



RUSHMOOR BOROUGH COUNCIL

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

*at the Council Offices, Farnborough on
Monday, 27th November 2023 at 7.00 pm*

To:

Voting Members:

Cllr P.J. Cullum (Chairman)
Cllr S. Trussler (Vice-Chairman)

Cllr A. Adeola
Cllr C.W. Card
Cllr A.H. Gani
Cllr Christine Guinness
Cllr Nadia Martin
Cllr Sarah Spall
Cllr Nem Thapa
Cllr Jacqui Vosper
Cllr Gareth Williams

Non-Voting Member

Mr Tom Davies – Independent Member (Audit)

Standing Deputies:

Conservative Group: Cllr Peace Essien Igodifo and Cllr S.J. Masterson

Labour Group: Cllr K. Dibble and Cllr C.P. Grattan

Liberal Democrat: Cllr T. Mitchell

Enquiries regarding this agenda should be referred to the Committee Administrator,
Kathy Long, Democracy Team, Tel. (01252 398829) or email
kathy.long@rushmoor.gov.uk.

A G E N D A

1. **MINUTES – (Pages 1 - 4)**

To confirm the Minutes of the Meeting held on 27th September, 2023 (copy attached).

2. **PROPOSED VARIATION TO THE SCHEME OF HACKNEY CARRIAGE FARES – (Pages 5 - 22)**

To consider the Executive Head of Operations Report No. OS2317 (copy attached), which sets out a proposal to vary the current scheme of hackney carriage fares. As a consultee, the Committee is requested to consider the fare scheme proposal and to provide any comments in response to the consultation.

3. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2023/24 - MID-YEAR REPORT – (Pages 23 - 44)**

To receive the Executive Head of Finance Report No. FIN2318 (copy attached), which sets out the main activities of the Treasury Management and Non-Treasury Investment Operations during the first half of 2023/24.

4. **ANNUAL GOVERNANCE STATEMENT - UPDATE – (Pages 45 - 52)**

To receive the Audit Manager's Report No. AUD2308 (copy attached), which details work carried out towards the implementation of the actions defined within the Annual Governance Statement, which was presented to the Committee in June 2023.

5. **INTERNAL AUDIT - UPDATE ON IMPLEMENTATION OF AUDIT RECOMMENDATIONS – (Pages 53 - 58)**

To receive the Audit Manager's Report No. AUD2309 (copy attached), which provides an update on the work being carried out on audit recommendations and progress towards the implementation of recommendations.

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm two working days prior to the meeting.

CORPORATE GOVERNANCE, AUDIT AND STANDARDS COMMITTEE

Meeting held on Wednesday, 27th September, 2023 at the Council Offices,
Farnborough at 7.00 pm.

Voting Members:

Cllr P.J. Cullum (Chairman)
Cllr S. Trussler (Vice-Chairman)

Cllr A. Adeola
Cllr C.W. Card
Cllr A.H. Gani
Cllr Christine Guinness
Cllr Nadia Martin
Cllr Nem Thapa
Cllr Jacqui Vosper
Cllr Gareth Williams

Cllr K. Dibble attended the meeting in place of Cllr Sarah Spall

Non-Voting Member:

Mr Tom Davies – Independent Member (Audit)

Apologies for absence were submitted on behalf of Cllr Sarah Spall.

16. MINUTES

The minutes of the meeting held on 26th July 2023 were agreed and signed as a correct record of the proceedings.

17. EXECUTIVE HEAD OF FINANCE AND SECTION 151 OFFICER - MR PETER VICKERS

On behalf of the Committee, the Chairman welcomed Mr Peter Vickers (Executive Head of Finance and Section 151 Officer) to his first meeting of the Committee and wished him well in his new post at Rushmoor.

18. ANNUAL OMBUDSMAN COMPLAINT REVIEW LETTER 2023 - LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN

The Committee received the Monitoring Officer's Report No. CS231907, which provided an update on the positive response and outcome of the Annual Local Government and Social Care Ombudsman (LGSCO) Complaint Review Letter.

It was noted that the LGSCO had received eight complaints directly from members of the public, of which four had been closed on initial enquiry, three had been referred back to the Council to be dealt with and one which had not been upheld. Members were satisfied that no detailed investigations had been carried out the LGSCO during the review period of 1st April 2022 to 31st March 2023 and this meant, therefore, that no recommendations for service improvement had been made by the LGSCO.

During discussion, it was suggested that future reports on the LGSCO Complaint Review Letter should contain more details about the complaints which had been referred back to the Council to deal with.

RESOLVED: That the Monitoring Officer's Report No. CS231907 be noted.

19. **TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2022/23**

The Committee received the Executive Head of Finance Report No. FIN2314, which set out the main activities of the Treasury Management and Non-Treasury Investment Operations during 2022/23, which was a statutory requirement under the CIPFA Code of Practice on Treasury Management.

The Report advised that the Council's Treasury Team had continued to concentrate on the security of investments taking due regard of the returns available. The return on treasury management activity had been in line with the revised budget for 2022/23 and pooled funds had proved to be robust and had performed well. As a result of increased levels of borrowing, the Treasury Team continually reviewed the Borrowing Strategy, weighing up interest rate levels and risk of refinancing. The cost of both long and short-term borrowing had risen dramatically over the year, with rates at the end of March 2023 at around 2%-4% higher than those at the beginning of April 2023. Rate rises had been driven primarily by inflation and the need for central banks to control this by raising interest rates. It was further noted that borrowing levels had increased, which in turn raised the refinancing risk. The Committee was advised that levels and length of borrowing would be continually reviewed to mitigate refinancing risk.

The Committee noted that total borrowing on 31st March 2023 had been £120 million, which was a £20 million increase from 31st March 2022. The increased level of borrowing, together with the increased interest rate of borrowing, had resulted in an increased cost of borrowing of £0.865 million when compared to 2021-22.

The Committee was advised that the Council's non-treasury investments risk exposure on 31st March 2023 had been £125.9 million, of which £111.9 million was funded via external loans. The rate of return across all the Council's investments had been variable, however, the aggregate rate of return on all Council investments was in line with the estimated return for 2022/23 due to the cost associated with commercial property being clarified during the financial year.

During discussion, Members raised questions regarding: short and longer-term investments and whether it was now time to look at adjusting these; how the Council

managed the risks involved in having a portfolio of assets; and, the Council's credit rating.

RESOLVED: That the Executive Head of Finance Report No. FIN2314 be noted.

20. **ANNUAL STATEMENT OF ACCOUNTS/EXTERNAL AUDIT OPINION - UPDATE**

The Chairman welcomed Kalthiemah Abrahams of Ernst & Young (EY), who joined the meeting remotely via Microsoft Teams. It was noted that work on the 2020/21 audit had commenced in late August and Council Officers were working through the process of providing information requested.

In respect of other outstanding audits, Ms Abrahams referred to guidance awaited from the Department for Levelling Up, Housing and Communities in October on local authority audits and how to deal with the current audit delays.

The Committee received the final version of the Annual Audit Letter for the year ended 31st March 2020, which had been circulated with the agenda. Members noted that Senior Management had accepted the recommendations contained in the Audit Letter and that action on these was already in hand.

RESOLVED: That

- (i) the update on the 2020/21 audit by Ernst & Young be noted; and
- (ii) the final version of the Audit Letter for the year ended 31st March 2020 be noted.

21. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee received the Audit Manager's Report No. AUD2307, which set out: an overview of the work completed towards the 2023/24 Audit Plan; a progress update on the 2023/24 Audit Plan; and, a schedule of work to be delivered in Quarter 3. An update was also given at the meeting on the table showing a summary of progress to date, where two draft audit/audit follow-up reports had now been reviewed (instead of none, as set out in the report) and that three (instead of 4) were now in progress.

The Audit Manager advised the Committee that there were six audits that had not yet been allocated for staff to complete, however, it was her opinion that this would not impact her ability to provide an assurance at the end of the year. The Audit Plan was a risk based plan, with priority given to audits that needed to be completed in order to enable the Audit Manager provided assurance. A few changes had been made to the Audit Plan to enable more assurance levels across the organisation.

The Audit Manager advised the Committee that work was being carried out, including the use of procurement frameworks, to employ contractors to carry out audit work, when required..

RESOLVED: That the Audit Manager's Report No. AUD2307 be noted.

22. FREEDOM OF INFORMATION - ANNUAL UPDATE

The Committee considered the Corporate Manager of Legal Services Report No. LEG2301, which provided an update on how the Council had dealt with Freedom of Information (FOI) requests submitted during 2022/23.

The Committee was advised that there had been a 3% increase in response times in Quarter 1 of 2023/24 when compared with Quarter 4 of 2022/23. It was noted that there had been a 43.65% reduction in overdue requests since 7th June 2023 and it was hoped to be able to reduce this much further by December 2023.

The Corporate Manager of Legal Services advised that Rushmoor was among a large number of Councils that had fallen behind in answering FOI requests as a result of the Covid pandemic. It was noted that an action plan was in place to reduce the Council's backlog and that longer-term plans were being drafted to reduce the amount of time it took to respond to FOI requests, including publishing more information on the Council's website.

During discussion, the Corporate Manager of Legal Services undertook to provide regular updates on dealing with the backlog of FOI requests to be answered.

RESOLVED: That

- (i) the Corporate Manager of Legal Services Report No. LEG2301 be noted;
- (ii) the Corporate Manager of Legal Services be asked to review the FOI system for logging requests to make the system as robust as possible (assuming no additional budget for 2023/24); and
- (iii) Officers be asked to continue their work to reduce the number of overdue FOIs within the system by December 2023, following the Information Commissioner's Officer guidance notes.

The meeting closed at 8.07 pm.

CLLR P.J. CULLUM (CHAIRMAN)

**CORPORATE GOVERNANCE,
AUDIT AND STANDARDS
COMMITTEE**

**EXECUTIVE HEAD OF
OPERATIONS**

27TH NOVEMBER 2023

REPORT NO. OS2317

**PROPOSED VARIATION TO THE
SCHEME OF HACKNEY CARRIAGE FARES**

SUMMARY AND RECOMMENDATIONS

This report sets out a proposal to vary the current scheme of hackney carriage fares (last modified 01.05.22). The proposal is currently open to public consultation.

As a consultee, The Corporate Governance, Audit and Standards Committee is requested to –

- 1) consider the fare scheme proposal;
- 2) provide any comments in response to the consultation;

1.0 INTRODUCTION

- 1.1 Following a request from a member of the taxi trade, and in accordance with the scheme of delegation, the portfolio holder for Operational Services has determined that the proposed fare scheme given at **appendix A**, be subject to public consultation. For reference, the current scheme is given at **appendix B**.
- 1.2 Where following public consultation, there are any objections to the proposals, they must be brought back to the Portfolio Holder for consideration. Otherwise, the proposed scheme takes effect on expiry of any date specified in the consultation notice.

2.0 BACKGROUND

- 2.1. Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 (LGMPA76) gives the Council the power - not a duty (i.e. a discretionary ability), to fix the rates or fares in connection with the hire of a hackney carriage vehicle within its district by means of a scheme of fares. Historically, the Council has always established and set a scheme of fares and this has largely been subject to review in accordance with its taxi licensing policy.
- 2.2. **Policy and procedure**
- 2.3. The Council's Taxi Licensing Policy (see **appendix C**) states that the scheme of hackney carriage fares be subject to review a minimum of every 2 years,

and the fare scheme may be reviewed at any time where it is deemed appropriate. This review is prior to the 2-year deadline and has been instigated on request from a member of the taxi trade.

- 2.4. Given its role and responsibilities in other areas of taxi licensing work, the views of the Corporate, Governance Audit and Standards Committee are sought during the consultation period.

3.0 DETAILS OF THE PROPOSAL(S)

3.1. Proposed variation(s)

- 3.2. The proposal is to vary the scheme by means of a reduction to the initial pull-off and running mile distances.

4.0 IMPLICATIONS OF THE PROPOSALS

4.1. Proposed fare changes

- 4.2. The taxi fare implications inherent to the proposal can best be seen by comparing it against the current scheme of fares. These are outlined with additional commentary below.

4.3. Comparison of benchmark taxi journeys

- 4.4. The tables given at **appendix D** provide for a fare cost comparison of journeys at each mile mark (up to 15 miles) for both the current and proposed scheme. The tables given at **appendix E** similarly provide for a cost comparison of a number of local journey examples at different times of the day.

4.5. League table of taxi fares

- 4.6. Private Hire & Taxi Monthly magazine produce a national league table of all Hackney Carriage fares, based on a 2-mile journey at meter rate 1. The current league table (October 2023) is given at **appendix F**. Currently Rushmoor are placed at 84 with the fare being the same as those councils ranked between 78 and 89.

- 4.7. The proposed scheme, assuming no changes for others would move Rushmoor to the same as those authorities ranked 30 – 39 in the league table, one of which is Hart District Council, one of Rushmoor's neighbouring authorities.

- 4.8. In respect of other neighbouring authorities Guildford Borough Council is ranked number 4, Woking Council with those at 12 and 13 and Surrey Heath, Waverley and Bracknell Councils with those between 61 and 69.

4.9. Commentary on proposal

- 4.10. Whilst it varies dependent on the distance travelled and the meter rate that applies, on average the proposals would result in an increase of 4 – 5%.

5.0 OTHER RELEVANT CONSIDERATIONS

5.1. Legal Implications

5.2. By virtue of Section 65(2) LGMPA76 any revision to the scheme of fares must be published in a local newspaper and in a notice at the Council offices by way of public consultation on the proposals. In accordance with the Council's procedure the views of the Corporate, Governance and Audit Standards Committee are sought during any consultation period and fed back to the decision maker as may be appropriate. The last date for comments in respect of the consultation is 8th December 2023.

5.3. Sections 65(3) and 65(4) LGMP76 also provide that where following consultation, there are any objections to the proposals, these must be brought back to the decision maker for consideration. Otherwise, the proposed scheme will take effect on 1st January 2024.

5.4. Financial and Resource Implications

5.5. There are no direct financial implications associated with this report.

5.6. Equalities Impact Implications

5.7. Once established, a scheme of fares must be applied to journeys undertaken within the Borough. The scheme may also be and is often applied voluntarily for journeys going outside the borough. However, fares for out of borough journeys may be negotiated with the fare paying customer in advance. A scheme of fares as regulated by taximeter therefore provides for a consistent method of calculating a fare for any journey between point A to B. It is considered that this does not discriminate between those with protected characteristics.

5.8. However, while subject to minor ancillary income streams (e.g. vehicle advertisements), taxi fares are the main means by which drivers can recoup the costs of providing a taxi service and effecting an income / living. Conversely, fares must be reasonable and affordable for those that use and/or rely on such services. In essence then, there is a balance to be struck with reference to what is reasonable to expect people to pay but also to the need to give taxi drivers sufficient incentive to provide a service; particularly when it is needed (including at times involving anti-social hours). These and other relevant equality considerations are outlined at **appendix G**.

5.9. Community Safety Implications

5.10. The objectives of our Taxi Licensing regime are to enable good business whilst reasonably ensuring the safety and protection of both the travelling public and other road users, and the provision of a suitable and efficient public transportation service for all.

5.11. Taxi fares are the main means by which drivers can recoup the costs of providing a taxi service and effecting an income / living. In light of this, a fare

structure which fails to provide sufficient income may result in safety implications to the prospective passengers and other road users. If drivers are not earning sufficient income, they may not have the funds available to ensure suitable maintenance of their vehicle, thereby reducing the standards of the taxis in Rushmoor, and potentially putting themselves, their passengers and other road users at risk. In addition, if taxi driving does not provide a suitable means of income, when balanced with the costs of meeting the Council's licensing requirements, it is likely that less drivers will remain and/or join the taxi trade leading to a lack of availability of taxis when they are needed, meaning an increased wait potentially putting passengers at risk e.g. vulnerable passengers, those travelling late at night.

5.12. Useful Guidance

5.13. While there is limited guidance available to local authorities in setting taxi fares, an excerpt of the Department for Transport (DfT) best practice guidelines to licensing authorities is given at **appendix H**.

5.14. While the DfT best practice guidelines have no legal standing, the following points may be relevant; namely -

- (a) It is good practice to review fare scales at regular intervals.
- (b) Fare scales should be designed with a view to practicality.
- (c) Authorities may wish to consider adopting a simple formula for deciding on fare revisions as this will increase understanding and improve the transparency of the process.
- (d) In reviewing taxi fares authorities should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers sufficient incentive to provide a service when it is needed.
- (e) There may be a case for higher fares at times of higher demand.
- (f) Taxi fares are a maximum, and in principle are open to downward negotiation between passenger and driver.

6.0 CONCLUSIONS

6.1. In accordance with the Council's taxi licensing policy on request from members of the taxi trade, a proposed hackney carriage fare scheme has been developed for consideration and is recommended.

6.2. The proposal for variation is subject to public consultation and, in accordance with the council's processes includes Member consideration by virtue of the Corporate Governance Audit and Standards Committee.

BACKGROUND DOCUMENTS: None

CONTACT DETAILS:

Report Author – Shelley Bowman, Licensing Manager
Shelley.bowman@rushmoor.gov.uk, 01252 398162

Head of Service – James Duggin, Head of Operational Services
james.duggin@rushmoor.gov.uk, 01252 398543

APPENDICES:

Appendix	Title
Appendix A	- Proposed scheme of fares
Appendix B	- Current scheme of fares (effective 1 st May 2022)
Appendix C	- Excerpt from the Council's taxi licensing policy
Appendix D	- Comparison tables of fare charges at each mile mark (up to 15 miles) for current & proposed fare schemes
Appendix E	- Local journey examples / costs arising from the current & proposed fare schemes
Appendix F	- Hackney Carriage Fare League Table
Appendix G	- Relevant considerations in setting taxi fares
Appendix H	- Excerpt of DfT Best Practice Guidelines

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PROPOSED SCHEME OF FARES

HACKNEY CARRIAGE FARES

Proposed

Below is a table of fares made by Rushmoor Borough Council under S65 of the Local Government (Miscellaneous Provisions) Act 1976 and are the **MAXIMUM** fares that may be charged.

The fare charged must be in accordance with this table of fares unless a **NEGOTIATED** fare was otherwise agreed before the journey started. This applies even if the journey takes the taxi outside the Borough of Rushmoor.

Fare rates are based on a combination of time and distance and are automatically calculated by and must be displayed on the taximeter at all times.

METER RATE 1 - Day time

Any hiring on a weekday between 07:00 and 17:59
(unless Rate 3 or 4 applies instead).

First 1034 yards or uncompleted part	£3.60
Thereafter, for each subsequent (or part) 119 yards	£0.20
Waiting time (per 30 second period)	£0.20

METER RATE 2 - Evenings and weekends

Any hiring on any day between 18:00 and 22:59
(unless Rate 3 or 4 applies instead); or

Any hiring on a Saturday or Sunday, between 07:00 and 17:59 (unless Rate 4 applies instead).

First 1034 yards or uncompleted part	£4.00
Thereafter, for each subsequent (or part) 119 yards	£0.20
Waiting time (per 30 second period)	£0.20

METER RATE 3 - Night time, bank holidays and Easter Sunday

Any hiring on any day between 23:00 and 06:59
(unless Rate 4 applies instead).

Any hiring on Easter Sunday, a bank or public holiday or New Year's Day (1st Jan) between 07:00 and 22:59
(unless Rate 4 applies instead).

First 1034 yards or uncompleted part	£5.40
Thereafter, for each subsequent (or part) 119 yards	£0.30
Waiting time (per 30 second period)	£0.30

METER RATE 4 - Christmas/New Year

Any hiring on Christmas Day (25 December)
or Boxing Day (26 December) to 06:59 on 27 December;

Any hiring on Christmas Eve (24 December) or New Year's Eve (31 December) between 21:00 and 23:59; or Any hiring on New Year's Day (1 January) between 00:00 and 06:59.

First 1034 yards or uncompleted part	£7.20
Thereafter, for each subsequent (or part) 119 yards	£0.40
Waiting time (per 30 second period)	£0.40

EXTRA CHARGES

For each additional passenger in excess of five passengers **£1.00**

Any hiring booked by telephone or radio, internet, email or APP (electronic communications) **£1.00**

Any hiring if the journey starts or finishes outside the Rushmoor boundary **£1.00**

NB: Passengers may be charged a maximum of five extras, up to a maximum of £5.00

FOULING CHARGE

Any fouling to the interior of the cab making it unfit for further hiring (at the discretion of the driver). **Up to £100**

COMPLAINTS AND COMMENTS - Where possible please quote the Cab / Driver Number

Please contact the Licensing Team at Rushmoor Borough Council, Council Offices, Farnborough Road, Farnborough, Hampshire, GU14 7JU. Tel: 01252 398 399 • Email: licensing@rushmoor.gov.uk

RUSHMOOR
BOROUGH COUNCIL

APPENDIX B

CURRENT SCHEME OF FARES (EFFECTIVE FROM 1st MAY 2022)

HACKNEY CARRIAGE FARES

Effective from 1 May 2022

Below is a table of fares made by Rushmoor Borough Council under S65 of the Local Government (Miscellaneous Provisions) Act 1976 and are the **MAXIMUM** fares that may be charged.

The fare charged must be in accordance with this table of fares unless a **NEGOTIATED** fare was otherwise agreed before the journey started. This applies even if the journey takes the taxi outside the Borough of Rushmoor.

Fare rates are based on a combination of time and distance and are automatically calculated by and must be displayed on the taximeter at all times.

METER RATE 1 - Day time

Any hiring on a weekday between 07:00 and 17:59 (unless Rate 3 or 4 applies instead).

First 1088 yards or uncompleted part	£3.60
Thereafter, for each subsequent (or part) 125.2 yards	£0.20
Waiting time (per 30 second period)	£0.20

METER RATE 2 - Evenings and weekends

Any hiring on any day between 18:00 and 22:59 (unless Rate 3 or 4 applies instead); or Any hiring on a Saturday or Sunday, between 07:00 and 17:59 (unless Rate 4 applies instead).

First 1088 yards or uncompleted part	£4.00
Thereafter, for each subsequent (or part) 125.2 yards	£0.20
Waiting time (per 30 second period)	£0.20

METER RATE 3 - Night time, bank holidays and Easter Sunday

Any hiring on any day between 23:00 and 06:59 (unless Rate 4 applies instead).

Any hiring on Easter Sunday, a bank or public holiday or New Year's Day (1st Jan) between 07:00 and 22:59 (unless Rate 4 applies instead).

First 1088 yards or uncompleted part	£5.40
Thereafter, for each subsequent (or part) 125.2 yards	£0.30
Waiting time (per 30 second period)	£0.30

METER RATE 4 - Christmas/New Year

Any hiring on Christmas Day (25 December) or Boxing Day (26 December) to 06:59 on 27 December; Any hiring on Christmas Eve (24 December) or New Year's Eve (31 December) between 21:00 and 23:59; or Any hiring on New Year's Day (1 January) between 00:00 and 06:59.

First 1088 yards or uncompleted part	£7.20
For each subsequent (or part) 125.2 yards	£0.40
Waiting time (per 30 second period)	£0.40

EXTRA CHARGES

For each additional passenger in excess of five passengers

£1.00

Any hiring booked by telephone or radio, internet, email or APP (electronic communications)

£1.00

Any hiring if the journey starts or finishes outside the Rushmoor boundary

£1.00

NB: Passengers may be charged a maximum of five extras, up to a maximum of **£5.00**

FOULING CHARGE

Any fouling to the interior of the cab making it unfit for further hiring (at the discretion of the driver).

Up to £100

COMPLAINTS AND COMMENTS - Where possible please quote the Cab / Driver Number

Please contact the Licensing Team at Rushmoor Borough Council, Council Offices, Farnborough Road, Farnborough, Hampshire, GU14 7JU.
Tel: 01252 398 399 ■ Email: licensing@rushmoor.gov.uk

RUSHMOOR
BOROUGH COUNCIL

EXCERPT FROM THE COUNCIL'S TAXI LICENSING POLICY
(taken from Part H, Section 8, pages 123-125)

PART H

8. SCHEME OF HACKNEY CARRIAGE FARES

8.1. GENERAL ARRANGEMENTS

8.2.S65 of the Local Government (Miscellaneous Provisions) Act 1976 provides that the licensing authority may set local hackney carriage fares for journeys within its area by means of a table or scheme of fares.

8.3. There is no similar power to set the fares charged by private hire vehicles. The charges levied by Private Hire operators and drivers are entirely a matter for negotiation and form a private contract between the hirer and the operator. However, where a private hire vehicle is fitted with a taximeter, the taximeter must be tested and approved by or on behalf of the licensing authority which issued the relevant vehicle licence.

8.4. Frequency of review

8.5. To ensure currency, economic viability, and incentive to provide taxi services, it is the policy of the licensing authority that the scheme of hackney carriage fares be subject to review a minimum of every 2 years. A review may result in no change to the scheme of fares. The fare scheme may be reviewed at any time where it is deemed appropriate.

8.6. Nature of review

8.7. Where appropriate, the licensing authority may review, in whole or in part, the structure, costs and/or any feature of the extant scheme of fares (e.g., unit costs, distances travelled, time periods, chronology, calendarisation and any additional permitted extras etc).

8.8. Relevant considerations

8.9. In reviewing the scheme of fares, the licensing authority will have regard to, but not be bound by the following considerations –

- (a) the needs of the travelling public.
- (b) what may be reasonable to expect people to pay.
- (c) the need to provide sufficient incentive to provide a taxi service when it is needed.
- (d) the available supply of and demand for taxi services.

(e) any graduation of the above by time of day, day of the week, seasonal variation and/or on special occasions etc; and

(f) the practicality of proposed fare scheme arrangements.

(g) the costs of fuel and other requirements, and the need for drivers to earn a suitable living.

NB: These considerations should not be seen as a comprehensive checklist or, in any way, be regarded as standards to be automatically applied in all cases.

8.10. To inform any fare review and take account of relevant issues, the licensing authority will seek to liaise with representatives of the taxi trade as part of any fare review, and before formal public consultation takes place.

8.11. Specific Fare Issues – Fouling Charge

8.12. In recognition that taxi drivers, vehicle proprietors and operators may incur both loss of earnings and costs in cleaning vehicles that may be fouled by customers and/or their accompaniments (e.g. belongings, shopping / food, dogs etc), the licensing authority will allow drivers to levy a fouling charge where any fouling renders the cab unfit for future hire.

8.13. As the nature and degree of fouling may vary, the licensing authority will normally specify the maximum amount that may be levied as a fouling charge but allow drivers to exercise some discretion of the actual amount charged (up to the maximum permitted). However, in an effort to prevent abuse and ensure transparency of any such charge, the licensing authority will expect any driver that levies a fouling charge to be able to justify – (a) why the charge was levied, and (b) the amount of the charge so levied.

8.14. As drivers are expected to be persons of trust, the licensing authority will, where appropriate, take a serious view of any taxi driver that cannot reasonably justify the levy of any fouling charge. In consideration of what may be reasonable in the circumstances, the licensing authority will have regard to –

(a) the nature, type, and degree of soiling to the vehicle.

(b) the extent to which the vehicle was rendered unfit for future hire.

(c) the reasonable time it took / would likely take to suitably clean the vehicle.

(d) the reasonable costs of materials and, where appropriate, other services including professional cleaning if required to suitably clean the vehicle, and

(e) the amount that the driver may reasonably have earned over the period the vehicle was off the road for cleaning if it were otherwise available for normal taxi work.

8.15. In view of the above, the licensing authority expects any driver who levies any fouling charge to exercise due diligence by taking and retaining suitable

photographs of the nature and extent of the soiling involved, and maintaining suitable records of the time, costs and materials needed to subsequently clean the cab to a suitable standard.

COMPARISON TABLES OF FARE CHARGES AT EACH MILE MARK (UP TO 15 MILES) FOR CURRENT & PROPOSED FARE SCHEMES

EXISTING v PROPOSED SCHEME OF FARES COMPARISON TABLE			
METER RATE 1 - Day time			
DISTANCE	CURRENT COSTS 01.05.22 (£)	PROPOSED SCHEME (£)	%AGE INCREASE
Pull-off rate	3.60	3.60	0.00%
1 MILE	4.80	5.00	4.17%
2 MILES	7.60	7.80	2.63%
3 MILES	10.40	10.80	3.85%
4 MILES	13.20	13.80	4.55%
5 MILES	16.00	16.80	5.00%
6 MILES	18.80	19.80	5.32%
7 MILES	21.60	22.60	4.63%
8 MILES	24.40	25.60	4.92%
9 MILES	27.20	28.60	5.15%
10 MILES	30.00	31.60	5.33%
11 MILES	32.80	34.40	4.88%
12 MILES	35.60	37.40	5.06%
13 MILES	38.60	40.40	4.66%
14 MILES	41.40	43.40	4.83%
15 MILES	44.20	46.40	4.98%

Meter Rate 1 Notes:

	Current	Proposed
Pull-off charge (£)	3.60	3.60
Pull-off distance (yards)	1088	1034
Subsequent running mile charge (£)	0.20	0.20
Distance per running mile charge up to 8 miles (yards)	125.2	119

NB: All journeys shown above are for basic hire. Costs shown do not include any extras or waiting time.

EXISTING v PROPOSED SCHEME OF FARES COMPARISON TABLE			
METER RATE 2 - Evenings & Weekends			
DISTANCE	CURRENT COSTS 01.05.22 (£)	PROPOSED SCHEME (£)	%AGE INCREASE
Pull-off rate	4.00	4.00	0.00%
1 MILE	5.20	5.40	3.85%
2 MILES	8.00	8.20	2.50%
3 MILES	10.80	11.20	3.70%
4 MILES	13.60	14.20	4.41%
5 MILES	16.40	17.20	4.88%
6 MILES	19.20	20.20	5.21%
7 MILES	22.00	23.00	4.55%
8 MILES	24.80	26.00	4.84%
9 MILES	27.60	29.00	5.07%
10 MILES	30.40	32.00	5.26%
11 MILES	33.20	34.80	4.82%
12 MILES	36.00	37.80	5.00%
13 MILES	39.00	40.80	4.62%
14 MILES	41.80	43.80	4.78%
15 MILES	44.60	46.80	4.93%

Meter Rate 2 Notes:

	Current	Proposed
Pull-off charge (£)	4.00	4.00
Pull-off distance (yards)	1088	1034
Subsequent running mile charge (£)	0.20	0.20
Distance per running mile charge up to 8 miles (yards)	125.2	119

NB: All journeys shown above are for basic hire. Costs shown do not include any extras or waiting time.

**EXISTING v PROPOSED SCHEME OF FARES COMPARISON TABLE
METER RATE 3 – Night time, Easter Sunday & Bank Holidays**

DISTANCE	CURRENT COSTS 01.05.22 (£)	PROPOSED SCHEME (£)	%AGE INCREASE
Pull-off rate	5.40	5.40	0.00%
1 MILE	7.20	7.50	4.17%
2 MILES	11.40	11.70	2.63%
3 MILES	15.60	16.20	3.85%
4 MILES	19.80	20.70	4.55%
5 MILES	24.00	25.20	5.00%
6 MILES	28.20	29.70	5.32%
7 MILES	32.40	33.90	4.63%
8 MILES	36.60	38.40	4.92%
9 MILES	40.80	42.90	5.15%
10 MILES	45.00	47.40	5.33%
11 MILES	49.20	51.60	4.88%
12 MILES	53.40	56.10	5.06%
13 MILES	57.90	60.60	4.66%
14 MILES	62.10	65.10	4.83%
15 MILES	66.30	69.60	4.98%

Meter Rate 3 Notes:

	Current	Proposed
Pull-off charge (£)	5.40	5.40
Pull-off distance (yards)	1088	1034
Subsequent running mile charge (£)	0.30	0.30
Distance per running mile charge up to 8 miles (yards)	125.2	119

NB: All journeys shown above are for basic hire. Costs shown do not include any extras or waiting time.

**EXISTING v PROPOSED SCHEME OF FARES COMPARISON TABLE
METER RATE 4 - Christmas & New Year**

DISTANCE	CURRENT COSTS 01.05.22 (£)	PROPOSED SCHEME* (£)	%AGE INCREASE
Pull-off rate	7.20	7.20	0.00%
1 MILE	9.60	10.00	4.17%
2 MILES	15.20	15.60	2.63%
3 MILES	20.80	21.60	3.85%
4 MILES	26.40	27.60	4.55%
5 MILES	32.00	33.60	5.00%
6 MILES	37.60	39.60	5.32%
7 MILES	43.20	45.20	4.63%
8 MILES	48.80	51.20	4.92%
9 MILES	54.40	57.20	5.15%
10 MILES	60.00	63.20	5.33%
11 MILES	65.60	68.80	4.88%
12 MILES	71.20	74.80	5.06%
13 MILES	77.20	80.80	4.66%
14 MILES	82.80	86.80	4.83%
15 MILES	88.40	92.80	4.98%

Meter Rate 4 Notes:

	Current	Proposed
Pull-off charge (£)	7.20	7.20
Pull-off distance (yards)	1088	1034
Subsequent running mile charge (£)	0.40	0.40
Distance per running mile charge up to 8 miles (yards)	125.2	119

NB: All journeys shown above are for basic hire. Costs shown do not include any extras or waiting time.

APPENDIX E

LOCAL JOURNEY EXAMPLES / COSTS ARISING FROM THE CURRENT AND PROPOSED FARE SCHEMES

Local journey examples / costs arising from the current and proposed fare schemes										
Rate		Meter Rate 1 Day time			Meter Rate 2 Evenings & Weekends			Meter Rate 3 Night time, Bank Holidays & Easter Sunday		
Journey Details	Distance (miles)	Current Cost (£)	Proposed Cost (£)	Increase	Current Cost (£)	Proposed Cost (£)	Increase	Current Cost (£)	Proposed Cost (£)	Increase
Council Offices to Guildford Station	13.5	40.00	41.80	4.50%	40.40	42.20	4.46%	60.00	62.70	4.50%
Council Offices to Aldershot Station	4.1	13.40	14.00	4.48%	13.80	14.40	4.35%	20.10	21.00	4.48%
Council Offices to Frimley Park Hospital	2.7	9.60	10.00	4.17%	10.00	10.40	4.00%	14.40	15.00	4.17%
Council Offices to Gatwick Airport (M/Way)*	43.7	124.80	131.20	5.13%	125.20	131.60	5.11%	187.20	196.80	5.13%
Council Offices to Gatwick Airport (Non M/Way)*	47.1	134.40	141.20	5.06%	134.80	141.60	5.04%	201.60	211.80	5.06%
Whitchurch Close to Frimley Park Hospital	7.2	22.20	23.20	4.50%	22.60	23.60	4.42%	33.30	34.80	4.50%
Weyborne Road to Frimley Park Hospital	7.4	22.80	23.80	4.39%	23.20	24.20	4.31%	34.20	35.70	4.39%
Whitchurch Close to Fernhill Lane	7.8	23.80	25.00	5.04%	24.20	25.40	4.96%	35.70	37.50	5.04%
Whitchurch Close to Juniper Road	9.4	28.40	29.80	4.93%	28.80	30.20	4.86%	42.60	44.70	4.93%
Waiting Time (on average)		40p per minute	40p per minute		40p per minute	40p per minute		60p per minute	60p per minute	
Pull-off Fee		3.60	3.60		4.00	4.00		5.40	5.40	

Notes:

- 1) All journeys shown above are for basic hire. Costs shown do not include any extras e.g. Waiting time, additional passengers or telephone bookings.
- 2) Mileage taken from AA Route Planner.
- 3) All figures subject to rounding.
- 4) Costs given are calculated for comparison purposes only. In practice, journeys marked '*' are subject to supply and demand and separate quotes – typically lower than those given.

Local journey examples / costs arising from the current and proposed fare schemes

Rate		Meter Rate 4 Christmas / New Year		
Journey Details	Distance (miles)	Current Cost (£)	Proposed Cost (£)	Increase
Council Offices to Guildford Station	13.5	80.00	83.60	4.50%
Council Offices to Aldershot Station	4.1	26.80	28.00	4.48%
Council Offices to Frimley Park Hospital	2.7	19.20	20.00	4.17%
Council Offices to Gatwick Airport (M/Way)*	43.7	249.60	262.40	5.13%
Council Offices to Gatwick Airport (Non M/Way)*	47.1	268.80	282.40	5.06%
Whitchurch Close to Frimley Park Hospital	7.2	44.40	46.40	4.50%
Weyborne Road to Frimley Park Hospital	7.4	45.60	47.60	4.39%
Whitchurch Close to Fernhill Lane	7.8	47.60	50.00	5.04%
Whitchurch Close to Juniper Road	9.4	56.80	59.60	4.93%
Waiting Time (on average)		80p per minute	80p per minute	
Pull-off Fee		7.20	7.20	

Notes:

- 1) All journeys shown above are for basic hire. Costs shown do not include any extras e.g. Waiting time, additional passengers or telephone bookings.
- 2) All mileage taken from AA Route Planner.
- 3) All figures subject to rounding.
- 4) Costs given are calculated for comparison purposes only. In practice, journeys marked '*' are subject to supply and demand and separate quotes – typically lower than those given.

HACKNEY CARRIAGE FARES LEAGUE TABLE

THE NATIONAL HACKNEY FARES TABLE		
OCTOBER 2023		
NATIONAL AVERAGE 2 MILE HACKNEY FARE TARIFF ONE IS NOW £7.18		
RISE IN 2023		
RISE IN 2022		
RISE IN 2021	RISE IN 2014	
RISE IN 2020	RISE IN 2013	
RISE IN 2019	RISE IN 2012	
RISE IN 2018	RISE IN 2011	
RISE IN 2017	RISE IN 2010	
RISE IN 2016	RISE IN 2008	
RISE IN 2015	NO SET FARE	
UPDATED DAILY www.pht.co.uk		

POSITION	TARIFF ONE 2 MILE FARE	COUNCIL
1	£14.20	LONDON (HEATHROW)
2	£10.60	TRL
3	£10.60	EPSOM & EWELL
4	£10.00	GUILDFORD
5	£9.70	ELTON (ASFOUR)
6	£9.60	CARADON
7	£9.60	NORTH CORNWALL
8	£9.50	ELMBRIDGE
9	£9.28	JERSEY
10	£9.18	ST ALBANS
11	£8.80	MIDLOTHIAN
12	£8.70	SEVENOAKS
13	£8.70	WORKING
14	£8.60	READING
15	£8.60	WEST BERKSHIRE
16	£8.50	GREAT YARMOUTH
17	£8.50	STROUD
18	£8.50	CLACKMANNAN
19	£8.40	CHILTENHAM

POSITION	TARIFF ONE 2 MILE FARE	COUNCIL
20	£8.40	EAST SUFFOLK (NORTH)
21	£8.40	EDINBURGH
22	£8.40	LEEDS
23	£8.40	MID SUSSEX
24	£8.40	SOUTHAMPTON
25	£8.40	TONBRIDGE & MALLING
26	£8.40	WATFORD
27	£8.30	HUNTINGDONSHIRE
28	£8.30	LINCOLN
29	£8.30	UTTLESFORD
30	£8.20	BCP
31	£8.20	BROUHAIRNE
32	£8.20	CARRICK
33	£8.20	EAST HERTS
34	£8.20	GLASGOW
35	£8.20	HART
36	£8.20	MANCHESTER
37	£8.20	RESTORMEL
38	£8.20	WIDENHAM
39	£8.20	WORTHING
40	£8.13	FOREST OF DEAN
41	£8.10	BRENTWOOD
42	£8.10	BRIGHTON & HOVE
43	£8.10	GUERNSEY
44	£8.10	SOUTH OXFORDSHIRE
45	£8.10	VALE OF WHITE HORSE
46	£8.05	MOLE VALLEY
47	£8.05	CENTRAL BEDFORDSHIRE
48	£ 8.00	ARUN
49	£8.00	BRECKLAND
50	£8.00	COVENTRY
51	£8.00	MAIDSTONE
52	£8.00	NOTTINGHAM
53	£8.00	RIBBLE VALLEY
54	£8.00	RUSHCLIFFE
55	£8.00	TORRIDGE
56	£8.00	TUNBRIDGE WELLS
57	£8.00	YORK
58	£7.90	ISLE OF MAN
59	£7.90	ROTHER
60	£7.90	SWALE
61	£7.80	ADUR
62	£7.80	BLACKNELL FOREST
63	£7.80	EASTBOURNE
64	£7.80	HASTINGS
65	£7.80	NORTH YORKSHIRE
66	£7.80	SOUTH GLOUCESTER
67	£7.80	SOUTH HAMS
68	£7.80	SURREY HEATH
69	£7.80	WAVERTON
70	£7.70	CHELMSFORD
71	£7.70	DACORUM
72	£7.70	HIGH PEAK
73	£7.70	SWINDON
74	£7.70	WEALDON
75	£7.68	EAST DEVON
76	£7.68	WILTSHIRE
77	£7.60	SHELLAND ISLES
78	£7.60	BASINGSTOKE & DEANE
79	£7.60	BRISTOL
80	£7.60	EAST AYRSHIRE
81	£7.60	GREAT YARMOUTH
82	£7.60	KERRIER
83	£7.60	MONMOUTHSHIRE
84	£7.60	RUSHMOOR

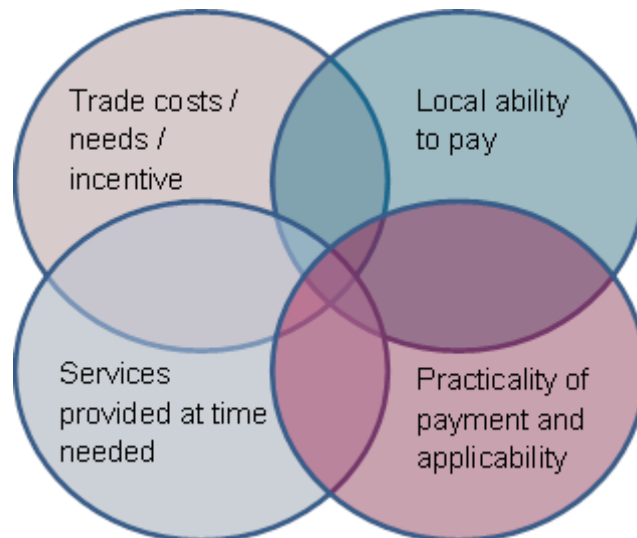
POSITION	TARIFF ONE 2 MILE FARE	COUNCIL
85	£7.60	SOUTH SOMERSET
86	£7.60	STEVENAGE
87	£7.60	TEST VALLEY
88	£7.50	WIMBORNE & PORTLAND
89	£7.50	WINCHESTER
90	£7.51	TORRAY
91	£7.50	BATH & N. E. SOMERSET
92	£7.50	CARDIFF
93	£7.50	CHESTER
94	£7.50	EXETER
95	£7.50	IPSWICH
96	£7.50	MID SUFFOLK
97	£7.50	MILTON KEYNES
98	£7.50	NORTH HERTS
99	£7.50	OXFORD CITY
100	£7.50	PLYMOUTH
101	£7.50	SOUTH NORFOLK
102	£7.50	TAMESIDE
103	£7.40	BIRMINGHAM
104	£7.40	CANTERBURY
105	£7.40	EAST HAMPSHIRE
106	£7.40	EASTLEIGH
107	£7.40	GLOUCESTER
108	£7.40	LEICESTER
109	£7.40	LEWES
110	£7.40	NORTH TYNESIDE
111	£7.40	MOLE VALLEY
112	£7.40	SOUTH HULL
113	£7.40	SOUTH AYRSHIRE
114	£7.40	TENNESBURY
115	£7.40	WEST OXFORD
116	£7.37	NEWARK & SHERWOOD
117	£7.35	NEW FOREST
118	£7.30	ASHFORD
119	£7.30	CAMBRIDGE CITY
120	£7.30	DARTFORD
121	£7.30	DURHAM COUNTY COUNCIL
122	£7.30	NORTH DEVON
123	£7.30	NORWICH
124	£7.30	SHROPSHIRE
125	£7.30	SOUTH CAMBRIDGE
126	£7.26	MORAY
127	£7.26	TENNESBURY
128	£7.25	NUNEATON & BEDWORTH
129	£7.20	BASILDON
130	£7.20	DERBY
131	£7.20	DORSET
132	£7.20	GOSPORT
133	£7.20	HARLOW
134	£7.20	NORTH EAST LINCOLNSHIRE
135	£7.20	RESGATE & BANSTEAD
136	£7.20	SLOUGH
137	£7.20	STOCKPORT
138	£7.20	TANDRIDGE
139	£7.20	WEST NORTHANTS
140	£7.20	SOUTH SUFFOLK
141	£7.16	CHESTERFIELD
142	£7.14	BARNSLEY
143	£7.13	ARDYL & BUTE
144	£7.10	COTSWOLD
145	£7.10	CRAWLEY
146	£7.10	DOVER
147	£7.10	HIGHLAND
148	£7.10	ISLE OF WIGHT
149	£7.10	MENDIP

POSITION	TARIFF ONE 2 MILE FARE	COUNCIL
150	£7.10	OLDHAM
151	£7.10	PENWITH
152	£7.10	RUGBY
153	£7.10	WINDSOR & MAIDENHEAD
154	£7.10	SUNNINGHEDE
155	£7.09	THARBOROUGH
156	£7.00	BARBERG
157	£7.00	BROMSGROVE
158	£7.00	CARLISLE
159	£7.00	CARMARTHENSHIRE
160	£7.00	CHICHESTER
161	£7.00	EAST LOTHIAN
162	£7.00	GRAVESEND
163	£7.00	HERTSMERE
164	£7.00	HORSHAM
165	£7.00	KINGS LYNN & WEST NORFOLK
166	£7.00	MACCLESFIELD
167	£7.00	MEDWAY
168	£7.00	NEWPORT
169	£7.00	PENROSESHIRE
170	£7.00	SWANSEA
171	£7.00	WELWYN HATFIELD
172	£7.00	WESTERN ISLES
173	£6.92	SANDWELL
174	£6.90	BRANTREE
175	£6.90	BURY
176	£6.90	COLCHESTER
177	£6.88	WOKCESTER CITY
178	£6.80	AMBER VALLEY
179	£6.80	BEDFORD
180	£6.80	BLACKBURN
181	£6.80	BOSTON
182	£6.80	BRIDGEND
183	£6.80	BROXTOWNE
184	£6.80	CERRIDDIGH
185	£6.80	EAST CAMBRIDGESHIRE
186	£6.80	EAST LINDSEY
187	£6.80	KINGSTON-UPON-HULL
188	£6.80	LIVERPOOL
189	£6.80	MANSFIELD
190	£6.80	MID DEVON
191	£6.80	NORTH KESTEVEN
192	£6.80	NORTH NORTHANTS
193	£6.80	NORTH WARWICK
194	£6.80	SEDESGROO
195	£6.80	SOMERSET WEST & TAUNTON
196	£6.80	S. LANARKSHIRE (Central/R/Glen)
197	£6.80	SOUTH STAFFORDSHIRE
198	£6.80	SOUTHEND ON SEA
199	£6.80	TENDRING
200	£6.80	TRAFALGAR
201	£6.80	VALE OF GLAMORGAN
202	£6.80	WEST LOTHIAN
203	£6.80	WIGAN
204	£6.80	WIRRAL
205	£6.80	WOLVERHAMPTON
206	£6.79	DUNDEE CITY
207	£6.75	GLASGOW
208	£6.74	ABBOTSDENSHIRE
209	£6.72	MAIYERN HILLS
210	£6.70	ANGUS
211	£6.70	BLABY
212	£6.70	CONGLETON
213	£6.70	EAST DUNBARTONSHIRE
214	£6.70	FYLDE

POSITION	TARIFF ONE 2 MILE FARE	COUNCIL
215	£6.70	NORTH SOMERSET
216	£6.70	SHEFFIELD
217	£6.70	SOUTH LAKELAND
218	£6.70	THREE RIVERS
219	£6.60	ABERDEEN CITY
220	£6.60	CANNOCK CHASE
221	£6.60	CONVY
222	£6.60	DUDLEY
223	£6.60	EDEN
224	£6.60	FAREHAM
225	£6.60	FOLKESTONE & HYTHE
226	£6.60	JAVANT
227	£6.60	LANCASTER
228	£6.60	NORTH LINCOLNSHIRE
229	£6.60	ROCHFORD
230	£6.60	S. LANARKSHIRE (E. Kierline)
231	£6.60	SOUTH TYNESIDE
232	£6.60	STRATFORD ON AVON
233	£6.60	TUNBRIDGE
234	£6.60	WAKEFIELD
235	£6.50	BARROW IN FURNESS
236	£6.50	BASSETLAW
237	£6.50	CALDERDALE
238	£6.50	DUMFRIES & GALLOWAY
239	£6.50	EREWASH
240	£6.50	GEOLING
241	£6.50	HALTON
242	£6.50	STOKE ON TRENT UA
243	£6.50	ORKNEY
244	£6.50	SEFTON
245	£6.50	STAFFORD
246	£6.50	STIRLING
247	£6.50	TORFAEN
248	£6.48	DONCASTER
249	£6.42	WYNDORBIN
250	£6.40	BLAENAU GWENT
251	£6.40	CASTLE POINT
252	£6.40	COUNTY OF HEREFORD
253	£6.40	CREWE & NANTWICH
254	£6.40	DERBYSHIRE DALES
255	£6.40	EAST RENFREW
256	£6.40	ELLESMERE PORT
257	£6.40	RINCOLLEY & BOSWORTH
258	£6.40	MELTON
259	£6.40	NORTH AYRSHIRE
260	£6.40	NORTHUMBERLAND
261	£6.40	WEST LINDSEY
262	£6.38	WYRE
263	£6.35	WARRINGTON
264	£6.33	PERTH & KINROSS
265	£6.30	AROSELY
266	£6.30	BAINSBLEY
267	£6.30	CLYDEBANK
268	£6.30	DARLINGTON
269	£6.30	SOUTH HOLLAND
270	£6.30	SOUTH RIBBLE
271	£6.30	ST HELENS
272	£6.25	RIBWITCH
273	£6.21	THAMES
274	£6.20	CHORLEY
275	£6.20	COPELAND
276	£6.20	EAST SUFFOLK (SOUTH)
277	£6.20	FAUKIR
278	£6.20	FENLAND
279	£6.20	NEWCASTLE-UPON-TYNE

POSITION	TARIFF ONE 2 MILE FARE	COUNCIL
280	£6.20	SPELTHORNE
281	£6.20	WYCHAVON
282	£6.15	RENFREWSHIRE
283	£6.14	WIRE FOREST
284	£6.10	BRADFORD
285	£6.10	S. LANARKSHIRE (Grosvenor)
286	£6.05	SCOTTISH BORDERS
287	£6.00	ALLERDALE
288	£6.00	BLACKPOOL
289	£6.00	BOLTON
290	£6.00	BUCKINGHAMSHIRE
291	£6.00	EDNBRUSHIRE
292	£6.00	DUMBARTON & VALE OF LEVEN
293	£6.00	EAST STAFFORDSHIRE
294	£6.00	GATESHEAD
295	£6.00	GWYNEDD
296	£6.00	KIRKLEES
297	£6.00	KNOWSLEY
298	£6.00	NORTH WEST LEICESTER
299	£6.00	PETERSBOROUGH
300	£6.00	POWYS
301	£6.00	PRESTON
302	£6.00	ROTHERHAM
303	£6.00	SALFORD
304	£6.00	TALFORD & WREKIN
305	£6.00	THURROCK
306	£6.00	WARRICK
307	£6.00	STOKE ON TRENT UA
308	£6.00	WALS ROYAL
309	£5.90	WALSALL
310	£5.85	EAST RIDING
311	£5.80	FLINTSHIRE
312	£5.80	LICHFIELD
313	£5.80	MERTHYR TYDFIL
314	£5.80	NORTH FORT TALKOT
315	£5.80	NORTHERN IRELAND
316	£5.80	NORTH NORFOLK
317	£5.80	RHONDDA CYNON TAFF
318	£5.78	NORTH EAST DERBYSHIRE
319	£5.70	CAERPHILLY
320	£5.60	ASHFIELD
321	£5.60	NORTH LANARKSHIRE
322	£5.60	S. LANARKSHIRE (Hamilton)
323	£5.60	WREDDHAM
324	£5.55	NEWCASTLE-UNDER-LYME
325	£5.54	INVERCLYDE
326	£5.50	EPPING FOREST
327	£5.50	REDCAR & CLEVELAND
328	£5.50	ROCHDALE
329	£5.40	HARTLEPOOL
330	£5.30	SOUTH KESTEVEN
331	£5.30	STAFFS MOORLANDS
332	£5.20	WEST LANCSHIRE
333	£5.10	STOCKTON ON TEES
334	£5.08	CHERWELL
335	£5.00	BURNLEY
336	£5.00	ROSENDALE
337	£4.90	MIDDLESBROUGH
338	£4.80	ROSELVIE
339	£4.80	GADBY & WISSTON
340	£4.40	PENDLE
341	£	MALDON
342	£	RUTLAND
343	£	SOUTH DERBYSHIRE
344	£	WEST DEVON

SUMMARY CONSIDERATIONS FOR SETTING OF TAXI FARES



WHAT MATTERS TO THE CUSTOMER / PUBLIC (in no particular order)

- Simple and easy to understand
- Fare is reasonable and affordable (£)
- Clear / Clarity of fares to be paid (in advance of journey)
- Ease of calculation (both in advance and during journey)
- Ease of calculation by taximeter
- Practicality of applicability
- Transparently and independently established
- Easy to enforce / police
- Offers sufficient incentive for trade to provide taxi services when needed

WHAT MATTERS TO THE TAXI TRADE (in no particular order)

- Fare reasonably covers the costs of service and provides reasonable driver income (£)
- Fares commensurate with level of anti-social hours worked / risk (e.g. working at night / during night time economy) (i.e. incentive to provide a service when needed)
- Ease of calculation by taximeter
- Practicality of applicability
- Practicality of payment method

**EXCERPT FROM DFT TAXI AND PRIVATE HIRE VEHICLE LICENSING BEST
PRACTICE GUIDANCE TO LICENSING AUTHORITIES
(March 2010)**

TAXI FARES

52. Local licensing authorities have the power to set taxi fares for journeys within their area, and most do so. (There is no power to set PHV fares.) Fare scales should be designed with a view to practicality. The Department sees it as good practice to review the fare scales at regular intervals, including any graduation of the fare scale by time of day or day of the week. Authorities may wish to consider adopting a simple formula for deciding on fare revisions as this will increase understanding and improve the transparency of the process. The Department also suggests that in reviewing fares authorities should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers sufficient incentive to provide a service when it is needed. There may well be a case for higher fares at times of higher demand.

53. Taxi fares are a maximum, and in principle are open to downward negotiation between passenger and driver. It is not good practice to encourage such negotiations at ranks, or for on-street hailings; there would be risks of confusion and security problems. But local licensing authorities can usefully make it clear that published fares are a maximum, especially in the context of telephone bookings, where the customer benefits from competition. There is more likely to be a choice of taxi operators for telephone bookings, and there is scope for differentiation of services to the customer's advantage (for example, lower fares off-peak or for pensioners).

54. There is a case for allowing any taxi operators who wish to do so to make it clear – perhaps by advertising on the vehicle – that they charge less than the maximum fare; publicity such as '5% below the metered fare' might be an example.

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**CORPORATE GOVERNANCE, AUDIT AND STANDARDS
COMMITTEE
27TH NOVEMBER 2023**

**EXECUTIVE HEAD OF FINANCE
REPORT NO: FIN2318**

TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS 2023-24

SUMMARY:

This report sets out the main activities of the Treasury Management and non-Treasury Investment Operations during the first half of 2023-24. Prudential indicators for the 2023-24 financial year have been updated for all treasury management and non-treasury activity during the first half of 2023-24.

RECOMMENDATIONS:

Members are requested to note the contents of this report in relation to the treasury management and non-treasury investment operations carried out during the first half of 2023-24.

1. INTRODUCTION

- 1.1 This report sets out the Treasury Management and Non-Treasury Investment operations for the first half of the year 2023-24. This report is a statutory requirement under the CIPFA Code of Practice on Treasury Management.
- 1.2 Full Council approved the Annual Treasury Management Strategy and Non-Treasury Investment Strategy for 2023-24 on 23 February 2023. The Council has as part of its proactive treasury management approach, invested surplus cash balances (arising from timing differences between receipts and payments) and borrows to fund its capital plans. It is therefore, exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management and non-treasury investment strategies.

2. PURPOSE

- 2.1 The Council's treasury management activity is underpinned by CIPFA's Code of Practice on Treasury Management 2021¹ ("the Code"), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year. The Code also recommends that members be informed of Treasury Management activities at least twice a year. This report therefore ensures this authority is embracing best practice in accordance with CIPFA's recommendations.

¹ Published January 2022

- 2.2 The appendices (A to D) set out the Treasury Management operations, Non-Treasury Investment Operations and Prudential Indicators for 2023-24 and fulfil key legislative requirements as follows:

Appendix A

- The **Treasury Management operations** which sets out how the Council's treasury service operated during the first half of 2023-24;
- The **Treasury Management Borrowing** which sets out the Council's borrowing during the first half of 2023-24, and;
- The **Treasury Management Investments** which sets out the Council's Treasury Management investment operations for the first half of 2023-24.

Appendix B

- The **Non-Treasury Investment** sets out the Council's Non-Treasury investment performance for the first half of 2023-24.

Appendix C

- the **Prudential indicators** performance is compared to the indicators set out in the Annual Capital Strategy for the year 2023-24.

Appendix D

- Market commentary regarding the year 2023-24 from the Council's treasury management advisors Arlingclose

3 CONCLUSIONS ON THE TREASURY MANAGEMENT AND NON-TREASURY INVESTMENT OPERATIONS DURING 2023-24 TO DATE

- 3.1 All treasury activity was conducted within the approved Treasury Management Practices (TMP's).
- 3.2 During 2023/24 there was an unprecedented number of Bank of England base rate increases from 3% in March 2023 to 5.25%. Whilst borrowing has remained within the approved limits, interest costs have significantly increased. A full review of the debt portfolio is currently underway to address this cost pressure.
- 3.3 Pooled funds are a long term investment of surplus cash. Due to the rapid change in base rate and forecast economic climate the funds are currently valued at less than initial sums invested, full detail can be found in section 5. Work is underway to investigate this position.
- 3.4 The Council has borrowed £118.6m to invest in property. This portfolio's average return is below the cost of borrowing and Minimum Revenue Provision.

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TREASURY MANAGEMENT OPERATION FOR FIRST HALF OF 2023-24

1 INTRODUCTION

- 1.1 The purpose of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Whilst ensuring security of surplus monies invested and minimise cost of borrowing. The Council has adopted security, liquidity and then yield (SLY) as its investment model.

2 TREASURY MANAGEMENT ADVICE

- 2.1 The Council engages the services of Arlingclose for independent treasury advice. They provide a range of treasury management services including technical advice on debt and investment management and long-term capital financing. They advise on investment trends, developments and opportunities consistent with the Council's Treasury Management Strategy.
- 2.2 All investment activity is carried out by the Council's own treasury team with advice from Arlingclose and having due regard to information from other sources such as the financial press and credit-rating agencies.
- 2.3 The Council's treasury management team maintain their knowledge of investment management. Staff attended relevant workshops provided by Arlingclose and other service providers.

3 TREASURY MANAGEMENT OPERATIONS

- 3.1 All treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's Approved Treasury Management Strategy. Full detail of compliance against treasury indicators are given in appendix C.
- 3.2 The Council measures the financial performance of its treasury management activities both in terms of its impact on the revenue budget and its relationship to benchmark interest rates.

3.3 The treasury management position on 30 September 2023 and the change during the year is shown in the table below.

	31/03/2023 Balance £m	Movement £m	30/09/2023 Balance £m	Rate %
Long-term borrowing (> 12 months)	5.0	12.5	17.5	4.43
Short-term borrowing (< 12 months)	115.0	10.5	125.5	4.12
Total Borrowing	120.0	23.0	143.0	
Pooled Funds	(21.9)	-	(21.9)	5.66
Cash	(1.1)	(19.2)	(20.3)	4.63
Total Investments	(23.0)	(19.2)	(42.2)	
Net borrowing/(investments)	97.0	3.8	100.8	

4 TREASURY MANAGEMENT BORROWING OPERATIONS

4.1 As at 30 September 2023 the Council held £143m of loans, an increase of £23m from the position at 31 March 2023, as part of its strategy for funding previous and current years' capital programmes, these are summarised in the table below.

Borrowing	31/03/2023 Balance £m	Movement £m	30/09/2023 Balance £m	Rate %
Long-term borrowing	5.0	12.5	17.5	4.43
Short-term borrowing	115.0	10.5	125.5	4.12
Total Borrowing	120.0	23	143.0	

4.2 The projected cashflow to year end can be seen in the table below

External Borrowing Summary	
1/4/2023 balance - started before this date	120,000,000
	-
Of which repaid pre November	115,000,000
Replaced borrowing in year to date	153,000,000
Of which matured	<u>(16,000,000)</u>
Balance to date	142,000,000
Borrowing contracted in last Quarter	25,000,000
Repaid in last Quarter	(13,000,000)
Required borrowing in last Quarter	<u>13,000,000</u>
Total debt at 31/3/2024	<u>167,000,000</u>

5 INVESTMENT ACTIVITY IN 2023-24

5.1 The Council holds significant invested funds. During the year, the Council's investment position is shown in the table below. Money Market Funds are same day maturity whilst Pooled Funds have no defined maturity date, however, are available for withdrawal after a notice period of a week with the exception of CCLA fund (6 months).

Investment	31/03/2023 Balance £m	Movement £m	30/03/2023 Balance £m	Rate %
Money Market Funds	1.1	19.2	20.3	4.63
Pooled Funds	21.9	-	21.9	5.66
Total	23.00	19.2	42.2	

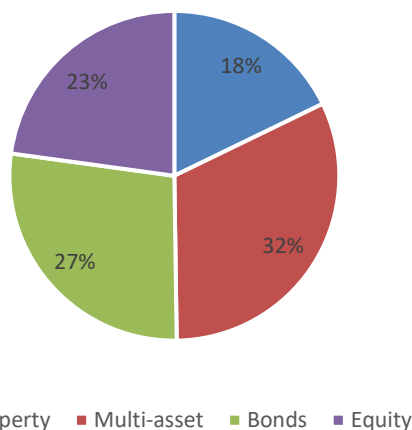
5.2 All Money Market Fund investments are A+, this is in compliance with TMP's.

5.3 £21.9m of the Council’s investments are held in externally managed strategic pooled equity, multi-asset, bond and property funds where short-term security and liquidity are lesser considerations, and objectives are regular revenue income and long-term price stability. The pooled fund portfolio has generated an average total return during the first half of 2023-24 of 5.66%. Capital returns have decreased by 2.61%. A summary of returns and diversification is set out below.

Pooled Funds investment	31/03/2023	Movement £m	30/09/2023	Rate (net of capital) %
	Balance £m		Balance £m	
<u>Pooled Funds:</u>				
CCLA LAMIT Property Fund	3.9	-	3.9	3.87
M&G Investments Strategic Corporate Bond Fund	4.0	-	4.0	4.9
UBS Multi Asset Fund	5.0	-	5.0	6.71
Aegon Diversified Monthly Income Fund	2.0	-	2.0	6.19
Threadneedle Strategic Bond Fund	2.0	-	2.0	4.22
Schroder Income Maximiser Fund	5.0	-	5.0	8.19
Total Investments	21.9		21.9	

Diversification of Pooled Fund	Amount invested £m	% of Total Investments
Property	3.9	18%
Multi-asset	7.0	32%
Bonds	6.0	27%
Equity	5.0	23%
Total	21.9	100%

Pooled Fund Diversification



Pooled Funds performance			Capital Growth	Dividends Earned	Capital Growth	Dividends Earned
Fund Name	Cost	Valuation 31/10	2022/23		2023/24 to date	
Aegon (Kames)	2,000,000	1,687,448	-239,107	100,997	-74,269	78,200
CCLA – Lamit – Property Fund	3,882,127	4,346,170	-875,454	192,075	-88,921	129,396
M&G Strategic Corporate Bond Fund	4,000,000	3,269,301	-376,750	134,622	-101,365	81,103
Schroder Income Maximiser Fund	5,000,000	4,130,183	-246,077	332,214	-287,270	198,617
Threadneedle Strategic Bond Fund	2,000,000	1,769,701	-203,524	64,688	-26,973	44,939
UBS Multi Asset Income Fund	5,000,000	3,268,805	-695,571	236,608	-229,957	125,431
	21,882,127	18,471,608	-2,636,483	1,061,204	-808,755	657,686

5.4 As these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council’s investment objectives is being reviewed.

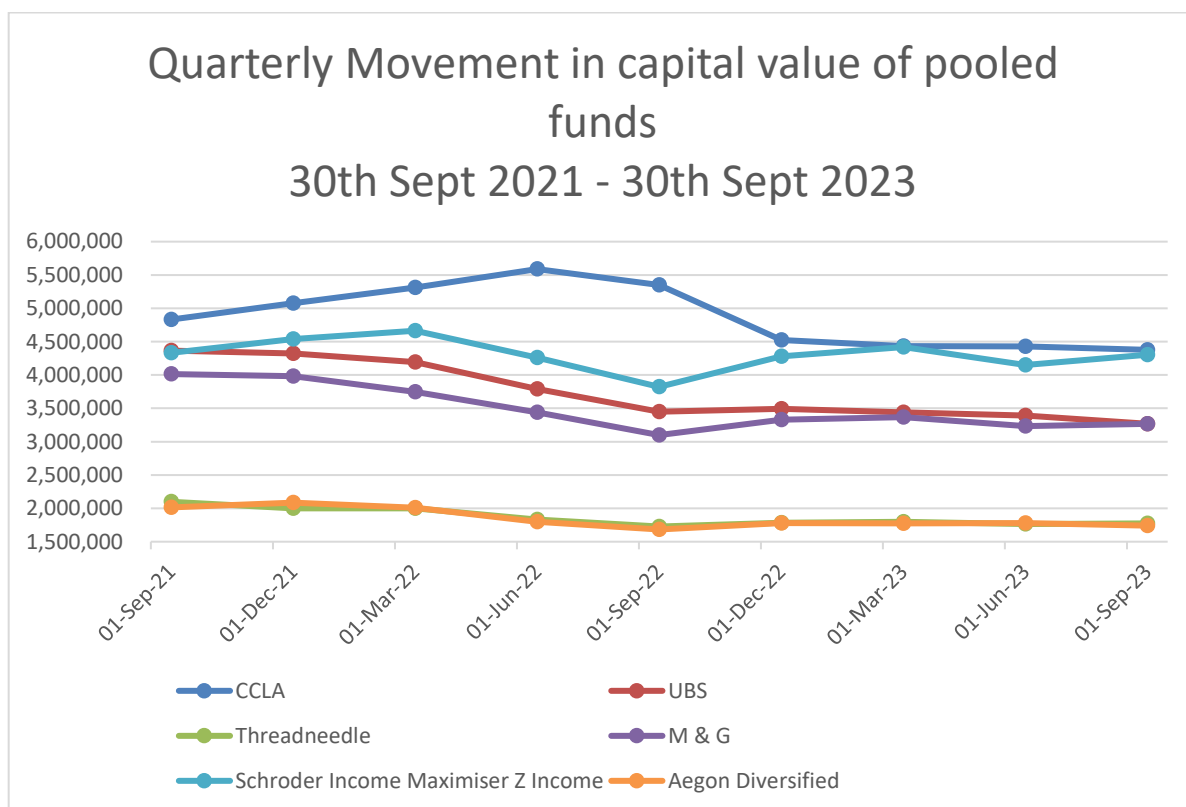
5.5 IFRS9 impact April 2025

The statutory override for pooled funds in England – which requires fair value gains and losses to be taken to an unusable reserve unless the fund is sold – is set to end in 2025/26, i.e. the last year it will be in place will be 2024/25. Pooled funds are currently valued below their purchase price as a result of rising interest rates and the economic downturn. There is therefore a capital loss that is likely to be charged

to the General Fund in **2025/26**. This requires a set aside of a revenue reserve to cover a reasonable worst-case scenario for the amount to be taken to General Fund. This should take into account the current unrealised loss and expected capital growth through to March 2026. Using a probability-based modelling tool provided by Arlingclose, at a 90% confidence level, assuming 3% inflation and current level of dividend the table shows reserve provision requirement of £4,881k. A 5% inflation figure would result in a £3,941k provision.

- 5.6 Details of the Council's investment activity together with returns generated during 2023-24 are outlined as follows:
- 5.7 **Capital returns** – the Council's pooled fund portfolio has decreased in value during the first half of 2023-24 year. Aggregation of the Council's pooled funds resulted in an overall decrease in fair value for the first half of the year 2023-24 of £808k and a cumulative capital loss of £3,445k to date.

5.8 There is variation in performance across the portfolio over the last two years as shown below.



5.9 **Income Returns** – The income returned by fund for the period to 30 September 2023 is analysed below:

- CCLA’s Local Authorities’ Mutual Investment Trust - £3.9 million investment at commencement of the year. The Property Fund is designed to achieve long-term capital growth and income from investments in the commercial property sector. The fund has returned 3.87% annualised income during 2023-24.
- UBS Multi-Asset Income Fund - £5 million investment. This fund follows a strategy of reducing volatility exposure levels by spreading investments across a diversified range of asset classes. This fund has returned 6.71% annualised income during 2023-24.
- Threadneedle Strategic Bond Fund - £2 million investment. The fund aims to provide income and capital appreciation through investment grade and high yield bonds. This fund has returned 4.22% annualised income during 2023-24

- M & G Corporate Bond Fund - £4m investment. This fund aims for a target total return of 3-5% from a combination of investment income or capital appreciation. This fund has returned 4.91% annualised income during 2020/221.
- Schroder Income Maximiser Fund - £5m investment made in December 2018. The fund aims to provide both income and capital growth, delivering a target income of 7.77% per annum. The fund has returned 8.2% annualised during 2023-24.
- Aegon Diversified Monthly Income Fund - £2m investment made in February 2019. The fund aims is to provide income with the potential for capital growth over the medium term. The fund has returned 6.19% annualised during 2023-24.

6 TREASURY MANGEMENT COMPLIANCE PERFORMANCE

- 6.1 Detailed compliance with TMP's approved in February 2023 for 2023/24 financial year is provided in appendix C.

NON-TREASURY INVESTMENT OPERATIONS FOR FIRST HALF OF 2023-24

1 INTRODUCTION

- 1.1 The purpose of non-treasury investment management operations is to ensure that all investment decisions are made with a suitable level of security and liquidity. Ensuring risks and rewards are monitored regularly.
- 1.2 The Council holds £140.4m of such investments at as 30 September 2023 in:
- directly owned property £132.3m
 - loans to local businesses and landlords £6.7m
 - loans to subsidiaries and partnerships £1.4m

2 PROPORTIONALITY

- 2.1 The Council is dependent on profit generating investment activity to achieve a balanced revenue budget. The table below shows the forecast proportion of gross service expenditure funded by investment activity.

	2022-23	2023-24	
	Actual £m	Budget £m	Forecast £m
Gross Service Expenditure	58.0	57.5	58.9
Investment Income	8.1	8.3	8.3
Proportion	14.0%	14.4%	14.1%

3 SERVICE IMPROVEMENT LOANS

- 3.1 The Council lends money to its subsidiaries, local businesses, and its employees to support local public services and stimulate local economic growth. The Council is a funding partner of Farnborough International Limited (FIL), enabling FIL to develop the Farnborough International exhibition and conference centre. Expanding the exhibition and conferencing capabilities in Farnborough brings increased economic capacity to the Borough and is a reinvestment in local business.

3.2 The Council’s performance and upper limits on the outstanding loans to each category of borrower have been set as follows:

Category of Borrower	2023/24 Approved Limit £m	2023/24 Actual £m
Local businesses	6.7	6.7
Subsidiaries & Partnerships	3.5	1.4
Employees	0.1	0.0
Total	10.3	8.1

4 SERVICE INVESTMENTS: SHAREHOLDING IN SUBSIDIARIES

4.1 The Council invests in the shares of its subsidiary and holds a financial share in a development partnership and Rushmoor Homes to support local public services and stimulate local economic growth.

5 COMMERCIAL INVESTMENT: PROPERTY

5.1 The Council invests in local and regional commercial and residential property with the intention of making a net surplus that will be spent on local public services. The forecast transactions during 2023-24 will remain the same as at 30 September 2023. During the year the Council purchased The Meads as part of its regeneration masterplan.

Property by Type	2023	2023/24 transactions		
	Carry Forward	Purchase Cost	Sales	Total
Mixed Use	5.2	-	-	4.5
Industrial Units	26.9	-	-	23.7
Retail	50.8	6.4	-	57.2
Offices	43.0	1.2	-	44.2
Total	125.9	7.6	-	133.5

5.2 Commercial property investments are budgeted to generate £0.7m of net investment income in the first half of the year for the Council after taking account of direct costs, cost of borrowing and Minimum Revenue Provision (MRP).

6 NON-TREASURY INVESTMENT INDICATORS

6.1 The Council measures and manages its exposures to non-treasury investment risks using the following indicators.

6.2 **Total risk exposure:** This indicator shows the Council's total exposure to potential investment losses. This includes amounts the Council is contractually committed to lend but have yet to be drawn.

Total Investment Exposure	31-Mar-2024	
	Estimate £m	Forecast £m
Treasury Management Investments	35.9	35.9
Service Investments: Loans	8.1	8.1
Service Investments: Shares	-	-
Commercial Investments: Property	133.5	133.5
Total Investment	177.5	177.5
Commitment to lend	2.9	-
Total Exposure	180.4	177.50

6.3 **How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Council does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Council's investments are funded by usable reserves and income received in advance of expenditure (internal borrowing).

Investments funded by borrowing	31-Mar-2023	
	Estimate £m	Actual £m
Service Investments: Loans	8.1	8.1
Commercial Investments: Property	133.5	133.5
Investment in Town Centres	30.5	26.9
Total Funded by Borrowing	172.1	168.5

6.4 **Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

Investments rate of return (net of all costs)	31-Mar-2023	
	Estimate %	Actual %
Treasury Management investment	4.0	3.6
Service Investments: Loans	5.5	5.9
Service Investments: Shares	-	-
Commercial Investments: Property	2.6	5.24

PRUDENTIAL INDICATORS

- 1.1 **Prudential Indicators:** The following indications are required by the CIPFA “Prudential Code” 2017 edition.
- 1.2 **Estimates of Capital Expenditure:** The Council’s planned capital expenditure and financing may be summarised as follows.

	2023-24	
	Budget £m	Forecast £m
General Fund Capital Expenditure	50.0	46.0
Total	50.0	46.0
External Sources	9.2	9.2
Own Resources	2.6	2.6
Debt	38.2	34.2
Total	50.0	46.0

- 1.3 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue, which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

	2023-24	
	Budget £m	Forecast £m
MRP	2.17	1.87
Capital Receipts	2.63	2.63

- 1.4 **Gross Debt and the Capital Financing Requirement:** In order to ensure that over the medium-term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

	2023-24	
	Budget £m	Forecast £m
Debt (inc. leases)	172.1	168.5
Capital Financing Requirement	177.0	174.2
Difference	4.9	6.1

- 1.5 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

	2023-24	
	Budget Limit £m	Forecast Limit £m
Authorised Limit - total external debt	200.8	200.8
Operational Boundary - total external debt	195.8	195.8

- 1.6 Compliance with specific investment limits is demonstrated in the table below.

	30-Sep-23	2023-24	Complied ?
	Actual £m	Limit £m	
Any group of pooled funds under the same management	21.9	25.0	Yes
Money Market Funds	20.3	25.0	Yes

2 TREASURY MANAGEMENT INDICATORS

- 2.1 The Council measures and manages its exposures to treasury management risks using the following indicators.

- 2.2 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30-Sep-23 Actual	2023-24 Target	Complied ?
Portfolio average credit rating	A+	A-	Yes

Liquidity: The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount it can borrow each period without giving prior notice.

	30-Sep-23 Actual £m	2023-24 Target £m	Complied ?
Total sum borrowed in past 3 months without prior notice	-	1.0	Yes

- 2.4 **Interest Rate Exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

	30-Sep-23 Actual £m	2023-24 Limit £m	Complied ?
Upper limit on one-year impact of a 1% rise in interest rates (on borrowing net of investments)	0.42	0.5	No
Upper limit on one-year impact of a 1% fall in interest rates (on borrowing net of investments)	0.28	0.5	No

- 2.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.
- 2.6 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

2.7 **Principal Sums Invested for Periods Longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2023-24 £m	2022-23 £m	2021-22 £m
Actual principal invested beyond year end	21.9	21.9	21.9
Limit on principal invested beyond year end	90.0	90.0	90.0
Complied	Yes	Yes	Yes

Market commentary regarding the year 2023-24 from the Council's treasury management advisors Arlingclose

Economic background: UK inflation remained stubbornly high over much the period compared to the US and euro zone, keeping expectations elevated of how much further the Bank of England (BoE) would hike rates compared to the regions. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.2%. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July data showed the unemployment rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate. Adjusting for inflation, pay growth in real terms were positive at 1.2% and 0.6% for total pay and regular pay respectively.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The largest downward contribution came from food prices. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected.

The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households. As such, while consumer confidence continued to improve over the period, the GfK measure hit -21 in September, it is likely this will reverse at some point. Higher rates will also impact business and according to S&P/CIPS survey data, the UK manufacturing and services sector contracted during the quarter with all measures scoring under 50, indicating contraction in the sectors.

The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

Having fallen throughout 2023, annual US inflation started to pick up again in July 2023, rising from 3% in June, which represented the lowest level since March 2021, to 3.2% in July and then jumping again to 3.7% in August, beating expectations for a rise to 3.6%. Rising oil prices were the main cause of the increase. US GDP growth registered 2.1% annualised in the second calendar quarter of 2023, down from the initial estimate of 2.4% but above the 2% expansion seen in the first quarter.

The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

Although continuing to decline steadily, inflation has been sticky, Eurozone annual headline CPI fell to 5.2% in August while annual core inflation eased to 5.3% having stuck at 5.5% in the previous two months. GDP growth remains weak, with recent data showing the region expanded by only 0.1% in the three months to June 2023, the rate as the previous quarter.

Financial markets: Financial market sentiment and bond yields remained volatile, with the latter generally trending downwards as there were signs inflation, while still high, was moderating and interest rates were at a peak.

Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.73% over the period.

Credit review: Having completed a review of its credit advice on unsecured deposits at UK and non-UK banks following concerns of a wider financial crisis after the collapse of Silicon Valley Bank purchase of Credit Suisse by UBS, as well as other well-publicised banking sector issues, in March Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance continued to be maintained at the end of the period.

During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress and although no changes were made to recommended durations over the period, Northern Trust Corporation was added to the counterparty list.

Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

**CORPORATE GOVERNANCE
AUDIT AND STANDARDS COMMITTEE****AUDIT MANAGER
REPORT NO. AUD2308**

27TH NOVEMBER 2023

ANNUAL GOVERNANCE STATEMENT - UPDATE**SUMMARY:**

This report describes the work carried out towards the implementation of the actions defined within the Annual Governance Statement, which was presented to this Committee in June 2023.

RECOMMENDATION:

Members are requested to note the progress towards the implementation of the actions detailed within the Council's Annual Governance Statement.


1 Introduction


- 1.1 The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement (AGS). Reporting publicly on the extent to which we comply with our own Local Code of Corporate Governance including how we have monitored the effectiveness of our arrangements in the year and on any planned changes to our governance arrangements in the coming year. The AGS was reported to this Committee on 1st June 2023.
- 1.2 The review of the effectiveness of the Council's governance framework in 2022/23 identified areas for improvement to be actioned during 2023/24, which included the carried forward actions from the 2021/22 AGS. The progress against these actions is detailed within this report.

2 Progress towards actions within the Annual Governance Statement (AGS)

- 2.1 Members considered the AGS report (AUD23/06) which included actions to be implemented during 2023/24, in response to Governance improvements identified in the AGS 2022/23.
- 2.2 The table below details the progress to date of items carried forward:


Actions outstanding from 2021/22


Action from 21/22 AGS	Original target date	Last update from March 2023	Revised target date	Update October 2023	Revised target date	Direction of travel
Office 365 governance set-up (Information Governance Officer and IT Services Delivery Manager)	June 2022	The work started with Silversands in September 2022 with the pilot going live in March 2023. The pilot focus was on data loss prevention with document labelling as RBC has become a subscriber to LG Inform Plus, and adopted the LG Inform Plus Records Retention schedule. The pilot has just come to an end with the service area (HR and payroll). IG and IT are to have a follow up meeting with Silversands and discuss moving beyond the pilot. There will need to be further wider discussions about how to implement and roll out the document labelling functionality within Office365 council wide. This will need to be planned around other projects that IT will be supporting as there will need to be training delivered on the functionality, possible ongoing support. PROGRESSING	TBC	A presentation is planned, by Silversands, to the Corporate Management Team (CMT), in Nov 23. However, the rollout will need to be resourced as currently no additional resource capacity is available. The presentation to CMT will determine the next steps including the resource implications. The IGO is in agreement with IT regarding a wider rollout as the training and rollout will need to be IT led with support from legal as required.	Will be agreed following review at CMT in Nov 23.	 Progress

Action from 21/22 AGS	Original target date	Last update from March 2023	Revised target date	Update October 2023	Revised target date	Direction of travel
<p>Ensuring comprehensive compliance around cyber security in line with the guidelines provided by the National Cyber Security Centre.</p> <p><i>(Head of IT)</i></p>	October 2022	<p>2023 PSN compliance achieved. DLUHC treatment plan, part 2 to be completed by Sept 2023.</p> <p>LGA Peer Review* – complete</p> <p>Internal audit – complete, ‘Reasonable Assurance’</p> <p>Members briefings – complete</p> <p>Priorities from cyber security plan 2023/24;</p> <ul style="list-style-type: none"> • Cyber supply chain review* • Cyber Incident Response Plan* • NCSC Cyber Security Framework – continued implementation • Training & awareness & policy refresh <p>PROGRESSING</p>	N/A	<p>A cyber supply chain review is currently being carried out by internal audit.</p> <p>The cyber response plan is currently being worked on.</p> <p>Work continues to be progressed with the NCSC cyber security framework.</p> <p>Training has been refreshed on the Council’s new Skillgate training system. There will be further ongoing awareness training on this as it is constantly evolving so will form business as usual.</p> <p>The policies require a comprehensive review. There is a review corporately of how to get policies across the organisation updated. A plan around this will be reported back to the Corporate Governance Group on the 6th Nov.</p>	<p>Completed - BAU</p> <p>Tba following project set-up and initial analysis (feedback 6/11/23 initially)</p>	 Progress
<p>Ensuring compliance with the mandatory elements of the Local</p>	July 2022	<p>Process for achieving this has now been agreed and will be implemented in 2023/24. This will</p>	October 2022	<p>The mandatory elements of the Local Government Transparency Code are complied with and a central location on</p>	N/A	


Action from 21/22 AGS	Original target date	Last update from March 2023	Revised target date	Update October 2023	Revised target date	Direction of travel
Government Transparency Code <i>(Assistant Chief Executive, Information Governance Officer and relevant Heads of Service)</i>		include monitoring and reporting on compliance with the Transparency Code. PROGRESSING		the Council's website has been set up to enable clear identification of all data published in relation to the Transparency code. Heads of Service/ Service Managers have been reminded of their responsibility to maintain the data to ensure compliance with the Transparency code.		Completed

Actions outstanding from 2022/23

Action from 22/23 AGS	Original target date	Last update from March 2023	Revised target date	Update October 2023	Revised target date	Direction of travel
External Audit to complete work and sign off 2020/21 and 2021/22 accounts. <i>(Executive Head of Finance and S151 Officer)</i>	2020/21 – To be finalised by the end of the financial year 2021/22 – preparation work to be underway this financial year.	N/A – New action	N/A	The 2020/21 audit will be completed by Christmas. The 2021/22 audit will pause until the government has given a directive on a general disclaimer and the terms of such. In this event, the 2021/22 audit will not proceed and the next audit will be the 2022/23 accounts in the Autumn of 2024. The government position will be known in the next couple of months. A revised audit timetable will be agreed at that point.	TBC	 Progress

Action from 22/23 AGS	Original target date	Last update from March 2023	Revised target date	Update October 2023	Revised target date	Direction of travel
<p>Lack of robustness for the response to FOI requests resulting in the ICO judging against the Council due to lack of prompt response rather than the actual decision made not to provide certain information.</p> <p><i>(Corporate Manager – Legal Services)</i></p>	October 2023	N/A – New action	N/A	<p>Significant improvements have been made in the last 6 months in reducing the number of overdue FOI requests and complying with the statutory timeframe for responding to requests. This has been through a) increasing awareness amongst Service Managers and staff of overdue requests b) creating an action plan to reduce the backlog of requests with oversight from the Executive Director (Ian Harrison) and c) working with IT to introduce a new internal system which allows for more automated reminders, improved oversight for Managers and a reduction in single points of failure. This piece of IT work is in progress and a new system should be in place by July 2024.</p>	July 24	 Progress
<p>Ensure appropriate documentation is held within the Council for surveillance work.</p> <p><i>(Corporate Manager – Legal Services)</i></p>	September 2023	N/A – New action	N/A	<p>Surveillance policy documentation was updated and approved by the Corporate Governance, Audit and Standards Committee (CGAS) on 1 June 2023. In the last 3 months, the Legal Services team have updated logs of any surveillance work and ensured the correct authorisation is in place. There have been no new covert surveillance requests in this</p>	N/A	

Action from 22/23 AGS	Original target date	Last update from March 2023	Revised target date	Update October 2023	Revised target date	Direction of travel
				financial year so far. In June 2023, the Council received a positive letter from IPCO (Investigatory Powers Commissioner's Office) who are satisfied of Rushmoor Borough Council's ongoing compliance with Regulation of Investigatory Powers Act 2000 (RIPA 2000) and Investigatory Powers Act 2016. Rushmoor is not due its next inspection until 2026. The Legal team will provide annual RIPA updates to CGAS.		Completed
<p>Ensure that all mandatory and statutory training for Elected Members and all staff is undertaken in a timely manner and regularly reviewed to ensure that it is maintained and up to date.</p> <p><i>(Corporate Manager – Democracy</i></p> <p><i>Corporate Manager – Democracy, in liaison with Member Development Group</i></p>	<p>From election in May 23 – and by 30th Sept 23</p> <p>Ongoing</p>	N/A – New action	N/A	Mandatory Induction Training for Councillors took place during May 2023 and September 2023 with core essential training delivered as a priority early in the civic year. This included an Induction Programme for New Members supplemented by Mentoring arrangements, Code of Conduct Training (22/5/23), Development Management Committee Induction Training (18/5/23), Corporate Governance and Audit Committee Induction Presentation (25/5/23), GDPR and Information Governance Training (29/6/23), Audit Training for	N/A	Completed for Members part

Action from 22/23 AGS	Original target date	Last update from March 2023	Revised target date	Update October 2023	Revised target date	Direction of travel
<p><i>and Corporate Governance Group)</i></p>				<p>CGAS (12/7/23), Licensing Hearing Training for individual members and Training for new Taxi Licensing Hearings (2/8/23), Induction Presentations for Overview and Scrutiny (15/6/23) and PPAB (27/6/23). This is in addition to a range of seminars and other learning and development activities that councillors have participated in so far during 2023/24.</p> <p>Copies of all Induction and training presentations are available for councillors on the Members SharePoint site. The Member Development Group will review progress and priorities for future training at its meeting on 6th November.</p> <p>The completion rate for staff mandatory training is currently 93%.</p>		 Progress

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HEAD OF SERVICE: Peter Vickers, Executive Head of Financial Services

References:

- *Annual Governance Statement 2022/23 – reported to CGAS Committee 1st June 2023*

27TH NOVEMBER 2023

UPDATE ON AUDIT RECOMMENDATIONS**SUMMARY:**

This report provides an update on the work currently being carried out on audit recommendations and progress towards implementation of the recommendations.

RECOMMENDATION:

Members are requested to:

- i. Note the progress towards the overall implementation of the audit recommendations.
- ii. Note the further focused work being carried out to ensure the outstanding recommendations being worked on are still relevant and the most effective use of council resources to improve the overall governance, risk management and control environment.

1 Introduction

- 1.1 Audit recommendations are made to improve the Council's governance, risk management and control environment in areas reviewed. A level of assurance is taken from the implementation of the recommendations to support the Audit Managers annual assurance opinion.
- 1.2 A review of progress towards the implementation of audit recommendations has been carried out however due to changes with the economic climate and post covid changes some recommendations are potentially less significant or less relevant because environments have evolved.

2 Outstanding recommendations

- 2.1 As some recommendations outstanding relate to previous financial years, a detailed review of the recommendations needs to be undertaken to ensure that given the changes within the economic climate on the Council and the changes post covid-19 the recommendations are still relevant, and the level of risk posed is still correct given the evolving environment.
- 2.2 Taking this approach will ensure that Council resources are being effectively utilised and focused on improving the governance, risk management and control environment of the Council in the current climate.

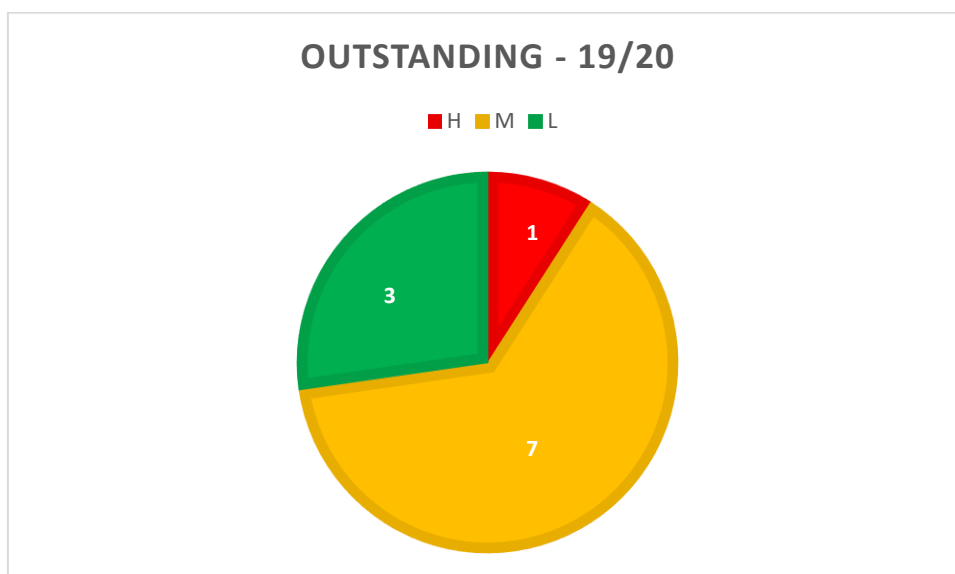
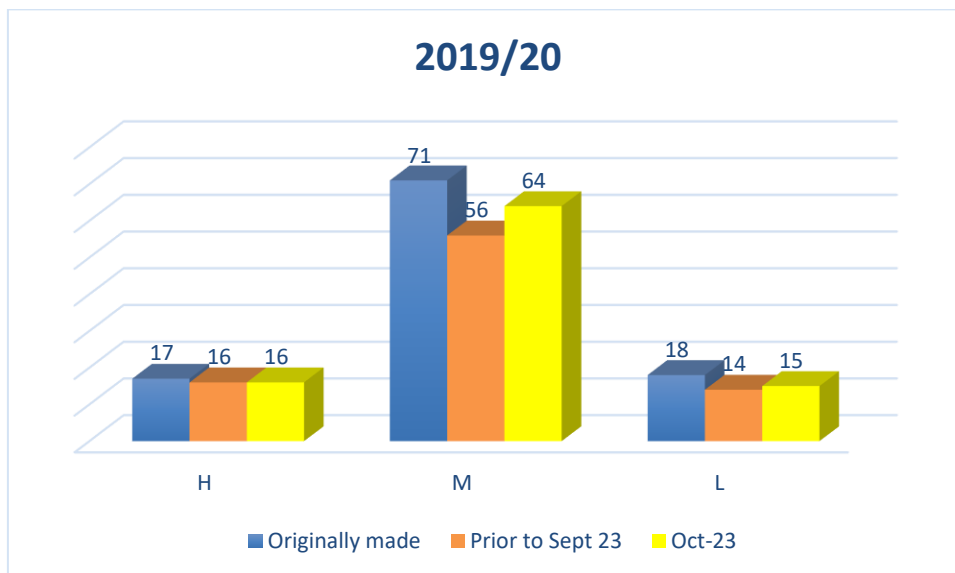
2.3 A further report will be provided to the Committee once the detailed work has been carried out, to highlight to the Committee the key outstanding recommendations.

3 Progress towards implementation of recommendations

3.1 Below is a breakdown of the recommendations for each financial year against the number implemented for each risk level. However, it should be noted that this is prior to the further detailed work being carried out as set out above.

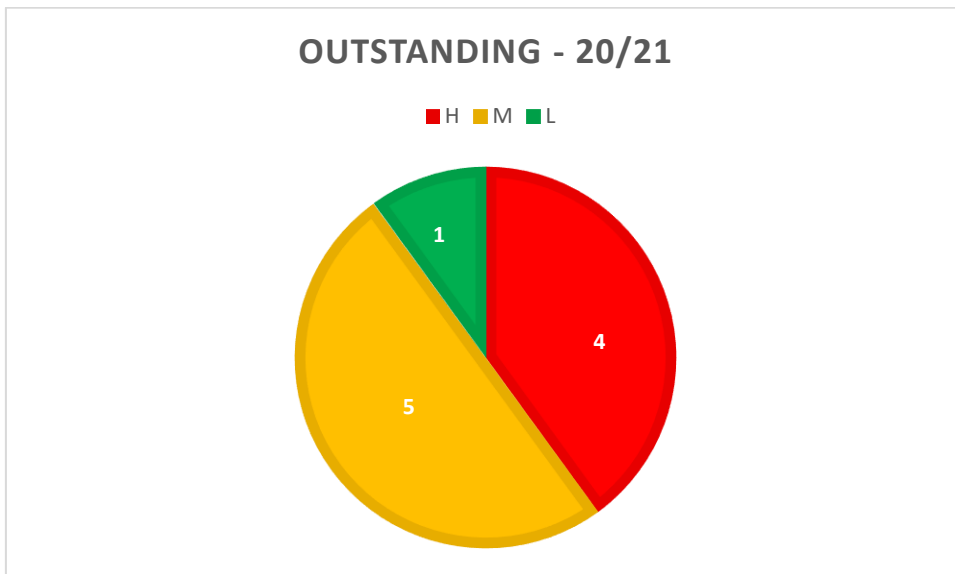
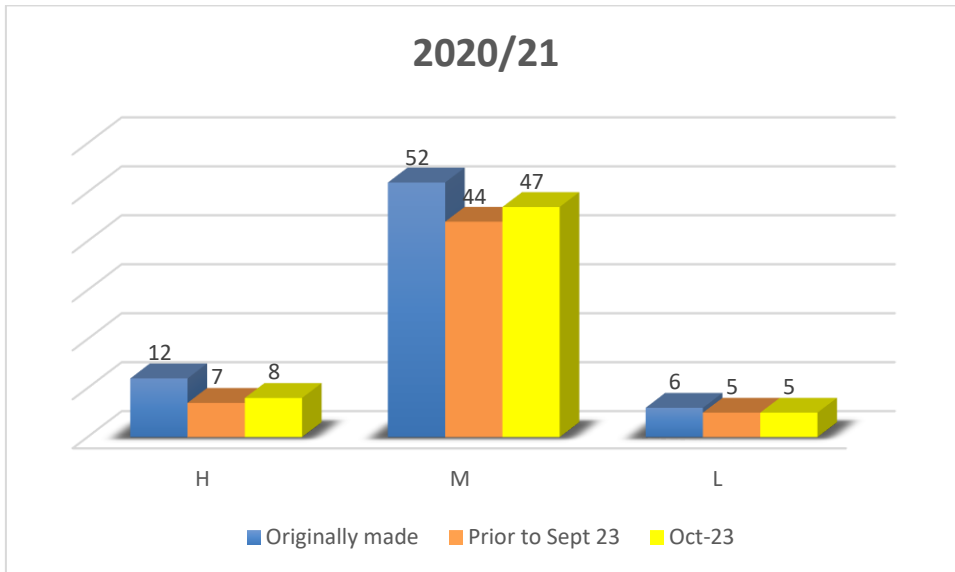
2019/20

91% of the overall recommendations made in 2019/20 have been implemented. This has increased since the last review.



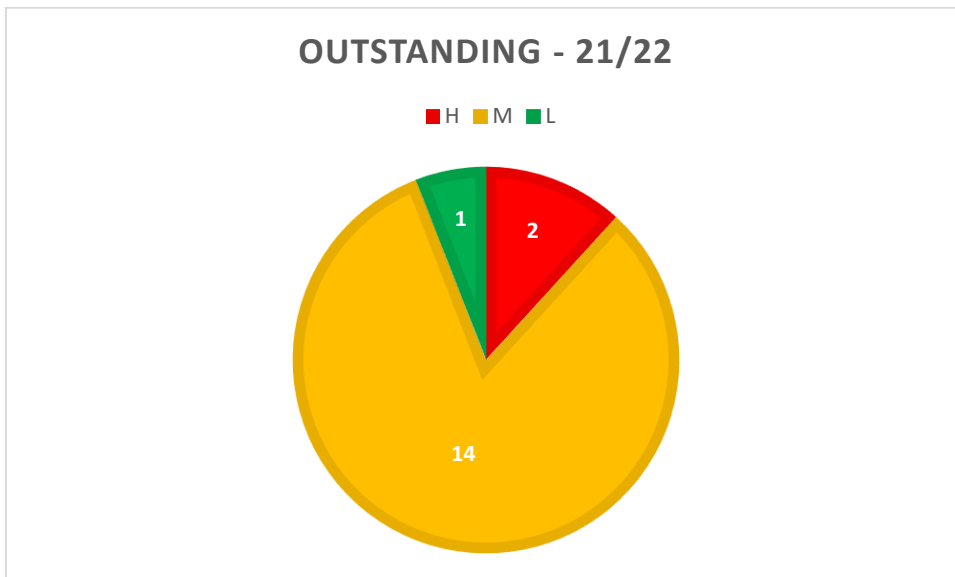
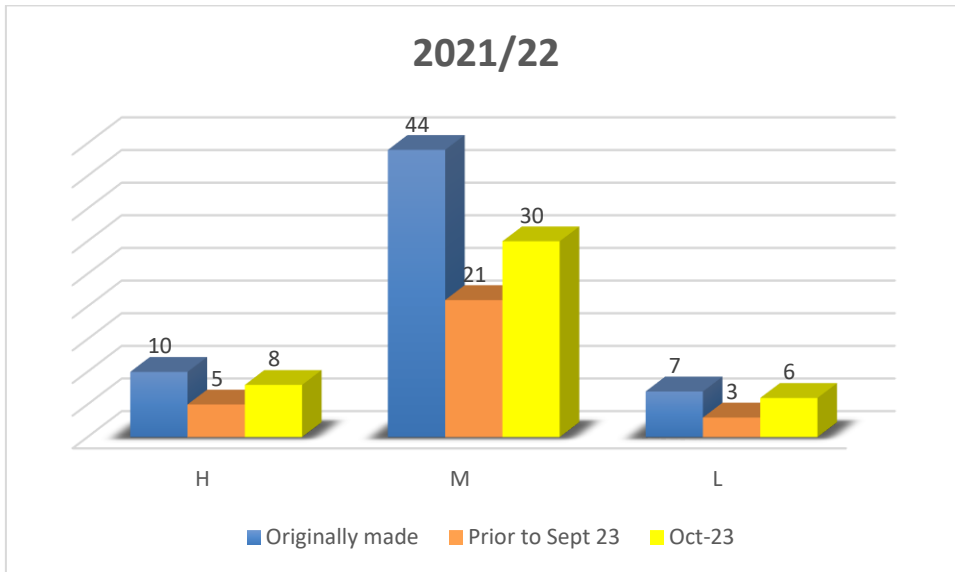
2020/21

86% of the overall recommendations made in 2020/21 have been implemented. This has increased since the last review.



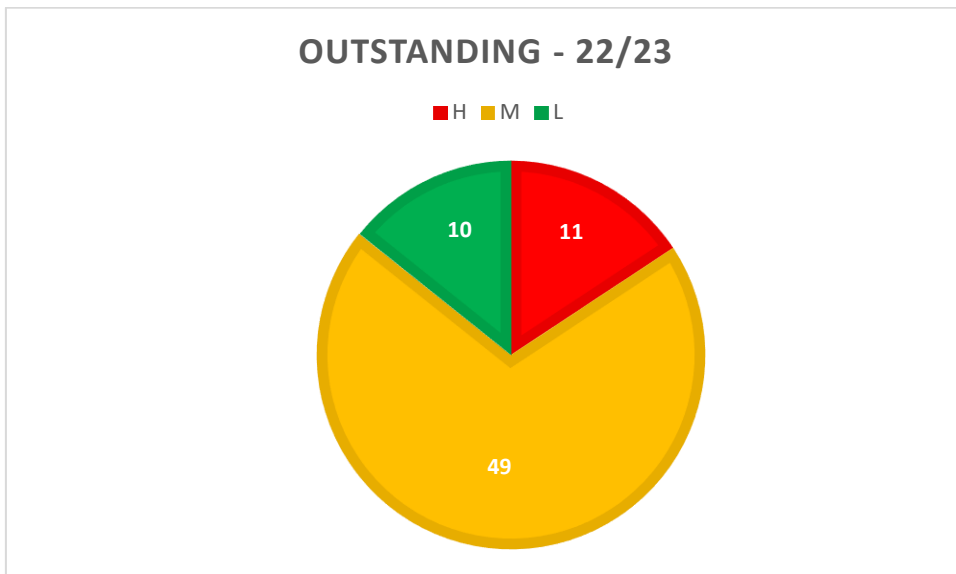
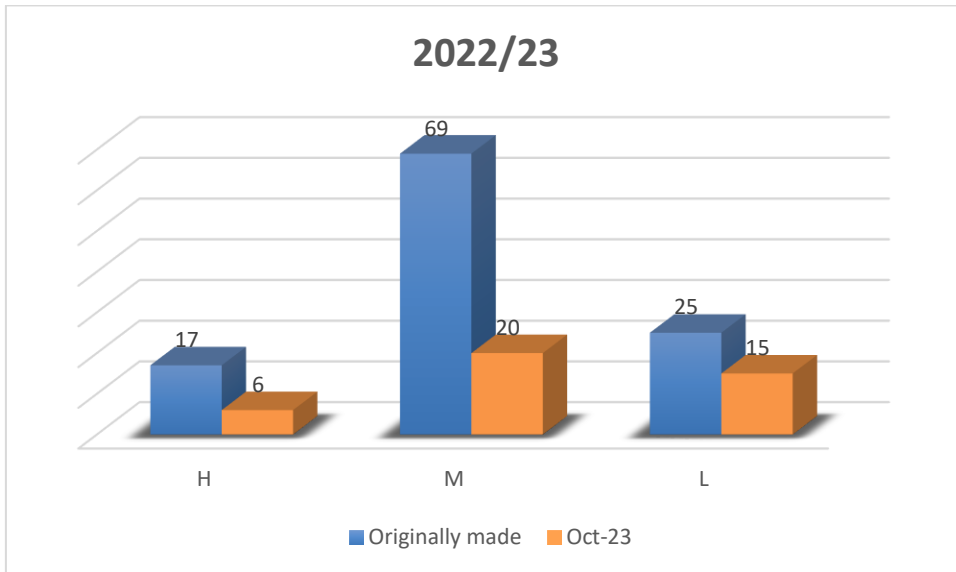
2021/22

72% of the overall recommendations made in 2021/22 have been implemented. This has increased since the last review.



2022/23

37% of the overall recommendations made in 2022/23 have been implemented.



4 Recommendation

- 4.1 Members are requested to note the content of the report and the further work to be carried out.