

HAMPSHIRE COUNTY COUNCIL

Decision Report

Decision Maker:	Audit Committee
Date:	27 th September 2023
Title:	2023/24 Q1 Treasury Management Report
Report From:	Deputy Chief Executive and Director of Corporate Operations

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Purpose of the Report

1. The County Council has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), last updated in 2021 which requires the Council to approve, as a minimum, treasury management semi-annual and annual outturn reports.
2. This quarterly report provides an additional update and includes the new requirement in the 2021 Code, mandatory from 1st April 2023, of quarterly reporting of the treasury management prudential indicators. The non-treasury prudential indicators are incorporated in the Authority's normal quarterly revenue and capital monitoring reports.

Recommendations

3. Audit Committee are asked to note the review of treasury management activities in Q1 2023/24.

Executive Summary

4. The report fulfils the County Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code and provides an update on the performance of the treasury management function during 2023/24.
5. The County Council's treasury management strategy was most recently updated and approved at a meeting of Full Council in February 2023. The County Council has borrowed and invested sums of money and 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 are therefore central to the County Council's treasury management strategy.

6. Treasury management in the context of this report is defined as: "The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
7. This report sets out the performance of the treasury management function during Q1 2023/24, to include the effects of the decisions taken and the transactions executed in the first three months of the financial year.
8. All treasury activity has complied with the County Council's Treasury Management Strategy and Investment Strategy for 2023/24, and all relevant statute, guidance and accounting standards. In addition, support in undertaking treasury management activities has been provided by the County Council's treasury advisers, Arlingclose.
9. The Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The latest iteration of the County Council's Capital and Investment Strategy, complying with CIPFA's requirement, was approved by Full Council in February 2023.

External Context

10. The following sections outline the key economic themes in the UK against which investment and borrowing decisions have been made so far in 2023/24.

Economic commentary

11. From the start of the quarter until May it looked like peak global monetary policy rates were in sight as inflation continued to ease and central banks turned more dovish in tone. Only a few weeks later, stronger and more persistent inflation data, particularly in the UK, changed the picture. Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.
12. Inflation fell from its peak of 11.1% reached in October 2022, but annual

headline CPI in May 2023 was higher than the consensus forecast at 8.7% (8.4% expected), largely driven by services inflation, while the annual measure of underlying core inflation rose to 7.1% from 6.8%.

13. After a sharp rise in interest rate expectations, with clearly serious implications for mortgage markets due to higher inflation and wage data, the Bank of England's Monetary Policy Committee reaccelerated monetary policy tightening over the period with a 0.25% rise in May to a 0.5% rise in June, taking the Bank Rate to 5.0%. At both meetings the vote was 7-2 in favour of increasing rates, with the two dissenters preferring to keep rates on hold.
14. Interest rate expectations priced in further hikes in policy rates. Arlingclose, the authority's treasury adviser, revised its forecast to include a further 0.5% of monetary tightening to take Bank Rate to 5.5%. The risks, however, are that rates could be higher; financial markets are forecasting policy interest rates above 6%.
15. With many mortgages at low fixed rates now systematically being re-set over the next 12-24 months at higher rates there has been a lagged effect of the feed through of monetary policy on households' disposable income. The economic slowdown is expected to develop over time and therefore, despite the GfK measure of consumer confidence improving to -24 in June, it is likely confidence will be negatively affected at some point. The manufacturing sector contracted during the quarter according to survey data, which will eventually feed into services, whose expansion is slowing.

Financial markets

16. Financial market sentiment and bond yields remained volatile, the latter continuing their general upward trend as uncertainty and concern over higher inflation and higher interest rates continued to dominate.
17. Gilt yields rose over the period. The 5-year UK benchmark gilt yield rose from 3.30% to 4.67%, the 10-year gilt yield from 3.43% to 4.39%, and the 20-year yield from 3.75% to 4.51%.

Credit review

18. 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 2023 Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and

Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

19. Arlingclose continued to monitor and assess credit default swap levels for signs of ongoing credit stress but made no changes to the counterparty list or recommended durations over the quarter. Nevertheless, heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Council's counterparty list recommended by Arlingclose remains under constant review.

Local Context

20. At 31 March 2023, the County Council's underlying need to borrow for capital purposes was £749.7m as measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment and amounted to £1,111.7m. These factors are summarised in Table 1.

Table 1: Balance sheet summary	31/03/23 Balance £m	31/03/24 Forecast £m
CFR	749.7	748.1
Less: Other debt liabilities*	(121.4)	(113.2)
Borrowing CFR	628.3	634.9
External Borrowing	(251.5)	(177.5)
Internal Borrowing	376.7	457.4
Less: Balance sheet resources	(1,111.7)	(1,126.3)
Net Investments	(735.0)	(668.9)

* PFI and other liabilities that form part of the County Council's total debt

21. The County Council's strategy was to maintain borrowing and investments below their underlying levels, referred to as internal borrowing, to reduce risk and keep interest costs low. The treasury management position at 31 March 2023 and the change during the year are shown in Table 2.

Table 2: Treasury management summary	31/03/23 Balance £m	Movement £m	30/06/23 Balance £m	30/06/23 Rate %
Long-term borrowing	(192.1)	20.1	(172.0)	4.63
Short-term borrowing	(8.0)	0.0	(8.0)	5.34
Total borrowing	(200.1)	20.1	(180.0)	4.66
Long-term investments	238.5	40.8	279.3	4.32
Short-term investments	151.8	5.0	156.8	4.00
Cash and cash equivalents	349.7	(305.7)	44.0	4.66
Total investments	740.0	(259.9)	480.1	4.25
Net investments	539.9	(239.8)	300.1	

Note: the figures in Table 2 are from the balance sheet in the County Council's accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments. Borrowing figures exclude short term balances held on behalf of others.

22. The decrease in net investments of £239.8m shown in Table 2 reflects a decrease in investment balances of £259.9m, largely due to the prepayment of three years' worth of employer pension contributions on 1st April, in conjunction with early repayment of borrowing of £20.1m in line with the County Council's policy on internal borrowing. Further details are provided in the Borrowing Strategy and Treasury Investments Activity sections of this report.

Borrowing Update

23. The County Council has no plans to borrow to invest primarily for commercial return and so is unaffected by the changes to the Prudential Code.
24. The County Council is not planning to purchase any investment assets primarily for yield, so is able to retain full access to the PWLB, however there are no plans to take on any new external borrowing.
25. Further, the County Council has and may continue to invest in pooled funds as part of its Treasury Management strategy. This is not a policy to primarily generate yield but a part of the implementation of the wider Treasury Management strategy to invest the County Council's surplus cash and reserves ensuring it is investing its funds prudently, having regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. By investing a diversified portfolio in respect of yield this meets the County Council's aim of protecting reserves from high inflation.
26. The County Council is a net investor and as stated in the Treasury Management Strategy 2023/24, the County Council expects a negative liability

benchmark across the forecast period, meaning that there is not a requirement to borrow and that the County Council could potentially repay its current external borrowing and still fund the planned capital programme.

Borrowing Strategy

27. At 30 June 2023 the County Council held £180m of loans (a decrease of £20.1m from 31 March 2023) as part of its strategy for funding previous years' capital programmes. The year-end treasury management borrowing position and year-on-year change are summarised in Table 3.

Table 3: Borrowing position	31/03/23 Balance	Net movement	30/06/23 Balance	30/06/23 Weighted average rate	30/06/23 Weighted average maturity (years)
	£m	£m	£m	%	
Public Works Loan Board	(188.0)	20.0	(168.0)	4.69	7.8
Banks (LOBO)	(4.0)	0.0	(4.0)	4.75	11.3
Other (fixed term)	(8.1)	0.1	(8.0)	3.92	16.5
Total borrowing	(200.1)	20.1	(180.0)	4.66	8.3

Note: the figures in Table 3 are from the balance sheet in the County Council's accounts but adjusted to exclude short term balances held on behalf of others, and accrued interest.

28. The County Council's chief objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the County Council's long-term plans change is a secondary objective.
29. The County Council has considered it to be more cost effective in the near term to use internal resources than to use additional external borrowing and as a result of the changes to interest rates £20m of PWLB loans were repaid early in 2023/24 following consultation with Arlingclose.
30. This borrowing strategy has been monitored with the assistance of Arlingclose and has enabled the County Council to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.
31. The County Council continues to hold £4m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the County Council has the option to either accept the new rate or to repay the loan at no additional cost. None of the LOBO loan options were exercised by the lender in the year to date.

Treasury Investment Activity

32. CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20 December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.
33. The County Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held for specific purposes. During the year, the County Council's investment balances ranged between £473.6m and £621.4m due to timing differences between income and expenditure. The investment position is shown in Table 4 below.

Table 4: Treasury investment position	31/03/2023 Balance	Net movement	30/06/2023 Balance	30/06/23 Income return	30/06/23 Weighted average maturity (years)
	£m	£m	£m	%	
Short term investments					
Banks and Building Societies:					
- Unsecured	38.8	(23.8)	15.0	4.29	0.06
- Secured	10.0	(10.0)	0.0	0.00	0.0
Money Market Funds	306.0	(262.0)	44.0	4.66	0.00
Government:					
- UK Treasury Bills	58.7	(14.9)	43.8	4.37	0.19
- Local Authorities	78.0	10.0	88.0	3.98	0.49
Cash Plus funds	10.0	0.0	10.0	2.22	0.00
Total	501.5	(300.7)	200.8	4.15	0.26
Long term investments					
Banks and Building Societies:					
- Secured	7.2	5.7	12.9	5.12	2.12
Government:					
- Supranational	20.0	35.0	55.0	2.94	3.36
Total	27.2	40.7	67.9	3.36	3.12
Long term investments – higher yielding strategy					
Government:					
- Local Authorities	23.3	0.1	23.4	5.31	9.74

Table 4: Treasury investment position	31/03/2023 Balance	Net movement	30/06/2023 Balance	30/06/23 Income return	30/06/23 Weighted average maturity (years)
	£m	£m	£m	%	
Pooled Funds:					
- Pooled property*	75.0	0.0	75.0	3.35	N/A
- Pooled equity*	51.0	0.0	51.0	6.14	N/A
- Pooled multi-asset*	48.5	0.0	48.5	4.69	N/A
Total	197.8	0.1	197.9	4.32	9.74
Total investments	726.5	(259.9)	466.6	4.25	1.03
Thames Basin Heaths pooled fund investments	13.5	0.0	13.5		
Total	740.0	(259.9)	480.1		

* The rates provided for pooled fund investments are reflective of annualised income returns based on the market value of investments at the start of the year.

Note: the figures in Table 4 are from the balance sheet in the County Council's accounts, but adjusted to exclude operational cash, accrued interest and other accounting adjustments.

34. The decrease in investment balances since the year end can primarily be attributed to the prepayment of three years' worth of employer pension contributions, totalling £264.2m, in early April 2023.
35. The CIPFA Code and government guidance both require the County Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The County Council's objective when investing money is therefore to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults alongside managing the risk of receiving unsuitably low investment income. The County Council's Treasury Management Strategy Statement (TMSS) sets out how it will manage and mitigate these risks.
36. As demonstrated by the liability benchmark in this report, the Authority expects to be a long-term investor and treasury investments therefore include both short-term low risk instruments to manage day-to-day cash flows and longer-term instruments where limited additional risk is accepted in return for higher investment income to support local public services.
37. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below. The figures below show that the County Council is earning a higher rate of return than

comparable Local Authorities but at a low level of risk.

Table 5: Investment benchmarking (excluding pooled funds)	Credit rating*	Bail-in exposure	Weighted average maturity (days)	Rate of return
		%		%
31.03.2023	AA-	64	241	4.04
30.06.2023	AA-	21	621	4.35
Similar LAs	AA-	42	1,940	4.05
All LAs	A+	63	11	4.44

* Credit ratings are taken from the three main ratings agencies; Fitch, Moody's and S&P

Externally managed pooled funds

38. In 2019 the County Council agreed to increase the amount of its cash balances earmarked for investments targeting higher yields of around 4% to £235m. This allocation was increased to £250m as part of the Capital and Investment Strategy for 2021/22 and the approach to investing this allocation was most recently set out in the Treasury Management Strategy Statement for 2023/24, with a recommendation to increase the allocation further to £320m, if opportunities allowed and total cash balances were sufficiently high.
39. Approximately £211m of this allocation has now been invested, with the remaining balance earmarked. The total includes £13.5m invested on behalf of the Thames Basin Heaths Joint Strategic Partnership Board (TBH JSPB), where the County Council acts as the administrative body. Any investments made from cash held on behalf of the TBH JSPB are made with the agreement that the TBH JSPB has received its own financial advice and assumes all risks associated with these investments.
40. As at 30th June 2023, £174.5m of the Authority's high yield investments was invested in externally managed strategic pooled funds, where the Council could afford exposure to short term variations in capital values in order to generate higher income returns. These funds have generated an average total return of 22.74% since purchase.
41. Financial market conditions were volatile during the quarter, but favourable in some areas. Resilient economic data, which led to diminishing talk of recessions at a time when interest rate peaks are thought to be near initially helped UK, euro-area and US equity markets. However, UK equities fell in May (sterling's strength weighed on some sectors) and ended the quarter marginally lower. Eurozone equities were slightly higher but did not match the larger global rally in US equities (helped by a soft-landing scenario for the economy and enthusiasm over AI) and Japanese equities.

42. UK property markets continued to struggle as higher interest rates and bond yields and higher funding costs weighed on the sector. There was some improvement in May, building on signs of returning investor interest and transactional activity in calendar Q1 and a perception that the downturn in commercial real estate may be bottoming out. This has helped support capital values and rental income. The additional move upwards in yields in late May/June and the prospect of sluggish economic growth however constrain the outlook.
43. The combination of the above had a marginal negative effect on the combined value of the Authority's funds since March 2023. Income returns remained broadly consistent, but capital values have decreased particularly in the County Council's pooled property and multi-asset funds.
44. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium-to long-term investment objectives are regularly reviewed. Having taken advice from Arlingclose as a result of the changes in the interest rate environment providing similar (and in some cases better) returns on more liquid investments, the County Council has sought to disinvest £68.0m of its pooled fund holdings in Quarter 2, crystallising a net capital gain of £3.9m. Capital gains made from this disinvestment will be transferred to the Investment Risk Reserve, in order to mitigate any potential losses on future disinvestment should they arise.
45. In April 2023 the Department for Levelling Up, Housing and Communities published the full outcome of the consultation on the extension of the statutory override on accounting for gains and losses on pooled investment funds. The override has been extended for 2 years until 31st March 2025 but no other changes have been made; whether the override will be extended beyond the new date is unknown but commentary to the consultation outcome suggests not. The Authority will discuss with Arlingclose the implications for the investment strategy and what action may need to be taken.

Non-Treasury Investments

46. The definition of investments in CIPFA's revised Treasury Management Code now covers all the financial assets of the County Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
47. Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also broadens the definition

of investments to include all such assets held partially or wholly for financial return.

48. This could include loans made to Hampshire based businesses or the direct purchase of land or property and such loans and investments will be subject to the County Council's normal approval process for revenue and capital expenditure and need not comply with the treasury management strategy.
49. The County Council's existing non-treasury investments are valued annually, and their valuations as at 31st March 2023 are listed in Table 6.

Table 6 – Non-treasury investments	31/03/23 Asset value £m	31/03/23 Rate %
Hampshire County Council:		
Loans to Hampshire based business	4.5	4.00
On behalf of Enterprise M3 LEP:		
Loans to Hampshire based business	12.2	2.33
Total non-treasury investments	16.7	2.78

Compliance Report

50. The County Council confirms compliance of all treasury management activities undertaken during the quarter with the CIPFA Code of Practice and the County Council's approved Treasury Management Strategy.
51. Compliance with specific investment limits is demonstrated in Table 7 below.

Table 7 – Investment limits	2023/24 Maximum £m	30/06/23 Actual £m	2023/24 Authorised Limit	Complied
The UK Government	63.8	43.8	n/a	✓
Local authorities & other government entities	108	108	Unlimited	✓
Secured investments	55	55	Unlimited	✓
Banks (unsecured)	15	15	Unlimited	✓
Building societies (unsecured)	0	0	£90m	✓

Registered providers	0	0	£90m	✓
Money market funds	240.5	35.5	Unlimited	✓
Strategic pooled funds	188	188	£450m	✓
Real estate investment trusts	0	0	£90m	✓
Other investments	0	0	£90m	✓

52. Compliance with the authorised limit and operational boundary for external treasury management debt, is demonstrated in Table 8.

Table 8 – Debt limits	Q1 2023/24 Maximum £m	30/06/23 Actual £m	2023/24 Operational Boundary £m	2023/24 Authorised Limit £m	Complied
Borrowing	251.0	250.4	745	780	✓
PFI and Finance Leases	121.4	121.4	135	140	✓
Total debt	372.4	371.8	880	920	✓

53. Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure. However this limit was not breached during the financial year.

Treasury Management Indicators

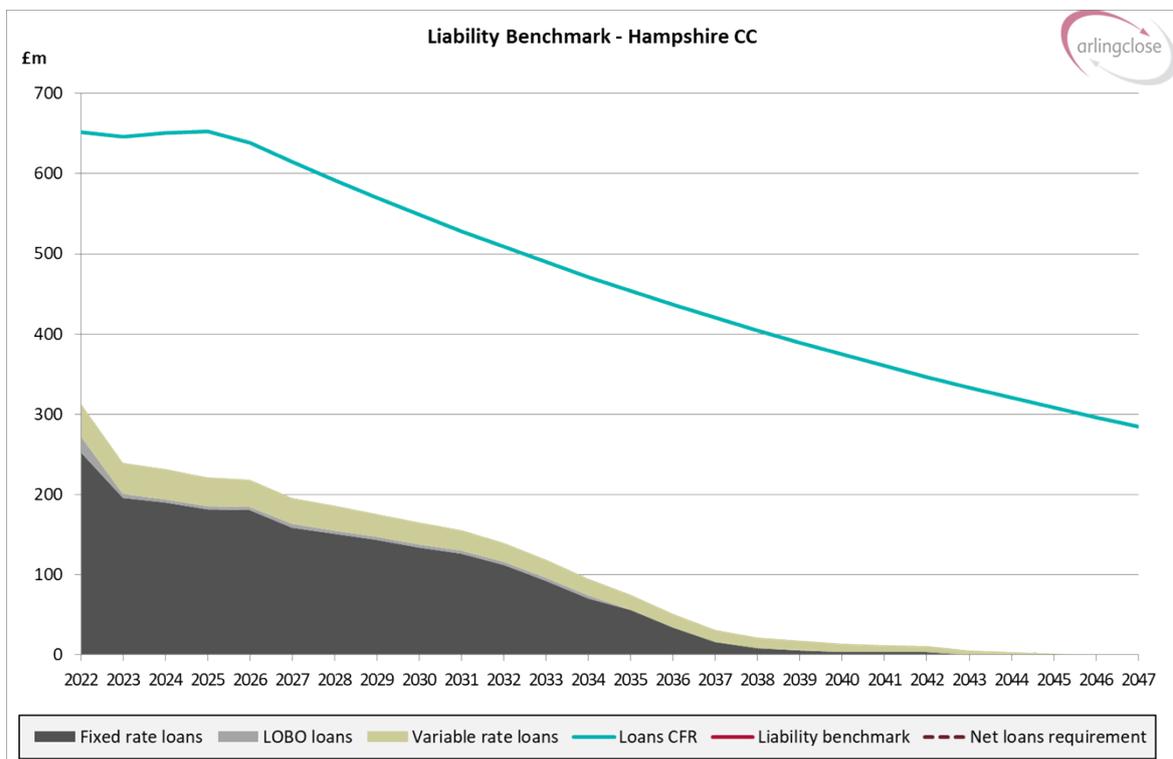
54. The County Council measures and manages its exposures to treasury management risks using the following indicators.

Liability benchmark

55. This new indicator compares the Authority's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping

treasury investments at the minimum level required to manage day-to-day cash flow.

	31/03/2023	31/03/2024	31/03/2025	31/03/2026
	Actual £m	Forecast £m	Forecast £m	Forecast £m
Loans CFR	628.3	633.3	365.3	620.2
Less: Balance sheet resources	(1,111.7)	(1,126.3)	(1,076.3)	(1,052.3)
Net loans requirement	(483.4)	(493)	(441)	(432.1)
Plus: Liquidity allowance	10	10	10	10
Liability benchmark	(473.4)	(483)	(441)	(432.1)
Existing borrowing	200.1	172	162	153



56. The County Council is a net investor and as the above table and graph shows, the County Council expects a negative liability benchmark across the forecast period (demonstrated by no visible liability benchmark line on the graph), meaning that there is not a requirement to borrow and that the County Council could potentially repay its current external borrowing and still fund the planned capital programme.

Maturity structure of borrowing

57. This indicator is set to control the County Council's exposure to refinancing risk. The upper and lower limits show the maximum and minimum maturity exposure to fixed rate borrowing as agreed in the Treasury Management Strategy Statement.

Table 11 – Refinancing rate risk indicator	30/06/23 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	4%	50%	0%	✓
12 months and within 24 months	6%	50%	0%	✓
24 months and within 5 years	16%	50%	0%	✓
5 years and within 10 years	32%	75%	0%	✓
10 years and above	42%	100%	0%	✓

58. The County Council holds £4m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the County Council has the option to either accept the new rate or to repay the loan at no additional cost. If not repaid before maturity, this loan has a duration to maturity of just over 11 years.

Principal sums invested for periods longer than a year

59. The purpose of this indicator is to control the County 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:

Table 12 – Price risk indicator	2023/24	2024/25	2025/26
Actual principal invested beyond year end	279.3	272.1	272.1
Limit on principal invested beyond year end	£400m	£400m	£400m
Complied?	✓	✓	✓

Consultation, Equalities and Climate Change Impact Assessment

60. This report deals with the treasury management position for the first quarter of 2023/24, which is an in-year reporting matter and therefore no consultation or Equality Impact Assessments are required.
61. Hampshire County Council utilises two decision-making tools to assess the carbon emissions and resilience of its projects and decisions. These tools

provide a clear, robust, and transparent way of assessing how projects, policies and initiatives contribute towards the County Council's climate change targets of being carbon neutral and resilient to the impacts of a 2°C temperature rise by 2050. This process ensures that climate change considerations are built into everything the Authority does.

62. This report deals with the outturn position for the treasury management aspect of the County Council's business. In line with the CIPFA code, the County Council's treasury management investment balances are invested prioritising security, liquidity and then yield. The County Council's investments in pooled funds, which include investments in equities and bonds issued by a number of companies with exposures to a variety of issues, including those associated with Climate Change. All of the County Council's pooled funds are managed by investment managers who are signatories to the PRI (Principles for Responsible Investment), managing investments in line with their own individual responsible investment policies. The County Council's Treasury Management Advisers, Arlingclose, have advised the County Council on the suitability and selection of its pooled funds, including the investment managers' management of Environmental, Social and Governance (ESG) issues including the impact of Climate Change.

63. There are no further climate change impacts as part of this report which are concerned with financial reporting.

REQUIRED CORPORATE AND LEGAL INFORMATION:

Links to the Strategic Plan

This proposal does not link to the Strategic Plan but, nevertheless, requires a decision because it relates to the effective management of the County Council's cash balances.

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

Document

Location

None

EQUALITIES IMPACT ASSESSMENT:

1. Equality Duty

The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);
- Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant protected characteristic that are connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

2. Equalities Impact Assessment:

Equalities objectives are not expected to be adversely impacted by the proposals in this report.