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Our Ref./Ein Cyf.  
Your Ref./Eich Cyf.  
Contact:/Cysylltwch â:

**THIS IS A MEETING WHICH THE PUBLIC ARE ENTITLED TO ATTEND**

Dydd Iau, 26 Ionawr 2023

Dear Sir/Madam

**PWYLLGOR CRAFFU CORFFORAETHOL A PHERFFORMIAD**

A meeting of the Pwyllgor Craffu Corfforaethol a Pherfformiad will be held in Ar MS Teams on Dydd Iau, 2ail Chwefror, 2023 at 10.00 am.

Yours faithfully

Damien McCann  
Interim Chief Executive

**AGENDA**

**Pages**

**1. CYFIEITHU AR Y PRYD**

Mae croeso i chi ddefnyddio'r Gymraeg yn y cyfarfod, mae angen o leiaf 3 diwrnod gwaith o rybudd os dymunwch wneud hynny. Darperir gwasanaeth cyfieithu ar y pryd os gwneir cais am hynny.

**2. YMDDIHEURIADAU**

Derbyn ymddiheuriadau.

**3. DATGANIADAU BUDDIANT A GODDEFEBAU**

Mae'r Cyngor yn croesawu gohebiaeth yn Gymraeg a Saesneg a byddwn yn cyfathrebu gyda chi yn eich dewis iaith, dim ond i chi rhoi gwybod i ni pa un sydd well gennych. Ni fydd gohebu yn Gymraeg yn creu unrhyw oedi.

The Council welcomes correspondence in Welsh and English and we will communicate with you in the language of your choice, as long as you let us know which you prefer. Corresponding in Welsh will not lead to any delay.

Derbyn datganiadau buddiant a goddefebau.

4. **PWYLLGOR CRAFFU CORFFORAETHOL A  
PHERFFORMIAD** 3 - 6

Ystyried penderfyniadau'r Pwyllgor Craffu Corfforaethol a Pherfformiad a gynhaliwyd ar 15 Rhagfyr 2022.

*(D.S. Cyflwynir y penderfyniadau er pwyntiau cywirdeb yn unig).*

5. **DALEN WEITHREDU** 7 - 8

Derbyn y ddalen weithredu.

6. **ADOLYGIAD CANOL BLWYDDYN RHEOLI  
TRYSORLYS – 1 EBRILL 2022 I 31 MEDI 2022** 9 - 30

Ysstyried adroddiad y Prif Swyddog Adnoddau.

7. **DRAFFT STRATEGAETH COMISIYNU A CHAFFAEL  
2023/28** 31 - 52

Ystyried adroddiad y Prif Swyddog Masnachol a Chwsmeriaid.

8. **BLAENRAGLEN GWAITH: 16 MAWRTH 2023** 53 - 56

Derbyn y flaenraglen gwaith.

To: J. Wilkins (Cadeirydd)  
Councillor J. Thomas (Is-gadeirydd)  
Councillor C. Bainton  
M. Day  
Councillor G. Humphreys  
Councillor E. Jones  
Councillor R. Leadbeater  
Councillor C. Smith  
T. Smith

All other Members (for information)  
Interim Chief Executive  
Chief Officers

**COUNTY BOROUGH OF BLAENAU GWENT**

**REPORT TO:** **THE CHAIR AND MEMBERS OF THE CORPORATE AND PERFORMANCE SCRUTINY COMMITTEE**

**SUBJECT:** **CORPORATE AND PERFORMANCE SCRUTINY COMMITTEE – 15<sup>TH</sup> DECEMBER, 2022**

**REPORT OF:** **DEMOCRATIC & COMMITTEE SUPPORT OFFICER**

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**PRESENT:** COUNCILLOR J. WILKINS (CHAIR)

Councillors J. Thomas (Vice-Chair)

C. Bainton

M. Day

G. Humprheys

E. Jones

R. Leadbeater

C. Smith

T. Smith

**WITH:** Interim Chief Executive  
Chief Officer Resources  
Corporate Director Education  
Interim Corporate Director Social Services  
Corporate Director Regeneration and Community Services  
Head of Organisational Development  
Head of Governance and Partnerships  
Head of Community Services  
Professional Lead for Engagement, Equalities and Welsh Language  
Service Manager Policy and Partnerships  
Scrutiny and Democratic Officer

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<b>ITEM</b>	<b>SUBJECT</b>
<b>No. 1</b>	<b><u>SIMULTANEOUS TRANSLATION</u></b>  It was noted that no requests had been received for the simultaneous translation service.

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No. 2	<p><b><u>APOLOGIES</u></b></p> <p>No apologies for absence were received.</p>
No. 3	<p><b><u>DECLARATIONS OF INTERESTS AND DISPENSATIONS</u></b></p> <p>No declarations of interest or dispensations were reported.</p>
No. 4	<p><b><u>CORPORATE AND PERFORMANCE SCRUTINY COMMITTEE</u></b></p> <p>Consideration was given to the decisions of the meeting held on 19<sup>th</sup> October, 2022.</p> <p>The Committee AGREED that the decisions be accepted as a true record of proceedings.</p>
No. 5	<p><b><u>CORPORATE AND PERFORMANCE SCRUTINY COMMITTEE</u></b></p> <p>Consideration was given to the decisions of the meeting held on 21<sup>st</sup> November, 2022.</p> <p>The Committee AGREED that the decisions be accepted as a true record of proceedings.</p>
No. 6	<p><b><u>ACTION SHEET</u></b></p> <p>Consideration was given to the Action Sheet.</p> <p>The Committee AGREED that the report be accepted and the information contained therein be noted.</p>
No. 7	<p><b><u>FORECAST OUTTURN TO 31ST MARCH 2023 (AS AT 30TH SEPTEMBER 2022)</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Committee AGREED that the report be accepted and Members provided the appropriate challenge to the financial outcomes in the report and noted the forecast application of reserves (Option 1).</p>

<p><b>No. 8</b></p>	<p><b><u>CAPITAL BUDGET MONITORING, FORECAST FOR 2022/2023 FINANCIAL YEAR (AS AT 30 SEPTEMBER 2022)</u></b></p> <p>Consideration was given to the report of the Chief Officer Resources.</p> <p>The Committee AGREED that the report be accepted and the appropriate challenge was provided to the financial outcomes in the report. The Scrutiny Committee continued to support appropriate financial control procedures agreed by Council and noted the budgetary control and monitoring procedures in place within the Capital Team, to safeguard Authority funding (Option 1).</p>
<p><b>No. 9</b></p>	<p><b><u>WORKFORCE STRATEGY 2021-2026</u></b></p> <p>Consideration was given to the report of the Head of Organisational Development.</p> <p>The Committee AGREED that the report be accepted and the progress against the 2021/22 delivery plan was noted and endorsed the 2022/23 delivery plan (Option 1).</p>
<p><b>No. 10</b></p>	<p><b><u>REVIEW OF THE FINANCE AND PERFORMANCE REPORT</u></b></p> <p>Consideration was given to the report of the Service Manager Performance and Democratic.</p> <p>A Member proposed that future Finance and Performance Reports be presented on a quarterly basis for a trial period. This proposal was seconded and AGREED by the Committee.</p> <p>The Committee AGREED, subject to the foregoing that the report be accepted and provided suggestions to the content of the Finance and Performance Report in order to make it more efficient and effective as a management tool, noting the inclusion of information as identified at 2.7 to 2.10, for approval at Cabinet (Option 1).</p>

<b>No. 11</b>	<b><u>WELSH LANGUAGE PROMOTION STRATEGY 2022/27</u></b>  Consideration was given to the report of the Professional Lead for Engagement, Equality & Welsh Language.  The Committee AGREED that the report be accepted and recommend to Cabinet to approve the Welsh Language Promotion Strategy 2022-27 prior to its publication (Option 1).
<b>No. 12</b>	<b><u>FORWARD WORK PROGRAMME: 2ND FEBRUARY 2023</u></b>  Consideration was given to the report of the Scrutiny and Democratic Officer.  The Committee AGREED that the report be accepted and the Scrutiny Committee agreed the Forward Programme for the meeting 2nd February 2023, as presented (Option 2).

**Blaenau Gwent County Borough Council**

**Action Sheet**

**Corporate Overview and Performance Scrutiny Committee**

<b>Meeting Date</b>	<b>Action to be Taken</b>	<b>By Whom</b>	<b>Action Taken</b>
15.12.22	A specific programme of training in relation to Capital and Revenue budget monitoring to be arranged for Corporate Overview and Performance Scrutiny Committee members. A session in relation to Treasury Management will also be arranged during February 2022.	Chief Officer Resources / Democratic Team	Treasury Management session arranged for 31 <sup>st</sup> January 2023.  Financial Monitoring session arranged for 6 <sup>th</sup> February 2023.  <b>Action complete: 4<sup>th</sup> January 2023</b>

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# Agenda Item 6

*Cabinet and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Corporate Overview and Performance Scrutiny Committee**

Date of meeting: **3 February 2023**

Report Subject: **Treasury Management Mid-Year Review - 1<sup>st</sup> April 2022 to 30th September 2022**

Portfolio Holder: **Cllr Stephen Thomas, Leader / Cabinet Member - Corporate Overview & Performance**

Report Submitted by: **Rhian Hayden, Chief Officer Resources**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
	19/01/23	23.01.23			03/02/23		30/03/23	

## 1. Purpose of the Report

- 1.1 The purpose of the report is to give Members the opportunity to scrutinise the Treasury Management activities carried out by the Authority during the first half of the 2022/23 financial year.

## 2. Scope and Background

- 2.1 The report provides a summary of the Treasury Management activities carried out under delegated powers by the Chief Officer Resources in the period 1<sup>st</sup> April to 30<sup>th</sup> September 2022 in accordance with the CIPFA Treasury Management Code of Practice.

- 2.2 Treasury Management can be defined as:

“The management of the local authority’s cash flows, 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 primary requirements of the CIPFA Code of Practice are currently as follows:

- a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.
- b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- c. Receipt by the Council of an annual Treasury Management Strategy report (including the annual investment strategy report and minimum revenue policy) for the year ahead, a mid-year review and an annual review report of the previous year.

- d. Delegation by the Council of responsibilities for implementing and monitoring Treasury Management policies and practices and for the execution and administration of treasury management decisions, which in this Council is the Chief Officer Resources.
- e. Delegation by the Council of the role of scrutiny of Treasury Management strategy and policies to a specific named body which in this Council is the Corporate Overview and Performance Scrutiny Committee.

2.4 This report is therefore presented to Corporate Overview and Performance Scrutiny to provide a mid-year review (attached as Appendix 1) of the Treasury Management activities for the 2022/2023 financial year, in accordance with (c) above

### 3. **Options for Recommendation**

#### 3.1 Option 1

Members scrutinise the treasury management activity undertaken during the first 6 months of 2022/23 and provide comment prior to its submission to full Council.

#### 3.2 Option 2 (preferred option)

Members scrutinise the treasury management activity undertaken during the first 6 months of 2022/2023 and do not provide comment prior to its submission to full Council.

### 4. **Evidence of how this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The report is written under legislation (the Local Government Act 2003), Welsh Government guidance and CIPFA codes of practice.

4.2 This topic also supports the Corporate Plan Priority of being an ambitious and innovative council delivering quality services at the right time and in the right place

### 5. **Implications Against Each Option**

#### 5.1 *Impact on Budget (short and long term impact)*

5.1.1 The Authority has complied with the CIPFA Treasury Management in the Public Services: Code of Practice 2017 and in doing so has strived for effective risk management and control, whilst at the same time pursuing best value as far as possible.

5.1.2 The Authority has effectively managed credit risk throughout the period, so ensuring that it has not been subjected to any financial loss as a result of the pandemic

5.1.3 The Authority has maximised investment returns as far as is possible whilst managing the associated risk and minimised borrowing costs throughout the period.

5.1.4 Investment returns of £541,000 have been achieved with an average interest rate of 0.82%. This is lower than the benchmark rate of 1.39% but reflects that the Authority no longer invest in counterparties that pay a higher rate, due to credit rating reductions. Of this return, £311,000 relates to investments made from the receipt of the £70million Rail Infrastructure Loan. There is a condition of the funding approval that states any interest earned from holding the loan must be added to the works programme. Therefore, this income will be placed in a reserve until such time it is used to fund works or can be transferred to the Authority. The remaining return of £230,000 relates to interest from the investment of the Authority's own funds. The annual budgeted investment interest for the full year is £6,000, which reflects the interest rates forecast at that time and the extraordinary increases in bank base rate during 2022/23.

5.1.5 An average interest rate of 0.51% has been paid on temporary borrowings against a benchmark of 1.70%, amounting to £73,000 for the six-month period. The budget for interest paid on short term borrowing is £425,000 for a full year - the full year interest payable is forecast to be within this budget. A summary of the Treasury Management activities for the period are shown in the table below:

5.1.6

	Value	Interest	Average Interest Rate
	£m	£	%
Short Term Loans raised	98	73,000	0.51%
Short Term Investments made	381	541,000	0.82%
Long Term debt outstanding 30/9/22	169.45		3.53%
Short Term debt outstanding 30/9/22	59.4		0.51%

## 5.2 Risk including Mitigating Actions

5.2.1 The main risk in relation to Treasury Management is that of credit risk and protecting the Authority's cash. This is effectively managed through the Authority's risk averse Treasury Management policy that seeks to protect the capital sum rather than maximise investment returns.

5.2.2 The £70 million received from the Welsh Government in relation to the Rail Infrastructure scheme has posed challenges for the Treasury Management function in terms of exploring new investment opportunities, such as Notice Accounts and banks, whilst adhering to the Authority's Investment Strategy and approved counterparty limits. In order to mitigate the risk of breaching these limits, the Authority has utilised the Debt Management Account Deposit Facility in the first instance (unlimited deposits) as well as its Money Market Fund and other Investments with Local Authorities (£10 million limit).

Furthermore, the Authority will continue to monitor other investment opportunities in the second part of the year.

5.2.3 Following the increases in the Bank of England base rate beginning in December 2021, the base rate has risen from 0.75% to 2.25% in the first half of the year. The Bank of England has further increased this rate to 3.5% in December 2022 and the market now expects that the base rate will increase further to 4.50% by the second quarter of next year. The Authority has benefitted from entering into short-term borrowing and taking advantage of low interest rates in the first half of the year. However, the increase in market rates will have a significant impact on borrowing costs in 2023/24 and poses a cost pressure to the Authority's budgets.

### 5.3 *Legal*

5.3.1 The report is written under legislation (the Local Government Act 2003), Welsh Government guidance and CIPFA codes of practice.

### 5.4 *Human Resources*

5.4.1 There are no direct staffing implications to report. Staff directly involved with Treasury Management activities will continue to monitor the credit situation on a daily basis and will notify the Chief Officer Resources accordingly. Any consequential changes required to be made to the borrowings or investment strategy as a result will be reported to the Council.

## 6. **Supporting Evidence**

### 6.1 *Performance Information and Data*

6.1.1 Despite the financial climate in relation to the pandemic, the Authority has performed well in terms of its Treasury Management activities during the first half of the year, as detailed in the report and summarised below:

- a. Investment returns of £541,000 have been achieved in the period with an average interest rate of 0.82%. This is lower than the benchmark rate of 1.39% but reflects that the Authority no longer invest in counterparties that pay a higher rate, due to credit rating reductions. The annual budgeted investment interest is £6,000, which has been exceeded as a consequence of the investments in relation to the £70m Rail Infrastructure money together with the impact of increases in the Bank of England base rate throughout 2022.
- b. An average interest rate of 0.51% has been paid on temporary borrowings against a benchmark of 1.70%, amounting to £73,000 for the six-month period. The budget for interest paid on short term borrowing is £425,000 for a full year - the full year interest payable is likely to be within this budget. The interest payable by the Authority has therefore been minimised as far as possible and is evidence of good performance.

- c. All of the Treasury limits and Treasury Management prudential indicators set for the financial year have been complied with during the year.
- d. No institutions in which investments were made during the period had any difficulty in repaying investments and interest in full, so the Authority has not been exposed to any financial loss as a result of the difficult economic climate. The Authority will continue to monitor other investment opportunities throughout the rest of the financial year.

6.2 *Expected outcome for the public*

- 6.2.1 The Council's Treasury Management activities support delivery of services to the public.

6.3 *Involvement (consultation, engagement, participation)*

- 6.3.1 Members of the Corporate Overview and Performance Scrutiny Committee and full Council are involved in developing and monitoring compliance with the Council's Treasury Management Strategy.

6.4 *Thinking for the Long term (forward planning)*  
n/a

6.5 *Preventative focus*

- 6.5.1 The Authority's Treasury Management policy prioritises protecting the capital sum rather than achieving higher interest returns

6.6 *Collaboration / partnership working*  
n/a

6.7 *Integration(across service areas)*  
n/a

6.8 *Decarbonisation and Reducing Carbon Emissions*  
n/a

6.9a *Socio Economic Duty Impact Assessment*  
n/a

6.9b *Equality Impact Assessment*  
n/a

**7. Monitoring Arrangements**

- 7.1 As the nominated Committee, Corporate Overview and Performance Committee & Council will receive three reports in every annual cycle:-
  - A Treasury Management Policy report prior to the start of every financial year

- A mid-year progress report on Treasury Management activity
- An end of year out turn report on Treasury Management activity.

**Background Documents /Electronic Links**

- *Appendix 1*
- *Appendix A*
- *Appendix B*

## APPENDIX 1

### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

#### 1. INTRODUCTION AND BACKGROUND

The Chartered Institute of Public Finance and Accountancy's Code of Practice on Treasury Management 2009 was adopted by this Council in February 2010 and this Council fully complies with its requirements. The Code was revised in 2011 and further revised in 2017.

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
3. Receipt by the Council of an annual treasury management strategy report (including the annual investment strategy and minimum revenue provision report) for the year ahead, a mid year review and an annual review report of the previous year.
4. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions, which in this Council is the Chief Officer Resources.
5. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specified named body which in this Council is the Corporate Overview & Performance Scrutiny Committee.

Treasury management in this context is defined as:

*"The management of the local authority's cash flows, 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."*

The purpose of this report is to meet one of the above requirements of the CIPFA Code, namely the mid-year review of treasury management activities, for the financial year 2022/23.

#### 2. THIS TREASURY MANAGEMENT MID YEAR REVIEW REPORT COVERS

- ❖ Economic Background during the period
- ❖ Interest Rate Forecast
- ❖ Treasury Advisors
- ❖ The Council's treasury position as at 30 September 2022;
- ❖ Borrowing and investment rates for the first half of 2022/23;
- ❖ Mid-year review of the borrowing strategy 2022/23;
- ❖ Borrowing outturn for the first half of 2022/23;
- ❖ Debt rescheduling for the first half of 2022/23;

## APPENDIX 1

### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

- ❖ Compliance with treasury limits and Prudential Indicators for the first half of 2022/23;
- ❖ Mid-year review of the investment strategy for 2022/23;
- ❖ Investment outturn for the first half of 2022/23;
- ❖ Other treasury management issues.

### 3. ECONOMIC BACKGROUND DURING PERIOD

The second quarter of 2022/23 saw:

- GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
- Signs of economic activity losing momentum as production fell due to rising energy prices;
- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.- The unemployment rate fall to a 48-year low of 3.6% due to a large shortfall in labour supply;
- Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
- Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.

The Monetary Policy Committee (MPC) has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England’s latest 50 basis points hike looks relatively conservative. However, the UK’s status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.

we now expect the MPC to increase interest rates further and faster, from 2.25% to a peak of 4.50% in February 2023. The combination of the government’s fiscal loosening, the tight labour market and sticky inflation expectations means that the MPC raised interest rates by 75bps at the policy meetings in November (to 3.00%) and 50 basis points in December (to 3.50%). It is expected that further 50 basis point hikes in February and March will increase the rate to 4.50%. Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.



## APPENDIX 1

### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

#### 4. INTEREST RATE FORECASTS

The Council's treasury advisor, Link Group, has provided the following forecast:

Link Group Interest Rate View	19.12.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
<b>BANK RATE</b>	3.50	4.25	4.50	4.50	4.50	4.00	3.75	3.50	3.25	3.00	2.75	2.50	2.50
3 month ave earnings	3.60	4.30	4.50	4.50	4.50	4.00	3.80	3.30	3.00	3.00	2.80	2.50	2.50
6 month ave earnings	4.20	4.50	4.60	4.50	4.20	4.10	3.90	3.40	3.10	3.00	2.90	2.60	2.60
12 month ave earnings	4.70	4.70	4.70	4.50	4.30	4.20	4.00	3.50	3.20	3.10	3.00	2.70	2.70
5 yr PWLB	4.20	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.20	3.10
10 yr PWLB	4.30	4.40	4.40	4.30	4.10	4.00	3.90	3.80	3.60	3.50	3.40	3.30	3.30
25 yr PWLB	4.60	4.60	4.60	4.50	4.40	4.20	4.10	4.00	3.90	3.70	3.60	3.50	3.50
50 yr PWLB	4.30	4.30	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.30	3.20	3.20

The latest forecast on 19th December sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

As shown in the forecast table above, further increases in Bank Rate are now expected during 2023/24, from 3.5% as at the date of this report to 4.5% in quarter 1 of 2023/24, with subsequent decreases during 2024/25 and 2025/26.

#### Forecasts for PWLB rates and gilt and treasury yields

As the interest forecast table for PWLB certainty rates above shows, there is likely to be a rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts above are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

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### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

#### **Gilt and treasury yields**

Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively.

However, the upward trend was exceptionally sharp at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements.

In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.

Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.

#### **5. TREASURY ADVISORS**

The Council uses external treasury management advisors. The Council recognises that responsibility for Treasury Management decisions remains with the Authority at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

The Council retendered for the provision of Treasury Management advisory services during 2022. This resulted in the appointment of Link Asset Services for a period of two years from 1<sup>st</sup> May 2022 until 30<sup>th</sup> April 2024, with an option to extend for a further two years at 12-month intervals.

## APPENDIX 1

### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

#### 6. TREASURY POSITION AS AT 30 SEPTEMBER 2022

The Council's debt and investment position at the beginning of the year and the end of the half year was as follows:

The table illustrates that the total debt outstanding as at 30 September 2022 was £228.8 million, comprising of long term debt of £169.45 million and short term debt of £59.4 million.

	31March 2022 Principal	Average Rate/ Return	30Sept 2022 Principal	Average Rate/ Return	Increase/ (Decrease) in Borrowing
	<u>£000</u>		<u>£000</u>		<u>£000</u>
Fixed Rate Funding:					
- PWLB	74,067	4.06%	74,056	4.02%	(10)
- Market Loans	14,000	1.40%	18,000	1.26%	4,000
Variable Rate Funding:					
- Market (LOBO *)	4,000	4.5%	4,000	4.50%	0
Interest Free Loans:					
Welsh Government	73,395	0.00%	73,395	0.00%	0
<b>Total Long Term Debt</b>	<b>165,462</b>	<b>3.70%</b>	<b>169,451</b>	<b>3.53%</b>	<b>3,990</b>
Short Term Loans(<365 days)	62,365	0.32%	59,365	0.51%	(3,000)
<b>Total Debt</b>	<b>227,827</b>	<b>2.35%</b>	<b>228,816</b>	<b>2.43%</b>	<b>990</b>
Investments:					
- Short Term	100,000	0.04%	96,300	0.82%	(3,700)
<b>Total Investments</b>	<b>100,000</b>		<b>96,300</b>		<b>(3,700)</b>

\* LOBO – Lenders Option Borrowers Option. This loan has a fixed rate for the first two years of 3.85%. The remaining period of the loan (which we are now in) has a rate of 4.5%, but the lender can increase this rate at six month intervals.

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### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

#### 7. BORROWING AND INVESTMENT RATES IN 2022/23

The following table displays a selection of interest rates prevailing as at 1<sup>st</sup> April 2022 and 30<sup>th</sup> September 2022.

	01/04/2022	30/09/2022
Bank Base Rate	0.75%	2.25%
1 Month SONIA Rate	0.69%	2.26%
PWLB 10 year Maturity	2.66%	5.15%
PWLB 15 year maturity	2.83%	5.14%
PWLB 25 year maturity	2.85%	4.98%

#### 8. MID YEAR REVIEW OF THE BORROWING STRATEGY FOR 2022/23

The Treasury Management Strategy Statement for 2022/23 was approved by Council in March 2022. The Borrowing Strategy adopted as part of this was as follows:

*To utilise the Authority's overdraft facility:*

To fund unexpected daily cash deficits;  
To fund temporary cash shortfalls where there are no other sources of funding available within the marketplace.

*To borrow over the short term:*

To fund temporary cash shortfalls;  
To maintain a suitably balanced maturity profile; to make short term savings required in order to meet budgetary constraints;  
In anticipation of securing longer term loans at more attractive rates.

*To borrow over the long term:*

To reduce the Authority's average cost of borrowing;  
To maintain a stable, longer term portfolio;  
To maximise the potential for future debt rescheduling.

*If appropriate to avoid all new external borrowing:*

To maximise savings in the short term;  
To run down temporary investment levels;  
To minimise exposure to interest rate and credit risk.

Borrowings undertaken during the period (see section 7 below) have been done so in accordance with this strategy and has focused on short term borrowings in order to minimise borrowing costs. Current short-term borrowing rates continue to be very low, however are likely to increase following the forecast increases to the Bank of England Base Rate. The Authority is therefore taking advantage of such rates and is predominantly borrowing short term where necessary to fund the remainder of its capital expenditure and maturing debt until such time the market indicates that long term rates would be more advantageous. In March 2021 the Welsh Government awarded the Authority an interest free specific loan in relation to the Rail Track project, whilst this has resulted in an increase to the level of the Council's longer-term debt this

## APPENDIX 1

### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

resource has reduced the need to borrow externally in the first half of the 2022/23 financial year.

In the current economic climate, it is considered that the approved strategy is still fit for purpose and therefore no revisions are proposed.

### 9. BORROWING OUTTURN FOR THE FIRST HALF OF 2022/23

#### Long Term Borrowing

##### **Definition**

Long term borrowing relates to debt taken out for a period of greater than one year. It is taken out for periods of 1 year up to 50 years. This borrowing is required to finance capital expenditure undertaken in the year that is funded through:

- Borrowing approvals from Welsh Government, known as un-hypothecated supported borrowing (USB), for which revenue support for the borrowing costs is provided through the revenue support grant;
- Prudential borrowing, for which borrowing costs are funded through revenue savings.

##### **Total outstanding as at 30<sup>th</sup> September 2022**

The total long term debt outstanding as at 30<sup>th</sup> September 2022 was £169.45 million. This is made up of debt taken from the Public Works Loan Board (PWLB), from other local authorities (through the market place), Specific Welsh Government Loans and from the market (LOBO). This debt is due to be repaid within the following years:

Maturing Within	£000s
1YR	2,909
1-2YRS	8,764
2-3YRS	15,451
3-4YRS	15,277
4-5YRS	12,609
5-6YRS	6,037
6-10YRS	19,980
10-15YRS	9,570
15+ YRS	78,854
<b>Total</b>	<b>169,451</b>

##### **New borrowings for the First Half of 2022/23**

Long-Term borrowings of £8m (Market Loans) have been repaid during the financial year. New Market Loans of £12m have been received to 30 September 2022.

#### Short Term Borrowing

##### **Definition**

Short term borrowing relates to debt taken out for a period of less than one year i.e. it will all be fully repaid within a year. These short term loans are taken out to manage the Authority's short term cash flow i.e. to fund deficits in cash flow on a daily basis

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### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

pending receipt of income from grants or other sources, or pending the taking out of longer term debt to fund capital expenditure whilst we wait for advantageous longer term borrowing opportunities. Current short term borrowing rates are very low and are forecast to stay at these levels for the short term. The Authority is therefore taking advantage of such rates and is borrowing short term to fund its capital expenditure and maturing debt until such time the market indicates that long term rates are more advantageous.

#### **Total outstanding as at 30<sup>th</sup> September 2022**

The total short term debt outstanding as at 30<sup>th</sup> September 2022 was £59.4 million. This is made up of debt taken from other local authorities through the market place.

#### **New borrowings for the First Half Year of 2022/23**

Appendix A lists the short term loan activity during for the first half year and shows that over the period a total of £62.4 million loans were brought forward from the previous year and £36million of new short term loans were raised. A total of £39 million of these loans were repaid during the first half year, leaving a balance outstanding as at 30<sup>th</sup> September 2022 of £59.4 million.

The following table gives a summary which shows that the average rate of interest paid was in line with the benchmark.

	Total Value of Loans during the period	Average Loan	Interest paid during the period	Average Interest Rate	Average Loan Days during 2022/23	Benchmark Interest Rate *
<b>Short Term borrowing</b>	£98.4M	£3.8M	£73K	0.51%	206.7	1.70%

\* Benchmark = 1.70% Budgeted interest rate for short term borrowings

### 7. DEBT RESCHEDULING

No debt rescheduling was undertaken during the period.

### 8. COMPLIANCE WITH TREASURY LIMITS

During the financial year the Council operates within the treasury limits and Prudential Indicators set out in the Treasury Strategy Statement 2022/23, approved by Council in March 2022.

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### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

#### Operational Boundary for external debt

The Council resolved that this limit be set at £237 million for 2022/23. The average level of borrowings to the 30<sup>th</sup> September 2022 was £220.3 million, this is well below the limit.

The operational boundary can be exceeded on an occasional basis, and this is to be expected due to cash flow fluctuations. Sustained breaches however, would indicate that either the limit has been set too low, or that the Authority is breaching its prudential boundaries and that corrective action needs to be taken.

Monitoring of the operational boundary is undertaken on a daily basis and any such continual breaches would be investigated and a recommended course of action reported to Council.

#### Authorised Limit for external Debt

The Council resolved that this limit be set at £260.7 million for 2022/23. The Authorised Limit is set having regard to the operational boundary above.

The average level of borrowings for the first half year to the 30<sup>th</sup> September 2022 was £220.3 million, so well within the limit set.

The Authorised Limit must not be breached.

#### Maturity Structure of Fixed Rate Borrowing

The Council resolved the following limits for the maturity structure of fixed rate borrowings for 2022/23;

	Upper Limit	Lower Limit	Actual as at 30/09/2022
under 12 months	20%	0%	1.72%
12 months and within 24 months	20%	0%	5.17%
24 months and within 5 years	50%	0%	25.57%
5 years and within 10 years	75%	0%	15.35%
10 years and above	95%	25%	52.18%

The actual debt maturity profile at 30<sup>th</sup> September 2022 is well within the limits set.

#### Upper Limit on Variable Interest Exposure

Council resolved the upper limit on variable rate exposures for 2022/23 should be set at 30% of outstanding long term debt. This strategy limits the proportion of interest which is subject to variable rate terms and hence protects the Council against increased costs in times of rising interest rates.

The actual level of variable borrowings is £4 million (LOBO) which equates to 2.4% of the outstanding long term debt as at 30<sup>th</sup> September 2022, so is well within the limit set.

## APPENDIX 1

### TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23

#### 9. MID YEAR REVIEW OF INVESTMENT STRATEGY FOR 2022/23

The Annual Investment Strategy for 2022/23 adopted by Council in March 2022 was to maintain only temporary, short term investments and to make those investments in accordance with anticipated cash flow requirements (including the investing of sums borrowed at prevailing low interest rates in anticipation of capital spending). The Council's investment priorities are:

- a. the security of capital;
- b. The liquidity of its investments.

The Council also aims to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. The risk appetite of this Council is low in order to give priority to the security of its investments.

In order to ensure that the Authority's investments are secure and that risk is minimised an investment matrix is used to determine investment counterparties, which factors in Fitch and Moody's credit ratings, credit default swap (CDS) spread data, and credit rating agency comments.

Currently, the approved investment counterparties available to the Authority are Barclays (the Authority's bank), Lloyds Bank, the Debt Management Account Deposit Facility (DMADF), other Local Authorities and the Public Sector Deposit Fund. In order to diversify its investment portfolio, the Authority has undertaken fixed term deposits with other banks in line with the counterparty list. Whilst interest rates receivable on these counterparties is low the security of the capital sum is high and there is no cost associated with placing cash there.

This strategy has been adhered to in determining the investments for the first half of 2022/23 outlined in section 10 below.

#### 10. INVESTMENT OUTTURN FOR THE FIRST HALF OF 2022/23

Appendix B gives details of the investments made during the first half of the year, and the following table gives a summary, which shows the Authority's average rate of return was below the benchmark.

	Total Value of Investments during period	Average Investment	Investment Returns	Average Rate of Return	Average Investment Days during 2022/23	Benchmark Return *
<b>Internally Managed</b>	£381.3M	£4.2M	£541k	0.82%	70.3	1.39%

\* Benchmark = 1 Month SONIA

1.39%



## **APPENDIX 1**

### **TREASURY MANAGEMENT MID YEAR REVIEW REPORT 2022/23**

No institutions in which investments were made had any difficulty in repaying investments and interest in full during the year.

It has been publicly noted that some Local Authorities have entered into arrangements to restructure their debt portfolios. Where the Council has outstanding investments with those Authorities, confirmation that the amounts due will be repaid in full on the maturity date has been received by Officers.

### **11. OTHER TREASURY MANAGEMENT ISSUES**

None to report

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List of Temporary Lenders 2022/2023

APPENDIX A

DATE	LENDER	NEW LOAN VALUE	RATE	REPAY DATE	DURATION OF LOAN	INTEREST DUE TO 30/09/22	PRINCIPAL REPAID 2022/23	PRINCIPAL OUTSTANDING AS AT 30/09/2022
			%		DAYS IN 2022/23			
<b>B/F</b>	<b>01/04/2022</b>							
03/11/2021	BG & CAERPHILLYCARE AND REPAIR	365,000	-	CALL	365	2,347.50		365,000
27/08/2021	CARMARTHENSHIRE COUNTY COUNCIL	5,000,000	0.06	26/08/22	147	1,208.22	5,000,000	-
27/08/2021	FYLDE BOROUGH COUNCIL	2,000,000	0.06	26/08/22	147	483.29	2,000,000	-
28/06/2021	TAMESIDE METROPOLITAN BOROUGH COU	3,000,000	0.08	27/06/22	87	572.05	3,000,000	-
28/06/2021	WEST YORKSHIRE COMB. AUTH.-WEST YOF	3,000,000	0.07	27/06/22	87	500.55	3,000,000	-
20/07/2021	LONDON BOROUGH OF NEWHAM	5,000,000	0.07	19/07/22	109	1,045.21	5,000,000	-
26/07/2021	WEST YORKSHIRE COMB. AUTH.-WEST YOF	5,000,000	0.06	26/04/22	25	205.48	5,000,000	-
28/10/2021	WEST YORKSHIRE COMBINED AUTHORITY	5,000,000	0.06	19/07/22	109	895.89	5,000,000	-
21/09/2021	WEALDON DISTRICT COUNCIL	5,000,000	0.04	08/04/22	7	38.36	5,000,000	-
30/11/2021	WEST MIDLANDS COMBINED AUTHORITY	5,000,000	0.04	27/05/22	56	306.85	5,000,000	-
30/11/2021	SOUTH LAKELAND DISTRICT COUNCIL	1,000,000	0.04	27/05/22	56	61.37	1,000,000	-
26/11/2021	HAMPSHIRE COUNTY COUNCIL	4,000,000	0.12	25/11/22	238	2,406.58		4,000,000
04/01/2022	SOUTH OXFORDSHIRE DISTRICT COUNCIL	4,000,000	0.20	03/01/23	277	4,010.96		4,000,000
14/01/2022	WARWICKSHIRE COUNTY COUNCIL	6,000,000	0.20	16/11/22	229	6,016.44		6,000,000
28/01/2022	WARWICKSHIRE COUNTY COUNCIL	4,000,000	0.20	28/11/22	241	4,010.96		4,000,000
17/12/2021	SOUTH OXFORDSHIRE DISTRICT COUNCIL	3,000,000	0.18	16/12/22	259	2,707.40		3,000,000
14/02/2022	HYNDBURN BOROUGH COUNCIL	2,000,000	0.50	13/02/23	318	5,013.70		2,000,000
	<b>B/F Raised in previous years still outstanding</b>	<b>62,365,000</b>				<b>31,830.81</b>	<b>39,000,000</b>	<b>23,365,000</b>
	<b>NEW LOANS 2022/23</b>							
27/05/2022	WEST MIDLANDS COMBINED AUTHORITY	6,000,000	0.10	26/05/2023	309	2,087.67		6,000,000
27/05/2022	CRAWLEY BOROUGH COUNCIL	3,000,000	0.28	26/05/2023	309	2,922.74		3,000,000
27/05/2022	BRIDGEND COUNTY BOROUGH COUNCIL	2,000,000	0.28	26/05/2023	309	1,948.49		2,000,000
08/04/2022	SOUTH OXFORDSHIRE DISTRICT COUNCIL	3,000,000	0.28	06/04/2023	358	4,050.41		3,000,000
08/04/2022	CRAWLEY BOROUGH COUNCIL	2,000,000	0.28	06/04/2023	358	2,700.27		2,000,000
27/06/2022	SOUTH OXFORDSHIRE DISTRICT COUNCIL	5,000,000	0.50	26/06/2023	278	6,575.34		5,000,000
13/07/2022	POLICE AND CRIME COMMISSIONER OF WE	5,000,000	0.80	12/07/2023	262	8,767.12		5,000,000
26/08/2022	CARMARTHENSHIRE COUNTY COUNCIL	5,000,000	1.30	26/05/2023	218	6,410.96		5,000,000
26/08/2022	WEST YORKSHIRE COMBINED AUTHORITY	5,000,000	1.20	30/03/2023	216	5,917.81		5,000,000
	<b>Total Raised During the Period</b>	<b>36,000,000</b>				<b>41,380.81</b>	<b>0</b>	<b>36,000,000</b>
	<b>Total Value of Loans</b>	<b>98,365,000</b>				<b>73,211.62</b>	<b>39,000,000</b>	<b>59,365,000</b>
	<b>Average Loan</b>	<b>3,783,269</b>						
	<b>Interest Paid</b>	<b>73,212</b>						
	<b>Average Interest Rate</b>	<b>0.51%</b>						

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**INVESTMENTS 2022/2023**

**APPENDIX B**

DATE	BORROWER	VALUE	RATE %	REPAYMENT DATE	DURATION OF INVESTMENT DAYS IN 2022/23	INTEREST DUE TO 30/09/22	INVESTMENTS REPAID	PRINCIPAL O/S AS AT 30/09/2022
B/F	01/04/22							
03/11/21	LONDON BOROUGH OF CROYDON	6,000,000	0.250	02/11/2022	215	7,520.55		6,000,000
06/01/22	NATIONWIDE BUILDING SOCIETY	4,000,000	0.130	06/04/2022	5	71.23	4,000,000	0
04/02/22	LANDESBANK HESSEN THURINGEN GIROZENT	4,000,000	0.470	04/04/2022	3	154.52	4,000,000	0
14/02/22	NATIONAL BANK OF KUWAIT	4,000,000	0.600	14/04/2022	13	854.79	4,000,000	0
21/03/22	DERBY CITY COUNCIL	3,000,000	0.650	21/04/2022	20	1,068.49	3,000,000	0
29/03/22	PCC CUMBRIA	3,000,000	0.620	14/04/2022	13	662.47	3,000,000	0
31/03/22	SOUTH SOMERSET DISTRICT COUNCIL	4,000,000	0.580	08/04/2022	7	444.93	4,000,000	0
30/11/21	DEBT MANAGEMENT OFFICE	250,000	0.045	29/04/2022	28	8.63	250,000	0
30/11/21	THURROCK COUNCIL	6,000,000	0.200	30/11/2022	243	6,016.44		6,000,000
17/12/21	ROYAL BOROUGH OF WINDSOR AND MAIDENH	1,000,000	0.250	16/12/2022	259	1,253.42		1,000,000
21/12/21	MERTHYR TYDFIL COUNTY BOROUGH COUNC	5,000,000	0.110	21/04/2022	20	301.37	5,000,000	0
24/01/22	ISLE OF WIGHT COUNCIL	5,000,000	0.100	25/04/2022	24	328.77	5,000,000	0
31/01/22	SUFFOLK COUNTY COUNCIL	6,000,000	0.050	31/05/2022	60	493.15	6,000,000	0
10/02/22	LIVERPOOL CITY COUNCIL	5,000,000	0.250	10/06/2022	70	2,397.26	5,000,000	0
21/02/22	CHESHIRE EAST COUNCIL	5,000,000	0.160	23/05/2022	52	1,139.73	5,000,000	0
25/02/22	SLOUGH BOROUGH COUNCIL	6,000,000	0.300	25/08/2022	146	7,200.00	6,000,000	0
28/02/22	LONDON BOROUGH OF HARINGEY	2,500,000	0.750	30/05/2022	59	3,030.82	2,500,000	0
03/03/22	WARRINGTON BOROUGH COUNCIL	2,000,000	0.700	03/08/2022	124	4,756.16	2,000,000	0
08/03/22	GLASGOW CITY COUNCIL	2,500,000	0.500	08/04/2022	7	239.73	2,500,000	0
14/03/22	DEBT MANAGEMENT OFFICE	5,000,000	0.560	14/04/2022	13	997.26	5,000,000	0
15/03/22	ASHFORD BOROUGH COUNCIL	6,000,000	0.450	15/06/2022	75	5,547.95	6,000,000	0
22/03/22	STIRLING COUNCIL	2,000,000	0.550	05/04/2022	4	120.55	2,000,000	0
23/03/22	DEBT MANAGEMENT OFFICE	4,000,000	0.595	27/05/2022	56	3,651.51	4,000,000	0
28/03/22	NATIONAL BANK OF CANADA - LONDON	4,000,000	0.650	28/04/2022	27	1,923.29	4,000,000	0
31/03/22	DEBT MANAGEMENT OFFICE	2,750,000	0.620	31/05/2022	60	2,802.74	2,750,000	0
	PUBLIC SECTOR DEPOSIT FUND	2,000,000	VAR.	CALL	183	11,481.18	0	2,000,000
	<b>Investments Raised in Previous Year</b>	<b>100,000,000</b>				<b>64,466.93</b>	<b>85,000,000</b>	<b>15,000,000</b>
	<b>Current Year</b>							
01/04/22	PCC DEVON AND CORNWALL	3,000,000	0.600	07/04/2022	6	295.89	3,000,000	0
04/04/22	LANDESBANK HESSEN THURINGEN GIROZENT	4,000,000	0.730	04/05/2022	30	2,400.00	4,000,000	0
06/04/22	NATIONAL BANK OF KUWAIT	2,000,000	1.600	06/10/2022	183	15,605.48		2,000,000
07/04/22	LANDESBANK HESSEN THURINGEN GIROZENT	2,000,000	1.030	08/08/2022	123	6,941.92	2,000,000	0
11/04/22	CHESHIRE EAST COUNCIL	5,000,000	0.700	11/07/2022	91	8,726.03	5,000,000	0
08/04/22	DEBT MANAGEMENT OFFICE	5,000,000	0.550	11/04/2022	3	226.03	5,000,000	0
13/04/22	DEBT MANAGEMENT OFFICE	5,000,000	0.550	22/04/2022	9	678.08	5,000,000	0
21/04/22	NATIONAL BANK OF CANADA, LONDON	2,000,000	1.040	21/07/2022	91	5,185.75	2,000,000	0
21/04/22	DEBT MANAGEMENT OFFICE	6,000,000	0.550	29/04/2022	8	723.29	6,000,000	0
25/04/22	ISLE OF WIGHT COUNCIL	5,000,000	0.700	25/05/2022	30	2,876.71	5,000,000	0
28/04/22	PCC DEVON AND CORNWALL	2,000,000	0.650	09/05/2022	11	391.78	2,000,000	0
03/05/22	PCC DEVON AND CORNWALL	2,500,000	0.650	13/05/2022	10	445.21	2,500,000	0
04/05/22	LANDESBANK HESSEN THURINGEN GIROZENT	4,000,000	1.100	04/08/2022	92	11,090.41	4,000,000	0
05/05/22	DEBT MANAGEMENT OFFICE	2,000,000	0.815	09/05/2022	4	178.63	2,000,000	0
09/05/22	CORNWALL COUNCIL	5,000,000	0.840	09/06/2022	31	3,567.12	5,000,000	0
16/05/22	DEBT MANAGEMENT OFFICE	7,000,000	0.800	20/05/2022	4	613.70	7,000,000	0
27/05/22	BOURNEMTH, CHRISTCH. & POOLE COUNCIL	5,000,000	0.870	15/06/2022	19	2,264.38	5,000,000	0
01/06/22	OFFICE OF THE POLICE AND COMMISSIONER	1,000,000	0.830	09/06/2022	8	181.92	1,000,000	0
09/06/22	CORNWALL COUNCIL	5,000,000	1.050	11/07/2022	32	4,602.74	5,000,000	0
10/06/22	DEBT MANAGEMENT OFFICE	2,000,000	1.020	01/07/2022	21	1,173.70	2,000,000	0
10/06/22	AL RAYAN BANK PLC	1,000,000	1.970	10/03/2023	273	6,098.90		1,000,000
14/06/22	DEBT MANAGEMENT OFFICE	7,000,000	1.050	28/06/2022	14	2,819.18	7,000,000	0
15/06/22	DEBT MANAGEMENT OFFICE	2,000,000	1.030	29/06/2022	14	790.14	2,000,000	0
30/06/22	CORNWALL COUNCIL	5,000,000	1.070	29/07/2022	29	4,250.68	5,000,000	0
11/07/22	CORNWALL COUNCIL	5,000,000	1.080	11/08/2022	31	4,586.30	5,000,000	0
13/07/22	DEBT MANAGEMENT OFFICE	8,000,000	1.050	19/07/2022	6	1,380.82	8,000,000	0
21/07/22	NATIONAL BANK OF CANADA, LONDON	2,000,000	2.100	21/12/2022	153	8,284.93		2,000,000
29/07/22	CORNWALL COUNCIL	5,000,000	1.390	31/08/2022	33	6,283.56	5,000,000	0
10/08/22	LANDESBANK HESSEN THURINGEN GIROZENT	6,000,000	2.345	10/01/2023	153	20,044.93		6,000,000
10/08/22	DEBT MANAGEMENT OFFICE	4,000,000	1.550	19/08/2022	9	1,528.77	4,000,000	0
11/08/22	CORNWALL COUNCIL	5,000,000	1.580	12/09/2022	32	6,926.03	5,000,000	0
18/08/22	UTTLESFORD DISTRICT COUNCIL, ESSEX	5,000,000	1.570	08/09/2022	21	4,516.44	5,000,000	0
23/08/22	CALDERDALE METROPOLITAN BOROUGH COU	1,300,000	1.800	10/10/2022	48	2,500.27		1,300,000
25/08/22	LEEDS CITY COUNCIL	5,000,000	1.600	08/09/2022	14	3,068.49	5,000,000	0
05/09/22	CORNWALL COUNCIL	5,000,000	2.120	05/12/2022	91	7,550.68		5,000,000
08/09/22	DEBT MANAGEMENT OFFICE	6,000,000	1.640	20/09/2022	12	3,235.07	6,000,000	0
12/09/22	CORNWALL COUNCIL	5,000,000	2.230	12/12/2022	91	5,804.11		5,000,000
20/09/22	DEBT MANAGEMENT OFFICE	5,000,000	1.870	28/09/2022	8	2,049.32	5,000,000	0
22/09/22	SLOUGH BOROUGH COUNCIL	5,000,000	3.000	22/12/2022	91	3,698.63		5,000,000
01/04/22	THURROCK BOROUGH COUNCIL	4,000,000	0.750	01/07/2022	91	7,479.45	4,000,000	0
05/04/22	DEBT MANAGEMENT OFFICE	4,000,000	0.550	26/04/2022	21	1,265.75	4,000,000	0
06/04/22	NATIONWIDE BUILDING SOCIETY	4,000,000	0.690	06/07/2022	91	6,881.10	4,000,000	0
13/04/22	DEBT MANAGEMENT OFFICE	4,000,000	0.630	13/05/2022	30	2,071.23	4,000,000	0
14/04/22	DEBT MANAGEMENT OFFICE	4,000,000	0.660	16/05/2022	32	2,314.52	4,000,000	0
14/04/22	NATIONAL BANK OF KUWAIT (INTERNATIONAL	4,000,000	2.030	13/04/2023	352	37,819.18		4,000,000
22/04/22	THE POLICE AND CRIME COMMISSIONER FOR	7,000,000	0.700	06/07/2022	75	10,068.49	7,000,000	0
28/04/22	NATIONAL BANK OF CANADA - LONDON	4,000,000	1.520	28/10/2022	183	25,985.75		4,000,000
23/05/22	CHESHIRE EAST COUNCIL	5,000,000	0.860	23/08/2022	92	10,838.36	5,000,000	0
23/05/22	LEEDS CITY COUNCIL	5,000,000	0.890	23/06/2022	31	3,779.45	5,000,000	0
30/05/22	LONDON BOROUGH OF HARINGEY	2,500,000	1.050	30/08/2022	92	6,616.44	2,500,000	0
31/05/22	AL RAYAN BANK PLC - LONDON	5,000,000	1.560	01/12/2022	184	26,284.93		5,000,000
06/06/22	SUFFOLK COUNTY COUNCIL	5,000,000	1.090	06/09/2022	92	13,736.99	5,000,000	0
15/06/22	ASHFORD BOROUGH COUNCIL	6,000,000	1.050	15/09/2022	92	15,879.45	6,000,000	0
01/07/22	THURROCK BOROUGH COUNCIL	4,000,000	1.800	03/04/2023	274	18,147.95		4,000,000
05/07/22	DEBT MANAGEMENT OFFICE	5,000,000	1.055	28/07/2022	23	3,323.97	5,000,000	0
05/07/22	DEBT MANAGEMENT OFFICE	6,000,000	1.290	05/09/2022	62	13,147.40	6,000,000	0
06/07/22	NATIONWIDE BUILDING SOCIETY	4,000,000	1.420	06/10/2022	92	13,538.63		4,000,000
06/07/22	PLYMOUTH CITY COUNCIL	5,000,000	1.370	06/10/2022	92	16,327.40		5,000,000
31/08/22	CITY OF BRADFORD METROPOLITAN DISTRICT	5,000,000	1.850	14/10/2022	44	7,856.16		5,000,000
05/09/22	RUSHMOOR BOROUGH COUNCIL	5,000,000	2.130	05/12/2022	91	7,586.30		5,000,000
06/09/22	SUFFOLK COUNTY COUNCIL	5,000,000	1.850	06/12/2022	91	6,335.62		5,000,000
08/09/22	UTTLESFORD DISTRICT COUNCIL	5,000,000	3.000	07/09/2023	205	9,452.05		5,000,000
15/09/22	DEBT MANAGEMENT OFFICE	4,000,000	1.650	26/09/2022	11	1,989.04	4,000,000	0
12/04/22	CCLA PUBLIC SECTOR DEPOSIT FUND	8,000,000	VAR.	CALL	172	44,469.52		8,000,000
	<b>Investments Raised in Current Year</b>	<b>281,300,000</b>				<b>476,781.16</b>	<b>200,000,000</b>	<b>81,300,000</b>

		381,300,000					541,248.10	285,000,000	96,300,000
	<b>Average Investments</b>	4,236,667							
	Interest Received	541,248							
	Average Interest Rate %	0.82%							

# Agenda Item 7

*Cabinet and Council only*

Date signed off by the Monitoring Officer:

Date signed off by the Section 151 Officer:

Committee: **Corporate Overview and Performance Scrutiny Committee**

Date of meeting: **2<sup>nd</sup> February 2023**

Report Subject: **Draft Commissioning and Procurement Strategy 2023/28**

Portfolio Holder: **Cllr Steve Thomas - Leader / Cabinet Member Corporate Overview and Performance**

Report Submitted by: **Bernadette Elias – Chief Officer Commercial and Customer**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance and Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
18/01/2023	19/01/2023	23.01.23			02/02/23	01/03/2023		SCCB 19/12/2022

## 1. Purpose of the Report

- 1.1 For Members of the Corporate Overview and Performance Scrutiny Committee to consider the Council's draft Commissioning and Procurement Strategy 2023/28 prior to approval at Cabinet.

## 2. Scope and Background

- 2.1 The ways in which local government organisations procure is changing in line with imminent legislative reforms to include a stronger focus on economic, social, environmental and cultural well-being outcomes being considered for each procurement process. The Council as a public sector organisation must continue to be prudent, look to deliver value for money, whilst also seeking to ensure that we are delivering sustainable outcomes that benefit the communities it serves.

- 2.2 This draft Commissioning and Procurement Strategy 2023/28 ("the Strategy") promotes and supports effective commissioning and procurement across the whole organisation. It will assist all internal officers to better understand their roles and responsibilities and provides the basis for interaction with key stakeholder groups including suppliers, elected members and the wider public.

- 2.3 In particular, the Strategy places an increased emphasis on the delivery of economic, social, environmental and cultural well-being objectives relating to progressive procurement, such as Social Partnership working, Foundational and Circular Economy, Decarbonisation and is a key driver in delivery of the Council's Commercial Strategy and business minded approach.

- 2.4 The Strategy at Appendix 1 to this report, builds upon the Council's previous procurement strategy and sets out the Council's commissioning and procurement priorities through to 2028 and the changes that it will make to improve the management of its external spend on goods, services and works.

2.5 The Strategy, is focused on the delivery of four broad over-arching organisational procurement objectives:

- Ensuring legal compliance and robust and transparent governance;
- Promoting socially responsible procurement activities and processes:
  - Increasing community and social value benefits delivered by suppliers;
  - Contributing to the Council's aim to be a Net Zero Council by 2030;
  - Improving Fair Work & Safeguarding practices within our supply chain;
- Securing value for money and managing demand through effective and robust contract management arrangements;
  - Making procurement spend more accessible to local small and medium sized businesses and third sector organisations;
- Promoting innovative & best practice solutions.

### 3. **Options for Recommendation**

3.1 Option 1 - That the Committee considers the draft Commissioning and Procurement Strategy 2023/2028, provides comments and endorses it prior to approval by Cabinet.

3.2 Option 2 – That the Committee considers the draft Commissioning and Procurement Strategy 2023/2028 and provides specific comments / recommendations for consideration by Cabinet prior to approval.

### 4. **Evidence of how this topic supports the achievement of the Corporate Plan / Statutory Responsibilities / Blaenau Gwent Well-being Plan**

4.1 The Strategy 2028 supports the priorities and well-being objectives within the Corporate Plan and Commercial Strategy as well as the requirements of the draft Social Partnership and Public Procurement Bill.

### 5. **Implications Against Each Option**

#### 5.1 ***Impact on Budget (short and long term impact)***

5.1.1 Whilst there are no direct costs associated with the adoption of the Strategy, the Council currently spends approximately £130m per annum with other public, private and third sector organisations on the goods, services and works required to deliver its services.

5.1.2 The Strategy, therefore. provides a clear direction and framework for the Council's commissioning and procurement arrangements, in terms of securing value for money and continuing to achieve savings from the Council's external spend supporting the Bridging the Gap Programme and Medium-Term Financial Strategy.

#### 5.2 ***Risk including Mitigating Actions***

5.2.1 There is a risk that without a clear and published set of Commissioning and Procurement priorities, governance arrangements; budgetary allocations; service planning and decision making could be adversely affected.



### 5.3 **Legal**

5.3.1 The Strategy, has been drafted to take account of anticipated legislative changes:

- Draft Procurement Reform Bill (2022);
- Draft Social Partnership and Public Procurement Bill (2021);
- Well-being of Future Generations (Wales) Act 2015;
- Wales Procurement Policy Statement (2021)

5.3.2 It is proposed to review the draft Strategy during 2024/25, to ensure that it remains fit for purpose and adequately reflects the final Bills following their adoption into UK law.

### 5.4 **Human Resources**

5.4.1 There are no specific staffing or workforce implications as a result of the Strategy. However, 3<sup>rd</sup> party spend is relevant to all service areas and the commercial and procurement team will continue to provide appropriate advice and guidance.

## 6. **Supporting Evidence**

### 6.1 **Performance Information and Data**

6.1.1 The Strategy, contains a number of qualitative and quantitative performance measures that will be monitored and reported on a regular basis as part of the business planning arrangements.

6.1.2 On-going performance will also be scrutinised by the Strategic Commercial and Commissioning Board, which approves the annual commissioning & procurement plans and provides robust 'check & challenge' on all procurements above £75k.

### 6.2 **Expected outcome for the public**

6.2.1 The Council recognises that an effective commissioning and procurement strategy is fundamental to achieving organisational success as it will:

- have a direct impact on overall spend, savings, value for money and the cost of service provision to the people of Blaenau Gwent;
- help shape the delivery of services to meet the needs of citizens, communities and customers;
- contribute to the achievement of corporate and service objectives; and
- be part of the process of delivering key policy objectives.

### 6.3 ***Involvement (consultation, engagement, participation)***

6.3.1 The Strategy, has been shared with Trade Union colleagues, who have provided comment, with Wales Government Social Partnership Unit for comment and has been presented to the Strategic Commercial Commissioning Board.

### 6.4 ***Thinking for the Long term (forward planning)***

6.4.1 The Strategy, has been produced in anticipation of legislative change and to support Council's commitments in key policy areas including Decarbonisation, Social partnership and Commercialisation.

### 6.5 ***Preventative focus***

The Strategy, supports all service areas and therefore impacts on a number of preventative workstreams.

### 6.6 ***Collaboration / partnership working***

6.6.1 The Strategy, supports collaborative and partnership working. The Council's Commissioning and Procurement teams are active members of several regional and national networks, designed to develop and share best practice and ensure that our sourcing activities focus on economic, social, environmental and cultural well-being outcomes.

### 6.7 ***Integration (across service areas)***

6.7.1 The Strategy, is applicable to all of the Council's third party expenditure and supports all service areas in terms of their commissioning and procurement activities.

### 6.8 ***Decarbonisation and Reducing Carbon Emissions***

6.8.1 The Strategy, acknowledges the Council's decarbonisation priorities, with the aim to embed procurement processes that supports the Council's Net Zero ambitions to address climate change.

### 6.9 ***Integrated Impact Assessment***

6.9.1 An Integrated Impact Assessment has been undertaken and no negative impact on the protected characteristics has been identified.

## 7. **Monitoring Arrangements**

7.1 The Strategy, contains a number of qualitative and quantitative performance measures that will be monitored and reported on a regular basis as part of the business planning arrangements.

7.2 On-going performance will also be scrutinised by the Strategic Commercial and Commissioning Board, who approves the annual commissioning & procurement plans and provides robust 'check & challenge' on all procurements above £75k.

7.3 In accordance with the Social Value Public Procurement Bill, the Council will publish an annual procurement report at the end of each financial year. The report will include:

- A progress report on the implementation of the Socially Responsible Procurement Strategy Delivery Plan.
- A summary of the contracts awarded above PCR's 2015 Thresholds.
- A summary of the extent to which Council contracts contributed to improving well-being in Blaenau Gwent.
- A statement of the how the Council intends to further improve the delivery of economic, social, environmental and cultural well-being.
- A summary of the procurement the Council expects to carry out in the next two financial years.

**Background Documents /Electronic Links**

- *Appendix 1 Draft Commissioning & Procurement Strategy 2023/28*

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Cyngor Bwrdeisdref Sirol

**Blaenau Gwent**

County Borough Council

**Commissioning and Procurement  
Strategy  
2023 - 2028**

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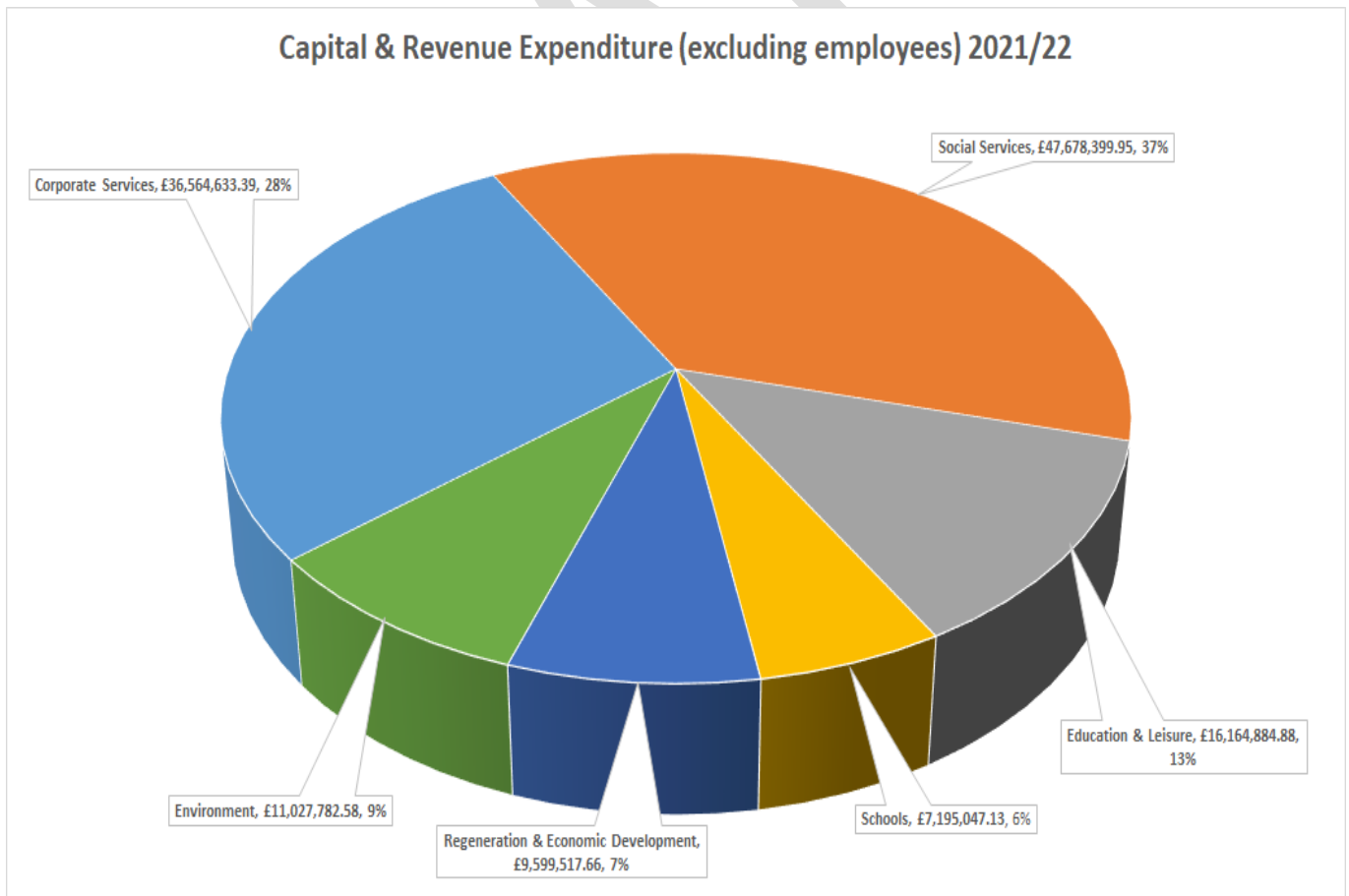
# INTRODUCTION

Blaenau Gwent is a place like no other. At the head of the Gwent Valleys – Blaenau Gwent provides a unique environment to live, work and play. Blaenau Gwent is a place of heritage and dramatic change, with a sense of its past but its eyes firmly on the future.

Like the rest of the world, Blaenau Gwent has been impacted by the Covid-19 pandemic. As we look to recover from the impacts of Covid-19, we want to utilise the Council’s annual spend of approximately £130m to support the local and regional economy. Our first Socially Responsible Procurement Strategy puts delivering economic, environmental, social and cultural well-being at the heart of what we do. The Council recognises that procurement will be one of the key tools that enables the Council to deliver its strategic priorities and in ensuring that the Council buys the right thing at the right time for the right price.

Our Procurement Strategy for Blaenau Gwent County Borough Council (2023-2027), contributes to the Welsh national vision for procurement, the main principles of which are set out in the [Wales Procurement Policy Statement 2021](#) and also supports the Council’s [Corporate Plan 2022-2027](#) and Medium Term Financial Strategy.

## Procurement Spend



## Purpose of the Strategy

### “Maximising the Socially Responsible Blaenau Gwent Pound £”

Blaenau Gwent County Borough Council currently spends in the region of £130 million a year with other public, private and third sector organisations on the goods, services and works needed to deliver public services. It is the Council’s responsibility to manage this money efficiently and effectively to achieve Council objectives. The purpose of this strategy is to set out how we are undertaking procurement and commissioning within the Council and to provide the vision and strategic direction necessary to better achieve our objectives.

This strategy is aimed at promoting effective commissioning and procurement across the whole organisation. It will assist all internal officers who are involved in commissioning and procurement to better understand their role in supporting the delivery of this strategy. It also provides a basis for interaction with other key stakeholder groups; primarily our suppliers, the wider public and elected members.

The strategy has been developed with a full appreciation of the complex regulatory framework within which procurement and commissioning operates. It also recognises that it is an area with high risks – with potentially significant impacts on service delivery, financial management and legal compliance, as well as the overall reputation of the Council.

This strategy sets out key principles which are there to help guide all our procurement and commissioning activity and ensure that it is undertaken legally, fairly and transparently, with a proper understanding of the impact on our local communities – now and into the future – and in accordance with the Council’s ethical principles.

### Our Vision

We are committed to transforming the procurement of goods, services and works to maximise its contribution to the delivery of social value, and the development of the local and national foundational economies. Through focused commissioning and procurement, we will help to make Blaenau Gwent a community which maximises learning and skills for all, embraces environmental change, supports economic business growth, works in partnership to provide high quality services to meet local needs and improves the quality of life and well-being within the community.

### Our Mission

Our mission is to support the Council in the effective delivery of its Corporate Plan and Wales National Procurement Policy, by focusing on the delivery of professional commissioning and procurement activities to help make Blaenau Gwent a better place in which to live, work and play.

## SCOPE & DEFINITION

### What is Procurement?

For the purposes of this strategy, we have used the same definition of procurement as detailed in the Wales Procurement Policy Statement:

***“The process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment”***

And acknowledge that:

***“Welsh public sector procurement is a powerful lever with ability to affect sustained change to achieve social, economic, environmental and cultural outcomes for the well-being of Wales”***

Accordingly, a key part of our procurement & commissioning activities will be to ensure that when sourcing goods, services and works the Council supports its suppliers to:

- reduce their carbon emissions
- deliver social value
- adopt sound ethical working practices
- comply with employment best practice and legislation; and
- recognises Trade Unions

and

- discourages and seeks to eliminate any illegal practices such as modern slavery and people trafficking

### **What is Commissioning?**

Commissioning of public services is about public sector agencies working with purchasers, providers and most importantly, communities, to identify and understand end users’ needs so that services can be designed to meet them. This is done by working within a structured and planned process called the commissioning cycle (see below), which ensures services are improved and developed against past experience and current community need.

### **The Commissioning Cycle**





Good commissioning is underpinned by the following principles:

1. Understand the needs of those using the service
2. Consult provider organisations when setting priorities
3. Put outcomes for users at the heart of the process
4. Map the fullest practical range of providers
5. Consider investing in the provider base
6. Ensure contract processes are transparent and fair
7. Ensure long-term contracts
8. Seek feedback to review effectiveness of the commissioning process

Where Council services directly impact upon communities and influence the day to day lives of citizens, such as in the field of social care, service areas will use the commissioning cycle to develop specific strategies and plans which adhere to the eight principles of good commissioning.

## Progressive Procurement

The Procurement landscape in the public sector has changed dramatically over the last 2 years. A Welsh Government report published in March 2021 acknowledges that despite the unprecedented challenges facing the Welsh public sector through Brexit and Covid-19, Procurement has risen to the challenge and through effective leadership and collaborative working has accelerated its progress in the [Procurement Evolution](#) journey in Wales. Brexit has had a significant impact on the supply chain and the economy in which our Procurement will be constantly reviewed. During the coming years, Procurement decisions will be further impacted by Welsh Government reforming the procurement legislation in Wales. The Covid-19 crisis has required public bodies including Blaenau Gwent to increase its collaborative efforts to ensure that effective and efficient procurement delivers value for money and that vital supplies are provided in a timely manner.

The Commercial Service Team have reflected on the following policies and practices to lead to the development of this strategy.

- The [Well-Being of Future Generations \(Wales\) Act 2015](#) and the refreshed [Wales Procurement Policy Statement 2021](#) remain important drivers to deliver further well-being benefits for the people of Blaenau Gwent through the supplier selection and award of contracts.
- The Welsh Government are proposing the introduction of legislation on [Social Partnership and Procurement](#) to ensure fair work outcomes for all by delivering socially responsible Procurement.
- The [Social Service Wellbeing Act 2014](#) provides the legal framework for improving the well-being of people who need care and support, and carers who need support, and for transforming social services in Wales.
- The Council's pledge of a [Climate Emergency](#) has placed additional responsibility on the role of procurement within the Council and in delivering on these important agendas.
- The principles of [Welsh Government's Circular Economy Strategy](#) will ensure a greener, fairer and more prosperous community.
- The [Foundational Economy](#) directs public bodies in Wales to focus on services and products that keep us safe, sound, and civilised.
- Public bodies in Wales are expected to commit to Welsh Government's Ethical Procurement with reference to the [Code of Practice](#). Which includes obligations under Modern Slavery Act. Full account will be taken of the Welsh Language Act when procuring and delivering services.

- There is an ongoing consultation period by Welsh Government on the impact of the pending [Procurement Reform Bill](#) that will replace the existing Public Contract Regulations 2015. The Bill, which is expected to come into force during 2023/24, is intended to create a simpler and more flexible sourcing system, that brings greater transparency thought out the commissioning cycle and opens up public procurement to new entrants, small and medium sized businesses (SMEs) and social enterprises.









- Collaborative Working underpins future progress in public service procurement and delivery. Local Authorities are encouraged to seek collaborative opportunities with other members of the Welsh Local Government Association [WLGA](#) network and to embrace regional working where it makes economic sense to do so.

## BLAENAU GWENT’S CORPORATE PLAN 2022-2027

*Blaenau Gwent – a place that is fair, open and welcoming to all by working with and for our communities.*

The Council’s Corporate Plan 2022/27, sets out an ambitious programme of activity for the Council over the next five years and beyond. The priorities, also referred to as Well-being Objectives, have been developed in order to support our communities to thrive. The people of Blaenau Gwent are at the heart of all that we do and the Corporate Plan is the Council’s commitment to the communities of Blaenau Gwent to provide modern and high quality services which support economic growth and well-being.

The Plan sets out the Council’s four priorities and detailed sub-priorities for action:

Priority		Outcome
 	<b>Maximise learning and skills for all to create a prosperous, thriving, resilient Blaenau Gwent</b>	An increase in the resilience of the community, providing high quality educational and skills opportunities to create a thriving economy from birth onwards, minimising dependence and maximising independence
 	<b>Respond to the nature and climate crisis and enable connected communities</b>	Blaenau Gwent Council greatly reduces its carbon emissions, provides an environment which supports growth and well-being and connects communities
 	<b>An ambitious and innovative council delivering quality services at the right time and in the right place</b>	Blaenau Gwent Council works in partnership to provide high quality services to meet local need, and improve the quality of life and well-being within the community
 	<b>Empowering and supporting communities to be safe, independent and resilient</b>	An increase in the resilience of Communities, where everyone is welcome and safe and which minimises dependency and maximises independence

How effectively we spend our money will have a direct impact on our ability to deliver our ambition and priorities. Thus, the Council recognises that an effective commissioning and procurement strategy is fundamental to achieving organisational success and is instrumental in the delivery of the Corporate Plan, as it will:

- have a direct impact on overall spend, savings, value for money and the cost of service provision to the people of Blaenau Gwent;
- help shape the delivery of services to meet the needs of citizens, communities and customers;
- contribute to the achievement of corporate and service objectives; and
- be part of the process of delivering key policy objectives.

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## Ambitions and Delivery

### How Commissioning and Procurement will support the Council's Corporate Plan 2022-2027

The Council's four (4) Organisational Procurement Priorities set out how the Council's procurement activity will contribute towards improving local economic, social, environmental and cultural well-being.

The Well-being of Future Generations (Wales) Act 2015 sets out the important role that procurement has in delivering well-being goals. The draft Social Partnership and Public Procurement (Wales) Bill states that the Council *"must set and publish objectives designed to maximise its contribution to achieving the socially responsible procurement goals."*

### Embedding Social Value

- We actively seek to address the seven Well-being Goals and Five Ways of Working from the [Well-Being of Future Generations \(Wales\) Act 2015](#).
- We will embrace the opportunity presented in the refreshed [Wales Procurement Policy Statement 2021](#) to deliver further well-being benefits for the people of Blaenau Gwent through the supplier selection and award of contracts.
- The Council's pledge of a [Climate Emergency](#) has placed additional responsibility on the role of Procurement within the Council and in delivering on these important agendas.
- We will start to include the principles of [Welsh Government's Circular Economy Strategy](#) which will ensure a greener, fairer and more prosperous community in Blaenau Gwent.
- We support the development of the [Foundational Economy](#) in Blaenau Gwent which encourages us to develop new and existing supply chains to bid and to be successful in future council contracts.
- We will ensure as many of our suppliers and providers commit to Welsh Government's Ethical Procurement with reference to the [Code of Practice](#).
- We will continue to consult with Welsh Government on the proposed introduction of legislation on [Social Partnership](#) to ensure fair work outcomes for all and in our ongoing aim to deliver socially responsible Procurement.
- We will continue to consult with Welsh Government on the potential [Procurement Reform](#) to minimise the impact on our local supply chains.
- We will ensure [Community Benefits and/or Social Value](#) Themes Outcomes and Measures (**TOMs**) are considered within all sourcing strategies to maximise the delivery of social value for our local communities.

## Objective 1: Ensuring legal compliance and robust and transparent governance



### Aim

- Ensure Council staff have awareness of, and comply with, relevant legislation and the Council's Contract Procedure Rules.

### We will do this by

- Ensuring staff involved in the procurement process have the required skills, knowledge and tools to work effectively.
- Learning and development of Procurement staff and wider staff across the Council to ensure upskilling in commercial awareness and understanding and implementing new policies, procedures and regulations.
- Regularly reviewing and updating procurement documentation to ensure they reflect best practice.
- Ensuring procurement documentation, processes and controls are in place to ensure compliance.
- Regularly reporting on procurement activity and non-compliance to the Strategic Commercial Commissioning Board.
- Developing arrangements that will be needed to deliver an annual report that complies with the requirements placed upon us by the Social Partnership and Public Procurement Bill

### We will demonstrate delivery by

- Publishing an annual Procurement Report.

## Objective 2: Promoting socially responsible procurement activities and processes

### 2.1 Increasing community and social value benefits delivered by suppliers



Welsh Procurement Policy Note [WPPN 01/20](#) advises public bodies such as Blaenau Gwent Council of Welsh Government's overarching policy objectives and how to report the outcomes in relation to social value clauses and community benefits.

Community Benefits and Social Value will be considered in all projects of more than £25k in value and mandated where contracts exceed £1m with the following policy objectives being measured and reported on:

- Training & recruitment of economically inactive people
- Supply chain initiatives
- Environmental initiatives
- Cultural initiatives
- Educational initiatives
- Community initiatives
- Retention & training of existing workforce
- Working with the 3<sup>rd</sup> Sector

#### Aim

- To increase the value of community and social benefits delivered through Council contracts.

#### We will do this by

- Considering the inclusion of Community and Social benefits on all procurements over £25,000
- Making the 'community benefit offer' of the successful tenders a contractual commitment and contract managing delivery.
- Raising awareness of community benefits internally to address any organisational culture barriers.
- Encouraging tenderers to provide employment, training and work placement opportunities.
- Reviewing community benefit implementation and adapting the approach as required. Including the use of Welsh Social Value Themes Outcomes and Measures (TOMs) as they become more embedded.

#### We will demonstrate delivery by

- Increasing the volume and value of community benefits delivered through Council Contracts.

## 2.2 Contributing to the Council's aim to be a Net Zero Council by 2030



Blaenau Gwent County Borough Council declared a [Climate Emergency](#) on 28<sup>th</sup> September 2020. This included an ambition to reduce its carbon emissions to net zero, which is in line with the Welsh public sector target of 2030.

### Aim

- Embed a procurement processes that addresses climate change and a circular economy approach.

### We will do this by

- Support initiatives that raise the awareness on climate change and circular economy – both internally and with suppliers.
- Consider circular procurement when scoping requirements to minimise waste and energy demand.
- Increasingly use a whole life costing approach in tender evaluations.
- Allow for and encourage innovation in tender specifications to enable decarbonisation.
- Gain a better understanding of markets to have an insight of carbon usage and impact within supply chains
- Carry out deep dives into categories of opportunity and prioritisation, meaning the Council can purchase more sustainably and efficiently.
- Work with service areas to help the Council meet the Welsh Government targets for decarbonisation.
- Endeavour to include proxy measures and targets reductions within contracts that reflect carbon reductions.

### We will demonstrate delivery by

- Reporting on carbon reduction through the SCCB & the Decarbonisation Board.

## 2.3 Improving Fair Work & Safeguarding practices within our supply chain



### Aim

- To ensure that fair work principles are promoted across the Council and procurement processes increase fair work practices that help tackle poverty and inequality.

### We will do this by

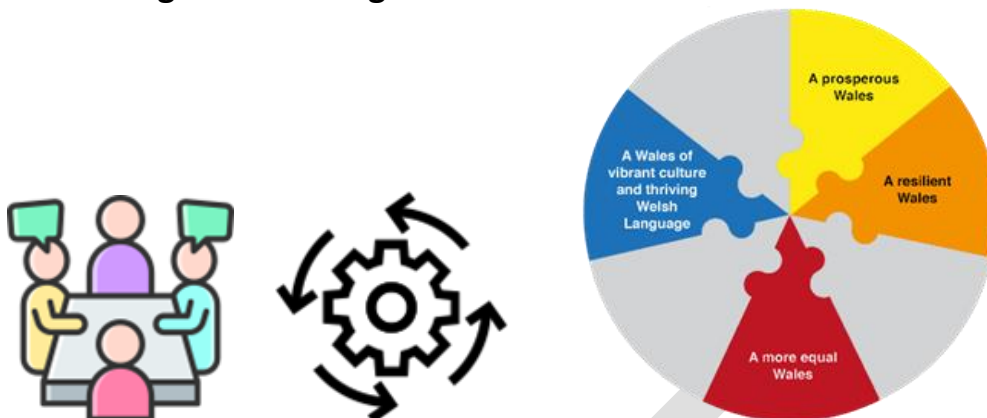
- Working towards the Welsh Government Fair Work Guidance including the Code of Practice: Ethical Employment in Supply Chains.
- Applying Fair Work criteria in all tenders and applying appropriate weightings.
- Encouraging contractors to provide equality training.
- Ensuring contractors know how to identify and report safeguarding concerns.

### We will demonstrate delivery by

- Delivering against the 11 principles of the Code of Practice: Ethical Employment in Supply Chains.



## Objective 3: Securing value for money and managing demand through effective and robust contract management arrangements



### Aim

- Ensure the achievement of value for money in terms of whole life costs and quality and that we operate efficiently.

### We will do this by

- Managing procurement demand across the Council and develop and promote a 'Buying Responsibly' campaign.
- Utilising regional and national framework agreements where they represent value for money.
- Embedding a robust and proportional contract management approach.
- Working with Directorates to review their spend procurement data and Contract Forward Plan to identify opportunities to manage demand and/or drive efficiencies.

### We will demonstrate delivery by

- Ongoing contract management for the delivery of supplies, services or works will continue to be managed by each individual service with advice, guidance and support from the Commercial Procurement Team.
- Reporting of procurement's contribution to SCCB and via the democratic process.

### 3.1 Making procurement spend more accessible to local small businesses and third sector



#### Aim

- To ensure that procurement decisions consider how local market can best be supported.

#### We will do this by

- Working with partner organisations to support the development of businesses in Blaenau Gwent. This will include regular meet the buyer and training & development events; Business Wales will be engaged as a key partner in the delivery of any new contracts to provide support to local companies to give them a better chance of winning public sector contracts.
- Developing and then publicising a Selling to Council Guide to local businesses so they are clear about how to do business with the Council.
- Publish our Corporate Contracts Register on the Council's website so businesses are aware of the likely procurement opportunities.
- Simplifying our Procurement process to be more inclusive and assist smaller businesses and local suppliers to bid for contracts.
- Ensuring that lotting strategies that support SMEs are used.
- We will advertise appropriately to ensure competition, value for money and to target local interest.
- Undertaking market analysis so that informed procurement decisions can be made.
- Analyse spend data and business directories to identify opportunities to increase local supply.
- Ensure that the Council applies prompt payment for SMEs.

#### We will demonstrate delivery by

- Increasing the number of business accessing and being successful when tendering for Council opportunities.
- Increasing the spend with local businesses.

## Objective 4: Promoting innovative & best practice solutions



### Aim

- Encourage and utilise innovation where it can reduce costs and /or improve effectiveness.

### We will do this by

- Reviewing the procurement forward pipeline to identify innovation opportunities.
- Ensuring early and ongoing Directorate engagement to scope and deliver their requirements.
- Challenging Directorates over existing procurement arrangements.
- Seeking examples of market innovations and best practice.

### We will demonstrate delivery by

- Reporting and developing case studies to highlight best practice.

## **Governance and Leadership**

Leadership and governance play a key part of the organisation and requires openness, transparency and integrity, performance orientation and effective collaboration. The structure for Procurement within Blaenau Gwent County Borough Council is as follows:

Leadership through Cabinet Members, the Leader and Portfolio Member for Corporate Overview and Performance and Chief Officer Commercial and customer;

A Strategic Commercial Commissioning Board (SCCB), which is an officer board, chaired by the Chief Executive and attended by Corporate Leadership Team. The Board provides strategic guidance to the Commissioning and Procurement community and assesses major commercial and procurement projects. The goal of the SCCB is to ensure shared ownership for the realisation of desired outcomes and efficiencies across the Council and to ensure that commercial activities become an enabling function and that fully supports Council priorities. The SCCB will oversee the delivery of the Socially Responsible Procurement Strategy.

A Commercial Procurement Team, which sits within the Commercial Services Division of Corporate Services;

A qualified Professional Lead for Procurement who oversees Procurement activities, reporting to the Chief Officer Commercial & Customer;

Clearly defined processes and procedures along with delegation of authority in respect of procurement activities embodied in the Council's Financial Regulations and Contract Procedure Rules;

Directorate Annual Procurement Plans – All directorates are required to produce annual procurement plans to inform the Council's pipeline of commissioning and procurement activity. The information is collated and allows early consideration of sourcing strategies to support the Council's social and commercial aspirations as well as informing the Medium Term Financial Strategy.

All Procurement and commissioning activity over £25,000 is managed via the Council's E-tender system and/or the National Procurement Website (Sell2Wales). All procurements under £25,000 are devolved to service areas for efficiency of process.

## **Reporting and Monitoring**

The Strategic Commercial Commissioning Board will oversee the delivery of this Socially Responsible Procurement Strategy.

The Council will publish an annual procurement report at the end of each financial year. The report will include:

- A progress report on the implementation of the Socially Responsible Procurement Strategy Delivery Plan.
- A summary of the contracts awarded above PCRs 2015 Thresholds.
- A summary of the extent to which Council contracts contributed to improving well-being in Blaenau Gwent.
- A statement of the how the Council intends to further improve the delivery of economic, social, environmental and cultural well-being.
- A summary of the procurement the Council expects to carry out in the next two financial years.

# Agenda Item 8

*Cabinet and Council only*

Date signed off by the Monitoring Officer: N/A

Date signed off by the Section 151 Officer: N/A

Committee: **Corporate Overview and Performance Scrutiny Committee**

Date of meeting: **2<sup>nd</sup> February 2023**

Report Subject: **Forward Work Programme: 16<sup>th</sup> March 2023**

Portfolio Holder: **Cllr Steve Thomas, Leader / Cabinet Member  
Corporate Overview and Performance**

Report Submitted by: **Scrutiny and Democratic Officer**

Reporting Pathway								
Directorate Management Team	Corporate Leadership Team	Portfolio Holder / Chair	Governance and Audit Committee	Democratic Services Committee	Scrutiny Committee	Cabinet	Council	Other (please state)
x	x	23.01.23			15.12.22			

## 1. Purpose of the Report

- 1.1 To present to Members the Corporate Overview and Performance Scrutiny Committee Forward Work Programme for the Meeting on 16<sup>th</sup> March 2023 for discussion and agreement.

## 2. Scope and Background

- 2.1 The Scrutiny Work Programmes are key aspects of the Council's planning and governance arrangements and support the requirements of the Constitution.
- 2.2 The topics set out in the Forward Work Programme link to the strategic work of the Council as identified by the Council's revised Corporate Plan, corporate documents and supporting business plans.
- 2.3 Effective work programmes are essential to ensure that the work of scrutiny makes a positive impact upon the Council's delivery of services.
- 2.4 The Committee's Forward Work Programme was agreed in September 2022, recognising the fluidity of the document to enable the Committee to respond to urgent and emerging issues, and included timescales when reports will be considered by the Committee. The work programme is managed and implemented by the Scrutiny and Democratic Officer under the direction of the Chair and Committee.
- 2.5 The forward work programme for the forthcoming meeting will be presented to Committee on a 6 weekly cycle in order that Members can consider the programme of work; request information is included within the reports, as appropriate and / or make amendments to the work programme.

3. **Options for Recommendation**

3.1 **Option 1:** The Scrutiny Committee consider the Forward Work Programme for the meeting 16<sup>th</sup> March 2023, and

- Make any amendments to the topics scheduled for the meetings;
- Suggest any additional invitees that the committee requires to fully consider the reports; and
- Request any additional information to be included with regards to the topics to be discussed.

3.2 **Option 2:** The Scrutiny Committee agree the Forward Programme for the meeting 16<sup>th</sup> March 2023, as presented.

**Background Documents /Electronic Links**

- Appendix 1 – Forward Work Programme – Meeting on 16<sup>th</sup> March 2023

## Corporate Overview and Performance Scrutiny Committee Forward Work Programme

Dates	Topic	Purpose	Lead	Cabinet / Council
<b>Thursday 16<sup>th</sup> March 2023</b>	Treasury Management – Strategy Statement 2023/24	<b>Budget Monitoring</b> To present the Treasury Management Strategy, Investment Strategy and Minimum Revenue Provision (MRP) Policy recommended for adoption in the 2023/24 financial year.	Rhian Hayden	Council - 30.03.23
	Capital Strategy Review	<b>Performance Monitoring</b> To consider the implementation of the Capital Strategy 2023/24.	Rhian Hayden	Council - 30.03.23
	Revenue Budget Monitoring 2022/23	<b>Budget Monitoring</b> To provide members with an expenditure forecast at the end of quarter 3 across all portfolios.	Rhian Hayden	Cabinet – 19.04.23
	Forecast Capital Expenditure 2022/23	<b>Budget Monitoring</b> To provide details of each portfolio’s forecast capital expenditure against allocation at the end of quarter 3.	Rhian Hayden	Cabinet – 19.04.23
	Review of the Agile Working Policy	<b>Performance Monitoring</b> To consider progress of the Agile Working Policy.	Andrea Prosser	Cabinet - 18.01.23

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