Finish Groups to be established. The working approach adopted has been to see to establish these with five Members each. This number would, hopefully, make them large enough to involve Members with different viewpoints to explore the relevant issues without being too large that arrangements became too cumbersome.

In respect of the four Task and Finish Groups, the proposals from the informal meeting of Members of this Committee were as follows:

#### Cyber Security

Councillor Griffiths to Chair this Group, Councillors Amos and Clifton also volunteered to sit on this Task and Finish Group

#### Beach Huts

Councillor Scott to Chair this Group, Councillors Codling and Morrison volunteered to sit on the Task and Finish group. Councillor Scott also requested to hear representations from the Beach Associations as well as Ward Members who have beach huts in their wards.

Needs to be completed by 7 October Cabinet.

There was also some discussion about whether there should be a request that determination of a revised Beach Huts Strategy be rescheduled from the October meeting of Cabinet to its November meeting. This would facilitate more time for the Task and Finish Group to undertake its work and inform any final decision.

#### Planning Enforcement

Councillor Baker to Chair this Group, Councillors Amos and Codling volunteered to sit on the Task and Finish Group.

### Customer Service

Councillor M Stephenson to Chair this Group, Councillors Allen, Griffiths and Morrison also volunteered to sit on the Task and Finish Group.

In addition to the above Task and Finish Groups, the work programme envisaged the following overview and scrutiny activity co-ordinated by the Committee:

### Council procurement and Contract Management.

Consideration of the scope of this enquiry would initially be through an informal meeting of the whole Committee. A date for this meeting was to be sought for October. Further details will be provided as the arrangements are made.

### Carbon Neutral by 2023

This would be an off agenda briefing item in early Autumn. It would address the following questions:

*How are we measuring carbon reduction?*

*What measures have :*

- a) actually been implemented and what impact have they had*
- b) are planned in next 2-3 yrs. and what are anticipated savings*
- c) what is planned 2025 – 2030 to continue commitment to achieve neutrality and what are obstacles and problems?*

*Basic data I think is what we want to be able to ask questions?*

Councillor Barry would be the Committee's Champion for this piece of work.

### Waste and Recycling

A workshop style event would be held in spring 20223 to capture the various issues raised by the Committee in its previous related enquiries and updated for the circumstances as they then are.

### Frinton Theatre

This enquiry would be considered at the formal October meeting of Committee.

## **RECOMMENDATION**

- (a) That the Committee considers the contents of the report and, if satisfied, endorses the proposals set out;**
- (b) That, further to (a) above, the Head of Democratic Services and Elections be requested to take forward the endorsed proposals, including extending**

**invitations to other Councillors who may wish to join specific Task and Finish Groups (but are not members of this Committee) to facilitate the overview and scrutiny enquiries set out.**

## **Appendices**

Appendix A

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**A.3 RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE  
FOR ENQUIRIES TO BE UNDERTAKEN IN 2022/23**

| <b>Item</b>  | <b>Date of Enquiry</b> | <b>Relevant Corporate Plan Theme/Annual Cabinet Priority</b>    | <b>Information to be provided in advance</b>   | <b>Those to be invited to attend</b>  | <b>Articulated value of undertaking the review</b>   |
|--|------------------------|---|--|---|--|
| Scrutiny of the Council's proposals to review the Beach Hut Strategy   | Commencing Summer 2022 | Delivering High Quality Services (Public Spaces to be Proud of) | A copy of the 2013 Beach Hut Strategy and the proposals for the review, which will be subject to consultation with stakeholders. | Portfolio Holder for Leisure and Tourism<br><br>Interim Corporate Director - Projects Delivery<br><br>Assistant Director, Economic Growth and Leisure | To feed the committees views into the review of the Beach Hut Strategy, prior to consideration by Cabinet.                     |
| Planning Enforcement – Review of current powers, policies, procedures, data on the use of current enforcement powers, effectiveness of approach and assessment of how cases should be prioritised. | Commencing Summer 2022 | Delivery of High Quality Services                               | Current Planning Enforcement Policy. Casework examples (i.e. priority and non-priority cases)                                    | Portfolio Holder for Planning,<br><br>Chairman of the Planning Committee,<br><br>Director of Planning,<br><br>Assistant Director of Planning          | To ensure that the Planning Enforcement Service efficiently prioritises enforcement cases ensuring timely closure of casework. |
| Cyber Security for the Council. Looking at the threats, our  | Commencing Summer 2022 | Strong Finance & Governance                                     | 1. Copy of All Member Cybersecurity  | Deputy Leader, Portfolio Holder   | To challenge/ better understand the  |

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| <p>approach to those threats and the future vulnerabilities. There was agreement that this might be a good subject for scrutiny.</p>   |   |   | <p>Briefing Presentation 23/02/22.<br/>2. Cyber incident log examples explained.</p>   | <p>for Corporate Finance and Governance,<br/>Head of IT &amp; Resilience,<br/><br/>Cybersecurity &amp; Systems Manager</p> | <p>cybersecurity risks, defences and mitigations the council has in place.</p>   |
| <p>Council procurement and Contract Management – using potential exemplars from:<br/>-The housing maintenance contact awarded to Rapid, its delivery of work and the management of it.<br/>- The management of the previous cremator maintenance contract, the need to stop the use of those cremators and the process for securing replacement cremators given the sensitivity around this service and the budgetary implications for the</p> | <p>Initial informal meeting in the summer to discuss the issues and hear of proposals from Officers and then to reconvene in the winter to look at progress with any measures implemented</p> | <p>Delivery of High Quality Services<br/><br/>Effective and positive Governance</p> | <p>The Procurement Strategy<br/><br/>Confirmation of procurement and contract management requirements<br/><br/>Details of the procurements in the exemplars<br/><br/>Details of the contract management in the exemplars<br/><br/>Details of measures to improve procurement and contract management at the Council<br/><br/>Procurement Project Pipe Line for</p> | <p>Management Team</p>   | <p>To ensure that procurement and contract management at the Council is functioning as it should and is fit for purpose.</p> |

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| <p>Council while these cremators are out of action.<br/>         - The Leisure Centre Investment – specifications, securing contractors and delivery of those works and maintenance of the equipment at the Centres.</p> |                    |  | <p>programming future projects</p>   |   |   |
| <p><b>Customer Service</b><br/>         Particularly face to face, telephone and email contact across a range of services including Council Tax, Waste-Recycling and Leisure</p>   | <p>Autumn 2022</p> | <p>Delivery of High Quality Services</p> | <p>Customer Service Commitments<br/>         Visitor and Call statistics<br/>         Complaint handling<br/>         Ombudsman focus report on equal access</p> | <p>Relevant Portfolio Holders<br/>         Relevant Directors</p> | <p>To provide an opportunity to assess the level of customer service provided against policies and provide recommendations around both of these matters. In addition to ensure reasonable adjustments are in place to reflect the needs of those with disabilities.</p> |
| <p>Waste, recycling and litter beyond 2026.<br/>         To consider how best to balance the</p>   | <p>Spring 2022</p> | <p>Delivery of High Quality Services</p> | <p>The Specification for the current contacts to 2026.</p>   | <p>Relevant Portfolio Holders<br/>         Relevant Directors</p> | <p>To identify what a high quality waste, recycling and litter should look like for</p>   |

|   |  |  |   |                       |   |
|---|--|--|---|-----------------------|---|
| <p>expectations of residents, cost and service provision.</p>   |  |  | <p>The key milestones in the development of specification for the service provision beyond 2026.</p> <p>The budget income, recycling credits and expenditure over the most recent five years.</p> <p>Relevant comparator data for waste, recycling and litter over time and in other comparator councils.</p> |                       | <p>Tending District beyond 2026.</p>  |
| <p>Carbon Neutral by 2030. The assessment of measures to progress towards the policy unanimously agreed by Full Council and adopted into the Council's Policy Framework. How will these carbon reduction measures affect the Council and its r partners financially (and is there a consequence for job numbers/skills of the</p> | <p>Off-Agenda Briefing Paper in the Autumn</p> | <p>Delivering High Quality Services/<br/>A7 - Carbon Neutral by 2030</p> | <p>To be scoped by the Committee in August 2022</p>   | <p>Not applicable</p> | <p>To ascertain progress against the Action Plan 2020-2023 prior to the end of the period of the Action Plan and inform a process of informing the development of the Action Plan for the next period towards the 2030 net zero policy objective.</p> |



|   |                      |                      |   |  |  |
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| <p>individual measures)?</p>  |                      |                      |   |  |  |
| <p>Post decision scrutiny of the decision of the Portfolio Holder for Environment &amp; Public Space (as follows):</p> <p>(a) To give consent for the use of the section of Frinton Greensward identified between 14 August 2022 and 5 September 2022 by the Frinton Summer Theatre subject to any necessary licences being obtained and conditions being adhered to; and</p> <p>(b) That the details of any consents given make it clear that consent is given for this event only and that future events will be evaluated on their merits at the time.</p> | <p>Not specified</p> | <p>Not specified</p> | <p>A link to the decision on the Council’s website is here:</p> <p><a href="#">Decision - Frinton Summer Theatre - Application for Consent to use Frinton Greensward (tendringdc.gov.uk)</a></p> <p>In addition to the decision itself, the objections received to the application are available at the same link; together with the report of the Assistant Director – Building and Public Realm who advised the Portfolio Holder on the application.</p> <p>The report considered by the Portfolio Holder prior to the decision to authorise the use of the Greensward references issues raised in the consultation undertaken in respect of concerns about</p> | <p>Portfolio Holder for Environment and Public Space</p> <p>Assistant Director – Building and Public Realm</p> | <p>To review the consultation with all the parties that will be affected by the decision along with the Councillors whose wards will be affected.</p> <p>To determine the residual cost falling on the Council in respect of additional demand for public lavatories, additional parking, remedial work on the Greensward following the end of the Summer Theatre’s use of it.</p> |

|  |  |  |  |  |  |
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| <p>The decision followed an application from Frinton Summer Theatre to provide a tented theatre for the production of plays for four weeks on the Greensward at Frinton-on-Sea in the summer of 2022.</p> <p>The request from the Leader of the Tendring First Group is that the decision made by Portfolio Holder be brought to the Committee to be scrutinised as he believes it was made without a full and thorough consultation with all the parties that will be affected by the decision along with the Councillors whose wards will be affected.</p> |  |  | <p>residual costs falling on the Council in respect of additional demand for public lavatories, additional parking, remedial work on the Greensward following the end of the Summer Theatre's use of it.</p> |  |  |
|--|--|--|--|--|--|

In addition, there will be scrutiny for the 2022/23 Budget proposals and this work is scheduled for 4 and 11 January 20

## RESOURCES AND SERVICES OVERVIEW AND SCRUTINY COMMITTEE

6 SEPTEMBER 2022

### REPORT OF THE ASSISTANT DIRECTOR FINANCE & IT

#### **A.4 FINANCIAL OUTTURN 2021/22**

(Report prepared by Richard Barrett)

##### **PURPOSE OF THE REPORT**

To provide an overview of the Council's financial outturn for the year 2021/22 and the allocation of the associated General Fund Variance for the year.

##### **BACKGROUND**

On 15 July 2022 Cabinet considered the Financial Outturn 2021/22 and it was resolved that Cabinet:

- (a) *notes the financial outturn position for 2021/22, as set out in the Portfolio Holder's report and its appendices;*
- (b) *approves the financing of General Fund capital expenditure for 2021/22, as detailed in Appendix D to the Portfolio Holder's report;*
- (c) *approves the movement in uncommitted and earmarked General Fund reserves for 2021/22, as set out in Appendix E to the Portfolio Holder's report;*
- (d) *notes the requested carry forwards totalling £17.890m (£12.948m Revenue, COVID Funding £1.077m (net) and £3.865m Capital), as was set out in Appendix K to the Portfolio Holder's report;*
- (e) *authorises the Section 151 Officer, in consultation with the Portfolio Holder for Corporate Finance and Governance, to approve the carry forwards with the outcome to be reported to Cabinet in September 2022;*
- (f) *in respect of the HRA, approves the movement on HRA balances for 2021/22 including any commitments set out within Appendices H and/or I to the Portfolio Holder's report, along with recharges to the HRA from the General fund of £2.543m for the year and the financing of the HRA capital expenditure set out in Appendix I to the Portfolio Holder's report;*
- (g) *approves the use of £0.050m from HRA General Balances to meet the cost of additional improvements to the Council's Housing Repairs and Maintenance system in 2022/23;*
- (h) *notes the various COVID 19 grant funding amounts set out in Appendix K (ii) to the Portfolio Holder's report and approves the use of the funding as set out in that same Appendix and main body of the report and authorises the Portfolio Holder for Corporate Finance and Governance to agree further allocations from this funding where it supports the on-going recovery from the COVID19 pandemic;*
- (i) *approves the overall General Fund Outturn Variance for the year of £0.252m being transferred to the existing contingency budget for further consideration as part of the updated Financial Forecast and Quarter 1 position for 2022/23 that will be presented*

to Cabinet in September 2022;

- (j) *approves the use of £0.900m from the funding received from Local Health Partners to deliver the improvements set out in the Portfolio Holder's report, and authorises the Corporate Director (Operations and Delivery), in consultation with the Portfolio Holder for Housing, to implement the associated schemes and projects;*
- (k) *approves an additional exemption from procurement rules to regularise the additional cost of £0.033m to deliver the Octopus Ahoy sculpture trail in 2021/22;*
- (l) *delegates approval of the identification of the necessary additional funding to support the delivery of the new artificial pitch at Clacton Leisure Centre to the Portfolio Holder for Corporate Finance and Governance; and*
- (m) *authorises the Council's Section 151 Officer, in consultation with the Corporate Finance and Governance Portfolio Holder, to adjust the outturn position for 2021/22 along with any corresponding adjustment to earmarked reserves as a direct result of any recommendations made by the Council's External Auditor during the course of their audit activities relating to the Council's 2021/22 accounts.*

The report submitted to Cabinet referred to above is attached as **Appendix A**.

#### **RECOMMENDATION**

**That the Resources and Services Overview and Scrutiny Committee considers the report set out as Appendix A and determines whether it has any recommendations it wishes to put forward to the relevant Portfolio Holder or Cabinet.**

#### **APPENDICES**

**Appendix A – Financial Outturn 2021/22 (considered by Cabinet on 15 July 2022)**

## CABINET

15 JULY 2022

## REPORT OF CORPORATE FINANCE AND GOVERNANCE PORTFOLIO HOLDER

## A.7 TREASURY MANAGEMENT PERFORMANCE 2021/22

(Report prepared by Richard Barrett and Wendy Borgartz)

## PART 1 – KEY INFORMATION

## PURPOSE OF THE REPORT

To report on the Council's treasury management activities and Prudential Indicators for 2021/22.

## EXECUTIVE SUMMARY

- Borrowing and investments have been undertaken in accordance with the 2021/22 Annual Treasury Strategy that was approved by full Council on 13 July 2021.
- Summary of the Council's Borrowing Position:**

| Amount Outstanding at the end of March 2022 | Average Interest Rate Paid in 2021/22 | Total Interest paid in 2021/22 |
|---|---------------------------------------|--------------------------------|
| £0.144m (General Fund)                      | 7.122%                                | £0.011m                        |
| £36.777m (HRA)                              | 3.521%                                | £1.322m                        |

No external borrowing was undertaken in 2021/22 for either the General Fund (GF) or Housing Revenue Account (HRA).

- Summary of the Council's Investment Position:**

| Value of Investments held at the end of March 2022 | Average Interest rate on Investments 2021/22 | Interest Earned on Investments 2021/22 |
|--|--|--|
| £7.655m  | 0.073%                                       | £0.065m                                |

The amount of interest earned from investments decreased during the year due to the bank base rate remaining at 0.10% until 16 December 2021, when it increased to 0.25%, with further increases to 0.50% on 3 February 2022 and 0.75% on 17 March 2022. As most investments are fixed for 6 months at a time, the increases did not offset the majority of the year at 0.10%. Compared to historic interest figures, the 2021/22 return remained low because of the continuing unprecedented low interest rates. Estimated income was reduced from prior years to **£0.067 million**, with the outturn figure being **£0.065 million** as set out in the table above.

- The Council continues to hold one property within its Commercial Investment Portfolio, which had a balance sheet value at 1 April 2021 of **£1.985 million**. This

'book value' was increased by the Council's appointed valuers to **£2.108 million** at the end of 2021/22. However, this is an 'accounting' valuation and not a direct value that could be achieved on the market if it was sold. In-line with the budget, rental income of **£0.256 million** was earned on the property in 2021/22 (this figure was higher than in previous years due to the schedule of payments moving back to quarterly rather than monthly with no effect on the overall annualised position)

- As reported to Cabinet in February 2022, during 2021/22 the Treasury Management limit of **£1.000 million** that can be held across the Council's various current accounts on any one day was exceeded on 17 December 2021, when a total of **£2.213 million** was held across the various current accounts. This was due to a serious cybersecurity attack on the Council, meaning that treasury officers were unable to access the systems necessary to move **£1.300 million** across to the call accounts, although the total held with Lloyds Bank was less than the total limit across both the call account and the current accounts. On 1 June 2022, the limit for the bank current accounts was again exceeded, due to the closure of a bank account held with Nat West where they gave no notice of the repayment of the associated credit on the account. As no prior notification of this repayment was received, no alternative arrangements could be made in time. This was a one-off event with further details set out later on in this report.
- Treasury performance figures for the year are set out in **Appendix A** with Prudential Indicators attached as **Appendix B**.
- The impact of inflation is expected to grow further in 2022/23 with an expectation that interest rates will continue to rise. Investment income budgets will be reviewed as part of the quarterly Corporate Budget Monitoring and long term financial planning processes.

#### RECOMMENDATION(S)

That Cabinet:

- a) notes the Treasury Management performance position for 2021/22; and
- b) approves the Prudential and Treasury Indicators for 2021/22.

## PART 2 – IMPLICATIONS OF THE DECISION

#### DELIVERING PRIORITIES

Good and effective Treasury Management supports the Council in delivery against its corporate goals and objectives.

#### FINANCE, OTHER RESOURCES AND RISK

##### Finance and other resources

Key treasury management performance data is set out in **Appendix A**.

##### Risk

Risk is inherent in all treasury management activities. Such risks are considered within the Capital and Treasury Strategy with management actions necessary to mitigate the risks set out in the Council's Treasury Management Practices.

**LEGAL**

This Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

The Local Authorities (Capital Financing and Accounting) (England) Regulations 2003 include the requirement for local authorities to have regard to CIPFA guidance which this Council has adopted.

**OTHER IMPLICATIONS**

Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.

**Crime and Disorder / Equality and Diversity / Health Inequalities / Area or Ward affected / Consultation/Public Engagement.**

There are no direct implications in respect of the above areas.

**PART 3 – SUPPORTING INFORMATION****BACKGROUND AND CURRENT POSITION**

The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in the Public Services. The main reporting elements to comply with this code include:

- An Annual Capital and Treasury Strategy approved by Cabinet after consultation with the relevant overview and scrutiny committee for recommending to the Full Council.
- Regular monitoring reports that form part of the Council's Corporate Financial Performance Monitoring arrangements during the year. During 2021/22, a breach of the limits that can be held in total across the current accounts on 17 December 2021 was reported when a total of **£2.213 million** was held compared to the limit of **£1.000 million**. This arose due to a serious cybersecurity attack on the Council, meaning that the treasury officers were unable to access the systems necessary to move **£1.300 million** across to the call account with Lloyds.
- A further breach during 2022/23 occurred on 1 June 2022, when the total held across all current accounts over the Jubilee bank holiday weekend was **£1.750 million**. This arose because the decision had been taken some weeks previously to close the call account with Nat West bank and the paperwork provided to the bank, but they did not advise us when they were going to return the **£1.007 million** held in the account and transferred it into the direct credits current account late that afternoon. There was no opportunity to move the money to another account, so the limit was breached until the situation was resolved on 6 June 2022. This is a one-off situation, as the only money in such accounts now is held with Lloyds and within the two Money Market Funds, which the Council can transfer out of before they are closed (although there are no plans to close them at the current time).
- An annual treasury performance or outturn report for the preceding year that is presented to Cabinet.

This report sets out the necessary information in response to the third bullet point above and provides a summary of the treasury activities undertaken in 2021/22 (**Appendix A**) and final Prudential and Treasury Indicators at the end of 2021/22 (**Appendix B**), with revised figures for 2022/23 where relevant.

During 2021/22, the Council complied with its legislative and regulatory requirements and associated treasury management activity remained in accordance with the Treasury Strategy and Treasury Management Practices with further details in respect of specific borrowing and investment considerations set out in the next section of the report.

## BORROWING AND INVESTMENTS 2021/22

### Borrowing

The Base Rate set by the Bank of England remained at 0.10% until 16 December 2021. Since then there have been a series of increases and the latest forecast from the Council's treasury advisors indicates that the base rate is expected to rise progressively to 2.75% by March 2023 and to remain at that level until December 2023, with a drop back to 2.50% in March 2024 and 2.25% in September 2024, with the rate remaining at that level until June 2025. Public Works Loan Board (PWLB) rates are projected to rise over the period with the 25 year rate expected to peak at 3.0% in September 2022 and the 50 year rate expected to peak at 3.50% in March 2023. In December 2021, revised versions of the Treasury Management Code and the Prudential Code were issued by CIPFA with the aim of tightening further the requirements around commercial property investments and introducing new elements. These are applicable from 2023/24. The Council's current investment property was not financed by loan.

No external borrowing was undertaken during the year. In respect of the General Fund, the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with external loans, as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy remains prudent, as investment returns are low and counterparty risk remains relatively high. As set out in the Treasury Strategy, the current internal borrowing position is running close to the £5m agreed. However, although it is felt prudent to maintain this position in the short term, it will be kept under on-going review, in consultation with the Council's external advisors, given the volatility in forecast interest rates highlighted above.

No new borrowing or restructuring of existing debt was undertaken for GF or HRA purposes in 2021/22. Principal on HRA debt continues to be repaid each year in line with the 30 year business plan. Debt rescheduling opportunities are limited in the current economic climate with no debt rescheduling taking place in 2021/22.

No temporary borrowing from the markets was required during the year.

One of the key prudential indicators relates to the Council's Authorised Borrowing Limit. It is therefore worth highlighting that borrowing has been maintained within the Council's Authorised limit as set out below:

| Key Indicator | Limit 2021/22 | Amount Borrowed<br>(Internal and External) |
|---------------|---------------|--|
|---------------|---------------|--|



|                      |       |   |          |          |
|----------------------|-------|---|----------|----------|
| Authorised borrowing | Limit | – | £75.820m | £41.798m |
|----------------------|-------|---|----------|----------|

As set out in the HRA budget report to Cabinet on 28 January 2022, the redevelopment of the Honeycroft site has not yet been included within the HRA Capital Programme. A separate report will be presented to Cabinet / Council once the tender exercise for the design and build of the scheme has been completed, which will also set out the funding required for the development and seek approval for prudential borrowing within the HRA as necessary.

There is also an HRA PWLB maturity loan of **£0.800 million**, which matures in 2022/23 and in accordance with the HRA Business Plan this will be 'replaced' with a 'repayment' type loan to reduce future interest costs and to prudently pay off the loan over reasonable timescales. However, this approach will be kept under review in 2022/23, with any necessary changes included in associated reports to Members during the year.

### **Investments**

The year saw the continuation of the challenging investment environment of very low investment returns with relatively high level of counterparty risk continuing. The tight monetary conditions remain and short-term deposit rates remain at extremely low levels, with some DMO rates being negative at certain points in the year. Additional liquidity in the market as a result of government grants to local authorities in response to COVID 19 and reduced investment activity in the wider economy due to COVID 19 resulted in banks not looking for any additional funding, which has driven rates down even further and has made it increasingly difficult to find suitable counterparties.

The Council manages its investments in-house and invests in accordance with the approved strategy. The Council invests for periods of time dependent on the Council's cash flows, the view as to future interest rate movements and the interest rates offered by counterparties whilst balancing various risks such as interest rate risk and counterparty risk.

The Council's investments continued across the following investment types:

- Deposits at fixed rates and for fixed terms with other local authorities and the Government's Debt Management Office (DMO)
- Deposits at fixed rates and for fixed terms with UK-based banks and building societies meeting the counterparty risk criteria
- Treasury bills, which are tradeable but if held to maturity are at fixed rates
- Certificates of deposit, which are tradeable but if held to maturity are at fixed rates
- Use of deposit accounts with UK banks and the two Money Market Funds for liquidity

Further details on how the investment types changed over the year is set out below.

With poor investment returns available along with limited 'low' risk counterparties, a significant proportion of the Council's investments were still made with other local authorities. Money also continued to be placed with the Bank of England's Debt Management Facility (DMO) throughout the year, even in periods when the DMO was paying negative interest rates, meaning that the Council received back less money than was placed with the DMO. This was due to the volume of grant money held and the lack of other suitable counterparties and was done in the knowledge that the 'loss' would be very

minimal. In respect of the latter point, total negative interest paid by the Council was limited to £920.67 across the whole year. One lot of **£4.000 million** of Treasury Bills were bought during the year, and over the year **£17.000 million** of Certificates of deposit with banks meeting the Council's criteria were purchased, along with some fixed deposits with Building Societies and the call accounts and Money Market Funds, leading to a total of **£31.997 million** placed with UK financial institutions over the year. Both government and local authority investments fit well with the Council's low appetite for risk with the security and liquidity of the investment the prime concern.

The total invested in local authorities at 31 March 2022 was **£39.000 million** out of a total investment of **£77.698 million**, with a further **£18.000 million** invested short term with the Debt Management Office and **£6.902 million** invested in two Money Market Funds. A total of **£1.798 million** was placed in call accounts, **£3.000 million** with a Building Society and the remaining **£8.997 million** was invested in Certificates of deposit.

With lower levels of Covid grant funding, although this repeatedly went out and came back through the DMO through the year, aggregated investments reached just over **£893 million** for the year as set out in **Appendix A**.

The Council receives regular credit rating updates during the year following which the appropriate action is taken as soon as practical where the credit rating falls below the minimum ratings, which form part of the Council's Treasury Management Practices.

The UK holds an AA rating with one rating agency, AA- with a second and Aa3 with the third, with the lower grades not having a specific adverse impact on the Council's treasury activities at the present time.

In accordance with the Council's Commercial Property Investment Policy, an annual update on the portfolio is set out below.

In August 2017 the Council purchased an investment property in the District. The purchase was financed partly from capital receipts and partly from revenue resources, so there was no increase in indebtedness arising from the purchase. The purchase price, including stamp duty, was **£3.244 million**. At 31 March 2018 the property had been revalued to **£3.100 million** (the purchase price less stamp duty tax). In each subsequent year the Council's appointed valuer has revalued the property for the purposes of the Council's Statement of Accounts and the fair value has changed as set out in the table below:

| Date        | Comment                       | Value £ million | Impairment / Gain £ million |
|-------------|-------------------------------|-----------------|-----------------------------|
| August 2017 | Purchase                      | 3.244           | 0.000                       |
| March 2018  | Revalued – exclude stamp duty | 3.100           | 0.144                       |
| March 2019  | Revalued                      | 2.300           | 0.800                       |
| March 2020  | Revalued                      | 2.155           | 0.145                       |
| March 2021  | Revalued                      | 1.985           | 0.170                       |
| March 2022  | Revalued                      | 2.108           | (0.123)                     |

A gain of **£0.123 million** was recognised in the Council's 2021/22 statement of accounts, which is charged to revenue within the Comprehensive Income and Expenditure Statement and then reversed out through the Movement in Reserves Statement so that it does not affect the amount that needs to be financed. It is worth highlighting that the above adjustments reflect the necessary end of year accounting adjustments and therefore do

not necessarily reflect the value of the property on the open market. This remains as the only property in the portfolio.

In terms of the performance of the property, during the year the rental income was **£0.256 million**. (This is higher than in 2020/21 as the payment of rent has moved back to a quarterly basis from a monthly basis but this has had no impact on the overall annualised amount). The annualised amount represents an annual rate of return of 6.5% compared to the purchase price including stamp duty. The property is therefore performing satisfactorily against the financial target with the budgeted investment income achieved for the year. It is important to highlight that the rental payments can be seen as paying back the original investment made in purchasing the property. The overall performance of the investment therefore needs to take into account such considerations over the life of the Council's ownership of the property rather any shorter term position in isolation.

The current leasehold occupier of the property ceased trading from the property in November 2018 with the property now sublet, a position expected to remain for the unexpired period of the lease (approximately 4 years). It is worth highlighting that the Council's Commercial Property Investment Policy is underpinned by robust risk management actions, which will respond to any changes to the situation. With the latter point in mind and as set out within the Commercial Property Investment Policy, the Council's wider treasury management activities are designed to ensure that the Council is not faced with a position of having to sell the property for cash flow purposes. This in turn ensures that the Council remains in control of when the property is ever exposed to the market rather than potentially having to sell the property during a period where there may be a downturn in commercial property prices.

Given the above, there are no current risks to the Council's long-term forecast or significant changes to the risk of holding commercial property, but this will be reviewed on an on-going basis with any changes required to be made to the forecast set out as part of the financial strategy process over the remainder of the year.

#### **Compliance with Treasury and Prudential Limits**

During the financial year the Council operated within the treasury limits and Prudential Indicators set out in the Council's annual Treasury Strategy. The outturn for the Prudential Indicators is shown in **Appendix B**.

#### **BACKGROUND PAPERS FOR THE DECISION**

None

#### **APPENDICES**

**Appendix A** Treasury Performance figures 2021/22

**Appendix B** Prudential and Treasury Indicators 2021/22

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## 1 Borrowing

## 1a Long Term Debt

| Principal                        | Opening<br>Balance 1<br>April 2021<br>£'000 | New<br>Borrowing<br>£'000 | Principal<br>Repaid<br>£'000 | Balance at 31<br>March 2022<br>£'000 | Average Debt<br>for Year<br>£'000 |
|----------------------------------|---|---------------------------|------------------------------|--------------------------------------|-----------------------------------|
| <b>Long Term Borrowing</b>       |   |                           |                              |                                      |                                   |
| PWLB - General Fund              | 151   | 0                         | 7                            | 144                                  | 148                               |
| PWLB - Housing Revenue Account   | 38,441                                      | 0                         | 1,664                        | 36,777                               | 37,551                            |
| <b>Total Long Term Borrowing</b> | <b>38,592</b>                               | <b>0</b>                  | <b>1,671</b>                 | <b>36,921</b>                        | <b>37,699</b>                     |

| Average Interest Rates             | Average<br>Interest Rate<br>1 April<br>% | New<br>Borrowing<br>% | Principal<br>Repaid<br>% | Average<br>Interest Rate<br>31 March<br>% | Average<br>Interest Rate<br>for Year<br>% |
|------------------------------------|--|-----------------------|--------------------------|---|---|
| <b>Long Term Borrowing</b>         |  |                       |                          |   |   |
| PWLB - General Fund                | 7.138                                    | 0.000                 | 7.892                    | 7.101                                     | 7.122                                     |
| PWLB - Housing Revenue Account     | 3.497                                    | 0.000                 | 2.371                    | 3.548                                     | 3.521                                     |
| <b>Overall Long Term Borrowing</b> | <b>3.472</b>                             | <b>0.000</b>          | <b>2.394</b>             | <b>3.562</b>                              | <b>3.490</b>                              |

## Interest paid relating to 2021-22

|                         |              |
|-------------------------|--------------|
| General Fund            | 11           |
| Housing Revenue Account | <u>1,322</u> |
|                         | <u>1,333</u> |

Long term debt is defined in legislation as loans repayable over more than one year.

## 1b Total debt

|                                   |         |
|-----------------------------------|---------|
| Average debt over the year        | £37,699 |
| Interest paid relating to 2020-21 | £1,333  |
| Average interest rate for year    | 3.536%  |

This includes interest paid on temporary debt

## 1c Budget for Total Interest Paid

|                            | Original<br>Estimate<br>£'000 | Out-turn<br>£'000 | Variation<br>from Budget<br>£'000 |
|----------------------------|-------------------------------|-------------------|-----------------------------------|
| General Fund               | 11                            | 11                | 0                                 |
| Housing Revenue Account    | 1,322                         | 1,322             | 0                                 |
| <b>Total Interest Paid</b> | <b>1,333</b>                  | <b>1,333</b>      | <b>0</b>                          |

## 2 Investments

### 2a Temporary Investments

| Principal   | Opening Balance 1 April 2021<br>£'000 | New Investments<br>£'000 | Investments Repaid<br>£'000 | Balance at 31 March 2022<br>£'000 | Average Investments for Year<br>£'000 |
|---|---------------------------------------|--------------------------|-----------------------------|-----------------------------------|---------------------------------------|
| <b>Investments less than a year</b>   |                                       |                          |                             |                                   |                                       |
| Investments with UK Government via Treasury Bills, DMO, Local Authorities and other public bodies | 65,600                                | 825,800                  | 834,400                     | 57,000                            |                                       |
| Investments with UK Financial Institutions (including Money Market Funds)                         | 11,359                                | 67,287                   | 57,991                      | 20,655                            |                                       |
| Investments with non-UK Financial Institutions  | 0                                     | 0                        | 0                           | 0                                 |                                       |
| <b>Total Temporary Investments</b>  | <b>76,959</b>                         | <b>893,087</b>           | <b>892,391</b>              | <b>77,655</b>                     | <b>84,371</b>                         |



| Average Interest Rates | Average Interest Rate 1 April<br>% | Average Interest Rate 31 March<br>% | Average Interest Rate for Year<br>% |
|------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Temporary Investments  | 0.067                              | 0.381                               | 0.073                               |

### 2b Budget for Total Interest Earned

|                              | Original Estimate<br>£'000 | Out-turn<br>£'000 | Variation from Revised Budget<br>£'000 |
|------------------------------|----------------------------|-------------------|--|
| <b>Total Interest Earned</b> | <b>(67)</b>                | <b>(65)</b>       | <b>(2)</b>                             |

## 3 Base rates

%

At 1 April 2021 0.100

At 31 March 2022 0.750

*The rate increased to 0.25% on 16 December 2021, then to 0.50% on 3 Feb 2022 and 0.75% on 17 March 2022*

## PRUDENTIAL INDICATORS

## CAPITAL EXPENDITURE

This is an estimate of the amount of investment planned over the period. As can be seen, not all investment necessarily has an impact on the Council Tax, schemes funded by grants, capital receipts or external contributions mean that the effect on the Council Tax is greatly reduced.

| Capital Expenditure - General Fund<br>£000s    | 2021/22           |                    |                   | Notes    | 2022/23 as                                 | Amended                          |
|--|-------------------|--------------------|-------------------|----------|--|----------------------------------|
|  | 2020/21<br>Actual | Approved<br>budget | 2021/22<br>Actual |          | agreed by full<br>Council 29<br>March 2022 | 2022/23 for<br>carry<br>forwards |
| <b>Total Capital Expenditure</b>               | <b>1,920</b>      | <b>16,644</b>      | <b>4,308</b>      |          | <b>839</b>                                 | <b>12,440</b>                    |
| <b>Financing - General Fund</b>                |                   |                    |                   |          |  |                                  |
| External contributions                         | -                 | (852)              | (141)             |          | -  | (711)                            |
| Section 106                                    | (103)             | (6)                | (1)               |          | -  | (5)                              |
| Coast protection grant                         | (78)              | (360)              | (451)             |          | -  | -                                |
| Other Government grants                        | (130)             | (165)              | (13)              |          | -  | (152)                            |
| Disabled Facilities Grant                      | (786)             | (7,557)            | (666)             |          | (757)                                      | (6,891)                          |
| Capital receipts                               | (10)              | (815)              | -                 |          | -  | (815)                            |
| Direct revenue contributions                   | (24)              | (2,379)            | (222)             |          | (70)                                       | (2,171)                          |
| Earmarked reserves                             | (789)             | (4,510)            | (2,814)           |          | (12)                                       | (1,695)                          |
| <b>Total Capital Financing</b>                 | <b>(1,920)</b>    | <b>(16,644)</b>    | <b>(4,308)</b>    | <b>-</b> | <b>(839)</b>                               | <b>(12,440)</b>                  |
| <b>Net Financing need (External Borrowing)</b> | <b>0</b>          | <b>0</b>           | <b>0</b>          |          | <b>0</b>                                   | <b>0</b>                         |

| Housing Revenue Account Capital Schemes<br>£000 | 2021/22           |                    |                   | Notes | 2022/23 as                                 | Amended                          |
|---|-------------------|--------------------|-------------------|-------|--|----------------------------------|
|   | 2020/21<br>Actual | Approved<br>budget | 2021/22<br>Actual |       | agreed by full<br>Council 29<br>March 2022 | 2022/23 for<br>carry<br>forwards |
| <b>Total Capital Expenditure</b>                | <b>4,160</b>      | <b>5,809</b>       | <b>4,317</b>      |       | <b>3,790</b>                               | <b>5,777</b>                     |
| <b>Financing - Housing Revenue Account</b>      |                   |                    |                   |       |  |                                  |
| Major repairs reserve                           | (2,063)           | (3,957)            | (3,089)           |       | (3,176)                                    | (3,978)                          |
| Direct revenue contributions                    | (1,111)           | (1,144)            | (187)             |       | (614)                                      | (1,570)                          |
| Section 106                                     | (261)             | (595)              | (774)             |       | -  | (229)                            |
| Capital receipts                                | (725)             | (113)              | (68)              |       | -  | -                                |
| External contributions                          | -                 | -                  | (199)             |       | -  | -                                |
| Government grant                                | -                 | -                  | -                 |       | -  | -                                |
| <b>Total Capital Financing</b>                  | <b>(4,160)</b>    | <b>(5,809)</b>     | <b>(4,317)</b>    |       | <b>(3,790)</b>                             | <b>(5,777)</b>                   |
| <b>Net Financing need (External Borrowing)</b>  | <b>0</b>          | <b>0</b>           | <b>0</b>          |       | <b>0</b>                                   | <b>0</b>                         |

## CAPITAL FINANCING REQUIREMENT

Each year, the Council finances the capital programme by a number of means, one of which could be borrowing. The Capital Financing Requirement (CFR) represents the cumulative amount of borrowing that has been incurred to pay for the Council's capital assets, less amounts that have been set aside for the repayment of debt over the years. The Council is only allowed to borrow long term to support its capital programme. It is not allowed to borrow long term to support its revenue budget.

| CAPITAL FINANCING REQUIREMENT | 2021/22       |               |               | Notes | 2022/23 as               |
|-------------------------------|---------------|---------------|---------------|-------|--------------------------|
|                               | 2020/21       | 2021/22       | 2021/22       |       | agreed by full           |
|                               | Actual        | Estimate      | Actual        |       | Council 29<br>March 2022 |
|                               | £000          | £000          | £000          |       | £000                     |
| General Fund                  | 5,230         | 5,021         | 5,021         |       | 4,820                    |
| Housing Revenue Account       | 38,442        | 36,778        | 36,777        |       | 35,349                   |
| <b>Total</b>                  | <b>43,672</b> | <b>41,799</b> | <b>41,798</b> |       | <b>40,169</b>            |

## GROSS DEBT AND THE CAPITAL FINANCING REQUIREMENT

This indicator compares the Capital Financing Requirement to the level of external debt and shows how much of the capital programme is financed from internal resources. The capital programme is partially funded in the short to medium term by internal resources when investment interest rates are significantly lower than long term borrowing rates. Net interest payments are, therefore, optimised.

| PRUDENTIAL INDICATOR          | 2020/21 | 2021/22  | 2021/22 | Notes | 2022/23 as agreed by full Council 29 March 2022 |
|-------------------------------|---------|----------|---------|-------|---|
|                               | Actual  | Estimate | Actual  |       | £000  |
|                               | £000    | £000     | £000    |       | £000  |
| Capital Financing Requirement | 43,672  | 41,799   | 41,798  |       | 40,169  |
| External debt                 | 38,889  | 36,921   | 36,921  |       | 35,485  |
| Internal borrowing            | 4,783   | 4,878    | 4,877   |       | 4,684   |

#### OPERATIONAL BOUNDARY AND AUTHORISED LIMIT

The Council must set an operational boundary and authorised limit for external debt. The operational boundary is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It reflects the decision on the amount of debt needed for the Capital Programme for the relevant year. It also takes account of other long term liabilities, which comprise finance leases, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt. The Council has none of these at present.

The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

| PRUDENTIAL INDICATOR             | 2020/21 | 2021/22  | 2021/22 | Notes | 2022/23 as agreed by full Council 29 March 2022 |
|----------------------------------|---------|----------|---------|-------|---|
|                                  | Actual  | Estimate | Actual  |       | £000  |
|                                  | £000    | £000     | £000    |       | £000  |
| Operational boundary - borrowing | 67,525  | 67,180   | 67,180  |       | 67,723  |
| Authorised limit - borrowing     | 76,156  | 75,820   | 75,820  |       | 76,333  |

#### RATIO OF FINANCING COSTS TO NET REVENUE STREAM

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

| ESTIMATE OF THE RATIO OF FINANCING COSTS TO NET REVENUE | 2020/21 | 2021/22  | 2021/22 | Notes | 2022/23 as agreed by full Council 29 March 2022 |
|---|---------|----------|---------|-------|---|
|   | Actual  | Estimate | Actual  |       | £000  |
|   | £000    | £000     | £000    |       | £000  |
| General Fund  | -0.45   | 1.07     | 1.63    |       | 0.97  |
| Housing Revenue Account                                 | 54.38   | 43.10    | 46.81   |       | 40.13   |

#### INTEREST RATE EXPOSURE

Tendring District Council currently has all its borrowings at fixed rate and usually has a mixture of fixed and variable rate investments. This indicator is set to control the Council's exposure to interest rate risk.

| PRUDENTIAL INDICATOR   | 2020/21 | 2021/22  | 2021/22 | Notes | 2022/23 as agreed by full Council 29 March 2022 |
|--|---------|----------|---------|-------|---|
|  | Actual  | Estimate | Actual  |       | £000  |
|  | £000    | £000     | £000    |       | £000  |
| Upper limit for Fixed Interest Rates on debt   | 43,672  | 41,799   | 41,798  |       | 40,169  |
| Upper limit for Variable Interest Rates on debt (based on 30% of the fixed rate limit) | 13,102  | 12,540   | 12,539  |       | 12,051  |



**TOTAL PRINCIPAL SUMS INVESTED FOR PERIODS LONGER THAN 364 DAYS (excluding property)**

Interest rate risk is also affected by the proportion of the investments invested at fixed rates for longer periods, especially in a period when rates are expected to rise.

| PRUDENTIAL INDICATOR  | 2020/21 | 2021/22  | 2021/22 | Notes | 2022/23 as<br>agreed by full<br>Council 29 |
|---|---------|----------|---------|-------|--|
|   | Actual  | Estimate | Actual  |       | March 2022                                 |
|   | £000    | £000     | £000    |       | £000                                       |
| Limits on the total principal sum invested to final maturities longer than 364 days | 3,500   | 3,500    | 3,500   |       | 3,500                                      |

**MATURITY STRUCTURE OF FIXED RATE BORROWING**

This indicator is set to control the Council's exposure to refinancing risk. The limits are set for each age range to ensure that the Council avoids too many fixed rate loans being matured at one time and spreads the maturity across several periods. The percentages for the upper and lower limits do not add up to 100% as they do not represent an actual allocation.

| PRUDENTIAL INDICATOR           | Upper limit<br>% | Lower limit<br>% | Actual<br>outstanding<br>debt maturity | 2022/23 as<br>agreed by full<br>Council 29 |        |
|--------------------------------|------------------|------------------|--|--|--------|
|                                |                  |                  | % at                                   | March 2022                                 |        |
|                                |                  |                  | 31/03/2022                             | 31/03/2023                                 |        |
| Under 12 months                | 25               | 0                | 5.47%                                  |  | 3.75%  |
| 12 months and within 24 months | 30               | 0                | 3.55%                                  |  | 6.91%  |
| 24 months and within 5 years   | 60               | 0                | 18.87%                                 |  | 16.21% |
| 5 years and within 10 years    | 75               | 0                | 14.94%                                 |  | 14.82% |
| 10 years and above             | 95               | 25               |  |  |        |
| 10-20 years                    |                  |                  | 16.34%                                 |  | 15.45% |
| 20-30 years                    |                  |                  | 20.35%                                 |  | 26.67% |
| >30 years                      |                  |                  | 20.49%                                 |  | 16.19% |

**TREASURY INDICATOR - EXPOSURE TO CREDIT RISK**

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) using the rating applicable when it is taken out and taking the arithmetic average, weighted by the size of each investment. Investments in government instruments such as DMO, treasury bills and in local authorities are scored as 1.

| TREASURY INDICATOR                   | 2020/21<br>Actual | 2021/22<br>Actual | 2021/22<br>Upper limit |
|--------------------------------------|-------------------|-------------------|------------------------|
| Average credit score for investments | 1.01              | 1.18              | 2.00                   |

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