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Daneshill House
Danestrete
Stevenage
Hertfordshire

8 October 2019

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, 16 October 2019 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully

Matthew Partridge
Chief Executive

AGENDA

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MINUTES - 24 JULY AND 11 SEPTEMBER 2019

To approve as a correct record the Minutes of the Meeting of the Council held on 24 July 2019, the Special Meeting of the Council held on 24 July 2019 and the Special Meeting of the Council held on 11 September 2019.

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3. MAYOR'S COMMUNICATIONS

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

4. MAIN DEBATE - STEVENAGE RE-IMAGINED: A TEN YEAR ARTS AND HERITAGE (CULTURAL) STRATEGY

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

(i) Wild Flowers / Highway Verges

To consider the following Motion submitted by Councillor Robin Parker, CC:

“That Council notes that:

- (a) A number of other local authorities have adopted the policy of planting or encouraging wild flowers, and other alternative methods of managing highway verges, which improve biodiversity without increasing the cost of highway verge maintenance.
- (b) Growing concern about the possible health impacts and effect on biodiversity by the widespread use of glyphosate weed killers.

With the aim of improving biodiversity and the street scene, along with reducing any undesirable environmental impacts, Council agrees to ask for an officer report within the next 6 months about the feasibility of a change in the policy on highways verge maintenance and cutting, to allow many further areas to be left free for wildflower self and initiated seeding, where appropriate, safe and with particular need to ensure safety and visibility, including financial implications and consequences for the current Agency agreement with HCC.”

(ii) Support for Smart Motorway between Junctions 6 and 8 of A1(M)

To consider the following motion submitted by Councillor Adam Mitchell, CC:

“That this Council notes that:

Smart Motorways go some way towards reaching this Council's goals of reducing carbon and achieving a 'Sustainable Transport Town' accreditation whilst improving safety through modern technology and live data.

This Council welcomes the upgrade to a Smart Motorway between Junctions 6 and 8 of the A1(M) and recognises the benefits that such an improvement will bring to our town and its people.

This Council will work co-operatively at all levels of government to bring forward these benefits to our residents whilst honouring our commitments to promote a more sustainable environment in which to live.”

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

In accordance with Standing Orders, written answers to the following questions will be tabled at the Council meeting:

(A) Question from Councillor Robin Parker, CC

“Reference the Pride of Stevenage Awards on 28.9.2019, excluding award winners and members, who received invitations and, in particular, were invitations issued to the Stevenage MP and all Stevenage parliamentary candidates?”

(B) Question from Councillor Tom Wren

“On the 12th June, this Council passed a motion declaring a climate change emergency. What actions have been taken by the Council in the 4 months since this declaration?”

(C) Question from Councillor Stephen Booth

“What measures does the Council take in ensuring that the Charter Fair is set up in an orderly and safe manner and attention is given particularly to:

- due regard to Health & Safety regulations
- access to shops and businesses is maintained
- approaches to pedestrian crossings for the public are left clear
- sufficient account is taken for access to those with disability and particularly those with sight disability?”

(D) Question from Councillor Andy McGuinness

“How much officer time and resources have a) already been used and b) planned to be used, on “No Deal” Brexit scenario planning?”

(E) Question from Councillor Graham Snell

“In view of the recent reports about some of the new paving in the Town Centre being very slippery when wet, and therefore a hazard, what actions have been taken by the Council to address this?”

11. **UPDATE FROM SCRUTINY CHAIRS**

To receive updates from the Chairs of the Scrutiny Committees on the recent activities of those committees.

12. ANNUAL TREASURY MANAGEMENT REVIEW OF 2018/19 INCLUDING PRUDENTIAL CODE

The report circulated at Item 12 was considered by the Executive on 11 September 2019 when the following recommendations to Council were agreed:

1. That the 2018/19 Annual Treasury Management Review is recommended to Council for approval.
2. That the updated Minimum Revenue Provision (MRP) Policy is recommended to Council for approval.

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13. REVIEW OF PARLIAMENTARY POLLING DISTRICTS AND POLLING PLACES 2019 - OUTCOME OF REVIEW

To consider a report regarding the outcome of the Parliamentary Polling Districts and Polling Places Review 2019.

REPORT TO FOLLOW

14. AUDIT COMMITTEE MINUTES

To note the draft Minutes of the Audit Committee meeting held on 10 September 2019.

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STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 24 July 2019

Time: 7.00pm

Place: Ibis Hotel, Stevenage

Present: Councillors: Simon Speller (Mayor), Doug Bainbridge, Sandra Barr, Philip Bibby CC, Stephen Booth, Lloyd Briscoe, Rob Broom, Adrian Brown, Jim Brown, Teresa Callaghan, Laurie Chester, Michael Downing, Alex Farquharson, John Gardner, Michelle Gardner, Jody Hanafin, Richard Henry, Jackie Hollywell, John Lloyd, Mrs Joan Lloyd, Sarah-Jane McDonough, Andy McGuinness, Maureen McKay, John Mead, Sarah Mead, Adam Mitchell CC, Margaret Notley, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Sharon Taylor OBE CC, Jeannette Thomas and Tom Wren.

Start / End Time: Start Time: 7.00pm
End Time: 8.20pm

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

Apologies for absence were received on behalf of Councillors Dave Cullen, Liz Harrington, Lizzy Kelly, Graham Lawrence and Lin Martin-Haugh.

There were no declarations of interest.

At this juncture, the Mayor advised that he would be taking an urgent Part II report on the Appointment of the Chief Executive as the matter could not wait until the next meeting.

2 **MINUTES - 22 MAY 2019 AND 12 JUNE 2019**

It was **RESOLVED:**

1. that the Minutes of the Annual Council meeting of 22 May 2019 are approved as a correct record and signed by the Mayor subject to the following amendments;

Item 3 – paragraph 6, delete ‘similar sentiments to those expressed by the mover and seconder of the motion’.

Item 7 – Borough Council Elections 2019 – reference to ‘political parties’ in the third paragraph should be changed to ‘a political party’.

2. that the Minutes of the Special Council meeting on 12 June 2019 are approved as a correct record and signed by the Mayor.

3 **MAYOR'S COMMUNICATIONS**

The Mayor informed the Council that due to the change in venue for this meeting he would be showing the film made by the pupils of Woolenwick School at the next meeting as part of the presentation on the Cultural Strategy.

The Mayor then informed the meeting that since the last meeting, he had undertaken a number of engagements in the town and referred to several highlights – attending a number of school leavers' assemblies including The Leys Primary School celebrating the retirement of a Teaching Assistant after 46 years service. The Mayor also referred to his attendance at the opening of the new Costco in the Town and an upcoming Mayoral Tea where he would be empowering and engaging young people and.

At this juncture, last year's Mayor, Councillor Margaret Notley was invited to address the meeting. Cllr Notley was pleased to inform Council that the final figure for the amount raised for her Mayoral charities had increased to £15,804.24. She thanked all those who had supported the charities during her Mayoral Year.

4 **MAIN DEBATE - PUBLIC HEALTH IN STEVENAGE**

This item was withdrawn and would be presented to Members at a future All Member Briefing.

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 expressed concern regarding the recent announcement that Waitrose would be closing its Stevenage Old Town store and asked the Leader of the Council whether consideration had been given to the ramifications for the Town.

In reply, the Leader of the Council agreed that she was extremely saddened to hear of the announcement of the closure and stated that it was a huge disappointment for Stevenage to lose such an established brand that had played a key role in the community over many years. She agreed that this was a real concern for residents and businesses in the Old Town.

The Leader advised Council that she had requested an urgent meeting with Waitrose to understand their plans for the future of the site and to open dialogue regarding possible options to relocate the much valued Post Office within the High Street and whether there were options to have a 'Little Waitrose' store within the Town. An update with the outcomes would be circulated to Members as soon as possible following the meeting.

The Leader advised that with 97 jobs potentially at risk, this was a time of real uncertainty for Waitrose staff and thoughts were with them at this unsettling time. Council was also informed that the Environment and Economy Select Committee would be scrutinising the provision of Post Offices within the Town as part of this year's work programme and would also take this matter forward as part of that review.

Due to the change of venue for this meeting, Council then received updates from the Leader on the following urgent items only:

- **Monkswood Way Traffic Incident** - following the serious incident on Monkswood Way on 18 July, the Leader thanked the paramedics, nursing and hospital staff who had worked hard to respond and said that the Council's thoughts were with those who had suffered injury and trauma as a result. The Leader advised that concerns had previously been raised by Councillors and residents with the Police and Herts County Council and regular contact had been made regarding enforcement of speed restrictions in the area. Council was informed that the Leader was working with the Police to consider how these events could be stopped. An interim injunction was being applied for and then a longer term solution would be worked on including making the case for additional police resourcing in Stevenage. Members expressed concern regarding the handling of the incident by the Police and agreed that the response and communication by the Police should be questioned.
- **Daneshill Building Disruption** – the Leader reported that early the previous day flooding had been identified in Daneshill House into an area within the building which housed key electrical infrastructure. As a result, a number of measures had been taken to stop the flow of water, shut down power in the location and ensure the safety of the building and those using it. Business continuity procedures had been operating during the incident. It was noted that Customer facing services were continuing to operate including the Customer Service Centre, Housing Options and Planning Advice. Operational Services such as grounds maintenance, street cleansing and waste collection had been unaffected.

Council expressed their thanks to all staff involved, in particular Beverley Densham and Paul Ryder from the Council's Facilities Team for their response to, and management of, the situation.

The Leader advised that the remainder of the updates would be circulated to Members following the meeting.

Councillor Robin Parker advised that he would defer his Motion until the next meeting of the Council.

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

Council received five questions. The responses to the five questions were circulated at the Meeting and are appended to the minutes.

A. Question from Councillor Steven Booth

In response to a supplementary question from Cllr Booth asking for clarification regarding costs and lost working hours during the IT disruption, Cllr Broom advised that he would ensure a satisfactory response be sent to Cllr Booth.

B. Question from Councillor Robin Parker

In response to a supplementary question from Councillor Parker, the Leader of the Council advised that she would ask officers to look at the possibility of installing a traffic light timing system in the Council Chamber as soon as possible.

C. Question from Councillor Graham Snell

Councillor Snell advised he would submit his supplementary question in writing after the meeting.

D. Question from Councillor Tom Wren

In response to a supplementary question from Councillor Wren, Councillor John Gardner advised that if the funding was available the Council would plant as many replacement trees as possible. Tree felling was only used as a last resort.

E. Question from Councillor Andy McGuinness

In response to a supplementary question regarding the amount spent on food and drink for Councillors, the Leader of the Council advised that the provision of refreshments before Council meetings was a welfare issue particularly for those Members coming to meetings straight from work. This was an issue that had previously been reviewed by Scrutiny but could be looked at again if Members were of the view it would be helpful.

Answers to Questions

11 **UPDATE FROM SCRUTINY CHAIRS**

The Chair of the Community Select Committee gave an update on the work of the

Committee. She advised that the main area of work for this year for the Committee related to access to the sport and leisure provision in the Town as the Council tried to encourage access to a healthier lifestyle for residents. This scrutiny review would include a visit to Fairlands Lakes later in the summer to review the leisure provision at the lakes.

The Chair of the Environment and Economy Select Committee advised that the work programme for the Committee included a review of the Neighbourhood Centres, Post Office provision in the Town, a joint scrutiny with the Community Select Committee on Fairlands Valley Park and also ongoing monitoring of the Council resolution made recently on the climate change emergency.

It was **RESOLVED** that the updates are noted.

12 **ANNUAL SCRUTINY REPORT 2018/19**

The Council considered the Annual Scrutiny report which summarised the work undertaken throughout 2018/19 by the Overview & Scrutiny Committee and Select Committees, and which outlined the Work Programme for the three committees for 2019/20.

Scrutiny Members were thanked for their work over the year and it was agreed that the new Portfolio Holder Advisory Groups had also significantly improved the pre-scrutiny work undertaken by Members.

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

1. That the work undertaken by the Overview & Scrutiny Committee and the Select Committees during 2018/19 is noted;
2. That Members of the three Scrutiny Committees are commended for the work undertaken during the year;
3. That the Scrutiny Officer, Stephen Weaver, be thanked for his work and support to the Scrutiny function and the Scrutiny Members.

13 **4TH QUARTER CAPITAL MONITORING REPORT 2018/19 GENERAL FUND AND HOUSING REVENUE ACCOUNT**

Council considered a report which had previously been presented to the Executive on 10 July 2019 in relation to the 4th Quarter Capital Monitoring Report.

It was moved, seconded and **RESOLVED** that the budget of £1.5million for Registered Provider grants, in line with the reasoning in paragraph 4.3.4 of the report is approved.

14 **GAMBLING ACT 2005 - STATEMENT OF GAMBLING PRINCIPLES**

Council considered a report which had previously been presented to both the General Purposes Committee and the Executive, in relation to the Gambling Act 2005 – Statement of Gambling Principles.

It was moved, seconded and **RESOLVED** that the draft Gambling Act 2005 Statement of Principles, as attached at Appendix A to the report is adopted.

15 **AUDIT COMMITTEE MINUTES**

It was moved, seconded and **RESOLVED** that the Minutes of the Audit Committee meetings held on 19 March 2019 and 11 June 2019 are noted.

16 **EXCLUSION OF PUBLIC AND PRESS**

It was **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 **PROCUREMENT OF A PRINCIPAL CONTRACTOR AT NORTH ROAD**

It was moved, seconded and **RESOLVED** that the General Fund Capital budgets detailed in the Part II report for the year 2020/21 to facilitate the General Fund aspect of the development is approved.

18 **APPOINTMENT OF CHIEF EXECUTIVE**

It was moved, seconded and **RESOLVED** that the appointment of Mr Matthew Partridge with effect from 25 July 2019 as:

Chief Executive
Head of Paid Service
Returning Officer
Electoral Registration Officer

is approved.

CHAIR

**COUNCIL – 24 JULY 2019
MEMBERS QUESTIONS AND ANSWERS**

Questions to Portfolio Holders

A. Question from Cllr. Stephen Booth – “What costs have been incurred and how many staff working hours were disrupted during Monday 17 and Tuesday 18 June when online access was limited across the Council's workforce and the Civica payments system was unavailable, following the previous weekend's relocation of the CCTV control room at Cavendish Road and the unavailability of the hosted desktop system from 6 pm on Friday 14 June?”

Answer - These are two separate issues which are not technically connected:

- 1) CCTV work and unavailability of Hosted desktop: This was a scheduled downtime to allow power changes at Cavendish around the CCTV relocation. This work had to be stopped due to issues regarding our storage system. Staff have been requested to log off from the Hosted desktop at 6pm on the Friday. Staff were able to log back on remotely or in the office from Sunday so no normal working time was disrupted.
- 2) Civica online payments: This is a system hosted outside the Council's infrastructure and affected all users of this Civica payment system nationwide. It was resolved by Civica payments. This was not connected to the aforementioned downtime. Civica reported that Impact began on 18 Jun 11:23 and ended at 12:36

B. Question from Cllr. Robin Parker, CC – “Will SBC consider webcasting, electronic timing indicators and electronic voting at SBC meetings, similar to those now in use at HCC?”

Answer - Officers have previously investigated the installation of equipment to facilitate both webcasting and electronic voting in the Chamber. This though was prior to the future planned move to the SG1 Public Sector Hub. Whilst it would not be prudent to incur the purchase and installation costs of such equipment in the current Council Chamber I can confirm that the new Hub will be suitably equipped.

The Mayor asked officers to look into the cost of electronic timing indicators ('traffic lights') post the last Council meeting. A couple of options are being considered and, if they are deemed to be satisfactory and affordable, the “green light” will be given!

C. Question from Cllr. Graham Snell – “Does the Council have any plans to refurbish and repair the High Street entrance to King George Park which is in very poor condition and an important access point into the park and the Millennium Garden?”

Answer – No refurbishment works are planned for implementation in the current financial year. Officers will be developing a Parks & Open Space Strategy in the near future and this will consider access and egress arrangements to our parks and green

spaces. Any future capital work requirements will be considered as part of the capital budget setting process and prioritised against other bids received.

D. Question from Cllr Tom Wren – “On the SBC website a policy is stated that when a tree is felled by the council, where possible, a replacement tree will be planted nearby. Please could figures be provided for the last 3 years of the number of trees felled and replanted in the town?”

Answer –The Council has recently declared a climate emergency, and notes the importance of trees both for the local environment but also for carbon capture (or offset) and will look at options in relation to tree planting as part of our work on the climate strategy

The Council is responsible for approximately 32,500 trees across the Borough. Our records show that approximately 530 trees were felled over the past three years and approximately 162 trees have been replaced. The vast majority of trees felled, were removed due to safety risks to members of the public or buildings. This number also includes self-set trees that were growing in inappropriate locations. We will seek to replace trees where it is appropriate to do so and/or will encourage self-set trees to mature where the location is appropriate and the tree will add value to the amenity of the area.

E. Question from Cllr Andy McGuinness - “How much did the Council spend in the last financial year on food and drink for (a) Councillors (b) Mayoral events (c) Civic Events (non-mayoral)?”

Answer - The amount of money spent in 2018/19 on food and drink (to the nearest pound) was £2,358 for Councillors, £6,275 for Mayor functions and for Civic events £6,957.

This excludes the civic suite drinks machines which would add a further £3,635 and which are used for officer meetings, public meetings and Member meetings.

STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 24 July 2019

Time: 8.30pm

Place: Council Chamber

Present: Councillors: Simon Speller (Mayor), Doug Bainbridge, Sandra Barr, Philip Bibby CC, Stephen Booth, Lloyd Briscoe, Rob Broom, Adrian Brown, Jim Brown, Teresa Callaghan, Laurie Chester, Michael Downing, John Gardner, Michelle Gardner, Jody Hanafin, Richard Henry, Jackie Hollywell, John Lloyd, Mrs Joan Lloyd, Lin Martin-Haugh, Sarah-Jane McDonough, Andy McGuinness, Maureen McKay, John Mead, Sarah Mead, Adam Mitchell CC, Margaret Notley, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Sharon Taylor OBE CC, Jeannette Thomas and Tom Wren.

Start / End Start Time: 8.30pm
Time: End Time: 8.40pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received on behalf of Councillors Dave Cullen, Liz Harrington, Lizzy Kelly, Graham Lawrence and Lin Martin-Haugh, William Sarenden – Youth Mayor and Jen Matthews – Chair of the Youth Council.

There were no declarations of interest.

2 HONORARY ALDERMAN

The meeting had been convened to consider a Motion to confer the title Honorary Alderman on Mrs Ann Webb.

Councillor Sharon Taylor in moving the motion paid tribute to Ann Webb for her outstanding service to the town as a Councillor and that in her 29 years' service she had not only represented the residents of the Longmeadow and Shephall Wards but also in championing the provision of social housing in the Town.

Councillor Mrs Joan Lloyd formally seconded the Motion and stated that she wholeheartedly agreed with the comments made by Councillor Taylor.

Councillor Phil Bibby CC, Leader of the Opposition and Councillor Robin Parker CC, Leader of the Liberal Democrat Group both spoke in favour of the motion.

It was moved, seconded and **RESOLVED** that in accordance with the provisions of Section 249 of the Local Government Act 1972, the Council confers the title of Honorary Alderman on Mrs Ann Webb who had rendered over 29 years eminent

service as a Councillor representing the people of the Town, particularly in the Longmeadow and Shephall Wards and in championing the provision of social housing in the Town.

CHAIR

STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 11 September 2019

Time: 7.00pm

Place: Council Chamber, Daneshill House, Danestrete

Present: Councillors: Simon Speller (Mayor), Doug Bainbridge, Sandra Barr, Philip Bibby CC, Lloyd Briscoe, Rob Broom, Adrian Brown, Jim Brown, Teresa Callaghan, Laurie Chester, Michael Downing, Alex Farquharson, John Gardner, Michelle Gardner, Richard Henry, Jackie Hollywell, Graham Lawrence, John Lloyd, Mrs Joan Lloyd, Lin Martin-Haugh, Sarah-Jane McDonough, Maureen McKay, John Mead, Sarah Mead, Adam Mitchell CC, Margaret Notley, Claire Parris, Loraine Rossati, Graham Snell, Sharon Taylor OBE CC and Jeannette Thomas.

Start / End Start Time: 7.00pm
Time: End Time: 7.50pm

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

Apologies for absence were received on behalf of Councillors Stephen Booth, Dave Cullen, Jody Hanafin, Liz Harrington, Lizzy Kelly, Andy McGuinness, Robin Parker, Tom Wren and Jen Jeffries Chair of the Youth Council.

There were no declarations of interest.

2 **MRS ANN WEBB JP - PRESENTATION OF HONORARY ALDERMAN**

The Chamber was reminded that at a Special meeting of the Council on 24 July 2019 a resolution was agreed that the Council should confer the title of Honorary Alderman on Mrs Patricia Ann Webb JP.

The Mayor expressed his delight at being able to pay tribute to Mrs Ann Webb, a great friend and ally and spoke of her commitment to Stevenage, in particular the Shephall area and also as a passionate believer in social housing.

Councillor Sharon Taylor, Leader of the Council spoke of Mrs Webb's love of housing. She also spoke of her time as a County Councillor and for a while the Chair of the Social Services Committee. Councillor Taylor reminded Members of how proud Ann was to stand beside her husband Eddie when he became Mayor of Stevenage in 1999 and despite sadly not being able to complete his Mayoral year, Ann carried on fulfilling his Mayoral engagements with the support of past Mayors.

A tribute was paid by the Leader of the Opposition, Councillor Phil Bibby, and the Mayor read a message to Mrs Webb from Councillor Robin Parker, Leader of the Liberal Democrats congratulating her on her appointment.

A number of Members then spoke in tribute to Mrs Webb, recognising her tireless work for the community particularly in the Longmeadow and Shephall Wards, in championing the provision of social housing in the Town and her involvement in the Town Twinning Association during her period as a Councillor from 1990 until 2019.

Alderman David Kissane congratulated Mrs Webb and advised that he was delighted to be part of her celebrations.

A certificate was then presented to Alderman Mrs Webb.

Alderman Mrs Webb made an acceptance speech in which she said that Housing had always been close to her heart and that she was both proud and humbled to have received such an honour. She thanked her mentors for when she was a new Councillor, current Members, Officers of the Council and also her family for their support during her years as Councillor.

CHAIR

Meeting: EXECUTIVE / AUDIT COMMITTEE
/ COUNCIL

Agenda Item:

Portfolio Area: Resources

Date: 10 September / 11 September / 16
October



**ANNUAL TREASURY MANAGEMENT REVIEW OF 2018/19 INCLUDING
PRUDENTIAL CODE**

NON-KEY DECISION

Author	– Belinda White	Ext. 2515
Contributor	– Lee Busby	Ext. 2730
Lead Officer	– Clare Fletcher	Ext. 2933
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1 PURPOSE

1.1 To review the operation of the 2018/19 Treasury Management and Investment Strategy.

2 RECOMMENDATIONS

2.1 Audit Committee & Executive

That subject to any comments the 2018/19 Annual Treasury Management Review is recommended to Council for approval.

2.2 Audit Committee & Executive

That subject to any comments the updated MRP Policy is recommended to Council for approval.

2.3 Council

That subject to any comments from the Audit Committee and the Executive, the 2018/19 Annual Treasury Management Review and updated MRP Policy 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 2018/19. 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 2018/19 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 28/02/2018)
- a mid-year treasury update report (Council 18/12/2018)
- 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 2018/19 and current position

3.2.1 After weak economic growth of 0.2% in quarter one of 2018, growth picked up to 0.4% in quarter 2 and to 0.7% in quarter 3, before returning to 0.2% in the final quarter. Given all the uncertainties over Brexit, this weak growth in the final quarter was expected by the forecasters. The annual growth in Quarter 4 came in at 1.4% and the UK was the third fastest growing country in the G7 in quarter 4. However, since then, the economy shrank in the second calendar quarter of 2019 and since a technical recession is defined as two successive quarters of contraction, that means another similar three months of growth (i.e. showing negative growth), between now and the end of September would tip the UK into the technical definition of its first recession since the financial crisis.

3.2.2 In August 2018 the Monetary Policy Committee (MPC) raised UK Bank Rate from 0.5% to 0.75%, and have abstained from any further increases since then. No further action from the MPC is expected until the uncertainties over Brexit are clear. The MPC has been having increasing concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.5%, (excluding bonuses) in the three months to December before falling to 3.4% in the three months to March. However despite strong pay growth, Bank of England inflationary target at 2%, and with the government announcing, (albeit unfinanced) pay awards above inflation for some public sector workers, commentators, such as, Senior UK economist Ruth Gregory, predicts that falls in household energy bill will push inflation down below target by the end of the year.

3.2.3 CPI inflation itself has been falling since it peaked at 3.1% in November 2017, reaching a low of 1.8% in January 2019 before rising marginally to 1.9% in February. In the February 2019, Bank of England Inflation Report, the latest

forecast for inflation over both the two and three year time horizons remained marginally above the MPC's target of 2%. Looking forward, the Bank of England's assumptions based on an orderly BREXIT sees inflation fall in the 3rd quarter of 2020 to 1.9% and then slowly rise by 2022 to 2.4%.

3.2.4 **Brexit.** The current "flexextension" from the EU provides until 31st October for the UK to agree a deal. However, if something can be agreed beforehand, then the UK is free to leave at that point. Markets and commentators, though, still suggest that there is little near term prospect of any consensus being formed. This uncertain view is enhanced by the current Conservative Party leadership, which continues to stress that the UK will leave on the 31 October. As such, there remain numerous potential options, including (but not limited to) some form of "deal", "disorderly" / "orderly" no-deal Brexit, second referendum and even a General Election. If there were a disorderly exit, the Bank of England may look to cut interest rates to support growth. Due to this uncertainty there are heightened levels of market volatility, with little expectation for this to be resolved any time soon.

3.2.5 **PWLB borrowing rates.** Since PWLB rates peaked during October 2018, rates have been on a general downward trend, though longer term rates did spike upwards again during December, and, (apart from the one year rate), reached lows for the year at the end of March. There was a significant level of correlation between movements in US Treasury yields and UK gilt yields which determine PWLB rates. The Federal Open Market Committee (Fed) in America increased the US Bank Rate four times in 2018, making nine increases in all in this cycle, to reach 2.50% in December. However, it had been giving forward guidance that rates could go up to nearly 3.50%. These rate increases and guidance caused Treasury yields to also move up.

3.2.6 By December 2018, financial markets considered that the Fed had gone too far with interest rates, and discounted its expectations of further increases. Since then, the Fed has also come round to the view that there are probably going to be no more increases in the short term. The issue for market forecasters now, is how many cuts in the US Bank Rate will there be and how soon, in order to support economic growth in the US. But weak growth now also looks to be the outlook for China and the EU so this will mean that world growth as a whole could be weak. Treasury yields have therefore fallen sharply during 2019 and gilt yields / PWLB rates have also fallen as shown in the table below.

Table one: PWLB borrowing rates			
Rates* as at:	Apr-18	Apr-19	Aug-19
Years	Rate %	Rate %	Rate %
5	1.89	1.63	1.15
10	2.28	1.95	1.32
15	2.52	2.28	1.64
20	2.61	2.46	1.86
25	2.64	2.52	1.93

* rates include a 0.2% reduction for certainty rate available to Stevenage BC

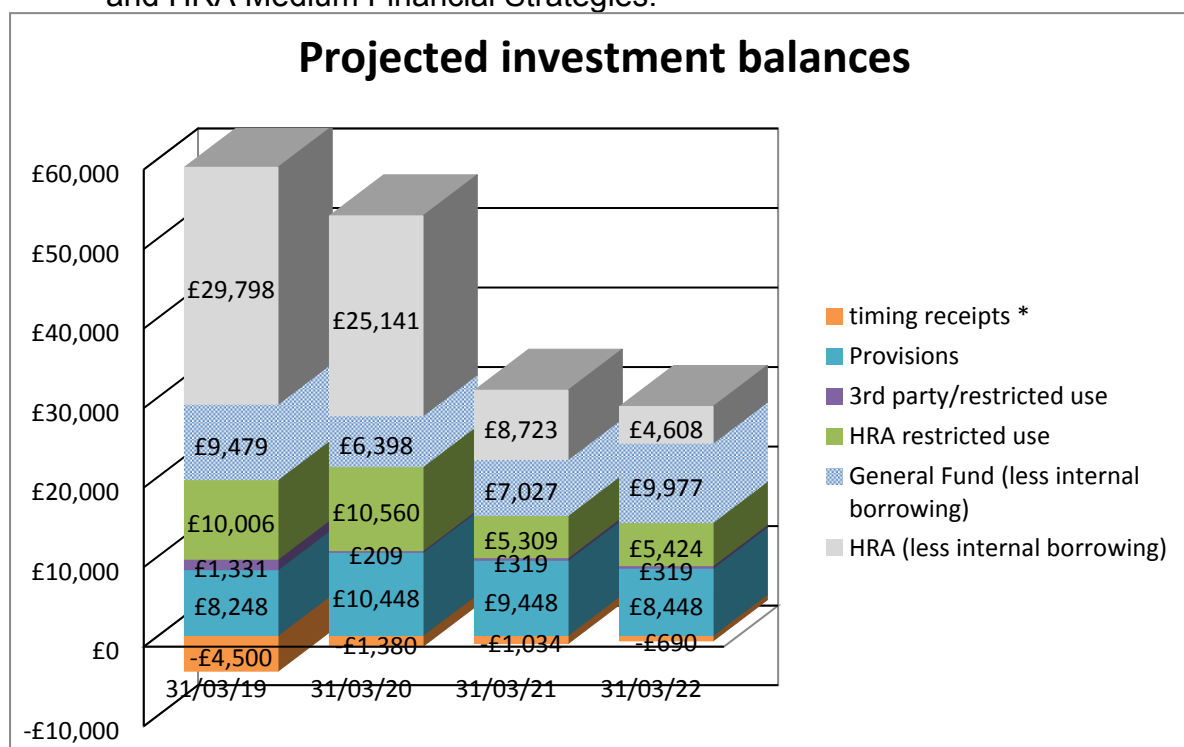
4 OVERALL TREASURY POSITION AS AT 31 MARCH 2019

4.1 As at 31 March 2018 and 2019 the Council's treasury position was as follows:

Table two: Treasury Position						
	2017/18			2018/19		
	31 March 2018 Principal £'000s	Rate / Return %	Average Life (Yrs)	31 March 2019 Principal £'000s	Rate / Return %	Average Life (Yrs)
Total Borrowing	208,487	3.38	15.81	205,482	3.37	15.03
Capital Financing Requirement	221,877			221,940		
Over/(under) borrowing	(13,390)			(16,458)		
Investments Portfolio (see para 5.8)	62,380	0.58		54,135	0.86	

4.2 Investment balances have fallen at the end of the year as General Fund and HRA balances were used to support revenue spend in accordance with the planned draw down of these resources in the Medium Term Financial Strategies. The remaining balances include restricted use funds that can only be used to finance capital spend, money set aside as provisions and monies held on behalf of others including council tax and business rates provisions and advance payments.

4.3 The following chart shows the projected use and resulting reduction in cash balances held over the next four years in accordance with the General Fund and HRA Medium Financial Strategies.



Note: the negative value re the timing of receipts reflects the increase in debtors (LEP loan and Housing Benefit subsidy) owed to the Council as at the 31 March 2019 temporarily reducing cash balances.

5 TREASURY MANAGEMENT STRATEGY 2018/19

- 5.1 The original 2018/19 Treasury Management strategy had projected Bank Rate rises from 0.50% to 0.75% in the 3rd quarter of 18/19 (and to 1.00% in the 3rd quarter of 2019/20), and gradual rises in medium and longer term fixed borrowing rates during 2018/19. The returns achievable on the Council's investments were expected to be modest, based on both the low bank of England base rate and the risk appetite of the TM Strategy. Bank rates are unexpected to rise in the near future as stated in paragraph 3.2.3.
- 5.2 The impact of the European Union (EU) Referendum decision to leave the EU and the implications of this for the UK economy were uncertain when the strategy was set, and it was thought that further updates of the Strategy may be required once these were known. Updates were given in the two reports to Council, but no changes were needed to the Strategy.
- 5.3 As a result of the MiFIDII legislation, the Council elected to professional client status to allow uninterrupted advice and opportunities for investment/debt products. The necessary quantitative and qualitative tests were satisfied for the Council to be classified as such, plus the minimum total investment portfolio of £10million was included in the TM Strategy.
- 5.4 Professional status enabled the Council to maintain its existing relationships with financial institutions and ability to use financial instruments which are not available to retail clients, so these were able to remain part of the TM Strategy.

5.5 The Council's Capital Expenditure and Financing 2018/19.

- 5.5.1 In 2018/19 the Council spent £30,423,335 on capital projects (General Fund and Housing Revenue Account). The capital programme was funded from existing capital resources and an increase in internal borrowing (General Fund £0.155M, HRA £1.81Million). No external loans were taken out during 2018/19 to fund existing borrowing requirements from previous years. Table three details capital expenditure and financing used in 2018/19.

Table three : 2018/19 Capital Expenditure and Financing				
	2018/19 Original Estimate £'000	2018/19 Quarter 3 Revised Working Budget £'000	2018/19 Actual £'000	2018/19 Variance Actual to Quarter 3 Revised Working Budget £'000
Capital Expenditure:				
General Fund Capital Expenditure	21,708	11,615	8,057	(3,558)
HRA Capital Expenditure	31,355	22,617	22,366	(251)
Total Capital Expenditure	53,063	34,232	30,423	(3,809)
Resources Available for Capital Expenditure:				
Capital Receipts	(10,020)	(6,685)	(6,061)	624
Capital Grants /Contributions	(5,325)	(5,134)	(3,133)	2,001
Capital Reserves	(1,803)	(672)	(761)	(89)
Revenue contributions	(8,211)	(6,898)	(7,379)	(481)
Major Repairs Reserve	(20,067)	(12,837)	(11,124)	1,713
Total Resources Available	(45,426)	(32,226)	(28,458)	3,768
Capital Expenditure Requiring Borrowing	7,637	2,006	1,965	(41)

5.5.2 The Treasury Management review of 2018/19 and Prudential Indicators have been updated to reflect changes to capital budgets which have been approved throughout the year. The actual capital expenditure for 2018/19 was reported to the Executive on 11 July 2019.

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

5.6.1 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 5.7) 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. The government has consulted on the option to transfer assets at zero value however no outcome of the consultation has been published.

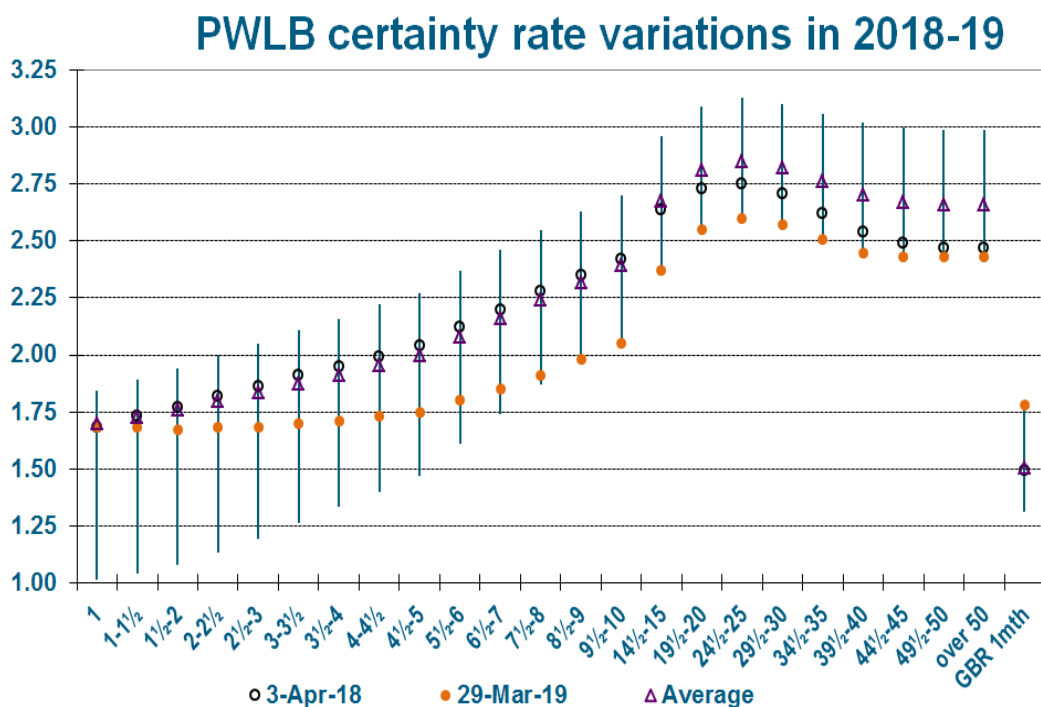
5.6.2 Cash balances (£54.135M as at 31 March 2019) enable the Council to use internal borrowing in line with its Capital Strategy and Treasury Management Strategy. This position is kept under review taking into account future cash balances and forecast borrowing rates. Members should note that these cash balances relate in part to the restricted use right to buy "one for one" receipts

(£10.0million) and provisions (£9.6million) for future liabilities (see also para 5.8.4) and as seen in the chart at paragraph 4.3 these balances are forecast to significantly fall over the next four years.

5.6.3 As at the 31 March 2019 the Council had total external borrowing of £205,482,582. The debt repayment profile is shown in the following table:

Table four Maturity of Debt Portfolio for 2017/18 and 2018/19		
Time to maturity	31 March 2018 Actual £'000's	31 March 2019 Actual £'000's
Maturing within one year	3,004	263
1 year or more and less than 2 years	263	263
2 years or more and less than 5 years	790	526
5 years or more and less than 10 years	18,956	28,556
10 years or more	185,474	175,874
Total	208,487	205,482

5.6.4 During 2018/19, shorter term PWLB rates were most volatile, and reached their higher levels towards the end of the year, whereas medium and longer term PWLB rates were at their lowest levels towards the end of the year. The graph below (and table one paragraph 3.2.6) shows the overall position for 2018/19.



- 5.6.5 The General Fund had external borrowing of £2,808,582, all of which was with the Public Works Loan Board (PWLB). The HRA had external borrowing of £202,674,000 all held with the PWLB, of which £7,763,000 relates to pre 2012 decent homes programme and the remainder £194,911,000 to self- finance the payment made to central government in 2012.
- 5.6.6 In October 2018, the then Prime Minister Theresa May announced a policy change of the abolition of the HRA debt cap. The Chancellor announced in the Budget that the applicable date was 29 October 2018.
- 5.6.7 The HRA's operational debt limit, which had been capped by government at £217,685,000, can now be set by the Council. The new limit will be set on the basis of prudence, affordability and sustainability. Opportunities arising from the lifting of the debt cap will be considered as part of the updated HRA business plan presented to Members and subsequent Treasury management reports and indicators will be updated accordingly.
- 5.6.8 The Council's CFR is one of the key prudential indicators and is shown in the following table.

Table Five : Capital Financing Requirement 2017/18 and 2018/19			
CFR Calculation	31-Mar-18	31-Mar-19	Movement in Year
	(£'000)	(£'000)	(£'000)
Opening Balance	223,275	221,877	
Closing Capital Financing Requirement (General Fund)	15,624	15,121	(503)
Closing Capital Financing Requirement (Housing Revenue Account)	206,253	206,820	567
Closing Balance	221,877	221,941	
Increase/ (Decrease)	(1,398)	64	64

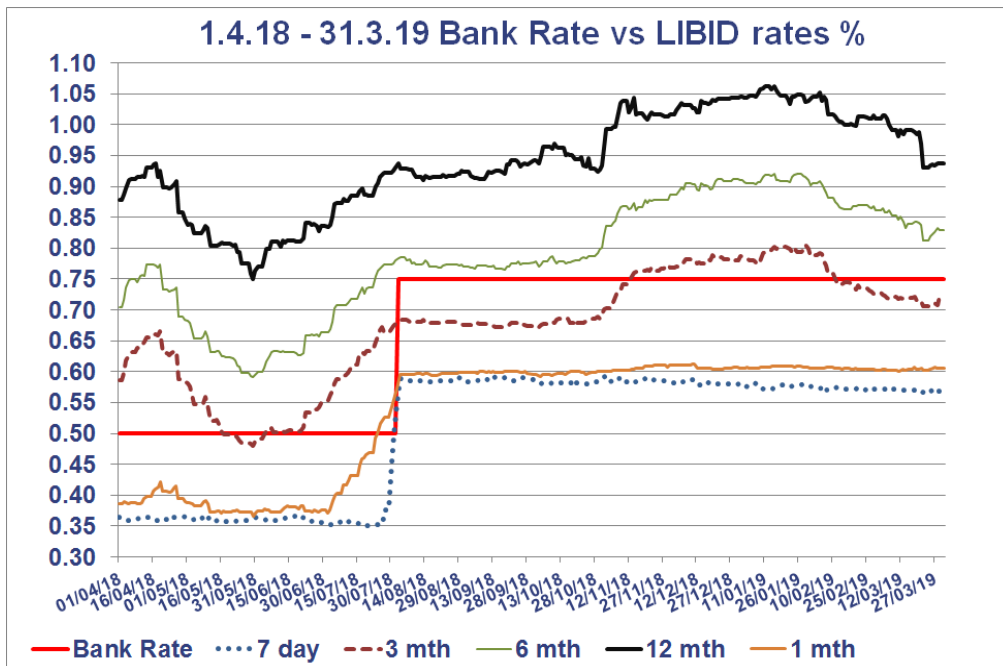
- 5.6.9 The CFR for the HRA has increased by £566,753 as a repayment of £1,241,000 was made in year, offset by £1,810,558 new internal borrowing for Decent Homes. There were no asset transfers between the General Fund and HRA in 2018/19.
- 5.6.10 The General Fund's CFR has decreased by £503,167 - due to;
- the Minimum Revenue Provision (MRP) payment made in year of £661,090 (see also para 5.7)
 - less, short term borrowing for Housing GF development of £155,118
- 5.6.11 Borrowing originally forecast for Investment Properties was not taken in 2018/19.

5.7 Minimum Revenue Provision (MRP)

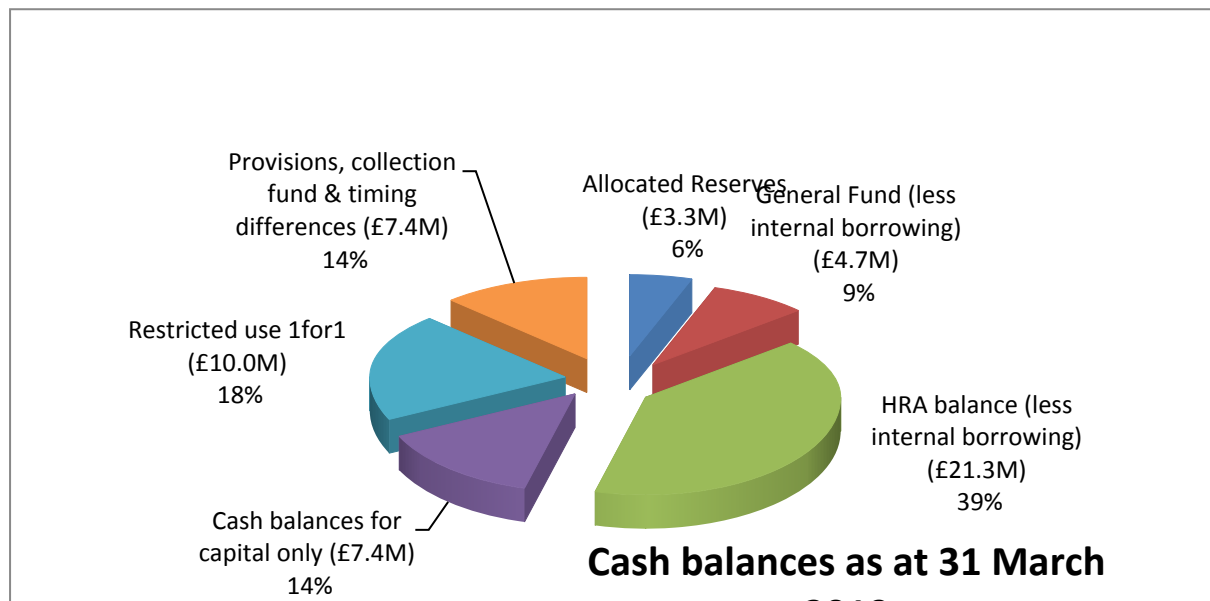
- 5.7.1 The Prudential Code, by which the Council has to make its borrowing decisions, requires the Council to demonstrate that borrowing is required and affordable. The MRP is a statutory requirement to ensure borrowing is affordable for the General Fund and does not apply to the HRA (the HRA affordability is determined in the HRA Business Plan (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.
- 5.7.2 The MRP charged to the General Fund in 2018/19 was £661,090, of which £335,058 is effectively funded from regeneration assets and £35,120 funded from investment property with the remainder (£290,912) a net cost to the General Fund.
- 5.7.3 Officers recommend that the MRP calculations should be reviewed in light of the investment being made and resulting extension to the useful life of the asset. (See also para 6.2 and Appendix C.)

5.8 Cash Balances and Investment rates

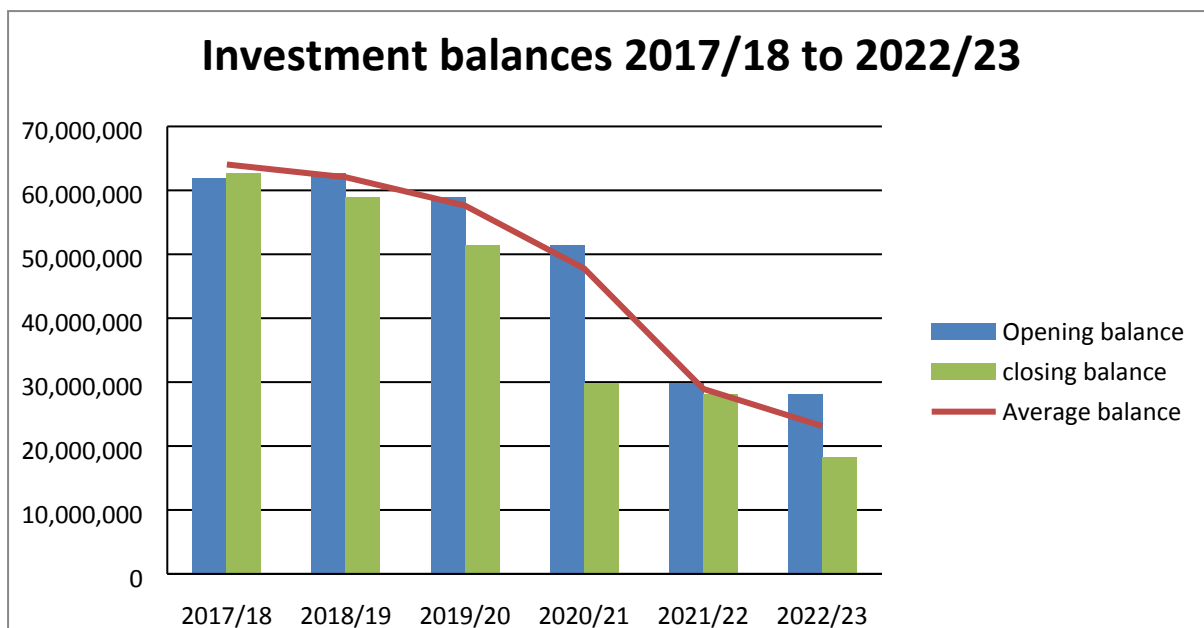
- 5.8.1 During the year the average cash balance was £68Million, earning interest of £585,017 and achieving an average interest rate of 0.86%. The comparable rate was 0.51% (average 7-day LIBID rate). This compares with an original budget assumption of £305,300 based on average investment rate of 0.7%, however higher cash balances and better than anticipated rates resulted in more investment interest.
- 5.8.2 During 2018/19 UK Base Rate was increased to 0.75% at the Monetary Policy Committee (MPC) meeting on 2nd August 2018, and remained at that rate during the rest of 2018/19. During this period, investments were, therefore, kept shorter term in anticipation that rates would be higher later in the year. It was not expected that the MPC would raise UK Bank Rate again during 2018/19 after August in view of the fact that the UK was entering into a time of major uncertainty with Brexit due in March 2019. Value was therefore sought by placing longer term investments after 2 August as cash balances were sufficient to allow this. There continued to be a gap between investing (0.86%) and borrowing rates (2.6% - 25yr PWLB rate March 2019), which meant it was still prudent to maintain the treasury strategy of postponing external borrowing. This policy avoided the cost of holding higher levels of investments and reduces counterparty risk, by using internal borrowing while cash balances allow. (See also section 5.6 and chart at paragraph 4.3).
- 5.8.3 The following chart shows UK Bank Rate and LIBID (London Interbank Bid) rates in 2018/19.



5.8.4 As at 31 March 2019 cash balances were £54.135Million and included one for one right to buy receipts, ring fenced for HRA new social housing schemes (£10.0Million), provisions and reserves held for specific purposes. The apportionment of cash balances at year end is shown in the following chart.



5.8.5 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 chart shows the historic level of cash balances and the projected reduction following the planned use of reserves to 2022/23.



5.8.6 Further to the lifting of the HRA debt cap and opportunities to use external borrowing instead of revenue contributions (RCCO) to fund the HRA’s capital programme, the forecast investment balances may change subject to approval of the updated HRA business plan. These changes will be incorporated into future Treasury management reports and forecasts provided to Members.

5.8.7 In accordance with the Treasury Management Strategy approved by Council on 28 February 2018, the Council invests its surplus cash balances. 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.

5.8.8 There were no breaches to this policy in 2018/19 with the investment activity during the year conforming to the approved strategy. The Council had no liquidity difficulties and no funds were placed with the Debt Management Office (DMO) during 2018/19, demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively.

5.9 Other Prudential Indicators

5.9.1 The treasury management indicators for 2018/19 onwards have been updated based on the updated Capital Strategy approved by Council in February 2019 and subsequently updated in the 3rd and 4th quarter capital updates reported to Executive and Council in March and July 2019.

5.9.2 The **net borrowing position** for the Council as at 31 March 2019 was **£151.347Million** (total external borrowings/loans of £205.482Million less total investments held of £54.135Million).

- 5.9.3 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 2018/19.**
- 5.9.4 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 2018/19 indicator is **6.45%**.
- 5.9.5 The full list of treasury prudential indicators is shown in Appendix A and has been updated for the 2018/19 outturn position and the revised 2019/20 capital programme.

6 OTHER ISSUES

6.1 IFRS 9

6.1.1 Risk management needs to take account of the 2018/19 Accounting Code of Practice proposals for the valuation of investments. Key considerations include:

- Expected credit loss model. Whilst this should not be material for vanilla treasury investments such as bank deposits, this is likely to be problematic for some funds e.g. property funds, (and also for non-treasury management investments dealt with in the capital strategy e.g. longer dated service investments, loans to third parties or loans to subsidiaries).
- The valuation of investments previously valued under the available for sale category e.g. equity related to the “commercialism” agenda, property funds, equity funds and similar, will be changed to Fair Value through the Profit and Loss (FVPL).

6.1.2 Following the consultation undertaken by the Ministry of Housing, Communities and Local Government, [MHCLG], on IFRS9 the Government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the Government to keep the override under review and to maintain a form of transparency.

These changes have no impact on the valuation of investments held by **Stevenage Borough Council**, and the statutory override has not been needed.

6.2 MRP Policy

An MRP Policy review is being currently being carried out by officers (see Appendix C), and where asset lives on property are expected to exceed the

current life used in the MRP calculation an adjustment maybe considered. The policy remains unchanged in that Option 3 Life expectancy is used in calculation of the MRP charge however the estimation of the life expectancy is being reviewed. The maximum life used will be capped at 50 years as permissible under the prudential code.

6.3 Operational and Authorised Borrowing Limits

6.3.1 At the time of publication for this report the external audit of the 2018/19 accounts had yet to be completed. Should borrowing limit changes be required following the external audit it will be due to technical accounting treatment requirements. Any changes following the completion of the external audit will be reported to Members in subsequent reports. These changes do not increase any borrowing, and do not increase interest costs or MRP costs to the General Fund. The changes just relate to technical accounting treatment.

6.3.2 Early discussions with external auditors have indicated that the lease associated with the Queensway redevelopment should be recognised in the Council's accounts. In the draft accounts this lease was shown in the Queensway Properties LLP accounts and subsequent in the Council's group accounts. The treatment of the lease and rent guarantee payments have yet to be agreed with auditors and any change may impact on the Council's borrowing limits requiring a retrospective change to the operational and authorised borrowing limits for 2018/19.

6.3.3 General Fund borrowing limits were increased as part of the Housing wholly owned company (WOC) report which was recently approved by Council. General Fund limits will be further reviewed in the Annual Treasury Management Strategy due to go to Executive and Council in February.

6.3.4 HRA limits will be reviewed as part of the revised HRA Business Plan presented to Members in November and will reflect the removal of the debt cap.

6.4 Property Funds and Commercial Strategy

When the TM Strategy was presented at Audit Committee on 1 February 2017, it was resolved that Council be recommended to approve the use of property funds, subject to market conditions and in consultation with the Resources Portfolio holder and the Audit Committee up to a maximum of £3Million. A review of the Commercial Strategy will be presented to Executive in November and will include a review of the Council's risk appetite. The Assistant Director (Finance and Estates) considers that this is an opportunity to review the use of property fund investment options and a further report will be given to the Audit Committee and the Resources Portfolio Holder on property fund investments.

6.5 Breach of overdraft Limit on 21 May 2018

As previously reported, 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 were 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. Measures have been put in place to prevent this happening in the future.

6.6 Queensway Properties (Stevenage) LLP

As part of the Queensway redevelopment proposals the Council is acting as agent for Aviva in that construction monies are held in a named Stevenage Borough Council bank account. However the sole signatories to that account are Aviva representatives and the Council has no access to these funds. Only Aviva can make payments from this account and the Council does not have authority to invest this money. Therefore, although the monies are in a Stevenage Borough account they are excluded from Treasury management strategy and are not considered in HSBC counterparty limits. As the redevelopment of Queensway continues monies will be drawn down from this account and when works are complete the account will be closed.

7 IMPLICATIONS

7.1 Financial Implications

7.1.1 This report is of a financial nature and reviews the treasury management function for 2018/19. 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 2018/19. 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 minimising external borrowing 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 take borrowing 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 existing policy.

7.5.2 Extending the asset life of relevant existing assets to 50 years relates to the new MRP Policy recommended for approval as per Appendix C.

BACKGROUND PAPERS

- BD1 Mid year Treasury update (Council 18 December 2018)
- BD2 Treasury Management Strategy including Prudential Code Indicators 2018/19 (Council 28 February 2018)

APPENDICES

- Appendix A - Prudential Indicators
- Appendix B - Investment and Borrowing Portfolio
- Appendix C - MRP Policy

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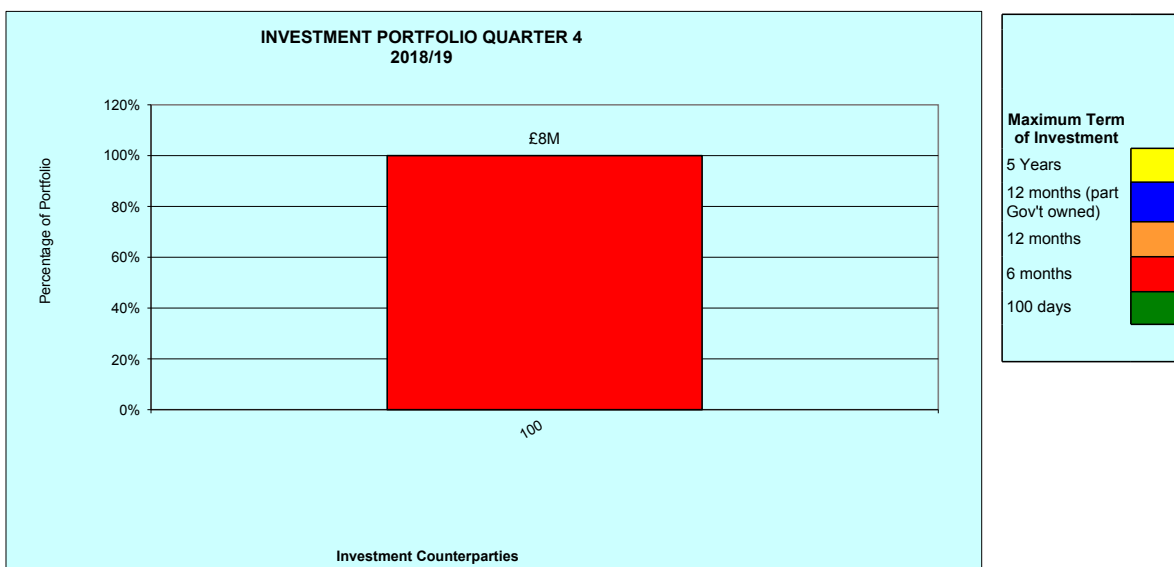
Treasury Management Prudential Indicators	Appendix A				2018/19 Treasury Management Outturn			
	ok							
	2017/18	2018/19	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22
Capital Expenditure (Based on Capital Strategy Feb 2018):	Actual	Original Estimate February 2018	Revised September 2018	Revised Estimate February 2019	Actual	Revised July 2019	Revised February 2019	Revised February 2019
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund	9,013	21,708	32,007	15,573	8,057	33,688	8,936	7,130
HRA	17,022	31,355	26,128	23,528	22,366	47,792	35,676	35,479
Total	26,035	53,063	58,135	39,101	30,423	81,479	44,612	42,609
	2017/18	2018/19	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22
Ratio of financing costs to net revenue stream:	Actual	Original Estimate February 2018	Revised September 2018	Revised Estimate February 2019	Actual	Revised February 2019	Revised February 2019	Revised February 2019
	%	%	%	%	%	%	%	%
General Fund Capital Expenditure	6.91%	14.22%	14.22%	7.82%	6.45%	6.77%	10.31%	10.44%
HRA Capital Expenditure	15.61%	16.94%	16.94%	16.94%	14.94%	16.78%	16.46%	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.								
	2017/18	2018/19	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22
Authorised Limit for external debt	Actual	Original Estimate February 2018	Revised September 2018	Revised Estimate February 2019	Actual	Revised March 2019	Revised March 2019	Revised March 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	25,016	40,666	40,666	25,016	25,016	48,207	49,765	50,593
Borrowing - HRA	210,973	217,655	217,655	210,973	210,973	235,729	239,532	244,628
Total	235,988	258,321	258,321	235,988	235,988	283,937	289,297	295,221
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.								
	2017/18	2018/19	2018/19	2018/19	2018/19	2019/20	2020/21	2021/22
Operational Boundary for external debt	Actual	Original Estimate February 2018	Revised September 2018	Revised Estimate February 2019	Actual	Revised March 2019	Revised March 2019	Revised March 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	20,016	38,166	38,166	20,016	20,016	43,207	44,765	45,593
Borrowing - HRA	205,973	211,209	211,209	205,973	205,973	230,729	234,532	239,628
Total	225,988	249,376	249,376	225,988	225,988	273,937	279,297	285,221
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.								
	31/03/2018	31/03/2019	31/03/2019	31/03/2019	31/03/2019	31/03/2020	31/03/2021	31/03/2022
Gross & Net Debt	Actual	Original Estimate February 2018	Revised September 2018	Revised Estimate February 2019	Actual	Revised February 2019	Revised February 2019	Revised February 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Gross External Debt - General Fund	4,572	18,389	18,389	20,016	2,809	38,341	39,899	40,727
Gross External Debt - HRA	203,915	206,174	206,174	205,973	202,674	230,729	234,532	239,628
Gross External Debt	208,487	224,563	224,563	225,988	205,483	269,070	274,431	280,355
Less Investments	(62,380)	(45,563)	(45,563)	(58,727)	(54,135)	(38,770)	(29,806)	(31,479)
Net Borrowing	146,107	179,000	179,000	167,261	151,348	230,301	244,625	248,876
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.								
	31/03/2018	31/03/2019	31/03/2019	31/03/2019	31/03/2019	31/03/2020	31/03/2021	31/03/2022
Capital Financing Requirement	Actual	Original Estimate February 2018	Revised September 2018	Revised Estimate February 2019	Actual	Revised February 2019	Revised February 2019	Revised February 2019
	£000	£000	£000	£000	£000	£000	£000	£000
Capital Financing Requirement GF	15,623	35,666	35,666	17,516	15,121	35,841	37,399	38,227
Capital Financing Requirement HRA	206,253	208,709	208,709	205,973	206,820	210,729	214,532	219,628
Total Capital Financing Requirement	221,876	244,376	244,376	223,488	221,941	246,570	251,931	257,855
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 2019)
Appendix B

Average interest rate - 2017/18	0.58%
Average interest rate - 2018/19	0.86%
Bank of England Bank Rate	0.75%

Borrower	Nation	Sovereign Rating (Fitch)	Amount £'s	From	To	Rate %
Money Market Funds (Instant Access)						
Amundi	UK	AA	925,000			0.73
95 Day Notice						
Standard Chartered Bank	UK	AA	7,000,000			1.01
Fixed Term Deposit						
HSBC	UK	AA	410,000	29-Mar-19	01-Apr-19	0.60
Birmingham City Council	UK	AA	3,000,000	24-Apr-17	24-Apr-19	0.80
Goldman Sachs International	UK	AA	5,000,000	17-Dec-18	17-Jun-19	1.05
Santander UK	UK	AA	3,500,000	20-Dec-18	20-Jun-19	1.00
Spelthorne Borough Council	UK	AA	1,300,000	22-Jun-17	21-Jun-19	0.70
Santander UK	UK	AA	3,000,000	02-Jan-19	02-Jul-19	1.00
Goldman Sachs International	UK	AA	3,000,000	17-Jan-19	17-Jul-19	1.09
Helaba	GER	AAA	4,000,000	14-Aug-18	13-Aug-19	0.97
Cambridgeshire County Council	UK	AA	5,000,000	11-Sep-18	10-Sep-19	1.05
Lloyds Bank plc	UK	AA	5,000,000	23-Nov-18	22-Nov-19	1.10
Lloyds Bank plc	UK	AA	3,000,000	23-Jan-19	22-Jan-20	1.10
Newcastle upon Tyne City Council	UK	AA	1,000,000	03-Apr-17	03-Apr-20	1.00
London Borough of Barking and Dagenham	UK	AA	2,000,000	09-Jan-17	09-Apr-20	0.98
Lancashire County Council	UK	AA	2,300,000	06-Sep-18	07-Sep-20	1.20
Great Yarmouth Borough Council	UK	AA	2,000,000	16-May-18	17-May-21	1.45
Barnsley Metropolitan Borough Council	UK	AA	2,700,000	15-Sep-17	15-Sep-21	0.98
			54,135,000			


LOAN PORTFOLIO QUARTER 4 (31st March 2019)
Decent Homes Borrowing

Lender	Type	Rate %	Amount £'s	From	To	Life of Loan
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
			7,763,000			

Self Financing Borrowing

Lender	Type	Rate %	Amount £'s	From	To	Life of Loan
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

Lender	Type	Rate %	Amount £'s	From	To	Life of Loan
PWLB	Fixed Rate/EIP	2.37	1,052,632	19/08/2013	19/02/2022	9 1/2 years
PWLB	Fixed Rate	2.29	1,805,582	19/03/2018	19/03/2028	10 years
			2,858,214			

Total Borrowing
205,482,582

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Appendix C (September 2019 Update)

Minimum Revenue Provision Policy

September 2019 update to estimation techniques used in calculating MRP charges:

Officers will undertake a review of all MRP charges currently made on existing borrowing that relates to all asset lives. This review will take into account the freehold/leasehold classification of the asset and investment decisions relating to that asset. This will be particularly relevant in the regeneration areas of Stevenage such as SG1. The method used to calculate MRP will be reviewed, with the preferred method being Option 3 (Asset Life Method). Where appropriate the asset life will be changed, the maximum life used will not exceed 50 years, but will reflect the longer anticipated life of the asset (as permissible under the prudential code).

Minimum Revenue Provision Policy Statement 2019/20

From 2013/14, the council has not had a fully funded capital programme, and although there has not been a need to borrow in full externally, due to the use of investment balances, it will be necessary to make adequate provision for the repayment of debt in the form of Minimum Revenue Provision in 2019/20 for the unfunded element of 2013/14 and 2014/15 expenditure. **The preferred method for existing underlying borrowing is Option 3 (Asset Life Method) whereby the MRP will be spread over the useful life of the asset. Useful life is dependent on the type of asset and ranges from 7 years (ICT equipment) and 50 years (Investment properties).**

The Council has approved a **Property Investment** Strategy – an investment of £15Million in property funded from prudential borrowing. The MRP calculation will be calculated under **Option 3 (Asset Life Method) and the annuity method** which links the MRP to the flow of benefits from the properties.

The forecast annual MRP for 2018/19 is £673,090 and for 2019/20 is £634,324 based on the Draft 2019 Capital Strategy Update having the need to borrow for the General Fund. In addition finance lease payments due as part of the Queensway regeneration project made in 2018/19 and 2019/20 will be applied as MRP.

MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory minimum revenue provision (MRP), voluntary revenue provision (VRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

MRP payments are required on regeneration assets and a decision was made to make a voluntary MRP payment in the year of acquisition for these assets (the Council's policy is to make a MRP payment the year after acquisition). Up until the 31 March 2019 the total VRP overpayments were £68,739.65. No MRP overpayments have been made.

Voluntary MRP made	
2012/13	£46,929.65
2013/14	nil
2014/15	£21,810.00
2015/16	nil
2016/17	nil

2017/18	nil
2018/19	TBC
cumulative total	£68,739.65

Additional Information

1. What is a Minimum Revenue Provision (MRP)?

The Minimum Revenue Provision is a charge that Councils which are not debt free are required to make in their accounts for the repayment of debt (as measured by the underlying need to borrow, rather than actual debt). The underlying debt is needed to finance the capital programme. Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. It is therefore prudent to charge an amount for the repayment of debt over the life of the asset or some similar proxy figure, allowing borrowing to be matched to asset life. Setting aside an amount for the repayment of debt in this manner would then allow for future borrowing to be taken out to finance the asset when it needs replacing at no incremental cost. The manner of spreading these costs is through an annual Minimum Revenue Provision, which was previously determined under Regulation, and is now determined by Guidance.

2. Statutory duty

Statutory Instrument 2008 no. 414 s4 lays down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

The above is a substitution for the previous requirement to comply with regulation 28 in S.I. 2003 no. 3146 (as amended).

There is no requirement to charge MRP where the Capital Financing Requirement (CFR) is nil or negative at the end of the preceding financial year.

The share of Housing Revenue Account CFR is not subject to an MRP charge.

3. Government Guidance

Along with the above duty, the Government issued guidance which came into force on 31st March 2008 which requires that a Statement on the Council’s policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council is legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. The guidance offers four main options under which MRP could be made, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to ‘have regard’ to the guidance therefore means that: -

Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.

It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

The four recommended options are thus:

Option 1: Regulatory Method

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for “Adjustment A”) on a reducing balance method (which in effect meant that MRP charges would stretch into infinity).

This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the Supported Capital Expenditure (SCE) annual allocation.

Option 2: Capital Financing Requirement Method

This is a variation on option 1 which is based upon a charge of 4% of the aggregate CFR without any adjustment for Adjustment A, or certain other factors which were brought into account under the previous statutory MRP calculation. The CFR is the measure of an authority’s outstanding debt liability as depicted by their balance sheet.

This is not applicable to the Council as it is for existing non supported debt

Option 3: Asset Life Method.

This method may be applied to most new capital expenditure, including where desired that which may alternatively continue to be treated under options 1 or 2.

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -

Longer life assets e.g. freehold land can be charged over a longer period than would arise under options 1 and 2.

No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an ‘MRP holiday’). This is not available under options 1 and 2.

There are two methods of calculating charges under option 3:

equal instalment method – equal annual instalments,

annuity method – annual payments gradually increase during the life of the asset.

This is the preferred method as it allows costs to be spread equally over the life of the asset.

Option 4: Depreciation Method

Under this option, MRP charges are to be linked to the useful life of each type of asset using the standard accounting rules for depreciation (but with some exceptions) i.e. this is a more complex approach than option 3.

The same conditions apply regarding the date of completion of the new expenditure as apply under option 3.

This method is not favoured by the Council as if the asset is subject to a downturn in value, then that amount would have to be written off in that year, in addition to the annual charge

4. Date of implementation

The previous statutory MRP requirements ceased to have effect after the 2006/07 financial year. Transitional arrangements included within the guidance no longer apply for the MRP charge for 2009/10 onwards. Therefore, options 1 and 2 should only be used for Supported Capital Expenditure (SCE). The CLG document remains as guidance and authorities may consider alternative individual MRP approaches, as long as they are consistent with the statutory duty to make a prudent revenue provision.

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Tuesday, 10 September 2019

Time: 6.00pm

Place: Shimkent Room, Daneshill House, Danestrete

Present: Councillors: Maureen McKay (Chair), John Gardner (Vice-Chair), Sandra Barr, Stephen Booth, Laurie Chester and Graham Lawrence.
Independent Member: Mr Geoff Gibbs

Also present: Simon Martin (Shared Internal Audit Services)

Start / End Start Time: 6.00pm
Time: End Time: 7.17pm

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

There were no apologies for absence.

There were no declarations of interest.

2 **MINUTES - 11 JUNE 2019**

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 11 June 2019 be approved as a correct record and signed by the Chair.

In relation to Minute 5 – Accounts and Audit Timeline, the Assistant Director (Finance & Estates) stated that the audit of the Council's Statement of Accounts had been further delayed. The audit would now commence in early/Mid October 2019, with a view to the audited Statement of Accounts being approved in late November 2019. She added that the national position revealed that 205 Council audits were yet to be completed, 95 of which were due to be carried out by Ernst & Young.

As advised at the Member Statement of Accounts Training session held on 2 September 2019, the Assistant Director (Finance & Estates) had expressed her concerns to Ernst & Young over this further delay. She was still waiting to hear if the Housing Benefit certification would be similarly delayed, as this had a knock on effect on the Statement of Accounts which could result in the Department of Work & Pensions (DWP) deducting an element of Housing Benefit subsidy. She would be liaising with the DWP over this matter.

The Assistant Director (Finance & Estates) commented that the Leader of the Council had raised this matter at the Local Government Association Resources Panel, who would be taking it up with the Government.

The Committee was supportive of the concerns of the Assistant Director (Finance & Estates), especially the disruptive impact on SBC staff earmarked to assist in the audit process.

In reply to a Member's question regarding any action the Council could take against the external auditor for the delay, the Assistant Director (Finance & Estates) explained that costs could be recovered if financial penalties resulted, although this would be carried out through negotiation and, if necessary, through arbitration.

3 ANNUAL TREASURY MANAGEMENT REVIEW 2018/19 INCLUDING PRUDENTIAL CODE

The Assistant Director (Finance & Estates) presented the Annual Treasury Management Review of 2018/19.

The Assistant Director (Finance & Estates) advised that the report summarised the fluctuating interest rate and inflation position over the year, partly due to the Brexit uncertainty. However, the interest on Public Works Loan Board borrowing rates had continued to fall, and so it would be an opportune time for borrowing.

The Assistant Director (Finance & Estates) referred to the projected investment balances set out in Paragraph 4.3 of the report, and the diminishing balance levels projected forward to 2022/23, as shown in Paragraph 5.8.5 of the report.

The Assistant Director (Finance & Estates) explained that a review of the Council's Commercial Strategy would be presented to the Executive in November 2019, which would include an opportunity to review the use of property fund investment options.

The Chair reminded Members that the regulatory environment placed the responsibility on the Committee for the review and scrutiny of the treasury management policy and activities.

In relation to a question regarding the Queensway Properties (Stevenage) LLP, the Assistant Director (Finance and Estates) confirmed that the construction monies held in a named SBC account were excluded from the Treasury Management Strategy. As the redevelopment of Queensway continued monies would be drawn down from this account until the project was completed. Should the construction contract not be completed by the existing contractor, it was intended that the monies remaining in the account would be used to fund the completion of works.

It was **RESOLVED:**

1. That the 2018/19 Annual Treasury Management Review be recommended to Council for approval.
2. That the updated Minimum Revenue Provision (MRP) Policy be recommended to Council for approval.

4 INTERNAL AUDIT PLAN 2019/20 - PROGRESS REPORT

The Committee considered a progress report on the Shared Internal Audit Service (SIAS) Audit Plan 2019/20 for the period to 23 August 2019.

The SIAS Client Audit Manager advised that, since the preparation of the report, 30% of audit days had been completed, with 6 audits at reporting stage. 20 out of 36 audits were in progress or had been completed.

The SIAS Client Audit Manager drew attention to Appendix B to the report, which set out the implementation status of critical and high priority audit recommendations. Of the 9 recommendations relating to the CCTV partnership, he commented that 7 had been implemented, with the remaining 2 in progress. A follow up audit would be carried out later in 2019.

The following responses were made to queries raised by Members:

- The SIAS Client Audit Manager stated that it was intended that an electronic questionnaire would be developed, in an endeavour to improve the volume of customer satisfaction responses;
- The Interim Strategic Director confirmed that the High Priority Audit Recommendations with regard to cyber security would be addressed through the emerging ICT Strategy, scheduled for consideration by the Executive in October 2019. The implementation dates for these High Priority Recommendations would be embedded in the Strategy, and resources were in place to deliver the required investment requirements. The Committee requested the Interim Strategic Director to provide an update on the ICT Strategy to its next meeting;
- In respect of the two new High Priority Recommendations relating to the Museum Audit, it was agreed that should these not be implemented by the time of the next Committee meeting, the relevant Assistant Director should be asked to attend to explain the reasons why.

It was **RESOLVED**:

1. That the Shared Internal Audit Service (SIAS) Internal Audit Progress report be noted.
2. That the status of Critical and High Priority Recommendations be noted.

5 SIAS ANNUAL REPORT 2018/19

The Committee considered the SIAS Annual Report for 2018/19.

The SIAS Client Audit Manager advised that the service had achieved its overall targets for 2018/19, including audit days delivered and shared learning across the partnership. Customer satisfaction feedback had been positive, and the service had operated within budget, with a 2018/19 surplus of £68,520 being transferred to the SIAS reserve.

The SIAS Client Audit Manager undertook to give consideration of the inclusion in future Annual Reports of an introductory paragraph explaining the role of SIAS.

The Committee noted that SIAS did not provide audit services for all 10 Hertfordshire Borough/District Councils. It was explained that it was often difficult to gain the commitment of all authorities to participate in shared working arrangements.

It was **RESOLVED** that the Shared Internal Audit Service (SIAS) Annual Report 2018/19 be noted.

6 URGENT PART 1 BUSINESS

None.

7 EXCLUSION OF PUBLIC AND PRESS

It was **RESOLVED**:

1. 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 1-7 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.

8 HERTFORDSHIRE HOME IMPROVEMENT AGENCY AUDIT

The Committee considered the Final 2018/19 Audit Report relating to the Hertfordshire Home Improvement Agency (HHIA).

It was **RESOLVED** that the Hertfordshire Home Improvement Agency Final Audit report 2018/19 be noted.

9 STRATEGIC RISK REGISTER

The Committee received the Council's latest Strategic Risk Register, relating to Quarter 1 of 2019/20 (April – June 2019).

It was **RESOLVED**:

1. That the latest Strategic Risk Register (set out in Appendices A1 – A3 to the report) be noted.
2. That developments on risk management issues be noted.

10 URGENT PART II BUSINESS

None.

CHAIR

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