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Daneshill House
Danstrete
Stevenage
Hertfordshire

9 October 2018

Dear Sir/Madam

Notice is hereby given that a meeting of the Stevenage Borough Council will be held in the Council Chamber, Daneshill House, Danestrete, Stevenage on Wednesday, 17 October 2018 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully

Scott Crudgington
Chief Executive

AGENDA

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 25 JULY 2018

To approve as a correct record the Minutes of the meeting of the Council held on 25 July 2018.

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3. MAYOR'S COMMUNICATIONS

To receive any communications that the Mayor may wish to put before Council.

4. MAIN DEBATE - CREATING A 21ST CENTURY YOUTH COUNCIL

To receive a presentation from the Stevenage Youth Council.

5. PETITIONS AND DEPUTATIONS

None.

6. QUESTIONS FROM THE YOUTH COUNCIL

None.

7. QUESTIONS FROM THE PUBLIC

None.

8. LEADER OF THE COUNCIL'S UPDATE

In accordance with the Council's Standing Orders, the Leader of the Opposition shall be given the opportunity to raise one matter relevant to the Borough that has arisen since the last meeting of the Council. The Leader of the Council shall then have the opportunity to advise the Council of matters relevant to the Borough that have arisen since the last meeting.

9. NOTICE OF MOTIONS

To consider the following Motion submitted by Councillor S Taylor OBE CC –

This Council adopts the full IHRA definition of anti-semitism, together with its examples, as follows.

“Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.”

Manifestations might include the targeting of the state of Israel, conceived as a Jewish collectivity. However, criticism of Israel similar to that levelled against any other country cannot be regarded as anti-Semitic. Antisemitism frequently charges Jews with conspiring to harm humanity, and it is often used to blame Jews for “why things go wrong.” It is expressed in speech, writing, visual forms and action, and employs sinister stereotypes and negative character traits.

Contemporary examples of antisemitism in public life, the media, schools, the workplace, and in the religious sphere could, taking into account the overall context, include, but are not limited to:

- Calling for, aiding, or justifying the killing or harming of Jews in the name of a radical ideology or an extremist view of religion.
- Making mendacious, dehumanizing, demonizing, or stereotypical allegations about Jews as such or the power of Jews as collective — such as, especially but not exclusively, the myth about a world Jewish conspiracy or of Jews controlling the media, economy, government or other societal institutions.
- Accusing Jews as a people of being responsible for real or imagined wrongdoing committed by a single Jewish person or group, or even for acts committed by non-Jews.
- Denying the fact, scope, mechanisms (e.g. gas chambers) or intentionality of the genocide of the Jewish people at the hands of National Socialist Germany and its supporters and accomplices during World War II (the Holocaust).
- Accusing the Jews as a people, or Israel as a state, of inventing or exaggerating the Holocaust.
- Accusing Jewish citizens of being more loyal to Israel, or to the alleged priorities of Jews worldwide, than to the interests of their own nations.
- Denying the Jewish people their right to self-determination, e.g., by claiming that the existence of a State of Israel is a racist endeavour.

- Applying double standards by requiring of it a behaviour not expected or demanded of any other democratic nation.
- Using the symbols and images associated with classic antisemitism (e.g., claims of Jews killing Jesus or blood libel) to characterize Israel or Israelis.
- Drawing comparisons of contemporary Israeli policy to that of the Nazis.
- Holding Jews collectively responsible for actions of the state of Israel.

Anti-Semitic acts are criminal when they are so defined by law (for example, denial of the Holocaust or distribution of anti-Semitic materials in some countries). **Criminal acts are anti-Semitic** when the targets of attacks, whether they are people or property – such as buildings, schools, places of worship and cemeteries – are selected because they are, or are perceived to be, Jewish or linked to Jews. **Anti-Semitic discrimination** is the denial to Jews of opportunities or services available to others and is illegal in many countries.

10. **QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS/PORTFOLIO HOLDERS**

Question from Councillor Ann Webb:

“How many Council houses has Stevenage Borough Council built since 2016?”

11. **ANNUAL TREASURY MANAGEMENT REVIEW OF 2017/18 INCLUDING PRUDENTIAL CODE**

The report circulated at item 11 was considered by the Executive on 5 September 2018 when the following recommendation to Council was agreed:

1. That the 2017/18 Annual Treasury Management Strategy be recommended to Council for approval.

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12. **AUDIT COMMITTEE MINUTES**

To note the minutes from the Audit Committee meetings held on 26 July 2018 and 12 September 2018.

Minutes attached – Item 12A and 12B.

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STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 25 July 2018

Time: 7.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: The Mayor Margaret Notley, Doug Bainbridge, Sandra Barr, Philip Bibby CC, Lloyd Briscoe, Rob Broom, Jim Brown, Howard Burrell, Laurie Chester, Michael Downing, James Fraser, John Gardner, Jody Hanafin, Liz Harrington, Roni Hearn, Richard Henry, Jackie Hollywell, Matthew Hurst, Lizzy Kelly, Mrs Joan Lloyd, John Lloyd, Andy McGuinness, Maureen McKay, John Mead, Sarah Mead, Adam Mitchell CC, Robin Parker CC, Sarah-Jane Potter, Ralph Raynor, Simon Speller, Sharon Taylor OBE CC, Jeannette Thomas, Ann Webb JP and Tom Wren.

Start / End Time: Start Time: 7.00pm
End Time: 10.25pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors D Cullen, M Gardner, G Lawrence, L. Martin-Haugh and G. Snell.

Councillor S-J Potter made a Disclosable Pecuniary Interest in respect of Items 4 – Main Debate and 9 – Notice of Motions, as she worked for Virgin Trains and was a Member of TSSA (the railway union) and her husband worked for Govia Thameslink Railways.

2 MINUTES - ANNUAL COUNCIL - 23 MAY 2018

It was **RESOLVED** that the Minutes of the Council meeting of 23 May 2018 be approved as a correct record and signed by the Mayor, subject to the correction of a typographical error in Item 2 – Minutes – second paragraph, third line, which should read “Mayor” instead of “Councillor Pam Stuart”.

3 MAYOR'S COMMUNICATIONS

The Mayor announced that sadly Rev Michael Banks, a former Director of Leisure Services and Chief Executive of the Council had passed away earlier this month. The Mayor was sure that all Members that knew him would wish to join her in sending condolences to his family.

At the Mayor's request, the Portfolio Holder for Communities, Community Safety and Equalities was delighted to inform the Council that the Stevenage Against Domestic

Abuse (SADA) Forum were announced National Winners from Community Action at the Tenant Participation Advisory Awards held on 12 July 2018. The Mayor presented the Award to Team Members Sarah Pateman and Tania Stokes.

The Mayor informed the meeting that since the last meeting, the Mayoral Team had attended 48 engagements, and she referred to a number of highlights, including the Town Twinning visit to Autun, Stevenage Day, the Cycle Race and a Royal Garden Party at Buckingham Palace.

The Mayor reminded Members that she would be holding her first Charities fund raising event, a Garden Party in the Stevenage Scout Hut Garden in The Poplars on Sunday, 2 September 2018. She hoped as many Members as possible would be able to attend.

The Mayor wished to highlight the work of her three chosen Charities. The Council received presentations from Michelle Stokes (Carers in Hertfordshire), Mervyn Terrett (TRACKS Autism) and Amber Hunter and Dean Vaughan (Stevenage Scouts).

4 MAIN DEBATE - "CONNECTED STEVENAGE" - AN INTEGRATED TRANSPORT STRATEGY

In accordance with her Disclosable Pecuniary Interest made at the commencement of the meeting, Councillor S-J Potter withdrew from the meeting for the duration of this item.

The Council received a presentation from the Portfolio Holder for Economy, Enterprise and Transport (Councillor Ralph Raynor), County Councillor Derrick Ashley (HCC Executive Member for Growth, Infrastructure, Planning & the Economy) and Rebecca Cox (Living Streets) on "Connected Stevenage – An Integrated Transport Strategy".

The Portfolio Holder for Economy, Enterprise and Transport advised that the Council was committed to working with residents, businesses and other partners to enhance Stevenage and provide opportunities for residents. Providing effective and sustainable transport options could help address many social issues and inequalities, connect people to employment, open, space, education, facilities and shops. Both strategic and local infrastructure investment was needed to achieve this aim, which could only be achieved through working closely and co-operatively with partners, crucially Hertfordshire County Council.

County Councillor Derek Ashley referred to Local Transport Plan 4 (LTP4), which advocated a systematic approach to sustainable transport across the county, including the influencing of local land use plans to encourage councils, community organisations and developers towards policies which made it easier for people to use alternatives to the car. Future planning applications would be assessed against the provisions of LTP4. Major schemes would include Sustainable Travel Towns; Hertford Bypass and A414 junction upgrades; Bus Rapid Transit East-West; New M1 Junction 8A; Passenger Transport Hub-Coachways; and Cycling Infrastructure Improvement Towns.

Rebecca Cox advised that Living Streets was a national charity aimed at encouraging walking, cycling and use of more sustainable travel modes. Initiatives included Local Sustainable Travel Fund Outreach projects; Sustainable Transition Funding; walking projects; Transport Delivery Excellence Programme (working with the Local Enterprise Partnership); and local Walking & Cycling Infrastructure Plan projects. Levels of intervention to reduce reliance on cars included Home Zone (street level) and Area Wide/Neighbourhood schemes.

A full debate, including input from the public gallery. Points raised included:

- The importance of a rail/bus interchange for Stevenage.
- The widening of the A1M and the possibility of an improved east-west route through the county were considered to be important elements of LTP4.
- The potential introduction of Living Streets Home Zone schemes at local (ie. street) level was supported, in order to reduce the dominance of cars.
- Any improvements to the town's cycle network through the Local Transport Plan would be welcomed.
- Public transport needed to be cheaper and more accessible in order for individuals to reduce reliance on their cars.

In response to an issue raised by a Member, the Portfolio Holder for Economy, Enterprise and Transport undertook to provide a written response on the idea of extending the Old Town High Street into the New Town.

The Portfolio Holder for Economy, Enterprise and Transport concluded by commenting that officers had prepared an initial structure for an integrated transport strategy, including sections covering Challenges and Opportunities; Policy context; the Vision; Strategic Objectives; Action Plans; and Monitoring and Review process.

After the debate, it was moved, seconded and **RESOLVED:**

That Stevenage Borough Council work with residents, businesses and partners to develop and agree a sustainable transport vision for Stevenage leading to the preparation of an Integrated Transport Strategy, connecting residents and businesses with a range of opportunities, and working cooperatively with communities across all neighbourhoods to create living streets that local people can enjoy. Stevenage has a proud history, and the creation of the New Town incorporated sustainable infrastructure in the form of dedicated cycle tracks, a network of local bus routes, streets and squares for residents to enjoy. We will work together with partners to make the most of the outstanding connectivity that has been so important to the success of the town. This Vision will be supported by an action plan and funding strategy, to attract external funding to benefit the economy of the town and bring real benefits to Stevenage people.

5 PETITIONS AND DEPUTATIONS

None received.

6 QUESTIONS FROM THE YOUTH COUNCIL

None received.

7 QUESTIONS FROM THE PUBLIC

None received.

8 LEADER OF THE COUNCIL'S UPDATE

The Leader of the Opposition referred to what he considered to be the baffling process for the distribution of Section 106 monies. At a time when funds for public amenity improvement schemes were limited, he failed to understand why the use of Section 106 monies were subject to such restrictions and were held by the authority rather than spent.

In response, the Leader of the Council agreed that the Section 106 process could be confusing, and felt that the Council should be more specific in its intent for the use of Section 106 monies. The Planning Team would therefore be requested to provide a response to the issue in writing to all Members of the Council.

The Council then received updates on the following:

- Town Twinning Visit
- Stevenage Works
- Shared Anti-Fraud Service
- The Cycle Tour Series
- Stevenage Day
- Excellence in Public Health Award
- HRA Borrowing Cap
- Social Housing Green Paper
- Town Centre Regeneration
- Stevenage Local Plan
- Green Flag Awards

9 NOTICE OF MOTIONS

Motion moved by Councillor S Taylor OBE CC

In accordance with her Disclosable Pecuniary Interest made at the commencement of the meeting, Councillor S-J Potter withdrew from the meeting for the duration of this item.

The Leader of the Council drew attention to an amended motion, which was tabled at the meeting. The amended motion added Network Rail to the list of those the Council wished would meet immediately and take urgent steps to resolve the rail crisis.

In moving the motion, the Leader of the Council berated Govia Thameslink Railways (GTR), Network Rail and the Secretary of State for Transport for what she considered to be a the shambolic situation in relation to the new rail timetables. In spite of a newly introduced timetable, problems had persisted, which had contributed to severely adverse effects on the work life balance of commuters, as well as the total inadequate compensation scheme for disrupted journeys. She felt that it had reached the point where rail franchises should be withdrawn and the service re-nationalised.

In seconding the motion, the Portfolio Holder for Economy, Enterprise and Transport stated that he had great sympathy for rail users for a totally unacceptable service and inadequate compensation package.

A full debate ensued. Points raised included:

- The rail unions, passenger groups and groups of local authorities on the affected routes should be involved in the way forward.
- A short-term solution may have to be to revert to the pre-20 May timetable for the time being.
- Passengers need a proper compensation scheme which should be funded by the failed companies, not by the taxpayer.
- GTR had let users down. Following the precedence of GNER they should not receive any more public money and should have the franchise withdrawn. The GTR franchise was huge and should be broken up.
- The unacceptable effect on railway staff, who were often provided with limited information by GTR for passing on to passengers.
- At the earliest opportunity, the Government should support the public's calls for public ownership of Britain's railways.

After the debate, it was moved, seconded and **RESOLVED:**

That this Council notes with increasing dismay the complete chaos and confusion caused to rail commuters by the failure to plan for, or implement properly, the new rail timetable.

Stevenage railway station is crucial to the town and local economy, with nearly 5m visits per year. By Govia Thameslink Railways (GTR's) own admission, nearly 20% of services have been cancelled since the new timetable came into effect. No improvement has been achieved since the start of this episode, for example, for peak trains to London on Monday, 38% of trains were late or cancelled.

The terrible impact this has had on people's well-being, jobs, home life and child care/career arrangements cannot be overestimated. Nor can the impact on the frontline staff on our railways who have had to deal with the brunt of commuters confusion and stress when they bear no responsibility for the management failure that has caused them.

We now have yet another new timetable (15 July), across the GTR & Northern services but with no reassurance that this will resolve the issues we have been enduring.

We call on our MP, the Rail Operating companies, Network Rail and the Secretary of State for Transport to meet immediately and take urgent steps to resolve this rail crisis.

10 QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS/PORTFOLIO HOLDERS

Council received four questions. Details of the responses given to the questions are summarised below.

A. Question from Councillor A McGuinness

In response to a question regarding the Council's plans to address the significant backlog in parking and yellow line requests, the Portfolio Holder for Economy, Enterprise and Transport advised that the starting point was that the Council had a programme of parking enforcement schemes to be carried out in different neighbourhoods, to provide an efficient and sensible way to look at requests for restrictions. To increase the Council's capacity and speed of bringing forward these parking schemes, a post of Parking Management Officer had been created and recruited to in June 2018. This additional capacity would help deliver the priority programme but also would look at options for smaller interim schemes across the town. The new Officer would offer to meet Ward Councillors to understand their priorities and would no doubt support the important work as the Council took forward the Living Streets idea within the sustainable transport strategy.

In response to a supplementary question regarding the employment of more Parking Enforcement Officers, the Portfolio Holder for Economy, Enterprise and Transport advised that consideration would be given in the near future to a new contract for parking enforcement and that Members would be advised once a new contract was let.

B. Question from R Parker CC

In response to a question regarding grass cutting problems earlier in the spring/summer, the Portfolio Holder for Environment and Regeneration advised that the extended period of wet and warm weather experienced in Spring this year resulted in high levels of grass growth. The parks cutting programme experienced a one and a half week delay due to wet and soft ground conditions at the start of the cutting season. The Council's tractors were unable to operate at that time due to the risk of churning up the grass surfaces. The team would be reviewing and testing its plan and resourcing arrangements in advance of the cutting season, incorporating intelligence from weather forecasts, so that any operational issues could be proactively identified and mitigated.

In response to a supplementary question as to action on the cases of junctions that had become dangerous due to difficulty with sight lines due to overgrown grass verges that had been reported but had not been addressed,

the Portfolio Holder for Environment and Regeneration stated that he would arrange for the Assistant Director (Stevenage Direct Services) to provide a written reply on this matter.

C. Question from G. Snell

In response to a question regarding the potential cost and benefits of introducing co-mingled dry household recycling, the Portfolio Holder for Environment and Regeneration advised that Council officers had undertaken an initial feasibility assessment for introducing a co-mingled recycling solution for residents and had discussed it with senior management and appropriate Executive Members. This assessment considered the pros and cons of this approach and concluded that the timing for implementing such a solution was not right for Stevenage. The costs associated with the implementation of this option would total an amount that would require a Council Tax uplift this year of approximately 10% (in addition to the 2.99% increase approved in February) or a reduction of the Council's establishment by at least 14 full time employees (assuming average salaries).

In response to a supplementary question in respect of whether or not the Council had ever asked residents if they preferred co-mingled or separate waste bin collections, the Portfolio Holder for Environment and Regeneration commented that the Council complied with Waste Management Regulations which currently required local authorities to ensure that collections of waste paper, plastic, metal or glass were by way of separate collection arrangements.

The Portfolio Holder agreed to provide the questioner with a copy of the initial feasibility assessment for introducing a co-mingled recycling solution for residents.

D. Question from Councillor T Wren

In response to a question regarding the value of the Neighbourhood Warden Scheme, the Portfolio Holder for Neighbourhoods and Co-operative Working advised that the Neighbourhood Wardens had been invaluable in tackling enviro-crime across the town, as evidenced by the fact that instances of fly tipping had decreased from 3,043 in 2015/16 to 2,468 in 2016/17. The Warden Team had also worked on a number of community-led projects to drive community involvement in making local neighbourhoods better. The Wardens attend Resident Groups as required and were seen as a valuable resource by many of those with whom they engaged.

In response to a supplementary question regarding whether or not there were any plans to extend the Neighbourhood Wardens scheme across the town, the Portfolio Holder for Neighbourhoods and Co-operative Working advised that a fourth Warden would shortly be commencing employment with the Council and that it was a continued aspiration to extend the scheme to cover the whole town.

11 UPDATES FROM SCRUTINY CHAIRS

The Chair of the Community Select Committee (Councillor S Mead) updated Council on the recent work of the Select Committee, and advised that the three recent meeting of the Committee had scrutinised the Resident Engagement review, the Stevenage Leisure Limited contract and the Voluntary and Community Sector review.

The Chair of the Environment and Economy Select Committee (Councillor M Downing) updated Council on the recent work of the Select Committee. He commented that, whilst the work of the Committee in 2017/18 had been dominated by the scrutiny of the Indoor Market, the Work Programme for 2018/19 was more varied, and would continue with consideration of the Market Row toilets and public conveniences across the town.

12 APPOINTMENT OF INDEPENDENT PERSON TO SERVE ON THE AUDIT COMMITTEE

Council considered a report recommending the appointment of an Independent Person, in accordance with CIPFA best practice for the Audit Committee.

The Chair of the Audit Committee advised that satisfactory references had been received for the recommended appointee.

It was moved, seconded and **RESOLVED** that Mr Geoff Gibbs be appointed as the Council's Independent Person for a term of four years.

13 COMMUNITY SAFETY STRATEGY 2018-21

Council considered a report which had previously been presented to the Executive recommending that the 2018-2021 Community Safety Strategy be approved.

It was moved, seconded and **RESOLVED** that the 2018-2021 Community Safety Strategy, as appended to the report, be approved.

14 ANNUAL SCRUTINY REPORT - 2017/2018

The Council considered the Annual Scrutiny report which summarised the work undertaken throughout 2017/18 by the Overview & Scrutiny Committee and Select Committees, and which outlined the Work Programme for the three committees for 2018/19.

It was moved, seconded and **RESOLVED** that the work undertaken by the Overview & Scrutiny Committee and the Select Committees during 2017/18 be noted.

15 MINUTES - AUDIT COMMITTEE

It was moved, seconded and **RESOLVED** that the Minutes of the Audit Committee meetings held on 26 March 2018 and 12 June 2018 be noted.

16 EXCLUSION OF PUBLIC AND PRESS

It was moved, seconded and **RESOLVED**:

1. That, under Section 100(A) 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 involved the likely disclosure of exempt information as described in paragraphs 1 to 7 of Part 1 of Schedule 12A of the Act, as amended by SI 2006 No. 88.
2. That having considered the reasons for the following item being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

17 FINANCIAL IMPLICATIONS - RETROFITTING FIRE SUPPRESSANT SPRINKLER SYSTEMS TO RESIDENTIAL TOWER BLOCKS - PROGRAMME PROPOSAL

Council considered a Part II report which had previously been presented to the Executive in respect of a programme for the retrofitting of fire suppressant sprinkler systems to residential tower blocks.

It was moved, seconded and **RESOLVED** that recommendations 2.2 and 2.3 in the report are approved.

18 AWARD OF CONTRACT FOR THE REFURBISHMENT AND MAINTENANCE OF LIFTS (2018-2023)

Council considered a Part II report which had previously been presented to the Executive in respect of the award of contract for the refurbishment and maintenance of lifts (2018-2023).

It was moved, seconded and **RESOLVED** that recommendation 2.1 in the report is approved.

MAYOR

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Meeting: EXECUTIVE / AUDIT COMMITTEE
/ COUNCIL

Agenda Item:

Portfolio Area: Resources

Date: 5 September / 12 September / 17
October



**ANNUAL TREASURY MANAGEMENT REVIEW OF 2017/18 INCLUDING
PRUDENTIAL CODE**

NON-KEY DECISION

Author – Yamini Krishnan Ext. 2752
Contributor – Lee Busby Ext. 2730
Lead Officer – Clare Fletcher Ext. 2933
Contact Officer – Clare Fletcher Ext. 2933

1 PURPOSE

1.1 To review the operation of the 2017/18 Treasury Management and Investment Strategy.

2 RECOMMENDATIONS

2.1 Audit Committee & Executive

That subject to any comments the 2017/18 Annual Treasury Management Review is recommended to Council for approval.

2.2 Council

That subject to any comments from the Audit Committee and the Executive, the 2017/18 Annual Treasury Management Review be approved.

3 BACKGROUND

3.1 Regulatory requirement

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2017/18. 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 2017/18 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 28/02/2017)
- a mid-year treasury update report (Council 14/12/2017)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

3.1.3 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.

3.1.4 This Council confirms that it has 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 **The Economy and Interest rates in 2017/18**

3.2.1 During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would rise. The UK economy showed growth in the second half of 2016 but growth in 2017 was weaker in the first half of the year, the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the service sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the autumn, rose significantly that MPC would be heading in the direction of a Bank Rate rise. At the 2 November MPC quarterly Inflation Report meeting Bank Rate was raised from 0.25% to 0.50%.

The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected. Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter. Subsequently bank rates have risen again to 0.75% on 2 August 2018.

3.2.2 **PWLB borrowing rates** increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of the latest three increases was greater in shorter terms of around 5 years, rather than longer term yields.

The major UK landmark event of the year was the **general election** on 8 June. However, this had relatively little impact on financial markets.

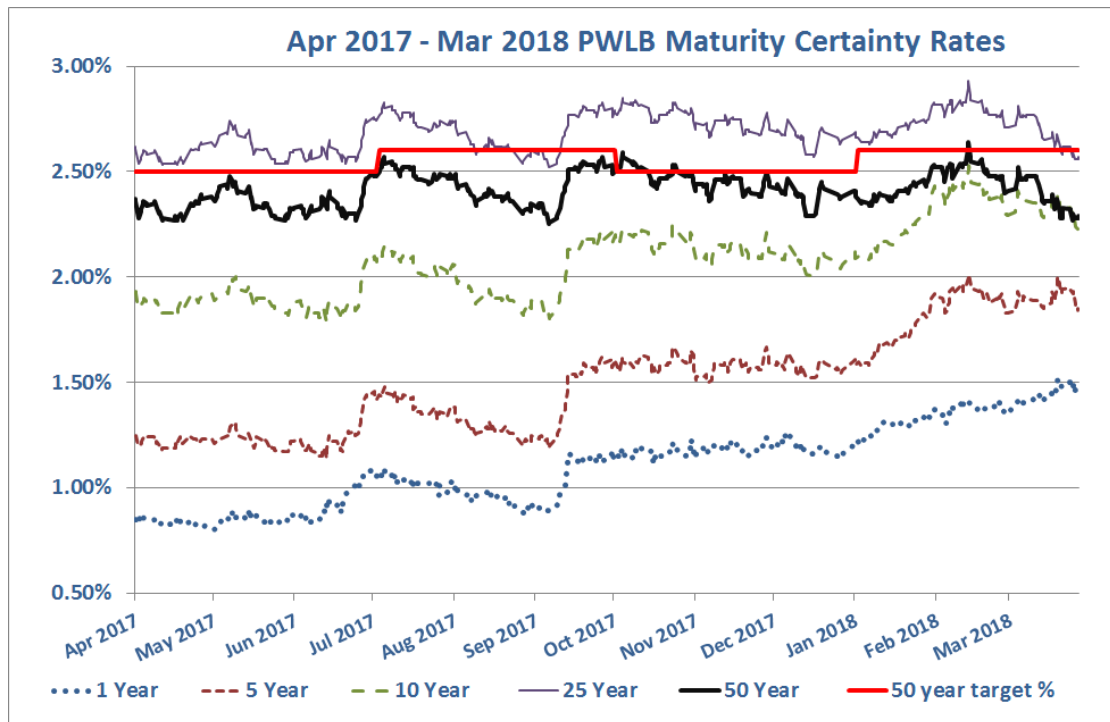
4 OVERALL TREASURY POSITION AS AT 31 MARCH 2018

4.1 At the beginning and the end of 2017/18 the Council's treasury position was as follows:

Table One: Treasury Position						
	2016/17			2017/18		
	31 March 2017 Principal £'000s	Rate / Return %	Average Life (Yrs)	31 March 2018 Principal £'000s	Rate / Return %	Average Life (Yrs)
Total Borrowing	209,494	3.38	16.66	208,487	3.38	15.81
Capital Financing Requirement	223,275			221,877		
Over/(under) borrowing	(13,781)			(13,390)		
Investments Portfolio	57,595	0.57		62,380	0.58	

5 TREASURY MANAGEMENT STRATEGY 2017/18

- 5.1 The original 2017/18 Treasury Management strategy had projected low but rising Bank Rate starting from 2nd quarter of 2019 and gradual rises in medium and longer term fixed borrowing rates during 2017/18.
- 5.2 During 2017/18 base rates remained low and consequently yields were low compounded by counterparty risk considerations. There continued to be a gap between investing (0.58%) and borrowing rates (2.9% - 25yr PWLB rate March 2018) which meant it was still prudent to maintain the treasury strategy of postponing external borrowing. This policy avoids the cost of holding higher levels of investments and reduces counterparty risk, by using internal borrowing while cash balances allow. (See also section 5.7).
- 5.3 During 2017/18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year. The graph below shows how PWLB 25 and 50 year rates have been volatile during the year and shorter rates were on the rising trend during the second half of 2017/18 and reached peaks in February/March.



5.4 The Council's Capital Expenditure and Financing 2017/18.

5.4.1 In 2017/18 the Council spent £26,036,000 on capital projects (General Fund and Housing Revenue Account). The total capital programme was funded from existing capital resources and new prudential borrowing. The borrowing of £1,755,950 was taken for the acquisition of Commercial Property Portfolio as approved by the Council on 17 May 2017. No other external loans were taken out during 2017/18 to fund existing borrowing requirements from previous years. Table two details capital expenditure and financing used in 2017/18.

Table two : 2017/18 Capital Expenditure and Financing				
	2017/18	2017/18	2017/18	2017/18
	Original Estimate	Quarter 3 Revised Working Budget	Actual	Variance Actual to Quarter 3 Revised Working Budget
	£'000	£'000	£'000	£'000
Capital Expenditure:				
General Fund Capital Expenditure	7,799	20,663	9,013	(11,650)*
HRA Capital Expenditure	16,335	17,525	17,022	(503)
Total Capital Expenditure	24,134	38,188	26,036	(12,153)
Resources Available for Capital Expenditure:				
Capital Receipts	(8,111)	(14,951)	(14,797)	154
Capital Grants /Contributions	(375)	(3,416)	(738)	2,678
Capital Reserves	(1,981)	(2,695)	(1,716)	979
Revenue contributions	(114)	(114)	(89)	25
Major Repairs Reserve	(9,683)	(3,813)	(6,940)	(3,127)
Total Resources Available	(20,263)	(24,988)	(24,280)	709
Capital Expenditure Requiring Borrowing	3,870	13,200	1,756	(11,444)

* £11,650,000 relates to slippage of commercial property portfolio and site assembly as detailed in Q4 outturn report to Members on 11th July 2018.

5.4.2 The Treasury Management review of 2017/18 and Prudential Indicators have been updated to reflect changes to capital budgets which have been approved throughout the year. The actual capital expenditure for 2017/18 has already been reported to Executive on 11 July 2018.

5.5 The Council's overall need to borrow and Capital Financing Requirement

5.5.1 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 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 para 5.6) 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) 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.

5.5.2 Cash balances (£62.38M as at 31 March 2018) enable the Council to use internal borrowing in line with its Capital Strategy and Treasury Management

Strategy. This position is kept under review taking into account future cash balances and forecast borrowing rates. Members should note that these cash balances relate in part to the restricted use right to buy “one for one” receipts (£10.1million) and provisions (£10.3million) for future liabilities (see also para 5.7.4).

- 5.5.3 As at the 31 March 2018 the Council had total external borrowing of £208,486,739. The debt repayment profile is shown in the following table:

Table Three Maturity of Debt Portfolio for 2016/17 and 2017/18		
Time to maturity	31 March 2017 Actual £'000's	31 March 2018 Actual £'000's
Maturing within one year	4,004	3,004
1 year or more and less than 2 years	1,763	263
2 years or more and less than 5 years	789	790
5 years or more and less than 10 years	8,763	18,956
10 years or more	194,175	185,474
Total	209,494	208,487

- 5.5.4 The General Fund had external borrowing of £4,571,739, of which £1,500,000 was with a local authority and the remainder with the Public Works Loan Board (PWLB). The HRA had external borrowing of £203,915,000 all held with the PWLB, of which £9,004,000 relates to pre 2012 decent homes programme and the remainder £194,911,000 to self- finance the payment made to central government in 2012.
- 5.5.5 The HRA borrowing is constrained by legislation and is capped at £217,685,000. As at the 31 March 2018 the head room available for new HRA borrowing was £11,431,577.
- 5.5.6 The Council's CFR is one of the key prudential indicators and is shown in the following table.

Table Four : Capital Financing Requirement 2016/17 and 2017/18			
CFR Calculation	31-Mar-17	31-Mar-18	Movement in Year
	(£'000)	(£'000)	(£'000)
Opening Balance	223,929	223,275	
Closing Capital Financing Requirement (General Fund)	14,769	15,623	854
Closing Capital Financing Requirement (Housing Revenue Account)	208,506	206,253	(2,253)
Closing Balance	223,275	221,877	
Increase/ (Decrease)	(654)	(1,399)	(1,399)

5.5.7 The CFR for the HRA is reduced by £2,252,500 as a repayment of £2,500,000 was made in year and 29 Shephall Way was transferred between the General Fund and HRA for £247,500. In 2018/19 there is a scheduled debt repayment of £1,241,000, further borrowing of £3,500,000 originally forecasted (approved as part of the updated HRA business plan) was not taken in 2017/18.

5.5.8 The General Fund's CFR has increased by £854,078 - due to;

- new borrowing taken for Commercial Property Portfolio of £1,755,950,
- the Minimum Revenue Provision (MRP) made in year of £654,372 and
- Shephall Way transferred between the General Fund and HRA

5.5.9 In 2018/19 there is a scheduled debt repayment of £1,500,000 borrowed from a local authority. Further borrowing of £13,244,000 (already approved by the Council) was not taken in 2017/18.

5.6 Minimum Revenue Provision (MRP)

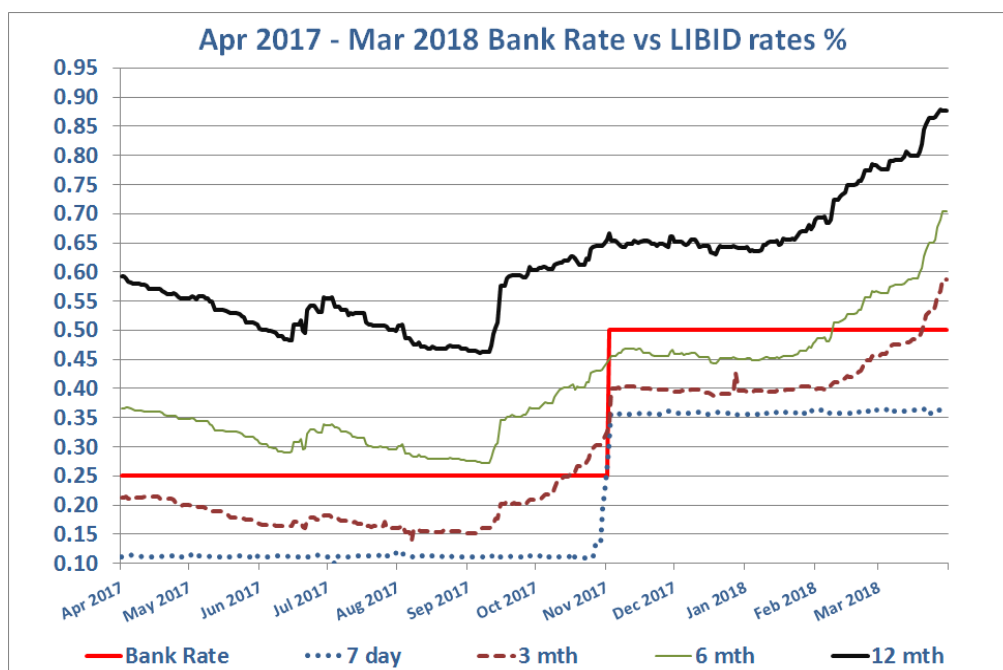
5.6.1 The Prudential Code, by which the Council has to make its borrowing decisions, requires the Council to demonstrate that borrowing is required and affordable. The MRP is a statutory requirement to ensure borrowing is affordable for the General Fund and does not apply to the HRA (the HRA affordability has been determined by central government in setting the HRA's debt cap (see also para 5.5.5)). The Council is required to make an 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.

5.6.2 The MRP charged to the General Fund in 2017/18 was £654,371.

5.7 Cash Balances and Investment rates

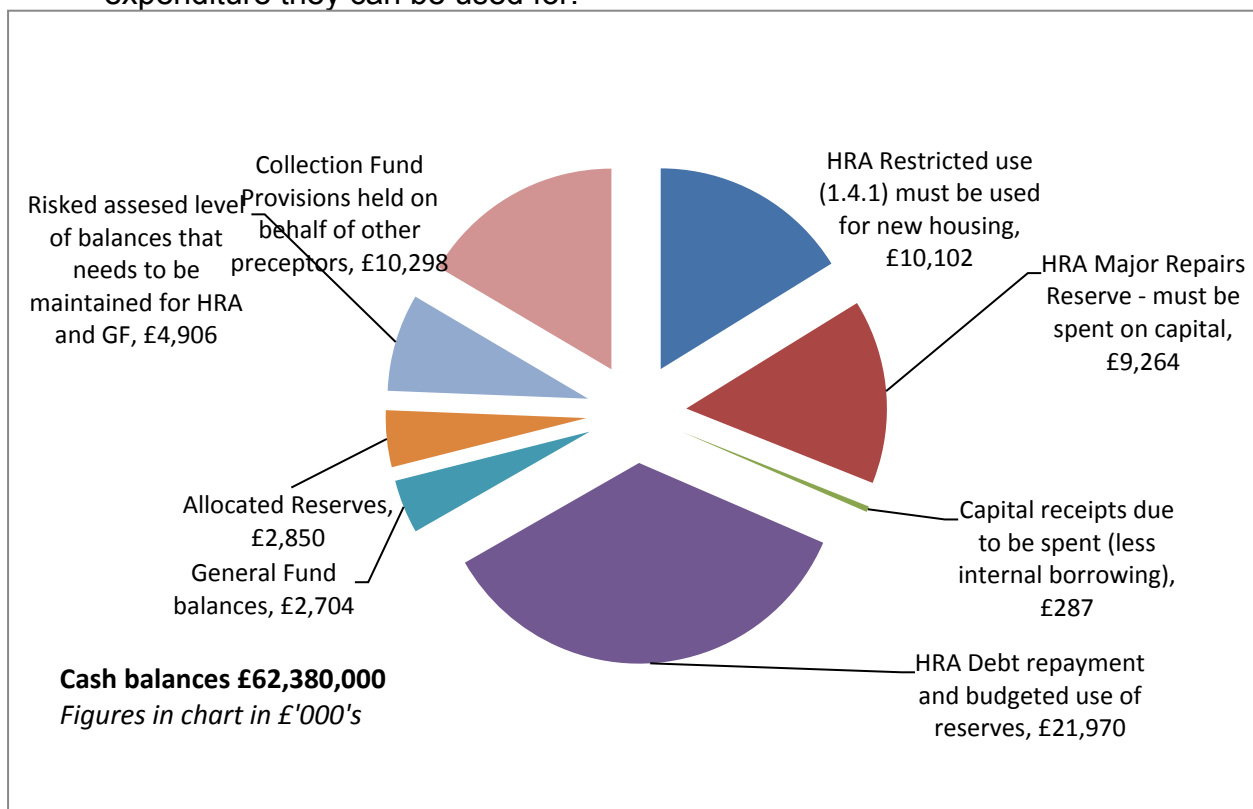
5.7.1 As at 31 March 2018 cash balances held by the Council were £62.380Million. During the year the average cash balance was £72Million, earning interest of £416,436 and achieving an average interest rate of 0.58%. The comparable rate was 0.21% (average 7-day LIBID rate). This compares with an original budget assumption of £207,810 based on average investment rate of 0.42% however higher cash balances and better than anticipated rates resulted in more investment interest. No funds were placed with the Debt Management Office (DMO) during 2017/18.

5.7.2 Investments rates for 3 months and longer had been on a rising trend during the second half of the year in the expectation of Bank Rate increasing from its floor of 0.25%, and reached a peak at the end of March. Bank Rate was duly raised from 0.25% to 0.50% on 2 November 2017 and remained at that level for the rest of the year. However, further increases are expected over the next few years (4th August 2018 was raised to 0.75%). Deposit rates continued into the start of 2017/18 at previous low levels due, in part, to a large tranche of cheap financing being made available under the Term Funding Scheme to the banking sector by the Bank of England; this facility ended on 28 February 2018. The following chart shows Bank rate and LIBID rates in 2017/18.

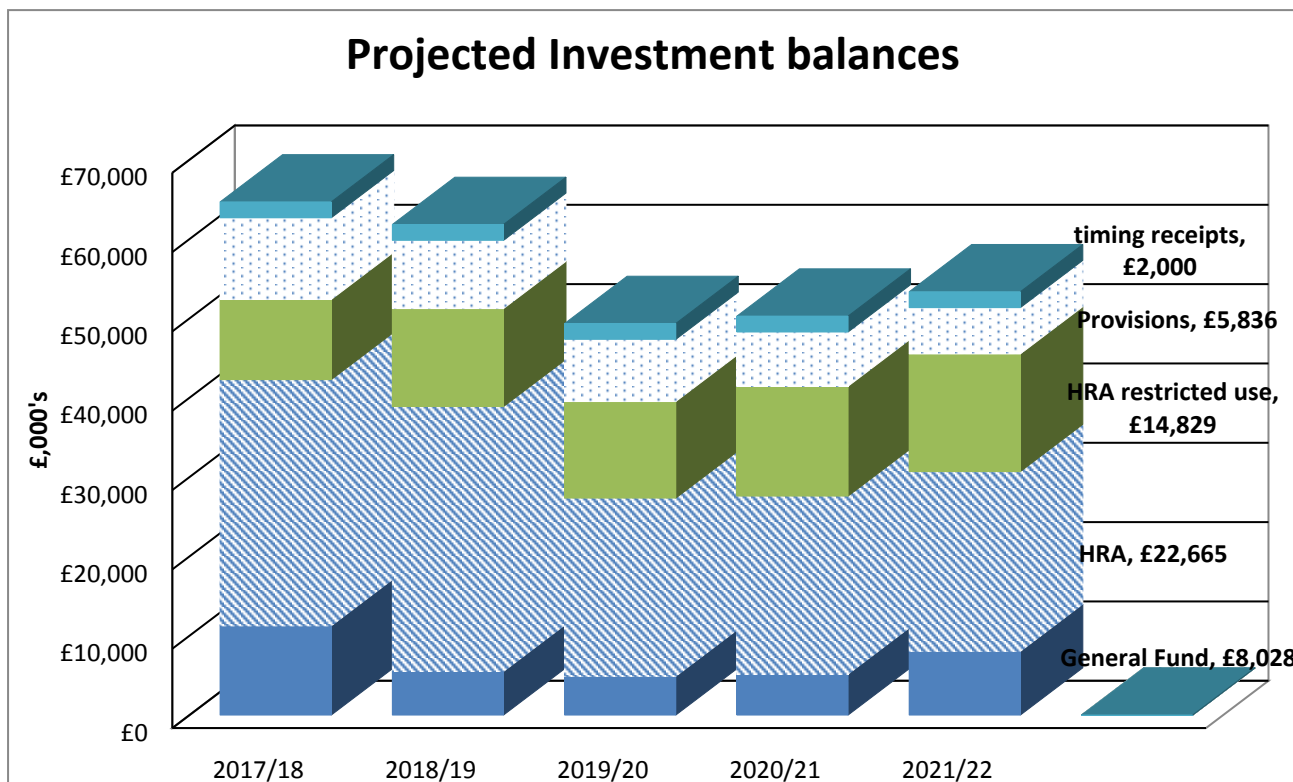


5.7.3 Cash balances were £62.38million at the end of the year partly due to retention of one for one right to buy receipts ring fenced for HRA new social housing schemes (£10.1Million), provisions and reserves held for specific purposes. The restrictive use of a proportion of these receipts plus the planned use of resources in line with the Council's capital and revenue strategies means that these resources are not available for new expenditure.

The following pie chart details the resources held in cash balances and type of expenditure they can be used for.



5.7.4 The following chart shows the historic level of cash balances and the current projections to 2020/21.



5.7.5 The Council invests its surplus cash balances in accordance with the Treasury Management Strategy approved by Council on 28 February 2017. 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.

5.7.6 There were no breaches to this policy in 2017/18 with the investment activity during the year conforming to the approved strategy and the Council had no liquidity difficulties.

5.8 Other Prudential Indicators

5.8.1 The treasury management indicators for 2018/19 onwards have been updated based on the updated Capital Strategy approved by Council in February 2018 and subsequently updated in the 3rd and 4th quarter capital updates reported to Executive and Council in March and July 2018.

5.8.2 The **net borrowing position** for the Council as at 31 March 2018 was **£146.107Million** (total borrowings/loans of £208.487Million less total investments held of £62.380Million).

5.8.3 The operational boundary and authorised limit refers to the borrowing limits within which the treasury team operate. 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 were no breaches of either limit in 2017/18.**

5.8.4 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 2017/18 indicator is 6.91%.

5.8.5 The full list of treasury prudential indicators is shown in Appendix A and has been updated for the 2017/18 outturn position and the revised 2018/19 capital programme.

5.8.6 In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. According to the changes to the Code, the following Prudential Indicators are no longer a requirement, therefore they have been removed from Appendix A (Prudential Indicators).

- Incremental impact of capital investment decisions

- Upper Limit for fixed interest rate exposure
- Upper Limit for variable interest rate exposure and
- Upper limit for total principal sums invested for over 364 days

6 OTHER ISSUES

6.1 Revised CIPFA Codes

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes, and a revised Prudential Code. The revised code included a distinction between treasury and non-treasury (eg property investments) types of investment. Officer propose to meet the requirement of the new code by incorporating additional information into the Capital and Revenue budget setting reports (2019/20 onwards) to Executive and Council to enable Members to see how the cash resources of the Authority have been apportioned between treasury and non-treasury investments.

6.2.1 Markets in Financial Instruments Directive II (MiFID II)

The EU set the date of 3 January 2018 for the introduction of regulations under MIFID II. These regulations govern the relationship that financial institutions conducting lending and borrowing transactions will have with local authorities from that date. The Council fulfilled the requirements of professional status and subsequently the MiFID II has had little impact on the Council's Treasury Management activities.

6.2.2 Breach of overdraft Limit on 21 May 2018

On 21 May 2018, a request was made to return funds held by the Council from Amundi, a Money Market Fund (MMF). This fund is held in a Luxembourg bank. Council staff was unaware that it was a bank holiday on that day in Luxembourg, where Amundi's bank is based, which meant that the requested was not processed and funds weren't returned until the next working day. A short term overdraft facility was arranged to ensure Council's obligations were met, which resulted in an interest payment of £3,006.20. All Non-UK Bank holidays are now noted in the daily cash sheet, in addition to a pop up message on the portal that will alert staff in future.

7 IMPLICATIONS

7.1 Financial Implications

- 7.1.1 This report is of a financial nature and reviews the treasury management function for 2017/18. Any consequential financial impacts identified in the July Capital strategy and 4th quarter revenue budget monitoring report have been incorporated into this report.

7.1.2 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.

7.2 Legal Implications

7.2.1 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.

7.3 Equalities and Diversity Implications

7.3.1 The purpose of this report is to review the implementation of the Treasury management policy in 2017/18. Before investments are placed with counter parties the Council has the discretion not to invest with counter parties where there are concerns over sovereign nations' human rights issues.

7.3.2 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.

7.4 Risk Implications

7.4.1 The current policy of not borrowing externally only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. Should these conditions change the Council may need to borrow at higher rates which would increase revenue costs.

7.5 Policy Implications

7.5.1 This report confirms treasury decisions have been made in accordance with the policy.

BACKGROUND PAPERS

- BD1 Mid year Treasury update (Council 14 December 2017)
- BD2 Treasury Management Strategy including Prudential Code Indicators 2017/18 (Council 28 February 2017)

APPENDICES

- Appendix A Prudential Indicators
- Appendix B Investment and Borrowing Portfolio.

Treasury Management Prudential Indicators	Appendix A		2017/18 Treasury Management Outturn					
	ok							
	2016/17	2017/18	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
Capital Expenditure (Based on Capital Strategy Feb 2018):	Actual	Original Estimate February 2017	Revised September 2017	Revised Estimate February 2018	Actual	Revised February 2018	Revised February 2018	Revised February 2018
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund	4,829	7,799	12,605	20,932	9,013	21,708	16,099	3,970
HRA	19,402	16,335	18,808	17,525	17,022	31,355	36,049	31,439
Total	24,231	24,134	31,413	38,457	26,035	53,063	52,148	35,409
	2016/17	2017/18	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
Ratio of financing costs to net revenue stream:	Actual	Original Estimate February 2017	Revised September 2017	Revised Estimate February 2018	Actual	Revised February 2018	Revised February 2018	Revised February 2018
	%	%	%	%	%	%	%	%
General Fund Capital Expenditure	8.53%	7.97%	7.13%	7.82%	6.91%	14.22%	16.08%	16.50%
HRA Capital Expenditure	15.12%	15.60%	15.60%	16.91%	15.61%	16.94%	16.72%	16.16%
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.								
	2016/17	2017/18	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
Authorised Limit for external debt	Actual	Original Estimate February 2017	Revised September 2017	Revised Estimate February 2018	Actual	Revised February 2018	Revised February 2018	Revised February 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	15,580	15,296	15,580	33,971	33,971	40,666	42,251	43,103
Borrowing - HRA	212,506	212,265	212,506	217,655	217,655	217,655	217,655	217,655
Total	228,086	227,561	228,086	251,625	251,625	258,321	259,906	260,758
The authorised limit in that it is the level up to which the Council may borrow without getting further approval from Full Council. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The authorised limit allows for £9m headroom, which is in addition to our capital plans.								
	2016/17	2017/18	2017/18	2017/18	2017/18	2018/19	2019/20	2020/21
Operational Boundary for external debt	Actual	Original Estimate February 2017	Revised September 2017	Revised Estimate February 2018	Actual	Revised February 2018	Revised February 2018	Revised February 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	10,580	10,296	10,296	31,471	31,471	38,166	39,751	40,603
Borrowing - HRA	212,506	208,265	208,265	211,209	211,209	211,209	211,209	211,209
Total	223,086	218,561	218,561	242,680	242,680	249,376	250,961	251,812
The operational boundary differs from the authorised limit in that it is the level up to which the Council expects to have to borrow. The Council may need to borrow short term for cash flow purposes, exceeding the operational boundary. The operational boundary allows for £1m headroom in addition to our capital plans.								
	31/03/2017	31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2019	31/03/2020	31/03/2021
Gross & Net Debt	Actual	Original Estimate February 2017	Revised September 2017	Revised Estimate February 2018	Actual	Revised February 2018	Revised February 2018	Revised February 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Gross External Debt - General Fund	3,079	2,816	2,816	12,516	4,572	18,389	20,692	22,284
Gross External Debt - HRA	206,415	202,674	202,674	206,174	203,915	206,174	206,174	206,174
Gross External Debt	209,494	205,490	205,490	218,690	208,487	224,563	226,866	228,458
Less Investments	(57,595)	(45,131)	(45,131)	(62,434)	(62,380)	(45,563)	(37,038)	(31,479)
Net Borrowing	151,899	160,359	160,359	156,256	146,107	179,000	189,828	196,979
The Gross External Debt is the actual debt taken out by the Council plus any relevant long term liabilities. The Gross External Debt should not exceed the Operational Boundary for external debt. For 2019/20 £6.5M is required to be								
The Net Borrowing is defined as gross external debt less investments. The net borrowing requirement may not, except in the short term, exceed the total capital financing requirement in the preceding year, plus the estimates of any additional financing.								
	31/03/2017	31/03/2018	31/03/2018	31/03/2018	31/03/2018	31/03/2019	31/03/2020	31/03/2021
Capital Financing Requirement	Actual	Original Estimate February 2017	Revised September 2017	Revised Estimate February 2018	Actual	Revised February 2018	Revised February 2018	Revised February 2018
	£000	£000	£000	£000	£000	£000	£000	£000
Capital Financing Requirement GF	14,769	14,485	14,769	28,971	15,623	35,666	37,251	38,103
Capital Financing Requirement HRA	208,506	208,265	208,506	208,709	206,253	208,709	208,709	208,709
Total Capital Financing Requirement	223,275	222,750	223,275	237,680	221,876	244,376	245,961	246,812
The Capital Financing Requirement (CFR) reflects the amount of money the Council would need to borrow to fund its capital programme. This is split between the Housing Revenue Account CFR (HRACFR) and the General Fund CFR (GFCFR).								

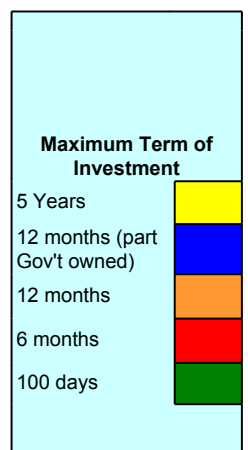
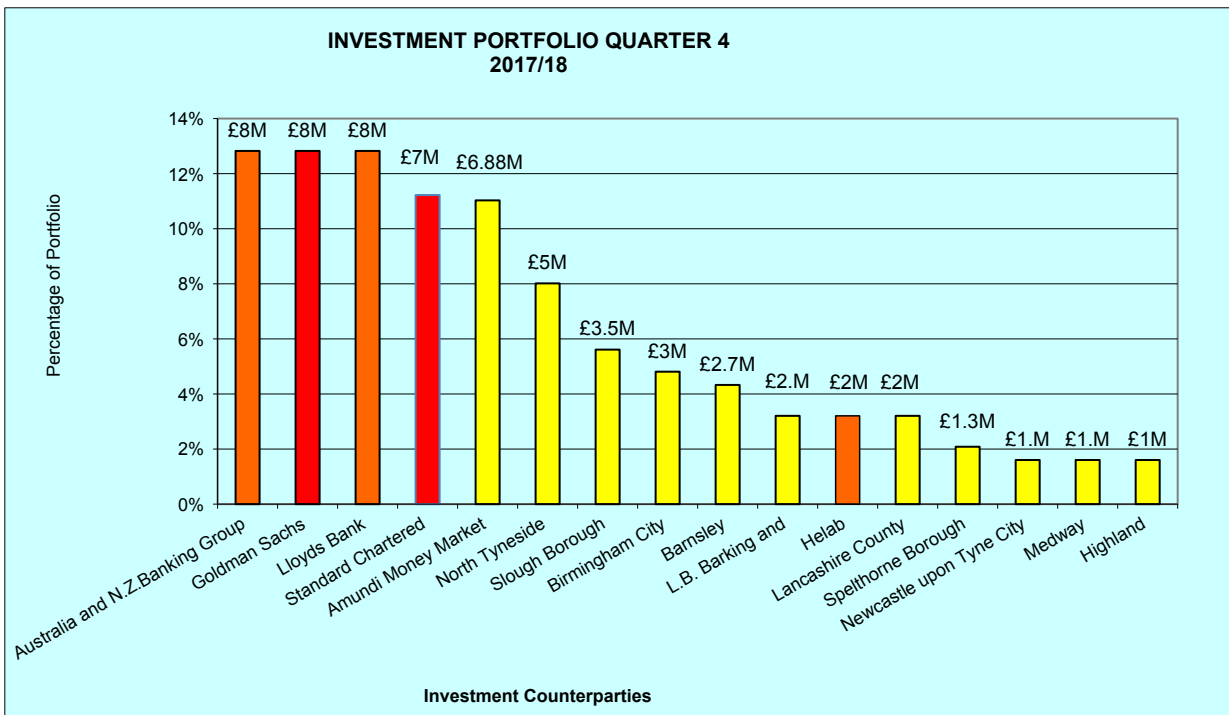
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INVESTMENT PORTFOLIO QUARTER 4 (31st March 2018)

Appendix B

Average interest rate for 2016/17 **0.57%**
 Average interest rate for 2017/18 **0.58%**
 Bank of England Bank Rate **0.50%**

<u>Borrower</u>	<u>Nation</u>	<u>Sovereign Rating (Fitch)</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Rate %</u>
Money Market Funds (Instant Access)						
Amundi	UK	AA	6,880,000			0.51
95 Day Notice						
Standard Chartered Bank	UK	AA	7,000,000			0.78
Fixed Term Deposit						
London Borough of Barking and Dagenham	UK	AA	2,000,000	09/01/17	09/04/20	0.98
Newcastle upon Tyne City Council	UK	AA	1,000,000	03/04/17	03/04/20	1.00
Birmingham City Council	UK	AA	3,000,000	24/04/17	24/04/19	0.80
Spelthorne Borough Council	UK	AA	1,300,000	22/06/17	21/06/19	0.70
Australia and New Zealand Banking Group Limited	AUS	AAA	5,000,000	05/09/17	05/09/18	0.50
Barnsley Metropolitan Borough Council	UK	AA	2,700,000	15/09/17	15/09/21	0.98
Goldman Sachs International	UK	AA	1,700,000	19/10/17	19/04/18	0.65
Lloyds Bank plc	UK	AA	5,000,000	24/11/17	23/11/18	0.90
Australia and New Zealand Banking Group Limited	AUS	AAA	3,000,000	24/11/17	24/05/18	0.59
North Tyneside Metropolitan Borough Council	UK	AA	5,000,000	18/12/17	17/12/18	0.75
Slough Borough Council	UK	AA	3,500,000	20/12/17	20/06/18	0.55
Landesbanken Hessen-Thueringen Girozentrale (Helaba)	GER	AAA	2,000,000	10/01/18	10/10/18	0.71
Goldman Sachs International	UK	AA	2,300,000	17/01/18	17/07/18	0.71
Lloyds Bank plc	UK	AA	3,000,000	24/01/18	23/01/19	0.85
Goldman Sachs International	UK	AA	4,000,000	14/02/18	14/08/18	0.72
Medway Council	UK	AA	1,000,000	02/03/18	19/04/18	0.65
Highland Council	UK	AA	1,000,000	14/04/16	16/04/18	0.98
Lancashire County Council	UK	AA	2,000,000	06/09/16	06/09/18	0.58
			62,380,000			



LOAN PORTFOLIO QUARTER 4 (31st March 2018)

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	4.11	1,241,000	31/03/2011	31/03/2018	7 years
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
			9,004,000			

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
			194,911,000			

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>
Lancashire C.C.	Fixed Rate/Maturity	1.98	1,500,000	03/07/2013	03/07/2018	5 years
PWLB	Fixed Rate/EIP	2.37	1,315,789	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
			4,571,739			

Total Borrowing

208,486,739

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE

(MEETING JOINTLY IN PART WITH THE STATEMENT OF ACCOUNTS COMMITTEE)

MINUTES

Date: Thursday, 26 July 2018

Time: 6.00pm

Place: Shimkent Room - Shimkent Room - Daneshill House, Danestrete

Present: Councillors: Maureen McKay (Chair), John Gardner (Vice-Chair), Howard Burrell, Laurie Chester, David Cullen, John Lloyd and Graham Snell.

Also Present: K Storey (EY)

Start / End Start Time: 6.00pm
Time: End Time: 7.15pm

1 APPOINTMENT OF PERSON TO PRESIDE

It was **RESOLVED** that Councillor Maureen McKay be appointed to preside over the part of the meeting that was held jointly with the Statement of Accounts Committee.

2 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor G Lawrence and Independent Member G Gibbs.

There were no declarations of interest.

3 2017/18 STATEMENT OF ACCOUNTS AND EXTERNAL AUDIT REPORT

The Audit Committee and the Statement of Accounts Committee meeting jointly received a presentation from the Accountancy Services Manager on the Statement of Accounts 2017/18.

The Committees were advised of a typographical error on page 176 of the agenda pack. The figures in the left hand column of table HRA 4 should read 4921, 591 and 5512 and not 4921139, 590986 and 5512125 as shown.

The Committees were further advised that no changes had been made since the publication of the draft accounts.

A copy of appendix 2 to the report, the Letter of Representation was then circulated to Members.

The Committees were shown how the Council's accounts were constructed, with key points highlighted and identified

In reply to a question concerning Right To Buy 'one for one receipts' the Committees were advised that the amount held by the Council had accrued as the result of a higher than expected number of sales. It was confirmed that the sum had been earmarked for housing projects.

The issue of the disparity in the valuation of the swimming pool was raised and Members were advised of the process behind each of the valuations. The External Auditor confirmed that the difference in the valuations was not a material consideration for the accounts and did not affect the overall audit opinion of the accounts.

A Member requested that the Officers Remuneration table on page 160 of the agenda be amended in future years to make it clearer that the table included redundancy payments and didn't just relate to pay. Concerns were expressed that the information as currently presented could be misread as overstating the number of higher paid employees.

The Committees then considered the report from the Council's External Auditors EY.

The Committees were advised that all outstanding audit tasks had been completed and that EY had issued an unqualified audit opinion for both the Council's accounts and the Value for Money statement.

In reply to a question it was confirmed that an unqualified opinion was a positive result for the Council's accounts.

In reply to a further question the Committees were advised that it was not usual practice to forward a copy of the External Auditor's report to Central Government.

Note – At this point in the meeting the Statement of Accounts Committee RESOLVED to adjourn until the rise of the Audit Committee.

With regard to the valuation of the swimming pool Members expressed a wish for a standard approach to be taken in future and requested that this view be fed back to the Statement of Accounts Committee. Members were advised that the Council's valuer's methodology may differ from that of the External Auditors.

In reply to a question concerning the monitoring of savings and what the Auditors reviewed for the value for money statement, the Assistant Director (Finance & Estates) advised the Committee that the External Auditors received copies of the Quarterly Monitoring Reports that were presented to the Executive and which reported on the progress of savings options approved.

In reply to a further question concerning the assessment of the risks to the Town Centre Regeneration project the External Auditor advised the Committee that the professional advice taken by the Council had been noted by the auditors.

The Chair thanked both the External Auditor and the SBC Accounts Team for their presentations.

It was **RESOLVED**:

1. That the differing valuations of the swimming pool be noted and the comment regarding a standard approach be reported to the Statement of Accounts Committee.
2. That the Annual Report to those charged with Governance for 2017/18, the Council's Letter of Representation, the Financial Report including the Statement of Accounts 2017/18 and the Annual Governance Statement be recommended to the Statement of Accounts Committee for approval.

4 URGENT PART 1 BUSINESS

None.

5 EXCLUSION OF PUBLIC AND PRESS

Not required.

6 URGENT PART II BUSINESS

None.

CHAIR

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STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: 12 September 2018

Time: 6:00 pm

Place: Shimkent Room, Daneshill House, Danestrete, Stevenage

Present: Members: Councillors: M McKay (Chair), J Gardner (Vice Chair), H Burrell, L Chester, D Cullen, J Lloyd, G Lawrence and G Snell.
Independent Member Mr G Gibbs

In Attendance: S Martin (Shared Internal Audit Service)
K Storey (EY)

Start/End Time: Start Time: 6:00 pm
End Time: 7:15 pm

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

There were neither apologies for absence nor declarations of interest.

Mr G Gibbs was introduced to the Committee as the new Independent Member.

2. MINUTES – 12 JUNE 2018

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 12 June 2018 are approved as a correct record and signed by the Chair.

3. MINUTES – 26 JULY 2018

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 26 July 2018 are approved as a correct record and signed by the Chair.

4. LOCAL GOVERNMENT AUDIT BRIEFING

The Committee received the Local Government Audit Committee Briefing from the Council's external auditors EY.

In reply to a question concerning Audit Committee Toolkits the external auditor undertook to provide the Committee with details of the contents and

costs of such toolkits.

In reply to a further question the Committee was advised that there was no foreseen legislation requiring public sector employers to impose car parking charges on employees.

In response to a Member request the Assistant Director Finance and Estates undertook to circulate a note to committee members detailing the classification of the Council's 'for sale' assets under the IFRS 9 standard.

It was **RESOLVED** that the Local Government Briefing Paper for Quarter 2 prepared by EY is noted.

5. ANNUAL AUDIT LETTER

The External Auditor presented the Annual Audit Letter.

The Committee was advised that the Letter had been updated to reflect the Committee's comments made at a previous meeting and that the essential message was favourable.

A number of typographical errors were identified in the Member copy of the report. In reply to a request the Assistant Director Finance and Estates undertook to circulate an original copy of the report to committee members.

It was **RESOLVED** that the Annual Audit Letter is noted.

6. SHARED INTERNAL AUDIT SERVICE ANNUAL REPORT 2017/18

The Committee received the Annual Report from the Shared Internal Audit Service (SIAS).

A Member indicated that he would wish to see a strengths and weakness analysis (SWAT) of SIAS to confirm that the Council was receiving good value for money from the service.

In the debate that followed the Committee discussed the relative merits of SIAS compared to an internal audit function and the benefits to the Council of each approach.

It was suggested that the Committee revisit the original Terms of Reference to determine if the SIAS brief had been achieved.

It was **RESOLVED** that the report is noted.

7. SHARED INTERNAL AUDIT SERVICE (SIAS) PROGRESS REPORT

The Committee received the Internal Audit Progress Report for the period to 24 August 2018.

The Committee was advised that progress of the Audit Plan was on track and that since the publication of the report 36% of the Audit Plan days had been delivered. In addition the Data Quality project had been finalised.

The Committee was further advised that progress had been made against the recommendations in the Repairs and Voids and IT action plans.

It was **RESOLVED** that the report is noted.

8. ANNUAL TREASURY MANAGEMENT REVIEW 2017/18 INCLUDING PRUDENTIAL CODE

The Assistant Director Finance and Estates presented the report which reviewed the operation of the 2017/18 Treasury Management and Investment Strategy.

The Committee was advised that the report had been before the Executive on 5 September.

The Committee was further advised that while interest rates remained low the level of external borrowing had been minimised by the use of internal borrowing while cash balances allowed.

It was **RESOLVED** that the 2017/18 Annual Treasury Management Review is recommended to Council for approval.

9. URGENT PART I BUSINESS

The Assistant Director Finance and Estates advised the Committee that following a report to the Executive on 5 September it would have a monitoring role on the effectiveness of Community Infrastructure Levy and Section 106 monies.

10. EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED** that:

1. Under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following item of business on the grounds that it involved 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.

PART II

11. PART II MINUTES – AUDIT COMMITTEE – 12 JUNE 2018

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 12 June 2018 are approved as a correct record and signed by the Chair.

12. STRATEGIC RISK REGISTER

The Committee received the Council's latest Strategic Risk Register.

Members asked a number of detailed questions about the report which were answered by the Officer.

It was **RESOLVED** that the report is noted.

12. URGENT PART II BUSINESS

None.

CHAIR