

# Public Document Pack



## AUDIT COMMITTEE

**Date: Wednesday, 9 November 2022**

**Time: 6.00pm**

**Location: Council Chamber, Daneshill House, Danestrete, Stevenage**

**Contact: Ian Gourlay (01438) 242703**

**committees@stevenage.gov.uk**

Members: Councillors: T Callaghan (Chair), J Gardner (Vice-Chair), M Arceno, S Booth, A Farquharson, J Hollywell, G Lawrence CC, M McKay, L Rossati and T Wren.  
Mr G Gibbs (Independent Co-opted Non-voting Member).

---

## AGENDA

### PART I

**1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**

**2. MINUTES - 7 SEPTEMBER 2022**

To approve as a correct record the Minutes of the meeting of the Audit Committee held on 7 September 2022.

Pages 3 – 8

**3. SHARED ANTI-FRAUD SERVICE (SAFS) - PROGRESS WITH DELIVERY OF THE 2022/23 ANTI-FRAUD PLAN**

To consider progress with the delivery of the SAFS 2022/23 Anti-Fraud Plan.

Pages 9 – 24

**4. REVISED WHISTLEBLOWING POLICY 2022**

To consider and adopt a new Whistleblowing Policy for implementation across the Council.

Pages 25 – 34

**5. PROGRESS OF CORPORATE GOVERNANCE ACTIONS**

To consider progress on Corporate Governance Actions.

Pages 35 – 44

**6. MID YEAR REVIEW OF TREASURY MANAGEMENT STRATEGY 2022/23**

To consider the Mid Year review of the Treasury Management Strategy 2022/23.

Pages 45 - 78

**7. URGENT PART I BUSINESS**

To consider any Part I business accepted by the Chair as urgent.

**8. EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

1. That under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.
2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

**9. PART II MINUTES - AUDIT COMMITTEE - 7 SEPTEMBER 2022**

To approve as a correct record the Part II Minutes of the meeting of the Audit Committee held on 7 September 2022.

Pages 79 - 80

**10. STRATEGIC RISK REGISTER**

To consider the latest Strategic Risk Register.

Pages 81 - 124

**11. URGENT PART II BUSINESS**

To consider any Part II business accepted by the Chair as urgent.

## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

Date: Wednesday, 7 September 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

**Present:** Councillors: Maureen McKay (Chair), Myla Arceno, Alex Farquharson, Jackie Hollywell, Maureen McKay and Loraine Rossati.  
Mr Geoff Gibbs (Independent Co-opted Non-voting Member).

**Start / End** Start Time: 6.00pm  
**Time:** End Time: 7.34pm

#### 1 ELECTION OF CHAIR

In the absence of the Chair and Vice-Chair of the Committee, and upon being moved and seconded, and following a vote, it was **RESOLVED** that Councillor Maureen McKay be elected to Chair the meeting.

#### 2 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were submitted on behalf of Councillors Teresa Callaghan (Chair), John Gardner (Vice-Chair), Stephen Booth, Graham Lawrence CC and Tom Wren.

There were no declarations of interest.

#### 3 MINUTES - 7 JUNE 2022

It was **RESOLVED** that, subject to the replacement of "2029/20" with "2019/20" in the fifth paragraph of the preamble in Minute 5 – 2019/20 and 2020/21 External Audit of SBC Accounts – Update, the Minutes of the meeting of the Audit Committee held on 7 June 2022 be approved as a correct record and signed by the Chair.

#### 4 2019/20 EXTERNAL AUDIT UPDATE

The Committee received a verbal update from Neil Harris (Ernst & Young) in respect of the 2019/20 External audit of SBC accounts.

Mr Harris reminded the Committee of the national issue that had arisen regarding how expenditure on replacement infrastructure was accounted for in local authority accounts. CIPFA was working on a solution to this issue, but no timescales had been provided. In the interim, E & Y had been working with the Strategic Director (CF) on the issue.

Mr Harris stated that E & Y needed to ascertain that SBC had sufficient/appropriate

records existed to verify infrastructure assets. An option would be for E & Y to issue a limited audit, with qualifications as to the limitations on the scope of the audit. One Local Authority had already accepted a limited audit, whilst others were awaiting the advice from CIPFA. The Strategic Director (CF) indicated that she might be prepared to accept an audit limitation for 2019/20, especially as there was an existing backlog of work regarding audit of the 2020/21 and 2021/22 accounts.

Mr Harris apologised for the ongoing delay in the conclusion of the audit of the 2019/20 accounts, which had been due primarily to the continued sickness of a key member of E & Y staff. Mr Harris regretted that the audit had not been completed before he was due to leave E & Y, but advised that he would be handing over to a new Lead Officer, Debbie Hanson, to conclude the 2019/20 SBC audit and oversee the subsequent years' audits.

Mr Harris commented that actuarial error relating to the 2019/20 accounts with regard to an overstatement of the Pension Fund assets concerning the Hertfordshire Building Control Consortium had been resolved, and that he was satisfied with how this had been handled in the SBC accounts for the year.

The Strategic Director (CF) advised that she would be meeting with Mr Harris and Debbie Hanson in the next few days to agree a Project Plan for completion of the 2019/20 audit of accounts, and for dealing with the 2020/21 and 2021/22 accounts going forward.

The Chair thanked Mr Harris for his work on behalf of E & Y in supporting the Committee over the past few years and wished him well in his future role.

In response to Members' questions, Mr Harris, assisted by the Strategic Director (CF) stated:

- For those local authorities with closed audited accounts for 2019/20, it was too late for the process with regard to how expenditure on replacement infrastructure was accounted for to be included, although the process would need to be carried out on their 2020/21 accounts;
- Mr Harris undertook to report back on the number of local authorities that still had 2019/20 accounts outstanding;
- The Redmond Report had identified that the public sector external audit model was broken. PSAA had endeavoured to address this by seeking to identify additional external audit providers. There were also ongoing recruitment issues for auditors and local authority accountants. In view of the above issues, the Government had relaxed the rules on penalties for non-completion of audited accounts; and
- The PSAA scale fee for 2019/20 audit work was £48,000, although the complexity of the additional work undertaken by E & Y had resulted in an overall fee of £190,000. Whilst the Strategic Director had accepted part of the additional fee, she had not accepted it in its entirety. The likelihood was that the matter would need to go back to the PSAA for arbitration.

It was **RESOLVED** that the verbal update from Ernst & Young regarding the 2019/20 External audit of SBC accounts be noted.

## 5 2021/22 ANNUAL FRAUD REPORT AND PROGRESS WITH DELIVERY OF THE 2022/23 ANTI-FRAUD PLAN

The Shared Anti-Fraud Service (SAFS) Officer presented the 2021/22 Annual Fraud report, and provided an update on progress with delivery of the 2022/23 Anti-Fraud Plan.

The Shared Anti-Fraud Service Officer summarised the report as follows:

- The SAFS Team (in April 2021) was composed of 20 accredited and trained counter fraud staff and was based at Hertfordshire County Council's offices in Stevenage;
- For 2021/22, SAFS deployed 1 Full Time Equivalent (FTE) to work exclusively for the Council, supported by SAFS Management and Support Team based at Stevenage. The Council and SAFS also arranged for the secondment of the Council's Tenancy Fraud Officer into SAFS and this continued to provide a much-enhanced service for the Council;
- SAFS delivered training to staff via remote/virtual means during 2021/2022, including general fraud awareness, use of the services provided by National Anti-Fraud Service and new services provided by the Cabinet Office as part of the National Fraud Initiative;
- During the Covid-19 pandemic the SAFS role around fraud prevention was prioritised, and the imposition of 'sanctions' were suspended as they could be counterproductive. A decision was made to resolve most low-level fraud by closing cases and sending advisory or compliance letters to customers. More serious allegations of fraud or those needing immediate attention had been prioritised;
- In 2021/2022 SAFS issued fraud alerts on more than 20 occasions to Council officers/departments. During the year SAFS had also received 112 allegations of fraud affecting Council services;
- Of the 42 fraud cases investigated and closed in the year, 23 identified fraud - with recoverable losses of £253,000, and fraud savings (through prevention) of £251,000 reported. At the end of March 2022, 46 cases remained under investigation with an estimated fraud loss of just over £450,000;
- SAFS had assisted in the recovery of 7 Council properties that were subject to some form of tenancy fraud. SAFS had also conducted 71 reviews of 'right to buy' applications and uncovered one fraudulent 'right to buy' application, preventing a property being lost from the Council's housing stock;
- All except four of the SAFS Key performance Indicators had been met in 2021/22;
- In respect of 2022/23, between April and July 2022 a further 45 allegations of fraud had been reported to the Council/SAFS; 47 cases remained open with an estimated value of £350,000; 8 cases had been closed and fraud losses/savings combined of £210,000 recorded. Three Council properties had been recovered and 33 right to buy reviews completed.

In reply to Members' questions, the Shared Anti-Fraud Officer commented:

- In 2021/22, the 15 “low risk” cases involving alleged housing benefit or council tax fraud were resolved through compliance activity or review, and resulted in the identification of £12,000 in additional savings for the Council;
- SAFS staff are fully aware of the potential for instances of fraud to increase due to the current cost of living crisis, although they would continue to prioritise investigative work on a case-by-case basis, according to the seriousness of the alleged offences committed; and
- There were occasional instances of vexatious fraud reporting. It could sometimes be difficult to detect fraud in such instances, although the first step would always be to seek corroboration of any evidence received from the public.

It was **RESOLVED:**

1. That the Council’s work to combat fraud in 2021/22 be noted.
2. That the performance of SAFS in meeting its Key Performance Indicators (KPIs) in 2021/22 be noted.
3. That the progress with delivering the Anti-Fraud Plan for 2022/23 be noted.

## **6 INTERNAL AUDIT PLAN 2022/23 - PROGRESS REPORT**

The SIAS Client Audit Manager presented a progress report with regard to the SIAS Internal Audit Plan 2022/23 (up to 19 August 2022).

The SIAS Client Audit Manager advised that, as set out in the report, 7 audit reports had been completed since the last meeting of the Committee. The table in Paragraph 2.3 of the report showed the status of current audits.

The SIAS Client Audit Manager informed Members that two unplanned audits had been commissioned regarding assurance activities to satisfy the funding conditions for grant income received from the UK Health Security Agency and Homes England. Consequently, the audit contingency provision had been reduced from 6 days to 1 day.

The SIAS Client Audit Manager referred to the implementation status of critical and high priority recommendations in respect of the Landlord Health & Safety and Cyber Security audits.

In reply to Members’ questions, the SIAS Client Audit Manager responded as follows:

- The Cyber Security audit had identified gaps in the Council’s control framework to minimise cyber attacks. In particular, the Council only had a draft Information Security Policy and draft Cyber Incident Response Plan, and there had been insufficient capacity in the IT Team to manage cyber security due to the ongoing work regarding migration of the Council’s IT network to Windows 10. It was hoped that the high/medium priority recommendations would be actioned by December 2022. A Joint SBC/EHC Board had been established to closely

monitor IT issues over the coming months, including the Windows 10 migration and cyber security;

- The reason the migration to Windows 10 was taking a considerable time was due to work required to address and resolve inter-operability/integration issues of some of the considerable number of Council IT systems both during the migration and afterwards; and
- It was confirmed that the follow up work with regard to the Landlord Health and Safety audit concerned improved processes in relation to the testing (for legionella, etc.) of water supplied to Council-owned buildings.

It was **RESOLVED**:

1. That the SIAS Internal Audit progress report be noted.
2. That the changes to the Internal Audit Plan be noted.
3. That the status of Critical and High Priority Recommendations be noted.

## **7 ANNUAL TREASURY MANAGEMENT REVIEW OF 2021/22 INCLUDING PRUDENTIAL CODE**

The Assistant Director (Finance) presented a report on the Annual Treasury Management Review of 2021/22, including the Prudential Code.

The Assistant Director (Finance) advised that the Council had borrowed a further £9Million from the Public Works Loan Board (PWLB) during 2021/22. As at 31 March 2022, the Council's total debt to the PWLB was £228M. At the end of 2021/22 there was an under borrowing of £77M in respect of the Council's Capital Financing Requirement.

The Assistant Director (Finance) further advised that, as at 31 March 2022, the Council had investments totalling £68M. These had realised £268,000 of interest, an average return rate of 0.35%.

The Assistant Director (Finance) confirmed that there had been no breaches of the operational boundary and authorised borrowing limits in 2021/22.

It was **RESOLVED** that, subject to any comments from the Executive, the 2021/22 Annual Treasury Management Review be recommended to Council for approval.

## **8 URGENT PART I BUSINESS**

None.

## **9 EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

1. Under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the

grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 - 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.

2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

## **10 PART II MINUTES - AUDIT COMMITTEE - 7 JUNE 2022**

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 7 June 2022 be approved as a correct record and signed by the Chair.

## **11 STRATEGIC RISK REGISTER**

The Corporate Performance and Improvement Officer presented a report providing the Quarter 1 2022/23 (April to June 2022) update in respect of the Strategic Risk Register.

The Corporate Performance and Improvement Officer, assisted by the Strategic Director (CF), responded to a question raised by a Member on the report.

It was **RESOLVED** that the latest Strategic Risk Register, as set out at Appendix A1 to the report, be noted.

## **12 URGENT PART II BUSINESS**

None.

## **CHAIR**





## Stevenage Borough Council

### Progress with delivery of the 2022/23 Anti-Fraud Plan

#### Recommendation

Members are recommended to:

Note the work of the Council and the Shared Anti-Fraud Service in delivering the **2022/23 Anti-Fraud Plan**

## Contents

Page	
3	Introduction
3	Background
4	Summary of anti-fraud activity at SBC- April- September 2022
Appendices	A. SBC Anti-Fraud Plan 2022/23

## Introduction

1. This report provides details of the work undertaken to protect the Council against the threat of fraud and the Council's 2021/22 Anti-Fraud plan. The Committee are asked to note this work.
2. Recent reports on fraud and corruption have been shared with Council officers and are used by SAFS to ensure that the Council is aware of its fraud risks and finding ways to mitigate or manage these effectively wherever possible.
3. Some of the most significant recent reports include:
  - ***Fighting Fraud and Corruption Locally a Strategy for the 2020's***. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.
  - ***Tackling Fraud in the Public Sector 2020***. In 2019 CIPFA commissioned a survey and round table events for senior managers in local government to establish what local authorities were doing to tackling fraud. The survey was conducted by an independent body with the support of LGA and MHCLG.
  - ***COVID-19 Counter Fraud Measures Toolkit***. The Government Counter Fraud Function within the Cabinet Office provided a 'toolkit' of services, guidance, support for local government as part of the national response to the Covid-19 outbreak in the UK.
  - ***Calculating Losses from Tenancy Fraud***. Since the closure of the Audit Commission in 2012 there has been little effort to put a value on the cost to local authorities of tenancy fraud. This paper, published by the Fraud Advisory Panel & Charity Commission in partnership with LBFIG in 2021, estimates that the cost to local government for each social property that is being sub-let is at least £42,000.

## Background

4. Stevenage Borough Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS). This Committee has previously received detailed reports about the creation of SAFS, and how this service works closely with the Shared Internal Audit Service (SIAS). SAFS works across the whole Council dealing with many aspects of fraud, from deterrence & prevention to investigation & prosecution.

### **Anti-Fraud Activity 2022/23**

#### Staffing & Resources

5. In March 2022 (this Committee approved the 2022/23 Anti-Fraud Plan for the Council and KPIs for the SAFS. See **Appendix A** for details of the Plan and **Appendix B** for progress with delivery and KPI Performance.
6. The SAFS Team this year is composed of 20 accredited and trained counter fraud staff and is based at Hertfordshire County Council's offices in Hertford.
7. Each SAFS Partner receives dedicated support and response. This is achieved by allocating officers to work in each Partner, but also allowing all officers to work with different Partners from time to time. Providing the Service in this manner allows officers to develop working relationships with Council staff, and also provides improved resilience and flexibility across the Partnership as a whole. SAFS Officers have access to Council offices, officers, systems & data to conduct their enquiries.
8. The SAFS has deployed one Counter Fraud Officer to work exclusively for the Council and extended the secondment the Councils Tenancy Fraud Investigator to March 2023. These officers are supported by SAFS Management and Intelligence Team, which includes expertise in open-source investigations, data-matching, data-analytics and financial investigations.

#### Fraud Awareness and Prevention

9. A key objective for the Council is to develop the existing anti-fraud culture; ensuring senior managers and members consider the risk of fraud when developing policies or processes; helping to prevent fraud occurring; deterring potential fraud through external communication; encouraging all officers to report fraud where it is suspected; and providing public confidence in the Councils stance on fraud and corruption.
10. The Council will take part in the International Fraud Awareness Week in November 2022 with planned activity utilising social media and national/international resources. Campaigns such as this encourage residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.
11. The SAFS webpage – [www.hertfordshire.gov.uk/reportfraud](http://www.hertfordshire.gov.uk/reportfraud) includes an online reporting tool. A confidential fraud hotline (0300 123 4033) and a secure email account are also available for reporting fraud – [fraud.team@hertfordshire.gov.uk](mailto:fraud.team@hertfordshire.gov.uk) These contact details are also available via the Councils own website <https://www.stevenage.gov.uk/benefits/reporting-fraud> and on the Councils intranet for staff. None of these functions replace the Council's own

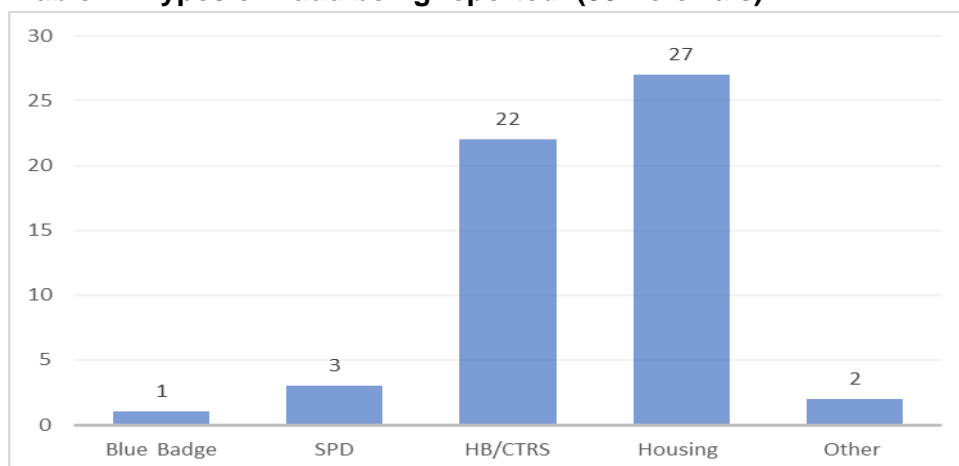
Whistleblowing reporting procedures. Council staff can use the same methods to report fraud or contact SAFS officers working at the Council offices.

12. Working with the Councils HR team SAFS maintains the delivery of its e-training package for staff to raise awareness of fraud, bribery, and money laundering. This training package is hosted on the Councils intranet and is mandatory for all staff. Additional training for front line staff includes training for Housing Services on fraud risks in the housing allocation process and in the next few weeks training on anti-money laundering will be delivered to staff in legal, procurement and finance teams.

Counter Fraud Activity & Reported Fraud

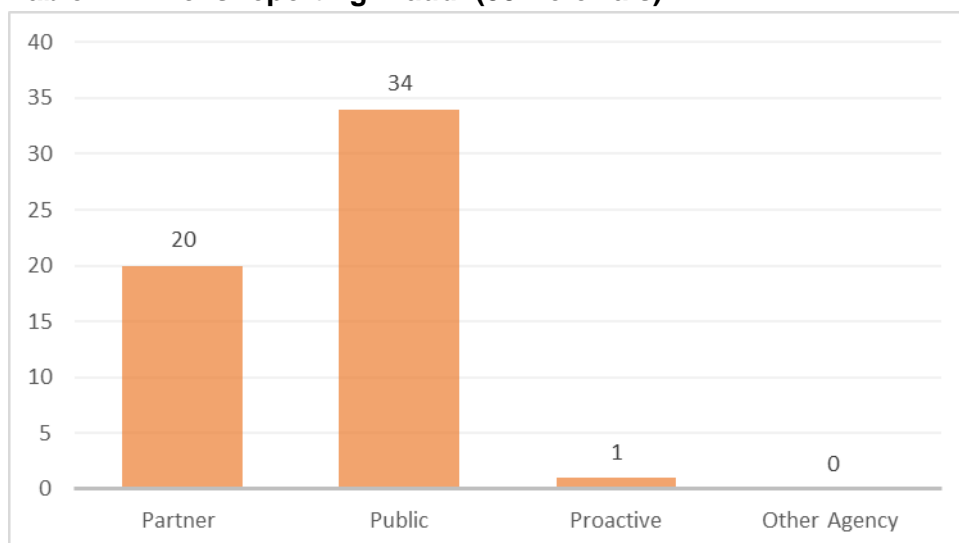
13. Between April and September SAFS received 55 allegations of fraud affecting Council services. Allegations of fraud have reduced slightly compared to the same period in 2021/22.

**Table 1. Types of fraud being reported- (55 Referrals)**



SPD- 'CTax Discounts'. HB/CTRS - Housing Benefit/Council Tax Reduction Scheme

**Table 2. Who is reporting Fraud- (55 Referrals)**



'Proactive'- includes all data matching/ analytics activity

14. SAFS carried forward 46 live cases from 2021/22. Many cases raised for investigation are still in the early stages and of 47 cases still under investigation, or at referral stage, at the end of September, the estimated fraud loss/savings for these cases exceeds £299k.
15. To the end of September 11 investigations had been closed, with fraud identified/prevented on 9 occasions. Fraud losses of just over £133k have been reported and £160k of savings identified through prevention activity.

**'Fraud Loss' is where a fraud has occurred resulting in a debt that can be recovered through civil/statutory routes. 'Fraud Savings' reflect attempted frauds that have been prevented or an ongoing 'Loss' that has been stopped.**

16. A number of cases involving housing benefit and council tax discounts continue to be delayed where SAFS works with other agencies, in particular the Department for Work and Pension (DWP), where staff are still being redeployed or recruited to fill significant vacancies in the Fraud and Error Service (FES) post pandemic.
17. The largest volume of alleged fraud concerns is around the Councils housing stock or applications for housing. SAFS also conducted enhanced Anti-Money Laundering checks as part of the Right to Buy (RTB) scheme and assists with more in-depth checks around applications for successions of council tenancies. So far this year more than 47 RTB applications have been reviewed, with 1 application stopped due to suspicious activity. Six Council properties that were being sub-let or misused by tenant have also been recovered and, in more serious cases where fraud is apparent, several cases have been reported to Legal Services to commence prosecution proceedings.
18. The report from the Fraud Advisory Panel in 2022 estimates that the cost of social housing fraud to local councils could exceed £42k for each property that is being illegally sub-let. SAFS response to this fraud threat, in addition to the work with the Councils Housing Service is to work with Registered Providers across the County, to assist in the investigation and recovery of social housing due to illegal sub-letting or 'key-selling'.
19. The Councils Tenancy Fraud Officer is based at the Council offices several days each month and spends their time sat within the Housing Department and this has helped to encourage staff working in the team to report suspicions of fraud directly.

20. SAFS works closely with the Councils parking enforcement team dealing with the misuse of disabled persons 'Blue Badges' in the Councils pay and display car parks across the borough as well as fraudulent applications for badges and the theft of badges from vehicles and subsequent misuse across the UK. In September following local intelligence a joint campaign to identify people misusing Blue Badges in the area of the Lister Hospital was undertaken. This resulted in a number of inspections and badge seizures with at least one case being referred to legal services to consider criminal proceedings.

*Proactive and Prevention Activity*

21. SAFS provides alerts around mandate / phishing frauds targeting staff working from home from bodies including Cabinet Office, CIFAS, CIPFA, National Fraud Intelligence Bureau (NFIB), Herts Police- OWL, National Cyber Security Centre (NCSC) and NAFN.
22. The Head of SAFS sits on the Hertfordshire Fraud and Cyber Crime Steering which is hosted by Hertfordshire Constabulary and includes stakeholders from a wide range of enforcement partners.
23. SAFS continues to work nationally and regionally with other counter fraud services and to share best practice and initiatives as well as requesting support and guidance from the South-East Counter Fraud Group, London Fraud Forum (LFF), London Borough Fraud Investigators Group (LBFIG) and the Home Counties Tenancy Fraud Forum (TFF).
24. SAFS has worked with the 'District Revenues Manager Group' to develop a new framework contract for all borough councils in Hertfordshire to conduct bulk reviews of council tax discounts and exemptions, improving collection and preventing fraud. This service will be fully funded by the County Council, with the district and borough councils undertaking the work with selected contractors, who can supply a fully managed service to councils. Stevenage Borough Council is signed up as part of the Framework and will make use of this service in 2022/23.
25. SAFS continues to work in partnership with the DWP to share data and evidence where fraud impacts on local welfare schemes, such as Council Tax Support or Housing Benefit, and national schemes, such as Income Support and Job Seekers Allowance or Universal Credit. But, as mentioned already may cases are delayed due to DWP staff still being redeployed.
26. SAFS is helping to ensure the Councils compliance with the National Fraud Initiative (NFI) by providing training and a user guide for staff involved in the upload of data that will take place in October 2022 and the output from the exercise that the Council will receive by February and March 2023.

27. The Council subscribes to the Hertfordshire FraudHub. This project operates using the same legal framework as main NFI exercise but allows data to be matched more frequently helping to prevent fraud or detect it sooner. We are confident that this work will not only assist in preventing/identifying fraud earlier, but also help to reduce the volume of work received from the main exercise taking place between October 2022 and February 2023.



**Stevenage Borough Council**

**Anti-Fraud Plan 2022/23**

**in partnership with**

**The Shared Anti-Fraud Service**



**SAFS**

Shared Anti-Fraud Service  
Fighting Fraud in Partnership

Introduction	2.
The National Context	3.
SAFS Resources for 2022/23	4.
SAFS KPI's & Standards of Service	6.
Anti-Fraud Action Plan 2022/23	7.
SAFS KPIs 2022/23	8.

## **Introduction**

This plan supports the Council's Anti-Fraud and Corruption Strategy by ensuring that the Council, working in partnership with the Shared Anti-Fraud Service (SAFS), has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The Council's Strategy applies to all staff, elected members, agency staff, temporary staff, volunteers, consultants, contractors and partners and states that the aims of the Strategy are to;

- **Be clear that the Council will not tolerate fraudulent or corrupt acts and will take firm action against those who defraud the authority, who are corrupt or engage in financial malpractice.**
- **Provide a consistent framework for managers and Members, which enables effective deterrence, prevention, detection and investigation of fraud and corruption.**
- **Detail the responsibilities of employees, management and Members with regard to fraud and corruption.**
- **Assist the Strategic Director (CFO) in fulfilment of their role as the Council's S151 Officer and the Borough Solicitor | Lead Lawyer - Shared Legal Service in fulfilment of the role as the Council's Monitoring Officer.**
- **Explain the role of Council officers in relation to the prevention of fraud and actively promote a culture of openness and honesty in all its dealings and has adopted Codes of Conduct for Members and officers.**

This plan includes objectives and key performance indicators that support the Councils Strategy and follows the latest best practice/guidance/directives from the National Audit Office (NAO), Local Government Association (LGA) and the Chartered Institute for Public Finance and Accountancy (CIPFA).

**National Context.**

In 2013 the National Fraud Authority stated that the scale of fraud against local government “is large, but difficult to quantify with precision”. Since 2013 a number of reports have been published including by CIPFA, NAO and MHCLG stating that the threat of fraud against local government is both real, causes substantial loss (including reputational, service as well as financial) and should be prevented where possible and pursued where it occurs. The latest annual estimates of fraud risk to local government exceed £7bn.

The Fighting Fraud and Corruption Locally, A Strategy for the 2020’s, published in March 2020 is supported by CIPFA, the LGA, SOLCACE and a number of External Auditors. A copy of the Strategy can be found at <https://bit.ly/3p5Rr98>

The new Strategy compliments work undertaken in 2019 by CIPFA, NAO and Cabinet Office as well as the *Code of practice on managing the risk of fraud and corruption* CIPFA 2015 adding ‘Pillars’ of **Governance, Acknowledge, Prevent & Pursue** with an overarching **Protect**:

**Governance: Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation. Ensuring a tone from the top.**

**Protect: Against serious and organised crime, protecting individuals from becoming victims of crime and protecting against the harm that fraud can do to the community.**

**For a local authority this will also cover protecting public funds, protecting its organisation from fraud and cybercrime and also protecting itself from future frauds.**



### **Anti-Fraud Plan 2022-2023**

The Councils Anti-Fraud Plan will be over-seen by the Shared Anti-Fraud Service (SAFS) but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered.

The Anti-Fraud Plan highlights specific areas of work to protect the Council against fraud and corruption. The Council also has a duty to protect the public and it does this through its work across all services in particular, by sharing information and knowledge through communications either directly or via its website. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud through a number of channels.

The Anti-Fraud Plan for 2022/23 follows the guidelines and checklist contained in the Fighting Fraud and Corruption Locally Strategy and progress against this will be reported to senior management and the Councils Audit and Governance Committee. A full breakdown of planned activity to protect the Council can be found at **page 7**.

### **SAFS Resources 2022-2023**

#### **Anti-Fraud Arrangements**

Stevenage Borough Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015. In 2019 the SAFS Partnership won the '*Outstanding Partnership*' award at the Tackling Economic Crime Awards (TECAs) and in 2020 the TECAs award for '*Outstanding Professional in Counter Fraud*' was won by a member of the SAFS team

SAFS is a Partnership with each organisation paying a fee for Hertfordshire County Council to provide a contracted service across the Partnership. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on the Board. For the Stevenage Borough Council the Strategic Director (CFO) is the Board representative.

Although SAFS provides much of the Councils operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

#### **Budget**

In December 2021 the SAFS Board agreed to increase the fees for all Partners by 2.5% to meet increased service costs from April 2022. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years.

Stevenage Borough Council fees for 2022/23 are £107,707. This sum is payable quarterly.

#### **Staffing**

The full complement of SAFS in 2022/23 will be 21.6 FTE.

Stevenage Borough Council will have exclusive access to 1 FTE Counter Fraud Officer (Investigator), access to intelligence functions, data-matching services being offered through the Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three Audit Committees reports per annum. An Accredited Financial Investigator is also available to assist in money laundering or proceeds of crime investigations.

The Councils Tenancy Fraud Investigator will remain seconded to SAFS for 2022/23 where their workload and line management will be provided directly by SAFS.

SAFS has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services provided by Hertfordshire County Council Legal Service and the Shared Legal Service (SLS).

SAFS will also provide alerts (local and national) to Council officers and senior management of new and emerging fraud risks through its membership of anti-fraud forums and specialist providers including the Fighting Fraud and Corruption Locally Board (FFCLB) the Credit Industry Fraud Avoidance Service (CIFAS), Certified Institute of Public Finance and Accountancy (CIPFA) Finance, National Fraud Intelligence Bureau (NFIB), Fraud Advisory Panel and the National Anti-Fraud Network (NAFN). SAFS has officers on the various Board for CIFAS & NAFN.

### Workplans & Projects 2022-2023

As well as an agreed programme of work (see **page 7**) SAFS will work in the following areas delivering specific activity agreed with service managers. Progress with this work will be reported to the relevant head of service/managers on a quarterly basis.

Service Area	Agreed Projects
<b>Central Services / Finance</b>	<p>General Support and advice on fraud matters.</p> <p>3 Reports to Finance Audit &amp; Risk Committee.</p> <p>Regular meetings with officers to consider any new and emerging fraud risks and performance against SAFS KPIs</p> <p>SAFS attendance at Corporate Governance/Enforcement Groups.</p> <p>Assisting with the development/review of the Councils anti-fraud policies.</p> <p>Money Laundering Reporting Officer (MLRO) role and Policy review, ML Risk Assessment and training for relevant staff.</p> <p>5+ fraud awareness/prevention training events for staff/members in year.</p> <p>Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering - hosted on the Councils Learning Pool.</p> <p>Roll out of NAFN training and registration for appropriate services/officers across the Council.</p>
<b>Revenues and Benefits</b>	<p>Close liaison with the Revs and Bens services.</p> <p>Proactive training and awareness for leadership and front-line staff.</p> <p>Reactive investigations for HB/CTRS including working with the DWP FES, where appropriate.</p> <p>Identify systems/processes/new developments to assist in recovery of debt created by fraud.</p> <p>Assist with potential fraud resulting from Covid Grant Schemes administered by the Council.</p> <p>Post payment assurance of grant schemes.</p>
<b>Housing Services</b>	<p>Reactive investigations for housing application &amp; tenancy related fraud.</p> <p>Review all applications under the Right to Buy scheme to prevent fraud and money laundering.</p> <p>Provide a focus on fraud risks affecting temporary accommodation costs.</p> <p>Review housing register to identify fraudulent applications and, where appropriate, investigate these.</p> <p>Continue to work with Private Registered Providers (including Clarion/Catalyst/B3L) across all aspects of tenancy fraud to assist in the recovery of properties which can be prioritised for local residents from the Councils Housing Register.</p>
<b>Data- Analytics</b>	<p>Use of data and technology to prevent or identify fraud.</p> <p>Assist with NFI 2022/23 Data uploads (Oct 2022) and Output (February 2023).</p> <p>FraudHub.</p> <p>Further developing the effective use of the Cabinet Office FraudHub.</p> <p>Support for SAFS sponsored county wide Council Tax Review Framework for SPD and EHR.</p> <p>Use of data-analytics to identify fraud as result of Covid-19 and other grants schemes.</p> <p>Review extension of NFI Powers to 'other' crime and debt collection.</p>
<b>Other / Contingency</b>	<p>Identify fraud risks and training in other areas including payroll, licensing, parking services, planning, procurement processes &amp; contract management.</p>

## SAFS KPIs & Standards of Service.

SAFS will work to a set of KPIs agreed with senior officers and the KPIs will assist in delivering the Anti-Fraud Plan. The KPI's can be found at **page 8** and will be reported to senior officers and the Finance Audit and Risk Committee throughout the year.

SAFS will provide the Council with the following anti-fraud services.

1. 24/7 Access to a fraud hotline, email and online solution for public reporting.
2. Process for Council staff to report suspected fraud to SAFS.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Prevention.
4. Assistance in the design/review of Council policies, processes and documents to deter/prevent fraud.
5. SAFS will design shared/common anti-fraud strategies and policies or templates which can be adopted by the Council.
6. SAFS will continue to develop with the Cabinet Office and Council officers a data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
  - The FraudHub will be funded by the Council
  - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
  - Data will be collected and loaded in a secure manner.
  - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually.
  - SAFS will work with Council officers to identify data-sets (and frequency) of the upload of these.
  - SAFS will work with Council officers to determine the most appropriate data-matching.
7. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
8. All SAFS investigations will comply with legislation including DPA, UK GDPR, PACE, CPIA, HRA, RIPA, IPA\* and relevant Council policies
9. Reactive fraud investigations.
  - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response within 24 hours of receipt
  - All cases reported to SAFS will be reviewed within 2 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation or referral to 3<sup>rd</sup> parties including police, DWP, Action Fraud.
  - The Council will be informed of all reported fraud affecting its services.
  - SAFS will allocate an officer to each case.
  - SAFS officers will liaise with nominated officers at the Council to access data/systems to undertake investigations.
  - SAFS officers will provide updates on cases and a summary of facts and supporting evidence on conclusion of the investigation for Council officers to review and make any decisions.
  - Where criminal offences are identified SAFS will draft a report for Council officers to make a decision on any further sanctions/prosecutions.
10. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal in line with the Council's policies.
11. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
12. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.
13. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

*\*Data Protection Act, UK General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

## SBC / SAFS Action Plan 2022/2023

FFCL Pillars	Objectives	Activities	Responsible Officer
<b>Governance</b>	<p>Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.</p>	<p>The Council has in place an Anti-Fraud and Corruption Strategy &amp; Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption.</p>	<p>Managing Director / Borough Solicitor / Strategic Director (CFO)</p>
		<p>The Councils Audit and Governance Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.</p>	<p>Strategic Director (CFO)/ Head of SAFS</p>
		<p>Audit and Governance Committee and its Chair, along with the senior management team, will ensure compliance with the latest best practice in the Councils anti-fraud arrangements including that published by CIPFA, NAO and LGA.</p>	<p>AC Chair/ Strategic Director (CFO)</p>
		<p>Weaknesses revealed by instances of proven fraud will be fed back to departments with recommendations to fraud-proof systems, and/or reported to senior managers or Internal Audit to review outcomes.</p>	<p>Head of SAFS/ SIAS Client Audit Manager/ Strategic Director (CFO)</p>
		<p>SAFS will assist the Council in providing its Fraud Data for the Transparency Code each year</p>	<p>Head of SAFS</p>
		<p>The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.</p>	<p>Strategic Director (CFO)/ Borough Solicitor/ HR Services Manager</p>
<b>ACKNOWLEDGE</b>	<p>Accessing and understanding fraud risks.</p> <p>Committing the right support and tackling fraud and corruption.</p> <p>Demonstrating that it has a robust anti-fraud response.</p> <p>Communicating the risks to those charged with Governance .</p>	<p>Review of Fraud Risks and the Councils actions to manage/mitigate/reduce this in its Annual Governance Statement. Review the Councils Money Laundering/ Bribery/ Whistleblowing/ Cyber-Crime Policies</p>	<p>Strategic Director (CFO)</p>
		<p>The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness</p>	<p>Head of SAFS/ Communications Manager</p>
		<p>The Council and SAFS will provide fraud awareness &amp; specific anti-fraud training across all Council services and review the E-Learning training available for staff</p>	<p>HR Services Manager/ Head of SAFS</p>
		<p>The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS). The Strategic Director (CFO) will ensure that the services provided by SAFS are appropriate and provide an effective ROI in both savings delivered and added value.</p>	<p>Strategic Director (CFO)</p>
		<p>Audits conducted by the Shared Internal Audit Service (SIAS) will take account of known or emerging fraud risks when audit activity is being planned. SIAS will also report any suspected fraud to senior manager and SAFS to review and act upon.</p>	<p>SIAS Client Audit Manager</p>
		<p>All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.</p>	<p>Head of SAFS</p>
<b>PREVENT</b>	<p>Making the best use of information and technology.</p> <p>Enhancing fraud controls and processes.</p> <p>Developing a more effective anti-fraud culture. Communicating its' activity and successes.</p>	<p>SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.</p>	<p>Head of SAFS</p>
		<p>SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.</p>	<p>Head of SAFS</p>
		<p>Develop the Councils use of the Herts <i>FraudHub</i> and Deliver the NFI 2022/2023 Exercise</p>	<p>Head of SAFS/ Strategic Director (CFO)</p>
		<p>The Council, and SAFS, will seek to work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.</p>	<p>Head of SAFS/ Strategic Director (CFO)</p>
		<p>SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council</p>	<p>Head of SAFS</p>
		<p>Review data sharing agreements/protocols to ensure compliance with DEA &amp; GDPR/DEA to maximise the use of sharing data with others to help prevent/identify fraud.</p>	<p>Borough Solicitor / Data Protection Officer</p>
		<p>SAFS will work with the LGA and Cabinet Office to support the roll out of a Counter-Fraud Profession.</p>	<p>Head of SAFS</p>
<b>PURSU</b>	<p>Prioritising fraud recovery and use of civil sanctions.</p> <p>Developing capability and capacity to punish offenders.</p> <p>Collaborating across geographical and sectoral boundaries.</p> <p>Learning lessons and closing the gaps.</p>	<p>All fraud reported to the Council will be via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members.</p>	<p>Head of SAFS</p>
		<p>All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals</p>	<p>Head of SAFS</p>
		<p>SAFS will use its case management system to record and report on all fraud referred, investigated and identified.</p>	<p>Head of SAFS</p>
		<p>The Shared Legal Service, HR and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.</p>	<p>Head of SAFS /Borough Solicitor/ Strategic Director (CFO)</p>
		<p>SAFS and the Councils Shared R&amp;B Service will continue to work with DWP to deliver joint investigations where fraud affects both HB and CTRS</p>	<p>Head of SAFS/ Head of Revenues &amp; Benefits shared service</p>
		<p>SAFS will use its in-house expertise as well as external partners when considering the use of POCA, Surveillance or IT Forensics.</p>	<p>Head of SAFS</p>
<b>PROTECT</b>	<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting itself and its' residents from fraud.</p>	<p>SAFS will provide reports to Board and SAFS Champions quarterly on anti-fraud activity at the Council</p>	<p>Head of SAFS</p>
		<p>SAFS will review and share fraud trends and new threats</p>	<p>Head of SAFS</p>
		<p>Reports for Audit Committee on all Counter Fraud activity at the Council</p>	<p>Head of SAFS / Head of Revenues &amp; Benefits shared service</p>
		<p>The Council has in place other measure to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure with training for staff and members</p>	<p>Head of IT Security</p>
		<p>SAFS will work with bodies including CO/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government</p>	<p>Head of SAFS</p>

**SAFS KPIs - 2022/ 2023**

<b>KPI</b>	<b>Measure</b>	<b>Target 2022/23</b>	<b>Reason for KPI</b>
1	Return on investment from SAFS Partnership.	Demonstrate, via SAFS Board, that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. 1 FTE on call at the Council + Management of Tenancy Fraud Officer (Supported by SAFS Intel/ AFI/Management). B. 3 Reports to Audit Committee in year. C. SAFS Attendance at Corporate Governance, Champion meetings, team management meetings.	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. All urgent/ high risk cases 24 hours from receipt. B. All other cases 2 working days on Average. C. Sharing of Fraud Alerts- within 2 working days. D. Dissemination of non-SBC referrals to 3 <sup>rd</sup> parties within 2 working days (Police/HMRC/DWP/NCSC)	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD for Council staff. B. Membership of CIPFA Counter Fraud Centre (via HCC) C. Access to CIFAS best practice/guidance/fraud alerts (via HCC) D. NAFN Access/Training for relevant Council Staff. E. 5 Training events for staff/Members in year. F. Money Laundering Reporting Officer role. G. Support for Covid grant schemes and other local/national responses to the pandemic.	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to the Council by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each, Reported. C. All 'sanctions' imposed in line with Council policies/ legislation. D. 100% review of all RTB applications to prevent fraud/ML	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
6	Making better use of data to prevent/identify fraud.	A. Support the NFI 2022/23 upload and output/reports across services. B. Consider other areas where the better use of data will benefit the Council financially. C. Develop and extend the use/capacity of the Herts-FraudHub for SBC.	Further develop a Hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.



**Meeting**                      Audit Committee  
**Portfolio Area**            Resources  
**Date**                            9<sup>th</sup> November 2022



## REVISED WHISTLEBLOWING POLICY 2022

### NON-KEY DECISION

#### 1            **PURPOSE**

- 1.1            For members to review and adopt a new Whistleblowing Policy that can then be implemented across the Council.

#### 2            **RECOMMENDATIONS**

- 2.1            The Council has a Policy in place, this has not been reviewed for some time. Officers believe that a new Policy and a communication plan to launch this will provide assurance to staff who want to raise genuine concerns at work.
- 2.2            Due to changes in the senior management at the Council a key change will be to create a Whistleblowing Group that will review and assess all concerns raised to provide more transparency and consistency in the process.
- 2.3            That the Councils Head of Human Resources owns this Policy and brings an annual report to this Committee on all disclosures made to the Council under this Policy.

#### 3            **BACKGROUND**

- 3.1            The Public Interest Disclosure Act 1998 (PIDA) amended the Employment Rights Act 1996 (“the Act”) to create a framework for whistleblowing across the private, public and voluntary sectors. The Act provides individuals in the workplace with protection from victimisation where they make a protected

disclosure about malpractice or wrongdoing at work in accordance with the Act's provisions.

3.2 The Council is a 'prescribed person' under the Public Interest Disclosure Act 1998, meaning that whistleblowers are provided with protection when disclosing certain information to us. The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017 require prescribed persons to report annually on whistleblowing disclosures made to them.

3.3 The Council has a Whistleblowing Policy in place but this has not been shared as widely as possible with staff and may not have created the assurance required to protect those who want to raise genuine concerns at work

#### **4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

4.1 The Council is a Prescribed Person and has to have in place to appropriate framework for concerns to be raised, logged, actioned and reported on.

4.2 Having a Policy which provides assurance to staff supports the Councils reputation as a good employer.

4.3 Officers working in Human Resources, Legal Services and Senior Leadership have been consulted and the proposed policy has been shared with the Corporate Governance Group for comment.

#### **5 IMPLICATIONS**

##### **Financial Implications**

5.1 There are no financial implications as this Policy replaces an earlier version

##### **Legal Implications**

5.2 The Council has a duty to have in place a Policy and the new Policy replaces the older version.

##### **Risk Implications**

5.3 There are no risk implications by replacing the older Policy.

#### **BACKGROUND DOCUMENTS**

**BD1 The Public Interest Disclosure Act 1998 (PIDA)**

**BD2 The Prescribed Persons (Reports on Disclosures of Information) Regulations 2017**

#### **APPENDICES**

**A Stevenage Borough Council – Whistleblowing Policy 2022**

**Stevenage Borough  
Council  
Whistleblowing Policy  
2022**

## **Contents**

- 1. Introduction**
- 2. Our Assurance to You**
- 3. How to Raise a Concern Internally**
- 4. How the Council will handle the Matter**
- 5. Independent Advice**
- 6. External Contacts**
- 7. Monitoring & Review**

## 1. Introduction

- 1.1 This Policy is for the use of any person working for the Council, whether they are a permanent employee, an agency/contract worker, or employed on a fixed term or other flexible contract. In this policy we refer to all those people as 'Employees' of the Council.
- 1.2 The Policy is to be used to raise any concerns about the conduct or actions of another person in their role as an Employee of the Council. The Council has policies to deal with a variety of concerns and some of these are mentioned in section 6.3. It is not possible to provide an exhaustive list to cover every circumstance and if you are not sure you should initially talk to your line manager or the Human Resources (HR) Team who will be able to advise you further.
- 1.3 All of us at one time or another have concerns about what is happening at work. Usually these are easily resolved. However, when they are about unlawful conduct, financial malpractice or dangers to the public or the environment, it can be difficult to know what to do.
- 1.4 You may be worried about raising such a concern and may think it best to keep it to yourself perhaps feeling it's none of your business or that it's only a suspicion. You may feel that raising the matter would be disloyal to co-workers, managers or to the Council or that you may get in trouble at a later stage if your concerns prove to be unfounded and your co-workers or manager(s) find out it was you who raised the concern. You may decide to say something but find that you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next.
- 1.5 Stevenage Borough Council (the Council) is committed to running the organisation in the best way possible and to do so we need your help. The Council has updated this policy to reassure you that it is safe and acceptable to speak up and to enable you to raise any concerns you may have about unlawful conduct, financial malpractice or dangers to the public or the environment, at an early stage, in the right way and, if you request it, in confidence. Rather than wait for proof, the Council would prefer you to raise the matter when it is still a concern.
- 1.6 If something is troubling you which you think the Council should know about or look into, please use this Policy. If you wish to make a complaint about your employment or how you have been treated please use the Grievance Procedure and/or Dignity at Work Policy (available on the Intranet). This Whistleblowing Policy is primarily for concerns where the interests of others or of the Council itself are at risk.

**If in doubt – Report it!**

## 2. Our Assurance to You

### Your safety

- 2.1 The Senior Leadership Team are committed to this policy.
- 2.2 If you raise a concern under this policy, you will not be at risk of losing your job or suffering any form of retribution as a result, provided you are acting in good faith (a **Genuine Concern**). It does not matter if, following investigation, you are mistaken about your concern.
- 2.3 This assurance does not apply in circumstances where an individual maliciously raises a matter they know is untrue.

### Your confidence

- 2.4 The Council will not tolerate the harassment or victimisation of anyone raising a genuine concern. However, the Council recognises that you may nonetheless want to raise a concern in confidence under this Policy. If this is the case, please say so at the outset.
- 2.5 If you ask the Council to protect your identity, we will not disclose it without your consent. If the situation arises where the Council is not able to resolve the concern without revealing your identity (for instance because your evidence is needed in court) the Council will discuss with you whether and how we can proceed.
- 2.6 Please remember that, if you do not tell us who you are, it will be much more difficult for the Council to look into the matter, protect your position or to give you feedback. Accordingly, while we will consider anonymous reports, this policy is not well suited to concerns raised anonymously.
- 2.7 With these assurances we hope you will raise your concern openly.

*If you are unsure about raising a concern you can get independent advice from **Public Concern as Work** (see contact details under Independent Advice below).*

## 3. How to Raise a Concern Internally

- 3.1 Please remember that you do not need to have firm evidence of malpractice before raising a concern. The Council asks that you explain as fully as you can the information or circumstances that gave rise to your concern.
- 3.2 If you have a concern about malpractice the Council hopes you will feel able to raise it first with your Line Manager or Assistant Director. This may be done orally or in writing.

3.3 If you feel unable to raise the matter with your manager or Assistant Director for whatever reason please contact [whistleblowing@stevenage.gov.uk](mailto:whistleblowing@stevenage.gov.uk). This email address is confidential and monitored by the Council's whistleblowing reporting officers (Strategic Director (s151 Officer), the Monitoring Officer, Audit Manager and Head of Human Resources).

#### **4. How the Council will handle the Matter**

4.1 Once you have told The Council of your concern, it will assess it and consider what action may be appropriate. This may involve an informal review, an internal inquiry or a more formal investigation. The Council will tell you: who will be handling the matter, how you can contact them and what further assistance it may need from you. If you ask, the Council will write to you summarising your concern and setting out how we propose to handle it. If the Council has misunderstood the concern or there is any information missing, please let the allocated officer know.

4.2 When you raise the concern it will be helpful to know how you think the matter might best be resolved. If you have any personal interest in the matter, the Council asks that you say so at the outset. If the Council thinks your concern falls more properly within the Grievance Policy, or Dignity at Work Policy, or another relevant policy or procedure, you will be told.

4.3 While the purpose of this policy is to enable the Council to investigate possible malpractice and take appropriate steps to deal with it, the Council will give you as much feedback as it properly can. If requested, the Council will confirm its response to you in writing. Please note, however, that the Council may not be able to tell you the precise action it takes where this would infringe a duty of confidence owed by us to someone else.

4.4 Although the Council cannot guarantee that it will respond to all matters in the way that you might wish we will strive to handle the matter fairly and properly. By using this policy you will help to achieve this.

#### **5. Independent Advice**

5.1 If you are unsure whether to use this policy or you want confidential advice at any stage you may contact:

- Your union (your union representative may be able to provide assistance); or
- The independent charity **Public Concern at Work** on 020 7404 6609 or by email at [helplinepcaw.co.uk](mailto:helplinepcaw.co.uk). Their lawyers can talk you through your options and help you raise a concern about malpractice at work.

## 6. External Contacts

- 6.1 The Council hopes this policy gives you the reassurance you need to raise your concern internally but the Council recognises that there may be circumstances where you can properly report a concern to an outside body such as a Key Regulator. This option should be used as last resort but provided you are acting in good faith the Council would rather you raised a matter with the appropriate regulator than not at all.
- 6.2 Your rights to raise such concerns are established within the Public Interest Disclosure Act 1998. Public Concern at Work or your union will be able to advise you on the circumstances in which you can safely contact an outside body.
- 6.3 Listed here are the Regulators most likely to be linked to Local Government: it is not exhaustive and a full listing can be found on the PCaW website.
- Health and Safety Executive- Health and safety matters  
Tel: 0845 345 0055 [www.hse.gov.uk/workers/whistleblowing](http://www.hse.gov.uk/workers/whistleblowing)
  - Environment Agency- Environment matters  
Tel: 0800 807060 [www.environment-agency.gov.uk](http://www.environment-agency.gov.uk)
  - The Commissioners for her Majesty's- Tax related matters e.g. VAT  
Government Revenue & Customs  
Tel: 0900 595 000 [customs.confidential@hmrc.gov.uk](mailto:customs.confidential@hmrc.gov.uk)
  - Information Commissioner- Compliance with data protection or FOI  
Tel: 01625 545700 [www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk)
  - External Auditors Ernst & Young LLP - Public sector finance matters  
Tel: 011 8928 1167
  - Hertfordshire Shared Anti-Fraud Service (SAFS)  
Direct Dial: 01483 844705 e-mail: [fraud.team@hertfordshire.gov.uk](mailto:fraud.team@hertfordshire.gov.uk)

## 7. Monitoring/ Review

- 7.1 This Policy provides protection under Part IVA of the Employment Rights Act 1996. The Councils HR Team will keep it under review and ensure it is made available to and shared with all Employees
- 7.2 This Policy will be reviewed annually, or as required by legislation by the Councils HR Team.







**Meeting:** Audit Committee  
**Portfolio Area:** All Portfolio Areas



**Date:** 9 November 2022

## PROGRESS OF CORPORATE GOVERNANCE ACTIONS

**Author:** Suzanne Brightwell Ext: 2966  
**Contributors:** Assistant Directors  
**Lead Officer:** Clare Fletcher Ext 2933  
**Contact Officer:** Suzanne Brightwell Ext. 2966

### 1. PURPOSE

To advise Members of the Audit Committee of progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements as identified in the Council's 2021/22 Annual Governance Statement, reported to Audit Committee on 7 June 2022.

### 2. RECOMMENDATIONS

That Members of Audit Committee note progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements as identified in the Council's 2021/22 Annual Governance Statement, reported to Audit Committee on 7 June 2022.

### 3. BACKGROUND

- 3.1. Governance is the policies and procedures in place and the values and behaviours that are needed to ensure the Council runs effectively and can be held to account for its actions.
- 3.2. In 2016, CIPFA SOLACE published a review Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector, developed by CIPFA/IFAC. The Framework defines the principles that should underpin the governance of each local government organisation and outlines the requirement for authorities to test their governance structures and partnerships against the principles contained in the Framework by:
  - Developing and maintaining an up to date Local Code of Governance, including arrangements for ensuring ongoing effectiveness
  - Reviewing existing governance arrangements, and

- Reporting publicly on compliance with the Local Code of Governance on an annual basis setting out how they have monitored the effectiveness of their governance arrangements in the year and identify any enhancement required.

3.3. The CIPFA/SOLACE seven core principles of good governance are:

**A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law**

**B: Ensuring openness and comprehensive stakeholder engagement**

(Principles A and B are considered fundamental and applicable through principles C to G)

**C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

**D: Determining the interventions necessary to optimise the achievement of intended outcomes**

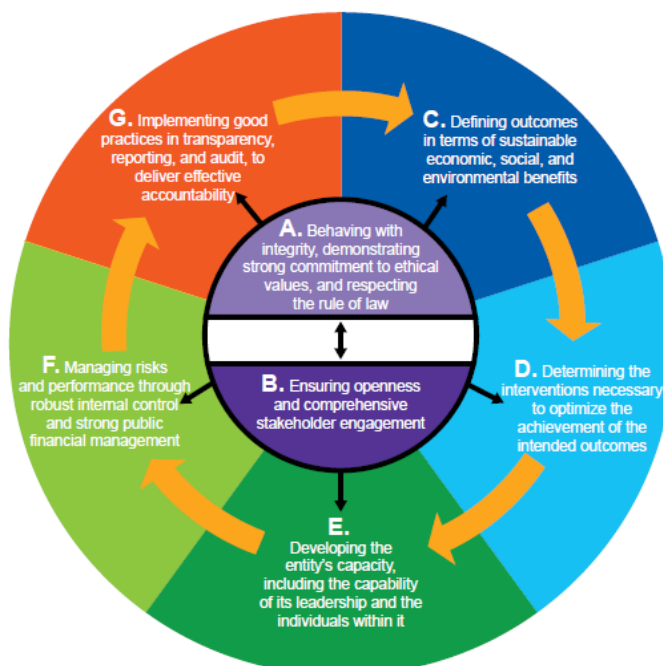
**E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

**F: Managing risks and performance through robust internal control and strong public financial management**

**G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.**

3.4. For each of the above core principles, the Framework outlines a set of sub-principles and a set of behaviours and actions that demonstrate good governance in practice.

3.5 The diagram below, taken from the International Framework, Good Governance in the Public Sector (CIPFA/IFAC, 2014) illustrates the above principles of good governance in the public sector and how they relate to each other.



### **3.6 Significant Governance Enhancement Activity – April to September 2021**

**3.6.1** As a result of the Council's annual assessment of governance arrangements and procedures, actions were identified to improve the high quality of governance arrangements already in place for the Council. Any actions which were deemed as significant were included in the Action Plan in the 2021/22 Annual Governance Statement and these actions are reflected in Appendix A to this report.

**3.6.2** Enhancement activity is deemed significant if recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service following their review of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the delivery of outcomes should be addressed.

**3.6.3** Appendix A outlines the year to date progress of the significant governance enhancement actions included in the 2021/22 Annual Governance Statement. The full year position will be reported to Audit Committee in March 2023.

**3.7** At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. The Service Assurance Statement is designed to provide assurance that the control environment operated effectively during 2021/22 in respect of the business units for which they have responsibility. As a result of this review, actions were identified for delivery in 2022/23 to enhance service governance arrangements.

Service governance continues to be monitored and actions to enhance the Council's governance arrangements at an operational level are progressing and will be monitored by Corporate Governance Group which meets quarterly. There are no current concerns regarding service governance arrangements

## **4. REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

The self-assessment of the Council's corporate governance arrangements against the 'Delivering Good Governance in Local Government' Framework principles and identification of significant governance actions to facilitate continued compliance with this Framework, forms part of the assurance process for the production of the Council's Annual Governance Statement to meet Regulation 6 of the 2015 Accounts and Audit (England) Regulations.

## **5. IMPLICATIONS**

### **5.1 Financial Implications**

There are no direct financial implications arising from this report.

## **5.2 Legal Implications**

There are no legal implications arising from this report.

## **5.3 Risk Implications**

There are no risk implications arising from this report.

## **5.4 Other Corporate Implications**

There are no corporate implications arising from this report.

## **6. BACKGROUND DOCUMENTS**

- CIPFA/SOLACE 'Delivering Good Governance in Local Government' 2016 Framework and Guidance
- CIPFA/IFAC International Framework: 'Good Governance in the Public Sector', published August 2014
- Audit Committee report (7 June 2022) Annual Governance Statement 2021/22

## **7. APPENDICES**

- Appendix A: Progress Review of Corporate Governance Actions 2022/23 - April to September 2022

## ANNUAL GOVERNANCE STATEMENT – SIX MONTHS PROGRESS UPDATE

Action	Six Month Progress Update
<p><b>To implement the General Fund Asset Management Strategy and create a Corporate Landlord function, the following activity is planned:</b></p> <ul style="list-style-type: none"> <li>• Upload of asset management data onto property data management software to enhance the management of the Council's assets</li> <li>• Continue the review of the council's commercial portfolio</li> <li>• Recruitment of staff within the Estates Service</li> <li>• Governance structure to be put in place to deliver the Corporate Landlord function</li> <li>• Procurement and implementation of a new Facilities Management System to integrate operational compliance work within a single system</li> <li>• Procurement of compliance services, covering Fire, Gas/Water and Electrical contracts</li> </ul>	<p>Work has commenced to procure a new Asset Management System which will be used to manage the Council's commercial assets. The Data Manager is continuing to populate the current Asset Management system with accurate property and leasing data for the Council's commercial estate.</p> <p>There continues to be a number of vacant posts in the Estates service which are proving difficult to recruit to. It has however been possible to recruit to the role of Commercial Asset Manager.</p> <p>A new computer-aided Facilities Management System to manage compliance and maintenance of the Council's corporate buildings has been procured and is currently being populated and will be going live soon.</p> <p>Procurement of compliance services is underway and the procurement of the electrical contract is now nearly complete.</p>
<p><b>Making Your Money Count: To ensure that the Council has sufficient resources to fund its medium and long term service plans and corporate priorities the following activity is planned:</b></p> <ul style="list-style-type: none"> <li>• Complete the refresh of the Housing Revenue Account Business Plan</li> <li>• Carry out a review of the Council's reserves</li> <li>• Development of a Capital Funding Plan to identify and progress funding sources to ensure suitable capital funding is in place to deliver the Council's priorities</li> <li>• Report to Executive outlining further Making Your Money Count savings options to increase the Council's financial resilience</li> </ul>	<p>The Housing Revenue Account business plan is in the process of being reviewed and will be considered by Executive in December 2022.</p> <p>The Medium Term Financial Strategy which included potential ongoing Covid impacts, cost of living crisis impacts and inflationary impacts was considered by Executive in September 2022. The report set out a Making your Money Count Target of savings of £3.03 Million for the period 2023/24-2025/25. Officer and Member meetings are being held to consider savings options. The outcome of these meetings will be reported to Executive in November 2022.</p> <p>The Capital Strategy will be reported to Executive in December 2022.</p>

Action	Six Month Progress Update
<p><b>Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved, a programme of work is required:</b></p> <ul style="list-style-type: none"> <li>• Continue the improvement programme in relation to garages, e.g. application of charges for garage freeholders, changes to termination periods, move to any day tenancies and transition to Choice Based Lettings.</li> <li>• Review of charging arrangements across the Council</li> <li>• Investigate further opportunities for grant funding</li> <li>• Creation of a Disability Resource Centre and hosting parcel lockers on Council land.</li> <li>• Review of the Council's skips offer</li> <li>• Continue the review of concessions and fees and charges for 2023/24.</li> <li>• Insourcing of day to day repairs and weed spraying</li> <li>• Consider measures to drive down debt across the organisation</li> <li>• Further develop the commercial culture in the Council through a combination of communications and learning and development opportunities.</li> </ul>	<p>The Garage Lettings project is progressing and estimated to go live by spring. Garages Business Case for investment to deal with the backlog of voids was approved at September Executive.</p> <p>Work is ongoing in relation to the review of fees and charges across various service areas and new income streams are being put forward.</p> <p>Preliminary conversations have taken place around access to grant funding portals and the best way to share opportunities.</p> <p>Opportunities to create a Disability Resource Centre were considered, and included meeting with the Bedford Disability Resource Centre and Herts Ability in Welwyn. However, due to the resources required to take a project of this scale forwards, this work has been paused until there is sufficient capacity to progress it.</p> <p>Officers have engaged with parcel locker companies and are currently working with InPost as a preferred supplier. Locations around the town have been reviewed and surveyed for suitability.</p> <p>A comprehensive review of the fixed, variable and disposal costs involved in operating the skips service has been undertaken, alongside in-depth market and competitor analysis. This was shared with Executive Members at the meeting of the Commercial and Investment Working Group in June 2022. In order to create a more attractive product, grow market share and steer the service towards full cost recovery, a revised offer for skip hire has been developed, which will be aligned with the business development activity of the Commercial Officer for Trade Waste. This offer will be presented at the November meeting of the Executive.</p> <p>A wholesale review of fees and charges has been undertaken for 2023/24, starting with a workshop with service managers to discuss inflationary pressures and key considerations when setting charges. This has resulted in the development of a full set of proposals for the General Fund (to be presented at the meeting of the November Executive) and several new income streams in areas such as cemeteries, planning and environmental services. Options for changing concessionary rates on garages and markets for 2023/24 have also been developed for Members'</p>



Action	Six Month Progress Update
	<p>consideration.</p> <p>A review of the insourcing of day to day repairs has commenced, with a view to identifying any synergies in the work being undertaken and to consider the potential for joined up options moving forwards. A working group has been established and a review of current expenditure is being undertaken. Progress in this area has been slower than anticipated due to challenges around recruitment in Estates and Repairs and Voids.</p> <p>A full business case considering the potential to insource weed spraying when the contract ends in February 2023 was discussed at the December 2021 meeting of the Commercial and Investment Working Group. The business case explored the feasibility in relation to cost, FTE impact and commercial expansion. It concluded that the service had the potential to be delivered in house but staffing capacity would have to be maximised to be efficient and would be reviewed again in late 2022. The business case has subsequently been reviewed and has concluded that due to likely changes in chemical requirements (which may impact significantly on cost and staffing), the current contract will be extended for one year and reviewed again in 2023.</p> <p>Some preliminary work has been undertaken to understand the amount of aged debt per service, the internal department that collects the debt, the percentage of customers on direct debit, the method of enforcement and the system for recording the debt. Historic debt is being reviewed by Finance and all this work will be fed into the wider work stream in the transformation programme around income and debt, which will also consider processes around debt management.</p>
<p><b>COVID-19: In response to the COVID-19 crisis and to ensure the Council can continue to deliver services, continue to meet its FTFC ambitions and enable recovery from the effect of the virus in the town, the following action is planned:</b></p> <ul style="list-style-type: none"> <li>• Continue to review the General Fund</li> </ul>	<p>The Medium Term Financial Strategy which included the potential ongoing Covid impacts, cost of living crisis impacts and inflationary impacts was considered by Executive in September 2022. The report set out a Making your Money Count Target of savings of £3.03Million for the period 2023/24-2025/26. Officer and Member meetings are being held to consider savings options. The outcome of these meetings will be reported to Executive in November 2022.</p>

Action	Six Month Progress Update
<p>and HRA Medium Term Financial strategies in light of the financial pressures arising from the COVID-19 response</p>	
<p><b>Council Housebuilding and Acquisitions Programme:</b> To ensure the Council can deliver new council owned homes as programmed the following action is planned:</p> <ul style="list-style-type: none"> <li>• Carry out viability assessments prior to lending being approved for the Wholly Owned Company to demonstrate they meet key targets as outlined in the Business Plan</li> <li>• Explore grant funding opportunities with Housing Associations in the local area to secure nomination rights to properties</li> <li>• Ongoing governance and review by the Housing Development and Regeneration Working Group</li> <li>• Key Performance Indicators to be determined and monitored for the Wholly Owned Company regarding key financial performance indicators</li> </ul>	<p>Viability assessments prior to lending have been carried out. Two potential schemes have been identified. Both schemes have now been approved and are now fully funded.</p> <p>A Rough Sleeper Accommodation programme bid to Homes England and DLUHC to purchase properties to accommodate rough sleepers was unsuccessful. The team is working with Homes England regarding other grant funding opportunities.</p> <p>Ongoing governance and review is carried out by the Housing Development and Regeneration Working Group. This group meets once a month. In addition, regular updates are submitted to the FTFC Board.</p> <p>A set of key performance indicators are now being used and need to be met to unlock funding.</p>
<p><b>Socio-Economic Impacts:</b> As a result of the combined socio-economic impacts of welfare reform, the Covid-19 pandemic, and an economic downturn the following action is planned:</p> <ul style="list-style-type: none"> <li>• Continue to be involved with Community Wealth Building and Social Value initiatives</li> <li>• Contribute to the Planning and Procurement working groups which will be looking at community wealth building and social value in relation to all district and borough councils throughout Hertfordshire.</li> <li>• Complete the review of the Arrears Action Plan</li> </ul>	<p>The Community Renewal Fund bid 'Community Wealth Building Together' was approved for delivery by DLUHC and the Hertfordshire LEP on 3rd November 2021. The dissemination of the funding as part of the delegated grant scheme is underway, with a majority of funding being provided to all district and borough councils for them to distribute in their local area. Funding has also been provided to several business support organisations who will work county wide, adding capacity around business planning, resilience and sustainability amongst other things.</p> <p>Target numbers have already been achieved and are already capturing additionality. Projects have been delivering from April 2022 and will continue throughout the summer with projects closing in September. Evaluation activities in collaboration with the University of Hertfordshire are underway, with interviews with key stakeholders taking place.</p> <p>The arrears action plan has been reviewed and is in place until end March 2024. We are in year 3 of the plan and on schedule to achieve most of the actions. There have been delays with some of the IT development work, which is</p>

Action	Six Month Progress Update
	required to support the Income Team to maximise income collection due to other priorities within the Corporate IT service
<p><b>Provision of leisure services:</b></p> <ul style="list-style-type: none"> <li>Carry out the agreed work programme to enable the Council to determine the strategic delivery of its leisure and cultural offer post March 2023 when the current leisure contract ends</li> <li>Carry out the procurement process for a new leisure and cultural services contract</li> </ul>	Four final tenders have been received for the leisure contract and these are currently being evaluated. The contract will be awarded late December/early January.
<p><b>Health and Safety:</b> Continue to enhance and embed health and safety compliance and performance by:</p> <ul style="list-style-type: none"> <li>Continue the rolling programme of internal and external audits for medium and high risk services</li> <li>Complete the implementation of health and safety enhancements for the Council's identified health and safety risks</li> </ul>	<p>All high health and safety risks are reviewed by the Strategic Health and Safety Group and reported to Corporate Risk Group and the Senior Leadership Team quarterly. The monitor is also reviewed by the Chief Executive at monthly HR meetings. As a result of improvement actions being carried out the following previously high risks have now been de-escalated:</p> <ul style="list-style-type: none"> <li>Fire safety in flat blocks</li> <li>Covid-19</li> </ul> <p>The rolling programme of internal and external audits for medium and high risk services is in progress.</p>
<p><b>IT Resilience and Cyber Security:</b> The Shared IT Service to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security, IT resilience by:</p> <ul style="list-style-type: none"> <li>Complete the replacement of all the Council's firewalls</li> <li>Migrate services over to the new IT network</li> <li>Complete the upgrade from Windows 7 to Windows 10</li> <li>Complete the roll out of VDI</li> <li>Roll out of Microsoft Office 365</li> <li>Review and update the ICT Disaster Recovery Plan.</li> <li>Carry out a Cyber Security awareness</li> </ul>	<p>Old firewalls have been deleted and this together with the new ACI has increased IT security. The main firewalls do need to be replaced and investigations are being carried out with regards to types of and support available for the next firewalls. Procurement will be over the next year or so. Our present firewalls are sufficient and therefore replacement is not seen as urgent at the current time.</p> <p>Work is ongoing in relation to the roll out of VDI and to migrate services over to Windows 10 and Microsoft 365.</p> <p>Work has begun on the creation of a draft ICT Disaster Recovery Plan.</p> <p>Cyber Security awareness e-learning has been rolled out to both staff and Members.</p> <p>Work continues to implement the recommendations made</p>

Action	Six Month Progress Update
<p>campaign and completion of e-learning by all staff and Members</p> <ul style="list-style-type: none"> <li>• Implement the recommendations made by the SOCITM quality assurance review of the ICT strategic programme and operation. <ul style="list-style-type: none"> <li>• Implement the recommendations contained in the Cyber Treatment Plan</li> </ul> </li> </ul>	<p>by the SOCITM quality assurance review and also the recommendations included in the Cyber Treatment Plan.</p>
<p><b>Repairs and Maintenance:</b> To reduce the backlog in repairs due to the impact of the Covid-19 pandemic and the damage caused by the recent storms the following actions is planned:</p> <ul style="list-style-type: none"> <li>• Commencement of new materials supplier contract</li> <li>• Recruit to key vacant posts</li> <li>• Housing Asset Management Strategy to be reviewed to reflect responsive repairs</li> </ul>	<p>A new materials supplier has been appointed.</p> <p>The Housing Asset Management Strategy has been reviewed. The outcome of this review is currently being analysed and the Strategy will be updated accordingly.</p> <p>The Repairs Service review is now complete and has been implemented. The current recruitment market is making the vacant posts which have been created from the service review hard to fill.</p>
<p><b>The following activity is planned to enhance compliance with Payment Cards Industry Data Security Standards:</b></p> <ul style="list-style-type: none"> <li>• Key stakeholders across the Council to be identified and a Working Group set up to carry out the review.</li> <li>• Payment methods to be reviewed and a replacement payment system to be considered.</li> </ul>	<p>A Working Group was set up and carried out a review. Payment methods have been reviewed which has resulted in the Customer Service Centre no longer taking card payments over the phone (except in exceptional circumstances whereby the customer cannot use the automated line). A replacement system to be considered once the contract for the current system expires.</p>



**AUDIT COMMITTEE/ EXECUTIVE  
/ COUNCIL**

Portfolio Area: Resources

**Date: 9 November 2022 / 16 November  
2022 / 14 December 2022**



**2022/23 MID YEAR TREASURY MANAGEMENT REVIEW AND PRUDENTIAL INDICATORS**

**NON-KEY DECISION**

Author	– Rhona Bellis	Ext. 2515
Contributor	– Rhona Bellis / Kaha Olad/Lee Busby	Ext. 2730
Lead Officer	– Brian Moldon	Ext. 2515
Contact Officer	– Brian Moldon	Ext. 2515

**1 PURPOSE**

1.1 To update Members on the Treasury Management activities in 2022/23 and review effectiveness of the 2022/23 Treasury Management and Investment Strategy including the 2022/23 prudential and treasury indicators.

**2 RECOMMENDATIONS**

**2.1 Audit Committee**

That subject to any comments by the Audit Committee to the Executive, the 2022/23 Mid-Year Treasury Management Review and Prudential indicators reports is recommended to Council for approval.

**2.2 Executive**

That subject to any comments made by the Executive, in addition to those made by the Audit Committee, the 2022/23 Mid-Year Treasury Management Review and Prudential indicators report is recommended to Council for approval.

**Part I**  
**Release to Press**

**2.3 Council**

That subject to any comments from the Audit Committee and the Executive, 2022/23 Mid-Year Treasury Management Review and Prudential indicators report be approved by Council.

**3 BACKGROUND**

**3.1 Regulatory Requirement**

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce a mid-year treasury management review of activities and the actual prudential and treasury indicators for 2022/23. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.1.2 During 2022/23 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24 February 2022)
- a mid-year treasury update report (this report - Council 14 December 2022)
- an annual review following the end of the year (2021/22) describing the activity compared to the strategy (Council 19 October 2022).

3.1.3 In December 2017, CIPFA revised the Code to require, all local authorities to report on:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

These elements are covered in the annual Capital Strategy reported to Council in February each year.

3.1.4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

3.1.5 This report summarises:

- Capital expenditure and financing for 2022/23;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Reporting of the required prudential and treasury indicators, including the impact of the expenditure on the Council's underlying indebtedness (the Capital Financing Requirement);
- Update on the Treasury Management Strategy Position;
- An economic update for the first part of 2022/23.

**Part I**  
**Release to Press**

3.1.6 Officers confirm that they have complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee and the Executive before they were reported to the Council

**3.2 Economics and interest rates**

**3.2.1 Economics update.**

Over the last year, global demand has increased significantly as economies emerge from two years of suppressed economic activity during the Covid-19 emergency. The Bank of England MPC increased interest rates for a seventh consecutive meeting in September 2022 to 2.25% in an attempt to suppress demand and contain inflationary pressures within the economy. These pressures include soaring global food and energy prices caused by disruption to supplies as a result of the war in Ukraine.

The September's mini-budget, now largely reversed, was seen as inflationary and markets reacted negatively, pushing up the cost of government borrowing steeply in September and October. The Bank of England has indicated that interest rates are likely to continue to rise as inflation is significantly higher than the BOE target rate of 2% - being 10.1% (CPI September 2022). Action by the government to reassure markets by reversing most of the previously announced mini-budget policies did have a positive effect on markets, although at the time of writing this report the cost of government borrowing has not reduced to pre-mini-budget level and this feeds into higher PWLB rates for local authority borrowing and investing.

3.2.2 **PWLB borrowing rates** are based on gilt (UK Government bonds) yields (rate) which are traded on the financial markets. Bond values have recently been falling, increasing the yield and consequently increasing the cost of government borrowing. The interest rate on bonds due to be repaid in 30 years' time dropped to 4.35% on 18 October 2022 (1.385% 19 October 2021), after falling back from a high of 5.17% on 28 September after the mini-budget. The chancellor will deliver the government's "economic plan" on 31 October, which will set out how government debt will be reduced and tax cuts funded. At the time of writing this report, it cannot be predicted how the cost of government borrowing will move and what the impact on the PWLB rates available to the council for borrowing in the future will be.

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20<sup>1</sup>bps).

---

<sup>1</sup> Basis points

**Part I**  
**Release to Press**

**Chart 1**

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>BANK RATE</b>	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

\* Rates include a 0.2% Certainty Rate reduction

3.2.3 There are alternatives to the PWLB for borrowing, for both the General Fund and the HRA, including the UK Municipal Bonds Agency, UK Infrastructure Bank, other Local authorities and public bodies including the LEP. Options are considered by officers at the point borrowing is considered to ensure the best borrowing rates are obtained. No additional external borrowing has been taken in 2022/23 as at 30 September 2022.

**4 TREASURY MANAGEMENT ACTIVITIES**

**4.1 OVERALL TREASURY POSITION AS AT 30 SEPTEMBER 2022**

4.1.1 The Council's treasury position for the first half of the year was as follows:

Table 1: Treasury Position						
	2021/22			2022/23		
	31 March 2022 Principal £'000s	Rate / Return %	Average Life (Yrs)	30 September 2022 Principal £'000s	Rate / Return %	Average Life (Yrs)
PWLB Borrowing	227,750	3.28	12.89	227,619	3.28	12.89
Other long term liabilities*	19,230			19,230		
<b>Total Debt</b>	<b>246,980</b>			<b>246,849</b>		
Capital Financing Requirement	305,432			311,226		
Over/(under) borrowing	(58,452)			(64,377)		
<b>Investments Portfolio</b>	<b>68,750</b>	<b>0.35</b>	<b>NA</b>	<b>63,425</b>	<b>1.04</b>	<b>NA</b>

\*Includes finance leases and other third party loans

**4.2 TREASURY MANAGEMENT STRATEGY 2022/23**

4.2.1 The Treasury Management Strategy was approved by council on 24 February 2022.



**Part I**  
**Release to Press**

There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

**4.3 THE COUNCIL'S CAPITAL POSITION (Prudential Indicators).**

4.3.1 Capital expenditure<sup>2</sup> can be financed either by capital resources the Council has on its balance sheet (e.g. capital receipts and capital grants) or by making a revenue contribution to capital. If sufficient capital resources are not available to fund the expenditure the Council would need to borrow to meet the funding gap. This borrowing may be taken externally in new loans or internally from cash balances held by the council. The need to borrow is measured and reported through the Prudential Indicators.

4.3.2 The Treasury Management Strategy and Prudential Indicators for 2022/23 were originally approved by Council on the 24 February 2022. Since then the Treasury Management Mid-Year Review Indicators have been updated based on the 1st and 2<sup>nd</sup> quarter capital programme reported to Executive (12 October 2022).

4.3.3 Table three shows the revised estimates for capital expenditure 2022/23 and financing and the changes since the capital programme was agreed at Council on 24 February 2022.

<b>Table 2 : 2022/23 Capital Expenditure and Financing</b>			
	<b>Original Capital Strategy (Council February 2022)</b>	<b>Revised Capital Strategy Q2</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure:</b>			
General Fund Capital Expenditure	34,631	32,729	(1,902)
HRA Capital Expenditure	81,594	54,655	(26,939)
<b>Total Capital Expenditure</b>	<b>116,226</b>	<b>87,384</b>	<b>(28,842)</b>
<b>Financed by:</b>			
Capital Receipts	(38,826)	(25,215)	(13,611)
Capital Grants /Contributions	(16,163)	(15,858)	(305)
Capital Reserves	(572)	(3,650)	3,078
Revenue contributions	(6,669)	0	(6,669)
Major Repairs Reserve	(23,785)	(22,139)	(1,646)
<b>Total Financing</b>	<b>(86,015)</b>	<b>(66,862)</b>	<b>(19,153)</b>

<sup>2</sup> Council expenditure can be classified as capital when it is used to purchase assets with a life of more than one year, exceeds £5,000 in value and meets the guidelines laid out in CIPFA accounting practices.

<b>Table 2 : 2022/23 Capital Expenditure and Financing</b>			
	<b>Original Capital Strategy (Council February 2022)</b>	<b>Revised Capital Strategy Q2</b>	<b>Movement</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Borrowing requirement</b>	<b>(30,211)</b>	<b>(20,522)</b>	<b>(9,689)</b>

#### **4.4 CHANGES TO THE PRUDENTIAL INDICATORS FOR THE CAPITAL FINANCING REQUIREMENT (CFR), EXTERNAL DEBT AND OPERATIONAL BOUNDARY**

4.4.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). It represents the amount of debt it needs to/has taken out to fund the capital programme (and includes both internal and external borrowing). The CFR is then reduced as debt repayments are made and Minimum Revenue Provisions (MRP – see also section 5.2) are made. A separate CFR is calculated for the General Fund and Housing Revenue Account and any transfers of assets (such as land or buildings) between the two accounts will impact on each fund's CFR. The CFR will go up on the fund "receiving" the assets and go down (by the same amount) on the fund "giving" the asset.

4.4.2 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

#### **Prudential Indicator – Capital Financing Requirement**

<b>Table 3 Capital Financing Requirement</b>	<b>2022/23 Original Estimate Council February 2022</b>	<b>2022/23 Revised Estimate Mid-Year</b>	<b>Movement Between Estimates</b>	<b>Current Position</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
CFR – non housing	56,185	56,530	345	49,821
CFR – housing	278,772	268,738	(10,034)	261,405
<b>Total CFR</b>	<b>334,957</b>	<b>325,268</b>	<b>(9,689)</b>	<b>311,226</b>

4.4.3 The CFR for the HRA has decreased by £10.034Million, due to the New Build (Housing Development) programme slipping into future years.

- 4.2.3.8 The General Fund's CFR has increased by £345k, due to;
- Borrowing requirement of £1.031Million
  - less Minimum Revenue Provision (MRP) (see section 5.2.2) of -£215K
  - less loan repayments made in year totalling -£471K.

#### **4.5 Limits to Borrowing Activity**

4.5.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years.

4.5.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

<b>Table 4 Authorised limits</b>	<b>Operational Boundary <sup>3</sup> £'000</b>	<b>Authorised Limit £'000</b>	<b>Actual External Debt 30/09/2022 £'000</b>
PWLB			227,619
Other external debt			19,230
Total Borrowing	354,503	362,503	246,849
Less Investments			(63,425)
<b>Total Net Borrowing Position</b>	<b>354,503</b>	<b>362,503</b>	<b>183,424</b>

4.5.3 The net borrowing position for the Council as at 30 September 2022 was £183Million.

4.5.4 A temporary breach of the operational boundary is permissible for short term cash flow purposes however a breach of the authorised limit would require a report to Council. There have been no breaches of either limit in the period to 2022/23

#### **4.6 Borrowing**

4.6.1 The Council's capital financing requirement (CFR) for 2022/23 is £325Million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 1 shows the Council has borrowings of £247Million and has utilised £64.4Million of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

<sup>3</sup> Operational Boundary = expected debt position

**Part I**  
**Release to Press**

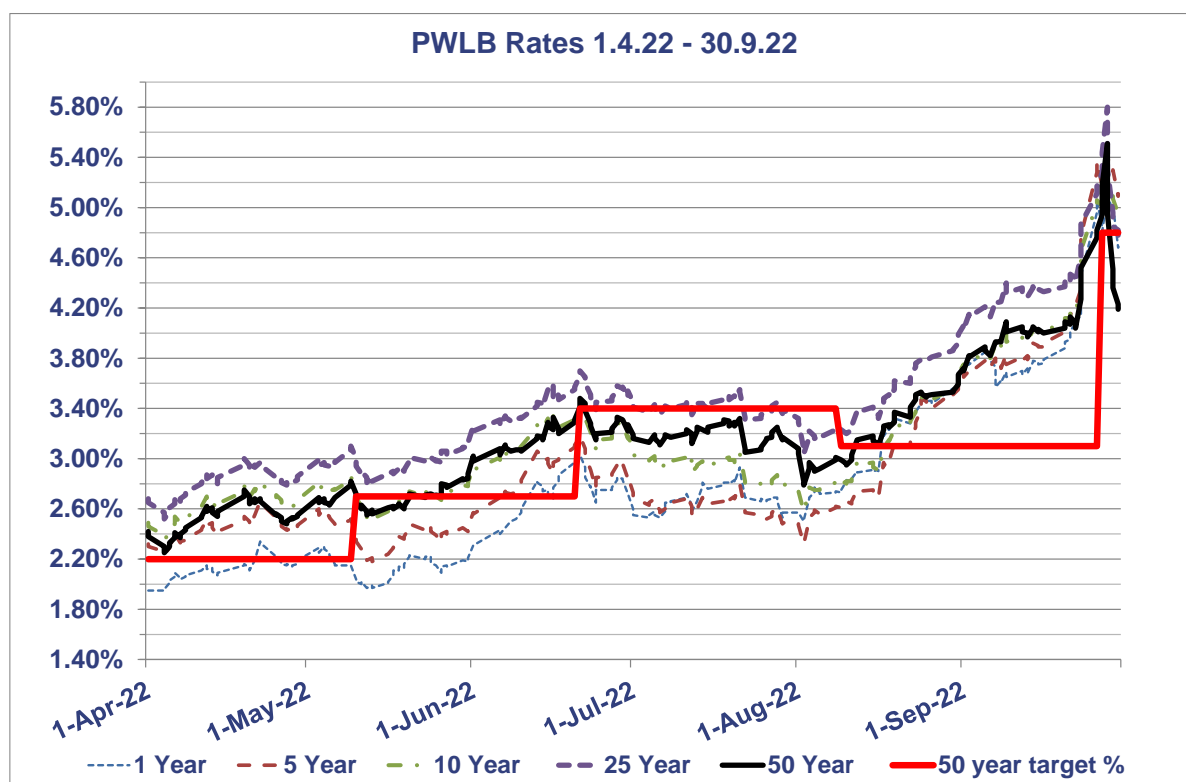
4.6.2 No new external borrowing has been taken to date during 2022/23. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

4.6.3 PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2022. Gilt yields and PWLB rates were on a generally rising trend throughout 2022, the exception being a short rally in gilts in July/August. However, they rose exceptionally sharply towards the end of September.

The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% and finished the half year at 4.80%, albeit it is forecast to fall back to 3.10% by the end of September 2025.

4.6.4 The Chart below shows the volatility of the PWLB borrowing rates from 1 April 2022 to 30 September 2022.

Chart 2



4.6.5 The General Fund has PWLB external borrowing of £1.9Million and other external borrowing of £7Million (Local Enterprise Partnership - LEP) and a finance lease of £12Million (Aviva). Discussions took place with the LEP regarding making these re-investible loans for further regeneration of the town, rather than needing to be repaid on the dates originally agreed. As

**Part I**  
**Release to Press**

indicated in the table, the current position is that only £209K of the £7.279Million received to date has been repaid. The remaining balance is repayable - £6.57Million in 2030 and £0.5Million in 2025. The loans are at zero interest.

<b>Table 5: LEP Loans</b>						
<b>Loan Received</b>	<b>Site Assembly</b>	<b>Land Assembly</b>	<b>SG1</b>	<b>Repaid</b>	<b>Total</b>	<b>Repayment Date</b>
2015/16	762,488			(208,795)	553,693	31/03/22
2018/19	416,306				416,306	
2019/20		4,108,709			4,108,709	
2020/21		1,491,291	500,000		1,991,291	
<b>Total</b>	<b>1,178,794</b>	<b>5,600,000</b>	<b>500,000</b>	<b>(208,795)</b>	<b>7,069,999</b>	

4.6.6 The Aviva finance lease, entered into in 2018/19 for 37 years was immediately sublet to Queensway Properties (Stevenage) LLP for 37 years.

4.6.7 The HRA has external borrowing of £225.731Million all held with the PWLB, of which £30.820Million relates to the Decent Homes programme, £7.763Million from pre 2012, £4.010Million taken out in 2019/20, £10.0 Million taken out in 2020/21 and £9.047Million taken out in 2021/22. The remainder of £194.911 Million relates to HRA self-financing payment made to central government in 2012.

4.6.8 The target average borrowing rate in the latest HRA Business Plan last updated 2021 (HRA BP) was 1.6% for 2020, rising to 1.72% in 2021 and 1.74% in 2022. HRA borrowing of £10Million was taken externally in March2021 (2.06%), February 2022 - £5Million for 25.5 years at 2.22% and £4.047Million for 21 years at 2.24%. The HRA BP assumed a 3.5% average rate for future loans. Recent interest rate rises have led to current forecast rates exceeding the original BP forecasts. The HRA BP will be revised and reported to the December 2022 Executive.

4.6.9 The table 6 below shows current PWLB borrowing rates compared to rates secured for the HR A borrowing in prior years.

**Table 6:**

<b>Rates<sup>4*</sup> as at:</b>	<b>Mar-21</b>	<b>Feb-22</b>	<b>18 Oct-22</b>
<b>Years</b>	<b>Actual Rate %</b>	<b>Actual Rate %</b>	<b>PWLB Rate %</b>
5			4.81
10			4.99

<sup>4</sup> Rates include a 0.2% Certainty Rate reduction

**Part I**  
**Release to Press**

15		5.19
20	2.06	5.31
21	2.24	5.31
25.5	2.22	5.28

**5 COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS**

5.1.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

5.1.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

**5.2 Minimum Revenue Provision (MRP)**

5.2.1 The Prudential Code, by which the Council has to make its borrowing decisions, requires the Council to demonstrate that borrowing is required and affordable. The MRP is a statutory requirement to ensure borrowing is affordable for the General Fund and does not apply to the HRA (the HRA affordability is determined in the HRA BP). The Council is required to make annual MRP based on its policy approved by Council as part of the Treasury Management Strategy. The calculation of MRP is based upon prior years' borrowing requirement (regardless of whether that borrowing was internal or external) and the life of the asset for which the borrowing was required.

5.2.2 The MRP charged to the General Fund in 2022/23 is forecast to be £214,609 of which:

- £35,119 is funded from investment property
- £48,787 is funded by the Garage Improvements Programme
- £130,703 is a net cost to the General Fund

**6 ANNUAL INVESTMENT STRATEGY**

6.1.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 24 February 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

**Part I**  
**Release to Press**

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite

- 6.1.2 There were no breaches to this policy in the year to 30 September 2022 with the investment activity conforming to the approved strategy. The Council had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO), demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds that may be borrowed during 2022/23 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to timing of taking out new loans would breach other counterparty limits.
- 6.1.3 The Specified and Non-Specified Investment Criteria (Appendix C) have been reviewed and updated in the Treasury Management Strategy 2022/23 agreed at Full Council in February 2022. Appendix C reflects the strategy in place for 2022/23. No further amendments are proposed at this stage.
- 6.1.4 In accordance with the Treasury Management Strategy, the Council invests its surplus cash balances that are committed for future approved spending. The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data and counterparty limits dependant on level of cash balances held.

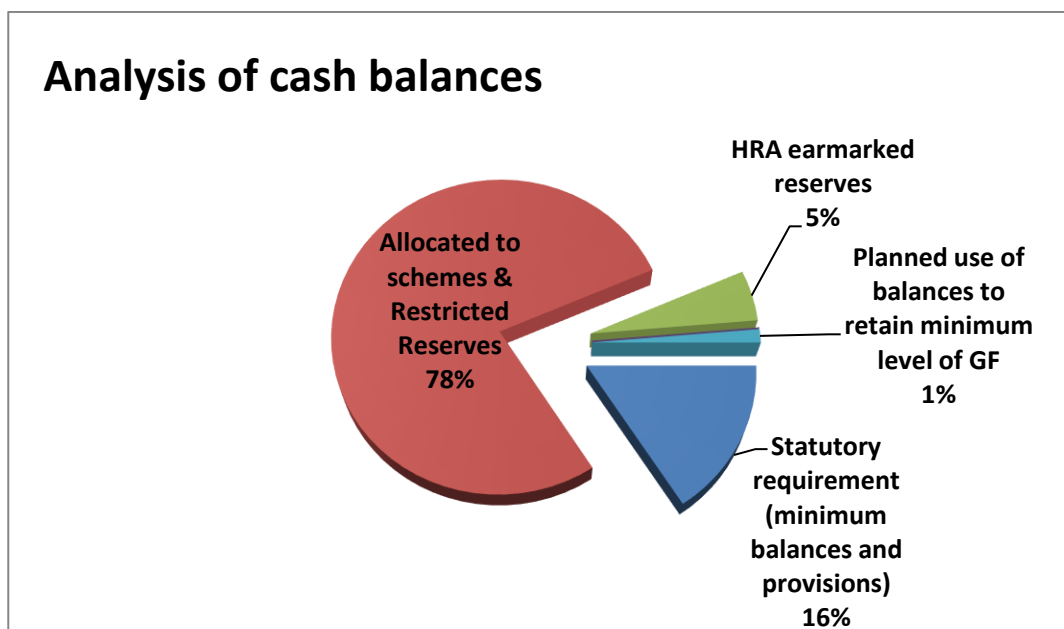
**6.2 Investment performance year to date as of 30 September 2022**

- 6.2.1 The Council's current investment portfolio consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities. Currently no investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria (see Appendix D).
- 6.2.2 The average level of funds available for investment purposes during the first half of the financial year was £74Million, earning an average interest rate of 1.04%. Interest earned to 30 September 2022 was £384k. Projected investment balances at 31 March 2023 are currently £63Million and forecast external interest receivable from investments is currently £935k against an original budget of £330k, contributing to General Fund (£326k) and Housing Revenue Account revenue income (£607k).
- 6.2.3 The Council's balances are made up of cash reserves e.g. HRA and General Fund balances, restricted use receipts e.g. right to buy one for one receipts (£9Million) and balances held for provisions such as business rate appeals
- 6.2.4 In considering the Council's level of cash balances, Members should note that the General Fund MTFs and Capital Strategy have a planned use of resources over a minimum of 5 years and the HRA Business Plan (HRA BP)

**Part I**  
**Release to Press**

a planned use of resources over a 30 year period, which means, while not committed in the current year; they are required in future years.

6.2.5 The following chart shows the planned use of cash balances as at 30 September 2022.



6.2.6 The restrictive use of a proportion of the cash balances set out above, plus the planned use of resources in line with the Council’s capital and revenue strategies mean that the investment balance of £64Million as at 30 September 2022 is not available for new expenditure.

**6.2.7 Other Prudential Indicators**

6.2.8 The ratio of financing costs to net revenue stream is equal to General Fund interest costs divided by the General Fund net revenue income from Council tax, Revenue Support Grant and retained business rates. The 2022/23 indicator 3.42%. This means the cost of borrowing represents a very small proportion of the General Fund’s core resources.

6.2.9 The full list of treasury prudential indicators is shown in Appendix A and has been updated for the 2022/23 mid-year position.

**7 OTHER ISSUES**

**7.1 Operational and Authorised Borrowing Limits**

7.1.1 The treasury management indicators for 2022/23 will be updated based on the updated Capital Strategy to be approved by Council in February 2023 and subsequently updated in the 3<sup>rd</sup> quarter capital update reported to



**Part I**  
**Release to Press**

Executive in March 2023 and the 4<sup>th</sup> quarter (Outturn) capital update reported to Executive in July 2023.

7.1.2 HRA limits will be revisited as part of the HRA BP review to be reported to Executive in December 2022.

7.1.3 UK Sovereign rating and investment criteria. The UK sovereign rating could come under continued pressure from the impact of COVID and / or following the post-Brexit trade agreements agreed and their impact on the UK economy. The Council's investment criteria only use countries with a rating of AA- or above. Moody's UK Sovereign rating is Aa3 (AA-equivalent), the same as Fitch, while Standard & Poor's has it rated at AA. The UK rating remains exempt from the sovereign rating investment criteria so in this event if it were to result in the UK being downgraded below AA- it would not impact on the Council's ability to invest with UK institutions. Other investment criteria will be considered in this event to ensure security of funds for the Council.

7.1.4 Revised Treasury Management and Prudential Codes were issued by CIPFA on 20 December 2021. CIPFA has stated that there will be a soft introduction of the codes with local authorities not being expected to have to change their current draft TMSS/AIS reports for 2022/23 unless they wish to do that. Full implementation will be required for 2023/24. The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment
- address ESG issues within the Capital Strategy
- require implementation of a policy to review commercial property, with a view to divest where appropriate
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices)
- ensure that any long term treasury investment is supported by a business model
- a requirement to effectively manage liquidity and longer term cash flow requirements
- amendment to TMP1 to address ESG policy within the treasury management risk framework
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage)

**Part I**  
**Release to Press**

7.1.5 In addition, all investments and investment income must be attributed to one of the following three purposes:

**Treasury management**

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

**Service delivery**

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

**Commercial return**

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The categories of service delivery and commercial investments are dealt with as part of the Capital Strategy report. Members will be updated on how all the Code changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

**8 IMPLICATIONS**

**8.1 Financial Implications**

8.1.1 This report is of a financial nature and reviews the treasury management function for 2022/23 to date. Any consequential financial impacts identified in the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

8.1.2 During the financial year Officers operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury management practices.

**8.2 Legal Implications**

8.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy are intended to ensure that the Council complies with relevant legislation and best practice.

8.2.2 There have been no changes to PWLB borrowing arrangements since the last Treasury report, however there are changes to the Prudential and

**Part I**  
**Release to Press**

Treasury Management codes from 2023/24. Officers will ensure that any changes are reflected in treasury operations and reporting requirements.

**8.3 Risk Implications**

- 8.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.
- 8.3.2 There remains uncertainty on the long-term implications of exiting the EU on the UK economy and borrowing rates. Officers monitor interest rate forecasts to inform the timing of borrowing decisions.
- 8.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 8.3.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.
- 8.3.5 There is a risk to the HRA BP's ability to fund the approved 30 year spending plans if interest rates continue to rise, this will included in the revision to the BP in December 2022.

**8.4 Equalities and Diversity Implications**

- 8.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition to remaining within agreed counterparty rules, the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues. Counterparty rules will also be overlaid by any other ethical considerations from time to time as appropriate.
- 8.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

**8.5 Climate Change Implications**

- 8.5.1 The council's investment portfolio is sterling investments and not directly in companies. However the TM team continue to review the use of Money Market funds to ensure, where possible, money market funds that invest in environmentally sustainable companies are used. In this way the TM team aligns with the Councils ambition to attempt to be carbon neutral by 2030.

**Part I**  
**Release to Press**

**BACKGROUND PAPERS**

- BD1 Treasury Management Strategy including Prudential Code Indicators 2022/23 (Council 24 February 2022)

**APPENDICES**

- Appendix A - Prudential Indicators
- Appendix B - Investment and Borrowing Portfolio
- Appendix C - Specified and Non-Specified Investment Criteria
- Appendix D - Link detailed Economics and Interest rate forecasts 30 September 2022
- Appendix E - Counterparty List 30 September 2022

**(a) Capital Expenditure**

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. This includes spending on assets owned by other bodies, loans and grants to other bodies enabling them to buy assets.

Capital Expenditure	31/03/2023 Estimate Q2 2022 £'000	30/09/2022 Actual £'000
General Fund	32,729	7,134
HRA	54,655	17,145
<b>Total Capital Expenditure</b>	<b>87,384</b>	<b>24,279</b>

**(b) Capital Financing Requirement (CFR)**

The Council's cumulative maximum external borrowing requirement for 2022/23 is shown in the table below:

Capital Financing Requirement	31/03/2023 Estimate Q2 2022 £'000	30/09/2022 Actual £'000
General Fund	56,530	49,821
HRA	268,738	261,405
<b>Total CFR</b>	<b>325,268</b>	<b>311,226</b>

**(c) Gross Debt and Net Debt**

The level of external borrowing is required to be compared to the Capital Financing Requirement which represents the underlying need to borrow. Requires that borrowing in the medium term can only be for capital purposes.

Debt	31/03/2023 Estimate Feb Council 22 £'000	30/09/2022 Actual £'000
General Fund	14,385	21,118
HRA	270,918	225,731
<i>Less Investments</i>	<i>(47,735)</i>	<i>(63,425)</i>
<b>Total Debt</b>	<b>237,569</b>	<b>183,424</b>

**(d) Authorised Limit and Operational Boundary for External Debt**

**The operational boundary** - is the maximum borrowing position of the Council expected during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

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

The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

Authorised limits	Operational Boundary £'000	Authorised Limit £'000	Actual External Debt 30/09/2022 £'000
Borrowing	354,503	362,503	246,849
Less Investments			(63,425)
<b>Total</b>	<b>354,503</b>	<b>362,503</b>	<b>183,424</b>

**(e) Ratio of financing costs to net revenue stream**

General Fund: Net revenue stream is the RSG, NNDR grant and Council Tax raised for the year.

HRA: The net revenue stream is the total HRA income shown in the Council's accounts from received rents, service charges and other incomes. The ratio of financing costs to net revenue stream reflects the high level of debt as a result of self financing.

Ratio of financing costs to net revenue stream	31/03/2023 Estimate Feb Council 22 £'000	30/09/2022 Actual £'000
General Fund	5.52%	3.42%
HRA	17.18%	14.11%

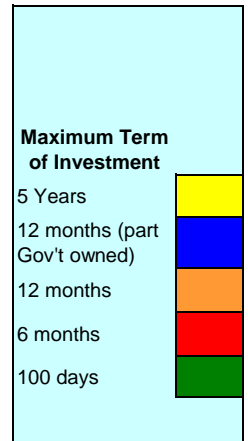
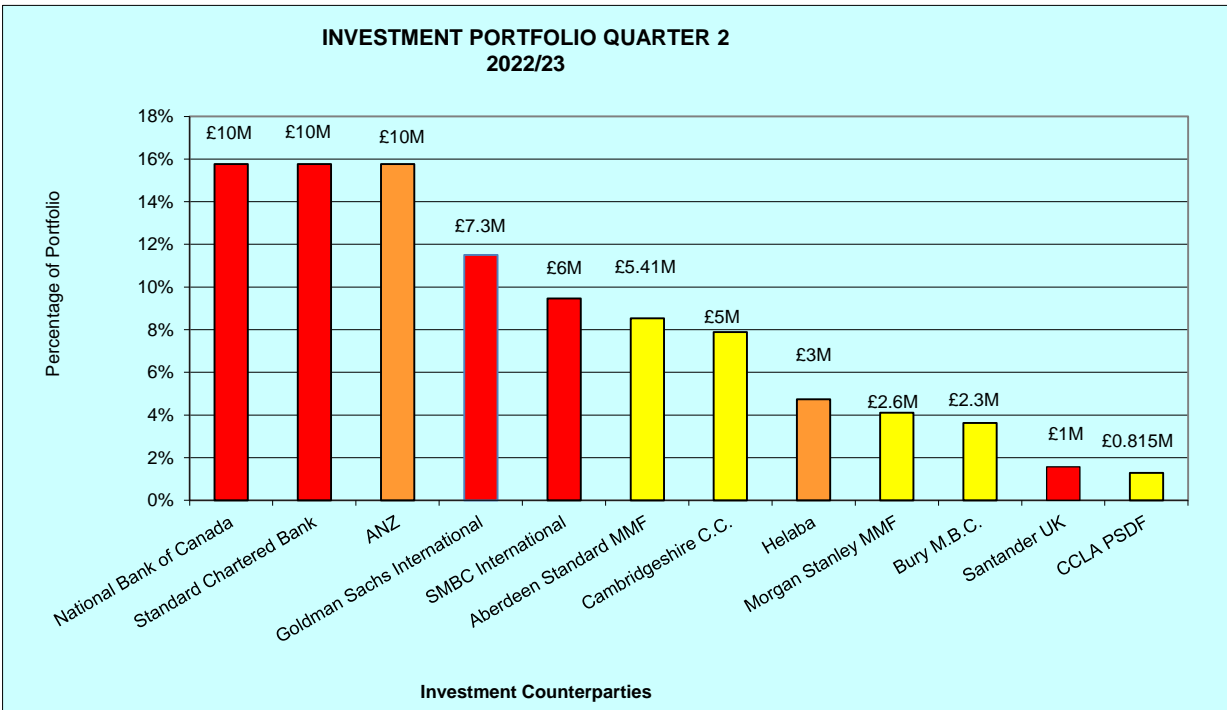
This page is intentionally left blank

**Appendix B**

**INVESTMENT PORTFOLIO QUARTER 2 (30th September 2022)**

Average interest rate - 2021/2022	0.35%
Average interest rate - 2022/23 Q2	1.04%
Bank of England Bank Rate	2.25%

<u>Borrower</u>	<u>Nation</u>	<u>Sovereign Rating (Fitch)</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Rate %</u>
<b>Money Market Funds (Instant Access)</b>						
Aberdeen MMF			5,410,000			2.41
CCLA PSDF			815,000			1.95
Morgan Stanley MMF			2,600,000			2.16
<b>60 Day Notice</b>						
Santander UK	UK	AA-	1,000,000			1.80
<b>95 Day Notice</b>						
Standard Chartered Bank	UK	AA-	7,000,000			2.50
<b>Fixed Term Deposit</b>						
Standard Chartered Bank	UK	AA-	3,000,000	30-Jun-22	03-Oct-22	1.57
National Bank of Canada	Can	AA+	5,000,000	30-Jun-22	03-Oct-22	1.47
National Bank of Canada	Can	AA+	5,000,000	03-Aug-22	03-Feb-23	2.43
Goldman Sachs International	UK	AA-	2,000,000	04-Aug-22	03-Feb-23	2.31
Landesbank Hessen Thueringen (Helaba)	UK	AA-	3,000,000	18-Aug-22	18-Jan-23	2.60
SMBC Bank International	UK	AA-	6,000,000	26-Aug-22	24-Feb-23	2.95
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	2,700,000	30-Sep-22	28-Mar-23	4.33
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	5,000,000	27-Sep-21	28-Nov-22	3.01
Goldman Sachs International	UK	AA-	5,300,000	30-Sep-22	28-Mar-23	4.27
Cambridgeshire C.C.	UK	AA-	5,000,000	13-Apr-21	12-Apr-23	0.44
Bury M.B.C.	UK	AA-	2,300,000	18-May-20	18-Nov-24	2.00
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	2,300,000	19-Oct-21	18-Oct-22	0.62
			<b>63,425,000</b>			



## LOAN PORTFOLIO QUARTER 2 (30th September 2022)

Decent Homes Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/Maturity	4.75	2,000,000	04/03/2010	04/03/2035	25 years
PWLB	Fixed Rate/Maturity	4.28	1,800,000	25/05/2010	25/05/2035	25 years
PWLB	Fixed Rate/Maturity	4.24	963,000	17/08/2010	17/08/2035	25 years
PWLB	Fixed Rate/Maturity	4.65	3,000,000	25/03/2010	25/09/2035	25 1/2 years
PWLB	Fixed Rate/Maturity	1.72	510,000	25/03/2020	25/03/2045	25 Years
PWLB	Fixed Rate/Maturity	1.60	3,500,000	25/03/2020	25/03/2037	17 years
PWLB	Fixed Rate/Maturity	2.06	10,000,000	30/03/2021	30/03/2041	20 years
PWLB	Fixed Rate/Maturity	2.24	4,047,150	03/02/2022	03/02/2043	21 years
PWLB	Fixed Rate/Maturity	2.22	5,000,000	03/02/2022	03/08/2047	25 1/2 years
			<u>30,820,150</u>			

Self Financing Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/Maturity	2.92	500,000	28/03/2012	28/03/2026	14 years
PWLB	Fixed Rate/Maturity	3.01	8,000,000	28/03/2012	28/03/2027	15 years
PWLB	Fixed Rate/Maturity	3.08	8,700,000	28/03/2012	28/03/2028	16 years
PWLB	Fixed Rate/Maturity	3.15	9,600,000	28/03/2012	28/03/2029	17 years
PWLB	Fixed Rate/Maturity	3.21	10,600,000	28/03/2012	28/03/2030	18 years
PWLB	Fixed Rate/Maturity	3.26	11,000,000	28/03/2012	28/03/2031	19 years
PWLB	Fixed Rate/Maturity	3.30	16,000,000	28/03/2012	28/03/2032	20 years
PWLB	Fixed Rate/Maturity	3.34	17,500,000	28/03/2012	28/03/2033	21 years
PWLB	Fixed Rate/Maturity	3.37	17,600,000	28/03/2012	28/03/2034	22 years
PWLB	Fixed Rate/Maturity	3.40	17,300,000	28/03/2012	28/03/2035	23 years
PWLB	Fixed Rate/Maturity	3.42	15,300,000	28/03/2012	28/03/2036	24 years
PWLB	Fixed Rate/Maturity	3.44	21,000,000	28/03/2012	28/03/2037	25 years
PWLB	Fixed Rate/Maturity	3.46	18,200,000	28/03/2012	28/03/2038	26 years
PWLB	Fixed Rate/Maturity	3.47	19,611,000	28/03/2012	28/03/2039	27 years
PWLB	Fixed Rate/Maturity	3.48	4,000,000	28/03/2012	28/03/2040	28 years
			<u>194,911,000</u>			

General Fund Prudential Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/EIP	2.37	131,579	19/08/2013	19/02/2022	9 1/2 years
PWLB	Fixed Rate	2.29	1,755,950	19/03/2018	19/03/2028	10 years
			<u>1,887,529</u>			

## Total Borrowing

227,618,679



**Appendix C**  
**Specified and Non-specified Investment Criteria**  
**(including Treasury Limits and Procedures)**

**2022/23 Treasury Management Strategy**

Table 1

**Specified Investments** are sterling denominated with maturities up to maximum of one year and must meet the following minimum high credit quality criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Overnight Deposit	Fitch: Short Term F1 and Long Term A and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different	Maximum duration as per Treasury Advisor's (Capita's) colour coded Credit List, and less than one year
	Notice Account	Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage).	
	Short Term Deposit		
Debt Management Office or UK Local Authority	Any deposit	No limit.	
Money Market Funds	Instant Access or with Notice	AAA rated	Instant Access or notice period up to one year

Table 2

**Non-Specified Investment** are sterling denominated with a maturity longer than one year but no longer than five years, and must meet the following criteria:

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Any deposits with maturity up to a maximum of five years	Fitch: Short Term F1+ and Long Term AA- and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different	Maximum duration suggested by Treasury Advisor's (Capita's) colour coded Credit List, and not in excess of five years
Debt Management Office or UK Local Authority		No Limit.	

Please Turn Over

Table 3 **Treasury Limits**

Investment Instrument	Cash balances less than £30Million	Cash balances higher than £30Million
	Limits	Limits
Variable Rate Investments (Excluding Enhanced Cash Funds)	Maximum holding £30M	Maximum holding 100%
Counterparty limits (to encompass all forms of investment)	Maximum £5M	Maximum £10M
Instant Access Or Overnight Deposit	Maximum holding 100%	
Fixed Rate less than 12 month maturity	Maximum holding 100%	
Fixed Rate more than 12 months to maturity (includes all types of Fixed Rate Investments i.e. Certificates of Deposits )	Maximum £5M	Maximum £10M
Money Market Funds - Traditional Instant Assess (Counterparty Limit per Fund)	Maximum £5M per MMF	Maximum £10M per MMF
	No limit on total cash held	
Enhanced Cash Funds	Maximum £3M	
Certificates of Deposits	Maximum £5M	
Property Funds	Maximum of £3M - No durational limit. Use would be subject to consultation and approval	

Procedures of Applying the Criteria and Limits	
	Before the Treasury Team makes an investment, the Team will follow the follow procedure to ensure full compliance with the Specified and Non-Specified Criteria and Treasury Limits:
1	Check that the Counterparty is on the Counterparty List (also known as Current Counterparty Report for Stevenage) produced by Link Asset Services (LAS), specifically meeting the Council's Specified and Non-specified Minimum High Credit Quality Criteria in the above Table 1 & 2. If it is not on the list, the Treasury Team will not invest with them.
2	If the Counterparty is on the list, then the Treasury Team refers to the Credit List produced by LAS in colour coding, to determine the maximum investment duration suggested for the deposit, as per the column of Suggested Duration (CDS Adjusted with manual override).
3	Refer to the Treasury Limits in the above Table 3 to ensure the amount invested complies with the Treasury Limits.

## 1 Economics update

- The second quarter of 2022/23 saw:
  - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
  - Signs of economic activity losing momentum as production fell due to rising energy prices;
  - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
  - The unemployment rate fell to a 48-year low of 3.6% due to a large shortfall in labour supply;
  - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
  - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23<sup>rd</sup> September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.

- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6<sup>th</sup> November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3<sup>rd</sup> November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23<sup>rd</sup> November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23<sup>rd</sup> September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21<sup>st</sup> June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31<sup>st</sup> October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14<sup>th</sup> October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28<sup>th</sup> September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14<sup>th</sup> October or it decides to delay quantitative tightening beyond 31<sup>st</sup> October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.

- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

## 2 Interest rate forecasts

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

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

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

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012.

Link Group Interest Rate View		27.09.22											
		Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
<b>BANK RATE</b>		4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings		4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings		4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings		5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB		5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB		4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB		5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB		4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

# List of Suggested Counterparties for Lending for Stevenage Borough Council.

Any values highlighted in yellow have undergone a change in the past 14 days.

Counterparty	Fitch Ratings		Moody's Ratings		S&P Ratings		Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term							
<b>Australia</b>	SB	AAA			SB	Aaa					25.06		
Banks	Australia and New Zealand Banking Group Ltd.	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	70.66	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Commonwealth Bank of Australia	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	73.91	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Macquarie Bank Ltd.	SB A	F1	PO A2	P-1	SB A+	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	National Australia Bank Ltd.	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	75.91	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Westpac Banking Corp.	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	72.03	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>Belgium</b>		SB AA-		SB Aa3		SB AA			19.97				
Banks	BNP Paribas Fortis	SB A+	F1	SB A1	P-1	SB A+	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	KBC Bank N.V.	SB A+	F1	PO A1	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>Canada</b>		SB AA+		SB Aaa		SB AAA			39.26				
Banks	Bank of Montreal	NO AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Bank of Nova Scotia	SB AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Canadian Imperial Bank of Commerce	SB AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	National Bank of Canada	SB A+	F1	SB Aa3	P-1	SB A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Royal Bank of Canada	SB AA-	F1+	SB Aa1	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Toronto-Dominion Bank	SB AA-	F1+	SB Aa1	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>Denmark</b>		SB AAA		SB Aaa		SB AAA			13.99				
Banks	Danske A/S	SB A	F1	SB A2	P-1	NO A+	A-1	Banks	84.60	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>Finland</b>		SB AA+		SB Aa1		SB AA+			22.49				

Counterparty	Fitch Ratings		Moody's Ratings		S&P Ratings		Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term								
Banks	Nordea Bank Abp	SB AA-	F1+	SB Aa3	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	OP Corporate Bank plc		WD	WD	SB Aa3	P-1	SB AA-	A-1+	Banks		O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
<b>France</b>		NO AA		SB Aa2		SB AA				20.00				
Banks	BNP Paribas	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks	87.09	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Credit Agricole Corporate and Investment Bank	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks	61.97	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Credit Agricole S.A.	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks	82.62	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Credit Industriel et Commercial	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
<b>Germany</b>		SB AAA		SB Aaa		SB AAA				17.49				
Banks	Commerzbank AG		WD	WD	SB A1	P-1	SB BBB+	A-2	Commerzbank	137.61	●	G - 100 days		(M) BONDSMAN ONLY
	DZ BANK AG Deutsche Zentral-Genossenschaftsbank	SB AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Landesbank Berlin AG			SB Aa3	P-1			Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Landesbank Hessen-Thüringen Girozentrale	SB A+	F1+	SB Aa3	P-1		NR	NR	Banks	63.36	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Landwirtschaftliche Rentenbank	SB AAA	F1+	SB Aaa	P-1	SB AAA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	NRW.BANK	SB AAA	F1+	SB Aa1	P-1	SB AA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
<b>Netherlands</b>		SB AAA		SB Aaa		SB AAA				13.98				
Banks	ABN AMRO Bank N.V.	SB A	F1	SB A1	P-1	SB A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Bank Nederlandse Gemeenten N.V.	SB AAA	F1+	SB Aaa	P-1	SB AAA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Cooperatieve Rabobank U.A.	SB A+	F1	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	ING Bank N.V.	SB AA-	F1+	SB Aa3	P-1	SB A+	A-1	Banks	55.29	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Nederlandse Waterschapsbank N.V.			SB Aaa	P-1	SB AAA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
<b>Norway</b>		SB AAA		SB Aaa		SB AAA				13.99				
Banks	DNB Bank ASA			NO Aa2	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	



Counterparty	Fitch Ratings		Moody's Ratings		S&P Ratings		Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes			
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term										
<b>Qatar</b>	SB	AA-		SB	Aa3		SB	AA-			58.64					
Banks	Qatar National Bank	SB	A	F1	SB	Aa3	P-1	SB	A	A-1	Banks	81.92	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>Singapore</b>	SB	AAA		SB	Aaa		SB	AAA								
Banks	DBS Bank Ltd.	SB	AA-	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Oversea-Chinese Banking Corp. Ltd.	SB	AA-	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	United Overseas Bank Ltd.	NO	AA-	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>Sweden</b>	SB	AAA		SB	Aaa		SB	AAA			16.54					
Banks	Skandinaviska Enskilda Banken AB	SB	AA-	F1+	SB	Aa3	P-1	SB	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Svenska Handelsbanken AB	SB	AA	F1+	SB	Aa2	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Swedbank AB	SB	AA-	F1+	NO	Aa3	P-1	SB	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>Switzerland</b>	SB	AAA		SB	Aaa		SB	AAA			19.00					
Banks	UBS AG	SB	AA-	F1+	SB	Aa2	P-1	SB	A+	A-1	Banks	107.92	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>United Arab Emirates</b>	SB	AA		SB	Aa2		SB	AA			58.14					
Banks	First Abu Dhabi Bank PJSC	SB	AA-	F1+	SB	Aa3	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
<b>United Kingdom</b>	SB	AA-		SB	Aa3		SB	AA			45.05					
AAA rated and Government backed securities	Debt Management Office										Debt Management Office			Y - 60 mths		(M)
Banks	Al Rayan Bank Plc			SB	A1		P-1				Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Bank of Scotland PLC (RFB)	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	49.64	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Barclays Bank PLC (NRFB)	SB	A+	F1	SB	A1	P-1	PO	A	A-1	Banks	144.59	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Barclays Bank UK PLC (RFB)	SB	A+	F1	SB	A1	P-1	PO	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Goldman Sachs International Bank	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	142.51	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours

Counterparty	Fitch Ratings		Moody's Ratings		S&P Ratings		Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes			
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term										
Banks	Handelsbanken Plc	SB	AA	F1+			SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	HSBC Bank PLC (NRFB)	SB	AA-	F1+	SB	A1	P-1	SB	A+	A-1	Banks	90.07	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	HSBC UK Bank Plc (RFB)	SB	AA-	F1+	SB	A1	P-1	SB	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Lloyds Bank Corporate Markets Plc (NRFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Lloyds Bank Plc (RFB)	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	95.03	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	National Bank Of Kuwait (International) PLC	SB	A+	F1			SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Santander UK PLC	SB	A+	F1	SB	A1	P-1	SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	SMBC Bank International Plc	NO	A	F1	SB	A1	P-1	SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Standard Chartered Bank	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	85.10	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Building Society	Nationwide Building Society	SB	A	F1	SB	A1	P-1	SB	A+	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Nationalised and Part Nationalised Banks	National Westminster Bank PLC (RFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	P/N			B - 12 mths	5 Million	(M) *£10 Mln. Time duration as per LAS Colours
	The Royal Bank of Scotland Plc (RFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	P/N			B - 12 mths	5 Million	(M) *£10 Mln. Time duration as per LAS Colours
<b>United States</b>		SB	AAA			Aaa		SB	AA+			27.49				
Banks	Bank of America N.A.	SB	AA	F1+	PO	Aa2	P-1	PO	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Bank of New York Mellon, The	SB	AA	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Citibank N.A.	SB	A+	F1	SB	Aa3	P-1	SB	A+	A-1	Banks	132.74	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	JPMorgan Chase Bank N.A.	SB	AA	F1+	SB	Aa1	P-1	PO	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours

Project 4

Advisory notes:

**Commerzbank** is not to be used for Treasury Investment and is only on the list to monitor the creditworthiness of the Bondsman used as part of a contract the Authority has entered into

**Local Authorities** - 5 Years - £10m per LA when balances are over £30m; £5m per LA when balances are under £30m

**Money Market Funds** - n/a time limit - 5m/£10m per MMF fund = Cash balances less than £30m / Cash balances higher than £30m

**Property Funds** - No time limit - £3m in total

**Enhanced Cash Funds** - No time limit - £3m in total

**Certificates of Deposit** - No time limit - £5m in total

**Investment Time Duration as per CAS colours**

\* £5m/£10m = Cash balances less than £30m / Cash balances higher than £30m

Instant access or overnight deposit = Maximum holding 100%




(M) Manually added counterparty. If a rating changes for this institution it will not alter its status on the counterparty list, or limits assigned to it.

## Key

### Watches and Outlooks

SB	Stable Outlook
NO	Negative Outlook
NW	Negative Watch
PO	Positive Outlook
PW	Positive Watch
EO	Evolving Outlook
EW	Evolving Watch
WD	Rating Withdrawn

### CDS

Indicator	Status
	In Range
	Monitoring
	Out of Range

### Duration

0
0
0
0

### Colour


### Name

P/N
Banks
Debt Management Office
Commerzbank

Please note that the Link Group suggested methodology applies a minimum non-UK sovereign criteria of "AA-". In instances where individual client criteria allows for the potential use of entities from lower rated sovereigns, suggested duration columns in these lists may show a "colour", but this will purely be based on the ratings / CDS of the individual entity. It will not take account of the sovereign rating, which alone may provide a reason for it not being included within the Link Treasury Services Limited suggested list of counterparties. Please also note that CDS values are as at the close of business from the previous day.

DISCLAIMER: Link Group would like to inform clients that we supply the credit ratings of financial institutions from the rating agencies. We do not advise on the groupings of such financial institutions as we believe that knowledge can only be obtained from credit rating agencies. This document is intended for the use and assistance of customers of Link Group. It should not be regarded as a substitute for the exercise by the recipient of its own judgement. Link Group exists to provide its clients with advice primarily on borrowing and investment. Whilst Link Group makes every effort to ensure that all information provided by it is accurate and complete, it does not guarantee the correctness or the due receipt of such information and will not be held responsible for any errors therein or omissions arising there from. Furthermore, Link Group shall not be held liable in contract, tort or otherwise for any loss or damage (whether direct, or indirect or consequential) resulting from negligence, delay or failure on the part of Link Group or its officers, employees or agents in procuring, presenting, communicating or otherwise providing information or advice whether sustained by Link Groups' customer or any third party directly or indirectly making use of such information or advice, including but not limited to any loss or damage resulting as a consequence of inaccuracy or errors in such information or advice. All information supplied by Link Group should only be used as a factor to assist in the making of a business decision and should not be used as a sole basis for any decision. This document has been produced solely for the use of clients of Link Group. The documentation itself, or any of the information contained therein, should not be disclosed to any third party without the prior written approval of Link Group. Strictly private and confidential.

Treasury services are provided by Link Treasury Services Limited (registered in England and Wales No. 2652033). Link Treasury Services Limited is authorised and regulated by the Financial Conduct Authority only for conducting advisory and arranging activities in the UK as part of its Treasury Management Service. FCA register number 150403. Registered office: 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

© 2016, Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "Moody's"). All rights reserved. Moody's ratings and other information ("Moody's Information") are proprietary to Moody's and/or its licensors and are protected by copyright and other intellectual property laws. Moody's Information is licensed to Client by Moody's. MOODY'S INFORMATION MAY NOT BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

Copyright © 2016, Standard & Poor's Financial Services LLC ("S&P"). Reproduction of RatingsXpress -Credit Ratings in any form is prohibited except with the prior written permission of S&P. S&P does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of ratings. S&P GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. S&P SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, or LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS) IN CONNECTION WITH ANY USE OF RATINGS. S&P's ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Report generated: Sep 30, 2022, 09:46:37 AM

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank