

# Resources and Equality Scrutiny Panel

13 October 2022

**Time** 6.00 pm      **Public Meeting?** YES      **Type of meeting** Scrutiny  
**Venue** Council Chamber - Civic Centre

## Membership

**Chair** Cllr Zee Russell (Lab)  
**Vice-chair** Cllr Udey Singh (Con)

### Labour

Cllr Milkinderpal Jaspal  
Cllr Jaspreet Jaspal  
Cllr John Reynolds  
Cllr Tersaim Singh  
Cllr Dr Paul John Birch J.P.  
Cllr Lovinyer Daley  
Cllr Louise Miles  
Cllr Greg Brackenridge

### Conservative

Cllr Jonathan Crofts  
Cllr Ellis Turrell

Quorum for this meeting is three Councillors.

## Information for the Public

If you have any queries about this meeting, please contact the Scrutiny Team:

**Contact** Earl Piggott-smith  
**Tel/Email** earl.piggott-smith@wolverhampton.gov.uk /01902 551251  
**Address** Scrutiny Office, Civic Centre, 1<sup>st</sup> floor, St Peter's Square,  
Wolverhampton WV1 1RL

Copies of other agendas and reports are available from:

**Website** <http://wolverhampton.moderngov.co.uk/>  
**Email** [democratic.services@wolverhampton.gov.uk](mailto:democratic.services@wolverhampton.gov.uk)  
**Tel** 01902 555046

Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

# Agenda

## Part 1 – items open to the press and public

*Item No.*    *Title*

- 1            **Welcome and Introductions**  
[The Chair to welcome everyone to the meeting.]
  
- 2            **Meeting procedures to be followed**  
[The Chair will explain how the meeting will proceed, how questions are to be asked and any matters of meeting etiquette.]

### MEETING BUSINESS ITEMS

- 3            **Apologies**
  
- 4            **Declarations of interest**
  
- 5            **Minutes of previous meeting ( 29 June 2022)** (Pages 3 - 10)  
[To approve the minutes of the previous meeting as a correct record]

### INFORMATION ITEM

- 6            **Treasury Management** (Pages 11 - 66)  
[Alison Shannon, Chief Accountant, to present report]

### DISCUSSION ITEMS

- 7            **Equality Diversity and Inclusion (EDI) Strategy Update** (Pages 67 - 74)  
[Jin Takhar, Head of Equality, Diversity and Inclusion, to present report]
  
- 8            **Reserves Working Group** (Pages 75 - 78)  
[Alison Shannon, Chief Accountant, to present report]
  
- 9            **Contract Management and Procurement Update** (Pages 79 - 118)  
[John Thompson, Head of Procurement, and Parvinder Uppal, Head of Commercial, to present report]
  
- 10          **Customer Services – 2021/22 performance and future strategy** (Pages 119 - 130)  
[Lamour Gayle, Head of Customer Engagement and Registrars, to present report]
  
- 11          **Resources and Equalities Scrutiny Panel - Draft Work Programme 2022 - 2023**  
(Pages 131 - 134)  
[Earl Piggott-Smith, Scrutiny Officer, to present report]

## Attendance

### Members of the Resources and Equality Scrutiny Panel

Cllr Milkinderpal Jaspal  
Cllr Udey Singh (Vice-Chair)  
Cllr Jonathan Crofts  
Cllr Jaspreet Jaspal  
Cllr John Reynolds  
Cllr Zee Russell (Chair)  
Cllr Tersaim Singh  
Cllr Louise Miles  
Cllr Ellis Turrell  
Cllr Greg Brackenridge

### Employees

Earl Piggott-Smith  
David Pattison  
Sukhvinder Mattu  
Julia Cleary

Scrutiny Officer  
Chief Operating Officer  
Service Lead - HR Policy and Strategy  
Systems and Scrutiny Manager

---

## Part 1 – items open to the press and public

*Item No.*    *Title*

1            **Welcome and Introductions**

The Cllr Zee Russell Chair welcomed everyone to the meeting and advised it was being live streamed to the press and public. A recording of the meeting would be available for viewing on the Council's website.

2            **Meeting procedures to be followed**

The Chair explained the protocol to be followed during the meeting for asking questions and reminded everyone that microphones should be muted and cameras off, unless have been invited to speak by the Chair.

3            **Apologies**

Apologies were received from the following:

Cllr Dr Paul John Birch J.P  
Cllr Lovinyer Daley

4            **Declarations of interest**

There were no declarations of interest recorded.

5 **Minutes of previous meeting**

The panel approved the minutes of the meeting held on 19 January 2022 as being a correct record.

6 **Ethnicity Pay Gap report 2021 update**

The Chair invited David Pattison, Chief Operating Officer, to introduce the report.

The Chief Operating Officer advised the panel that it would be joint presentation with Sukhvinder Mattu, Service Lead. The Chief Operating Officer advised the panel that there is a statutory duty to produce a gender pay gap report, but the Council decided to go further in the interests of transparency to also produce an ethnicity pay gap report for employees at City of Wolverhampton Council. There are plans to produce report based on disability and LGBTQ pay gap analysis in the future.

The report gives an update on progress made to reduce the ethnicity pay gap.

The Chief Operating Officer invited the Service Lead to present the key findings from the Ethnicity Pay Gap report for 2021.

The Service Lead gave details of the main findings and the survey methodology. The Service Lead commented on the findings and how they compare to a similar report in 2021 and reported that there had been a reduction in the gap between the mean pay of white employees and employees from ethnic groups from 5.13 per cent to 4.71 percent.

The Service Lead gave examples of different initiatives aimed at further reducing the ethnic pay gap.

The panel were invited to comment and or ask questions about the presentation.

The panel welcomed the report and congratulated the Council on taking the initiative to present the figures and the pay gap.

The panel had concerns about the way the information was presented in the report which gave the impression of a “us” and “them” format and would have liked to see more detailed breakdown of the results into specific groups. The panel suggested it would also have been helpful for information about the social factors such as educational or family background to be included in the analysis to help better understand the reasons for the findings.

The panel discussed the ethnicity analysis findings lower quartile, lower middle quartile, upper middle quartile, and the upper quartile and highlighted the finding that the largest pay gap existed in the upper pay quartile. The panel suggested that senior managers should take the lead in reducing the pay gap at this level and challenged the Council to find and recruit candidates from different ethnic backgrounds to fill senior positions.

The Chief Operating Officer accepted that the onus was on members of senior management team to make a difference to reducing the ethnic pay gap at the upper quartile level and offered reassurance about the improvement in terms of terms of diversity at senior levels.

The Chief Operating Officer highlighted current work and other initiatives aimed at improving diversity representation, for example, the Brilliant Leaders scheme (a development programme aimed at people from a non-white background), mentoring

of staff from diverse backgrounds which is supported by members of SEB, the diversity of recruitment panels, and challenging the requirements about the need for non-job specific qualifications.

The Chief Operating Officer advised the panel that there is a commitment to bring a further report on progress to a future meeting of the panel, which will cover the issues highlighted during the meeting.

The Chief Operating Officer responded to concerns from the panel about the tone of the report and agreed to look at how the information could be presented differently. The Chief Operating Officer commented on the challenge presented by the lack of Government guidance on how the information should be presented in the report.

The Chief Operating Officer explained the ethnic groupings are based on the Equality Act 2010 which list the different protected characteristics, which has informed the approach taken when drafting the report.

The panel welcomed the report and the progress made to reduce the ethnic pay gap. The panel discussed the use of the category of “white” and “ethnic” in the report and queried if it was appropriate in view of changing public views about the issue. The panel suggested it might also be helpful to add a note to future reports to explain the approach to presenting the information.

The panel acknowledged the challenges in collating this data and welcomed the initiatives to increase representation of different groups to support the aims outlined in the report.

The panel discussed the impact of a range of external factors, which are not covered in report but will influence the Council’s efforts to reduce the ethnic pay gap and representation at senior levels.

The panel discussed the issue of recruitment and the impact by the Council of unconscious bias training in helping to address the ethnic pay gap issue.

The panel commented on the research which questioned the impact of such training on behaviour and emerging evidence of unintended consequences.

The Chief Operating Officer welcomed the questions and discussion about the effectiveness of unconscious bias training in changing behaviour and commented that ‘no offence training’ had been introduced to supplement this training to provide a much better understanding about lived experiences of underrepresented groups.

The panel suggested the Wolverhampton Homes has produced some useful policies which could help inform efforts to reduce the ethnic pay gap.

The panel discussed the impact and influence of schools in terms of future workforce and the challenges this would present in reducing the ethnic pay gap. The Chief Operating Officer highlighted the importance of school governing bodies being more diverse due to their role in appointing people to senior posts in schools. The Chief Operating Officer commented that data on school exclusions and suspensions will be presented to the panel at a future meeting to better understand the issue.

The panel discussed the salary rates and wanted clarification that advertised job rates are not based on the ethnicity of the candidates. The Chief Operating Officer

confirmed that advertised salary rates are not based on the ethnicity of the potential candidates.

The panel discussed the value of advertising senior posts in community publications and suggested the likelihood is that senior professionals would use 'traditional' job sites when looking for vacancies and there was a need to think about other ways of attracting senior professionals. The Chief Operating Officer commented on the importance of finding the best person for the role and making sure that there are no barriers in place.

The panel thanked the presenters for the report.

Resolved:

1. The panel agreed to note the report and welcomed the progress made in reducing the ethnic pay gap.
2. The panel asked for the comments made to be considered when presenting an update report in January 2023.
3. The panel agreed to receive a report on school exclusion and suspension rates to a future meeting.

## 7 **Arrangements for Monitoring Linked bodies**

The Chair invited David Pattison, Chief Operating Officer to present the report.

The Chief Officer advised the panel that an annual governance statement is published with the Council's audit report which provides assurance about the arrangements for good governance and that the Council is acting legally.

The Chief Operating Officer advised the panel that auditors will be focusing this year on the arrangements for monitoring linked bodies and considered it would be helpful to give details about the types of linked bodies, the process for setting them up, local examples of trading companies, learning from reviews and plans for responding to the challenges that have arisen from audit investigations into how other authorities have managed their commercial enterprises.

The Chief Operating Officer advised the panel that commercial trading companies are covered by the Local Government Act 2003.

The Chief Operating Officer advised the panel that a survey by Grant Thornton in 2018 reported that there were over 740 Local Authority companies, primarily England, Scotland, Wales, and the largest percentage related to property and investment.

The Chief Operating Officer outlined the criteria that apply to each of the Council's linked bodies. The Chief Operating Officer briefed the panel on the four City of Wolverhampton Council linked bodies – Wolverhampton Homes, WV Living, Yoo Recruit, and Help 2 Own.

The Chief Operating Officer briefed the panel on the national challenges that have arisen following the setting up linked bodies and gave details of the lessons learnt from Nottingham City Council and London Borough of Croydon in audit inspection reports. The Chief Operating Officer briefed the panel on the action taken in response to the audit report findings and recommendations.

The Chief Operating Office advised the panel about the current governance arrangements and reassured the panel that in his role as Monitoring Officer his view was that there was confidence that the relevant rules are being complied with and that there is good oversight over each of the Council's linked bodies.

The Chief Operating Officer advised the panel that the Council's external auditors reported that they were satisfied with the approach the Council has taken in terms of the arrangements for the oversight of Council owned and evolved bodies. A detailed report on each of the relevant linked bodies listed will be presented to the relevant scrutiny panel so that there is full transparency of the governance arrangements.

The Chief Operating Officer reassured the panel that there will be regular reporting to Cabinet and the Leader of the Opposition about the governance arrangements and welcomed ideas about how this can be further strengthened.

The panel were invited to comment on the report.

The panel welcomed the work being done to monitor the work of linked bodies in a much more organised way as detailed in the report. The panel queried the reason for the still Council retaining a third of the director posts on Wolverhampton Homes Board

The panel commented on the findings from auditors in the presentation about Nottingham City Council which highlighted a concern that having councillors on company boards can lead to a failure to properly separate the two sets of interest and wanted assurance about the separation of roles in terms of governance of Wolverhampton Homes.

The Chief Operating Officer commented that the planned governance review will look at what helps the representatives in their role and reassured the panel that reference to wanting to see 'clear blue water' in terms of roles and responsibilities will also be an issue that will be considered in the review. A review of Wolverhampton Homes governance arrangements is currently ongoing.

The panel queried the arrangements for monitoring the performance of Yoo Recruit which is being now managed by a private company and wanted to better understand the work the company is doing on behalf of the Council.

The Chief Operating Officer confirmed that a private company manages Yoo Recruit on behalf of the Council. The contract ends in 2024. The planned 'deep dive' into Yoo Recruit will review the current governance arrangements and that the contract is being properly monitored by the Council.

The panel discussed the role of officers when advising Councillors in the report by auditors about the issues in Nottingham City Council; whilst accepting that the Councillors are unlikely to be specialists in these areas of business. The panel commented on whether senior officers were not sufficiently challenging to elected members if there were concerns about the management of the company in the examples given in the presentation

The Chief Operating Officer made it clear that it is the duty of senior officers to make Councillors aware when are issues about the performance and or governance arrangements of linked bodies.

The panel commented on the performance of Wolverhampton Homes and specifically the number of customer enquiries which are either on hold or outstanding in reports published by the Council Inquiry Unit. The panel suggested that role of Councillors in scrutinising the performance of the service should also be included as part of the governance review.

The Chief Operating Officer commented that there are regular discussions with the Councillor Inquiries Unit about Wolverhampton Homes to make sure that issues are dealt with in a timely way.

The panel queried the reason for not including Wolverhampton College in the list of linked bodies covered in the presentation.

The panel also queried the rationale and the process for nominating Directors to be represented on external bodies and the lack of information on modern.gov. about the performance and budgetary details about linked bodies such as Yoo Recruit. The panel supported the plan to scrutinise the service in detail.

The Chief Operating Officer commented in respect of Wolverhampton College that the focus of the presentation was on those companies which the Council effectively owns and has a significant shareholding. The Chief Operating Officer reassured the panel that updates are given to the Cabinet Members and the Leader of the Opposition about the performance of linked bodies, such as Wolverhampton College.

The Chief Operating Officer agreed that the questions posed by the panel to be considered at the start when deciding if a linked company were key. The Chief Operating Officer added that the business case document will include a judgement about whether to continue with the company or if indeed that it should be wound up.

The Chief Operating Officer commented that the question about whether Council officers and Councillors should be Directors on company boards is an issue being discussed currently among local authorities and recommendations about the proposed way forward will be presented later in the year. In terms of Yoo Recruit, information will be presented to the panel as part of the planned review which will include details of the business case and its financial accounts.

The panel discussed the powers given to local authorities under national legislation to set up linked bodies.

The Chief Operating Officer reassured the panel that there is good governance arrangement in place for each of the Council's linked bodies.

The panel discussed the financial situation of Wolverhampton Homes and asked for details of the asset valuation to the borrowing levels presented as a ratio in a future report.

The Chief Operating Officer confirmed that the planned 'deep dive' in Wolverhampton Homes will provide the level of detail requested by the panel and will be considered by the relevant scrutiny panel.

The panel queried if the financial information on the linked bodies will be shared in a public meeting.



The Chief Operating Officer advised the panel that most of the information will be available in the public domain. The approach will to be make information publicly available where possible.

The Chair and Cllr Jonathan Crofts declared a non-pecuniary interest as Board members of Wolverhampton Homes.

The panel welcomed the report and agreed to receive a further report on the governance of Yoo Recruit at a future meeting.

Resolved:

1. The panel comments on the presentation to be noted.
2. The panel to receive a governance report on Yoo Recruit at a future meeting.

This page is intentionally left blank



# Resources and Equality Scrutiny Panel

13 October 2022

<b>Report title</b>	Treasury Management	
<b>Cabinet member with lead responsibility</b>	Councillor Obaida Ahmed Resources and Digital City	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Tim Johnson, Chief Executive	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Claire Nye Tel Email	Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Cabinet (Resources) Panel Cabinet Council	23 March 2022 6 July 2022 20 July 2022

---

## Recommendations for noting:

Members of the Resources and Equality Scrutiny Panel are asked to note the contents of the report.

## **1.0 Purpose**

1.1 To bring to the panel's attention, information about the Council's treasury management activity that has been reported to either Cabinet (Resources) Panel or Cabinet since the last report to the panel including:

- Treasury Management Activity Monitoring Quarter Three 2021-2022
- Treasury Management – Annual Report 2021-2022 and Activity Monitoring Quarter One 2022-2023

## **2.0 Background**

2.1 The treasury management activities of the Council are underpinned by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Treasury Management Code of Practice. The Code requires a nominated body be responsible for ensuring effective scrutiny of the Council's treasury management strategy and policies, the Resources and Equality Scrutiny Panel fulfils this role.

2.2 On 23 March 2022 Cabinet (Resources) Panel received the report 'Treasury Management Activity Monitoring Quarter Three 2021-2022'. This report can be found in Appendix A.

2.3 On 6 July 2022 Cabinet received the report 'Treasury Management – Annual Report 2021-2022 and Activity Monitoring Quarter One 2022-2023'. This report can be found in Appendix B.

2.4 The Scrutiny Panel are asked to note the activity outlined in the reports.

## **3.0 Financial implications**

3.1 These are detailed within the individual reports to Cabinet (Resources) Panel and Cabinet.

[SH/14092022/O]

## **4.0 Legal implications**

4.1 These are detailed within the individual reports to Cabinet (Resources) Panel and Cabinet.

[TC/15092022/B]

## **5.0 Equalities implications**

5.1 These are detailed within the individual reports to Cabinet (Resources) Panel and Cabinet.

## **6.0 All other implications**

6.1 These are detailed within the individual reports to Cabinet (Resources) Panel and Cabinet.

## **7.0 Schedule of background papers**

7.1 [Treasury Management Activity Monitoring Quarter Three 2021-2022](#), Report to Cabinet (Resources) Panel, 23 March 2022

7.2 [Treasury Management – Annual Report 2021-2022 and Activity Monitoring Quarter One 2022-2023](#), Report to Cabinet, 6 July 2022

This page is intentionally left blank

<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet (Resources) Panel</b> <b>23 March 2022</b>
--	--

<b>Report title</b>	Treasury Management Activity Monitoring Quarter Three 2021-2022	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Ian Brookfield Leader of the Council	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Tim Johnson, Chief Executive	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee</b>	Claire Nye	Director of Finance
	Tel	01902 550478
	Email	Claire.Nye@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Strategic Executive Board	9 March 2022
	Our Council Scrutiny Panel	TBC

---

### Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. That the Council is continuing to operate within the Prudential and Treasury Management Indicators approved by Council, and also within the requirements set out in the Council's approved Treasury Management Strategy for 2021-2022.
2. That revenue underspends of £904,000 for the General Revenue Account and £720,000 for the Housing Revenue Account (HRA) are forecast from treasury management activities in 2021-2022, arising as a result of re-phasing of the capital programme and due to no borrowing being undertaken in 2020-2021 or so far in 2021-2022.
3. That mainly due to additional income being received than forecast over the Christmas period, the Council temporarily exceeded the limit of £10.0 million to be held in the Council's bank account by £487,000 from 31 December 2021 until rectified on 4 January 2022.

4. That there has been no change to the UK's credit rating and therefore the Director of Finance has not been required to use the delegated authority approved by Council on 17 July 2020 to amend the Annual Investment Strategy.



## **1.0 Purpose**

- 1.1 This report provides a monitoring and progress report on treasury management activity for the third quarter of 2021-2022 and highlights the revised Prudential Indicators which were approved by Council on 2 March 2022.

## **2.0 Background**

- 2.1 The treasury management activities of the Council are underpinned by The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. For further information on the requirements of the Code please refer to the Treasury Management Strategy 2021-2022 report which can be accessed online on the Council's website [here](#).
- 2.2 Treasury management is defined as:  
"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 2.3 The system of controls on local authority capital investment is based largely on self-regulation by local authorities themselves. At its heart is CIPFA's Prudential Code for Capital Finance.
- 2.4 Cabinet / Cabinet (Resources) Panel receives quarterly reports throughout the year to monitor performance against the strategy and Prudential Indicators that have previously been approved by Council.
- 2.5 The Council continues to use Link Group as its treasury management advisors throughout 2021-2022. Link provides market data and intelligence on which the Council can make decisions regarding all aspects of treasury management activities and in particular, managing the risks associated with investing surplus cash.
- 2.6 As reported to Councillors in previous treasury management reports during 2021, CIPFA has been undertaking consultations on proposed changes to the Treasury Management Code and the Prudential Code. In December 2021 the revised Codes were published with the detailed guidance notes being released in late January 2022. The Council must have regard to the new codes from the date of publication, however additional reporting requirements are recommended. It is important to note that the Council complies with the principles of the codes, however due to the timing of the release of the new Codes, CIPFA has allowed reporting on the codes to be deferred until 2023-2024, including changes to the capital strategy, prudential indicators and investment reporting.
- 2.7 The Treasury Management Code introduces strengthened requirements for skills and training, and for investments that are not specifically for treasury management purposes. With regards the Prudential Code, there are two new required indicators; net income from

commercial and service investments to net revenue stream and a new debt liability benchmark treasury indicator. Quarterly reporting of approved indicators will continue and will now incorporate the non-treasury management investment indicators required by the statutory guidance on local government investments.

- 2.8 The Prudential Code provides details of what is classed as legitimate examples of borrowing and what is classed as not prudent. Definitions are also provided for investments for treasury management, commercial and service purposes and the additional capital strategy requirements of these categories.
- 2.9 Where possible the changes to the Codes have been implemented in the appendices attached to this report. However, due to timescales, some areas will be implemented during 2022-2023. Therefore, at its meeting on 2 March 2022, Council approved delegated authority to Cabinet to approve updates to the Treasury Management Strategy and corresponding practices.
- 2.10 It should be noted that the Council does not undertake commercial investments, that is those held primarily for financial return. However, to be compliant with the Code, commercial investments will be referenced where required.
- 2.11 The Council Plan 2019-2024 was approved by Full Council on 4 April 2019 and covers a five-year period. Since the launch of the plan the world we live and work in has changed significantly. To ensure that the Council's resources continue to be aligned to the needs and priorities of local people the plan has been refreshed. Our City: Our Plan sets out how the Council will continue to work alongside its local, regional and national partners to improve outcomes for local people.
- 2.12 Our City: Our Plan incorporates key policy areas into refreshed narrative and updated structure which has a focus on delivery and performance. The plan also aligns the key priorities and objectives identified by the Relighting Our City Recovery framework. The refreshed plan was approved by Full Council on 2 March 2022.
- 2.13 The plan continues to identify an overarching ambition that 'Wulfrunians will live longer, healthier lives' delivered through six Council Plan priorities:
- Strong families where children grow up well and achieve their full potential
  - Fulfilled lives with quality care for those that need it
  - Healthy, inclusive communities
  - Good homes in well-connected neighbourhoods
  - More local people into good jobs and training
  - Thriving economy in all parts of the city
- 2.14 These priorities together with the associated key outcomes, objectives and activity form a framework to improve outcomes for local people and deliver our levelling up ambitions. Supporting the six overarching priorities are three cross cutting principles – Climate Conscious, Driven by Digital, Fair and Equal.

### 3.0 2021-2022

3.1 The forecast outturn for treasury management activities in 2021-2022 compared to budget is shown in Table 1.

**Table 1 – Treasury management budget and forecast outturn 2021-2022**

	Approved Budget £000	Forecast Outturn £000	Variance at Quarter three £000
General Revenue Account	37,555	36,651	(904)
Housing Revenue Account	10,823	10,103	(720)
<b>Total</b>	<b>48,378</b>	<b>46,754</b>	<b>(1,624)</b>

3.2 Overall, underspends of £904,000 for the General Revenue Account and £720,000 for the HRA are projected for the year 2021-2022.

3.3 In the main, the General Revenue Account underspend is due to a reduced borrowing need in year arising as a result of re-phasing of the capital programme and due to no borrowing being undertaken in 2020-2021 or so far in 2021-2022.

3.4 Due to the uncertain economic climate, it is likely that the outturn forecast will be subject to change during the financial year.

3.5 The forecast underspend will be considered more fully and in context of the whole General Revenue Account budget in the 'Performance and Budget Monitoring 2021-2022' report also on the agenda for this meeting.

3.6 The Council's strategy is to continue to use cash balances to finance capital expenditure rather than external borrowing. Borrowings are actively managed to achieve savings wherever possible.

3.7 Appendix 1 to this report shows the revised Prudential and Treasury Management Indicators over the medium term period. These indicators are the same figures as those seen by Cabinet on 23 February 2022 and approved by Council on 2 March 2022.

### 4.0 Borrowing forecast for 2021-2022

4.1 The Council's need to borrow and the rates available continue to be monitored in order to achieve optimum results. The Council's medium term forecast is regularly updated to reflect actual borrowing that takes place along with any revisions to future anticipated borrowing.

4.2 Table 2 shows the average rate of interest payable in 2020-2021 and forecast for 2021-2022.

**Table 2 – Average interest rate payable in 2020-2021 and 2021-2022**

	<b>2020-2021 Actual</b>	<b>2021-2022 Forecast</b>
Average Interest Rate Payable	3.76%	3.79%

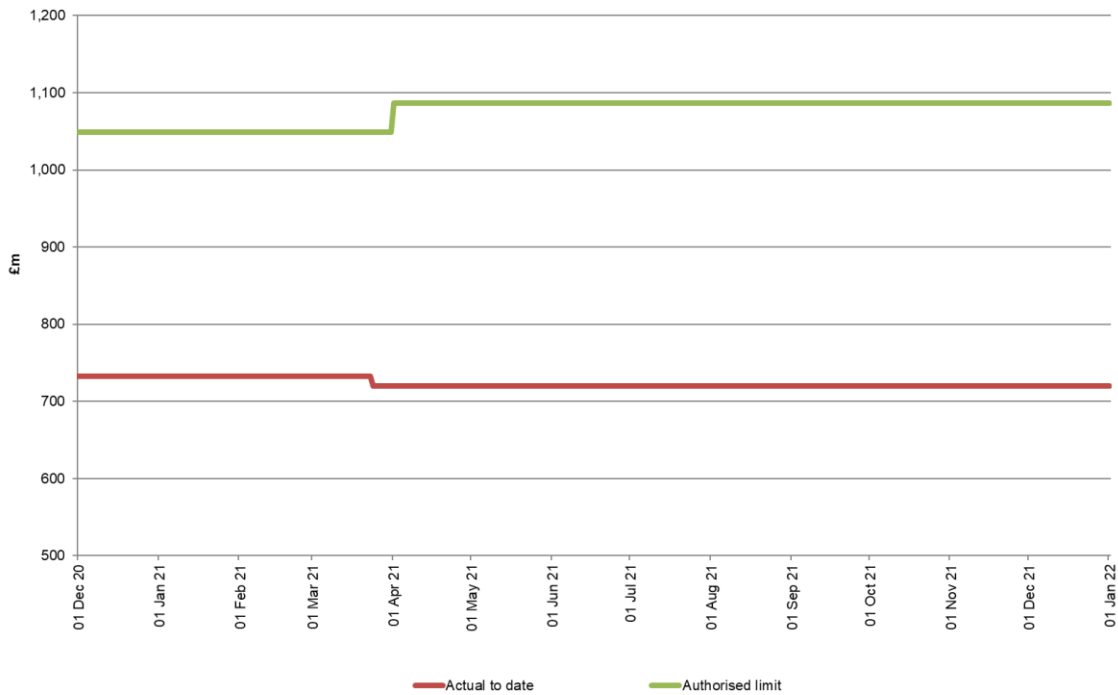
4.3 Each year it is necessary to raise new loans to finance capital expenditure and to replace existing maturing borrowing. The Council's policy is to prioritise the use of capital receipts to finance capital expenditure. Balances which are set aside to meet credit liabilities (i.e. to repay borrowing) are used to reduce the external borrowing requirement.

4.4 Decisions to take borrowing will be made by the Director of Finance when it is judged that rates are likely to be at their lowest levels, and probably about to rise according to market indications, and only when an inflow of funds is required to meet imminent cash flow commitments. This will keep overall surplus cash balances to a minimum, in line with the current strategy. Appendix 2 to this report shows the maturity profile of external borrowing.

4.5 As always, the Council needs to be mindful that the opportunity to secure short term efficiencies by postponing longer term borrowing requirements takes into account the risk of long term rates increasing in the future. Appendix 3 to this report includes the Link interest rate forecasts for quarter three 2021-2022 which forecasts that interest rates across all periods could increase in March, May and November 2022. The Director of Finance will continue to keep actual and forecast rates under close review.

4.6 The Council's borrowing profile continues to operate within the overall limits previously approved by Council, as shown in Chart 1.

**Chart 1 – Comparison of borrowing within approved borrowing limits over the previous 12 months**



- 4.7 The level of borrowing at 31 December 2021 is £720.4 million, appendix 4 to the report shows a summary of this position. During quarter three no new loans or repayments have occurred, and no existing borrowing is due to be repaid in quarter four.
- 4.8 In March 2021, Council approved a net borrowing requirement for 2021-2022 of £143.8 million. The forecast net borrowing requirement for 2021-2022 is £50.4 million, as shown in appendix 5, due to re-phasing in the capital programme. This appendix also shows the details for the disclosure for certainty rate, which enables the Council to access discounted borrowing at 0.20% below normal PWLB rates.

## 5.0 Investment forecast for 2021-2022

- 5.1 The approach during the year is to continue to use cash balances to finance capital expenditure so as to keep cash balances low.
- 5.2 Table 3 shows the total amount of surplus funds invested as at 30 September 2021 and 31 December 2021.

**Table 3 – Total amounts invested 2021-2022**

	<b>30 September 2021 £000</b>	<b>31 December 2021 £000</b>
Business Reserve Accounts	767	10,487
Debt Management Account Deposit Facility	-	6,740
Money Market Funds	59,775	57,495
<b>Total invested</b>	<b>60,542</b>	<b>74,722</b>
Average cash balance for the year to date	45,044	54,897

- 5.3 Money Market Funds and Business Reserve Accounts are the main investments used as these have high credit ratings and instant access.
- 5.4 The Council's cash flow balance for the third quarter of the current financial year has moved between a low of £64.3 million and a maximum of £83.9 million. The average cash balance for the quarter being £74.3 million.
- 5.5 It should be noted that, mainly due to additional income being received than forecast over the Christmas period, the Council temporarily exceeded the limit of £10.0 million to be held in the Council's bank account by £487,000 from 31 December 2021 until rectified on 4 January 2022.
- 5.6 Table 4 shows the budgeted average rate of interest receivable in 2021-2022 and the forecast for the year.

**Table 4 – Average interest rate receivable in 2021-2022**

	<b>2021-2022 Budget</b>	<b>2021-2022 Forecast</b>
Average Interest Rate Receivable	0.05%	0.01%

- 5.7 At the time the budget was set a prudent percentage was used for budgeting purposes, the Covid-19 pandemic has seen interest rates available for investments decrease significantly. With the current uncertainties it is increasingly difficult to forecast future investment rates that could be achieved, in order to be prudent, a lower rate is forecast based on the rates achieved to the 31 December 2021. The impact of this reduction will be monitored throughout the year; however, this loss of income will be offset against savings generated by avoiding the cost of borrowing, due to re-phasing in the capital programme.
- 5.8 As reported in previous monitoring reports to date, Fitch and Moody's (two of the three credit rating agencies) had downgraded the UK's sovereign rating from AA to AA-, or equivalent, due to the unprecedented impact of the Covid-19 pandemic on the economy.

The Council's Annual Investment Strategy sets the minimum sovereign rating of AA with regard to the Council's investment lending list. As the other credit rating agency (Standard & Poors) had kept their UK sovereign rating equivalent to AA the Annual Investment Strategy did not require amendment. If they did also downgrade the UK's sovereign rating, the Council's bank account provider, National Westminster Bank plc, would no longer have met the current approved minimum sovereign rating. Therefore, to ensure that National Westminster Bank plc remained on the lending list, in the event that the UK sovereign rating was downgraded by Moody's and Standard & Poors, delegation was sought to enable the minimum sovereign rating to be lowered by the Director of Finance in a timely manner. This delegation hasn't been utilised to the date of this report, however, if Standard & Poors were to downgrade the rating, the Director of Finance will be required to use the delegated authority to lower the minimum sovereign rating in the Annual Investment Strategy.

- 5.9 While investment rates continue to be below long term borrowing rates, the Council can minimise its overall net treasury costs in the short term by continuing to avoid new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external borrowing (this is referred to as internal borrowing).
- 5.10 The Council manages its investments in-house and invests only in the institutions listed in the Council's approved lending list, which is reviewed each time a counterparty is subject to a credit rating amendment. The Council's strategy allows for investments for a range of periods from overnight to five years, depending on the Council's cash flows, its interest rate view and the interest rates on offer. However, in order to maintain sufficient liquidity whilst total investment levels are relatively low, investments have been placed for shorter durations.
- 5.11 The approved Treasury Management Code of Practice sets out the criteria to be used for creating and managing approved counterparty lists and limits. As a result of any changes to credit criteria, the Director of Finance is authorised to make changes to the list of approved counterparties. In the event that any of these counterparties fall below the Council's minimum lending criteria, activity in that account will temporarily cease and any balance withdrawn immediately. Appendix 6 to this report shows the Council's current specified investments lending list.
- 5.12 In quarter three 2021-2022 the Director of Finance has not been required to use her discretion to temporarily exceed any upper limits with approved counterparties.

## **6.0 Evaluation of alternative options**

- 6.1 As this is a monitoring report of treasury management activities undertaken in line with the approved Treasury Management Strategy for 2021-2022, there are no alternative options available.

## **7.0 Reasons for decision(s)**

7.1 This report provides an update on treasury management activities undertaken in line with the approved Treasury Management Strategy for 2021-2022.

## **8.0 Financial implications**

8.1 The financial implications are discussed in the body of this report.  
[SH/08032022/W]

## **9.0 Legal implications**

9.1 The Council's treasury management activity must be carried out in accordance with the requirements of the Local Government Act 2003. In addition, the Local Government and Housing Act 1989 sets out requirements for local authorities in respect of capital controls, borrowing and credit arrangements. The Council is also required to comply with the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

9.2 Treasury management relates to the management of the Council's cash flow, borrowing and cash investments. This involves seeking the best rates of interest for borrowing, earning interest on investments, whilst managing risk in making financial decisions and adopting proper accounting practice.

9.3 The area is heavily regulated. The Local Government and Housing Act 1989 regulates the operation of the Housing Revenue Account. The 'CIPFA Code of Practice for Treasury Management in the Public Services', contains treasury management indicators and advice on treasury management strategy. Investment strategy is regulated by 'DLUHC Guidance on Local Government Investments' issued initially in 2004 and reissued in 2010 and 2018. Part 2 of this Guidance is statutory guidance.  
[TC/01022022/A]

## **10.0 Equalities implications**

10.1 Whilst there are no direct equalities implications arising from treasury management activity, the Council's capital programme of individual projects can have significant impact on specific groups and equality implications. These implications are considered when the individual capital projects are being developed.

## **11.0 All other implications**

11.1 Due to the Covid-19 pandemic, there has been re-phasing of the capital programme which reduces the borrowing need in year. This is to reflect new timescales for completing projects to take into account any social distancing measures which may be required or for any disruptions due to supply chains. In addition, the Council is monitoring its cash balances to see how the economic impact of Covid-19 is affecting the



cash that it receives from local taxpayers. Any pressure in this area may have a negative impact on the Council's cash flow balances which may require borrowing to be undertaken sooner than planned to temporarily fund revenue costs.

- 11.2 As highlighted in previous monitoring reports, Covid-19 has impacted on the economy resulting in lower interest rates being available for investments. The impact on the treasury management budget of the reduced interest rates available for the Council's investments will be closely monitored.

## **12.0 Schedule of background papers**

- 12.1 [Treasury Management Strategy 2021-2022](#), Report to Cabinet, 17 February 2021
- 12.2 [Treasury Management – Annual Report 2020-2021 and Activity Monitoring Quarter One 2021-2022](#), Report to Cabinet, 7 July 2021
- 12.3 [Treasury Management Activity Monitoring – Mid Year Review 2021-2022](#), Report to Cabinet, 17 November 2021
- 12.4 [Treasury Management Strategy 2022-2023](#), Report to Cabinet, 23 February 2022
- 12.5 [Performance and Budget Monitoring 2021-2022](#), Report to Cabinet (Resources) Panel, 23 March 2022

## **13.0 Appendices**

- 13.1 Appendix 1 – Prudential and Treasury Management Indicators
- 13.2 Appendix 2 – Borrowing maturity profile
- 13.3 Appendix 3 – Link interest rate forecasts
- 13.4 Appendix 4 – Borrowing type, borrowing and repayments
- 13.5 Appendix 5 – Disclosure for certainty rate
- 13.6 Appendix 6 – Lending list

This page is intentionally left blank

Prudential Indicators (PI) required by The Prudential Code

PI for Prudence - Ensuring that external debt is sustainable and compliance with good professional practice are essential features of prudence.

**PI 1 - Estimates and actual capital expenditure.**

Full details of capital expenditure plans and funding can be found in the quarter three capital budget monitoring 2021-2022 report.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
General *	173,116	32,264	13,003	99,995	139,412	59,970
HRA	95,287	86,260	84,280	54,900	84,663	88,488
	268,403	118,524	97,283	154,895	224,075	148,458
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	23,057	10,000	10,000	21,030	13,057	10,000

**PI 2 - Estimates and actual capital financing requirement General and HRA.**

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
General *	754,006	728,584	706,460	691,887	723,620	707,006
HRA	316,385	357,387	396,495	275,967	316,145	359,879
	1,070,391	1,085,971	1,102,955	967,854	1,039,765	1,066,885
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	23,789	15,744	14,816	42,350	45,165	40,730
<b>Movement in capital financing requirement represented by:</b>						
New borrowing for capital expenditure	145,604	60,572	60,336	58,536	109,302	68,029
Less minimum revenue provision/voluntary minimum revenue provision	(34,474)	(44,992)	(43,352)	(32,765)	(37,391)	(40,909)
Movement in capital financing requirement	111,130	15,580	16,984	25,771	71,911	27,120

**PI 3 - Authorised limit for external debt.**

These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI). This is a self determined level reviewed and set each budget setting cycle.

	Approved by Council 2 March 2022		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,086,578	1,080,693	1,139,076
Other Long Term Liabilities	79,626	82,628	79,660
Total Authorised Limit	1,166,204	1,163,321	1,218,736
Forecast External Debt as at 31 December 2021:			
Borrowing	770,830	872,611	940,699
Other Long Term Liabilities	79,626	80,628	77,660
	850,456	953,239	1,018,359
Variance (Under) / Over Authorised limit	(315,748)	(210,082)	(200,377)
<b>Authorised limit for service investments included in the above figures</b>			
Authorised Limit	47,014	66,049	63,600
Forecast External Debt as at 31 December 2021:	43,120	45,935	44,500
Variance (Under) / Over Authorised limit	(3,894)	(20,114)	(19,100)

Prudential Indicators (PI) required by The Prudential Code

**PI 4 - Operational boundary for external debt.**

This is based on the same estimates as the authorised limit but directly reflects the Director of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included. This is a self determined level reviewed and set each budget setting cycle.

	Approved by Council 2 March 2022		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Borrowing	1,050,255	1,054,388	1,122,138
Other Long Term Liabilities	79,626	80,628	77,660
<b>Total Operational Boundary Limit</b>	<b>1,129,881</b>	<b>1,135,016</b>	<b>1,199,798</b>
Forecast External Debt as at 31 December 2021:			
Borrowing	770,830	872,611	940,699
Other Long Term Liabilities	79,626	80,628	77,660
	850,456	953,239	1,018,359
Variance (Under) / Over Operational Boundary Limit	(279,425)	(181,777)	(181,439)
<b>Operational boundary for service investments included in the above figures</b>			
Operational Boundary Limit	45,874	65,035	63,600
Forecast External Debt as at 31 December 2021:	43,120	45,935	44,500
Variance (Under) / Over Operational Boundary Limit	(2,754)	(19,100)	(19,100)

**PI 5 - Gross debt and the capital financing requirement.**

"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years".

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,102,955	1,102,955	1,102,955	1,066,885	1,088,964	1,088,964
Gross Debt	1,004,740	1,044,320	1,061,304	850,456	953,239	1,018,359
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	Yes	Yes

**PI for Affordability** - These indicators are used to ensure the total capital investment of the Council is within a sustainable limit and the impact of these decisions are considered with regard to acceptable council tax and housing rent levels.

**PI 6 - Estimates and actual ratio of financing costs to net revenue stream.**

This represents the cost of financing capital expenditure as a % of net revenue for both General and HRA.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
General *	14.5%	18.6%	16.5%	17.7%	18.1%	18.6%
HRA	29.3%	29.5%	30.1%	30.4%	31.4%	31.7%
* Service investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service and regeneration delivery purposes.	1.0%	1.0%	0.9%	1.1%	1.1%	1.2%

**PI 7 - Estimates and actual ratio of net income from commercial and service investments to net revenue stream.**

This represents the financial exposure of the Council to the loss of income from commercial and service investments. Only costs directly attributable to the investments are netted off, so unlike PI 6, the costs of borrowing (interest and MRP) cannot be deducted as they are not directly attributable to managing the investments and will continue regardless of the existence or performance of the investments. This is a new indicator required by the revised Prudential Code.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast
Commercial	-	-	-	-	-	-
Service	-	-	-	0.7%	0.6%	0.8%

Treasury Management Indicators (TMI) required by The Treasury Management Code

**TMI 1 - Upper limits for long-term treasury management investments (previously called 'upper limits to the total of principal sums invested over 365 days').**

This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.5 of the Annual Investment Strategy). It has been determined that a maximum of 50% of total investments with a cap of £35.0 million could be prudently committed to long term investments should the Director of Finance decide it is appropriate to.

	Approved by Council 2 March 2022		
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000
Upper limit for long-term treasury management investments	35,000	35,000	35,000
Actual and Forecast Invested at 31 December 2021	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)

**TMI 2 - Upper and lower limits to the maturity structure of its borrowing.**

These limits relate to the % of fixed and variable rate debt maturing.

	Approved by Council 2 March 2022		Approved by Council 2 March 2022
	Upper Limit	Lower Limit	2021-2022 Forecast Borrowing
Under 12 months	25%	0%	1.32%
12 months and within 24 months	25%	0%	0.92%
24 months and within 5 years	40%	0%	3.17%
5 years and within 10 years	50%	0%	10.23%
10 years and within 20 years	50%	0%	13.11%
20 years and within 30 years	50%	0%	23.77%
30 years and within 40 years	50%	0%	25.84%
40 years and within 50 years	50%	0%	21.64%
50 years and within 60 years	50%	0%	-

Non-treasury management investment indicators

The statutory guidance on local government investments encourages local authorities to develop qualitative indicators that allow the reader to assess the Council's total risk exposure as a result of commercial investment decisions.

**NTM 1 - Estimates and actual non-treasury management investment expenditure.**

This identifies the level of any non-treasury management investments ( e.g. service and commercial investments).

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022	2022-2023	2023-2024	2021-2022	2022-2023	2023-2024
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000
Service investments	23,057	10,000	10,000	21,030	13,057	10,000
Commercial investments	-	-	-	-	-	-
	23,057	10,000	10,000	21,030	13,057	10,000

**NTM 2 - Estimates and actual net debt for service and commercial investment to net service expenditure ratio.**

This indicator measures the level of net debt for service and commercial investments in comparison to the Council's forecast net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022	2022-2023	2023-2024	2021-2022	2022-2023	2023-2024
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000
Net debt for service and commercial investments	43,389	35,344	34,416	42,350	45,165	40,730
Net service expenditure	258,497	247,274	251,839	258,497	267,150	268,326
Debt to net service expenditure ratio	16.8%	14.3%	13.7%	16.4%	16.9%	15.2%

**NTM 3 - Estimates and actual service and commercial income to net service expenditure ratio.**

This indicator measures the level of service and commercial investment generated income in comparison to the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority. The % indicates the Council's financial resilience and how reliant on the service/commercial investment income it is. A low % indicates the Council is not heavily reliant on service/commercial investment income.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022	2022-2023	2023-2024	2021-2022	2022-2023	2023-2024
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000
Service and commercial investment income	2,004	2,286	2,085	2,061	1,819	2,115
Net service expenditure	258,497	247,274	251,839	258,497	267,150	268,326
Service and commercial income to net service expenditure ratio	0.8%	0.9%	0.8%	0.8%	0.7%	0.8%

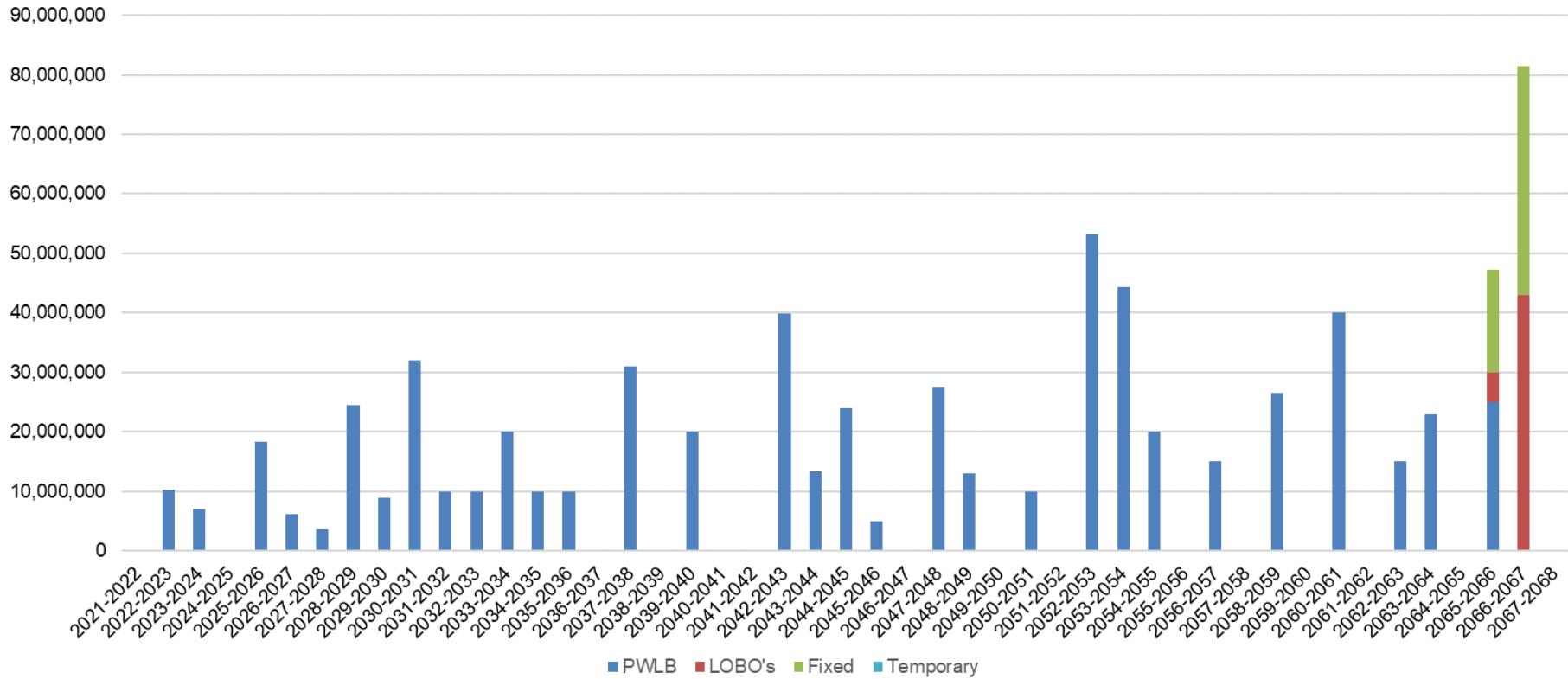
**NTM 4 - Estimates and actual loan to value ratio**

This indicator measures the net debt for service and commercial investments compared to the forecast total asset value. A decrease in the ratio over the medium term indicates a reducing level of borrowing due to repayments, whereas an increase indicates an increase in the level of borrowing due to new loans being issued.

	Approved by Council 3 March 2021			Approved by Council 2 March 2022		
	2021-2022	2022-2023	2023-2024	2021-2022	2022-2023	2023-2024
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Loan to value ratio	91.4%	87.4%	85.1%	72.2%	72.1%	68.3%

**Borrowing Maturity Profile at 31 December 2021**

Page 37



This page is intentionally left blank



**Link interest rate forecasts**

The Council's treasury advisor, Link Group, provided the following forecasts on 7 February 2022 (PWLB rates are certainty rates, gilt yields plus 80bps):

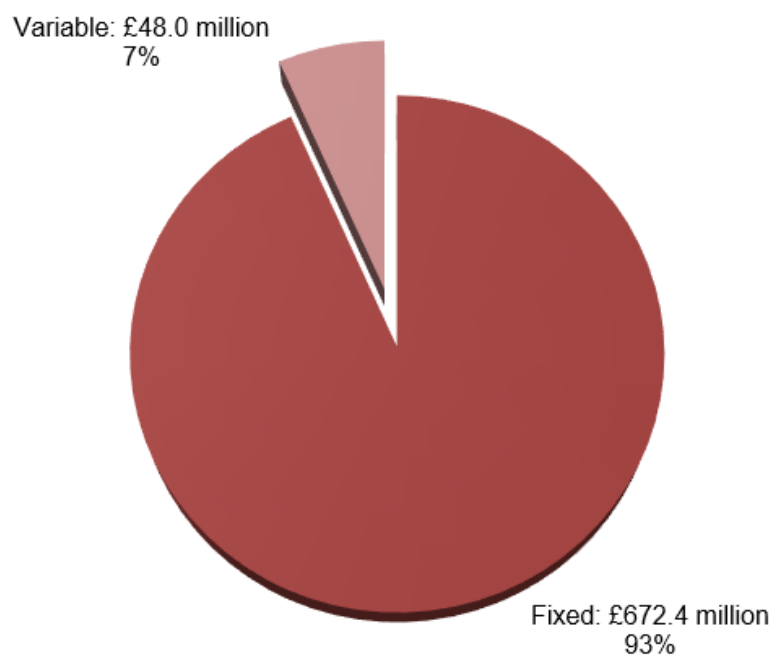
Link Group Interest Rate View 07.02.22													
	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
<b>BANK RATE</b>	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
3 month ave earnings	0.80	1.00	1.00	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.20
6 month ave earnings	1.00	1.10	1.20	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
12 month ave earnings	1.40	1.50	1.60	1.70	1.70	1.60	1.60	1.50	1.40	1.40	1.40	1.40	1.40
5 yr PWLB	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
10 yr PWLB	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40
25 yr PWLB	2.40	2.50	2.50	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
50 yr PWLB	2.20	2.30	2.30	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40	2.40

This page is intentionally left blank

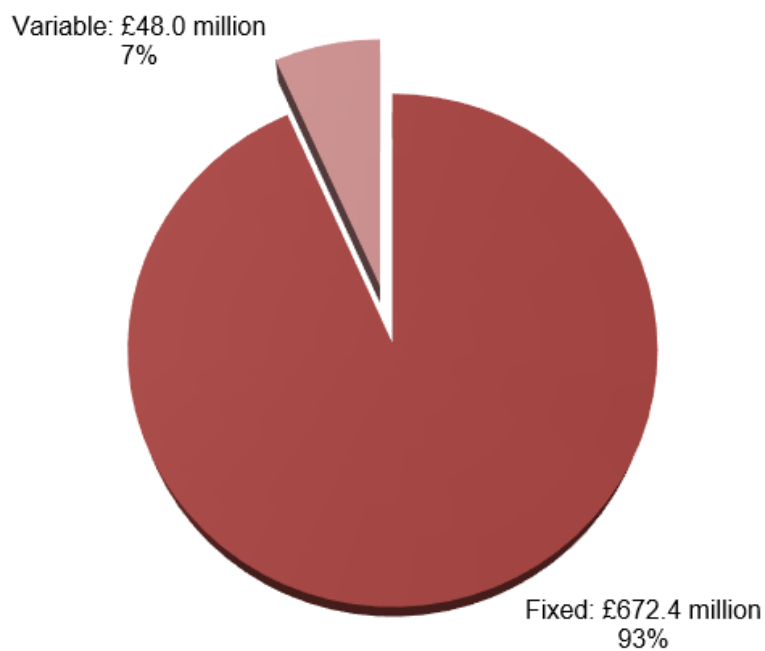
### Borrowing: Graphical Summary

#### Borrowing by Type

As at 30 September 2021



As at 31 December 2021



**Borrowing and Repayments in 2021-2022**

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
<b>2021-2022 Borrowing</b>						
<b>PWLB Fixed Maturity:</b>						
No activity in quarter 3						
<b>Sub total for PWLB</b>			-			-
<b>Temporary Loans:</b>						
No activity in quarter 3						
<b>Sub total for Temporary Loans</b>			-			-
<b>Grand total borrowing</b>						
			-			-

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
<b>2021-2022 Repayments</b>						
<b>PWLB Fixed Maturity:</b>						
No activity in quarter 3						
<b>Sub total for PWLB</b>			-			-
<b>Temporary Loans</b>						
No activity in quarter 3						
<b>Sub total for Temporary Loans</b>			-			-
<b>Grand total repayments</b>						
			-			-
<b>Net movement</b>						
			-			-

Disclosure for Certainty Rate

<b>Certainty Rate</b>						
This table details the information that is required to enable the Council to submit a return for 2021-2022						
	Approved by Council 3 March 2021			As at 31 December 2021		
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000
<b>Net Borrowing Requirement:</b>						
Borrowing to finance planned capital expenditure	145,292	57,189	60,057	58,224	105,219	67,750
Existing maturity loans to be replaced during the year	30,059	88,199	57,095	22,000	41,071	95,095
Less:						
Minimum Revenue Provision for debt repayment	(18,153)	(25,546)	(21,987)	(18,338)	(19,817)	(21,121)
Voluntary debt repayment	(13,397)	(16,365)	(18,118)	(11,503)	(14,493)	(16,541)
	(31,550)	(41,911)	(40,105)	(29,841)	(34,310)	(37,662)
Loans replaced less debt repayment	(1,491)	46,288	16,990	(7,841)	6,761	57,433
<b>Net Advance Requirement</b>	<b>143,801</b>	<b>103,477</b>	<b>77,047</b>	<b>50,383</b>	<b>111,980</b>	<b>125,183</b>
<b>Analysed by:</b>						
Service delivery	55,984	48	2,831	29,884	28,743	8,374
Housing	54,508	50,367	57,226	9,674	58,821	57,275
Regeneration	34,800	6,774	-	18,666	17,655	2,101
Preventative action	-	-	-	-	-	-
Treasury Management	(1,491)	46,288	16,990	(7,841)	6,761	57,433
Primarily for yield	-	-	-	-	-	-
<b>Total</b>	<b>143,801</b>	<b>103,477</b>	<b>77,047</b>	<b>50,383</b>	<b>111,980</b>	<b>125,183</b>

This page is intentionally left blank

## Lending List

### 2021-2022 Specified Investments as at 31 December 2021

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Bank Nederlandse Gemeenten	Netherlands (AAA)	20,000	12 mths
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
HSBC Bank plc	UK (AA-)	5,000	3 mths
Landwirtschaftliche Rentenbank	Germany (AAA)	20,000	12 mths
National Bank of Abu Dhabi	Abu Dhabi (U.A.E) (AA)	5,000	3 mths
NRW.BANK	Germany (AAA)	20,000	12 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	10,000	6 mths
United Overseas Bank Ltd	Singapore (AAA)	10,000	6 mths
<b>Nationalised Banks</b>			
<b>Royal Bank of Scotland Group plc</b>			
National Westminster Bank plc	UK (AA-)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AA-)	10,000	3 mths
<b>AAA Rated and Government Backed Securities</b>			
Debt Management Office	UK (AA-)	20,000	30 mths
<b>Money Market Funds</b>			
	<b>Fund Rating</b>		
Invesco STIC Account	Fitch AAmmf	20,000	Instant Access
Aberdeen Liquidity Fund (LUX) Class 2	Fitch AAmmf	20,000	Instant Access
Federated Short-Term Sterling Prime Fund	Fitch AAmmf	20,000	Instant Access
Black Rock Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access

#### Non-rated Institutions

County Councils, London Boroughs, Metropolitan Districts and Unitary Authorities - limits £6m and 12 months.  
Shire District Councils, Fire and Civil Defence Authorities, Passenger Transport Authorities and Police Authorities - limits £3m and 12 months.

This page is intentionally left blank



<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet</b> <b>6 July 2022</b>
--	--------------------------------------

<b>Report title</b>	Treasury Management - Annual Report 2021-2022 and Activity Monitoring Quarter One 2022-2023	
<b>Decision designation</b>	RED	
<b>Cabinet member with lead responsibility</b>	Councillor Obaida Ahmed Resources and Digital City	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable Director</b>	Tim Johnson, Chief Executive	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee</b>	Claire Nye Tel Email	Director of Finance 01902 550478 Claire.Nye@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Strategic Executive Board Council Resources and Equality Scrutiny Panel	21 June 2022 20 July 2022 13 October 2022

---

**Recommendations for decision:**

That Cabinet recommended that Council is asked to note:

1. The Council operated within the overall approved Prudential and Treasury Management Indicators, and also within the requirements set out in the Council's Treasury Management Policy Statement during 2021-2022.
2. That revenue underspends of £1.0 million for the General Fund and £738,000 for the Housing Revenue Account (HRA) were generated from treasury management activities in 2021-2022.
3. That the General Fund and HRA treasury management activities for 2022-2023 are currently forecast to be within budget. This will continue to be monitored, and updates provided in future reports.

**Recommendations for noting:**

The Cabinet is asked to note:

1. The financial information included in this report is based on the 'Capital Budget Outturn 2021-2022 including Quarter One Capital Monitoring 2022-2023' report also on the agenda for this meeting. The capital report is subject to two reports being separately approved by Cabinet (Resources) Panel on 6 July 2022. Therefore, if this approval is not obtained, a revised version of this report will be presented to Council on 20 July 2022.
2. The Council's external borrowing has remained unchanged from 2020-2021 as there were no repayments of loans due in 2021-2022 and no new loans were taken out during the financial year.
3. It should be noted that, CIPFA have recently consulted on temporary proposals to update the CIPFA code of practice on Local Authority Accounting for infrastructure assets. At the time of writing, the outcome of the consultation has not been published. However, in response to the issues being considered by CIPFA, the Council is currently reviewing its accounting policy and will be discussing the findings with the Council's external auditors. This may result in additional charges being made on Minimum Revenue Provision (MRP) for the General Fund for 2021-2022 onwards. Once this work has been concluded, an update will be reported to Cabinet.

## 1.0 Purpose

- 1.1 This report sets out the results of treasury management activities carried out in 2021-2022, together with performance against the Prudential Indicators previously approved by Council. It also provides a monitoring and progress report on treasury management activity for the first quarter of 2022-2023, in line with the Prudential Indicators approved by Council in March 2022.

## 2.0 Background

- 2.1 The treasury management activities of the Council are underpinned by The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. For further information on the requirement of the Code please refer to the Treasury Management Strategy 2022-2023 report which can be accessed online on the Council's website by following the link:

[Agenda for Cabinet on Wednesday, 23rd February, 2022, 5.00 pm :: Wolverhampton City Council \(moderngov.co.uk\)](#)

- 2.2 Treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 2.3 The system of controls on local authority capital investment is based largely on self-regulation by local authorities themselves. At its heart is CIPFA's Prudential Code for Capital Finance.
- 2.4 Cabinet / Cabinet (Resources) Panel received quarterly reports during 2021-2022 to monitor performance against the strategy and Prudential Indicators previously approved by Council.
- 2.5 The Council continued to use Link Group as treasury management advisors throughout 2021-2022 and 2022-2023 to date. Link provides market data and intelligence on which the Council can make decisions regarding all aspects of treasury management activities and, in particular, managing the risks associated with investing surplus cash.
- 2.6 As reported to Councillors in previous treasury management reports during 2021-2022, new revised Treasury Management and Prudential Codes were published by CIPFA and Councils must have regard to the new Codes from the date of publication. However, due to the timing of the release of the new Codes, CIPFA has allowed reporting on the Codes to be deferred until 2023-2024, including changes to the capital strategy, prudential indicators and investment reporting.
- 2.7 Where possible the changes to the Codes have been implemented in the appendices attached to this report. However, due to timescales, some areas will be implemented

during 2022-2023. To enable this, at its meeting on 2 March 2022, Council approved delegated authority to Cabinet to approve updates to the Treasury Management Strategy and corresponding practices.

- 2.8 It should be noted that the Council does not undertake commercial investments, that is those held primarily for financial return. However, to be compliant with the Code, commercial investments will be referenced where required.
- 2.9 The Council built up a strong track record of managing its finances well and, in order to reduce interest payment costs, will only undertake external borrowing when cashflows require. The Council has not had to undertake any external borrowing during 2020-2021 and 2021-2022, the last time the Council carried out external borrowing was March 2019. The Council external borrowing therefore remains at £720.4 million.
- 2.10 Our City: Our Plan was approved by Full Council on 2 March 2022 and sets out how the Council will continue to work alongside its local, regional and national partners to improve outcomes for local people. The plan also aligns the key priorities and objectives identified by the Relighting Our City Recovery framework.
- 2.11 The plan continues to identify an overarching ambition that 'Wulfrunians will live longer, healthier lives' delivered through six Council Plan priorities:
- Strong families where children grow up well and achieve their full potential
  - Fulfilled lives with quality care for those that need it
  - Healthy, inclusive communities
  - Good homes in well-connected neighbourhoods
  - More local people into good jobs and training
  - Thriving economy in all parts of the city
- 2.12 These priorities together with the associated key outcomes, objectives and activity form a framework to improve the outcomes for local people and deliver our levelling up ambitions. Supporting the six overarching priorities are three cross cutting principles – Climate Conscious, Driven by Digital, Fair and Equal.
- 3.0 The strategy and outturn for 2021-2022**
- 3.1 The strategy for 2021-2022 was to maintain cash balances at a reduced level, therefore, keeping to a minimum the credit risk incurred by holding investments and to avoid the higher costs of external borrowing compared to interest foregone on cash balances, thereby generating revenue savings.
- 3.2 During the 2021-2022, the Council followed the recommendations as set out in the Treasury Management Strategy 2021-2022.
- 3.3 The Treasury Management outturn for 2021-2022 compared to budget is shown in Table 1.

**Table 1 – Treasury management budget and outturn 2021-2022**

	Approved Budget £000	Outturn £000	Variance £000
General Fund	37,555	36,506	(1,049)
Housing Revenue Account	10,823	10,085	(738)
<b>Total</b>	<b>48,378</b>	<b>46,591</b>	<b>(1,787)</b>

- 3.4 Overall, there were revenue underspends of £1.0 million for the General Fund and £738,000 for the HRA for 2021-2022. For the General Fund, the main reasons are as previously reported; a reduced borrowing need in year arising as a result of re-phasing of the capital programme and due to no borrowing being undertaken in 2020-2021 and 2021-2022. These underspends were included in the report 'Performance and Budget Outturn 2021-2022' approved by Cabinet on 15 June 2022.
- 3.5 It should be noted that, CIPFA have recently consulted on temporary proposals to update the CIPFA code of practice on Local Authority Accounting for infrastructure assets. At the time of writing, the outcome of the consultation has not been published. However, in response to the issues being considered by CIPFA, the Council is currently reviewing its accounting policy and will be discussing the findings with the Council's external auditors. This may result in additional charges being made on MRP for the General Fund for 2021-2022 onwards. Once this work has been concluded, an update will be reported to Cabinet.
- 3.6 No institutions in which investments were made had any difficulty in repaying investments or interest in full during the year and no arrangements had to be made to prematurely withdraw funds from any investments as a result of a downgrade in their respective credit rating. There was also no debt rescheduled in 2021-2022.
- 3.7 Table 2 shows the average rate of interest payable and receivable in 2020-2021 and 2021-2022.

**Table 2 – Average interest rate payable and receivable in 2020-2021 and 2021-2022**

	2020-2021 Actual	2021-2022 Actual
Average Interest Rate Payable	3.76%	3.79%
Average Interest Rate Receivable	0.14%	0.08%

**Borrowing outturn for 2021-2022**

- 3.8 The Council has a built up a strong track record of managing its finances well and, in order to reduce interest payment costs, will only undertake external borrowing when cashflows require. The Council has not had to undertake any external borrowing during

2020-2021 and 2021-2022, the last time the Council carried out external borrowing was March 2019. The Council external borrowing therefore remains at £720.4 million.

- 3.9 The average debt interest rate increased marginally from 3.76% in 2020-2021 to 3.79% in 2021-2022. The Council undertakes borrowing only when necessary to maintain sufficient cash flow balances and after monitoring the market to take advantage of the best available rates. During 2021-2022 there were no new loans raised and there were no loans maturing requiring repayment.
- 3.10 The Council's need to borrow and the rates available continue to be monitored in order to achieve optimum results. The Council's medium term forecast is regularly updated to reflect actual borrowing that takes place along with any revisions to future anticipated borrowing.
- 3.11 The Council's Capital Financing Requirement (CFR) increased from £942.1 million to £954.5 million throughout 2021-2022. This reflects a net increase in the Council's underlying need to borrow for capital purposes. This was split between the General Fund and HRA at a rate of 71% and 29% respectively (2020-2021: 72% and 28%). It is important to note that, whilst the CFR has increased during the financial year, the increase is substantially lower than previously forecast and approved by Council on 3 March 2021 at £1,070.4 million and 2 March 2022 £967.9 million, this is due to re-phasing of the capital programme which has reduced the borrowing need in year.
- 3.12 As mentioned above no new loans were raised or repayments made, therefore, the level of external borrowing remains at £720.4 million. While investment rates continue to be below long term borrowing rates, the Council can minimise its overall net treasury costs in the short term by continuing to avoid new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external borrowing (this is referred to as internal borrowing). Table 3 shows a breakdown of the external and internal borrowing for the CFR.

**Table 3 – Capital Financing Requirement**

	Opening balance 1 April 2021 £000	Movement in year £000	Closing balance 31 March 2022 £000
Borrowing - external	720,447	-	720,447
Borrowing - internal	139,398	14,999	154,397
Capital Financing Requirement - capital programme	859,845	14,999	874,844
Other Long Term Liabilities	82,238	(2,612)	79,626
<b>Total Capital Financing Requirement</b>	<b>942,083</b>	<b>12,387</b>	<b>954,470</b>

- 3.13 Appendix 1 shows a summary of the external borrowing position.

### **Investment outturn for 2021-2022**

- 3.14 The actual interest rate earned from investments decreased from 0.14% in 2020-2021 to 0.08% in 2021-2022. However, due to the economic impact of the Covid-19 pandemic a prudent percentage of 0.05% was used budgeting purposes for 2021-2022, therefore, against budget a small increase in interest receivable was achieved.
- 3.15 The approach during the year was to continue to use cash balances to finance capital expenditure to keep cash balances low. This minimised counterparty risk on investments and also mitigated treasury management costs as investments rates were much lower than most new borrowing rates.
- 3.16 The Council manages its investments in-house and invests only in the institutions listed in the Council's approved lending list, which is reviewed each time a counterparty is subject to a credit rating amendment. The Council's strategy allows for investments for a range of periods from overnight to five years, depending on the Council's cash flows, its interest rate view and interest rates on offer. However, in order to maintain sufficient liquidity most investments have been placed for shorter durations.

### **4.0 2022-2023 forecast**

- 4.1 It should be noted that in order to provide a timely report, only investment activities up to and including 31 May 2022 have been included. Borrowing activities include the month of June.
- 4.2 The 2022-2023 General Fund budget to support treasury management activities is £40.3 million and £10.2 million for the HRA. The current forecast is that projected costs can be accommodated within these budgets, however, early indicators suggest there may be pressures on the HRA. Due to the uncertain economic climate and the increase in interest rates the forecast outturn is difficult to project at this early stage. The position will continue to be monitored and updates provided in future reports.
- 4.3 The forecast positions will be considered and incorporated in the Performance and Budget Monitoring report to Cabinet.
- 4.4 Appendix 2 shows a comparison of the latest estimates of Prudential and Treasury Management Indicators over the medium term period with the equivalent figures which were approved by Council in March 2022.

### **Borrowing forecast for 2022-2023**

- 4.5 Table 4 shows the average rate of interest payable in 2021-2022 and forecast for 2022-2023.

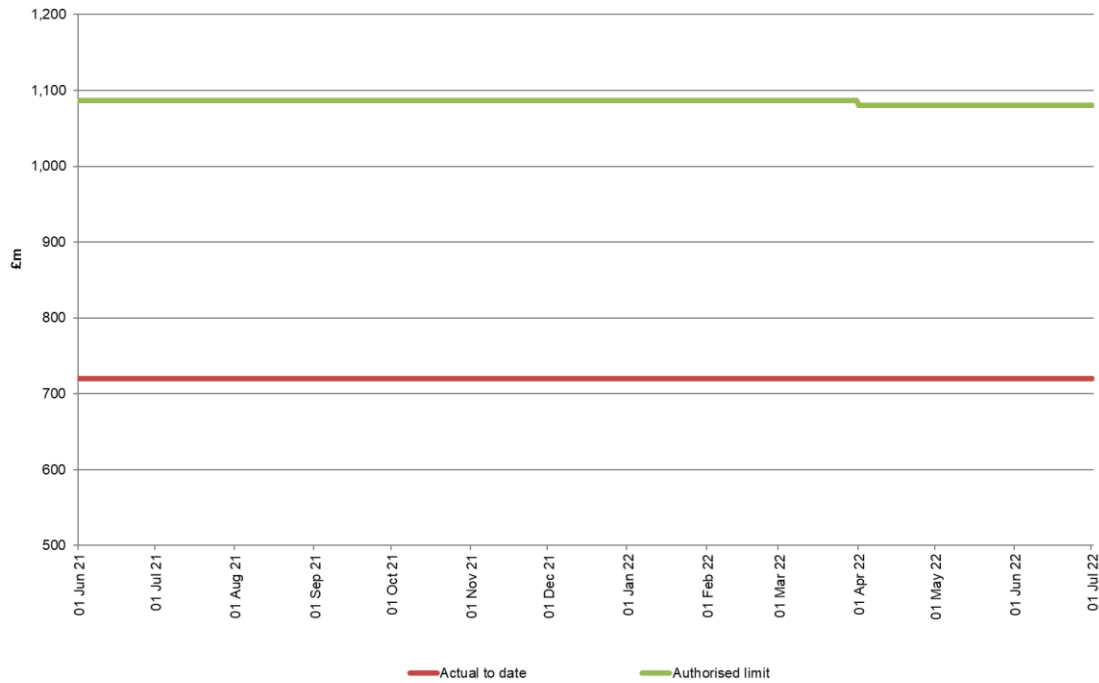
**Table 4 – Average interest rate payable in 2021-2022 and 2022-2023**

	<b>2021-2022</b>	<b>2022-2023</b>
	<b>Actual</b>	<b>Forecast</b>
Average Interest Rate Payable	3.79%	3.77%

- 4.6 The average interest rate payable for 2022-2023 in Table 4 includes the latest rates forecast provided by Link on 21 June 2022. Although interest rates have been rising, due to maturing loans in 2022-2023 being a higher rate than those available now, a slightly lower weighted average rate is forecast.
- 4.7 Each year it is usually necessary to raise new loans to finance capital expenditure and to replace existing maturing borrowing. The Council's policy is to prioritise the use of capital receipts to finance capital expenditure. Balances which are set aside to meet credit liabilities (i.e. to repay borrowing) are used to reduce the external borrowing requirement.
- 4.8 Decisions to take borrowing will be made by the Director of Finance when it is judged that rates are likely to be at their lowest levels, and probably about to rise according to market indications, and only when an inflow of funds is required to meet imminent cash flow commitments. This will keep overall surplus cash balances to a minimum, in line with the current strategy. Appendix 3 shows the maturity profile of external borrowing.
- 4.9 As always, the Council needs to be mindful that the opportunity to secure short term efficiencies by postponing longer term borrowing requirements takes into account the risk of long term rates increasing in the future. Appendix 4 to this report includes the latest Link interest rate forecasts at 21 June 2022 which forecasts that Bank Rate could increase in August, September, November, December, February and March of the 2022-2023 financial year. The Director of Finance will continue to keep actual and forecast rates under close review.
- 4.10 The Council's borrowing profile continues to operate within the overall limits previously approved by Council as shown in Chart 1.



**Chart 1 – Comparison of borrowing within approved borrowing limits over the previous 12 months**



- 4.11 The level of borrowing at 30 June 2022 is £720.4 million, appendix 1 shows a summary of this position. During quarter one no new loans or repayments have occurred, £10.2 million of existing borrowing is due to repaid between quarters three to four.
- 4.12 In March 2022, Council approved a net borrowing requirement for 2022-2023 of £112.0 million. The forecast net borrowing requirement for 2022-2023 is £115.2 million, as shown in appendix 5, due to rephasing in the capital programme. This appendix also shows the details for the disclosure for certainty rate, which enables the Council to access discounted borrowing at 0.20% below normal PWLB rates.

### **Investment forecast for 2022-2023**

- 4.13 The approach during the year is to continue to use cash balances to finance capital expenditure so as to keep cash balances low.
- 4.14 Table 5 shows the total amount of surplus funds invested as at 31 March 2022 and in order to provide a timely report, 31 May 2022.

**Table 5 – Total amounts invested 2022-2023**

	31 March 2022 £000	31 May 2022 £000
Business Reserve Accounts	495	306
Debt Management Account Deposit Facility	-	-
Money Market Funds	79,625	52,770
<b>Total invested</b>	<b>80,120</b>	<b>53,076</b>
Average cash balance for the year to date	61,034	71,288

- 4.15 Money Market Funds and Business Reserve Accounts are the main investments used as these have high credit ratings and instant access.
- 4.16 The Council's cash flow balance for the first quarter of the current financial year has moved between a low of £53.1 million and a maximum of £89.2 million. The average cash balance for the quarter being £71.3 million.
- 4.17 Table 6 shows the budgeted average rate of interest receivable in 2022-2023 and the forecast for the year.

**Table 6 – Average interest rate receivable in 2022-2023**

	2022-2023 Budget	2022-2023 Forecast
Average Interest Rate Receivable	0.10%	1.00%

- 4.18 At the time the budget was set a prudent percentage was used for budgeting purposes as the Covid-19 pandemic had seen interest rates available for investments decrease significantly. As the Bank of England have been increasing the base rate since February 2022 the rates achieved on investments has been increasing. With the current uncertainties it is still increasingly difficult to forecast future investment rates that could be achieved therefore, a prudent rate is forecast based on the increased rates achieved to the 31 May 2022.
- 4.19 The approved Treasury Management Code of Practice sets out the criteria to be used for creating and managing approved counterparty lists and limits. As a result of any changes to credit criteria, the Director of Finance is authorised to make changes to the list of approved counterparties. In the event that any of these counterparties fall below the Council's minimum lending criteria, activity in that account will temporarily cease and any balance withdrawn immediately. Appendix 6 shows the Council's current specified investments lending list.
- 4.20 In quarter one 2022-2023 the Director of Finance has not been required to use her discretion to temporarily exceed any upper limits with approved counterparties.

## **5.0 Evaluation of alternative options**

5.1 As this is a monitoring report of treasury management activities undertaken in line with the approved Treasury Management Strategy for 2021-2022 and 2022-2023, there are no alternative options available.

## **6.0 Reasons for decisions**

6.1 This report provides an update on treasury management activities undertaken in line with the approved Treasury Management Strategy for 2021-2022 and 2022-2023.

## **7.0 Financial implications**

7.1 The financial implications are discussed in the body of this report.  
[SH/24062022/A]

## **8.0 Legal implications**

8.1 The Council's treasury management activity must be carried out in accordance with the requirements of the Local Government Act 2003. In addition, the Local Government and Housing Act 1989 sets out requirements for local authorities in respect of capital controls, borrowing and credit arrangements. The Council is also required to comply with the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

8.2 Treasury management relates to the management of the Council's cash flow, borrowing and cash investments. This involves seeking the best rates of interest for borrowing, earning interest on investments, whilst managing risk in making financial decisions and adopting proper accounting practice.

8.3 The area is heavily regulated. The Local Government and Housing Act 1989 regulates the operation of the Housing Revenue Account. The 'CIPFA Code of Practice for Treasury Management in the Public Services', contains treasury management indicators and advice on treasury management strategy. Investment strategy is regulated by 'DLUHC Guidance on Local Government Investments' issued initially in 2004 and reissued in 2010 and 2018. Part 2 of this Guidance is statutory guidance.  
[SZ/24062022/P]

## **9.0 Equalities implications**

9.1 Whilst there are no direct equalities implications arising from treasury management activity, the Council's capital programme of individual projects can have significant impact on specific groups and equality implications. These implications are considered when the individual capital projects are being developed.

## **10.0 All other Implications**

10.1 There are no other implications arising from this report.

## **11.0 Schedule of background papers**

- 11.1 [Treasury Management Strategy 2021-2022](#), Report to Cabinet, 17 February 2021
- 11.2 [Treasury Management – Annual Report 2020-2021 and Activity Monitoring Quarter One 2021-2022](#), Report to Cabinet, 7 July 2021
- 11.3 [Treasury Management Activity Monitoring – Mid Year Review 2021-2022](#), Report to Cabinet, 17 November 2021
- 11.4 [Treasury Management Strategy 2022-2023](#), Report to Cabinet, 23 February 2022
- 11.5 [Treasury Management Activity Monitoring Quarter Three 2021-2022](#), Report to Cabinet (Resources) Panel, 23 March 2022

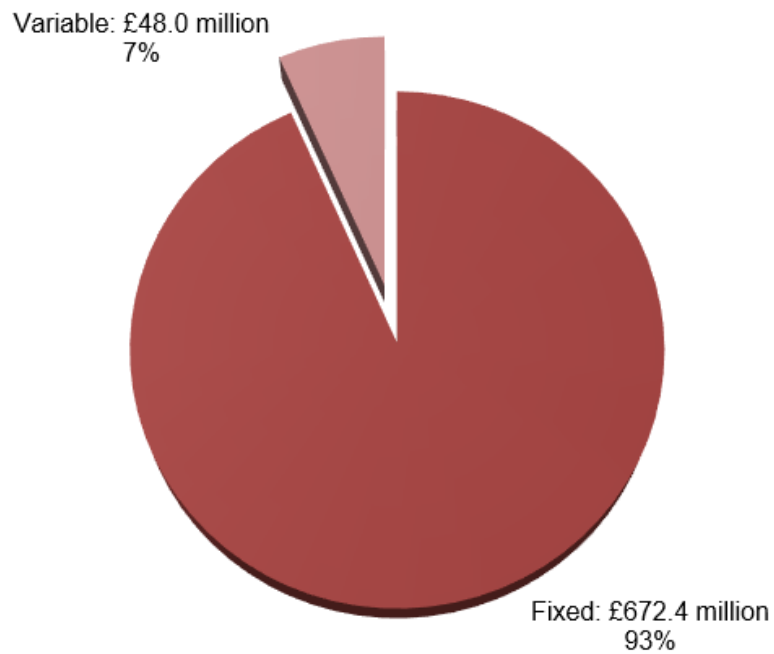
## **12.0 Appendices**

- 12.1 Appendix 1: Borrowing type, borrowing and repayments
- 12.2 Appendix 2: Prudential and Treasury Management Indicators
- 12.3 Appendix 3: Borrowing maturity profile
- 12.4 Appendix 4: Link interest rate forecasts
- 12.5 Appendix 5: Disclosure for certainty rate
- 12.6 Appendix 6: Lending list

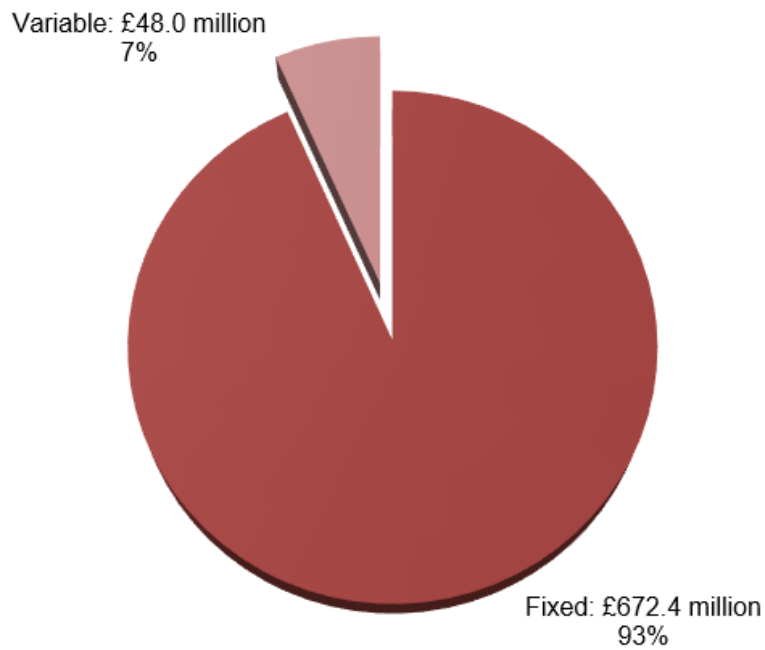
### Borrowing: Graphical Summary

#### Borrowing by Type

As at 31 March 2022



As at 30 June 2022



### Borrowing and Repayments in 2022-2023

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
<b>2022-2023 Borrowing</b>						
<b>PWLB Fixed Maturity:</b>						
No activity in quarter 1						
<b>Sub total for PWLB</b>			-			-
<b>Temporary Loans:</b>						
No activity in quarter 1						
<b>Sub total for Temporary Loans</b>			-			-
<b>Grand total borrowing</b>						
			-			-

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £000
<b>2022-2023 Repayments</b>						
<b>PWLB Fixed Maturity:</b>						
No activity in quarter 1						
<b>Sub total for PWLB</b>			-			-
<b>Temporary Loans:</b>						
No activity in quarter 1						
<b>Sub total for Temporary Loans</b>			-			-
<b>Grand total repayments</b>						
			-			-
<b>Net movement</b>						
			-			-

Prudential Indicators (PI) required by The Prudential Code

PI for Prudence - Ensuring that external debt is sustainable and compliance with good professional practice are essential features of prudence.

PI 1 - Estimates and actual capital expenditure.								
Full details of capital expenditure plans and funding can be found in the outturn 2021-2022 quarter one capital budget monitoring 2022-2023 report.								
	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022	2022-2023	2023-2024	2024-2025	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund *	99,995	139,412	59,970	36,048	82,526	136,093	83,096	49,508
HRA	54,900	84,663	88,488	84,560	55,851	86,984	95,958	85,256
	154,895	224,075	148,458	120,608	138,377	223,077	179,054	134,764
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service delivery purposes.	21,030	13,057	10,000	4,900	18,904	5,124	8,000	11,900

PI 2 - Estimates and actual capital financing requirement General Fund and HRA.								
The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.								
	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022	2022-2023	2023-2024	2024-2025	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund *	691,887	723,620	707,006	691,987	680,621	709,275	705,093	703,977
HRA	275,967	316,145	359,879	396,978	273,849	316,609	368,490	406,125
Total capital financing requirement	967,854	1,039,765	1,066,885	1,088,965	954,470	1,025,884	1,073,583	1,110,102
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service delivery purposes.	42,350	45,165	40,730	34,206	38,167	37,531	39,742	42,890
<b>Movement in capital financing requirement represented by:</b>								
New borrowing for capital expenditure	58,536	109,302	68,029	70,016	46,806	107,702	88,762	84,603
Less minimum revenue provision/voluntary minimum revenue provision	(32,765)	(37,391)	(40,909)	(47,936)	(34,419)	(36,288)	(41,063)	(48,084)
Movement in capital financing requirement	25,771	71,911	27,120	22,080	12,387	71,414	47,699	36,519

PI 3 - Authorised limit for external debt.				
These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI). This is a self determined level reviewed and set each budget setting cycle.				
	Approved by Council 2 March 2022			
	2021-2022	2022-2023	2023-2024	2024-2025
	Limit	Limit	Limit	Limit
	£000	£000	£000	£000
Borrowing	1,086,578	1,080,693	1,139,076	1,208,188
Other Long Term Liabilities	79,626	82,628	79,660	76,416
Total Authorised Limit	1,166,204	1,163,321	1,218,736	1,284,604
Actual and Forecast External Debt as at 30 June 2022:				
Borrowing	720,447	825,431	914,098	980,161
Other Long Term Liabilities	79,626	76,928	73,960	74,416
	800,073	902,359	988,058	1,054,577
Variance (Under) / Over Authorised limit	(366,131)	(260,962)	(230,678)	(230,027)
<b>Authorised limit for service investments included in the above figures</b>				
Authorised Limit	47,014	66,049	63,600	62,176
Actual and Forecast External Debt as at 30 June 2022:	43,120	42,485	44,696	47,843
Variance (Under) / Over Authorised limit	(3,894)	(23,564)	(18,904)	(14,333)

PI 4 - Operational boundary for external debt.				
This is based on the same estimates as the authorised limit but directly reflects the Director of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included. This is a self determined level reviewed and set each budget setting cycle.				
	Approved by Council 2 March 2022			
	2021-2022	2022-2023	2023-2024	2024-2025
	Limit	Limit	Limit	Limit
	£000	£000	£000	£000
Borrowing	1,050,255	1,054,388	1,122,138	1,191,978
Other Long Term Liabilities	79,626	80,628	77,660	74,416
Total Operational Boundary Limit	1,129,881	1,135,016	1,199,798	1,266,394
Actual and Forecast External Debt as at 30 June 2022:				
Borrowing	720,447	825,431	914,098	980,161
Other Long Term Liabilities	79,626	76,928	73,960	74,416
	800,073	902,359	988,058	1,054,577
Variance (Under) / Over Operational Boundary Limit	(329,808)	(232,657)	(211,740)	(211,817)
<b>Operational boundary for service investments included in the above figures</b>				
Operational Boundary Limit	45,874	65,035	63,600	62,176
Actual and Forecast External Debt as at 30 June 2022:	43,120	42,485	44,696	47,843
Variance (Under) / Over Operational Boundary Limit	(2,754)	(22,550)	(18,904)	(14,333)

Prudential Indicators (PI) required by The Prudential Code

**PI 5 - Gross debt and the capital financing requirement.**

"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years".

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022 Forecast £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000	2021-2022 Actual £000	2022-2023 Forecast £000	2023-2024 Forecast £000	2024-2025 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,066,885	1,088,964	1,088,964	1,094,833	1,073,583	1,110,102	1,110,102	1,110,102
Gross Debt	850,456	953,239	1,018,359	1,070,439	800,073	902,359	988,058	1,054,577
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

**PI for Affordability** - These indicators are used to ensure the total capital investment of the Council is within a sustainable limit and the impact of these decisions are considered with regard

**PI 6 - Estimates and actual ratio of financing costs to net revenue stream.**

This represents the cost of financing capital expenditure as a % of net revenue for both the General and HRA.

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast	2021-2022 Actual	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast
General Fund *	17.7%	18.1%	18.6%	18.4%	17.7%	17.0%	18.1%	18.1%
HRA	30.4%	31.4%	31.7%	32.2%	30.7%	32.5%	33.5%	34.4%
* Service investments included in General Fund figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc. for service delivery purposes.	1.1%	1.1%	1.2%	1.0%	1.0%	0.8%	0.9%	0.9%

**PI 7 - Estimates and actual ratio of net income from commercial and service investments to net revenue stream.**

This represents the financial exposure of the Council to the loss of income from commercial and service investments. Only costs directly attributable to the investments are netted off, so unlike PI 6, the costs of borrowing (interest and MRP) cannot be deducted as they are not directly attributable to managing the investments and will continue regardless of the existence or performance of the investments.

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022 Forecast	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast	2021-2022 Actual	2022-2023 Forecast	2023-2024 Forecast	2024-2025 Forecast
Commercial	-	-	-	-	-	-	-	-
Service	0.7%	0.6%	0.8%	0.7%	0.8%	0.6%	0.6%	0.7%

Treasury Management Indicators (TMI) required by The Treasury Management Code

**TMI 1 - Upper limits for long-term treasury management investments (previously called 'upper limits to the total of principal sums invested over 365 days').**

This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.5 of the Annual Investment Strategy). It has been determined that a maximum of 50% of total investments with a cap of £35.0 million could be prudently committed to long term investments should the Director of Finance decide it is appropriate to.

	Approved by Council 2 March 2022			
	2021-2022 Limit £000	2022-2023 Limit £000	2023-2024 Limit £000	2024-2025 Limit £000
Upper limit for long-term treasury management investments	35,000	35,000	35,000	35,000
Actual and Forecast Invested at 30 June 2021	-	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)	(35,000)

**TMI 2 - Upper and lower limits to the maturity structure of its borrowing.**

These limits relate to the % of fixed and variable rate debt maturing.

	Approved by Council 2 March 2022		As at 30 June 2022	
	Upper Limit	Lower Limit	2021-2022 Actual Borrowing	2022-2023 Forecast Borrowing
Under 12 months	25%	0%	1.23%	2.07%
12 months and within 24 months	25%	0%	6.86%	5.98%
24 months and within 5 years	40%	0%	2.94%	2.93%
5 years and within 10 years	50%	0%	9.47%	10.63%
10 years and within 20 years	50%	0%	12.14%	10.89%
20 years and within 30 years	50%	0%	23.40%	23.70%
30 years and within 40 years	50%	0%	23.92%	23.83%
40 years and within 50 years	50%	0%	20.04%	19.97%
50 years and within 60 years	50%	0%	-	-



Non-treasury management investment indicators

The statutory guidance on local government investments encourages local authorities to develop qualitative indicators that allow the reader to assess the Council's total risk exposure as a result of commercial investment decisions.

**NTM 1 - Estimates and actual non-treasury management investment expenditure.**

This identifies the level of any non-treasury management investments ( e.g. service and commercial investments).

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022	2022-2023	2023-2024	2024-2025	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
Service investments	21,030	13,057	10,000	4,900	18,904	5,124	8,000	11,900
Commercial investments	-	-	-	-	-	-	-	-
	21,030	13,057	10,000	4,900	18,904	5,124	8,000	11,900

**NTM 2 - Estimates and actual net debt for service and commercial investment to net service expenditure ratio.**

This indicator measures the level of net debt for service and commercial investments in comparison to the Council's forecast net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority.

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022	2022-2023	2023-2024	2024-2025	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
Net debt for service and commercial investments	42,350	45,165	40,730	34,206	38,167	37,531	39,742	42,890
Net service expenditure	258,497	267,150	268,326	277,311	258,497	267,159	268,326	277,311
Debt to net service expenditure ratio	16.4%	16.9%	15.2%	12.3%	14.8%	14.1%	14.8%	15.5%

**NTM 3 - Estimates and actual service and commercial income to net service expenditure ratio.**

This indicator measures the level of service and commercial investment generated income in comparison to the Council's net service expenditure, where net service expenditure is a proxy for the size and financial strength of a local authority. The % indicates the Council's financial resilience and how reliant on the service/commercial investment income it is. A low % indicates the Council is not heavily reliant on service/commercial investment income.

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022	2022-2023	2023-2024	2024-2025	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Forecast	Forecast	Forecast	Actual	Actual	Actual	Actual
	£000	£000	£000	£000	£000	£000	£000	£000
Service and commercial investment income	2,061	1,819	2,115	2,033	2,235	1,704	1,760	2,016
Net service expenditure	258,497	267,150	268,326	277,311	258,497	267,159	268,326	277,311
Service and commercial income to net service expenditure ratio	0.8%	0.7%	0.8%	0.7%	0.9%	0.6%	0.7%	0.7%

**NTM 4 - Estimates and actual loan to value ratio**

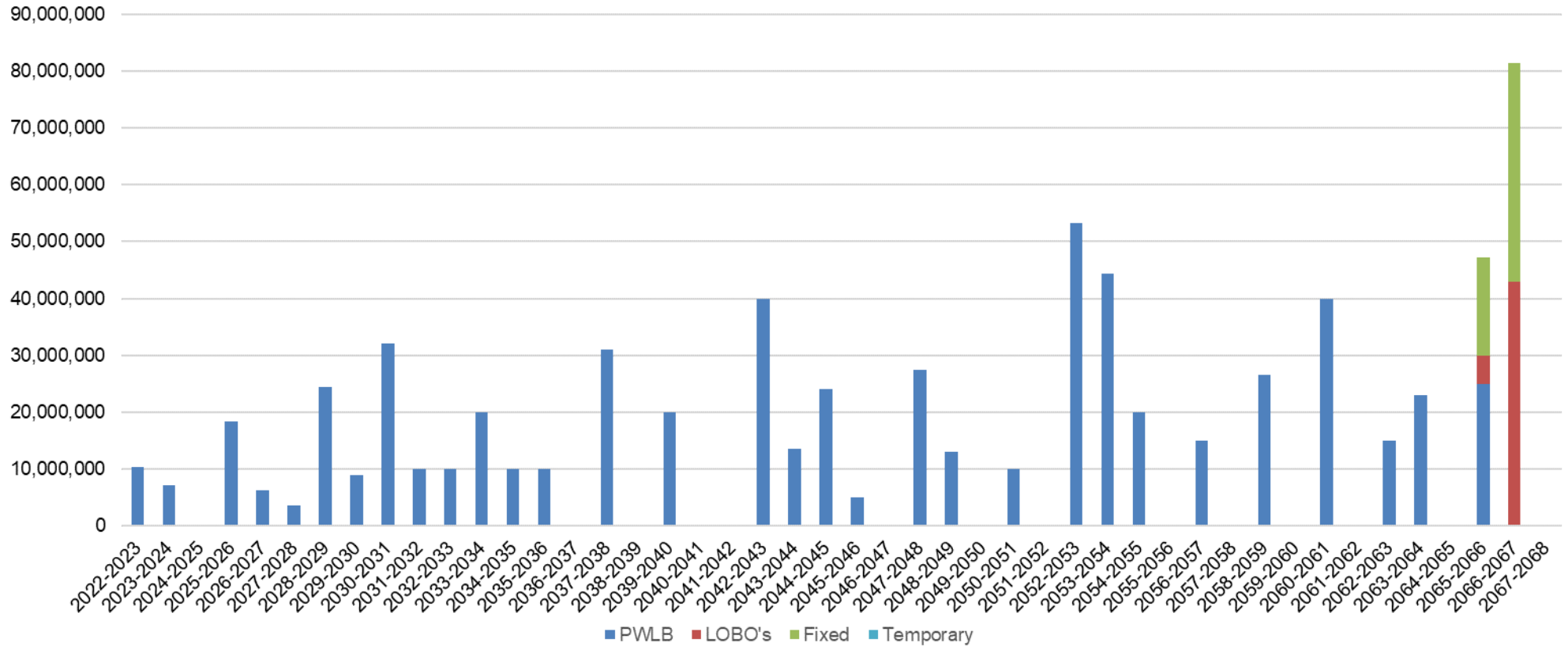
This indicator measures the net debt for service and commercial investments compared to the forecast total asset value. A decrease in the ratio over the medium term indicates a reducing level of borrowing due to repayments, whereas an increase indicates an increase in the level of borrowing due to new loans being issued.

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022	2022-2023	2023-2024	2024-2025	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Forecast	Forecast	Forecast	Actual	Actual	Actual	Actual
Loan to value ratio	72.2%	72.1%	68.3%	62.7%	71.4%	70.2%	70.4%	71.1%

This page is intentionally left blank

### Borrowing Maturity Profile at 30 June 2022

Page 69



This page is intentionally left blank

**Link interest rate forecasts**

The Council's treasury advisor, Link Group, provided the following forecasts on 21 June 2022 (PWLB rates are certainty rates, gilt yields plus 80bps):

Link Group Interest Rate View 21.06.22												
	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
BANK RATE	1.75	2.25	2.75	2.75	2.75	2.75	2.50	2.50	2.25	2.25	2.25	2.25
3 month ave earnings	2.00	2.50	2.80	2.80	2.80	2.80	2.60	2.50	2.30	2.30	2.20	2.20
6 month ave earnings	2.50	2.80	3.00	3.00	2.90	2.90	2.80	2.70	2.60	2.50	2.40	2.30
12 month ave earnings	3.10	3.20	3.20	3.20	3.00	2.90	2.80	2.60	2.50	2.40	2.40	2.40
5 yr PWLB	3.20	3.30	3.30	3.30	3.30	3.20	3.10	3.00	3.00	3.00	2.90	2.90
10 yr PWLB	3.40	3.50	3.50	3.50	3.50	3.40	3.30	3.20	3.20	3.20	3.10	3.10
25 yr PWLB	3.70	3.70	3.70	3.70	3.70	3.70	3.60	3.50	3.50	3.40	3.40	3.30
50 yr PWLB	3.40	3.40	3.50	3.50	3.40	3.40	3.30	3.20	3.20	3.10	3.10	3.00

This page is intentionally left blank

**Certainty Rate**

This table details the information that is required to enable the Council to submit a return for 2022-2023.

	Approved by Council 2 March 2022				As at 30 June 2022			
	2021-2022	2022-2023	2023-2024	2024-2025	2021-2022	2022-2023	2023-2024	2024-2025
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Net Borrowing Requirement:</b>								
Borrowing to finance planned capital expenditure	58,224	105,219	67,750	69,840	46,494	107,319	88,483	80,727
Existing maturity loans to be replaced during the year	22,000	41,071	95,095	70,000	(17,176)	41,071	95,095	78,000
Less:								
Minimum Revenue Provision for debt repayment	(18,338)	(19,817)	(21,121)	(22,316)	(18,338)	(19,557)	(21,202)	(22,554)
Voluntary debt repayment	(11,503)	(14,493)	(16,541)	(22,200)	(10,980)	(13,650)	(16,614)	(22,110)
	(29,841)	(34,310)	(37,662)	(44,516)	(29,318)	(33,207)	(37,816)	(44,664)
Loans replaced less debt repayment	(7,841)	6,761	57,433	25,484	(46,494)	7,864	57,279	33,336
<b>Net Advance Requirement</b>	<b>50,383</b>	<b>111,980</b>	<b>125,183</b>	<b>95,324</b>	<b>-</b>	<b>115,183</b>	<b>145,762</b>	<b>114,063</b>
<b>Analysed by:</b>								
Service delivery	29,884	28,743	8,374	2,503	24,421	31,020	5,601	2,563
Housing	9,674	58,821	57,275	54,199	4,934	56,735	71,495	63,645
Regeneration	18,666	17,655	2,101	13,138	17,139	19,564	11,387	14,519
Preventative action	-	-	-	-	-	-	-	-
Treasury Management	(7,841)	6,761	57,433	25,484	(46,494)	7,864	57,279	33,336
Primarily for yield	-	-	-	-	-	-	-	-
<b>Total</b>	<b>50,383</b>	<b>111,980</b>	<b>125,183</b>	<b>95,324</b>	<b>-</b>	<b>115,183</b>	<b>145,762</b>	<b>114,063</b>

This page is intentionally left blank



## Lending List

### 2022-2023 Specified Investments as at 31 May 2022

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Bank Netherlandse Gemeenten	Netherlands (AAA)	20,000	12 mths
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
HSBC Bank plc	UK (AA-)	5,000	3 mths
Landwirtschaftliche Rentenbank	Germany (AAA)	20,000	12 mths
National Bank of Abu Dhabi	Abu Dhabi (U.A.E) (AA)	5,000	3 mths
NRW.BANK	Germany (AAA)	20,000	12 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	10,000	6 mths
United Overseas Bank Ltd	Singapore (AAA)	10,000	6 mths
<b>Nationalised Banks</b>			
<b>Royal Bank of Scotland Group plc</b>			
National Westminster Bank plc	UK (AA-)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AA-)	10,000	3 mths
<b>AAA Rated and Government Backed Securities</b>			
Debt Management Office	UK (AA-)	20,000	30 mths
<b>Money Market Funds</b>			
		<b>Fund Rating</b>	
Invesco STIC Account	Fitch AAmmf	20,000	Instant Access
Aberdeen Liquidity Fund (LUX) Class 2	Fitch AAmmf	20,000	Instant Access
Federated Short-Term Sterling Prime Fund	Fitch AAmmf	20,000	Instant Access
Black Rock Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access

#### Non-rated Institutions

County Councils, London Boroughs, Metropolitan Districts and Unitary Authorities - limits £6m and 12 months.  
Shire District Councils, Fire and Civil Defence Authorities, Passenger Transport Authorities and Police Authorities - limits £3m and 12 months.

This page is intentionally left blank



## Resources and Equalities Scrutiny Panel

13 October 2022

<b>Report title</b>	Equality Diversity and Inclusion (EDI) Strategy Update	
<b>Cabinet member with lead responsibility</b>	Councillor Paula Brookfield Governance and Equalities	
<b>Wards affected</b>	All	
<b>Accountable director</b>	David Pattison, Chief Operating Officer	
<b>Originating service</b>	Equality Diversity and Inclusion (EDI)	
<b>Accountable employee(s)</b>	Jin Takhar Tel Email	Head of Equality Diversity and Inclusion 01902 554650 Jin.Takhar@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Cabinet Member Briefing	5 October 2022

---

### Recommendation(s) for action or decision:

The Resources and Equalities Scrutiny Panel is requested to:

1. To provide comments and feedback on the progress being made in delivering the EDI Strategy 2022 – 2024.

## 1.0 Purpose

- 1.1 To provide Resources and Equalities Scrutiny Panel with an update on progress made in relation to delivering against the Council's Equality Diversity and Inclusion Strategy and supporting action plans.

## 2.0 Background

- 2.1 Equality Diversity and Inclusion (EDI) continues to be a key priority and consideration throughout all council activities and organisational culture. Fair and Equal is one of the cross-cutting themes that underpins the Our City: Our Plan. Indeed, the Council has committed to measure it's performance against this topic through the key equalities indicators included in Our City: Our Plan and these are reported to Cabinet and considered by the Scrutiny Board and the relevant scrutiny panels.
- 2.2 The EDI Strategy (2022 – 2024) was agreed by Cabinet on 19 January 2022 and associated Directorate Equality Plans subsequently launched with overarching priorities and actions agreed.
- 2.3 In the delivery of the Council's EDI Strategy and supporting directorate equality plans, the Council continues to ensure compliance against the Equality Act 2020 (Public Sector Equality Duty) as well as aligning with best practice and National Standards.
- 2.4 Outlined within the EDI Strategy we have four key priorities:
- a) To demonstrate Visible Leadership and Strong Organisational Culture
  - b) To be an Inclusive Employer, building a workforce that is reflective of the communities we serve
  - c) Develop an inclusive workplace culture, where targeted professional training, development and support is provided
  - d) Provide Responsive, Accessible and Inclusive services which actively seek to address inequality, disparities, and exclusions.
- 2.5 This update will focus on objective one: Visible Leadership and Strong Organisational Culture

## 3.0 Strategic Executive Sponsors

- 3.1 Within our Staff Equality Forums we have appointed Strategic Executive Board Sponsors:
- Disability & Age - Charlotte Johns (Director of Strategy)
  - Gender Maternity & Paternity - Claire Nye (Director of Finance)
  - Rainbow - Ian Fegan (Director of Communications and Visitor Experience)
  - Race Religion & Race - David Pattison (Chief Operating Officer)
- 3.2 They play a key part in our Staff Equality Forums by providing strategic guidance and championing the Forums across the Council

#### **4.0 Staff Representatives at Strategic Executive Board**

- 4.1 Each of our Staff Equality Forums (SEF) have representatives who attend Strategic Executive Board (SEB) on a Tuesday afternoon which is where key officer business is discussed.
- 4.2 This process has been in place for over two years. SEF Representatives have provided positive feedback around the progress the Council has made in relation to recruitment and training and development activities as well as expressing the positive change in organisational culture; SEF representatives have also been empowered to speak up and provide their own diverse opinions and have been listened to.
- 4.3 Support has also been provided by EDI, the SEB sponsor and Executive Support Team to ensure that the SEF Representatives have the support needed to fully participate in these meetings.

#### **5.0 Awareness Days / Months**

- 5.1 EDI have been leading on key awareness days to celebrate our diverse communities.
- 5.2 Some examples of this are:
- February 2022 – LGBT History Month
  - June 2022 – Pride Month
  - June 2022 – Gypsy Roma Traveller History Month (First Time)
  - 18 July 2022 to 17 August 2022 – South Asian Heritage Month
  - October 2022 – Black History Month
- 5.3 These activities have been led by EDI with involvement of Council Staff, other local authorities and local charities and organisations.
- 5.4 EDI are compiling an EDI Comms Plan to ensure that the Council recognises key diversity dates to celebrate its communities it serves. EDI will be working in collaboration with Communications, Civic Support, and other teams to ensure this is a one city initiative.

#### **6.0 Disability Confident Scheme**

- 6.1 The Council is proud to be a member of the Disability Confident Scheme. This scheme allows us as an organisation to show externally that we are thinking differently about disability and are taking action on how to recruit, retain and develop people with disabilities.
- 6.2 We are currently at Disability Confident Level 2 (Employers). Our aim is to be a Disability Confident Level 3 (Leader)
- 6.3 EDI are working with Human Resources and the Disability & Age Forum on the self-assessment against the level 3 requirements – this will be validated by a Disability Confident Level 3 Organisation. This will involve us as an organisation to prove that we

are acting as a champion within our workforce and our communities. The self-assessment will be completed by March 2023.

## **7.0 Social Model of Disability**

- 7.1 One of the key ways that the Disability & Age Staff Equality Forum have influenced the Council is the adoption of the social model of disability.
- 7.2 The model states that people are disabled by barriers in society, not by their impairment or difference.
- 7.3 This has been demonstrated by the recommendation to move away from using traditional application forms for recruitment with now adopting the use of CV's. This had been seen as a positive step forward. We are also looking at other ways of recruitment to reduce barriers alongside work to challenge the requirements for qualifications for roles to ensure that this is only where it can be clearly justified.
- 7.4 We have also introduced the new Autism Awareness Guide – informed and shaped by the forum. This policy provides guidance for the Council around how to support people with Autism and other neurodivergences, specifically to recruitment – interview stage.

## **8.0 Gender Maternity and Paternity Forum**

- 8.1 As a result of feedback from the Gender Maternity and Paternity Forum, in the light of events in other parts of the UK, a number of suggestions on precautionary and preventative measures have been put forwards by the forum. These are being put into place by the Council as a responsible employer to increase staff confidence at night/in the dark including issuing Alert Com and Personal Alarms to employees and facilities to ensure that staff can be accompanied to their vehicles/public transport.
- 8.2 Health and safety site inspections have also been undertaken/completed at all six strengthening families' hubs. As a result, we have improved the street lightning in the surrounding areas and removed shrubbery to address hidden/ overgrown shrubbery.

## **9.0 Menopause Pledge**

- 9.1 The Menopause Pledge is a series of actions that are recommended by “Wellbeing of Women” this would commit the Council to:
  - a) Recognising that the menopause can be an issue in the workplace and women need our support
  - b) Talking openly, positively and respectfully about the menopause
  - c) Actively supporting and informing our employees affected by the menopause
- 9.2 The Council has already put in place a number of measures to address this including through specific “Menopause In The Workplace” guidance to managers issued by the Human Resources team in 2019. In addition the Council has already introduced

- i) No Offence Age and Menopause eLearning module to improve managers and employee's knowledge
- ii) Clear signposting to Wellbeing Support through the NHS, National Institute of Clinical Excellence, Daisy Network and further resources on Menopause and the Law and Menopause Transition
- iii) Links to our Employee Assistance Programme which can provide specific tailored support.

9.3 As part of the Menopause pledge there are a number of further actions that are taking place:

- i) Human Resources will be reviewing and relaunching the "Menopause In the Workplace" manager's guidance
- ii) Organisational Development will look to appoint 2 x menopause champions to take ownership of the Our People Menopause Support Resource Page
- iii) Public Health will undertake an organisational wide menopause survey
- iv) Internal communication will be released as part of World Menopause Day (18 October) to highlight the actions that are taking place and to ask for volunteers to form a task and finish group which will assist in developing the action plan following the results of the Public Health Survey.

## **10.0 Stonewall Workplace Equality Index**

- 10.1 The Council in February 2022 were granted a Silver Award in Stonewall's "Bring Yourself to Work" inaugural awards. This was awarded as part of the Council's submission to the Stonewall Workplace Equality Index.
- 10.2 The Council was ranked 160 out of 403 organisations. We were also ranked 23/55 in Government and Regulators Sector, 8/21 of employers headquartered in the West Midlands and 57/126 in employers that operate in the West Midlands
- 10.3 Feedback and review meeting held with Stonewall to go through the assessment to detail what we as an organisation have done well and where we can improve.
- 10.4 In terms of our strengths, Stonewall have stated in their feedback that we have a "great structure for our LGBTQ+ network group, including detailed terms of reference which outline the network's objectives and responsibilities". They were impressed by how as a Council we have enabled LGBTQ+ staff to become change makers within the Rainbow Staff Equality Forum, attending SEB and being part of wider working groups. They were further impressed by our engagement on social media in celebrating key LGBTQ+ dates.

- 10.5 Key areas that Stonewall have suggested the Council to focus on include Monitoring, Supply Chains and External Engagement. These are areas of work that are already factored into the EDI strategy as detailed above and an update will be provided on monitoring of equalities data and inclusion of equalities into the procurement process at a future meeting.
- 10.6 EDI are working with teams across the Council in preparation for submission in October 2023 for the 2024 Stonewall Workplace Equality Index.

### **11.0 Birmingham Pride**

- 11.1 On Saturday 24 September staff from City of Wolverhampton Council alongside Wolverhampton Homes were proud to march as part of the Birmingham Pride Parade 2022. This was done under the Rainbow City Banner to showcase our commitment to LGBT+ Inclusion across the city.
- 11.2 Councillor Ian Brookfield (Leader of the Council), Councillor Paula Brookfield (Cabinet Member for Governance and Equalities), Tim Johnson (Chief Executive) and Emma Bennett (Executive Director for Families) were proud to march with staff from the Rainbow Staff Equality Forum. The parade had over 8,000 participants.
- 11.3 As part of this a new electric van was liveried in a new Rainbow City design. This will be used by the Waste Services Team who are proud to showcase this design across the city.

### **12.0 Race Equality Code**

- 12.1 The Council has recently adopted the Governance Forums' The Race Equality Code (October). This will involve the Council being independently peer assessed which will take place over the next two months. This performance and accountability framework is designed to provide organisations across all sectors and sizes, the opportunity to address inequality within its governance structures, organisational culture including Senior Leadership Teams.
- 12.2 The Race Equality Code is based on four principles:
  - a) Reporting - commitment to be transparent and disclose information and updates on the progress of Race Initiatives
  - b) Action - a list of measurable actions and outcomes that contribute to and enable a shift in the organisation's approach and success in delivering change
  - c) Composition - Identifying key indicators that will make a real impact over the long-term, creating tangible different to the existing landscape around race diversity of the board and senior leadership team
  - d) Education - Developing a robust education framework that develops the ethical and moral reasons behind a programme of development for every organisation.
- 12.3 A key requirement of adopting the framework involves the submission of key corporate policies and strategies which will be reviewed, senior leadership team will attend facilitated workshops and will be required to complete a detailed survey.



- 12.4 Following the peer assessment review, the Council will receive a full report setting out our strengths and further provide a set of recommendations that will propose actions we must take, should consider and could implement.
- 12.5 EDI Team and Strategic Executive Board are working with Dr Karl George MBE (Managing Director of the Governance Forum). The peer review full report will be available by December 2022.

### **13.0 Business in the Community Race at Work Charter**

13.1 The Business in the Community Race At Work Charter is composed of seven key principle calls to action for leaders and organisations across all sectors.

13.2 In summary they are a bold set of principles and actions designed to drive forward a step change in the recruitment and progression of ethnic minority employees.

13.3 The Council in February 2021 signed up to the five calls for action:

- i. **Action 1 to appoint an Executive Sponsor for Race**  
David Pattison (Chief Operating Officer) has been appointed as Executive Sponsor for Race Forum and this has led to all Staff Equality Forums now having Executive Sponsors. SEB Sponsors engage and meet with staff forums monthly.
- ii. **Action 2 to capture ethnicity data and publicise progress**  
The Council has published in 2022 the first Ethnicity Pay Gap Report and has committed to producing this annually.
- iii. **Action 3 to commit at board level to zero tolerance of harassment and bullying**  
The Council has a clear policy which sets out the Council's commitment to zero tolerance towards harassment and bullying. The Council has also introduced a safe space scheme which allows employees to reach out to an independent third-party organisation should they wish to report their concerns and/or seek advice. The Council has also revised their disciplinary, grievance and management of attendance policies and procedures to ensure that all disciplinary, grievance and management of attendance review panels are ethnically and gender diverse when making decisions.
- iv. **Action 4 to make equity, diversity and inclusion the responsibility of all leaders and managers**  
Strong message from Chief Executive and Strategic Executive Board around the importance of EDI being a standing item on all team meetings. Each Directorate has an Equality Plan which shows the steps the Council is taking to tackle service inequality.
- v. **Action 5 to take action that support Black, Asian, Mixed Race and other ethnically diverse employee career progression**  
The Council has introduced a number of measures to include mentoring and coaching schemes (includes reverse mentoring), wrap around support, "Brilliant Leaders" Programme, "Aspire Into Management" Programme and we have also reviewed and

removed “invisible” barriers such as unnecessary educational requirements on job specifications when experience is seen as sufficient.

13.4 In July 2022 two further calls were added:

i. **Action 6 to support race inclusion allies in the workplace**

A One City Allyship Approach has been adopted, this encourages all staff to become ‘council allies’ - their role is to be visible in their support and advocate for EDI. Race Allies are being developed as part of the One City Allyship Approach. We have 13 lead allies at head of service level.

ii. **Action 7 to include Black, Asian, Mixed Race and other ethnically diverse-led enterprise owners in supply chains**

The Council is working with Procurement, Black Business Network, the Asian Business Network and the Women led Business Network in the City to develop training and support for businesses so that they can put themselves forward for procurement opportunities.

## 14.0 Next Steps

14.1 Scrutiny Panel to receive further reports on progress made against the EDI Strategy, in relation to the strategy key objectives as indicated in section 2.4.

## 15.0 Finance implications

15.1 There are no direct financial implications associated with the recommendations of this report. Any financial implications arising from the actions outlined in this report will be funded from existing budgets.

[AS/05102022/Y]

## 16.0 Legal implications

16.1 There are no direct legal implications associated with the report.

[Legal code DP/05102022/a]

## 17.0 Equalities implications

17.1 The Council under the Equality Act 2010 has a legal duty to ensure that the authority eliminates unlawful discrimination, advance equality of opportunity & foster good relations. This is known as the Public Sector Equality Duty.

17.2 The EDI Strategy is a key example of how the authority is meeting its legal obligations.

## 18.0 Background Papers

18.1 EDI Strategy <https://www.wolverhampton.gov.uk/sites/default/files/2022-05/WCC%201975%20EDI%20Strategy.pdf>



## Resources and Equality Scrutiny Panel

13 October 2022

<b>Report title</b>	Reserves Working Group	
<b>Cabinet member with lead responsibility</b>	Councillor Obaida Ahmed Resources and Digital City	
<b>Wards affected</b>		
<b>Accountable director</b>	Claire Nye, Director of Finance	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Alison Shannon	Chief Accountant
	Tel	01902 554561
	Email	Alison.shannon@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>		

---

### Recommendations for action or decision:

The Scrutiny Panel is recommended to:

1. Approve the terms of reference for the Reserves Working Group
2. Accept nominations for and approve the membership of the Reserves Working Group

## **1.0 Purpose**

- 1.1 The purpose of this report is to establish the terms of reference for a working group to review the Council's earmarked reserves and to agree the membership of the working group which meets annually for this purpose.

## **2.0 Background**

- 2.1 Reserves are made up of revenue resources which have been set aside by the Council in previous financial years in order to fund specific items of expenditure in the future. The timing and certainty of this future expenditure varies, depending on the nature of the related spend.
- 2.2 Under the Council's financial procedure rules, the establishment or dissolution of reserves require the approval of the Cabinet (Resources) Panel. Reserves must also be reviewed for relevance and adequacy at least twice per financial year, as part of the outturn and budget preparation processes.
- 2.3 Reserves are currently being reviewed as part of the budget process. As in previous years, it is proposed that a reserves working group is established to scrutinise the reserves and seek the views and observations of members of the working group as to the appropriateness of the reserves that are held by the Council. It is proposed that this working group meet during November 2022.

## **4.0 Reserves Working Group**

- 4.1 The proposed terms of reference are provided at Appendix 1.
- 4.2 The panel is requested to make nominations for the Reserves Working Group and degree the membership of the group.

## **5.0 Financial implications**

- 5.1 There are no direct financial implications arising from the recommendations of this report, although the establishment of the working group contributes to the financial transparency and governance of the council.  
[AS/03102022/F]

## **6.0 Legal implications**

- 6.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.

## **7.0 All other implications**

- 7.1 There are no other direct implications arising as a result of this report.

## **Reserves Working Group Terms of Reference**

### **1. Background**

- 1.1 Reserves are amounts of money set aside voluntarily by the Council to fund or partially-fund future expenditure plans on a specific project or item. Under the Council's financial procedure rules, the establishment or dissolution of specific reserves requires the approval of the Cabinet (Resources) Panel. Use of reserves requires the approval of the Cabinet (Resources) Panel. Reserves must also be reviewed for relevance and adequacy at least twice per financial year, as part of the outturn and budget preparation processes.

### **2. Terms of Reference**

- 2.1 To receive a detailed report on reserves.
- 2.2 To review and scrutinise the balances and movements of the council's reserves to ensure that they are appropriately established and required.
- 2.3 To make recommendation or comment to Cabinet on matters arising from the review and scrutiny of reserves.

This page is intentionally left blank

# Contract Management and Procurement Update

Page 79

13 October 2022

Agenda Item No: 9

Presenters:

**John Thompson**  
Head of Procurement

**Parvinder Uppal**  
Head of Commercial

[wolverhampton.gov.uk](http://wolverhampton.gov.uk)

# Contents

- Current Legislative position
- Update on our key workstreams
  - Wolverhampton Pound
  - Contract management project
  - Benchmarking
  - Systems improvements



## Procurement Bill Background

- The government released the Procurement Bill 2022 into Parliament on 12 May 2022.
- The Bill sets out the government's vision for a more effective public procurement regime following on from the Green Paper on procurement reform and the consultation response issued in December 2021.
- The Bill will now pass through the Parliamentary process before its expected implementation in early 2023, there will be a 6 month transition period.

## Procurement Bill What Is Changing?

- Far more discretion in the design of processes, this will allow for greater flexibility on how we run tenders.
- The Bill enhances the requirement to deliver value for money, maximise public benefit, sharing information and acting with integrity.
- Enhances the requirement for better contract management, officer skills and reporting of supplier performance. The legislation is reinforcing the need for good contract management, skilled officers and clearer reporting.

## Procurement Bill What Is Changing?

- Provides a discretionary ground to exclude suppliers for serious poor performance where this has led to early termination, payment of damages or similar.
- Pipeline Notice – the Council is required to publish an annual notice no later than 56 days following the first day of the relevant financial year. This is discussed further under the Wolverhampton Pound.

## Procurement Bill Resources

- The new Bill supports a number of key workstreams that are already being developed, however these changes will require significant resource to implement which will include:
  - Review of the Bill by the Head of Procurement supported by senior members of the Procurement team and where applicable Audit and Legal Teams
  - Making required changes to the internal governance process within the constitution
  - Making required changes to the operational processes within the Procurement team
  - Training Procurement team on new legislative requirements.
  - Training internal stakeholders on new processes
- The will require an interim resource ask for a project team to support the Head of Procurement

# Wolverhampton Pound

- Recommendations already completed:
  - Application of market forces for Procurement Business partner roles and successfully recruited to 2 vacancies
  - Repayment of fees for professional qualifications – 2 Procurement managers will be starting courses shortly
  - Development of a landing site for Procurement roles (<https://www.wolverhampton.gov.uk/jobs-and-careers/recruitment-procurement>)
  - Publication and ongoing updates for the procurement pipeline – the Council came first in our cohort on the CCIAF evaluation for pipeline planning which will be discussed further in the slide deck
  - Now moving away from utilising framework agreements where possible to offer opportunities in open competition to support the local supply chain.
  - All quotes between £10,000 and £75,000 are now sent to at least 2 local suppliers, if available within Wolverhampton if not the wider combined authority.

# Wolverhampton Pound

- Recommendations requiring further work:
  - Collaboration with the University on engaging students around careers in Procurement and if there is an opportunity for the University to provide professional training for the Chartered Institute of Procurement and Supply.
  - Ongoing work to look at how balancing risk more evenly between the Council and suppliers, being facilitated by internal audit.
  - Ongoing work to look at how we can reduce bureaucracy in the Procurement processes
  - A job description for the Head of Wolverhampton Pound has now been created and will be advertised in October

# Wolverhampton Pound

- Anchor Network
  - Further meeting setup with the Head of Procurement at the University to look at collaboration
  - Discussions are continuing to align our ways of working and explore with relevant officers across the anchor network to support a more collaborative approach.

# Wolverhampton Pound

- Procurement Recruitment
  - 2 Procurement Buyer posts have just been filled as part of our grow our own approach one was previously a graduate trainee, previous buyer has now been promoted to Procurement Manager
  - 2 out of the 3 Procurement Business Partner vacancies (IT and Social Care) have been filled, one is an internal and one is an external candidate
  - Procurement Business Partner Construction remains a significant challenge to fill even with the market forces supplement, we are currently investigating new approaches to this.
  - A number of Procurement manager vacancies will be advertised shortly along with an apprentice role which will be initially reserved for care leavers as part of our corporate parenting approach.



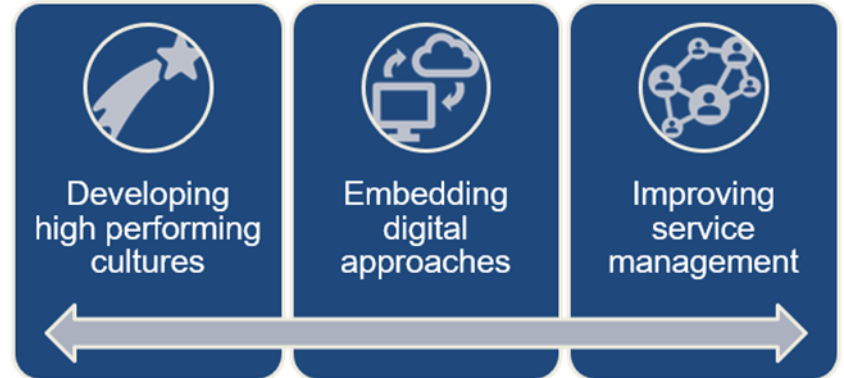
# Wolverhampton Pound

- Training
  - All team members have the opportunity to obtain the relevant Procurement professional qualifications if they so desire and this is directly linked to opportunities for promotion within the team. The Council came third in our cohort for our procurement training offer on the CCIAF assessment.
  - Both newly appointed buyers are now starting a level 4 Procurement qualification
  - 2 Procurement managers will be shortly commencing level 5 and 6 Procurement qualification.

# Contract Management Project objectives

Page 90

- Legal Framework:
  - New Procurement Bill
- Strategic level:
  - Council Plan
  - Wolverhampton Pound
  - MTFS
  - Social Value Strategy
  - Sustainability Framework
  - Equalities Framework
- Officer level:
  - Improving capability through skills and knowledge



# Project areas

- **Training**
  - Mandatory Foundation Training
    - 176 officers for their role
    - 69% completed training (end of September)
  - Practitioner Level
    - 10 places funded through DLUC and CCS
- **Framework and Toolkit**
  - Developing templates

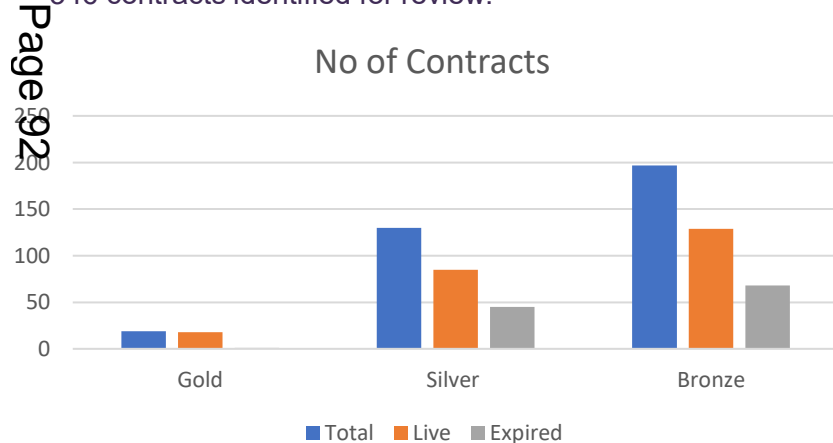
Page 91



# Contracts Review – Contract Lifecycle Management Review

## Current Status

- Commenced with contracts identified as Live in the contracts database.
- 346 contracts identified for review.



- Categorisation - Gold / Silver / Bronze categories currently determined by value only.
- Deeper Dive Contract Review and discussions with Contract Managers underway

## Initial Findings

- Mixed approach
- bespoke and targeted training
- System will improve visibility, data, contribute to performance management
- Clearer contract structure
- Need to add greater focus & performance management around Social Value & Modern Slavery, climate change and Equalities

## **Legal Update**

- Reviewing terms and conditions (legal documents) as they need to be clearer.

## **HR Update**

- Job Descriptions are being updated to reflect contract management responsibility.

## **Key synergies**

- Procurement Bill
- Social Value Framework
- Equalities monitoring
- Sustainability Framework
- Commercial Continuous Improvement Assessment Framework (CCIAF)

# Systems Update

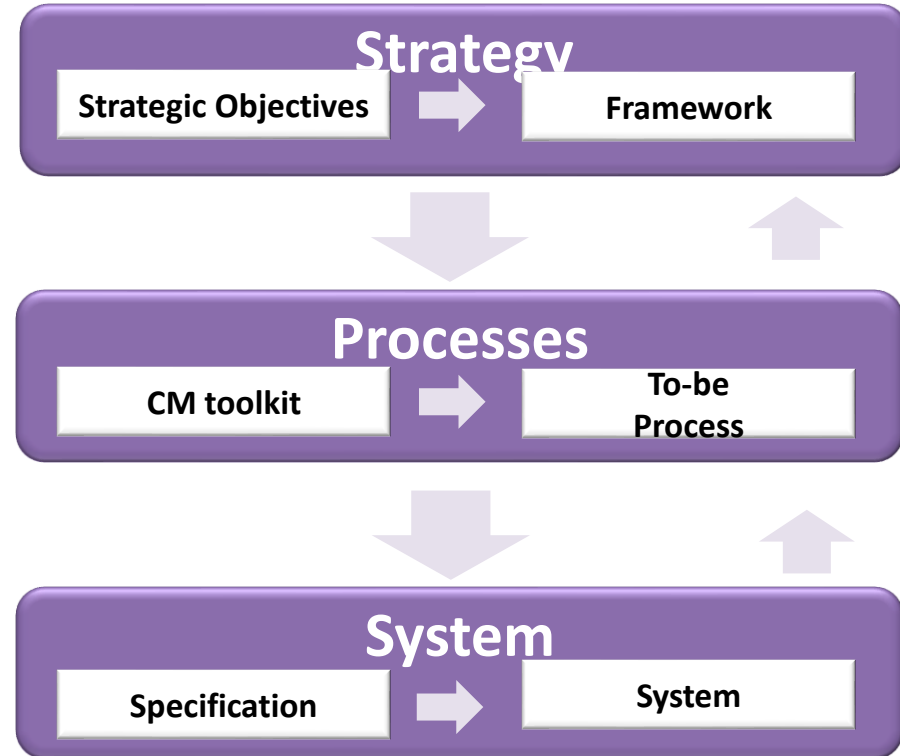
- System procurement process is ongoing
- Developing “To-Be” / Future state
- Collating functionality requirements and prioritising

Which will help to:

- Page 94
- Inform To-Be
  - Ensure system alignment to needs / benefits
  - Conduct gap analysis when product selected
  - Inform the implementation approach
  - Configuration approach
  - Test plan / Success criteria
  - Roles and responsibilities

## Next Steps

- Procurement Bill



# Background to Commercial Standards and Continuous Improvement Framework (CCIAF)

- A new co-designed Public Sector CCIAF adopting an agreed common standard and benchmarking framework.
- Enhanced peer review offer to share best practice and compare cross public sector performance to inform targeted investment decision making.
- Delivery of best in class Masterclasses accessible free of charge to the whole public sector procurement community.
- Increased capability, capacity and uplifting the Procurement Profession.

# What is CCIAF?

Contracting authorities self assess against 9 themes on a defined four level maturity scale ('Developing', 'Good', 'Better' and 'Best') and are then peer reviewed

## Themes

- Functional strategy, planning and governance
- Capability and Resourcing
- Pre-procurement
- Procurement and contracting
- Contract management
- Managing categories and supplier relations
- Commercial systems and information
- Policy



## Findings

	Overall Rating	Overall Score	Average
Theme 1 - Commercial Strategy, Planning and Governance	Better	82%	65%
Theme 2: Commercial Capability and Resourcing	Better	78%	65%
Theme 3 -Commercial Lifecycle Define: pre-procurement	Good	53%	65%
Theme 4 - Commercial Lifecycle Procure: procurement and contracting	Good	66%	65%
Theme 5 - Commercial Lifecycle Manage: contract management	Good	65%	65%
Theme 6 - Managing Categories, Markets and Supplier Relations	Good	40%	65%
Theme 7 - Commercial systems, reporting and information	Better	70%	65%
Theme 8 - Policy	Good	51%	65%
<b>Overall Average:</b>	<b>Good</b>	<b>65%</b>	

## Theme 8 - Policy

- Social Value Strategy and Framework are currently being developed.
- New procurement strategy and sustainability framework have been developed.
- These documents will be brought forward for approval.

## Next Steps

- We are currently identifying measures that will support the uplift of Theme 3 and 6.

## Planning Cycle

- Ongoing continuous improvement until 2027
- 2 opportunities to re-baseline following rounds of continuous improvement

## Systems procurement

- Identified need for holistic E Procurement and Contract Management system
- Went to open market – no suitable bids were received
- Currently reviewing options open to the Council and will take appropriate action once the review is complete

## Further systems in development

- Forms and Dashboards
  - New electronic exemption form live and in use
  - New starting a procurement form currently being developed
  - Procurement dashboard ongoing development

# Team Update Systems



**Procurement Dashboard**

Last Refreshed:  
03/10/2022 03:31:10

Click to view page:

- Select Report Filter(s)
- Transaction Breakdown
- Spend by Directorate/Service/Supplier
- Spend Summary
- Trend
- Contracted / Non-contracted Spend
- Local Spend Summary
- Local Spend Detail
- Contracts Register
- Spend by Contract Code
- All Requisitions \*TEST\*
- Rejected Requisition Reasons \*TEST\*
- CWC Non-compliance \*TEST\*
- Requisitions Summary \*TEST\*

# Supporting EDI

- EDI Framework
  - New approach to how EDI is assessed for Procurement activity, with a framework to support commissioners to develop their EDI ask in contracts.
  - Monitored through the contract management process.
  - Working closely with various provider forums to support with procurement activity.



# Procurement Bill – Supplementary information

Page 105

15 October 2022

## Procurement Bill What Is Changing?

- Amendments to ongoing tender processes will require a modification notice to be published explaining the reasons for the amendment
- The Council will need to notify the Government of any suppliers that are excluded from tender processes within 30 days

## Procurement Bill Notices

- Preliminary Market Engagement Notice - This need only set out that the Council intends to conduct preliminary market engagement.
- Procurement Termination Notice - Procurement Termination Notice if it decides not to award the contract; but only if it has previously published either a Tender Notice or a Transparency Notice (see below) beforehand

## Procurement Bill Frameworks

- A framework term may not exceed 4 years however the Bill does state this can be extended to 8 years however further guidance is required.

## Procurement Bill Dynamic Markets

- The Dynamic Purchasing Systems (DPS) which exist under the current regime are fully electronic systems which can be used for commonly used, commodity type purchases.
- Under the Bill, DPSs have been expanded into “Dynamic Markets” which can be used for all procurements.

## Procurement Bill Modifications

- For modifications required due to the materialisation of a “known risk”
- For modifications to allow the contract to be awarded directly (due to urgency and the need to protect life).
- Substantial modifications are now defined:
  - increase or decrease of the term by more than 10% of the maximum term provided
  - for at award; and/or
  - changes overall nature or scope; and/or
  - materially changes the economic balance in favour of the supplier.

## Procurement Bill Direct Awards

- The Direct Award current covered in Regulation 32 and now in Chapter 3 and Schedule 5, and include:
- Direct award in special cases
- Direct award to protect life, etc
- Switching to direct award

## Procurement Bill Below-threshold Contracts

- The thresholds to publish notices are increased slightly to £30,000 for the Council (currently £25,000).
- A new concept of a “below-threshold tender notice” is introduced, and it is not clear whether this will continue to be published to Contracts Finder or whether instead to FTS.



## Procurement Bill Open Data Contracting Standard (ODCS)

- Explanatory notes recognise the challenge of information being published in multiple locations and suggests that the Bill may try to address this. It is not clear whether adoption of the ODCS has been dropped for the moment.

# CCIAF – Supplementary information

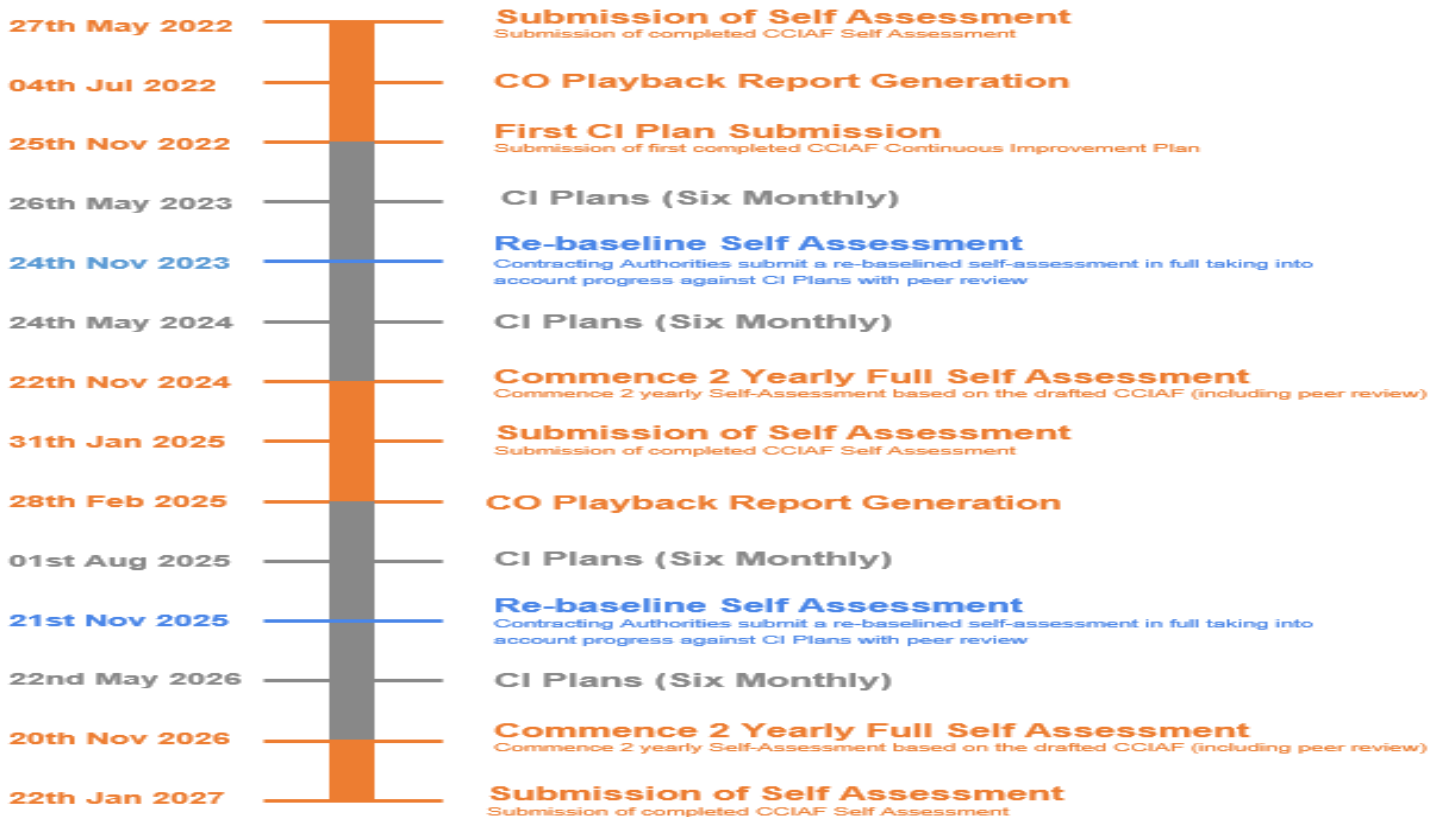
15 October 2022

# CCIAF – further detail

Page 115



# Planning Cycle



## **John Thompson**

Head of Procurement,  
City of Wolverhampton Council

John.thompson@wolverhampton.gov.uk  
01902 554503

[wolverhampton.gov.uk](http://wolverhampton.gov.uk)

# Customer Services – 2021/22 performance and future strategy

Lamour Gayle, August 2022

# What we will cover today

1. Customer Services – our journey so far
2. Summary of 2021-22 performance and what the data tells us
3. How we propose to take this forward – summary
4. Customer Services Strategy proposal
5. Omni-channel solution
6. Questions/discussion



# 1. Customer Services- our journey so far

Over the past 18 months we have strived to improve the way we work to meet the needs of our internal and external customers. There have been some key improvements to our way of working and how we interact with our customers, these include:

Page 121

Improved  
recruitment  
process

Integration of  
Love Clean  
Streets

Customer Service  
Excellence  
reaccreditation

Community  
based Blue  
Badge surgeries

Pre-arranged  
Customer  
Service  
appointments

Regular service  
liaison meetings

# 2. Customer Contacts Dashboard

2021-22

During the 2021-22 financial year, Customer Services have handled 592,922 customer contacts

### Calls



### Email



### Face to Face



Held at Civic Centre, Bilston Library & Wednesfield Library

- 46.6% (524 customers) handled by an officer
- 53.4% (601 customers) signposted to self-serve or other organisations

Call abandoned rate 10.2% (52,330 calls)



### Services Delivered

- ✓ 4,676 - Blue Badge applications processed
- ✓ 6,192 - School applications processed
- ✓ 5,507 - Love Clean Streets enquiries processed
- ✓ 1,187 - School Bus Pass applications processed
- ✓ 7,256 - Licensing Customer served at the Hickman Avenue Reception



## 2. What the data tells us

- Despite a reduction in abandoned calls from 21% in 2019 to 10.2% in 2022-23, there is still a need to reduce this, particularly in certain family groups.
- Efforts to improve this are hampered by:
  - An old telephony system
  - CSO's having to enter information on multiple systems
  - Individual service demands – council tax, taxi licencing
  - Erlang calculations show staffing levels are lower than industry average, with reliance on customer self service
- Resulting in a need to have a joined up **digital transformation** approach, led by data, including more equalities data

## 2. What the data tells us

- There is still demand for face to face activity
  - There is a need to support the ongoing **digital inclusion** work as set out in the Digital Wolves Strategy to help customers get online, and support where they need it.
  - This will help free up resource for face to face activity for those customers that need it, in the community not just at Civic Centre.
- Customer journeys can be complex and there is failure demand
  - There is a need to build **seamless customer journeys**, using digital technology and data.
  - Culture change – extending our one council approach as customer service does not equal the contact centre.

### 3. How we are proposing to take this forward

- Develop a new Customer Services Strategy (Cabinet – 22 March 2023)
  - Co-producing with customers and including consultation, engagement and pre-decision scrutiny
- Digital transformation work
  - Page 125 New omni-channel telephony system
  - System integration review
  - Scanning solution
- Initial service specific reviews
  - Taxi licencing – review commenced, business analyst starts 5 September
  - Council tax and housing benefit – surgeries including digital inclusion support start 19 September
  - Blue badges – further surgeries and additional resource in place following scrutiny

## 4. Customer Services Strategy

Page 126

Timeline	Date
Cabinet member briefing	1 September 2022
Leaders	26 September 2022
Executive Team	3 October 2022
Consultation go live (online and paper surveys, Equality and Diversity focus groups )	3 October 2022
Leader of the Opposition Briefing	11 October 2022
Pre-decision scrutiny – Resources & Equalities Panel	13 October 2022
Consultation end	16 December 2022
SEB	7 February 2023
Cabinet Member Briefing	14 February 2023
Leaders Briefing	14 February 2023
Executive Team	20 February 2023
Leader of the Opposition Briefing	22 February 2023
Cabinet	22 March 2023

## 4. Customer Services Strategy

- Our draft future strategy **Aim**, subject to consultation, is to provide a 'Positive Customer Experience' which is accessible, consistent, efficient and simple.
- We want to develop our future strategy **Principles**:

Page 127

Customer First

Customer access – Centralised front door model, giving our customers choice over how they access our services and information

- Driven by digital
- Inclusive
- Driven by data and Customer Insight
- Focussed on Value for money

## 4. Customer Services Strategy

- We want to develop our future strategy **Objectives:**
  - Consistent positive customer experience.
  - Include our internal and external customers in our service redesign – using customer perspective to ensure the design meets their needs.
  - Increase/improve self-service and automate first.
  - Identify appropriate channels for service delivery – whilst the service will be driven by digital, this will free up capacity to provide alternative channels for those who need it.
  - Ensure our services are inclusive and respond to equality needs.



# 5. Omni-channel solution

Mitel Telephony system	Omni-channel solution Requirements
<ul style="list-style-type: none"><li>• Call queue management is limited</li></ul>	<ul style="list-style-type: none"><li>• Automatic call distribution</li><li>• Interactive voice response</li><li>• Intelligent IVR</li></ul>
<ul style="list-style-type: none"><li>• Limited management information</li></ul>	<ul style="list-style-type: none"><li>• Interaction journey analytics</li><li>• Speech and text analytics</li><li>• Real-time employee dashboards</li><li>• Surveys</li></ul>
<ul style="list-style-type: none"><li>• Limited opportunity for workforce engagement management</li></ul>	<ul style="list-style-type: none"><li>• Live call agent performance insight</li><li>• Performance and knowledge management</li></ul>
<ul style="list-style-type: none"><li>• Limited opportunity for integration across communication channels</li></ul>	<ul style="list-style-type: none"><li>• Email, chatbot and SMS</li><li>• Social Media</li><li>• Messaging Apps</li><li>• Co-browse</li><li>• Video</li><li>• Teams</li></ul>

## **6. Questions/Discussion**

**Resources and Equalities Scrutiny Panel****Chair:** Councillor Russell**Vice Chair:** Councillor U Singh**Remit, Function and Measures**

- Measuring Success
- Our City Our Plan – Our Council Programme
- Our Assets – Workplace Strategy and Strategic Asset Plan
- Our Data
- Our Digital
- Our Money
- Our People
- Our City: Our Plan – fairness and inclusion including equalities
- Gender pay gap of council employees
- Ethnicity pay gap of council employee
- Customer Service call wait times
- Sickness absence rates
- Employee turnover rate
- Spend with local businesses
- LGA Resident Satisfaction Polling

Item	Description	SEB Lead	Office Lead	Scrutiny Lead	Date of Meeting	Publication Date	Status
Linked Bodies	N/A	David Pattison	N/A	Earl Piggott-Smith	29 June 2022	21 June 2022	Complete
Ethnicity Pay Gap	N/A	David Pattison / Laura Phillips	Sukhvinder Mattu	Earl Piggott-Smith	29 June 2022	21 June 2022	Complete
EDI strategy	Standing item	David Pattison	Jin Takhar	Earl Piggott-Smith	13 October 2022	5 October 2022	TBC

	<p>Progress to date against the Race at Work Charter standards</p> <p>Progress to date against the Gender Equality Plan</p> <p>Progress to date against Rainbow City Plan</p>						
Treasury Management	Information Item	Claire Nye	Alison Shannon	Earl Piggott-Smith	13 October 2022	5 October 2022	TBC
Reserves Working Group	membership and terms of reference	Claire Nye	Alison Shannon	Earl Piggott-Smith	13 October 2022	5 October 2022	TBC
Customer Services performance and future strategy		Charlotte Johns	Lamour Gayle	Earl Piggott-Smith	13 October 2022	5 October 2022	TBC
Contract Management and Procurement Update	To include update on Wolverhampton Pound action plan	Claire Nye	John Thompson and Parvinder Uppal	Earl Piggott-Smith	13 October 2022	5 October 2022	TBC

External Grant Funding		Claire Nye	Heather Clarke/Alison Shannon	Earl Piggott-Smith	November 2022 TBC		TBC
Our People Strategy and Performance		David Pattison	Laura tbc	Earl Piggott-Smith	November 2022 TBC		
Our Council and Performance/Budget		Claire Nye	James Amphlett and Alison Shannon	Earl Piggott-Smith	November 2022 TBC		
Yoo Recruit Review		David Pattison	Jin Takhar	Earl Piggott-Smith	1 December 2022	23 November 2022	TBC
EDI strategy	Update on peer assessment undertaken against the Race Equality Code  Progress on Diversity in the Workplace	David Pattison	Jin Takhar	Earl Piggott-Smith	1 December 2022	23 November 2022	TBC  TBC
Our City: Our Plan and MTFS		Claire Nye	Alison Shannon	Earl Piggott-Smith	1 December 2022	23 November 2022	TBC
Assets – inc. use of the Civic Centre and Council owned		Mark Taylor	Julia Nock	Earl Piggott-Smith	1 December 2022	23 November 2022	TBC

buildings (inc. agile working strategy)							
Specific Reserves Working Group report		Claire Nye	Alison Shannon	Earl Piggott-Smith	1 December 2022	23 November 2022	TBC
EDI strategy		David Pattison	Jin Takhar	Earl Piggott-Smith	2 February	25 January 2023	TBC
Digital Wolves Strategy Update		Charlotte Johns	Heather Clark	Earl Piggott-Smith	2 February	25 January 2023	TBC
Treasury Management Strategy	pre-decision scrutiny	Claire Nye	Alison Shannon	Earl Piggott-Smith	2 February	25 January 2023	TBC
Ethnicity Pay Gap report 2021 update report		David Pattison	Sukhvinder Mattu	Earl Piggott-Smith	2 February	25 January 2023	TBC
school exclusion and suspension rates		David Pattison	Jin Takhar	Earl Piggott-Smith	2 February	25 January 2023	TBC