Portsmouth CITY COUNCIL

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NOTICE OF MEETING

CABINET

TUESDAY, 7 MARCH 2023 AT 12 NOON

COUNCIL CHAMBER - THE GUILDHALL, PORTSMOUTH

Telephone enquiries to Democratic Services 023 9283 4060
Email: Democratic@portsmouthcc.gov.uk

Public health guidance for staff and the public due to Winter coughs, colds and viruses, including Covid-19

- Following the government announcement 'Living with Covid-19' made on 21 February 2022 and the end of universal free testing from 1 April 2022, attendees are no longer required to undertake any asymptomatic/ lateral flow test within 48 hours of the meeting; however, we still encourage attendees to follow the public health precautions we have followed over the last two years to protect themselves and others including vaccination and taking a lateral flow test should they wish.
- We strongly recommend that attendees should be double vaccinated and have received any boosters they are eligible for.
- If unwell we encourage you not to attend the meeting but to stay at home. Updated government guidance from 1 April 2022 advises people with a respiratory infection, a high temperature and who feel unwell, to stay at home and avoid contact with other people, until they feel well enough to resume normal activities and they no longer have a high temperature. From 1 April 2022, anyone with a positive Covid-19 test result is still being advised to follow this guidance for five days, which is the period when you are most infectious.
- We encourage all attendees to wear a face covering while moving around crowded areas of the Guildhall.
- Although not a legal requirement, attendees are strongly encouraged to keep a social distance and take opportunities to prevent the spread of infection by following the 'hands, face, space' and 'catch it, kill it, bin it' advice that protects us from coughs, colds and winter viruses, including Covid-19.
- Hand sanitiser is provided at the entrance and throughout the Guildhall. All attendees are encouraged to make use of hand sanitiser on entry to the Guildhall.
- Those not participating in the meeting and wish to view proceedings are encouraged to do so remotely via the livestream link

Membership

Councillor Gerald Vernon-Jackson CBE (Chair)
Councillor Suzy Horton (Vice-Chair)
Councillor Chris Attwell
Councillor Kimberly Barrett
Councillor Darren Sanders
Councillor Lynne Stagg
Councillor Jason Fazackarley
Councillor Lee Hunt
Councillor Steve Pitt
Councillor Matthew Winnington

(NB This agenda should be retained for future reference with the minutes of this meeting.)

Please note that the agenda, minutes and non-exempt reports are available to view online on the Portsmouth City Council website: www.portsmouth.gov.uk

Deputations by members of the public may be made on any item where a decision is going to be taken. The request should be made in writing to the contact officer (above) by 12 noon of the working day before the meeting, and must include the purpose of the deputation (for example, for or against the recommendations). Email requests are accepted.

A G E N D A

1 **Apologies for Absence**

2 **Declarations of Interests**

3 **Superzone Pilot** (Pages 7 - 14)

Purpose
To update Cabinet on the progress of the pilot Superzone in the Charles Dickens ward.

RECOMMENDED that the report be noted.

4 **Bus Service Improvement Plan** (Pages 15 - 18)

Purpose
The purpose of this report is to provide an update on progress to implement the Bus Service Improvement Plan (BSIP) following the City Council's award of £48.3m.

The BSIP is part of the National Bus Strategy which also includes the Zero Emission Bus Regional Area (ZEBRA) scheme. As Portsmouth City Council has been successful with ZEBRA, this report will include an update on that scheme.

RECOMMENDED that this report be noted.

5 **Anaerobic Plant Digester Project** (Pages 19 - 22)

Purpose.
To update Cabinet on the progress of the project to develop an anaerobic digestion (AD) facility.

RECOMMENDED that the report be noted.

6 **Household Waste Recycling Centre booking system - Port Solent resident survey** (Pages 23 - 38)

Purpose.
To update Cabinet on the results of the Household Waste Recycling Centre booking system Port Solent resident survey as requested by full council on 6 December 2022.

RECOMMENDED that the report be noted.

7 **Planting Trees in Disused Tree pits**

This report will follow.

8 **Capital Strategy Report March 2023**

This report will follow.

9 **Treasury Management Policy 2023/ 24** (Pages 39 - 76)

Purpose.
The purpose of this report is to obtain the Council's approval of the updated Treasury Management Policy Statement (attached) which includes the Annual Investment Strategy.

RECOMMENDATIONS

1.1. That the upper limit for principal sums invested for longer than 365 days contained in paragraph 4.6 of the attached Treasury Management Policy Statement be approved;

1.2. That the upper and lower limits on the maturity structure of borrowing contained in appendix 5.1 of the attached Treasury Management Policy Statement be approved;

1.3. That the attached Treasury Management Policy Statement including the Treasury Management Strategy and Annual Investment Strategy for 2023/24 be approved;

1.4. That the following changes compared to the previous Treasury Management Policy be noted:

(i) **the inclusion of a new treasury management indicator for 2023/24 known as the liability benchmark. This graphically compares the Council's net loans requirement against its existing loan debt, showing the amount of borrowing required in future years.**

(ii) **medium and longer dated borrowing rates are high, but are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. With this in mind, the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully drawn with loan debt as cash from the**

Authority's reserves, balances and cash flows has been used as a temporary measure. This is a change of emphasis from the 2022/23 Treasury Management Strategy which was approved at a time of low interest rates which were expected to increase. The 2022/23 Treasury Management Strategy placed more emphasis on having a predictable revenue cost of borrowing in the long-term. Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Finance and Resources (Section 151 Officer) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances, always seeking to balance risk, certainty and cost.

(iii) **where state institutions own 50% or more of an entity and can exert significant influence over the counterparty through their shareholdings, the Council will in future avoid investments in such institutions where the state institution has a poor human rights record.**

1.5. As set out in paragraph 1.5 of the Treasury Management Policy Statement, the Director of Finance and Resources (Section 151 Officer) and officers nominated by him have delegated authority to:

(i) **invest surplus funds in accordance with the approved Annual Investment Strategy;**

(ii) **borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £1,100m approved by the City Council on 28 February 2023;**

(iii) **reschedule debt to even the maturity profile or to achieve revenue savings;**

(iv) **to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options, and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates**

1.6. That the Director of Finance and Resources (Section 151 Officer) has the power to delegate treasury management operations to relevant staff;

1.7. That the Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of any variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (paragraph 1.2 of the Treasury Management Policy Statement).

10 Civic Offices Regeneration

This report will follow.

11 Council tax premiums on second homes and empty properties

This report will follow.

12 Forward Plan Omission Notice - Enabling Redevelopment of Debenhams Palmerston Road - Compulsory Purchase Order (Pages 77 - 78)

The Enabling Redevelopment of Debenhams, Palmerston Road - Compulsory Purchase Order report by the Director of Regeneration was omitted from the Forward Plan covering 6 February to 5 May 2023. The Chair of the City Council's Scrutiny Management Panel has been notified and a public notice published.

13 Exclusion of Press and Public

"That, under the provisions of Section 100A of the Local Government Act, 1972 as amended by the Local Government (Access to Information) Act, 1985, the press and public be excluded for the consideration of the following item on the grounds that the report(s) contain information defined as exempt in Part 1 of Schedule 12A to the Local Government Act, 1972".

The public interest in maintaining the exemption must outweigh the public interest in disclosing the information.

Under the Local Authorities (Executive Arrangements) (Meetings and Access to Information) England Regulations 2012, regulation 5, the reasons for exemption of the listed item is shown below.

Members of the public may make representation as to why the item should be held in open session. A statement of the Council's response to representations received will be given at the meeting so that this can be taken into account when members decide whether or not to deal with the item under exempt business.

(NB The exempt/ confidential committee papers on the agenda will contain information which is commercially, legally or personally sensitive and should not be divulged to third parties. Members are reminded of standing order restrictions on the disclosure of exempt information and are invited to return their exempt documentation to the Local Democracy Officer at the conclusion of the meeting for shredding).

Item	**Paragraph**
Enabling Redevelopment of Debenhams, Palmerston Road - Compulsory Purchase Order Appendices 4 & 5	**3, 4**

14 Enabling Redevelopment of Debenhams Palmerston Road - Compulsory Purchase Order

This report will follow.

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(Please note that "Information Only" reports do not require Equality Impact Assessments, Legal or Finance Comments as no decision is being taken)

Portsmouth CITY COUNCIL

Title of meeting:	Cabinet Meeting
Subject:	Superzone pilot
Date of meeting:	7th March 2023
Report by:	Andrea Wright, Public Health Dominique Le Touze, Public Health
Wards affected:	Charles Dickens

1. Requested by

Cllr Matthew Winnington

2. Purpose

To update Cabinet on the progress of the pilot Superzone in the Charles Dickens ward.

3. Information requested

3.1 Background

3.1.1 A Superzone is a place-based approach to improving urban environments for health, covering a 400m radius around a central point. The initiative brings together people from across the system to address local issues identified as factors that limit wellbeing. The project was originally established to tackle the drivers of childhood obesity and was first piloted in London.

3.1.2 In Portsmouth, Arundel Court Primary Academy (ACPA) in the Charles Dickens ward is the central point of the Superzone. The road boundaries of Fratton Road, Lake Road, Commercial Road and Canal Walk are approximately 200m from the school (Appendix 1).

3.1.3 A total of 3 schools expressed an interest to pilot the Superzone. The rationale for choosing ACPA was based on its high levels of childhood obesity, its location in the ward with the highest deprivation and in an Air Quality Management Area.

3.1.4 Extensive work was carried out with school pupils to determine the environmental barriers and enablers for them to be healthy. A thematic analysis of their insight uncovered four themes: healthy food environment, active places, cleaner air and community safety.

3.1.5 These themes informed workshops with a range of professionals linked to health, education, housing and community. The aims, objectives and output indicators agreed between delivery stakeholders, form the basis of the action plan. The goal is to develop a series of multi-faceted interventions to generate short term improvements in healthy eating, physical activity, community safety and air quality.

3.1.6 Each intervention has multiple co-benefits for short- and long-term health. Overall, the Superzone aims to positively impact long term child health outcomes, both directly through interventions, and indirectly by collaborating and pooling resources across agencies and the community.

3.1.7 The first Superzone pilot in Portsmouth was approved by the Health and Wellbeing Board in Sept 2019 with delivery on course to start in March 2020 just as the Covid-19 pandemic began, which resulted in an unforeseen 18-month delay.

3.1.8 The Superzone pilot was restarted in September 2021 with a soft launch, due to the ongoing impact of the pandemic on the school community. As a result, communication and engagement linked to the Superzone has been through ACPA's school network rather than directly with pupils and parents. This has had the unforeseen benefit of using a trusted partner to gain deeper and more honest feedback and insight from children.

3.1.9 Delivery during the 21/22 academic year continued to be hampered by the impact of Covid-19 in schools. In the summer term, it was agreed to extend the pilot into the current academic year (22/23) with the additional time being extremely valuable. Most of 21/22 was devoted to learning more about the issues raised by the children and local community and working collectively on solutions to tackle them. On more than one occasion, original plans were altered based on the increased knowledge and insight gained in 21/22.

3.2 Delivery in the 2021/22 academic year

3.2.1 Rather than the planned simultaneous launch of actions, a staggered approach was required due to the increased pressures within the school linked to the pandemic response. In hindsight this worked well and is worth considering if future Superzones are rolled out.

3.2.2 The table below gives a summary of the actions in 2021/22.

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Theme	Progress	Insight gained and delivery actions
Healthy Food Environment	Lunchboxes Two lunch box audits completed (7th and 14th March).	**Insight** - Around 200 out of 543 pupils take a packed lunch to school. Lunchbox audits found around 80% of lunchboxes contain sandwiches, crisps, fruit, yoghurt or chocolate bar. Replacements for sandwiches included Dairylea Dunkers, Fridge Raiders, cooked cold food e.g. pasta. Around 70% of Year 5 and 6 children had a piece of fruit in their lunchbox. The audits highlighted a lack of food in some lunchboxes, with some children potentially still hungry after lunch. This was most notable in Year R and 1, despite all KS1 children being all entitled to a universal Free School Meal (FSM). As a result of this audit, the focus of intervention shifted to focusing on the quality and quantity of KS1 lunchboxes, and also increasing FSM up-take. This insight was from last academic year, prior to the cost-of-living crisis, so we can hypothesise that this may be an even bigger issue this academic year. We endeavour to support the school and families to ensure children are getting enough food at lunchtime.
	Food waste Two food waste audits completed, covering both kitchen and children's waste. Discussion with the children around dinners to explore themes arising linked to food waste on specific days.	**Insight** - Around 19 bags of food waste were produced each week. Certain days created more waste than others depending on the menu, with Wednesday (roast dinner day) creating the most waste, despite the popularity of roast dinners with children. Kitchen waste was also deemed to be high in the initial audits, but a change in kitchen manager specifically tasked to reduce food waste occurred during this audit period, so this will be reviewed again in 2022/3.
Active Places	Daily Mile - delivered regularly across all year groups.	**Insight** - The school already participated in the Daily mile and is popular with children and teachers alike, with both groups seeing the benefits of regular participation. Children value it for their health and fitness and teachers for both the health and behaviour and concentration benefits in the classroom. **Delivery** - The Daily Mile was reinstated in September 2021 and is run most days amongst all year groups (R-6), so every child in school regularly takes part in either walking, jogging or running one mile around the outside of their playing field in a marked-out track at some point throughout the school day.
	Mode of travel to school was assessed via 3 x hands-up surveys and observation of 2 school drops offs (wet and dry comparison)	**Insight -** Around 25% of pupils travel by car each day, with 7 regular drop-off points identified. Cycling and scooting to school was low, despite access to a bike, scooter, or both, being relatively high though out the school (83%). Congestion, illegal parking (on yellow lines, middle of the road, blocking footpaths/residents' bays/other cars) and car idling were issues observed at both observation points (Northam Street and Fyning Street) during the observation exercise. It was also observed that many parents enjoy the social opportunity to chat at drop off/pick up. Car journeys to and from school were higher than expected for an inner-city school with a relatively small catchment area, located in the ward with lowest car ownership in Portsmouth. Up to 78% households do not have access to a car in Charles Dickens ward[i].
Cleaner Air	Smoking at school gate audit completed and observation of	**Insight** - Only 4 parents/guardians were smoking outside school gate at drop-off and a further 4 were vaping on the day of the audit (of a pupil population of 600 children that day). Very few cigarette

	cigarette butts on ground around roads leading to school gate	butts were visible on the ground around the school gate. This insight demonstrated that smoking at the school gate was less of a concern that originally anticipated.
Community and Safety	Re-design of Arundel Park via Safer Streets and greening funding	**Insight** - A parental survey and community consultation highlighted that residents didn't feel safe using the park due to recreational drug use (daytime) and anti-social behaviour (evenings). The park layout and landscaping meant that there were lots of areas outside line of sight, which made parents in particular wary of letting children play freely in the area. Dog fouling was also reported as an issue. A Healthy Street Audits highlighted areas for improvement which were fed back into the respective working groups. **Delivery -** The park was redesigned in Spring 2022 to improve the landscaping and design, and to encourage better residential use. Low bushes were removed, visibility improved within the main area of the park and to paths outside, trees were planted, and dog waste bins installed.

3.3 Delivery in the 22/23 academic year

3.3.1 The focus for this academic year is using the insight gained last year to build on actions already underway to deliver effective interventions, and implement actions delayed by the pandemic.

3.3.2 The table below gives a summary of the next steps for each action already underway.

Theme	Action	
Healthy Food Environment	Improve Healthy Lunchboxes and increase Free School Meal (FSM) up-take Reduce food waste	We worked with the school meals provider (Caterlink) to discuss the issues identified both in terms of school meals quality and food waste and poor quality lunchbox content for some children. We are exploring ways Caterlink, the school and other partners could support an increase in up-take of school meals, especially for those children entitled to FSM. Ideas are currently being discussed further with parents and wider partners and a range of interventions that families would find useful are being developed.
Active Places	Continue the Daily Mile	Ensure children continue to regularly participate in the daily mile, capture data to use in the classroom as part of projects and highlight the benefits for their health and learning.
	Increase active travel to school	Further discussions took place in the Autumn term between stakeholders and a parents survey was issued around how and why they chose the method (active or driving) they do to get to school. The idea was to unpick some of barriers to active travel and ask for potential solutions from the parents themselves. Findings are currently being considered, with relevant and appropriate ideas being feed into the range of active initiatives already underway. Following last year's observations of drop-offs and major safety concerns raised at Northam Street in particular, a road safety audit at school pick-up took place. A road safety officer examined both road layout/markings, aids/barriers to walking and cycling around school gate, and parental driving behaviour at a pick-up on 7th November. The findings are currently being

		discussed with the key partners involved in active travel action, aiming to inform future plans. A range of interventions are currently underway with the school based on the 21/22 insight, including classroom work, homework and trialling of innovative initiatives such as a scooter library, Wheelie (scoot/cycle) Wednesdays and inter-schools competition around active travel, launching in summer term. A School Streets initiative is also being explored after the idea received positive feedback from parents and children.
Cleaner Air	Reduce smoking at school gate	Following the smoking drop-off observation and cigarette butt audit around the school gate identifying a relatively small number of smokers, the school decided to focus on promoting standard stop smoking interventions to parents.
Community and Safety	Improve Arundel Park and increase usage	A follow-up survey was administered to parents, to gain feedback on the park improvements, with results pending.

3.3.3 In addition to the above actions, work around anti-idling, improving litter and dog fouling in the area and promoting cycling are all planned within the next 6 months. The anti-idling campaign will include classroom work. A campaign targeting litter and dog fouling issues will focus on promoting the My Portsmouth App and encouraging anonymous tip offs, which has been successful in increasing reporting in the past. Work on increasing family cycling will take place in the summer promoting active travel.

3.3.4 In addition to the original action plan, we have been working with the University of Portsmouth to embed the Active Skills Model (ASM) in Portsmouth. The Active Skills Model provides training and support to develop fundamental physical movement skills on a dedicated ASM garden (intergenerational community space to be active), with funding secured for a site within the Superzone. We were the first city in the UK to train local staff in the ASM 10 functional skills principles (course one last April, with 2nd course planned for the summer) and will be first to develop a supporting ASM garden. A detailed up-date on the ASM will be presented later in the year.

3.4 Evaluation

3.4.1 A detailed evaluation for each of the workstreams is currently underway. Over the coming months this will be complemented with a 'realist evaluation'[ii] of some aspects of the Superzone, which will explore the context and mechanisms for successful interventions. In other words 'how' and 'why' interventions have been effective, and what is needed to sustain positive effects.

3.4.2 As one of the first Superzones outside London we are working closely with the London Superzone network, benefiting from guidance and information sharing with peer Local Authorities in London, supported by the Greater London Authority.

3.5 When the Superzone pilot concludes in September 2023, we will start to explore ways that the model could be adapted to other schools around the city, using learning from Arundel Court.

………………………………………………
Signed by (Director)

Appendix

Appendix 1 - Map describing Superzone location

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	**Location**
Proposal for a pilot superzone to tackle childhood obesity and create a healthier environment	HWB 25 Sep 19 superzone.pdf (portsmouth.gov.uk)

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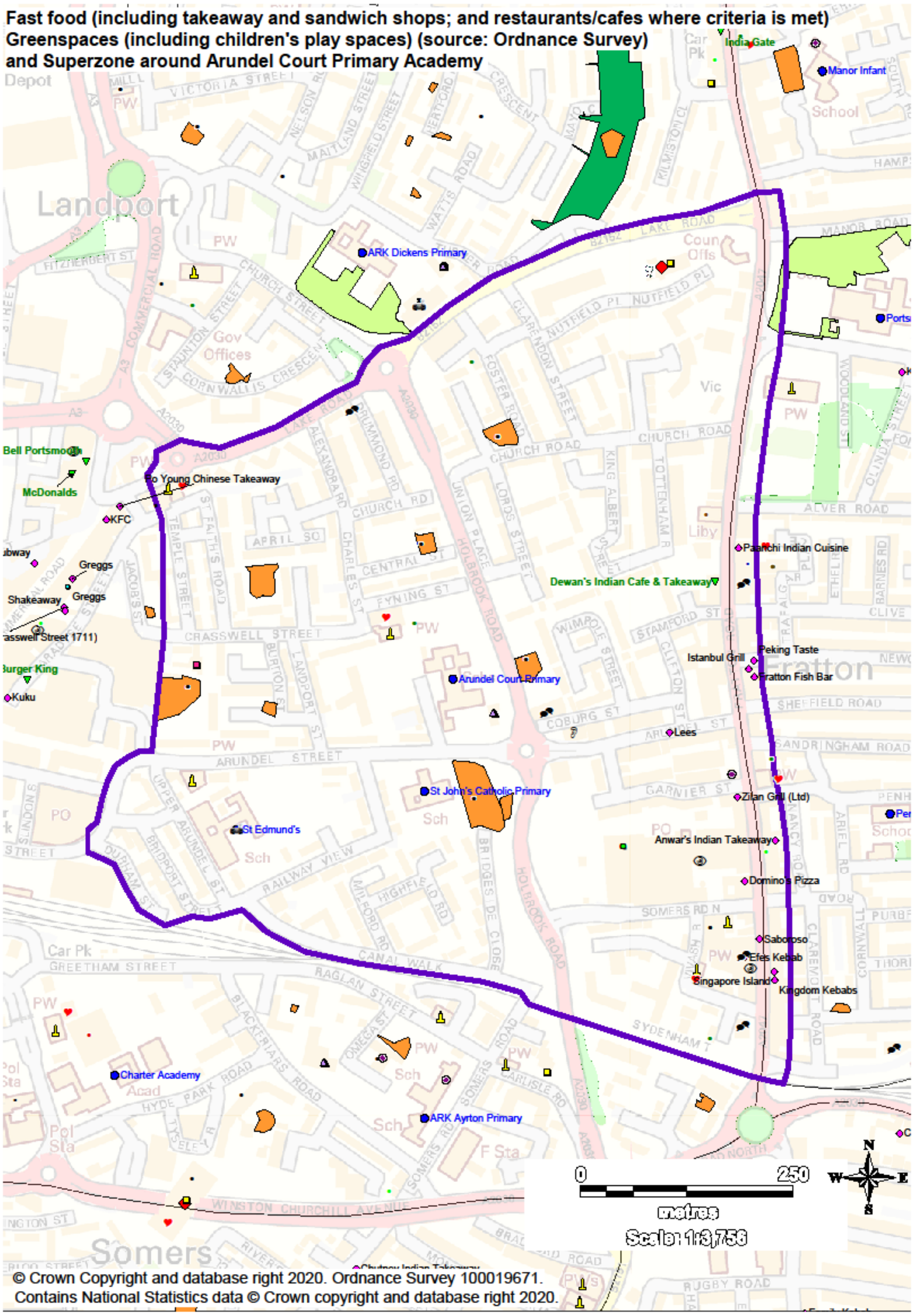
Appendix 1 - Map describing Superzone location



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i Portsmouth Transport Strategy 2021-2038
ii A brief introduction to realist evaluation (publishing.service.gov.uk)

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Title of meeting:	Cabinet Meeting
Subject:	Bus service Improvement Plan
Date of meeting:	7 March 2023
Report by:	Tristan Samuels - Director of Regeneration
Report Author:	Peter Shelley - Transport Development Manager
Wards affected:	All

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1. Requested by

1.1. This report was requested by Cabinet.

2. Purpose

2.1. The purpose of this report is to provide an update on progress to implement the Bus Service Improvement Plan (BSIP) following the City Council's award of £48.3m.

2.2. The BSIP is part of the National Bus Strategy which also includes the Zero Emission Bus Regional Area (ZEBRA) scheme. As Portsmouth City Council has been successful with ZEBRA, this report will include an update on that scheme.

3. Background

3.1 In March 2021 the Government announced a new National Bus Strategy called Bus Back Better (BBB). As part of this, and to receive future transport funding, Local Transport Authorities (LTAs), such as Portsmouth, had to publish a Bus Service Improvement Plan (BSIP) by 31 October 2021 and form an Enhanced Partnership (EP) with bus operators to deliver the desired and stated improvements. The BSIP is the delivery programme for the EP.

3.2 In April 2022 Portsmouth City Council was notified of an indicative award of funding to deliver measures outlined in our BSIP. Although not the full amount bid for, it was one of the highest allocations in the country. The allocation is £48.3 million over 3 years (April 2022 – March 2025) split between £33.8 million for capital measures and £14.5 million for revenue interventions.

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3.3 Cabinet approved the Portsmouth Enhanced Partnership and Scheme (EP) on 21 June 2022. Formal confirmation of the BSIP award was agreed by the Department of Transport (DfT) on 8 August. The DfT required some textual clarifications which were agreed and this allowed the formal operator objection period to commence and then statutory consultation to be undertaken. The EP was formally 'made' (implemented) on 8 December 2022 following approval by the Cabinet Member for Traffic and Transportation. As required, the EP was been notified to the bus operators, Traffic Commissioner, Hampshire County Council and published on the City Council website: Public transport - Travel Portsmouth

3.4 As the original BSIP was submitted on 31 October 2021, an annual review was required to be submitted to DfT and published on the City Council website: Portsmouth BSIP Annual Review 2022

3.5 On 12 January 2023, the first Enhanced Partnership Board meeting was held. The Chair was the Cabinet Member for Traffic and Transportation. The Board includes the managing directors of city bus operators First Solent and Stagecoach South and representatives of adjoining LTAs, Hampshire County Council and West Sussex County Council.

3.6 The year one funding payment of £7,057,100 was received on 20 January 2023. As noted below, several measures have been introduced in the current financial year, but DfT has invited authorities to complete a change control document to request unspent funding to roll forward into the next financial year.

4. Bus Service Improvement Plan Delivery to Date

4.1. The first measures implemented saw early journeys from 4.30am on key routes on Monday to Friday to improve access to employment. Early journeys on First Solent routes 1,2,3,7,8 and 18 started on 5 December and Stagecoach 21 and 23 from 3 January. A conscious decision has been taken to provide links beyond the Portsmouth boundary to the wider travel area with routes to Fareham, Portchester, Havant, Leigh Park and Waterlooville, recognising that employment opportunities and travel needs do not recognise administrative boundaries.

4.2. Late night journeys through to 1.30am on Friday and Saturday evenings were introduced on key routes from the same weeks to support the night time economy and those working in that sector.

4.3. Buses were introduced on Christmas Day for the first time in many years. Again, routes operated across the city boundary recognising family ties. Over 1,500 passenger journeys were made.

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4.4. A new National Bus Strategy Delivery Manager took up post from 3 January 2023 to lead the implementation of BSIP programme, working with colleagues across the City Council, staff at the bus operators and with the DfT.

4.5. Every Sunday in March 2023 will be a 'Free Fares Sunday' for passengers boarding buses in Portsmouth allowing access to the wide range of activities that the city has to offer and encouraging residents to return to the bus or try bus travel for the first time.

4.6. Funded by Government, but not via BSIP, the £2 maximum single fare for January to March has received positive feedback from Portsmouth residents and should help increase bus travel.

5. Zero Emission Bus Regional Area

5.1. Portsmouth City Council in partnership with Hampshire County Council and First Bus bid for funding from the Zero Emission Bus Regional Area (ZEBRA) scheme.

5.2. In March 2022, the City Council was notified that it had been successful and will see 34 electric buses enter service by March 2024. These will be used on routes 1 and 3 serving Portsmouth and Southsea and through to Fareham and the 9/9A between Fareham and Gosport for the ferry to Portsmouth. The 1 and 3 will account for almost 25% of bus journeys in the Portsmouth Clean Air Zone and will travel through 4 of the 5 city AQMAs. The value of the investment, with match-funding, is £14.5 million.

5.3. A ZEBRA update bid for a further 28 buses has been submitted and if successful would allow four of the longer distance routes in the South East Hampshire Rapid Transit network to become zero emission. The routes are the X4/X5 between Portsmouth, Gosport and Southampton and the E1/E2 Eclipse routes which use the busway between Fareham and Gosport for the ferry to Portsmouth. The value of the bid, with match-funding, is £13.3 million.

6. Engagement

6.1 The Portsmouth BSIP was built on a survey of over 1,100 residents and 32 local business in summer 2021 while in 2022, over 900 Portsmouth residents took part in the National Highways and Transport survey where the city was ranked joint second amongst 111 participating authorities. Public transport feedback is being analysed to inform the next steps in BSIP.

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6.2 Portsmouth City Council will be taking part in the Transport Focus 'Your Bus Journey' starting in early 2023. Funding costs are being shared with the local bus operators. A further residents' survey will be conducted this year to ensure that the BSIP continues to reflect local priorities.

7. Conclusions

7.1 Cabinet has supported the EP and BSIP process which has taken almost two years so far and is asked to note this report.

7.2 Although a time-consuming process, which has resulted in a later start to implementation than originally anticipated, the successful funding awards for BSIP and ZEBRA will support Portsmouth City Council's Imagine Portsmouth 2040, which sets out a vision for the future of the city, particularly the creation of a green city with easy travel.

……………………………………………
Signed by Tristan Samuels, Director of Regeneration

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

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Title of meeting:	Cabinet
Subject:	Anaerobic Digestion Plant Project
Date of meeting:	7 March 2023
Report by:	James Hill, Director of Housing, Neighbourhood & Building Services
Report Author:	Colette Hill, Assistant Director Neighbourhoods
Wards affected:	All

1. Requested by

Leader of the Council

2. Purpose

2.1. To update Cabinet on the progress of the project to develop an anaerobic digestion(AD) facility.

3. Information Requested

3.1. Background

3.1.1. This is a commercially sensitive project and the sites that have been considered are therefore not named in this report. The project is still in the site selection phase with several workstreams underway to inform a potential planning application.

3.2. Progress to date

3.2.1. The initial feasibility work was undertaken by the Housing Neighbourhood and Building Services (HNB) waste management service arising from the roll out of food waste collection. The waste management team worked with an external consultant (Bio Watt) and through the Assistant Director of Neighbourhood Services they continue to lead the work. The preliminary feasibility case was developed in 2019 with an options appraisal of 3 plant sizes - this was developed with a site in mind (1).

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3.2.2. A cross directorate project board was set up early 2020, the Senior Responsible Officer is the Director of HNB, and the board brings together the waste management leads, planning and the commercial property team (supporting the site selection).

3.2.3. PCC is undertaking this project with a view to provide food waste disposal for other local authorities in Hampshire. PCC's waste disposal partners Hampshire County Council and Southampton City Council have been updated.

3.2.4. Key activity undertaken to date:

- In Summer 2020, a Hampshire wide site search was conducted to appraise sites against the criteria needed to deliver an AD facility. A technical review of the site (1) was carried out.
- In Autumn 2020 investigations started at a second site (2), not in PCC ownership. This included technical options and gas to grid feasibility. The teams undertook work to understand alternative uses the site could have should AD not get planning permission and interim uses to pay the borrowing costs needed to purchase the site.
- In February 2021 investigations started at a third site (3) - these included topographical studies, technical drawings, and gas to grid feasibility studies.
- In March 2021, site (1) was discounted as deemed not suitable for an AD plant.
- Site (2) was then subsequently discounted due to the purchase price increasing to an amount which meant the business case for developing a plant at this site was no longer feasible.
- In Summer 2021, the team submitted a confidential pre-planning advice request for site (3) to Hampshire County Council (HCC) - planning authority for minerals and waste sites in the County. In addition, a capital bid was submitted for funds to continue investigations at the site (3) in order to inform completion of the business case for site (3).
- Autumn 2021 pre-application advice report received from HCC. This highlighted the constraints of the site but was overall fairly positive.
- Autumn 2021 - Autumn 2022 work has been undertaken to understand the cost implications of developing AD at the site (3). This included a refresh of the business case, considering the rise in, for example, build costs since the original work was undertaken.
- November 2022 a briefing to Group Leaders was delivered to outline the work to date to identify a suitable site for an AD plant.
- December 2022 progressed with time sensitive ecology surveys and setting studies to inform whether commitment to an outline planning application for site (3) can be made. The outcomes of the preliminary ecological survey and setting study are due at the end of January 2023 - these will also inform any future planning application for the site. Commitment to submission of an outline planning application will be

dependent on whether the ecological and setting constraints can be suitably mitigated.

3.2.5 A draft communications plan has been developed in preparation for when the project is ready to be in the public domain.

3.2.6 The commercial property team continue to review site availability throughout Hampshire and will continue to do so. At the time of writing this update report site (3) remains the only viable site in consideration.

3.2.7 An assessment regarding the decision to proceed with planning will be made by the project board in conjunction with the cabinet member and the Director of Regeneration & Director of Finance and Resources will use their delegations to progress the project. Progress reports will be made to Climate Change and Environment member and Cabinet as appropriate and the project will report via the Major Project Board.

3.3. Indicative Delivery Timeline

3.3.1. The below timeline is indicative of how the programme of works could look if funded through unsupported borrowing and we are able to take forward site (3):

Table 2-2 - Indicative programme

INDICATIVE TIMELINE	2022	2023				2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Planning application				Submission	Decision (16 weeks from validation, best case)		Contingency	
Engagement with HCC								
Prep of planning deliverables including Planning Statement		Drafting starts	Check & Review					
Stakeholder engagement								
Public engagement (by others)								
Design (by others)	Design freeze 1		Design freeze 2					
EIA	Scoping	Surveys / ES drafting		Finalisation				
Habitats Regulations Appraisal		HRA drafting						
Water Framework Directive Compliance Assessment		WFD drafting						

The ecology surveys will take place across the spring/summer survey season between March and September and are required for the planning application. The team will work to compress the timeline where possible.

Portsmouth
CITY COUNCIL

THIS ITEM IS FOR INFORMATION ONLY

(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)
Signed by James Hill, Director of Housing, Neighbourhood and Building Services

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

Portsmouth
CITY COUNCIL

THIS ITEM IS FOR INFORMATION ONLY
(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

Title of meeting:	Cabinet
Subject:	Household Waste Recycling Centre booking system - Port Solent resident survey
Date of meeting:	07 March 2023
Report by:	James Hill - Director for Housing, Neighbourhood and Building Services
Author:	David Emmett - Head of Waste Services
Wards affected:	All

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1. Requested by

Full Council on the 6th December 2022

2. Purpose

2.1 To update Cabinet on the results of the Household Waste Recycling Centre booking system Port Solent resident survey as requested by full council on 06 December 2022.

3. Information Requested

3.1 Background

3.1.1 Under the terms of the Environmental Protection Act, 1990, Portsmouth City Council (the 'Council') is classed as a Waste Collection and Disposal Authority, and as such, under section 51 (1) must provide a place at which persons/resident in its area may deposit their household waste and for the disposal, which the Council does through the provision of the Portsmouth HWRC located at Port Solent.

3.1.2 The Council is in a joint HWRC Contract with Hampshire County Council and Southampton City Council managed through a tripartite agreement, in addition to the joint Waste Disposal Contract. Currently both contracts are with Veolia Environmental Services. Through the tripartite agreement there is reciprocal arrangement so residents from all three authorities can utilise any HWRC across the cities and Hampshire. At the last user survey Portsmouth residents were using 12 sites across the network including Portsmouth HWRC.

THIS ITEM IS FOR INFORMATION ONLY
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3.1.3 A report 'Permanent retention of the Household Waste Recycling Centre booking system' (see background document list) was taken to and approved at the Community Safety and Environment portfolio meeting on 09 March 2022.

3.1.4 As part of the report a satisfaction survey was undertaken by Hampshire County Council with all Customers across all 26 sites in the network that had booked a slot between November and December 2021. More than 25,000 responses were received, and results indicated that 89.9% were satisfied or very satisfied with the booking experience, and 78.4% supported continued use of a booking system in the future.

3.1.5 Of the 25,000 responses 919 were responses from Portsmouth HWRC users. 92% of 919 respondents were either satisfied or very satisfied (70.1% very satisfied) with the booking experience and 82.4% respondents supported continued use of a booking system in the future.

3.1.6 On the 06 December 2022 Full Council requested that Port Solent residents are asked for their view on the booking system through our survey.

3.2 Survey Results (see appendix I)

3.2.1 An online survey was launched on Thursday 19 January 2023 and closed on Sunday 12 February 2023. It was promoted through the following targeted marketing and communications channels to maximise consultation engagement:

- A letter drop to Port Solent residents offering a paper questionnaire and online version
- Telephone consultation line

3.2.2 In total, 195 respondents interacted with survey out of approximately 700 households and businesses.

3.2.3 The overall summary of results was the vast majority of respondents find the booking system easy to use, whilst just 5% find it difficult to use. A majority of respondents agree that the current booking system should remain in place (60%), with 49% 'strongly' agreeing and 11% 'slightly agreeing'.

3.2.4 This survey reinforces the support for retaining the booking system as shown by the survey results from the 'Permanent retention of the Household Waste Recycling Centre booking system' report.

Portsmouth CITY COUNCIL

THIS ITEM IS FOR INFORMATION ONLY
(Please note that "Information Only" reports do not require Integrated Impact Assessments, Legal or Finance Comments as no decision is being taken)

………………………………………………
Signed by James Hill - Director of Housing, Neighbourhood and Building Services

Appendices:

Appendix I - Household Waste Recycling Centre booking system - Port Solent resident survey results

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	**Location**
Permanent retention of the HWRC booking system	Cab 9 Mar 22 HWRC report.pdf (portsmouth.gov.uk)

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Household Waste Recycling Centre Report

Research and Engagement, Corporate Services

February 2023

Contact: marketr@portsmouthcc.gov.uk

Introduction

Background and methodology

Background

PCC reopened Portsmouth Household Waste Recycling Centre (HWRC) on Monday 11 May 2020, following the enforced closure during the national lockdown. To manage demand and address significant congestion issues seen around the site, a booking system was implemented. The Cabinet Member for Community Safety and Environment has since approved the retention of the booking system indefinitely at Portsmouth HWRC to support the management of customer demand and operational processes.

The purpose of this consultation was to find out what residents think about the booking system and whether they would like it to continue.

Methodology

An online survey was launched on Thursday 19 January 2023 and closed on Sunday 12 February 2023.

It was promoted through the following targeted marketing and communications channels to maximise consultation engagement:

- A letter drop to Port Solent residents offering a paper questionnaire and online version
- Door to door visits
- Telephone consultation line

In total, 195 respondents interacted with the survey.

Assuming a total population of 700 in the Port Solent area, this volume of responses ensures a 95% confidence level with a margin of error of 6%, within acceptable parameters.

Summary

Booking system usage

The majority of respondents have used the Port Solent Household Waste Recycling Centre booking system (85%). Individuals are more likely to have used the booking system than businesses.

Overall summary

The vast majority of respondents find the booking system easy to use, whilst just 5% find it difficult to use. A majority of respondents agree that the current booking system should remain in place (60%), whilst 39% disagree that it should remain in place.

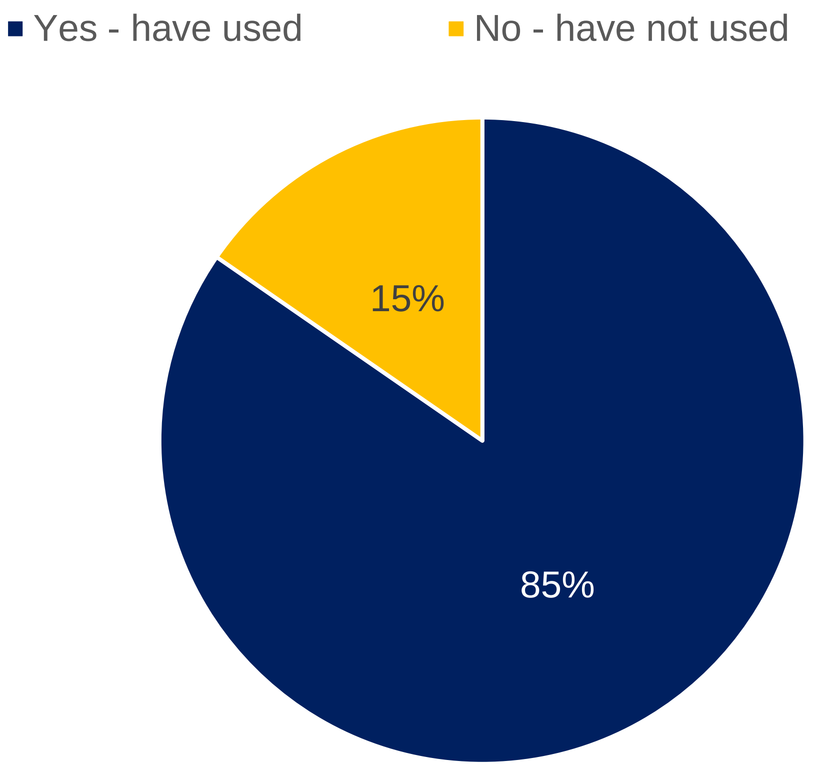
Respondent profile

The vast majority of respondents responded to the survey as an individual, rather than on behalf of a business, and live in the PO6 area. Most respondents are male, over the age of 55, and are White or White British. Just 2% of respondents have a disability.

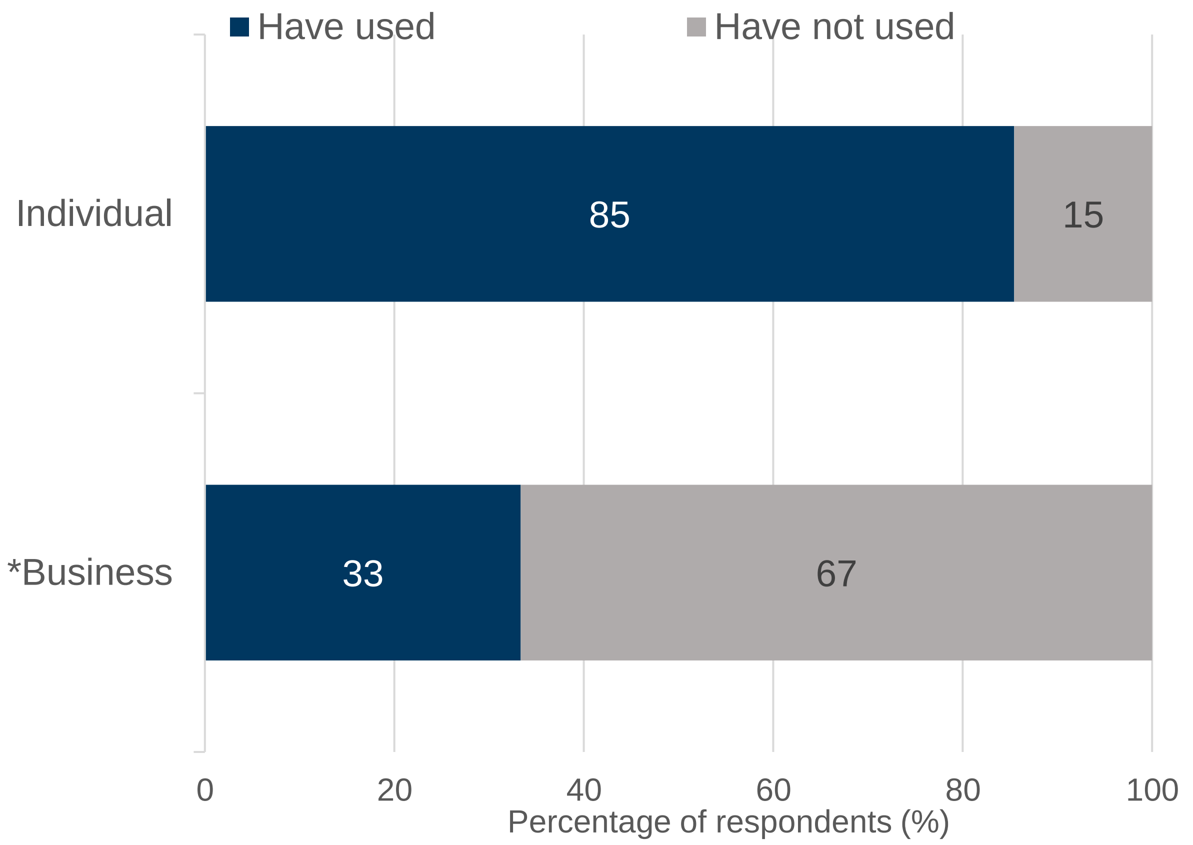
Booking system use

Usage

Q: ***'Have you used the booking system at the Port Solent Household Waste Recycling Centre (HWRC)?'*** | *Base: Total sample (195)*



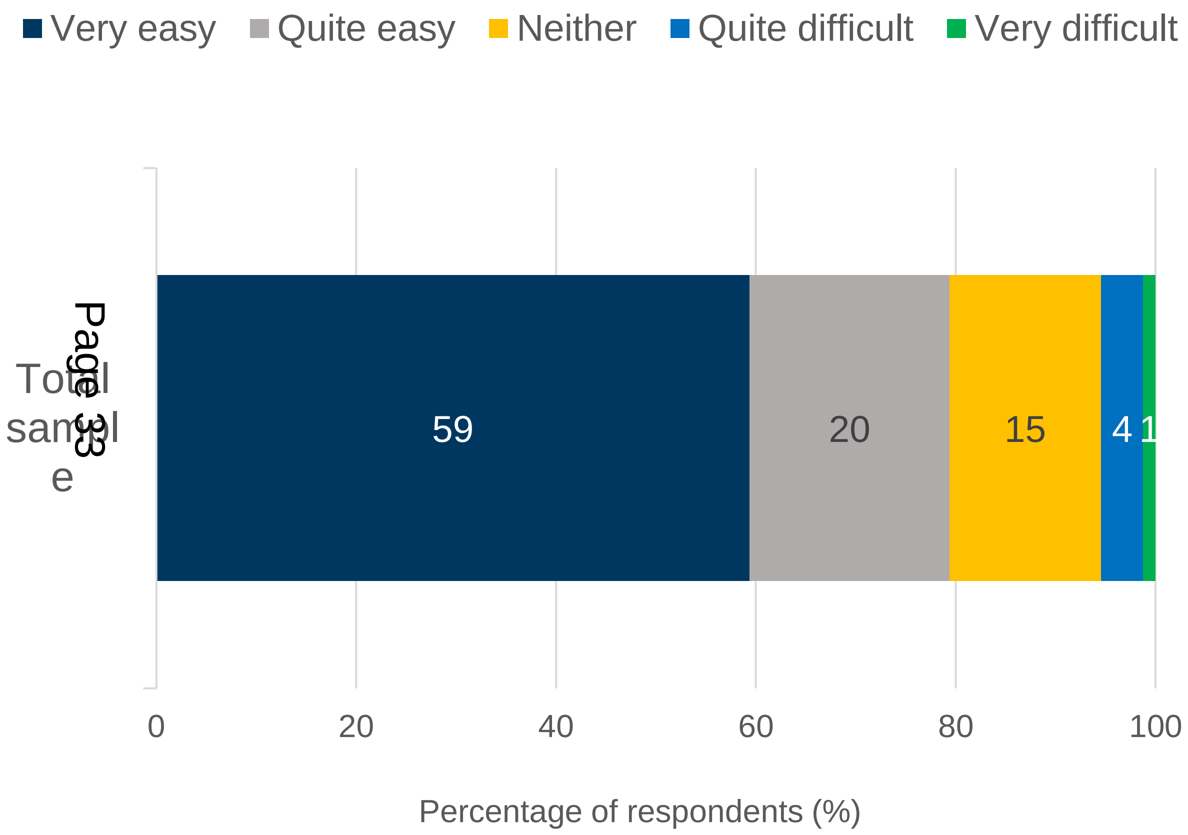
Q: ***'Have you used the booking system at the Port Solent Household Waste Recycling Centre (HWRC) by respondent type?*** | *Base: Individual (192) | Business (3*) *Caution small base*



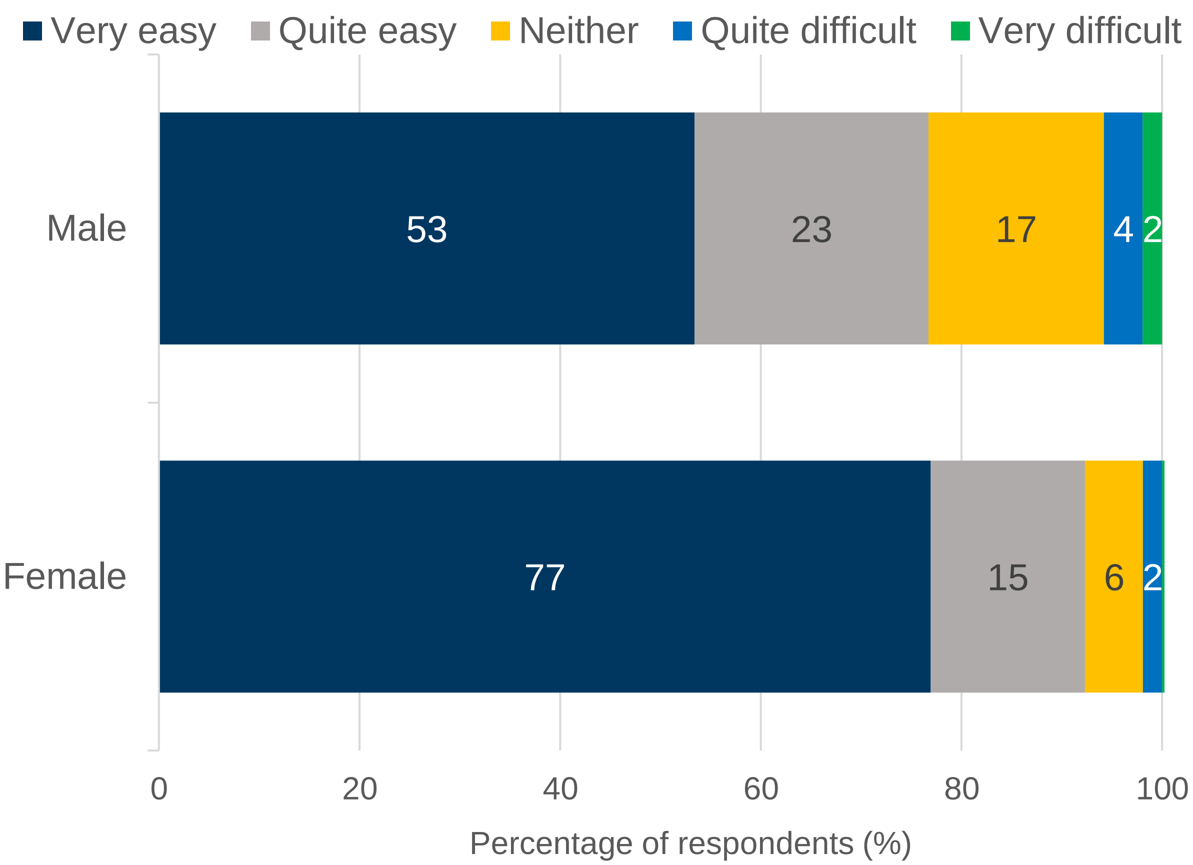
- The majority of respondents have used the booking system at the Port Solent Household Waste Recycling Centre (85%), whilst 15% have not
- Whilst 85% of individuals have used the booking system, only a third of businesses have used it, although caution should be taken interpreting these results due to a small base number for businesses

Ease of use

Q: ***'How easy was the booking system to use?'*** | *Base: Respondents who have used the booking system (165)*



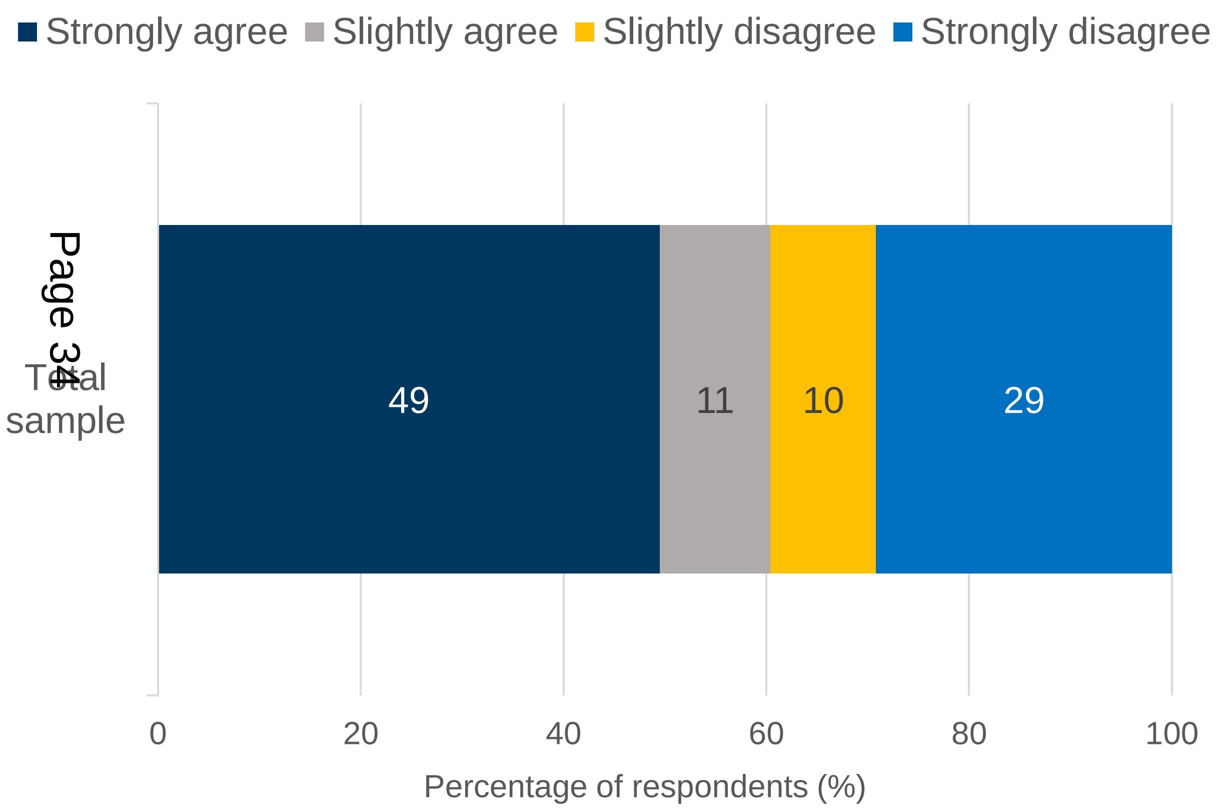
Q: ***'How easy was the booking system to use?' – by sex*** | *Base: Respondents who have used the booking system – Male (103) | Female (52)*



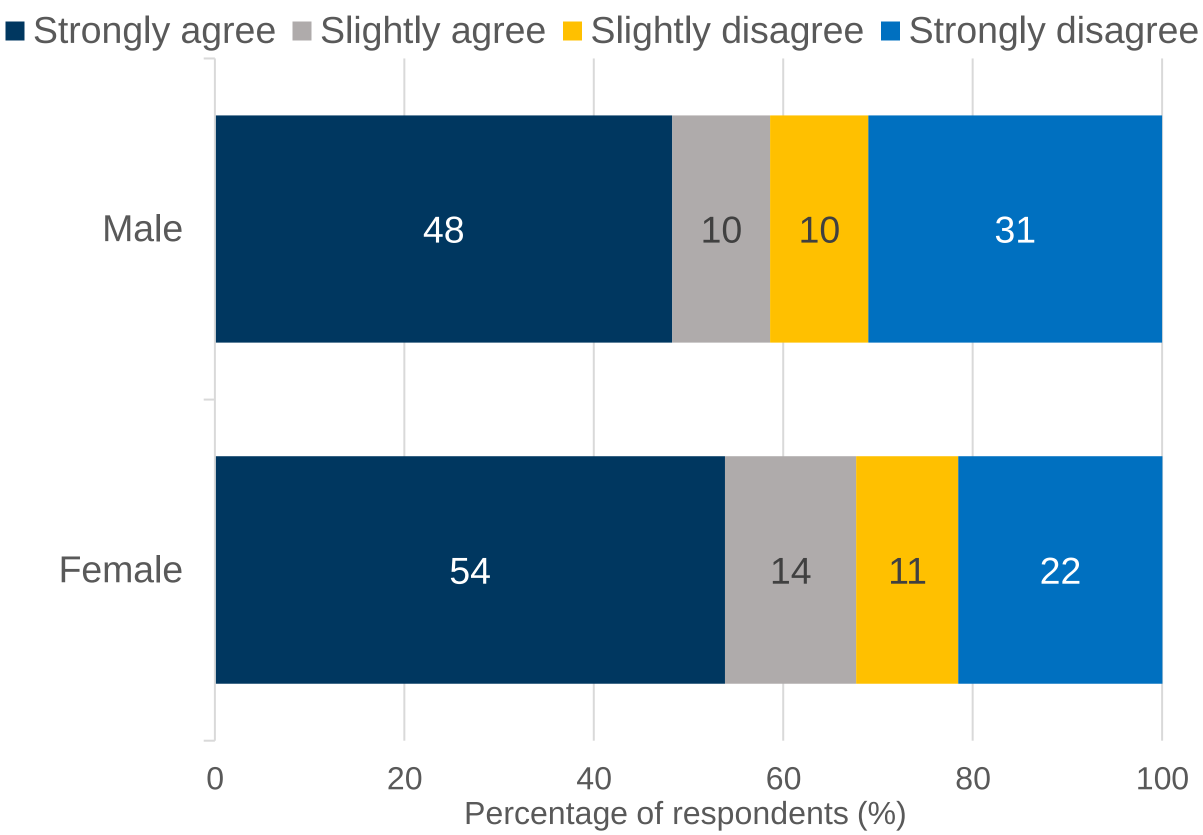
- The majority of respondents found the booking system 'very easy' to use (59%) a further fifth found it 'quite easy' to use. Only 5% of respondents found the booking system 'quite' or 'very difficult' to use
- A much higher proportion of females found the booking system 'very easy' to use compared to males (+24 percentage points)

Agreement levels with booking system remaining

Q: ***'How much do you agree or disagree that the current booking system at Port Solent HWRC should remain in place?'*** | *Base: Total sample (192)*



Q: ***'How much do you agree or disagree that the current booking system at Port Solent HWRC should remain in place?' - by sex***
Base: Male (117) | Female (65)

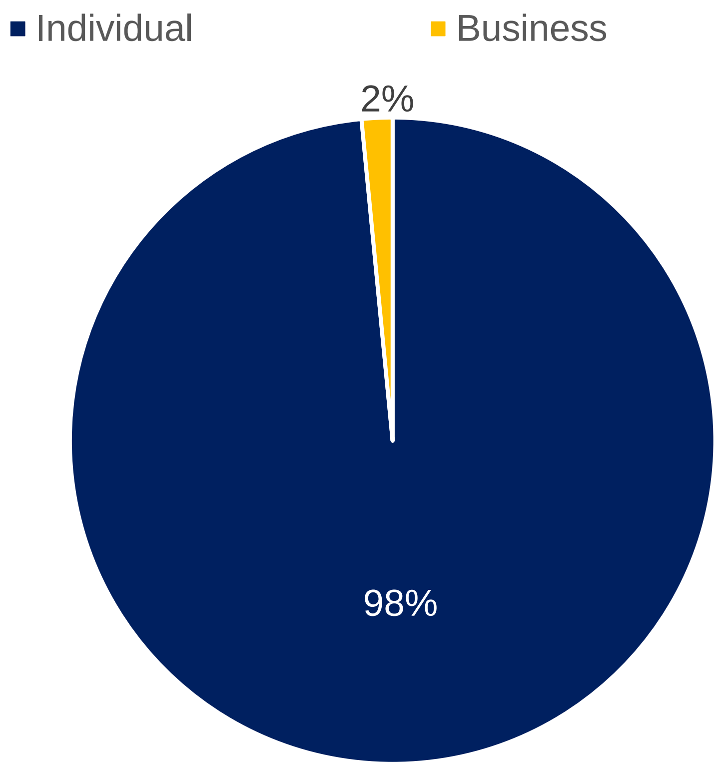


- 60% of respondents 'strongly' or 'slightly' agree that the current booking system at Port Solent HWRC should remain in place
- Females are more positive across the board; they were more likely to say they found using the booking system 'very easy' and are more likely to want the booking system to remain in place

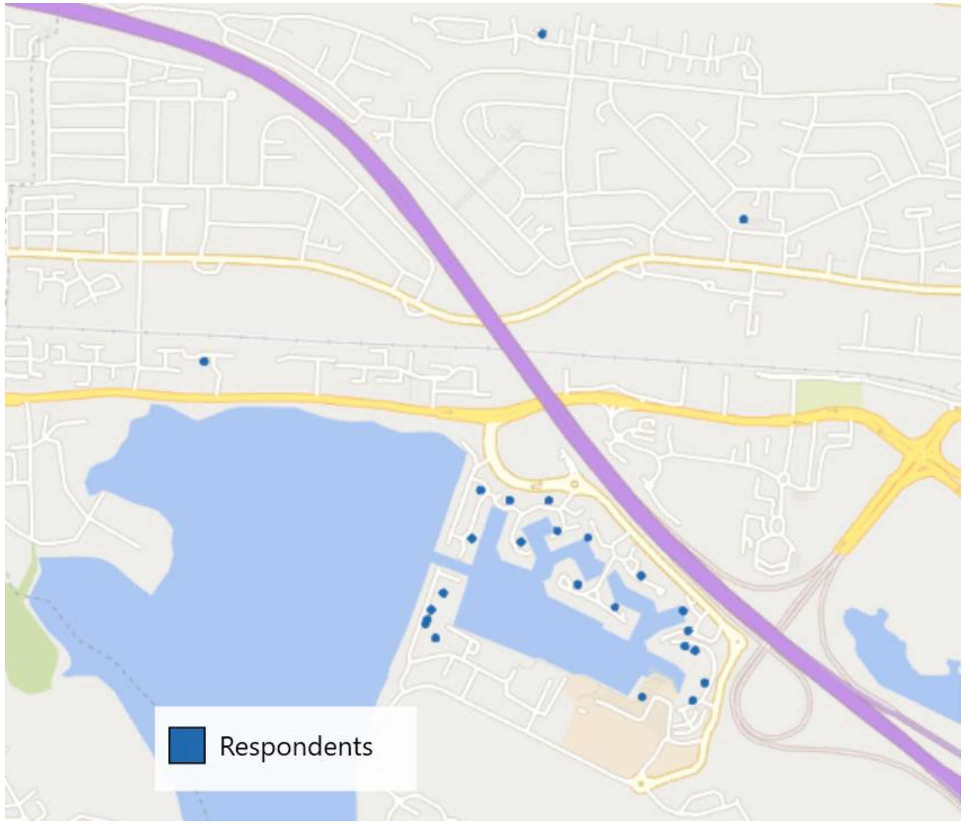
Who we engaged with

Respondent profile and postcode

Q: ***'Are you responding as an individual or business?'***
Base: Total sample (195)



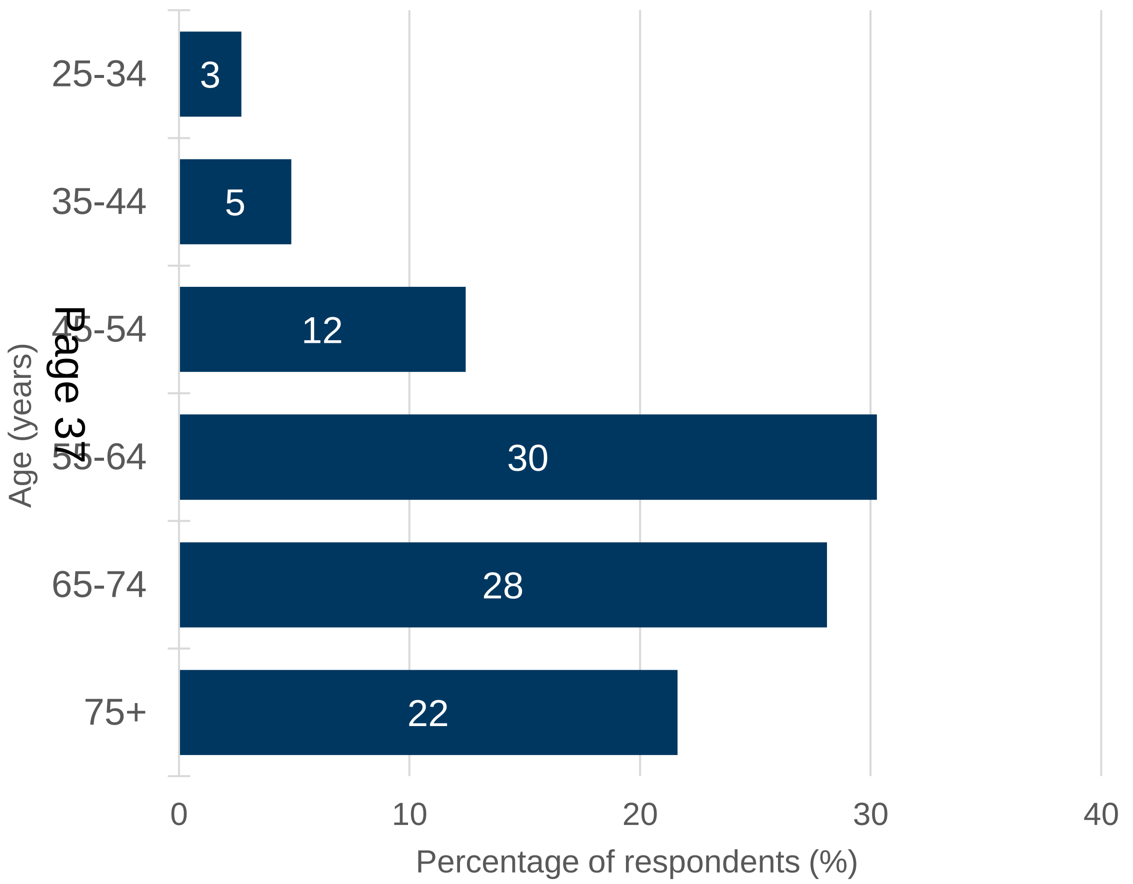
Q: ***'What is your postcode?'*** | *Base: Total sample (187)*



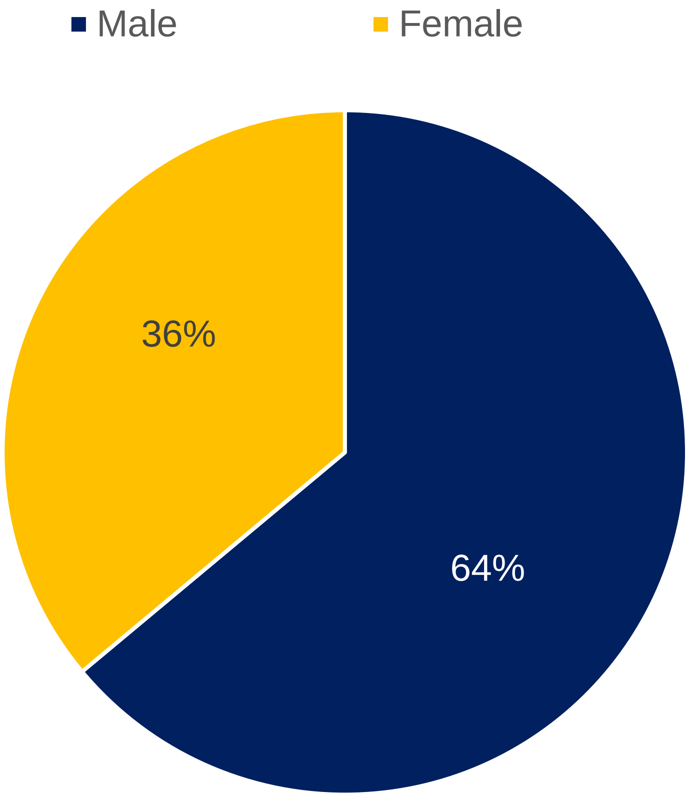
- The vast majority of respondents are responding as an individual (98%), whilst 2% are responding on behalf of a business
- The vast majority of respondents live in PO6, within the Port Solent area

Age and sex

Q: ***'What is your age group?'*** | *Base: Total sample (185)*



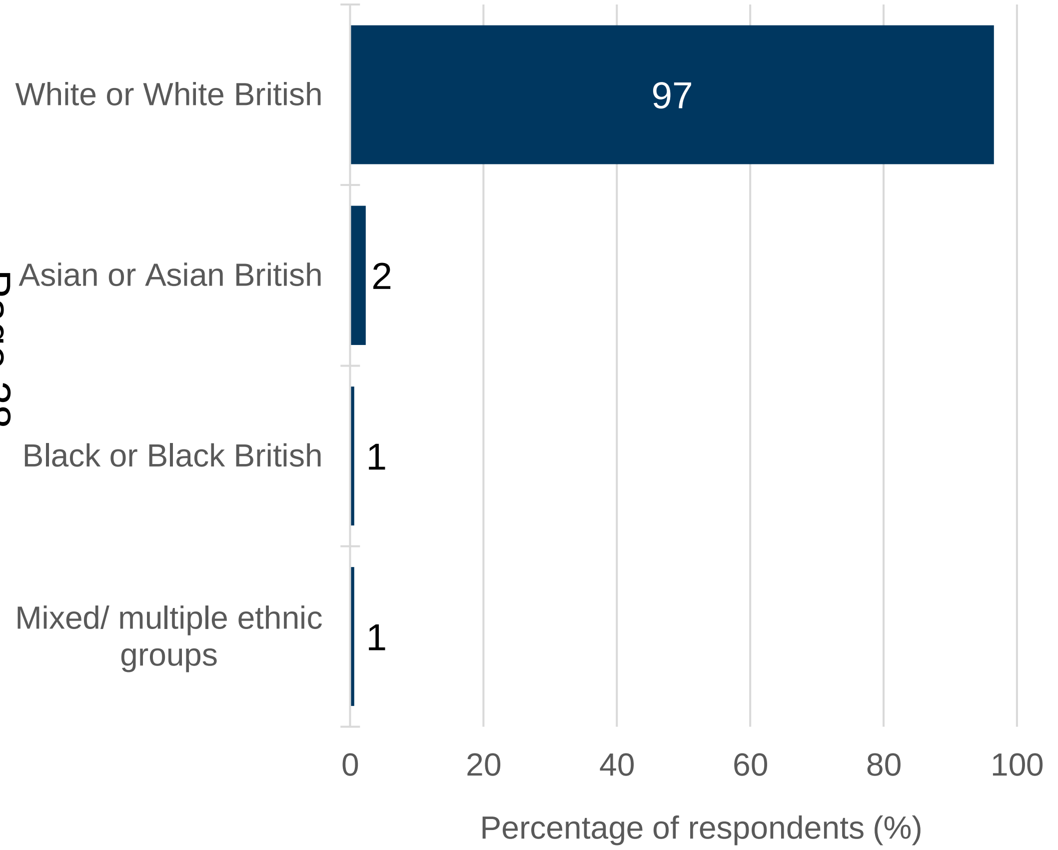
Q: ***'What is your sex?'*** | *Base: Total sample (183)*



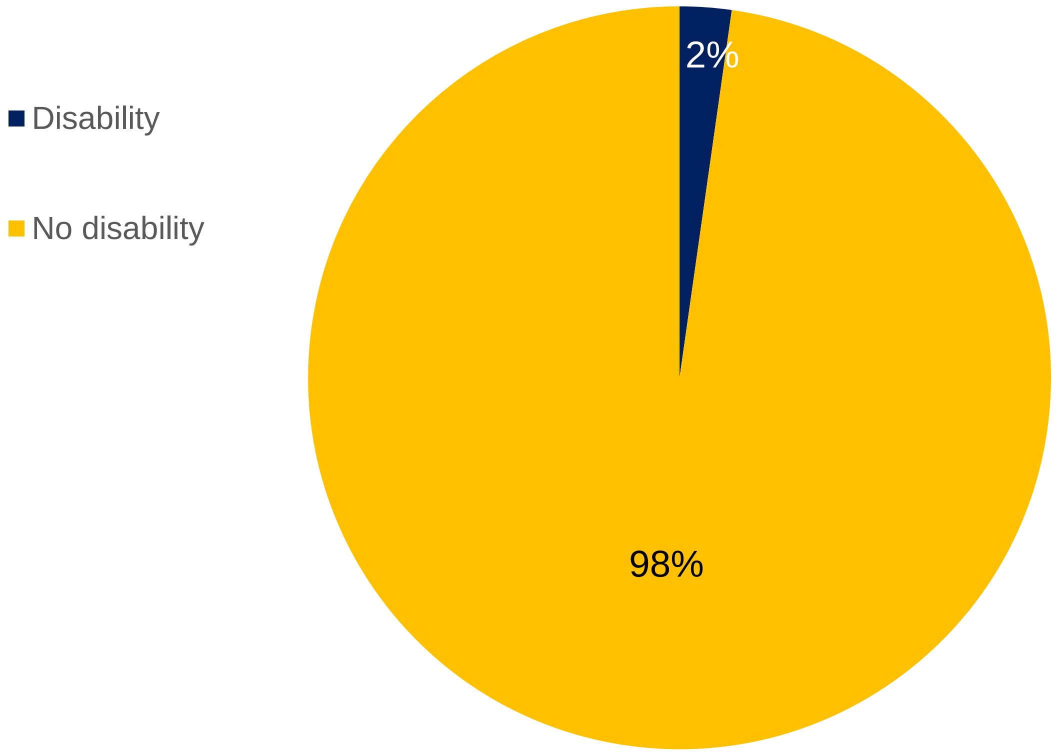
- The majority of respondents are aged 55 and over (80%), whilst just 8% are under the age of 45
- Just under two thirds of respondents are male (64%), whilst 36% are female

Ethnicity and disability

Q: ***'What is your ethnic group?'*** | *Base: Total sample (172)*



Q: ***'Do you consider yourself to have a disability under the Equality Act 2010'?*** | *Base: Total sample (178)*



- The vast majority of respondents are White or White British (97%), whilst 2% are Asian or Asian British, and 1% each are Black or Black British or mixed/ multiple ethnic groups
- The vast majority of respondents do not have a disability (98%)

Portsmouth
CITY COUNCIL

Title of meeting:	Governance and Audit and Standards Committee Cabinet City Council
Date of meeting:	08 March 2023 (Governance and Audit and Standards Committee) 07 March 2023 (Cabinet) 14 March 2023 (City Council)
Subject:	Treasury Management Policy 2023/24
Report by:	Chris Ward, Director of Finance and Resources (Section 151 Officer)
Wards affected:	All
Key decision:	Yes
Full Council decision:	Yes

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1. Executive Summary of the Treasury Management Policy Statement

1.1. Treasury Management Policy

The attached Treasury Management Policy sets out the Council's policies on borrowing and investing temporarily unallocated cash resources flows for 2023/24.

In addition, the Prudential Code produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) requires the City Council to also approve a Capital Strategy (reported elsewhere on the Cabinet Agenda for 07 March 2023) providing an overview of the Council's plans for capital expenditure, its borrowing, and its investments.

The Treasury Management Policy (attached) also sets several treasury management indicators that will establish the boundaries within which treasury management activities will be undertaken.

1.2. Annual Investment Strategy

The Treasury Management Policy includes the strategy for the investment of temporarily unallocated cash resources, known as the Annual Investment Strategy, which establishes the types of investment, investment counter parties and investment durations that the Council will operate within.

2. Purpose of report

2.1. The purpose of this report is to obtain the Council's approval of the updated Treasury Management Policy Statement (attached) which includes the Annual Investment Strategy.

3. Recommendations

3.1. That the upper limit for principal sums invested for longer than 365 days contained in paragraph 4.6 of the attached Treasury Management Policy Statement be approved;

3.2. That the upper and lower limits on the maturity structure of borrowing contained in appendix 5.1 of the attached Treasury Management Policy Statement be approved;

3.3. That the attached Treasury Management Policy Statement including the Treasury Management Strategy and Annual Investment Strategy for 2023/24 be approved;

3.4. That the following changes compared to the previous Treasury Management Policy be noted:

(i) the inclusion of a new treasury management indicator for 2023/24 known as the liability benchmark. This graphically compares the Council's net loans requirement against its existing loan debt, showing the amount of borrowing required in future years.

(ii) medium and longer dated borrowing rates are high, but are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. With this in mind, the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully drawn with loan debt as cash from the Authority's reserves, balances and cash flows has been used as a temporary measure. This is a change of emphasis from the 2022/23 Treasury Management Strategy which was approved at a time of low interest rates which were expected to increase. The 2022/23 Treasury Management Strategy placed more emphasis on having a predictable revenue cost of borrowing in the long-term. Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Finance and Resources (Section 151 Officer) will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances, always seeking to balance risk, certainty and cost.

(iii) where state institutions own 50% or more of an entity and can exert significant influence over the counterparty through their shareholdings, the Council will in future avoid investments in such institutions where the state institution has a poor human rights record.

3.5. As set out in paragraph 1.5 of the Treasury Management Policy Statement, the Director of Finance and Resources (Section 151 Officer) and officers nominated by him have delegated authority to:

(i) invest surplus funds in accordance with the approved Annual Investment Strategy;

(ii) borrow to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt of £1,100m approved by the City Council on 28 February 2023;

(iii) reschedule debt to even the maturity profile or to achieve revenue savings;

(iv) to buy and sell foreign currency, and to purchase hedging instruments including forward purchases, forward options, and foreign exchange rate swaps to mitigate the foreign exchange risks associated with some contracts that are either priced in foreign currencies or where the price is indexed against foreign currency exchange rates

3.6. That the Director of Finance and Resources (Section 151 Officer) has the power to delegate treasury management operations to relevant staff;

3.7. That the Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee be informed of any variances from the Treasury Management Policy when they become apparent, and that the Leader of the City Council be consulted on remedial action (paragraph 1.2 of the Treasury Management Policy Statement).

4. Background

4.1. The Council's treasury management operations cover the following:

- Cash flow forecasting (both daily balances and longer-term forecasting)
- Investing temporary surplus cash flows in approved investments
- Borrowing to finance short term cash deficits and capital payments
- Management of debt (including rescheduling and ensuring an even maturity profile)
- Interest rate exposure management
- Hedging foreign exchange rate risks

4.2. The key risks associated with the Council's treasury management operations are:

- Credit risk - i.e. that the Council is not repaid, with due interest in full, on the day repayment is due;
- Liquidity risk - i.e. that cash will not be available when it is needed, or that the ineffective management of liquidity creates additional, unbudgeted costs;
- Interest rate risk - that the Council fails to get good value for its cash dealings (both when borrowing and investing) and the risk that interest costs incurred are more than those for which the Council has budgeted;

- Exchange rate risk - the risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately;

- Inflation risk, i.e. the chance that cash flows from an investment will not be worth as much in future because of changes in purchasing power due to inflation;

- Maturity (or refinancing risk) - this relates to the Council's borrowing or capital financing activities, and is the risk that the Council is unable to repay or replace its maturing funding arrangements on appropriate terms;

- Procedures (or systems) risk - i.e. that a treasury process, human or otherwise, will fail and planned actions are not carried out through fraud, error, or corruption.

4.3. The total borrowings of the Council on 01 April 2023 are estimated to be £748m. The Council's investments on 01 April 2023 are estimated to be £325m. The cost of the Council's borrowings and the income derived from the Council's short-term treasury investments (i.e. excluding commercial property investments) are included within the Council's treasury management budget of £26m per annum. The Council's treasury management activities account for a sizeable proportion of the Council's overall budget. Therefore the Council's Treasury Management Policy aims to manage risk while optimising costs and returns. The Council will monitor and measure its treasury management position against the indicators contained in the Treasury Management Policy.

4.4. The City Council has adopted CIPFA's Treasury Management in the Public Services Code of Practice. The Code of Practice requires the City Council to approve a Treasury Management Strategy before the start of the financial year.

4.5. In addition the Government has issued statutory guidance that requires the Council to approve an Annual Investment Strategy before the start of the financial year.

4.6. The Treasury Management Strategy, and the Annual Investment Strategy are all contained within the attached Treasury Management Policy Statement.

5. Reasons for recommendations

5.1. The recommendations provide assurance that the Council's attached Treasury Management Policy Statement reflects CIPFA's Treasury Management Code of Practice and have regard to statutory guidance issued by the Government. These are designed to:

- Enable the Council to borrow funds as part of managing its cash flow or to fund capital expenditure in a way that minimises risk and costs;

- Provide for the repayment of borrowing;

- Ensure that the Council's investments are secure;

- Ensure that the Council maintains sufficient liquidity;

- Maximise the yield on investments in a way that is commensurate with maintaining the security and liquidity of the investment portfolio;

5.2 The inclusion of a new treasury management indicator for 2023/24 known as the liability benchmark is a requirement of CIPFA's Treasury Management in the Public Services Code of Practice. The liability benchmark graphically compares the Council's net loans requirement against its current borrowings. When the Council's existing loans exceed its net loans requirement, surplus funds must be invested, carrying credit risk if an investment counterparty defaults, and the risk that the temporary surplus cash cannot be invested at a return exceeding the cost of the borrowing, known as the cost of carry. When the Council's net loans requirement exceeds its current borrowings, the Council is exposed to the risk that interest rates could increase before actual external borrowing is undertaken.

5.3 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully drawn with loan debt as cash from the Authority's reserves, balances and cash flows has been used as a temporary measure. This is a change of emphasis from the 2022/23 Treasury Management Strategy which placed more emphasis on having a predictable revenue cost of borrowing in the long-term, always seeking to balance risk, certainty and cost. Undertaking borrowing from external sources when required allows the Council to lock into an interest rate on its borrowings and have a predictable cost of borrowing in the long term. When interest rates are low but expected to increase, as was the case when the 2022/23 Treasury Management Strategy was approved, it can be beneficial in the long term to borrow externally. However, the Council does not have to borrow externally as soon as capital expenditure is financed from borrowing as it is currently holding cash from its general balances and earmarked reserves. This gives the Council the ability to fund capital expenditure from its cash balances in the short term. This is known as internal borrowing. With interest rates currently being high but expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy, it is likely to be beneficial to delay undertaking external borrowing. Delaying external borrowing until the Council needs the cash also eliminates the risk of a cost of carry in the short term. This is where the returns on the Council's investments are less than the cost of borrowing. However, delaying borrowing externally does carry the risk that interest rates may increase resulting in a higher long-term cost of borrowing. The Director of Finance and Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

5.4 It is recommended that where state institutions own 50% or more of an entity and can exert significant influence over the counterparty through their shareholdings, the Council will in future avoid investments in such institutions where the state institution has a poor human rights record. This will ensure that the Council is acting in an ethical manner and protect the Council from reputational risks.

6. Integrated impact assessment

6.1. The contents of this report do not significantly impact Portsmouth's communities (other than through the finances of the City Council), or equality and diversity.

7. Legal implications

7.1. The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2011 to ensure that the Council's budgeting, financial management, and accounting practices meet the relevant statutory and professional requirements. Members must have regard to and be aware of the wider duties placed on the Council by various statutes governing the conduct of its financial affairs.

8. Director of Finance's comments

8.1. All financial considerations are contained within the body of the report and the attached appendices.

………………………………………………
Signed by: Director of Finance and Resources

Appendices: Treasury Management Policy Statement 2023/24

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Location:	Location
Information pertaining to the Treasury Management Strategy	Financial Services

TREASURY MANAGEMENT POLICY STATEMENT FOR 2023/24 INCLUDING:

- **TREASURY MANAGEMENT STRATEGY**
- **ANNUAL INVESTMENT STRATEGY**

Portsmouth City Council
Director of Finance and Resources (Section 151 Officer)

INDEX

1. INTRODUCTION

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Temporary surplus cash flows are invested in low-risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity primarily before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses (usually from Reserves or Balances that are not required immediately but are earmarked or budgeted for future use). On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as these are needed for a future purpose and any loss of principal will in effect result in a loss to the General Fund Balance and therefore put spending plans at risk

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the local authority's borrowing, investments and 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."

Whilst any commercial initiatives or loans to third parties will affect the treasury function, these activities are classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

1.2 Reporting requirements

Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following:

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services

- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of this Capital Strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements and governance procedures.

Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a) **Treasury Indicators and Treasury Strategy** (this report) - The first, and most important report is forward looking and covers:
   - the treasury management strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
   - an investment strategy, (the parameters on how investments are to be managed).

b) **A Mid-year Treasury Management report** – This is primarily a progress report and will update members on the treasury management position, amending prudential and treasury management indicators as necessary, and revising any policies if required. In addition, the Governance and Audit and Standards Committee will receive quarterly update reports.

c) **An Annual Treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Governance and Audit and Standards Committee.

In addition, the Governance and Audit and Standards Committee receives quarterly treasury management monitoring reports.

The Chief Executive, the Leader of the City Council and the Chair of the Governance and Audit and Standards Committee will be informed of any variances from the Treasury Management Policy when they become apparent, and the Leader of the City Council will be consulted on remedial action.

1.3 Treasury Management Strategy for 2023/24

The strategy for 2023/24 covers:

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy including the risk appetite;

- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy including the risk appetite;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

A formal record of the training received by officers central to the Treasury function will be maintained by the Deputy Director of Finance and Section 151 Officer. Similarly, a formal record of the treasury management/capital finance training received by members will also be maintained by the Deputy Director of Finance and Section 151 Officer.

1.5 Treasury Management Staff

The treasury management function is undertaken by the Director of Finance and Resources (Section 151 Officer). This includes:

i) Investing surplus funds in accordance with the approved Annual Investment Strategy;
ii) Borrowing to finance short term cash deficits and capital payments from any reputable source within the authorised limit for external debt;
iii) Rescheduling debt to even the maturity profile or to achieve revenue savings and;
iv) To buy and sell foreign currency and hedge against currency movements to fulfil contracts priced in or indexed against foreign currencies.

The Director of Finance and Resources will have the power to delegate authority to undertake these functions to relevant officers including the Deputy Director of Finance and Section 151 Officer, Finance Managers, the Treasury Manager and various back up cash dealers drawn from the Finance Directorate. The Director of Finance and Resources (Section 151 Officer), the Deputy Director of Finance and Section 151 Officer, and the Finance Manager (Technical and Financial Planning) are all qualified Chartered Public Finance Accountants.

1.6 Treasury Management Consultants

The Council employs professional consultants to:

- Provide interest rate forecasts to inform the Council's borrowing and investment decisions;
- Information on creditworthiness to inform investment decisions;

- Benchmark the Council's investment performance against other local authorities.

The Council currently retains "Link Asset Services, Treasury Solutions" as its external treasury management advisors. The contract will be re-let through a competitive process in accordance with the Council's procurement rules.

The Council also uses information from other sources such as the Building Societies Association and Homes England.

The Council recognises that responsibility for treasury management decisions always remains with the organisation and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including from, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services 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 scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and more commercial type investments, such as investment properties, which are outside the scope of the Treasury Management Strategy. The commercial type investments require specialist advisers, and the Council uses Avison Young in relation to this activity.

2. THE CAPITAL PRUDENTIAL INDICATORS 2022/23 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

The Capital Programme approved by the City Council on 28 February 2023 can be summarised in Table A as follows:

Table A	**2021/22 Actual** £m	**2022/23 Revised Estimate** £m	**2023/24 Estimate** £m	**2024/25 Estimate** £m	**2025/26 Estimate** £m	**2026/27 Estimate** £m	**2027/28 Estimate** £m
Other Non - Housing Revenue Account	163	247	279	151	74	34	4
Housing Revenue Account (HRA)	64	72	104	89	61	33	35
Total	**227**	**319**	**383**	**240**	**135**	**67**	**39**
Element financed from borrowing	**44**	**59**	**171**	**123**	**51**	**-**	**-**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's indebtedness and therefore its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital funding resource, will increase the CFR.

The CFR does not increase indefinitely and is reduced by the minimum revenue provision (MRP) which is a statutory annual revenue charge that reduces the indebtedness broadly in line with each asset's life, thus the economic consumption of capital assets as they are used is charged to the Council's Revenue Budget.

The CFR includes any other long-term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of schemes include a borrowing facility by the PFI, or lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £51m of such schemes within the CFR.

The projected CFR is shown below:

Table B	2021/22 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Capital Financing Requirement (£m)							
Investment Properties	163	164	173	173	173	173	173
Other Non - Housing Revenue Account	465	481	563	617	631	622	611
Sub - Total	**628**	**645**	**736**	**790**	**804**	**795**	**784**
Housing Revenue Account (HRA)	229	260	331	390	417	414	411
Total CFR	**857**	**905**	**1,067**	**1180**	**1,221**	**1,209**	**1,195**

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The details above demonstrate the scope of this activity and, by approving these sums; consider the scale proportionate to the Authority's remaining activity.

2.3 Liability Benchmark

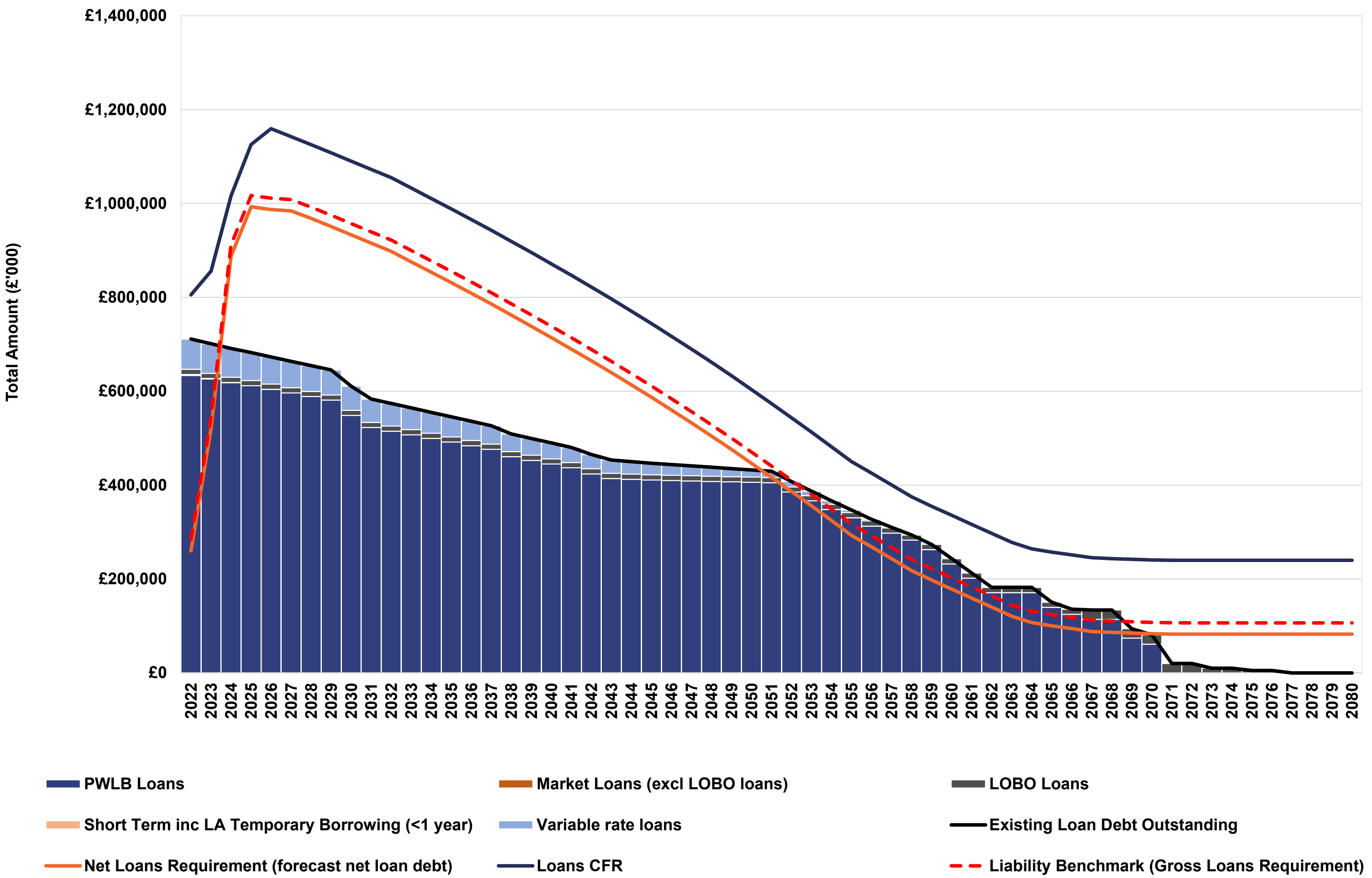
A new treasury management indicator for 2023/24 is the Liability Benchmark (LB). The Authority is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB:

1) **Existing loan debt outstanding** (shown as a bar chart below): the Authority's existing loans that are still outstanding in future years.
2) **Loans CFR** (the top line in the graph below): this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3) **Net loans requirement** (the bottom line in the graph below): this shows the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4) **Liability benchmark** (or gross loans requirement) (the middle line in the graph below): this equals net loans requirement plus short-term liquidity allowance.

The short-term liquidity allowance is an adequate (but not excessive) allowance for a level of excess cash to be invested short-term to provide access to liquidity if needed (due to short-term cash flow variations, for example).

Liability Benchmark



The Council's current borrowing exceeds its liability benchmark. This has resulted in excess cash requiring investment. However between 2023/24 and 2052/53 the Council's actual loans are less than the liability benchmark indicating a future borrowing requirement.

2.4 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Table C Year End Resources £m	**2021/22 Actual**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**	**2027/28 Estimate**
Fund balances / reserves	274	216	191	180	179	179	179
Capital grants unapplied	48	48	48	48	48	48	48
Capital receipts	18	18	18	18	18	18	18
Provisions	15	15	15	15	15	15	15
Other	122	122	122	122	122	122	122
Total core funds	**477**	**419**	**394**	**383**	**382**	**382**	**382**
Working capital*	78	63	63	63	63	63	63
Over / (under) borrowing - see below	(95)	(157)	(332)	(407)	(417)	(420)	(421)
Expected investments	**460**	**325**	**125**	**50**	**39**	**25**	**24**

*Working capital balances shown are estimated year-end; these may be higher mid-year

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities.

3.1 Current Borrowing

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

Table D	**2021/22 Actual**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**	**2027/28 Estimate**
External Debt (£m)							
Debt on 1st April	721	711	702	693	735	769	760
Expected change in Debt	(10)	(9)	(9)	42	34	(9)	(9)
Other long-term liabilities (OLTL) on 1 April	57	51	46	42	38	35	29
Expected change in OLTL	(6)	(5)	(4)	(4)	(3)	(6)	(6)
Actual gross debt on 31 March	**762**	**748**	**735**	**773**	**804**	**789**	**774**
The Capital Financing Requirement	**857**	**905**	**1,067**	**1,180**	**1,221**	**1,209**	**1,195**
Over / (under) borrowing	(95)	(157)	(332)	(407)	(417)	(420)	(421)

Within the above figures the level of debt relating to commercial activities / non-financial investment is:

Table E	**2021/22 Actual**	**2022/23 Estimate**	**2023/24 Estimate**	**2024/25 Estimate**	**2025/26 Estimate**	**2026/27 Estimate**	**2027/28 Estimate**
External Debt for investment properties							
Actual debt on 31 March £m	163	164	173	173	173	173	173
Percentage of total external debt %	21%	22%	24%	22%	22%	22%	22%

Within the range of prudential indicators, there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Director of Finance and Resources (Section 151 Officer) reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view considers current commitments, existing plans, and proposals in the budget.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit, set as part of the capital programme, beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and of other cash resources (as described in Table B).

Table F	2022/23 Estimate (£m)	2023/24 Estimate (£m)	2024/25 Estimate (£m)	2025/26 Estimate (£m)	2026/27 Estimate (£m)	2027/28 Estimate (£m)
Commercial activities/ non-financial investments	164	173	173	173	173	173
Other Debt	696	852	969	1,013	1,019	1,014
Other long-term liabilities	46	42	38	35	29	23
Total	**906**	**1,067**	**1,180**	**1,221**	**1,221**	**1,210**

The authorised limit for external debt. This is a key prudential indicator, set as part of the capital programme, and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

Table G	2022/23 Estimate (£m)	2023/24 Estimate (£m)	2024/25 Estimate (£m)	2025/26 Estimate (£m)	2026/27 Estimate (£m)	2027/28 Estimate (£m)
Commercial activities/ non-financial investments	164	173	173	173	173	173
Other Debt	727	885	1,002	1,047	1,053	1,049
Other long-term liabilities	46	42	38	35	29	23
Total	**937**	**1,100**	**1,213**	**1,255**	**1,255**	**1,245**

3.3 Prospects for interest rates

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 07 February 2022. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	07.02.23												
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

The MPC further demonstrated its anti-inflation credentials by delivering a further 0.5% increase in the Bank Rate on 02 February. Bank Rate stands at 4.0% currently but is expected to reach a peak of 4.5% in the first half of 2023.

In the medium term, we anticipate the Bank of England will be keen to loosen monetary policy when the worst of the inflationary pressures are behind us – but that timing will be one of fine judgment: cut too soon, and inflationary pressures may well build up further; cut too late and any downturn or recession may be prolonged.

The consumer price index CPI measure of inflation looks to have peaked at 11.1% in Q4 2022 (currently 10.7%). Despite the cost-of-living squeeze that is still taking shape, the Bank will want to see evidence that wages are not spiralling upwards in what is evidently a very tight labour market.

3.4 Bond yields / Public Works Loans Board (PWLB) rates.

Gilt yields and hence PWLB rates have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 4.10% to 4.80%.

Our treasury advisors, Link Group, view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook.

3.5 Investment and borrowing rates

Investment returns. With the increase in base rate, new investments made in 2022/23 have had higher returns, and this has resulted in the overall rate of return on the Council's investments increasing. This is expected to continue into 2023/24.

Borrowing for capital expenditure. Link's long-term (beyond 10 years), forecast for Bank Rate is 2.5%. As all PWLB certainty rates are currently above this level, our borrowing strategy will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed local authority (LA) to LA monies will be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

3.6 Borrowing strategy and risk appetite

The Authority is currently maintaining an under-borrowed position. This means that the capital borrowing need, (the Capital Financing Requirement), has not been fully drawn with loan debt as cash from the Authority's reserves, balances and temporary cash flows has been used as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels once prevailing inflation concerns are addressed by tighter near-term monetary policy. That is, Bank Rate increases over the first half of 2023.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Director of Finance and Resources will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates,* then borrowing will be postponed.
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast,* fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

3.7 Policy on borrowing in advance of need

Section 12 of the Local Government Act 2003 gives a local authority the power to invest for "any purpose relevant to its functions under any enactment or for the prudent management of its financial affairs". While the speculative procedure of borrowing purely to invest at a profit is clearly unlawful, there is no legal obstacle to the temporary investment of funds borrowed for the purpose of funding capital expenditure incurred in the reasonably near future.

Borrowing in advance of need may enable the City Council to obtain cheaper loans than those available at the time when expenditure is incurred, although the consequent investment of funds borrowed in advance of need does expose the City Council to credit risk. The interest payable on funds borrowed in advance of need may exceed the interest earned on the investment of those funds. The Council may determine to borrow in advance of need in circumstances where it is reasonably expected that the total cost of borrowing over the whole life of the loan in present value terms is lower by borrowing in advance of need.

3.8 Debt rescheduling

Rescheduling of current borrowing in our debt portfolio is unlikely to occur as there is a large difference between premature redemption rates and the PWLB's new borrowing rates.

If rescheduling was done, it will be reported to the Cabinet / Council, at the earliest meeting following its action.

3.9 Approved Sources of Long and Short Term Borrowing

	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
UK Infrastructure Bank	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)		●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Internal (capital receipts & revenue balances)	n/a	n/a
Finance leases	●	●

3.10 Apportionment of Borrowing Costs to the Housing Revenue Account (HRA)

The Council operates two loans pools for the purposes of apportioning borrowing costs to the HRA.

The first loans pool consists of all the Council's loans taken out prior to 2020/21 for both General Fund and HRA purposes. The Council will continue to operate this loans pool and apportion costs according to locally established principles. The principles upon which the apportionment of borrowing costs should be based are as follows:

- The apportionment is broadly equitable between the HRA and the General Fund, and is detrimental to neither;
- The loans portfolio is managed in the best interests of the whole authority;

The second loans pool consists of the three £20m loans that were taken from the PWLB at the HRA Certainty Rate which was 1.0% below the PWLB General Fund Certainty Rate at the time. The borrowing costs on these loans will be charged to the HRA in their entirety.

From 25 November 2020 the PWLB General Fund Certainty Rate was reduced by 1.0%, thereby removing the differential between the General Fund and HRA PWLB rates. Any future borrowing will therefore be included in the first loans pool covering both the HRA and the General Fund.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment policy – management of risk

The Department of Levelling Up, Housing and Communities (DLUHC - this was formerly the Ministry of Housing, Communities and Local Government (MHCLG)) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following:

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite.

The above guidance from the DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk that is measured by the following means:

1) Minimum acceptable **credit criteria** are applied to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings including outlooks and credit watches.
2) **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.
3) **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4) This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in appendix 5.2 under the categories of 'specified' and 'non-specified' investments.
    - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.

- **Non-specified investments** are those with less high credit quality, may be for periods more than one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. Once an investment is classed as non-specified, it remains non-specified all the way through to maturity i.e. an 18-month deposit would still be non-specified even if it has only 11 months left until maturity.

Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments to £200m, (see paragraph 4.3).

Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.

This authority will set a limit for its investments that are invested for **longer than 365 days**, (see paragraph 4.7).

Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).

This authority places **sector and geographical limits** on its investment portfolio to avoid the concentration of risk, (Appendix 5.3).

Because of the change in accounting standards for 2020/21 under IFRS 9, this authority will consider the implications of investment instruments, which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, (MHCLG), concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31 March 2023. A further extension to the over-ride to 31 March 2025 has been agreed by the Government.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance and Resources (Section 151 Officer) will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval, as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality that the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Link Group, our treasury advisors, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of the longer-term bias outside the central rating view) are provided to officers almost immediately after they occur, and this information is considered before dealing. For instance, a negative rating Watch applying to a counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed considering market conditions.

The criteria for providing a pool of high-quality investment counterparties, (both specified and non-specified investments) is:

- Banks 1 - good credit quality **–** the Council will only use banks which:
  i) are UK banks; and/or
  ii) are non-UK and domiciled in a country which has a double A sovereign Long-Term rating

  and have, as a minimum, the following Fitch, Moody's, and Standard & Poor's credit ratings (where rated):
  i) Short Term - F1, P-2, or A-2
  ii) Long Term – A-
- Banks 2 – The Council's own banker for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Banks 3 - Secured lending to banks partly owned by the City Council.
- Building Societies. The Council will use all societies which:
  i) Meet the ratings for Banks 1 outlined above or;
  ii) Have assets more than £350m;

  or meet both criteria.
- Money Market Funds (MMFs)
- UK Government (including gilts, Treasury Bills and the DMADF)
- Local authorities
- Housing associations. In addition to ratings from the credit agencies, housing associations will only receive investments if they have a viability rating of V1 and a governance rating of G1 from Homes England.
- Supranational institutions that meet the ratings for banks outlined above

- Corporate Bonds. The Council will invest in corporate bonds which:
    - i) Meet the ratings for Banks 1 outlined above or;
    - ii) Have a credit rating of BBB+ or;
    - iii) Have a credit rating of BBB- but form part of a portfolio managed by professional fund managers
- Universities that meet the ratings for Banks 1 outlined above
- Pooled investment vehicles including equity funds, property funds, corporate bond funds and multi asset funds
- Subsidiary companies of the City Council.

A limit of £200m will be applied to the use of non-specified investments.

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, rating Watches/Outlooks) will be applied to compare the relative security of differing investment opportunities.

Time limits are applied to most investment categories to limit credit risk as the longer the duration of an investment is, the more time there is for the credit quality of the counter party to deteriorate. There are no time limits applied to corporate bonds managed by a professional fund manager, pooled investment vehicles, and subsidiary companies of the Council. Corporate bonds can be sold if there is a need to disinvest and a professional fund manager will have more resources to assess credit quality. Investments in pooled investment vehicles often do not have a predetermined maturity; the Council would withdraw its investment at the appropriate time. The Council controls its subsidiary companies and therefore can have a considerable influence on their credit quality.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are summarised below (these will cover both specified and non-specified investments):

Table H	Fitch Long term Rating (or equivalent)	Money Limit	Time Limit
Banks and Building Societies 1 highest quality	AA-	£26m	6yrs
Banks and Building Societies 1 higher quality	A+	£20m	6yrs
Banks and Building Societies 1 medium quality	A	£15m	6yrs
Banks 1 lower quality	A-	£10m	6yrs
Banks 2 the Council's own banker if the criteria for Banks 1 is not met	-	Minimised	Minimised
Banks 3 partly owned by the Council	-	£10m	5yrs
Building Societies with assets of more than £350m	-	£6m	2yrs
UK Government including DMADF and institutions guaranteed by the UK Government	UK sovereign rating	unlimited	6yrs
Local authorities	N/A	£30m	6yrs
Housing associations higher quality	AA-	£30m	10yrs
Housing associations lower quality	A-	£20m	10yrs
Corporate bonds purchased by City Council but not meeting criteria for Banks 1 above	BBB+	£7m	365 days
Corporate bonds managed by a professional fund manager	BBB-	£0.32m per bond up to a limit of £8m	Unlimited
Pooled investment vehicles	-	£50m	Unlimited
Subsidiary companies of the Council	-	£30m	Unlimited
	Fund rating	**Money Limit**	**Time Limit**
Money Market Funds	AAA	£26m	liquid
Enhanced Money Market Funds	AA	£20m	liquid

*Building Societies with assets of more than £350m was omitted from the above summary in the 2022/23 Treasury Management Strategy.

The proposed criteria for specified and non-specified investments are shown in Appendix 5.2 for approval.

Creditworthiness. Significant levels of downgrades to short- and long-term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. However, as economies are beginning to reopen, there have been some instances of previous lowering of Outlooks being reversed.

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards in the autumn, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. Link monitor CDS prices as part of their creditworthiness service to local authorities and the Authority has access to this information via its Link-provided Passport portal.

4.3 Other limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups, and sectors.

a) **Non-specified investment limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments to £200m.

b) **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch or equivalent.

c) **Other limits.** In addition:

- limits in place above will apply to a group of companies;
- sector and geographic limits will be monitored regularly for appropriateness.

4.4 Environmental, Social and Governance (ESG) Factors

The Council will seek to move towards investments that improve the environment, bring wider social benefits, and are with organisations with good governance.

The Council will avoid investments in fossil fuel extraction unless they are making substantial investment into renewable energy technologies as part of a strategy to move to becoming a clean energy supplier.

The Council will give weight to the environmental, social and governance ratings in making investment decisions, provided that the overall risk profile of the investment portfolio (including liquidity risk) is not compromised, and that decisions remain consistent with responsible financial management and stewardship.

ESG ratings focus on non-financial performance indicators that address a counterparty's approach towards responsible investment, sustainability, its impact on society and the environment, as well as other ethical and corporate governance considerations. Due to the volume of counterparties with which the Council transacts, the speed of such transactions and the depth of due diligence required to investigate and understand the ESG credentials, an ESG screening service is used using industry produced indicators.

Treasury Management investment transactions are limited to institutions with ESG ratings of "Leaders" or "Average". Institutions with an ESG rating of "Laggards" are declined.

An ESG Key Issue hierarchy is used to measure an institution's ESG rating and is based on three pillars, ten themes and thirty-five key issues as follows:

3 Pillars	10 Themes	35 ESG Key Issues	
Environment	Climate Change	Carbon Emissions	Financing Environmental Impact
		Product Carbon Footprint	Climate Change Vulnerability
	Natural Capital	Water Stress	Raw Material Sourcing
		Biodiversity & Land Use	
	Pollution & Waste	Toxic Emissions & Waste	Electronic Waste
		Packaging Material & Waste	
	Environmental Opportunities	Opportunities in Clean Tech	Opportunities in Renewable Energy
		Opportunities in Green Building	
Social	Human Capital	Labor Management	Human Capital Development
		Health & Safety	Supply Chain Labor Standards
	Product Liability	Product Safety & Quality	Privacy & Data Security
		Chemical Safety	Responsible Investment
		Consumer Financial Protection	Health & Demographic Risk
	Stakeholder Opposition	Controversial Sourcing	
		Community Relations	
	Social Opportunities	Access to Communications	Access to Health Care
		Access to Finance	Opportunities in Nutrition & Health
Governance	Corporate Governance	Ownership & Control	Pay
		Board	Accounting
	Corporate Behavior	Business Ethics	
		Tax Transparency	

The ESG ratings model seeks to answer four key questions about institutions:

i) What are the most significant ESG risks and opportunities facing an institution, company, or industry?

ii) How exposed is the institution or company to those key risks and/or opportunities?

iii) How well is the institution or company managing key risks and opportunities?

iv) What is the overall assessment of how the institution or company is managing ESG risks and opportunities and how does it compare to its global industry peers?

The key issue scores and weights are combined and normalised per industry to offer an overall ESG score (0-10) and rating (AAA-CCC) as follows:

The overall ESG Rating measures the ability of an institution to manage key medium- to long-term risks and opportunities arising from environmental, social and governance issues. The ESG Rating is provided on a AAA-CCC scale, with AAA and CCC being the respective highest and lowest fund ratings.

i) Institutions or companies with a "Leader" rating tend to show strong and/or improving management of relevant environmental, social and governance issues. These institutions may be more resilient to disruptions arising from ESG events

ii) Institutions or companies with an "Average" rating tend to show average management of ESG issues

iii) Institutions or companies with a "Laggard" rating do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These institutions may be more vulnerable to disruptions arising from ESG events.

It should be noted that ESG credentials relate to counterparties, as distinct from the country in which the counterparty is domiciled. However, where state institutions own 50% or more of the entity and can exert significant influence over the counterparty through their shareholdings, the Council will avoid investments in such institutions where the state institution has a poor human rights record.

4.5 Investment Strategy and Risk Appetite Statement

All the investment guidance available, both statutory and from the Chartered Institute of Public Finance and Accountancy (CIPFA), makes it clear that all investing must follow SLY principles - security, liquidity, yield. In accordance with the guidance issued, the Council's priority in investing is security, followed by liquidity. After these priorities are met, the Council will seek to maximise yields. The Council will consider the environmental and social implications of its investments once SLY principles have been met.

The Council’s objectives in relation to investment can accordingly be stated as follows:

Sums are invested with a diversified range of counter parties using the maximum range of financial instruments consistent with a low risk of the capital sum being diminished through movements in market prices.*

* Financial instruments include term deposits, certificates of deposits, corporate bonds, money market funds, structured notes, and shares in pooled investment funds

This means that the Council is not totally risk averse. Treasury management staff have the capability to actively manage treasury risks within the scope of the Council’s treasury management policy and strategy.

When investing temporary surplus cash flows, the Council will not necessarily limit itself to making deposits with the UK Government and local authorities but may invest in other bodies including unrated building societies, Registered Social Landlords (RSLs), and corporate bonds. The Council may invest surplus funds through tradable instruments such as treasury bills, gilts, certificates of deposit, corporate bonds, covered bonds and repos / reverse repos.

The Council will invest its temporary surplus cash flows to provide sufficient liquidity to meet its cash flow needs but is mindful that the value of its investments will fall in real terms unless investment returns are at least equal to inflation. To earn investment returns more than inflation on as much of its temporary surplus cash as possible, the Council will invest as much as it can in longer-term higher yielding investments whilst maintaining sufficient liquidity to meet its cash flow needs.

The Council may invest in lower risk structured investment products that follow the developed equity and other market indices where movements in prices may diminish the capital sum invested. These investments, and indeed any other investment, could also be diminished if the counter party defaults. Although the Council only invests in counter parties offering good credit quality, the credit quality of an investment counter party can decline during the life of the investment. This is particularly the case with long-term investments.

The Council may invest in externally managed pooled investment vehicles such as corporate bond funds, equity funds, property funds and multi asset funds, if the Council has cash for a term that is sufficient to cover cyclical movements in prices.

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed:

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall, consideration will be given to locking in higher rates currently obtainable, for longer periods.

4.6 Investment treasury indicator and limit - total principal funds invested for greater than 365 days.

These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit:

Table I - Upper limit for principal sums invested for longer than 365 days			
	2024	**2025**	**2026**
	£m	**£m**	**£m**
Current investments as of 31 March more than 1 year maturing in each year	130	50	50

4.7 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

5. APPENDICES

5.1 Maturity structure of borrowing

5.2 Credit and counterparty risk management

5.3 Sector and Geographic Investment Limits

APPENDIX 5.1

Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large sums falling due for refinancing and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Table J **Maturity structure of fixed interest rate borrowing**		
	Lower	**Upper**
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	10%
5 years to 10 years	0%	20%
10 years to 20 years	0%	30%
20 years to 30 years	0%	40%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%
Maturity structure of variable interest rate borrowing		
	Lower	Upper
Under 12 months	0%	10%
12 months to 2 years	0%	10%
2 years to 5 years	0%	20%
5 years to 10 years	0%	20%
10 years to 20 years	0%	30%
20 years to 30 years	0%	40%
30 years to 40 years	0%	40%
40 years to 50 years	0%	40%

APPENDIX 5.2

CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Council's policy below.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. To facilitate this objective the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council has adopted the Code and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance and Resources (Section 151 Officer) has produced its treasury management practices (TMPs).

Annual Investment Strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year*,* covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy Guidelines – The main strategy guidelines are contained in the body of the Treasury Strategy Statement.

Specified Investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments that would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Office deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Bonds issued by supranational banks of less than one year's duration.
3. A local authority, housing association.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. This covers pooled investment vehicles, such as money market funds, rated AA by Standard and Poor's, Moody's and / or Fitch rating agencies.
5. A body that is considered of a high credit quality (such as a bank or building society) with a minimum Short-Term rating of A-2 / P-2 / F1 as rated by Standard and Poor's, Moody's and / or Fitch rating agencies .

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are contained in Table H.

Non-specified investments – are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non-specified investments would include any investments with:

	Non-Specified Investment Category	Limit £
a.	**Supranational bonds greater than 1 year to maturity** **(a) Multilateral development bank bonds with a AAA long-term rating** - These are bonds defined as an international financial institution having as one of its objects economic developments, either generally or in any region of the world (e.g. European Reconstruction and Development Bank etc.). However the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity. **(b) A financial institution that is guaranteed by the United Kingdom Government** (e.g. National Rail) The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. Like category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	 **£26m for up to 6 years** **£26m for up to 6 years**
b.	**Gilt edged securities** with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Like category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	**Unlimited investments for up to 6 years**
c.	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	**£10m for up to 1 day**
d.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies that have a minimum asset size of £350m.	**£6m for up to 2 years**
e.	All **banks and building societies** that have a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals more than one year from inception to repayment).	Up to **£26m (depending on credit quality) for up to 6 years**

	Non-Specified Investment Category	Limit £
f.	**Loan capital** in a body corporate with a credit rating of at least BBB+. This will enable investments to be made in large commercial companies such as British Telecom. A short-term investment in a BBB+ rated counterparty may be less likely to default than a long-term investment with an A- rated counterparty.	**£7m for 365 days**
g.	**Corporate bonds** bought on the Council's behalf by professional fund managers who will target an average credit rating of at least BBB+ for the corporate bond fund. The average credit rating of the corporate bond fund may fall to BBB if there was a downgrade to a single issue or a broad downgrade. We would not want the fund manager to be a forced seller in this situation. If this situation arises, a strategy will be agreed with the fund manager to return the average rating of the portfolio to BBB+.	**£8m for an unlimited duration**
h.	**Pooled investment vehicles including equity funds, property funds and multi asset funds** with the potential to generate returns more than inflation and thus maintain the value of the principal invested in real terms.	**£50m for an unlimited duration**
i.	**Subsidiary companies of the Council.** Funds could be invested to facilitate the establishment of a subsidiary company to develop housing in the greater Portsmouth area on a commercial basis.	**£30m for an unlimited duration**
j.	**Banks partly owned by the City Council.** The Council is an equity shareholder in Hampshire Community Bank (HCB). Purchasing bonds in HCB would contribute to the regeneration of Hampshire. Investing in HCB carries greater risk than the other approved investments contained in the Council's Annual Investment Strategy, as HCB is a new entity that is in the process of developing its business, and currently has neither a banking license nor a credit rating. However, HCB will be able to offer assets as security to cover a bond. These assets would consist of loans of the highest credit quality to the small and medium enterprise (SME) sector. The loan assets offered as security would pass to the Council in the event of HCB defaulting.	**£10m for 5 years**

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately.

APPENDIX 5.3

SECTOR AND GEOGRAPHIC INVESTMENT LIMITS

Sector Investment Limits

AA money market funds offer security and same day access. By aggregating investments, they can also invest in financial institutions that may not be interested in the relatively small sums that the Council can invest. Although AA money market funds are well diversified in their investments, there is a risk that more than one fund could have investments with the same bank or that the Council may also have invested funds in the same bank as a money market fund. Therefore, it is proposed that the Council should aim to have no more than £80m invested in money market funds.

Most building society lending is secured against residential properties. If property prices fall there may be inadequate security to support building societies lending giving rise to a systemic risk.

As RSL's offer one principal service and their assets principally consist of residential properties, excessive investments in RSLs would also expose the Council to a systemic risk.

Excessive investments in investment products tracking equity, property or other markets could also expose the Council to a systemic risk.

To minimise systemic credit risk in any sector the following limits will be applied:

Money market funds	£80m
Building societies	£155m
Registered Social Landlords	£80m
Investments tracking the equity, property, or other markets	£70m

Geographic Investment Limits

To minimise systemic credit risk in any region, the following limits will be applied to the geographic areas where investments can be made in foreign countries.

Asia & Australia	£80m
Americas	£80m
Eurozone	£60m
Continental Europe outside the Eurozone	£60m

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PORTSMOUTH CITY COUNCIL - PUBLIC NOTICE
OMISSION FROM FORWARD PLAN FOR THE PERIOD COVERING
6 FEBRUARY TO 5 MAY 2023

NOTICE IS HEREBY GIVEN that at a meeting on Tuesday 7 March, the Cabinet will make a decision on the following item:

A report by the Director of Regeneration.

Enabling Redevelopment of Debenhams, Palmerston Road - Compulsory Purchase Order.

Purpose
The purpose of this paper is to propose that the council considers the opportunity to bring this key site back into active use to enable and progress the regeneration of this important district hub in the city.

Any questions about the proposed decision should be addressed to:
Anne Cains, Head of Acquisitions and Disposal
Anne.cains@portsmouthcc.gov.uk

This decision is a Key Decision for the purposes of the Forward Plan as defined in Article 13 of the Constitution but was not included in the Forward Plan covering the period 16 February to 16 April 2023 and is therefore an omission from the Forward Plan. The Chair of the City Council's Scrutiny Management Panel has been notified of and agreed to the decision being made, in accordance with the City Council's Constitution (General Exceptions, Section 15).

The reason why the item cannot wait until the publication of the next Forward Plan and the subsequent Cabinet meeting is that information has only recently come to light, and the decision is required by the Full Council Meeting scheduled on the 14 March 2023.

The decision will be taken at the Cabinet meeting on 7 March at 12 noon.

17 January 2023.

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