

Governance and Audit Committee Meeting

**Grand Jury Room, Town Hall, High Street,
Colchester, CO1 1PJ**

Wednesday, 07 December 2022 at 18:00

The Governance and Audit Committee considers and approves the Council's Statement of Accounts and reviews the Council's annual audit letter. The Committee also deals with the Council's governance, risk management and audit arrangements. To make recommendations to the Council on functions such as Elections and bye laws, and determine Community Governance Reviews.

Information for Members of the Public

Access to information and meetings

You have the right to attend all meetings of the Council, its Committees and Cabinet. You also have the right to see the agenda (the list of items to be discussed at a meeting), which is usually published five working days before the meeting, and minutes once they are published. Dates of the meetings are available here:

<https://colchester.cmis.uk.com/colchester/MeetingCalendar.aspx>.

Most meetings take place in public. This only changes when certain issues, for instance, commercially sensitive information or details concerning an individual are considered. At this point you will be told whether there are any issues to be discussed in private, if so, you will be asked to leave the meeting.

Have Your Say!

The Council welcomes contributions and representations from members of the public at most public meetings. If you would like to speak at a meeting and need to find out more, please refer to the Have Your Say! arrangements here: <http://www.colchester.gov.uk/haveyoursay>.

Audio Recording, Mobile phones and other devices

The Council audio records public meetings for live broadcast over the internet and the recordings are available to listen to afterwards on the Council's website. Audio recording, photography and filming of meetings by members of the public is also welcomed. Phones, tablets, laptops, cameras and other devices can be used at all meetings of the Council so long as this doesn't cause a disturbance. It is not permitted to use voice or camera flash functions and devices must be set to silent. Councillors can use devices to receive messages, to access meeting papers and information via the internet. Looking at or posting on social media by Committee members is at the discretion of the Chairman / Mayor who may choose to require all devices to be switched off at any time.

Access

There is wheelchair access to the Town Hall from St Runwald Street. There is an induction loop in all the meeting rooms. If you need help with reading or understanding this document please take it to the Library and Community Hub, Colchester Central Library, using the contact details below and we will try to provide a reading service, translation or other formats you may need.

Facilities

Toilets with lift access, if required, are on each floor of the Town Hall. A water dispenser is available on the first floor.

Evacuation Procedures

Evacuate the building using the nearest available exit. Make your way to the assembly area in the car park in St Runwald Street behind the Town Hall. Do not re-enter the building until the Town Hall staff advise you that it is safe to do so.

Governance and Audit Committee - Terms of Reference (but not limited to)

Accounts and Audit

To consider and approve the Council's Statement of Accounts and the Council's financial accounts, and review the Council's external auditor's annual audit letter.

Governance

To consider the findings of the annual review of governance including the effectiveness of the system of internal audit and approve the signing of the Annual Governance Statement.

To have an overview of the Council's control arrangements including risk management and in particular with regard to the annual audit plan and work programme, and to approve the policies contained in the Council's Ethical Governance Framework.

Other regulatory matters

To make recommendations to Council on functions such as elections, the name and status of areas and individuals, and byelaws.

To determine and approve Community Governance Reviews.

Standards in relation to Member Conduct

To consider reports from the Monitoring Officer on the effectiveness of the Members' Code of Conduct, and to advise the Council on the adoption or revision of the Code.

To receive referrals from the Monitoring Officer into allegations of misconduct and to create a Hearings Sub-Committee to hear and determine complaints about Members and Co-opted Members referred to it by the Monitoring Officer.

To conduct hearings on behalf of the Parish and Town Councils and to make recommendation to Parish and Town Councils on improving standards or actions following a finding of a failure by a Parish or Town Councillor.

To inform Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints.

To grant dispensations, and to hear and determine appeals against refusal to grant dispensations by the Monitoring Officer.

To make recommendations to Council regarding the appointment of Independent Persons.

General

To review of the Constitution including governance issues around formal meetings, processes and member training and to make recommendations to Council.

COLCHESTER CITY COUNCIL
Governance and Audit Committee
Wednesday, 07 December 2022 at 18:00

The Governance and Audit Committee Members are:

Councillor Paul Smith	Chair
Councillor Chris Pearson	Deputy Chair
Councillor Dave Harris	
Councillor Sam McCarthy	
Councillor Sara Naylor	
Councillor Rhys Smithson	
Councillor Barbara Wood	

The Governance and Audit Committee Substitute Members are:

All members of the Council who are not Cabinet members or members of this Panel.

AGENDA
THE LIST OF ITEMS TO BE DISCUSSED AT THE MEETING
(Part A - open to the public)

Please note that Agenda items 1 to 6 are normally dealt with briefly.

1 Welcome and Announcements

The Chairman will welcome members of the public and Councillors and remind everyone to use microphones at all times when they are speaking. The Chairman will also explain action in the event of an emergency, mobile phones switched to silent, audio-recording of the meeting. Councillors who are members of the committee will introduce themselves.

2 Substitutions

Councillors will be asked to say if they are attending on behalf of a Committee member who is absent.

3 Urgent Items

The Chairman will announce if there is any item not on the published agenda which will be considered because it is urgent and will explain the reason for the urgency.

4 Declarations of Interest

Councillors will be asked to say if there are any items on the agenda about which they have a disclosable pecuniary interest which would prevent them from participating in any discussion of the item or participating in any vote upon the item, or any other registerable interest or non-registerable interest.

5 Minutes of Previous Meeting

No Minutes are presented for approval at this meeting.

6 Have Your Say! (Hybrid Council meetings)

Members of the public may make representations to the meeting. This can be made either in person at the meeting or by joining the meeting remotely and addressing the Council via Zoom. Each representation may be no longer than three minutes. Members of the public wishing to address the Council remotely may register their wish to address the meeting by e-mailing democratic.services@colchester.gov.uk by 12.00 noon on the working day before the meeting date. In addition a written copy of the representation will need to be supplied for use in the event of unforeseen technical difficulties preventing participation at the meeting itself.



There is no requirement to pre register for those attending the meeting in person.

7 Financial Monitoring Report – April to September 2022

7 - 24

The Committee will consider a report giving it the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets. This review will provide a further opportunity to assess progress against budget targets and income levels, and any resulting necessary action to mitigate any forecast budget variance will be considered.

8 Treasury Management – Mid-Year Review 2022/23

25 - 38

The Committee will consider a report which is part of the cycle of monitoring treasury management, and which covers all the borrowing and investment activities of the Council.

9 Overview of the Council's Procurement Policy - verbal update

The Committee will receive a verbal report which provided an update and overview of Colchester City Council's Procurement Policy.

10 **Work Programme 2022-2023**

39 - 42

The Committee will consider a report setting out its work programme for the current municipal year.

Exclusion of the Public (not Scrutiny or Executive)

In accordance with Section 100A(4) of the Local Government Act 1972 to exclude the public, including the press, from the meeting so that any items containing exempt information (for example confidential personal, financial or legal advice), in Part B of this agenda (printed on yellow paper) can be decided. (Exempt information is defined in Section 100I and Schedule 12A of the Local Government Act 1972).

Part B
(not open to the public including the press)

7 December 2022

Report of	Assistant Director Corporate and Improvement	Author	Darren Brown 📞 282891
Title	Financial Monitoring Report – April to September 2022		
Wards affected	Not applicable		

1. Executive Summary

- 1.1 This report gives the Committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets. The financial position is summarised as follows:-
- The General Fund is showing a net underspend against services of £474k as at period 6. This includes more expenditure of £119k and more income of £593k, compared to profiled budgets.
 - The current forecast outturn position for the General Fund is a net overspend of £392k.
 - The Housing Revenue Account is showing a net overspend of £13k as at period 6 and is forecast to be on budget at the year-end.
- 1.2 Assistant Directors and their budget holders have undertaken a thorough review of the financial position for their services, which is reflected in this report. In addition, SMT continues to monitor the budget position on a monthly basis. The next report to the Committee will consider the position after 9 months. This review will provide a further opportunity to assess progress against budget targets and income levels, and any resulting necessary action to mitigate any forecast budget variance will be considered. Inflation is forecast to reach 13% during 2022 which will inevitably impact on the cost of council services. The Bank of England is also forecasting recession until mid-2023; this is likely to mean increased demand for council services and potential reductions in residents' discretionary spending including sport and leisure.

2. Action required

- 2.1 The Committee is asked to consider the financial performance of General Fund Services and the Housing Revenue Account (HRA) for the first six months of 2022/23, and to note the forecast budget overspend of £392k on the General Fund.

3. Reason for scrutiny

- 3.1 Monitoring of financial performance is important to ensure that:
- Service expenditure remains within cash-limited budgets.
 - Potential variances at year-end are identified early so that remedial action can be taken to recover the position or 'recycle' any surplus budgets.
 - Performance targets are being met.
- 3.2 This report also gives the committee the opportunity to hold Service Managers and Portfolio Holders accountable for their budgets.

4. Background

- 4.1 This report reviews the Council's overall position based on profiled income and expenditure for the six months to 30 September 2022, and also shows a projection of the outturn figures for the full year. All the information presented in respect of General Fund Services shows the position based on net 'direct costs'. The review of the Housing Revenue Account is different in that it shows all costs, both direct and indirect.

Summary Position

- 4.2 The projected outturn for the General Fund is currently a net overspend of £392k. The Housing Revenue Account forecast outturn position is currently to be on budget.
- 4.3 The General Fund position is set out in more detail in the following paragraphs and the HRA position explained in paragraphs 4.15 to 4.19. Budgets carried forward from 21/22 are now included in the schedules within this report, and as such will be monitored as part of the overall position

General Fund – Position to 30 September 2022

Service Budgets

- 4.4 Appendix A shows the current budget variances and forecast outturn variances by Service Group. The net position shows a variance against profiled budget for General Fund Services (excluding Benefits, NEPP & JMC) of £474k (favourable). This comprises total expenditure being £119k higher than expected and total income being £593k higher than expected. Appendix B breaks these variances down by subjective group.

Income

- 4.5 Income to the Council is below targets in a number of areas to date, but most notably in Planning. However, income levels are above profiled budgets most significantly within Sport & Leisure and Parking.

Expenditure

- 4.6 There are overspends against profiled budgets in a number of services areas, predominantly within employees and supplies and services costs, which are mainly offset by underspends within premises costs and third party payments. These can be as a result of profiling of budgets as well as timing of expenditure. Indicative energy figures for 23/24 budget setting are showing a very large increase (circa 130% / £2.2million) compared to 22/23. Whilst the current year forecast includes some pressures for energy, for example in Bereavement and Sport & Leisure, this is an area that is volatile plus there has been the announcement of Government support for Businesses for the second half of 22/23, so this will need to be monitored carefully for the remainder of the financial year.
- 4.7 Benefits payments are not shown in Appendix A & B to avoid distorting the reported position for Service Groups. It is currently projected that this area will be on budget at year end, when the final subsidy claim is paid. Furthermore, NEPP and JMC variances are not included in the Appendix A & B totals, given these areas are ring-fenced and are reported to the relevant joint committee.

Outturn Forecast / Risk Areas

- 4.8 This is the second formal review this year of the 2022/23 budget position, and the current forecast outturn is a net overspend of £392k.

	£'000	
Service budgets	792	See paras. 4.9, 4.10 and Appendix D
Technical / Corporate Items	(400)	
Potential net overspend	392	

Service Budgets

4.9 The following table sets out the forecast outturn for all service areas, with outturn variances. This shows a net forecast overspend of £792k. As the table shows, this is mainly due to additional expenditure of £1,184k. The largest areas contributing to the net forecast position are;

- Neighbourhood Services: £82k Vacancy factor pressure, £691k overspend on staff costs (predominantly agency staff in Waste), £112k cost pressure on Fuel, £230k pressure in Recycling Materials (boxes/sacks). £75k more income from recycling credits.
- Place & Client: £120k planning appeals cost pressure, £175k less planning income, £99k Corporate Asset Mgt pressure relating to Health & Safety works and lift repairs, £150k more income due to prior year adjustments on 2 variable income commercial lease rents. Sport & Leisure is overspending by £500k primarily due to higher inflation, NNDR saving now not deliverable, Energy and Employee costs, which are partially offset by £225k more income. Housing is underspending by a net £613k, which reflects the removal of the £450k New Homes Bonus affordable housing allocation, and the additional use of £150k of Government grant in the year.
- Corporate & Improvement: £129k Shared services saving not being achieved, net overspend on employee costs including the vacancy factor not being achieved in some areas, extra costs resulting from payroll system re-tender and £77k less travel plan parking income.
- C&DC: £63k additional costs relating to increase in banking transactions
- EMT: £120k underspend forecast due to vacant posts and consultancy spend.
- £400k gain from interest payable/earned. The interest earned on cash investments has risen from 0% during periods of 2021/22 to 2.5%+ currently available for 3 to 6 month deposits. In a Monetary Policy Summary published 4 August 2022, the Bank of England expects base rates to rise from 1.75% August 2022 to 3% by March 2023. This may lead to further gains in the interest budget.

Service	Forecast outturn		
	Expenditure	Income	Net
	£'000	£'000	£'000
Corporate & Improvement (incl. CDC)	141	206	347
EMT	(120)	-	(120)
Community	19	(87)	(68)
Customer	(229)	81	(148)
Environment	1,166	(242)	924
Place & Client	207	(350)	(143)
Total all services	1,184	(392)	792

Appendix C

4.10 Appendix C shows the original Council budget, the outturn forecast and variance. The purpose of this table is to bring together the overall revenue budget and show the impact of Government funding and the required use of reserves. Any use of reserves in 2022/23 to address unplanned overspends will limit budgeting options for 2023/24 and future years.

Corporate / Technical Items

4.11 The budget includes a number of corporate and technical budget areas such as net interest earnings, the provision to repay debt, pension costs and some non-service specific grants. It is currently forecast that there will be a saving on interest payable/earned of £400k, as we

haven't needed to borrow as planned given our higher cash balances and thus the ability to internally borrow, along with achieving higher interest rates on our investments.

- 4.12 Appendix D sets out details of all forecast variances against service budgets at the year-end totalling £792k. To provide some context on the scale of the variances shown in Appendix D, a percentage value has been included within the comments which shows the proportion of the relevant budget that it represents. For example, an underspend due to vacant posts or the vacancy factor would be expressed as a proportion of the total employees budget for that area.

Summary position and action proposed

- 4.13 The forecast outturn shows a potential net overspend of £792k. Further more detailed work will continue to be undertaken during Quarter 3 to ensure forecast outturn positions are robust.
- 4.14 Assistant Directors and their budget holders have undertaken a thorough review of the financial position for their services, which is reflected in this report. In addition, the Senior Management Team continues to monitor the budget position on a monthly basis. The 9 month position will be reported to this Committee in March.

Housing Revenue Account

- 4.15 The Housing Revenue Account (HRA) set out in Appendix E is a ring-fenced account which is affected by a number of variable factors. At the end of September 2022, the HRA is showing a net overspend of £13k compared to the profiled budget for the same period. This is primarily due to higher expenditure on Premises costs of £133k and lower expenditure on Supplies and Services of £193k compared to the profiled budgets, and £75k less income than budgeted.

Position to date

- 4.16 Premises related costs are showing an overspend of £133k as at the end of September 2022. Overall, there is a net overspend of £191k on Repairs and Maintenance, which primarily relates to the timing of expenditure on repairs and maintenance of pumping stations, Homeless Persons Units and other delegated areas. There are further overspends of £22k on contract cleaning costs, which are partially offset by underspends of £53k on Grounds Maintenance budgets and £36k on Utility and Water costs which relate to the timing of expenditure.
- 4.17 Supplies & Services costs are underspent by £194k at the end of September. There is a general underspend across most budget headings which primarily relate to the timing of expenditure, the main areas being £74k of IT costs and £107k relating to the project to implement our new housing management system, which are partially offset by an overspend of £37k on subscriptions costs.
- 4.18 We have received £75k less income at the end of September 2022. This primarily reflects the net impact of rental & service charge income being lost from dwellings and garages than assumed within the budget, through a combination of voids and the level of Right to Buy sales, along with the timing of acquisitions and additions to our housing stock.

Forecast Outturn

- 4.19 The HRA is currently forecast to be on budget at the year-end. Any underspend or overspend that occurs in the year will be used to fund a greater/lesser proportion of our Housing Capital Programme through a variation to the Revenue Contribution to Capital.

5. Standard References

- 5.1 Having considered consultation, publicity, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

6. Strategic Plan References

- 6.1. The priorities within the Strategic Plan are reflected in the Medium-Term Financial Forecast, which makes assumptions regarding government grant/funding and Council Tax income and identifies where necessary savings will be found in order to achieve a balanced budget. The 2022/23 revenue budget was prepared in accordance with the Strategic Plan's priorities, in the context of the Council facing growing financial pressures. Budget monitoring enables the financial performance against these priorities to be assessed.

7. Financial Implications

- 7.1. As set out above.

8. Environmental and Climate Change Implications

- 8.1. All budget measures will be assessed for their likely environmental impact, reflecting the Council's commitment to be 'carbon neutral' by 2030. Environment and Climate Change is an essential cross-cutting theme in the Council's post-Covid recovery planning.

9. Risk Management Implications

- 9.1. Risk management is used throughout the budget cycle, and this is reflected in the strategic risk register. The 2022/23 revenue budget report that was approved by Council in February 2022 took into consideration a number of potentially significant risk areas that had been identified during the budget process. In addition, Assistant Directors identify a number of both positive and negative risk areas during the year.
- 9.3 Extensive modelling work has been undertaken to understand the impacts and variables arising from the pandemic.
- 9.4 Leisure, parking and commercial income are very dependent on factors beyond the Council's control including the return of consumer confidence, customer behaviours and the pace of recovery.
- 9.5 Modelling has been undertaken with service managers to assess the potential range of impacts before adopting the assumptions reflected within the report.
- 9.6 All the above and other significant uncertainties and risks will have to be managed. Further material change is likely to budget assumptions and the actions needed to ensure a balanced budget.

Background Papers

None

Period 6 – Current Budget Variances and Forecast Outturn Variances by Service Area

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
Corporate & Democratic Core		(95)	(39)	(134)	63	-	63
	Total	(95)	(39)	(134)	63	-	63
Executive Management Team							
	EMT	(77)	-	(77)	(120)	-	(120)
	Total	(77)	-	(77)	(120)	-	(120)
Community							
	Assistant Director Communities	1	-	1	-	-	-
	Licensing & Food Safety	(5)	(38)	(43)	(1)	(4)	(5)
	Community Safety	(1)	-	(1)	-	(40)	(40)
	Environmental Health Services	(11)	(1)	(12)	(5)	6	1
	Building Control	29	12	41	14	-	14
	Community Initiatives	(22)	-	(22)	9	(31)	(22)
	Private Sector Housing	(19)	28	9	(33)	19	(14)
	Bereavement Services	(48)	(23)	(71)	46	(54)	(8)
	Cultural Services	(12)	8	(4)	(11)	17	6
	Colchester Museums	(4)	(10)	(14)	-	-	-
	Subtotal	(92)	(24)	(116)	19	(87)	(68)
	Colchester & Ipswich Museums	(33)	(44)	(77)	139	(9)	130
	Total	(125)	(68)	(193)	158	(96)	62
Customer							
	Assistant Director Customers	-	-	-	-	-	-
	Accounts & Debt	10	(4)	6	15	(4)	11
	Local Taxation & Business Rates	35	(67)	(32)	1	(39)	(38)
	Benefits & Hub	57	-	57	(36)	42	6
	Contact & Support Centre	26	3	29	4	-	4
	Electoral Services	105	-	105	4	1	5
	Customer Digital & Systems	(114)	-	(114)	(219)	-	(219)
	Land Charges	1	14	15	2	81	83
	Subtotal	120	(54)	66	(229)	81	(148)
	Benefits - Payments & Subsidy	1,056	694	1,750	-	-	-
	Total	1,176	640	1,816	(229)	81	(148)
Environment							
	Assistant Director Environment	(3)	-	(3)	(8)	-	(8)
	Neighbourhood Services	358	(29)	329	1,130	(82)	1,048

		Position to date			Forecast Outturn		
	Area	Spend	Income	Net	Spend	Income	Net
		£'000	£'000	£'000	£'000	£'000	£'000
	Car Parking	25	(149)	(124)	44	(160)	(116)
	Subtotal	380	(178)	202	1,166	(242)	924
	Parking Partnership (NEPP)	127	377	504	(46)	-	(46)
	Total	507	199	706	1,120	(242)	878
	Place & Client						
	Assistant Director Place & Client	2	-	2	3	-	3
	Place Strategy	57	(60)	(3)	(19)	-	(19)
	Housing	82	(66)	16	(463)	(150)	(613)
	Planning	75	175	250	126	175	301
	Sustainability & Climate Change	(12)	(24)	(36)	(47)	-	(47)
	Subtotal	204	25	229	(400)	25	(375)
	<i>Company Related:-</i>						
	Client – Commercial Company	-	-	-	-	-	-
	Corporate Asset Management	(86)	3	(83)	99	-	99
	Commercial & Investment	3	(114)	(111)	8	(150)	(142)
	Sport & Leisure	74	(359)	(285)	500	(225)	275
	Total	195	(445)	(250)	207	(350)	(143)
	Corporate & Improvement						
	Assistant Director Corporate & Improvement	(6)	64	58	(30)	129	99
	Finance	(100)	-	(100)	(85)	-	(85)
	ICT	(75)	35	(40)	61	-	61
	People and Performance	(9)	37	28	44	77	121
	Governance	(104)	11	(93)	88	-	88
	Communications	(18)	-	(18)	-	-	-
	Total	(312)	147	(165)	78	206	284
	Total (excl. Benefits, NEPP & JMC)	119	(593)	(474)	1,184	(392)	792
	Total (all)	1,269	434	1,703	1,277	(401)	876

Current Budget Variances and Forecast Outturn Variances by Subjective Group

		Position to date			Forecast Outturn		
		Actual	Budget	Variance	Actual	Budget	Variance
	Subjective	£'000	£'000	£'000	£'000	£'000	£'000
	Expenditure						
	Employees	12,841	12,558	283	26,038	25,521	517
	Premises Related	4,282	4,443	(161)	8,197	7,786	411
	Transport Related	857	841	16	1,993	1,870	123
	Supplies & Services	4,378	4,216	162	9,517	9,167	350
	Third Party Payments	2,818	3,012	(194)	5,096	5,313	(217)
	Transfer Payments	250	237	13	475	475	0
	Capital Financing Costs	0	0	0	110	110	0
	Total	25,426	25,307	119	51,426	50,242	1,184
	Income						
	Government Grant	(494)	(463)	(31)	(642)	(535)	(107)
	Other Grants & Reimbursements	(1,563)	(1,405)	(158)	(3,809)	(3,665)	(144)
	Customer & Client Receipts	(11,989)	(11,549)	(440)	(22,796)	(22,655)	(141)
	Income-Interest	(88)	(124)	36	(248)	(248)	0
	Inter Account Transfers	0	0	0	0	0	0
	Total	(14,134)	(13,541)	(593)	(27,495)	(27,103)	(392)
	Net	11,292	11,766	(474)	23,931	23,139	792

Summary showing Overall Council budget and latest forecasts.

	2022/23 Original Budget	2022/23 – P6 Forecast	2022/23 – P6 Forecast Variance
	£'000	£'000	£'000
Base Budget	25,028	25,028	0
One-off items	(3,281)	(3,281)	0
Cost Pressures	2,035	2,035	0
Growth Items	134	134	0
Savings	(2,045)	(2,045)	0
Change in use of NHB for one off investment	4	4	0
2021/22 Forecast Outturn		392	392
Forecast Base Budget	21,875	22,267	392
<i>Funded By:</i>			
Business Rates Baseline	(4,343)	(4,343)	0
SFA	(4,343)	(4,343)	0
Increase in NNDR / taxbase above baseline	(1,870)	(1,870)	0
Business Rates Pooling	(200)	(200)	0
New Homes Bonus	(1,954)	(1,954)	0
Lower Tier Government Grant	(198)	(198)	0
Other Government Grant	(298)	(298)	0
Total Gov't grants & business rates	(8,863)	(8,863)	0
Council Tax	(13,300)	(13,300)	0
Collection Fund Deficit / (Surplus)	(372)	(372)	0
Business Rates Deficit / (surplus)	5,280	5,280	0
Contribution to / (Use of Reserves)	(4,098)	(4,098)	0
Use of Reserves for Covid-19 - 19/20 C/Fwds	(522)	(914)	(392)
Use of Reserves for Covid-19 - Unringfenced Grants	0	0	0
Use of Reserves for Covid-19 – Repairs & Renewals	0	0	0
Total Funding	(21,875)	(22,267)	(392)
Forecast Overspend / (Underspend)	0	0	0

Forecast Outturn Variances

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
EMT				
Executive Management Team	(120)	-	(120)	Forecast underspend due to vacant posts (15%) and consultancy underspend (16%).
Community				
Licensing and Food Safety	(1)	(4)	(5)	Employees forecast underspend of £12k (2.6%) due to a vacant post. Overspend of £8k on Vet fees for interim ZOO inspections is being fully recovered from the ZOO. Net income shortfall of £2k (0.4%) in Licensing, mainly private hire vehicle licenses shortfall is offset by Premises licences additional income.
Community Safety	-	(40)	(40)	Review of Community Safety balances and grant no longer required.
Environmental Health Services	(5)	6	1	Savings of £8k (2%) on salaries due to a vacant post. Income shortfall of £6k (12%) in pest control and stray dogs boarding.
Building Control	14	-	14	Forecasting salaries underspend of £82k (21%) due to several vacant posts. This is being offset by retention bonus payments of £15k (100%) and agency staff costs of £65k (100%). Further £15k (155%) overspend on outsourcing surveying services.
Community Initiatives	9	(31)	(22)	Forecast £21k (4%) underspend on staff resource. Estimated £30k (100%) spend with no budget on Stanway Community Centre energy costs before transferring to Parish Council. £30k grant income gain from claiming a recovery of management costs.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Private Sector Housing	(33)	19	(14)	Forecasting £35k (7%) salaries underspend due to a PSH Officer vacant post. Work underway to appoint a less qualified role to assist recruitment that will increase income. £2k overspend in Healthy Homes for access to work equipment. £22k (11%) income shortfall mainly in civil penalties but other income remains on target or overachieving. Small gain in Healthy homes for internal re-charge.
Bereavement Services	46	(54)	(8)	Forecasting £19k (35%) overspend on music services (incl. web cast and recording), this is offset by an income derived from these services, currently f/casting £25k (97%) above income target. Estimated £31k (61%) more spend on energy due to rising prices. £5k (18%) underspend on Assisted funerals, currently low demand but seeing a steady increase so underspend is unlikely to be sustained. £70k (5%) more income on cremations & other (partly due to Weeley crematorium being shut for 6 months but has now reopened). This is offset by £17k (7%) shortfall on burials.
Cultural Services	(11)	17	6	Small underspend on casual staff costs. £9k (90%) underspend on agency work, this is offset by the shortfall of £9.6k (89%) in ticket income. Income shortfall of £4k (60%) from Guided Tours and £3k (42%) from advertising.
Colchester and Ipswich Museums (CIMS)	139	(9)	130	CIMS is a ring-fenced budget. Forecast underspend of £19k (1%) on staff costs. Additional £48k (71%) - rebate received for rates. £189k (51%) overspend across supplies and services. This is due to planned spend of CIMS reserves for products and services from last year plus current year spend (AV repair and replacement, exhibitions). Small gain in grant income– funder's review.
Customer				

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Accounts & Debt	15	(4)	11	£8k relates to the Vacancy Factor with additional overspends on employee costs within Income and Corporate Debt (£11k) (7%), Procurement (£8k) (7%) and Purchasing and Control £3k (1.5%). Underspends offsetting these pressures on training £8k (43%), IT £4k (80%), central stationery £3k (75%) and general office expenditure £1.5k (75%) with a small overspend on printing costs of £1k (63%). The income forecast variance relates to unbudgeted court fees recovered (100%).
Local Taxation & Business Rates	1	(39)	(38)	An overspend on consultancy costs of £4.5k (167%) partially offset by an underspend on banking charges of £2k (24%) and employee costs £1k. The income forecast variance relates to court fees recovered.
Benefits & Hub	(36)	42	6	Forecast underspends on employee costs in The Community Hub (£28k) (7%) due to vacant posts for part of the year. Also underspends on IT costs in The Community Hub (£6k) (100%) and Technical Services (£4k) (4%). The income variance relates to a shortfall in New Burdens income of £50k (27%) partially offset by £8k unbudgeted funding to support the Essex Household support grant work.
Contact Support Centre	4	-	4	An overspend on employee costs (0.31%).
Electoral Services	4	1	5	The Elections team forecasts overspends on employee costs of £2k (1.5%), mobile phones £1k (100%) and software licences £1k (4%). Electoral Registration forecasts £1k less income from on sales of the Electoral Register (25%).
Customer Digital & Systems	(219)	-	(219)	Salary underspends in the Web and Development Team following merger of teams into corporate ICT are offset by one off consultancy and spend in ICT budgets (within Corporate and Improvement) to support critical applications and deliver new

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				corporate infrastructure. £70k carry forward for Northgate implementation support is not needed this year.
Land Charges	2	81	83	An overspend on software licences (8.77%) and shortfall on income (28.43%).
Environment				
Assistant Director Environment	(8)	-	(8)	Employee underspends (5.37%).
Neighbourhood Services	1,130	(82)	1,048	£82k employee overspends are forecast due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (1.18%) and a £691k employee overspend is forecast to maintain key services in line with increased demand (18.69%). Due to prices reaching record highs a £112k overspend is forecast on fuel (16.68%). The recycling bags purchased for the annual delivery exceeded budget due to increased material costs and a £230k overspend is forecast for recycling kit which will be monitored against demand throughout the year (99.7%). Income from Recycling credits is forecast to be £75k (4.19%) more than the budget.
Car Parking	44	(160)	(116)	Overspends on repairs and maintenance of £29k (73%), parking transaction charges £25k (100%) and insurance £1k (10%) offset by an underspend on NNDR costs of £11k (1%). Pay and Display income is forecast to be £132k (5%) more than the budget, and PCN income £28k (15%) more than the budget.
North Essex Parking Partnership (NEPP)	(46)	-	(46)	NEPP will be 'on budget' after any shortfall variance is drawn in a planned way from the Parking Reserve.
Place & Client				
Assistant Director Place & Client	3	-	3	A small variance is forecast on employee costs (2%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
Place Strategy	(19)	-	(19)	Forecast underspend across employee costs due to vacant posts (3%) and small underspend across general spend (0.5%).
Housing	(463)	(150)	(613)	Forecast underspend across employee costs due to vacant posts (10%). Removal of £450k NHB Affordable Housing allocation carry forward as not needed this year, and additional use of £150k grant income in year.
Planning	126	175	301	Overspends forecast mainly due to £120k planning appeals cost (100%), staff transport costs (44%), publicity costs (13%) and IT software and subscription costs (21%). Planning fees income forecast is £175k less than full year budget, this has been profiled based on the previous 3 years income trend variance (13%). This will be reviewed every month.
Sustainability & Climate Change	(47)	-	(47)	Forecast underspend on employee costs due to vacant manager post (23%).
Corporate Asset Management	99	-	99	The forecast remains the same with a forecast overspend relating to unplanned works of c£50k on three council lifts, £22k urgent safety repairs to the Town Hall exterior walkway and roof as well as some smaller pressures on other sites including clearance costs on Rowan House although NNDR relief is being sought to help offset these costs whilst this site is closed for refurbishment works.
Commercial & Investment	8	(150)	(142)	Commercial properties have identified a small cost pressure due to a water leak on a North Colchester site c£8k. Income is forecast to be £150k (20.23%) higher than the budget due to two variable income Commercial lease rents 21/22 final figures coming in higher than expected.
Sport and Leisure	500	(225)	275	Expenditure pressures have been forecast on many supplies of £218k, mainly due to inflation, and includes final costs around Pool View going live c£50k.

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				The latest increase on premises costs is due to NNDR and the recently updated forecasts for energy which has added c£150k to the predicted outturn (Electricity £45k and Gas £105k). Employee costs are now forecast to exceed budget by £38k (1.17%). An overall income improvement of £225k (4.2%) is forecast at this stage of the year, and this is predominantly on Pools, Wet Side courses and the Fitness Centre. Income figures are not yet reflecting any reduction due to the economic downturn.
Corporate & Improvement (incl. CDC)				
Corporate & Democratic Core	63	-	63	Forecast overspend on banking transaction charges (48%).
Assistant Director Corporate and Improvement	(30)	129	99	Salary underspend due to vacant post for 3 months due to Interim Chief Operating Officer Appointment (25%). Delays to commencing projects to explore shared services mean the associated saving target will not be met (100%).
Finance	(85)	-	(85)	Underspends across salaries due to vacant posts while they are being appointed to (7%). £25k carry forward for system enhancements not needed this year.
ICT	61	-	61	Overspend forecast for one off consultancy and spend to support critical applications and deliver new corporate infrastructure (100%) offset by the underspends in Web and Development Team in Customer Services and one off saving on Microsoft payments due to timings (14%).
People & Performance	44	77	121	Overspend forecast on employee costs due to not having had sufficient vacant posts yet this year to achieve the budget target for vacancies, temporary staff changes (5%) and due to the re-tender of the payroll system (87%) offset slightly by shared payroll service saving (25%) and staff travel plan (46%).

Service Area	Variance			Comment
	Spend £'000	Income £'000	Net £'000	
				Less income forecast from staff car parking due to home working while Rowan House is closed (89%).
Governance	88	-	88	Overspend forecast on employee costs due to agency fees to cover vacant posts (100%), not having had sufficient vacant posts yet this year to achieve the budget target for vacancies (7%) and Hallkeeper casual costs due to external events and greater numbers of meetings (92%).

September 2022	Current Period - September 2022			Forecast Year-End Position		
	Profiled Budget to Period 6	Actual to Period 6	Variance (under) / over	Annual Budget	Projected Outturn	Variance (under) / over
Account Description	£'000	£'000	£'000	£'000	£'000	£'000
HRA - Direct & Non-Direct						
EXPENDITURE						
Employees	125	130	5	239	239	-
Premises Related	3,760	3,893	133	7,508	7,508	-
Transport Related	-	-	-	1	1	-
Supplies & Services	576	383	(193)	1,095	1,095	-
Third Party Payments	2,382	2,375	(7)	4,087	4,087	-
Transfer Payments	64	64	-	128	128	-
Support Services	2,493	2,493	-	3,420	3,420	-
Capital Financing Costs	-	-	-	15,400	15,325	(75)
TOTAL EXPENDITURE	9,400	9,338	(62)	31,878	31,803	(75)
INCOME						
Other Grants & Reimbursements	-	-	-	(139)	(139)	-
Customer & Client Receipts	(16,630)	(16,555)	75	(31,669)	(31,594)	75
Income-Interest	-	-	-	(12)	(12)	-
Inter Account Transfers	(27)	(27)	-	(58)	(58)	-
TOTAL INCOME	(16,657)	(16,582)	75	(31,878)	(31,803)	75
TOTAL NET - HRA	(7,257)	(7,244)	13	-	-	-

7 December 2022

Report of

Head of Finance

Author

Paul Cook

 **505861**

Zoey Latham

 **505843**

Title

Treasury Management – Mid-Year Review 2022/23

Wards

Not applicable

affected

1 Executive Summary

- 1.1 This report is part of the cycle of monitoring treasury management and covers all the borrowing and investment activities of the Council.
- 1.2 Where internal funds were available, treasury strategy during 2022/23 is to borrow internally. This is influenced by the investment rates on offer during the first part of 2022/23 and high PWLB borrowing rates after September 2022.
- 1.3 The investment policy reflects the Council's low appetite for risk. The Council's investments 30 September 2022 totalled £89.800m as set out in Appendix A.
- 1.4 The Council employs Link Group to provide a treasury management consultancy service including advice on borrowing, investments, counterparty credit details and general capital accounting information. The service includes treasury training, market updates and real time credit information. Link also advise on proposed government accounting and funding changes. Member training by Link has been arranged for 30 January 2023.

2 Recommendations

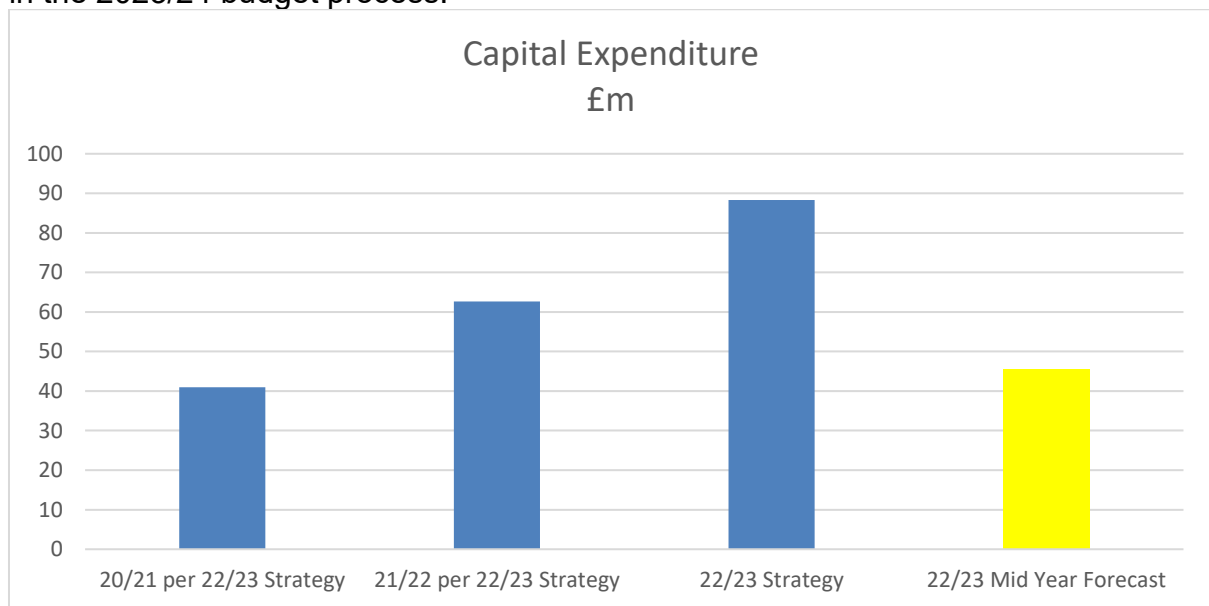
- 2.1 To approve the Treasury Management Mid-Year Review for 2022/23.

3 Reason for report

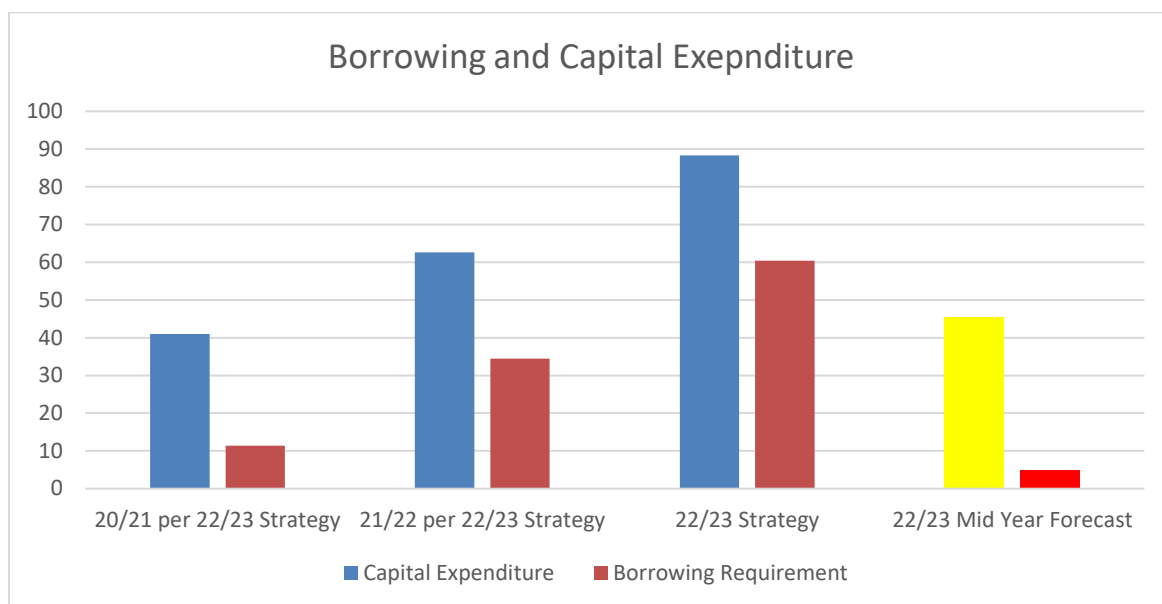
- 3.1 The CIPFA Treasury Management Code of Practice requires the Council to produce three main reports each year, of which this is the second report for 2022/23.
 - the Treasury Management Strategy Statement
 - the Mid-Year Treasury Management Report (this report)
 - the Annual Treasury Management Review

4 Treasury Management Mid-Year Review 2022/23

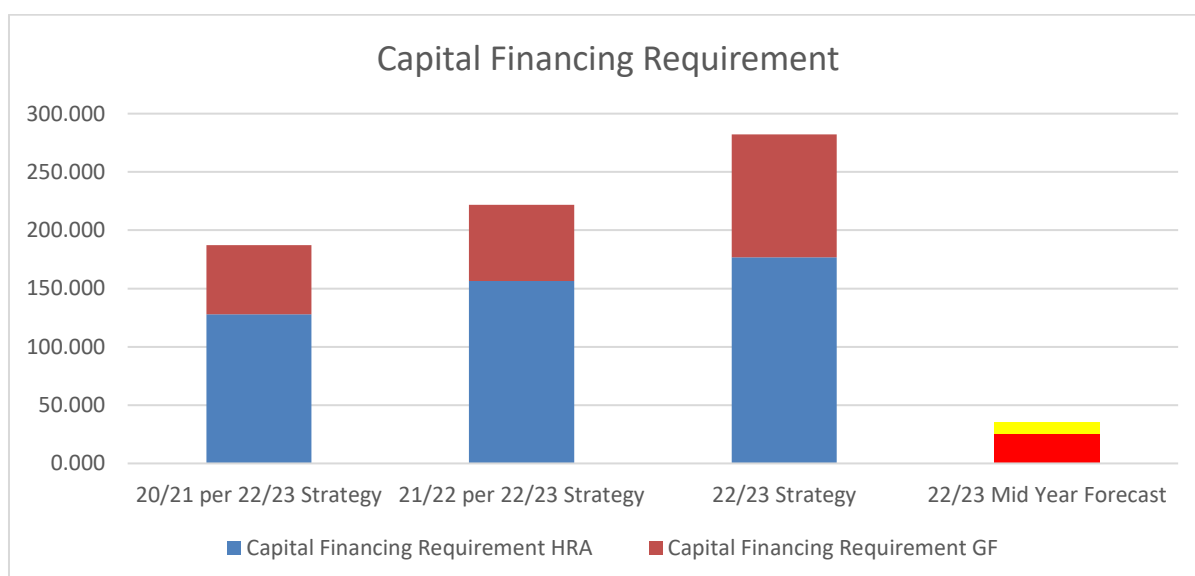
- 4.1 The Council uses Link as its external treasury management advisors.
- 4.2 Responsibility for treasury management decisions remains with the Council and undue reliance was not placed upon external advisors. Decisions used available information including external advice.
- 4.3 The Council's capital expenditure plans are the key driver of treasury.
- 4.4 The Capital Expenditure Prudential Indicator compares 22/23 forecast capital expenditure to the Council's capital expenditure plans set out in its 22/23 Treasury Management Strategy. The lower level of expenditure reflects the impact of Covid and delays to some large projects. This was set out more fully in the 22/23 capital monitoring report to the Committee 18 October 2022. Future years' capital plans will be determined in the 2023/24 budget process.



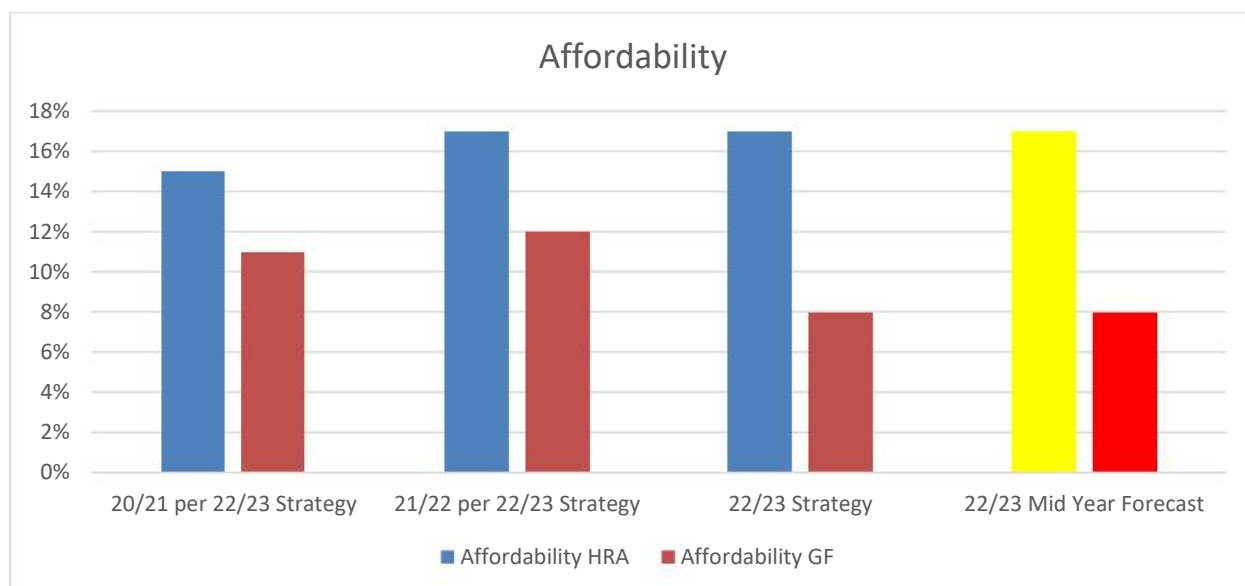
- 4.5 The chart below shows planned and actual changes in the Council's borrowing requirement to fund capital expenditure. Again, the lower than planned level reflects delays in the capital programme.



- 4.6 Capital Financing Requirement projections are set out below, with a breakdown of the annual movement. Again, the lower than planned level reflects delays in the capital programme.



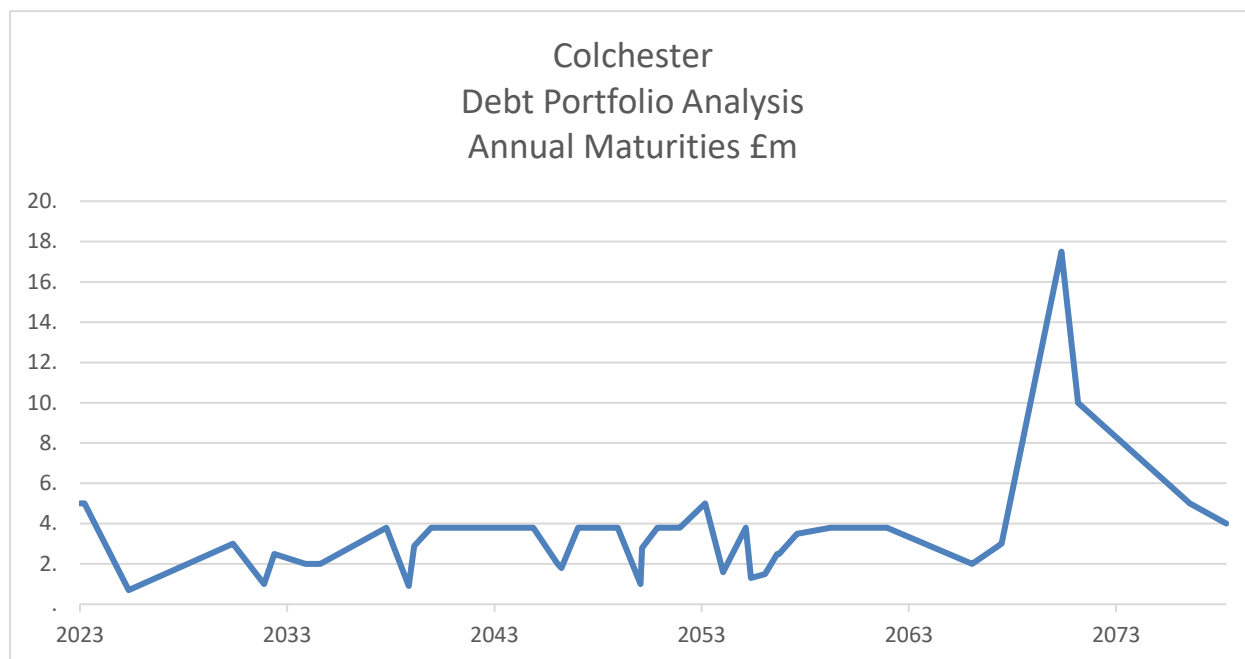
- 4.7 Due to low spending on the capital programme the affordability indicator (the cost of borrowing as a percentage of the Council's net revenue stream) is substantially below the strategy level. This indicator will need to be rebased in setting the 2023/24 Capital Programme.



- 4.8 The tables below set out 2022/23 performance on other Treasury Management Strategy Prudential Indicators. It is not now expected new borrowing will be required in 2022/23 as maturing loans will be replaced by reduced external investments. The maturity profile as at 30 September 2022 is shown in the table.

	22/23 Strategy	22/23 Mid-Year
Creditworthiness	Link System	All investments within policy
Country limits	AA-	All investments within policy
Non-UK not to exceed	£15m	All investments within policy
Return on in-house funds	0.5%	Full year forecast 1.9%
Authorised Borrowing Limit	£295.6m	
Operational Boundary	£28.6m	
Total Borrowings		£166.594m
Maturity Structure		
< 1 year	15%	12%
1 to 2	15%	0%
2 to 5	15%	0.4%
5 to 10	15%	1.8%
10 to 20	40%	13.6%
20 to 30	40%	22.8%
30 to 40	40%	22.1%
40 to 50	40%	21.8%
More than 50yrs	10%	5.4%

- 4.9 For full PWLB borrowing details for Colchester see **residual maturities** under [Historical Data \(dmo.gov.uk\)](#)



5 Strategic Plan references

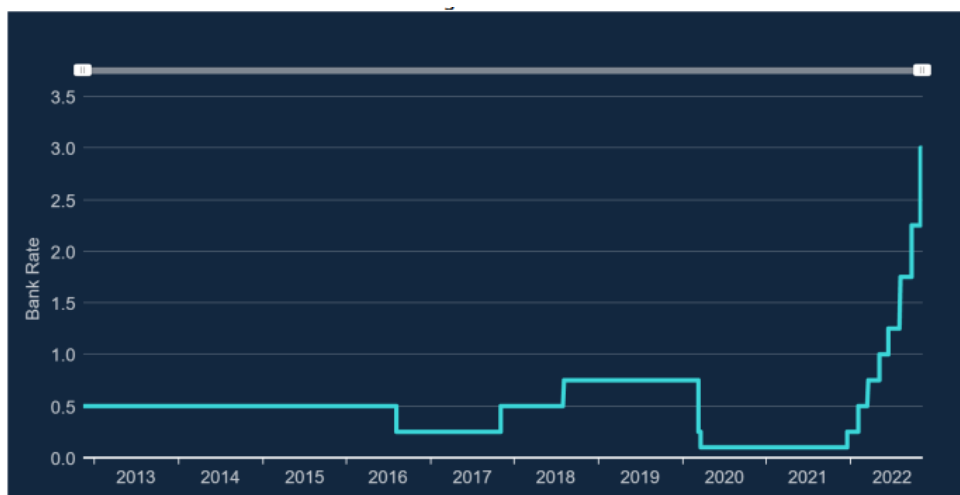
- 5.1 Prudent treasury management underpins the budget strategy required to deliver all Strategic Plan priorities.

6 Publicity considerations

- 6.1 Investments reported in treasury monitoring are now on the open agenda after clarification by the Monitoring Officer following FOI requests. Please see Appendix A.

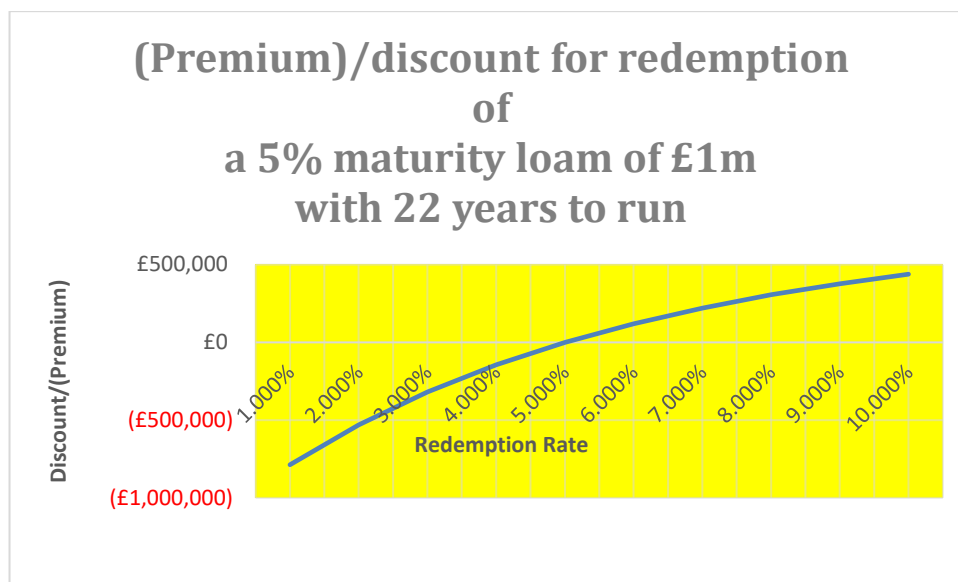
7 Financial implications

- 7.1 Interest paid and earned on borrowing and investments is accounted for in the Central Loans and Investment Account (CLIA). Forecast outturn figures for 2022/23 show a favourable variance of £400k, due primarily to underspending on the capital programme and higher available investment rates.
- 7.2 Bank rate has increased since March 2022 (see the below table). Most recently the rate was raised to 3% on 2 November 2022. Higher short-term rates have improved forecast interest earnings on council investments.
- 7.3 The Council's Treasury Management Strategy is not to borrow in advance of need. The Council's long-term borrowing to finance capital expenditure is predominantly held in fixed rate, long term Public Works Loan Board loans. Changes in gilt yields experienced over recent weeks will not therefore impact on the Council's borrowing costs in 2022/23. The Council does not borrow abroad, and recent currency market movements similarly will not affect borrowing costs directly.
- 7.4 Public Works Loan Board rates still represent good value in long maturities. It is not expected significant PWLB borrowing will be required until 2023 or 2024.
- 7.5 Borrowing requirements will be reviewed in resetting the capital programme for 2023/24 onwards. The 2023/24 Treasury Management Strategy will be reviewed by 24 January 2023 Scrutiny Panel as part of budget setting.



8 Premature redemption of loans, and LOBOs

- 8.1 PWLB will normally accept premature redemption of any loan over a year into its life and having at least a year left to run.
- 8.2 The redemption value is a present value calculation. The discount rate is published in regular interest rate notices. **Premature repayment rates are different from new loan rates and not as advantageous.** So, for example 2 November 2022 a new 25-year maturity loan was offered at 4.73%. The premature redemption rate for a 25-year maturity loan was 3.60%. Therefore, to redeem an existing 4.73% 25-year loan would result in a premium on redemption being payable.
- 8.3 PWLB lending arrangements allow for replacement loans for premature redemptions.
- 8.4 Premature redemption decisions are always subject to the normal overriding requirements to act prudently.
- 8.5 Premature redemption is likely to be of advantage for treasury management where the PWLB rates offered in different durations show a steep gradient in either direction. If for example the longest maturities have high premature redemption rates, but medium-term rates are lower than the long premature redemption rates, it may be possible to replace some long maturity loans with cheaper medium-term loans. These conditions do not currently apply as the maturity v interest rate gradient is virtually flat.
- 8.6 The accounting treatment for loans prematurely repaid after April 2007 is set out in SI 2007 573. [The Local Authorities \(Capital Finance and Accounting\) \(Amendment\) \(England\) Regulations 2007 \(legislation.gov.uk\)](#)
- 8.7 Essentially any premium must be spread in the accounts until what would have been the end of the replaced loan or over the life of the replacement loan whichever is longer. Any discount must be spread in the accounts until the end of the replaced loan or over 10 years whichever is shorter.
- 8.8 The Chart shows how a premium or discount arises depending on how current redemption rates compare to the original rate of the loan advance. In the event of a discount these funds would be available for temporary investment to avoid additional borrowing.



- 8.9 There is a significant maturity peak for Colchester in the 2070's (see section 4 of this report) and this will need addressing in future debt restructuring. This is not an urgent issue but will be reflected in the 2023-24 Treasury Management Strategy
- 8.10 LOBO is an acronym for Lender's Option Borrower's Option. The Council has 3 LOBOs totalling £5.5m. These were taken out some years ago and expire in the period 2046 to 2066; the rates are in the range 3.53% to 3.79%. The LOBOs have been rolled over at annual reviews by the lenders since inception. Because of recent interest rate changes, the lenders will now be out of the money on the swaps understood to underly these loans. It is therefore a possibility the lenders will request repayment at the January 2023 roll overs. If so, 7 days' notice will be given. In the event repayment was required the Council would address whether refunding was required. The PWLB rates offered for similar maturities are currently not greatly different from the LOBO rates.

9 Revised Prudential Code

- 9.1 In 2023/24 additional or enhanced requirements will come into force under *The Prudential Code for Capital Finance in Local Authorities 2021 Edition*. These requirements are not relevant to 2022/23 monitoring but will be set out in the 2023/24 Treasury Management Strategy. The requirements are summarised below with comments.
- 9.2 Investments for commercial purposes' (or commercial investments) are defined in the Code as taken or held primarily for financial return and are not linked to treasury management activity or directly part of delivering services. Colchester Council does not currently hold such investments and does not plan to do so.
- 9.3 It is not expected that any of the new requirements will be problematic for Colchester to fulfil.
- 9.4 The Council has made or plans to make investments for service purposes in Colchester Amphora Energy Limited and in Colchester Amphora Housing Ltd.

Code	Requirement	Comment
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20	In order to demonstrate that the authority takes capital expenditure and investment decisions in line with service objectives and properly takes account of stewardship, value for money, prudence, sustainability and affordability, authorities should have in place a capital strategy that sets out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to both risk and reward and impact on the achievement of priority outcomes. The capital strategy should form a part of the authority's integrated revenue, capital and Balance Sheet planning.	These requirements will be addressed in the resetting the 2023/24 capital programme and the 2023/24 Treasury Management Strategy.
22	The capital strategy should give a high-level overview of how capital expenditure, capital financing, investments and treasury management activity contribute to the delivery of the authority's plans and provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.	These requirements will be addressed in the resetting the 2023/24 capital programme and the 2023/24 Treasury Management Strategy.
23	The capital strategy should be tailored to the authority's individual circumstances but should include capital expenditure, investments and liabilities and treasury management. The capital strategy should include sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability, proportionality and affordability will be secured and to meet legislative requirements on reporting.	These requirements will be addressed in the resetting the 2023/24 capital programme and the 2023/24 Treasury Management Strategy.
24	<p>In considering how stewardship, value for money, prudence, sustainability, proportionality and affordability can be demonstrated, capital strategies should have regard to the following key areas, where material.</p> <p>Capital expenditure</p> <ul style="list-style-type: none"> • An overview of the governance process for approval and monitoring of capital expenditure, including how capital expenditure is prioritised in relation to the strategic priorities and policies of the authority, such as affordable housing, regeneration and environmental sustainability. 	These requirements will be addressed in the resetting the 2023/24 capital programme and the 2023/24 Treasury Management Strategy.

	<ul style="list-style-type: none"> • A long-term view of capital expenditure plans, where 'long-term' is defined by the financing strategy and risks faced by the authority with reference to the life of projects and assets. • An overview of asset management planning including the cost of past borrowing, maintenance requirements and planned disposals. • Any restrictions around borrowing or funding of ongoing capital finance, for example requirements around the HRA or police funds. <p>Debt, borrowing, investments and treasury management</p> <ul style="list-style-type: none"> • A long-term projection of external debt (ie gross borrowing plus other long-term liabilities). • Provision for the repayment of debt over the long term, having regard to statutory guidance on MRP or the repayment of loans fund advances. • Authorised limit and operational boundary for the following year (see below). • The authority's approach to treasury management, including processes, due diligence and defining the authority's risk appetite. • Authorities with restricted or no access to the Public Works Loan Board (PWLB) should note the liquidity risks this may create and where they would access borrowing from, if required. • A projection of investments (where material) analysed between investments for 	
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	<p>treasury management purposes, service purposes and commercial purposes (including commercial property).</p> <ul style="list-style-type: none"> • A statement of whether the authority has complied with paragraphs 51 to 53 of the Prudential Code in relation to investments for commercial purposes, in particular the requirement that an authority must not borrow to invest for the primary purpose of financial return. <p>Investments for service or commercial purposes</p> <p>Authorities may report the following matters in their investment strategy, or in a separate investment strategy for service and commercial investments, rather than in the capital strategy:</p> <ul style="list-style-type: none"> • The authority's approach to investments for service or commercial purposes (together referred to as non-treasury investments), including defining the authority's objectives, risk appetite and risk management in respect of these investments, and processes ensuring effective due diligence. • An assessment of affordability, prudence and proportionality in respect of the authority's overall financial capacity (ie whether plausible losses could be absorbed in budgets or reserves without unmanageable detriment to local services). • Details of financial and other risks of undertaking investments for service or commercial purposes, and how these are managed. 	
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	<ul style="list-style-type: none"> • Limits on total investments for service purposes and for commercial purposes, respectively (consistent with any limits required by other statutory guidance on investments). • Requirements for independent and expert advice and scrutiny arrangements. While business cases may provide some of this material, the information contained in them will need to be periodically re-evaluated to inform the authority's overall strategy. <p>For the avoidance of doubt, references in this capital strategy section and throughout the Prudential Code to investments and investments for treasury management, service or commercial purposes, include all such investments as defined in the definitions section below. This includes investments whose purchase is not treated as capital expenditure, as well as those that are treated as capital.</p> <p>Other long-term liabilities</p> <ul style="list-style-type: none"> • An overview of the governance process for approval and monitoring and ongoing risk management of any other financial guarantees and other long-term liabilities. <p>Knowledge and skills</p> <ul style="list-style-type: none"> • A summary of the knowledge and skills available to the authority and confirmation that these are commensurate with the authority's risk appetite and activities 	
81	Estimates of net income from commercial and service investments to net revenue stream	
85	Actual net income from commercial and service investments to net revenue stream	
43	The chief finance officer is required to establish procedures to monitor and report performance against all forward-looking indicators at least quarterly. The chief finance officer will need to	This will necessitate four quarterly monitoring reports to Governance and Audit on the same cycle as revenue and capital monitoring.

	establish a measurement and reporting process that highlights significant actual or forecast deviations from the approved indicators. Monitoring of prudential indicators, including forecast debt and investments, is not required to be taken to full council and should be reported as part of the authority's integrated revenue, capital and Balance Sheet monitoring	The quarterly reports will be tied into monitoring of capital programme and the resultant treasury choices will be set out.
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10 Risk management implications

10.1 Risk Management is essential to effective treasury management. The Council's Treasury Management Policy Statement contains a section on treasury risk management.

11 Other standard references

11.1 Having considered consultation, equality, diversity and human rights, community safety, and health and safety implications, there are none that are significant to the matters in this report.

Appendices

Appendix A – Investments held as at 30th September 2022

Background Papers

Treasury Management Strategy 2022/23

Appendix A

Fixed Term Investments	Principal	From	To	Rate	Interest @ Maturity	Creditworthiness Colour Cod	Geographic Location
DBS	4,000,000.00	12/01/2022	24/10/2022	0.65	20,301.37	Orange	Australia
Thurrock Borough Council	2,500,000.00	08/04/2022	10/10/2022	1.00	12,671.23	n/a	UK
ANZ	2,500,000.00	06/04/2022	06/10/2022	1.42	17,798.63	Orange	Australia
Heleba	2,500,000.00	06/04/2022	06/10/2022	1.29	16,169.18	Red	UK
Coventry Building Society	2,500,000.00	13/04/2022	13/10/2022	1.01	12,659.59	Red	UK
First Abu Dhabi	2,500,000.00	13/04/2022	13/10/2022	1.45	18,174.66	Orange	UAB
ANZ	2,500,000.00	10/05/2022	10/11/2022	1.64	20,668.49	Orange	Australia
First Abu Dhabi	2,500,000.00	10/05/2022	10/11/2022	1.60	20,164.38	Orange	UAB
Lancashire	5,000,000.00	16/06/2022	16/03/2023	1.25	46,746.58	n/a	UK
Heleba	5,000,000.00	04/07/2022	19/12/2022	2.05	47,178.08	Red	UK
Bayerische Landesbank London (Link)	2,500,000.00	04/07/2022	04/10/2022	1.55	9,767.12	Red	UK
Standard Chartered Bank (Link)	2,500,000.00	04/07/2022	04/10/2022	1.57	9,893.15	Red	UK
Standard Chartered Bank (Link)	2,500,000.00	13/07/2022	13/01/2023	2.15	27,095.89	Red	UK
ANZ	2,500,000.00	28/07/2022	28/10/2022	1.89	11,909.59	Orange	Australia
DBS	2,500,000.00	28/07/2022	28/10/2022	1.90	11,972.60	Orange	Singapore
Thurrock Borough Council	1,500,000.00	16/08/2022	16/02/2023	2.2	16,635.62	n/a	UK
Bayerische Landesbank London (Link)	2,500,000.00	09/08/2022	09/02/2023	2.36	29,742.47	Red	UK
Nationwide	5,000,000.00	12/08/2022	14/11/2022	1.84	23,693.15	Red	UK
Qatar (Link)	5,000,000.00	12/08/2022	14/11/2022	2.27	29,230.14	Red	UK
Suffolk County Council	5,000,000.00	05/09/2022	05/01/2023	2.31	38,605.48	n/a	n/a
Goldman Sachs	5,000,000.00	30/09/2022	31/01/2023	3.32	55,939.73	Red	UK
	68,000,000.00				497,017.13		
MMF's							
LGIM	10,000,000.00						
BNP Paribas	0.00						
Federated Prime	10,000,000.00						
Aberdeen	500,000.00						
	20,500,000.00						
Non- Treasury Investments Held as at 30th September 2022							
Colchester Amphora Energy Ltd	1,300,000.00	Various	Unknown	BOE+4%			
	1,300,000.00						
Total	89,800,000.00						

Governance and Audit Committee

Item
10

7 December 2022

Report of	Assistant Director Corporate and Improvement Services	Author	Matthew Evans ☎ ext. 8006
Title	Work Programme 2022-2023		
Wards affected	Not applicable		

1. Executive Summary

1.1 This report sets out the current Work Programme 2022-2023 for the Governance and Audit Committee. This provides details of the reports that are scheduled for each meeting during the municipal year.

1.2 The Committee is asked to note the additional meeting which has been scheduled for 15 February 2023. This meeting has been scheduled to allow the Committee to devote the entirety of its meeting in January to dispensing its function as the Shareholder Committee for Colchester Commercial Holdings Limited, and the proposed work programme has been adjusted accordingly.

2. Recommended Decision

2.1 The Committee is asked to note the contents of the Work Programme for 2022-2023.

3. Reason for Recommended Decision

3.1 The Work Programme of this Committee is kept under review throughout the municipal year to ensure that business is progressed and Members have the opportunity to review upcoming agenda items.

4. Alternative Options

4.1 This function forms part of the Committee's Terms of Reference and, as such, no alternative options are presented.

5. Background Information

5.1 The Governance and Audit Committee deals with the approval of the Council's Statement of Accounts, audit, other miscellaneous regulatory matters and standards.

5.2 The Committee's Work Programme will evolve as the Municipal Year progresses and items of business are commenced and concluded. At each

meeting the opportunity is taken for the Work Programme to be reviewed and, if necessary, amended according to current circumstances.

6. Standard References

- 6.1 There are no particular references to publicity or consultation considerations; or financial; equality, diversity and human rights; community safety; health and safety, environmental and sustainability implications or risk management implications.

7. Strategic Plan References

- 7.1 Governance is integral to the delivery of the Strategic Plan's priorities and direction for the Borough as set out under the four themes of growth, responsibility, opportunity and wellbeing.
- 7.2 The Council recognises that effective local government relies on establishing and maintaining the public's confidence, and that setting high standards of self-governance provides a clear and demonstrable lead. Effective governance underpins the implementation and application of all aspects of the Council's work.

WORK PROGRAMME 2022-23

Governance and Audit Committee
Meeting date / Agenda items -
Governance and Audit Committee - 21 June 2022
<ol style="list-style-type: none"> 1. Year End Internal Audit Assurance Report 2021/2022 2. <u>Review of the Governance Framework and Draft Annual Governance Statement</u>
Governance and Audit Committee - 26 July 2022
<ol style="list-style-type: none"> 1. Local Government Association Model Code of Conduct for Councillors 2. 2021/2022 Revenue Outturn 3. 2021/2022 Year End Review of Risk Management

Governance and Audit Committee - 6 September 2022

1. Colchester Borough Homes Annual Report and Governance Statement
2. Revenue Monitoring Report – April to June 2022/23
3. Capital Expenditure 2021/2022 Outturn

Governance and Audit Committee - 18 October 2022

1. Local Government and Social Care Ombudsman Annual Review 2021/2022
2. Health and Safety Policy and Annual Report
3. Treasury Management Report 2021/2022
4. 2022/23 Capital Monitor Q1 and Q2

Governance and Audit Committee – 22 November 2022

1. Review of the Council's Ethical Governance Policies
2. Annual Review of the Members' Code of Conduct and the Council's Localism Act "Arrangements"
3. Guidance for Members on Dispensations
4. Review of Local Code of Corporate Governance
5. Review of Member/Officer Protocol
6. Gifts and Hospitality – Review of Guidance for Councillors and Policy for Employees
7. Colchester Commercial Holdings Limited – Annual Report

Governance and Audit Committee – 7 December 2022

1. Revenue Monitoring Report – July to September 2022/23.
2. Treasury Management – Half Yearly Update
3. Overview of the Council's Procurement Policy

Governance and Audit Committee - 17 January 2023

1. CCHL Half-Year Performance Report
2. Annual Review of the Council's Companies' Business Plans

Governance and Audit Committee - 15 February 2023

1. Interim Review of the Annual Governance Statement Action Plan
2. Risk Management Progress Report
3. Mid-Year Internal Audit Assurance Report 2022/2023
4. Annual Review of Business Continuity

Governance and Audit Committee - 7 March 2023

1. Internal Audit Plan 2023/2024
2. Revenue Monitoring Report – October to December 2022/2023
3. Capital Monitoring Report – October to December 2022/2023