

Public Document Pack

Daneshill House
Danestrete
Stevenage
Hertfordshire

6 October 2020

Dear Sir/Madam

Notice is hereby given that a meeting of the Stevenage Borough Council will be held virtually (via Zoom) on Wednesday, 14 October 2020 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 - 15 JULY 2020

To approve as a correct record the Minutes of the Meeting of the Council held on 15 July 2020.

Pages 7 – 20

3. MAYOR'S COMMUNICATIONS

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

4. MAIN DEBATE

There is no Main Debate.

5. PETITIONS AND DEPUTATIONS

None.

6. QUESTIONS FROM THE YOUTH COUNCIL

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

7. QUESTIONS FROM THE PUBLIC

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

(A) Question from Jill Borchers

Recently work has started on the new bus interchange as part of the regeneration of Stevenage Town Centre. As a result, a key cycleway route through the Town Centre has been completely blocked. There is no signage indicating this nor a diversion provided.

Access to the Town Centre is already very restricted - a local company report: "At Box Bike Delivery we find access to the town centre to make deliveries restrictive, difficult and, given the relatively small-size and proximity of the area, surprisingly time-consuming. As the resident population of the town centre grows and with more deliveries needing to be made, we would welcome any improvements to access for cyclists, including our cargo bikes, that could help the last-mile become a greener one.'

Stevenage Borough Council have declared a Climate Emergency and continue to promote the cycleway network yet appear to have paid no attention to maintaining a crucial cycle access route during extended building works. Why was this allowed to happen given your stated commitments to active travel?

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. UPDATE FROM SCRUTINY CHAIRS

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

10. NOTICE OF MOTIONS

(i) Local Government Reorganisation

To consider the following motion submitted by the Labour Group.

"This council strongly rejects the proposal from Hertfordshire County Council to create a single unitary council for the 1.2 million people living in Hertfordshire.

We reject the proposal to create what would become the biggest council in the country because it would:

1. greatly reduce the democratic input of Stevenage people to decision-making and impact upon their ability to hold those taking decisions on their behalf to account and;
2. almost certainly result in the reduction or cessation of important discretionary services that are relied upon by our businesses and residents, especially those who are isolated and/or vulnerable.

We believe the government's intention to commence a structural reorganisation of local government in the middle of the Covid Pandemic is ill-timed and will unnecessarily divert attention and resources. We should be focussed on recovery not reorganisation.

Council urges government to publish its green paper on social care before the white paper on local government reorganisation as the future structure of social care has a fundamental impact on the structure of local government.

Council supports the work of Hertfordshire Districts & Boroughs to explore and assess alternative options to the County Council's proposal to form a single Hertfordshire Unitary Council and agrees that proper engagement should take place with Hertfordshire people.

Council agrees to

Write to the Leader of the County Council setting out our objections to his proposal.

Ask that the Leader of the County Council sets out what commitment there would be to ensure that the people of Stevenage would be given equal opportunities in respect of employment, funding, business initiatives, Council housing investment, leisure facilities, arts facilities and sporting facilities and health initiatives.

Write to the Secretary of State for Housing Communities and Local Government to demand that the publication of the Recovery and Devolution White Paper is delayed until after the next General Election by which time the social care green paper will have been published and implemented and the local and national recovery from the Covid crisis will hopefully be well under way.

Continue to support the work of Hertfordshire District & Borough Leaders to explore alternative local government structural options in the event that the Recovery & Devolution White Paper confirms the Government's intention to commence the structural reform of local government

Ensure that the views of Hertfordshire people be sought and taken into account when developing any alternative local Government structural options for Hertfordshire.

Communicate the potential impact of a Single Unitary Council for Hertfordshire on Stevenage to the people of the town."

11. 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 Graham Lawrence

“Do you believe the Council communicates effectively with the local and regional press?”

(B) Question from Councillor Doug Bainbridge

“Will SBC commit to revisiting the Local plan in light of the official adjusted projected growth figures and requirements for housing?”

(C) Question from Councillor Alex Farquharson

“Were Longmeadow Ward Councillors kept fully updated of the discussions and decisions for allowing Broadwater Day to go ahead?”

12. CHANGE TO STANDING ORDERS - VOTING AT COUNCIL MEETINGS

To consider an amendment to the Council’s ‘Temporary’ Standing Orders for voting at Council meetings.

Page Nos. 21 - 22

13. ANNUAL TREASURY MANAGEMENT REVIEW OF 2019/20 INCLUDING PRUDENTIAL CODE

To update Members on the Annual Treasury Management Review for 2019/20 including an update on the performance of the Strategy.

Page Nos. 23 - 40

14. AUDIT COMMITTEE MINUTES

To note the draft Minutes of the Audit Committee meeting held on 10 September 2020.

Page Nos. 41 - 48

15. EXCLUSION OF PUBLIC AND PRESS

To consider the following motions –

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 involve the likely disclosure of exempt

information as described in paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

16. EMERGENCY COVID-19 FUNDING SUPPORT FOR STEVENAGE LEISURE LIMITED

Pages 49 – 106

This page is intentionally left blank

STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 15 July 2020

Time: 7.00pm

Place: Virtual (via Zoom)

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

Start / End Start Time: 7.00pm
Time: End Time: 10.21pm

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

Apologies for absence were submitted on behalf of Councillors Sarah-Jane McDonough and Tom Wren.

There were no declarations of interest.

The Mayor invited the Chief Executive to outline the proposed process for voting at the meeting.

The Chief Executive reminded Members that the method of voting at the previous Council meeting was somewhat laborious. With that in mind, an alternative method of voting had been identified that still allowed transparency, but which took less time.

The Chief Executive advised that the method proposed was that, when a vote was taken, the starting point would be to assume that everyone was voting for the motion or amendment. If a Member or Members chose to vote against or abstain they would be asked to raise their virtual hands. The number of votes and abstentions would be totalled and the outcome announced. With this approach there would be no calling out of Members' names.

The Chief Executive stated that to adopt this new voting method, Members needed to agree to suspend the relevant temporary Standing Order that was agreed at the previous Council meeting.

It was moved, seconded and (following a roll call) **RESOLVED** that temporary

Standing Order 22 be suspended to allow the above revised method of voting, as outlined by the Chief Executive.

2 **MAYOR'S COMMUNICATIONS**

The Mayor wished his predecessor, Councillor Simon Speller, an early happy birthday, as he would be turning 70 on 16 July 2020. Members joined the Mayor in sending Councillor Speller birthday wishes.

The Mayor advised that 2020 was the 125th anniversary of an elected Council in Stevenage, a milestone he felt should be recognised.

The Mayor stated that many events had been cancelled and fundraising opportunities lost as a result of the Covid-19 pandemic. Nevertheless, he, the Mayoress and Deputy Mayor had been involved in a number of activities (many of them virtual) since commencing his term of office, including:

- Checking one of the Stevenage Cycling Festival routes – he hoped that it would be possible to hold some form of festival in August, even if virtually;
- Helping with the launch of the Stevenage Museum's 100 Favourite Objects project;
- Joining the Youth Mayor and Portfolio Holder for Children, Young People, Leisure & Culture for the appearance of the Stevenage Day banner in King George V Playing Fields, in order to publicise the virtual Stevenage Day;
- Supporting Bike Week (6 - 14 June 2020) – 85 local people had cycled (virtually) from Stevenage to San Francisco;
- Supporting the Black Lives Matter event on 7 June 2020;
- One of many lining the streets at the funeral of Bill Pilgrim, a well-known local activist who had been a trustee of the Stevenage Irish Network, Vice-Chair of Age Concern, and involved in numerous other local activities. The Mayor also paid tribute to Alan Millard, a former Chairman of North Hertfordshire District Council and long-time photographer for the Comet newspaper, who had also passed away recently;
- Helping out with a fundraising event at Stevenage Haven;
- Visiting the Indoor Market to give the stallholders a boost;
- Marking the 72nd anniversary of the National Health Service;
- Attending a photo call for the reopening of outdoor gyms and play areas;
- Visiting the SG1 Radio station to witness a Stevenage resident break the indoor World Record time for an Iron Man Challenge;
- Dropping in digitally on a Sport Stevenage Briefing and the Stevenage Sporting Futures Awards presentation; and
- Visiting the Feed Up, Warm Up project (a local food bank project).

The Mayor concluded by advising that his chosen charities for the year would be the Stevenage Community Trust, Haven First, and Sport Stevenage.

3 **MINUTES - 20 MAY 2020**

It was **RESOLVED** that the Minutes of the Annual Meeting of the Council held on 20

May 2020 be approved as a correct record and signed by the Chair, subject to the addition in Minute 3 – Election of Mayor – of a paragraph at the end stating “A number of Members congratulated Councillor Brown on his appointment and wished him well in his forthcoming year of office”.

4 MAIN DEBATE

There was no Main Debate.

5 PETITIONS AND DEPUTATIONS

There were no petitions and deputations.

6 QUESTIONS FROM THE YOUTH COUNCIL

The Council received two questions from the Youth Council. The responses to the two questions had been published in the supplementary agenda for the meeting.

In relation to Question 1, concerning environmental projects with which the Youth Council could be involved, the Youth Mayor asked the following supplementary question:

“Is there a Member/officer whom the Youth Council to speak to in more detail about assisting with projects within the Biodiversity Action Plan?”

The Portfolio Holder for Environment & Regeneration replied that if the Youth Council had particular proposals then he would ensure that they were considered by officers and reported back. He or one of the officer team would be more than prepared to attend the next meeting of the Youth Council to discuss the matter.

In relation to Question 2, concerning Black Lives Matter (BLM), the Youth Mayor asked the following supplementary question:

“Could the Youth Council be directed to anyone in the Council who could assist them in the organisation of a peaceful demonstration in support of the BLM movement?”

The Portfolio Holder for Communities, Community Safety & Equalities suggested that, in the first instance, the Youth Council contact the Council’s Neighbourhoods & Communities Team for advice and assistance.

7 QUESTIONS FROM THE PUBLIC

The Council received three questions from the members of the public, all relating to cycling/cycleways in the Borough. The responses to the three questions had been published in the supplementary agenda for the meeting.

In relation to Question 1, the questioner (Tina Walker) was present in the meeting, and asked the following supplementary question:

“Would it be possible for cyclists to be involved in the planning process before a

decision was made about whether or not a planning application impacting on cycling/cycleways was suitable?"

The Portfolio Holder for Environment & Regeneration considered this to be a very reasonable request. He felt that it would be possible for cycling representatives to meet with SBC Planning Officers as soon as a relevant planning application was submitted as part of the consultation process, in order to discuss pertinent cycling/cycleway issues.

In relation to Question 2, the questioner (Richard Briers) had been unable to attend the meeting, but had submitted the following supplementary question, which was read out by the Chief Executive:

"In respect of the cycleways at the Costco entrances, would it be possible for the layout and signals to be improved for cycling and other active travel?"

The Portfolio Holder for Environment & Regeneration replied that when the Costco planning application was considered, the views of the Highway Authority were paramount in reaching the decision. Priority was, in fact, given to cyclists when they pressed the button on the traffic light columns. At present there were no plans in place to change this method, which had been developed to support staff entering and exiting the site at different times, and thereby to alleviate potential queueing conditions inside the site or on the highway. If UK Cycling had any alternative suggestions then they should submit these to the Highway Authority (Hertfordshire County Council).

The Portfolio Holder for Environment & Regeneration asked officers to provide Mr Briers with a written response to his supplementary question.

There was no supplementary question relating to Question 3.

8 LEADER OF THE COUNCIL'S UPDATE

The Leader of the Opposition asked the following question:

"Given that the Leader was quick to distance herself from the press comments about the possibility of issuing a s114 and potential bankruptcy, is she now embarrassed that Sir Keir Starmer has prompted similar inflammatory comments in a recent front page article in the Comet?"

The Leader of the Council replied that the article on the front page of the Comet had declared the Council bankrupt, which was not the case. A s114 notice was a technical notice, issued by the Section 151 Officer if that officer felt that the Council would not meet its legal financial obligations to balance its books at the end of the financial year. No such notice had been issued for SBC and, when asked the question by the Press, the Leader advised them of that fact, but stated that this did not mean that it would not happen if the financial position did not improve.

The Leader advised that prompt action was taken by SBC in revising its Medium Term Financial Strategy (MTFS), in order to address the difficult financial position.

She was of the opinion that the Council had found itself in this position due to the broken promise of the Government, who had advised Councils to do whatever was necessary to support their communities through the Covid-19 pandemic, and the Government would provide the funds to support them. She wondered if the Leader of the Opposition should perhaps disassociate himself from that broken promise.

The Leader continued that the estimated cost for the Council during the Covid-19 crisis up to the end of July 2020 was £5.8Million, with only £928,000 received so far from the Government. SBC had avoided cuts to services and had developed a clear financial plan via the revised June 2020 MTFs. If the further promised Government funding did not materialise action would be taken in accordance with that agreed within the revised MTFs. On 2 July 2020, the Government promised a new support package, but no details had materialised thus far, although the Government had asked for a fourth financial update return from the Council.

The Leader was of the view that Sir Keir Starmer was absolutely correct to point out the national funding gap in Council budgets of over £7.5Billion. She added that the current situation puts jobs and services at risk, and had left the public with an uncertain future as to how their local councils would be able to manage.

The Council then received updates from the relevant Executive Portfolio Holders on the following matters:

- Planning Committee and determinations;
- People's Orchards and Green Flag Awards;
- Reopening the Town Centre and Supporting Business;
- Housing Programme;
- Healthy Stevenage Partnership;
- Housing First: Response to Rough Sleepers;
- Housing online;
- Community Safety during COVID-19;
- Environmental Health during COVID-19;
- Leisure and Culture at the heart of our recovery;
- Stevenage Covid Snake;
- Stevenage Helps; and
- Business and Council Tax support.

In response to an issue raised by the Leader of the Opposition regarding the importance of County Councillors being invited to local community/residents meetings, the Portfolio Holder for Neighbourhoods & Co-operative Working agreed with this comment. If any County Councillor had concerns that they were not receiving invitations to such meetings then he urged them to take the matter up with the Chair (s) of the respective Community/Residents Association(s).

In reply to a question raised by another Member, the Portfolio Holder for Resources confirmed that, to help households during the Covid-19 pandemic, the maximum amount of Council Tax reduction for those on Council Tax support would be £150 per person.

9 UPDATE FROM SCRUTINY CHAIRS

The Chair of the Overview & Scrutiny Committee reported that the Committee had held its first virtual meeting under the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) Regulations 2020 on 17 June 2020. Members of the Committee were encouraged to watch the broadcast of the Executive meeting and submit written questions in advance based on the Executive reports and discussion. These questions were then circulated to the Strategic Leadership Team for written responses which were, in turn, circulated to the Committee Members before the meeting. At the meeting, the questions were verbally raised by the relevant Member and the responses were provided by officers – it was hoped that this would help those viewing the virtual meeting to better understand the discussion and the supplementary questions raised.

The Chair of the Overview & Scrutiny Committee advised that a slightly different format had been used for the meeting of the Committee held on 14 July 2020, in that the answers to submitted questions were not provided to Members in advance, but were answered by officers at the meeting. It was intended to continue this format until face to face meetings resumed.

The Chair of the Community Select Committee reported that there was no specific update to provide to Council on the work of both select committees, other than to state that it had not been possible to meet since the start of the lockdown because of the added strain on resources that this would cause. However, it was intended to recommence the activities of these Committees in September 2020.

10 NOTICE OF MOTIONS

(i) Black Lives Matter

Councillor Michelle Gardner moved and Councillor Jackie Hollywell seconded a motion (as set out in the agenda) in respect of Black Lives Matter.

In introducing the motion, Councillor Gardner spoke of various instances of racial discrimination she had experienced as a mixed race person, both growing up and in later life.

During the debate, issues raised included:

- Racism of any form, but especially systematic, had no place in society;
- It was important to show solidarity with the Black Lives Matter movement;
- It was vital that any institutional racism in Police Forces, businesses and other organisations across the country should be addressed and eradicated through various means, including training if necessary;
- It was a time for listening to black voices, not talking over them.

The following amendment was moved by Councillor Stephen Booth and seconded by Councillor Robin Parker CC:

“Second paragraph:

Insert in line 2 after "minority ethnic" in brackets: "(BAME)"

Third paragraph:

Delete words in line 3: "in public life"

First bulleted point:

In first line delete word "black" and replace with "BAME"

Second bulleted point:

In second line delete words: "Black, Asian and minority ethnic" and replace with "BAME"

Fourth bulleted point:

At end of sentence add words "and that racial awareness and bias training is available to all staff in management and customer facing roles."

Sixth bulleted point:

In first line add after "we are" word "particularly". In second line delete word "black" and replace with "BAME"

Following debate, and upon being put to the vote, the amendment was lost.

The following further amendment was moved by Councillor Phil Bibby CC and seconded by Councillor Adam Mitchell CC:

- Bullet point 2 - Delete “To lobby government for immediate action...”, and replace with “To recognize the actions being taken by the Government and County Council...”
- Bullet point 3 - Delete “To lobby government and county council...”, and replace with “To recognize the actions being taken by the Government, County Council and Herts for Learning...”

Following debate, and upon being put to the vote, the amendment was lost.

Following further debate on the substantive motion, and upon it being put to the vote, it was **RESOLVED:**

“That Council notes with serious concern the death of George Floyd at the hands of police in America on 25th May 2020 and the systemic racism towards black people that continues to exist around the world.

Council also notes the disproportionate impact of Covid-19 on Black, Asian and

minority ethnic people in the UK and that decisive action needs to be taken to mitigate these risks on sections of our community.

Council welcomes the decision to light the Clock Tower purple on 2nd June 2020 in commemoration of George Floyd's unnecessary death and all those who have died because of racism in public life.

Council also welcomes the progress that has been made in Stevenage over a number of years to build community cohesion and strengthen the voice of those who are marginalised, but recognises that there is more we can and must do.

That Council resolves:

- To stand in solidarity with black people in Stevenage, Britain and around the world.
- To lobby government for immediate action to address the disproportionate impact of Covid-19 on Black, Asian and minority ethnic people in the UK including here in Hertfordshire where we will continue to work with our Director of Public Health on this issue.
- To lobby government and the county council on racial inequality in education, including recruiting more black teachers and reforming the curriculum to fully reflect British history including the history of slavery empire and colonialism.
- To ensure the Council's HR and management policies fully meet the requirements for equalities, diversity and inclusion in the recruitment and career progression of all staff.
- To establish wider community dialogue with BAME Community organisations to make clear recommendations to the Council and other public bodies of further actions required to tackle discrimination and reduce inequalities across the town.
- To work with our partners in Stevenage Together to ensure we are all listening and engaging with our black community as we plan the future of our town together."

(ii) Primett Road Car Park

Councillor Robin Parker CC moved and Councillor Stephen Booth seconded a motion (as set out in the agenda) in respect of Primett Road Car Park.

The following amendment was moved by Councillor Sharon Taylor and seconded by Councillor Lloyd Briscoe:

The addition of the following paragraph at the beginning:

“That Council welcomes the decision of Executive to implement new seating and waiting areas in the High Street, to provide help to local businesses and support safe movement, and the use of the former Waitrose Car Park for 3 hours free parking to accommodate the displaced parking spaces. Council notes the proactive work of Stevenage Borough Council and the support of Hertfordshire County Council to develop these positive solutions, supporting the reopening of the Old Town.”

And the following additions to the submitted motion:

Before ‘In’ add ‘Therefore, Council notes that’

After ‘Primett Road’ add ‘(former Waitrose) Car Park’

Following debate, and upon being put to the vote, the amendment was carried.

Upon the substantive motion being put to the vote, it was **RESOLVED:**

“That Council welcomes the decision of Executive to implement new seating and waiting areas in the High Street, to provide help to local businesses and support safe movement, and the use of the former Waitrose Car Park for 3 hours free parking to accommodate the displaced parking spaces. Council notes the proactive work of Stevenage Borough Council and the support of Hertfordshire County Council to develop these positive solutions, supporting the reopening of the Old Town.

Therefore, Council notes that, in the interests of helping the businesses in the Old Town, Primett Road (former Waitrose) Car Park should be made free to use for the first 3 hours, for an initial period of 6 months or until the former Waitrose building returns to retail use, whichever is the sooner.”

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

The Council received eight questions from the Members to Committee Chairs/Portfolio Holders. The responses to the eight questions had been published in the supplementary agenda for the meeting.

(A) Question from Councillor Doug Bainbridge

Supplementary question – “What evidence can you provide to me and what has been published to demonstrate both value for money and exactly what these consultants have achieved for the people of Stevenage?”

In reply, the Portfolio Holder for Resources asked Councillor Bainbridge to send her an e-mail with some further detail in order that she could provide a written reply to the supplementary question.

(B) Question from Councillor Andy McGuinness

Supplementary question – “Can Councillor Henry elucidate a little more on the Sport England funding and can he give a date when Stevenage Arts & Leisure Centre might be reopening?”

The Portfolio Holder for Children, Young People, Leisure & Culture replied that there were many calls on Sport England funding. SBC was trying to arrange a meeting with the Regional Director in order to discuss in detail both the way that the Council works with Stevenage Leisure Limited and also the Council’s ambitions for looking at sport, leisure and health and wellbeing in the future. It was confirmed that Stevenage Arts & Leisure Centre was planning to reopen on 25 July 2020.

(C) Question from Councillor Robin Parker CC

Supplementary question – “Could the Council’s telephone service’s opening message be shortened to avoid the need to listen to over a minute of introductory remarks?”

The Portfolio Holder for Neighbourhoods and Co-operative Working replied that he would discuss the matter with officers and report back. He commented that the Council was committed to move away from telephony to online services, but accepted that the telephone service would continue for the foreseeable future to be a first point of contact for some residents.

(D) Question from Councillor Graham Snell

Supplementary question – “Can you tell me the accumulated estimated cost of developing the Council’s new website, and would there be training on it for Members?”

The Portfolio Holder for Neighbourhoods and Co-operative Working replied that it was intended that assistance for members on the public on the new website would be provided by the Customer Service Centre. As well as member training on the new website, he was keen that there was further consultation with Members on its style and content. The Council aimed to deliver the website (with a soft launch) in September 2020. He undertook to provide Councillor Snell with the estimated cost information requested.

(E) Question from Councillor Tom Wren

Supplementary question (asked by Councillor Robin Parker CC on behalf of Councillor Wren) – “What steps are being taken to ensure that the removal of trees without planning permission does not happen again?”

The Portfolio Holder for Environment & Regeneration replied that approval was given for the removal of the trees on the Eliot Road site prior to the bird nesting season. The site was allocated for housing, and the trees were assessed as not being of major importance. It was expected that, should it be the Council’s

view in any negotiations on planning applications, then the removal of any trees could be offset by the planting of new trees elsewhere. He and officers would look into the processes to ensure that, when any premature agreement was given on land that the Council was about to dispose of or build on, a notice would be placed on the site explaining what was going to be removed and that approval had been given. Ward councillors would also be notified so that they could explain the position to residents.

(F) Question from Councillor Adam Mitchell CC

Supplementary question – “Would you agree that, whilst SBC Refuse Collection staff did a fantastic job through lockdown, they were to some extent undermined by and residents frustrated by the lack of ability to get the information on collection days off the Council’s website? What is being done to ensure that such outages are reduced, both before and after the new website is introduced?”

The Portfolio Holder for Neighbourhoods and Co-operative Working replied that he agreed that it was unfortunate that the refuse Collection information had not been available to the community for a number of days. However, he hoped that overall in terms of IT the Council had received a fairly good response from residents during lockdown. He had participated in discussions with officers to ensure that the new website would be robust and kept up to date.

(G) Question from Councillor Stephen Booth

Supplementary question – “Can you advise me whether there has been any indications from Government, or through Hertfordshire County Council, that track and tracing would be carried out by the SBC Environmental Health Team?”

The Portfolio Holder for Communities, Community Safety & Equalities replied that the SBC Environmental health Team was in the process of interpreting the latest Government guidance on track and tracing. This was a complex task, and she undertook to inform Councillor Booth as soon as the position became clearer.

(H) Question from Councillor Alex Farquharson

Supplementary question – “Despite SBC being one of the least populated Districts in Hertfordshire, its senior officers were amongst the most well-paid. What did SBC do differently that necessitated the payment of higher salaries?”

The Portfolio Holder for Resources asked Councillor Farquharson to provide her with the statistics he had quoted in his preamble to the supplementary question so that she could provide him with a written reply.

The Leader of the Council commented that it was difficult to make direct comparisons between local authorities as they delivered different services in different ways. SBC provided a significant proportion of direct services and

was delivering major regeneration and housing development amongst other FTFC activities, which were reflected in senior officers' salaries, whilst many other local authorities contracted out a number of their services.

12 ANNUAL SCRUTINY REPORT 2019/20

The Council considered the Scrutiny Annual Report for 2019/20.

It was moved, seconded and **RESOLVED** that the work undertaken by the Overview & Scrutiny Committee and Select Committees during 2019/20, as set out in the report, be noted.

13 APPOINTMENT OF INDEPENDENT PERSON (STANDARDS COMMITTEE)

The Council considered a report seeking approval to the appointment of an "Independent Person", in accordance with Section 28 (7) of the Localism Act 2011.

It was moved, seconded and **RESOLVED** that Dr. Robert Cawley be re-appointed as the Council's Independent Person for a further term of 4 years, with effect from 4 October 2020.

14 APPOINTMENT OF MONITORING OFFICER

The Council considered a report seeking approval to the appointment of a Monitoring Officer, in accordance with Section 5 of the Local Government and Housing Act 1989.

The Mayor announced that the current Monitoring Officer (Mary Cormack) was retiring from Local Government service, and he wished her a long and happy retirement.

The Leader of the Council echoed those sentiments, and on behalf of all Members thanked Mary for her sterling service to SBC since 2017, when the Shared Legal Service with Hertfordshire County Council was established. She wished Mary the best of luck for the future.

It was moved, seconded and **RESOLVED** that Simon Banks be appointed as the Council's Monitoring Officer, with effect from 20 July 2020.

15 REVISION TO FINANCIAL REGULATIONS (2016) AND CONTRACT STANDING ORDERS (2016)

The Council considered a report seeking approval to proposed revisions to the Council's Financial Regulations and Contract Standing Orders.

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

1. That the revised Financial Regulations, as attached at Appendix A to the report, be approved.

2. That the revised Contract Standing Orders, as attached at Appendix B to the report, be approved.

16 AUDIT COMMITTEE MINUTES

The Minutes of the meeting of the Audit Committee held on 9 June 2020 were received and noted.

The Leader of the Council thanked the former Chair of the Audit Committee (Councillor Maureen McKay) for her effective chairing of the Committee for the past 5 years, and welcomed the new Chair (Councillor Teresa Callaghan), wishing her well in the role.

MAYOR

This page is intentionally left blank

Meeting: COUNCIL
Date: 14 OCTOBER 2020

AMENDMENT TO TEMPORARY STANDING ORDERS

Author - Jackie Cansick Ext No.2216
Lead Officer – Matt Partridge Ext No. 2456
Contact Officer - Jackie Cansick Ext No. 2216

1. PURPOSE

- 1.1 To consider an amendment to the Council's 'Temporary' Standing Orders for voting at Council meetings.

2. RECOMMENDATIONS

- 2.1 That the Temporary Standing Orders approved in accordance with the provisions of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020 be amended to provide an alternative method for voting at Council meetings as set out in paragraph 3.3 of this report.

3. BACKGROUND

- 3.1 The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020 ('the Regulations') came into force on 4 April 2020. As a result of these regulations Council at its Annual Meeting approved Temporary Standing Orders.
- 3.2 These temporary amendments included a method of voting for Council meetings that required a roll call of all 39 Members to be taken for each vote. In practice this has proved to be very time consuming and officers have been asked to put forward an alternative, more expedient method of voting for virtual meetings.
- 3.3 For the Council meeting in July Members agreed to suspend the Temporary Standing Order regarding Voting and when a vote was taken the Mayor asked for any Members who were voting against a Motion or an Amendment to indicate using their 'Zoom' raise hand facility. The number of Members voting against was noted. Then Members who wanted to abstain from the vote were asked to 'raise' their hand. Again this number was noted. It was then deemed that any other Members present, who had not voted against or abstained, had voted in favour of the Motion/Amendment. The Mayor could then announce the results of the vote.

- 3.4 This revised method of voting was preferred to the 'roll-call' method and it is therefore recommended that the Temporary Standing Orders' for Council meetings be amended accordingly.

BACKGROUND PAPERS

- The Council's Constitution <http://www.stevenage.gov.uk/about-the-council/councillors-and-democracy/17074/>
- The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020 <https://www.legislation.gov.uk/uksi/2020/392/contents/made>
- Constitutional Issues Report to Council – 20 May 2020 <https://democracy.stevenage.gov.uk/documents/s25164/20200420%20Constitutional%20Issues%20Report.pdf>

Meeting: **AUDIT COMMITTEE/ EXECUTIVE
/ COUNCIL**

Agenda Item:

Portfolio Area: Resources

Date: **10 September / 16 September / 14
October**



**ANNUAL TREASURY MANAGEMENT REVIEW OF 2019/20 INCLUDING
PRUDENTIAL CODE**

NON-KEY DECISION

Author	– Belinda White	Ext. 2515
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 2019/20 Treasury Management and Investment Strategy.
- 1.2 To provide an update of the Covid19 on the Councils Treasury Management Strategy.

2 RECOMMENDATIONS

- 2.1 **Audit Committee**
That subject to any comments by the Audit Committee to the Executive, the 2019/20 Annual Treasury Management Review is recommended to Council for approval.
- 2.2 **Executive**
That subject to any comments made by the Executive, in addition to those made by the Audit Committee, the 2019/20 Annual Treasury Management Review is recommended to Council for approval.
- 2.3 **Council**
That subject to any comments from the Audit Committee and the Executive, the 2019/20 Annual Treasury Management Review be approved by Council.

3 BACKGROUND

3.1 Regulatory requirement

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2019/20. 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 2019/20 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 27/02/2019)
- a mid-year treasury update report (Council 29/01/2020)
- 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. However due to the significant impact of the Coronavirus, this report also considers the resulting impact on 2020/21 Treasury Management position.

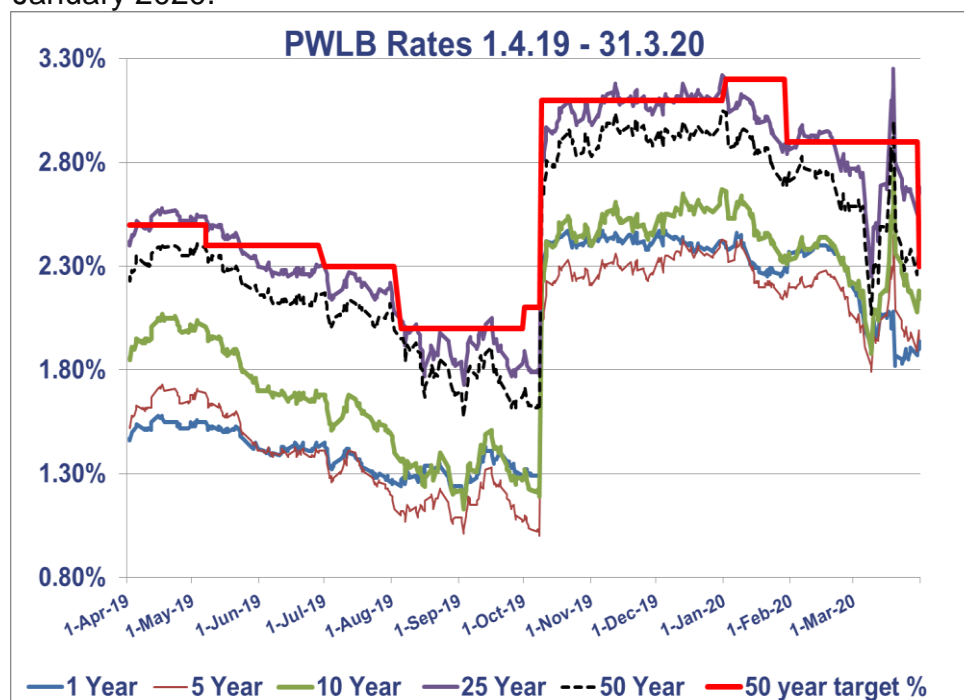
3.1.4 Officers confirm that they have complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee and the Executive before they were reported to the Council.

3.2 The Economy and Interest rates in 2019/20 and current position

3.2.1 In 2019, the UK economy slowed due to uncertainties about Brexit causing many businesses to reduce their spending, and growth in the world economy also slowed, reducing demand for the goods and services that the UK sells abroad. GDP in the euro area grew by 0.4 per cent – 0.5 percentage points less than the Office of Budget Responsibility (OBR) expected last March, reflecting a continued slowdown in manufacturing and weaker external demand. US GDP grew by 1.0 per cent in the second half of 2019, in line with predictions. GDP growth in China and India also continued to slow during 2019.

3.2.2 Inflation in advanced economies has also been lower than the OBR forecast last March. Inflation in the euro area was 1.0 per cent in the fourth quarter of 2019, 0.7 percentage points lower than expected. And in the US, inflation was 2.0 per cent in the fourth quarter of 2019, 0.2 percentage points lower than expected. UK inflation fell below the Monetary Policy Committee (MPC)'s 2% target.

- 3.2.3 Estimates suggest that UK output grew by 1.4 per cent in 2019, slightly above the OBR March 2019 forecast. Also, quarterly growth was more volatile than the OBR expected. Output rose by 0.6per cent in the first quarter but then fell 0.1 per cent in the second. This was in large part down to a precautionary build-up of stocks in the run-up to the UK's planned departure from the EU on 29 March 2019.
- 3.2.4 Investment returns remained low during 2019/20. There was an expectation for interest rates within the treasury management strategy for 2019/20 based on Bank Rate remaining at 0.75% during 2019/20. The MPC were not forecast to increase in Bank Rate until the details of the UK's exit from the EU became clearer, but there was an expectation that Bank Rate would then rise, although only to 1.0% during 2020. Actual changes to UK Base Rate were a cut to 0.25% from 0.75% at the MPC meeting on 11 March 2020, and a further cut to 0.10% on 19 March 2020 due to the impact of the Covid19 pandemic.
- 3.2.5 **Brexit.** The UK left the European Union on 31 January 2020. Under the Withdrawal Agreement, we are now in a transition period until the end of 2020, however the details of any trading agreements following the transition period remain unclear, giving rise to market uncertainty making forecasting of interest rates challenging. Officers have formed a Brexit working group to identify and mitigate risks after the transition period.
- 3.2.6 **PWLB borrowing rates** are based on, and are determined by, gilt (UK Government bonds) yields through H.M. Treasury determining a specified margin to add to gilt yields. PWLB were on a general downward trend until 19th October 2019, when a 1% rate rise was instituted as reflected in the chart below. Rates plateaued before resuming their downward trend from January 2020.



3.2.7 The target borrowing rate in the HRA Business Plan was 3.40% for 2020, rising to 3.70% in 2021 and 4.00% in 2022, while the average rate of the new HRA borrowing taken in March 2020 was 1.62%. The change in PWLB rates has been as follows, so despite the increases they remain lower than the Business Plan forecasts:

Table one: PWLB borrowing rates			
Rates* as at:	Apr-19	Apr-20	Aug-20
Years	Rate %	Rate %	Rate %
5	1.63	1.92	1.80
10	1.95	2.10	2.06
15	2.28	2.37	2.36
20	2.46	2.53	2.54
25	2.52	2.58	2.61

* Rates include a 0.2% reduction for the General Fund certainty, for HRA the reduction is 1.2%

3.2.8 Covid19 Pandemic.

3.2.8.1 As a response to the Covid19 Pandemic, UK Base Rate was cut to 0.25% from 0.75% at the MPC meeting on 11 March 2020, and was cut again to 0.10% on 19 March 2020. There is forecast to be little upward movement in PWLB rates over the next two years as it is expected to take national economies a prolonged period to recover momentum lost in the recession caused during the Covid19 lock down period. Inflation is also anticipated to be very low during this period and could possibly turn negative in some major western economies during 2020/21.

3.2.8.2 Forecast cash balances have been revised for the loss of income to the Council (see the charts in paragraphs 4.2.7.1 and 4.2.7.2) as have the forecasts of investment interest that will be earned due to both the lower investment balances and interest rates and will be reported as part of the revenue budget updates to Executive.

3.2.8.3 As can be seen in Table three in paragraph 4.2.4.1, the use of financing for the capital programme in 2019/20 was switched. This was in response to Covid19 and enabled revenue sourced financing to be redirected to support revenue pressures arising from the pandemic. In addition officers have reviewed the 2020/21 capital programme to repeat the exercise of switching financing sources where possible to reduce the pressures on revenue, maximising the use of capital receipts and other financing sources that can only be used to fund capital expenditure.

4 TREASURY MANAGEMENT ACTIVITIES

4.1 OVERALL TREASURY POSITION AS AT 31 MARCH 2020

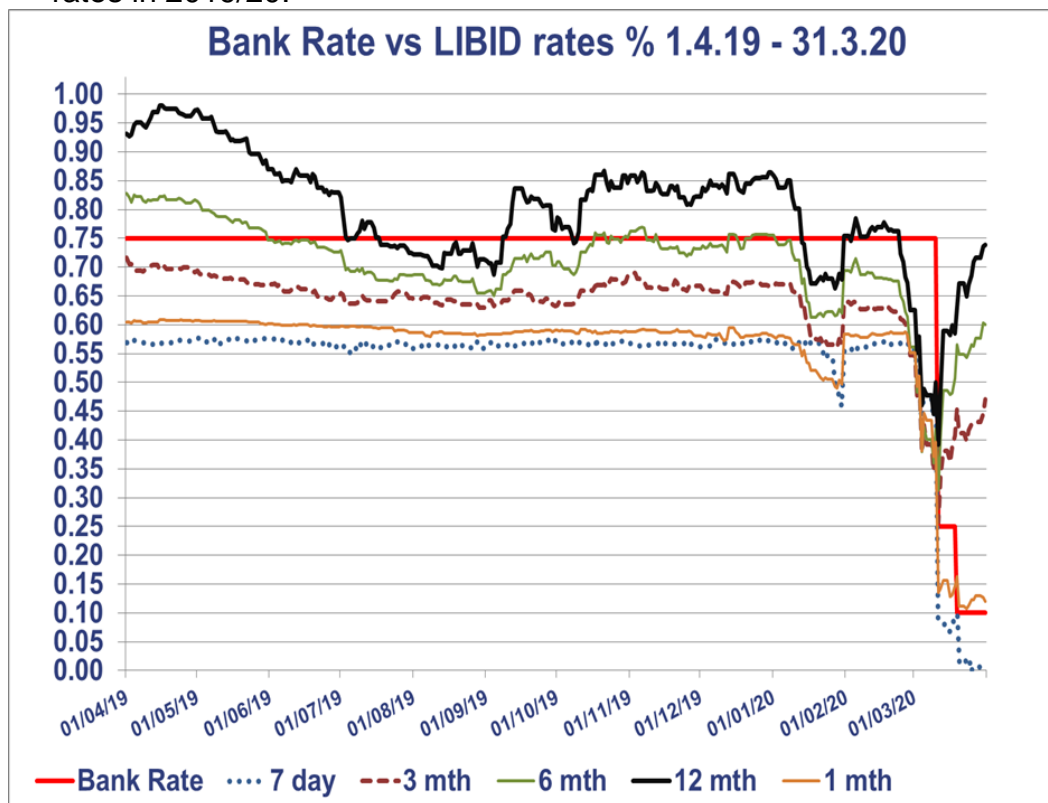
4.1.1 As at 31 March 2019 and 2020 the Council's treasury position was as follows:

Table two: Treasury Position						
	2018/19			2019/20		
	31 March 2019 Principal £'000s	Rate / Return %	Average Life (Yrs)	31 March 2020 Principal £'000s	Rate / Return %	Average Life (Yrs)
Total Borrowing	205,482	3.37	15.03	209,229	3.34	14.12
Capital Financing Requirement	233,796			241,724		
Over/(under) borrowing	(28,314)			(32,495)		
Investments Portfolio (see section 4.2.7)	54,135	0.86		54,072	0.98	

4.1.2 Investment balances fell slightly year-on-year. 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 (see paragraph 4.2.5.2).

4.1.3 During the year the average investment balance was £63.642 Million, earning interest of £624,724 and achieving an average interest rate of 0.98%. The comparable rate was 0.58% (average 7-day LIBID rate). This compares with an original budget assumption of £566,470 investment interest based on average investment rate of 0.7%.

4.1.4 The following chart shows UK Bank Rate and LIBID (London Interbank Bid) rates in 2019/20.



4.2 TREASURY MANAGEMENT STRATEGY 2019/20

- 4.2.1 The original 2019/20 Treasury Management strategy had projected Bank Rate remaining at 0.75% until the midpoint of 2019/20 when it was forecast to rise to 1.0% (and to 1.25% in the 4th quarter of 2019/20). The returns achievable on the Council's investments are currently modest based on the low Bank of England base rate and the risk appetite of the TM Strategy, which is compliant with the advice from the Council's treasury advisors, Link Asset Management.
- 4.2.2 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 anticipated that further updates of the Strategy may be required once these were known.
- 4.2.3 The Markets in Financial Instruments Directives (MiFID) are the EU legislation that regulates firms who provide services to clients linked to 'financial instruments' (such as shares, bonds and units in collective investment schemes). It was introduced to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. The Council has retained its elected professional client status under the MiFIDII legislation, having retained the minimum total investment portfolio of £10Million and continuing to pass the other quantitative and qualitative tests. This professional status has enabled the Council to maintain its existing relationships with financial institutions and ability to use financial instruments which are not available to retail clients, allowing uninterrupted advice and opportunities for investment/debt products.
- 4.2.4 **The Council's Capital Expenditure and Financing 2019/20.**
- 4.2.4.1 In 2019/20 the Council spent £43.527 Million on capital projects (General Fund and Housing Revenue Account). The capital programme was funded from a combination of existing capital resources and an increase in borrowing (General Fund £1.820 Million, HRA £7.056 Million). External loans of £4.010 Million were taken out for the HRA during 2019/20. Table three details capital expenditure and financing used in 2019/20.

Table three : 2019/20 Capital Expenditure and Financing				
	2019/20	2019/20	2019/20	2019/20
	Original	Quarter 3	Actual	Variance
	Estimate	Revised		Actual to
	£'000	Working	£'000	Quarter 3
		Budget		Revised
		£'000		Working
				Budget
				£'000
Capital Expenditure:				
General Fund Capital Expenditure	32,217	17,339	13,140	(4,199)
HRA Capital Expenditure	23,528	29,941	30,387	446
Total Capital Expenditure	55,745	47,280	43,527	(3,753)
Resources Available for Capital Expenditure:				
Capital Receipts	(6,854)	(7,302)	(8,038)	(736)
Capital Grants /Contributions	(9,634)	(9,961)	(8,582)	1,378
Capital Reserves	(1,245)	(1,622)	0	1,622
Revenue contributions	(7,735)	(681)	0	681
Major Repairs Reserve	(9,876)	(18,961)	(18,030)	931
Total Resources Available	(35,345)	(38,527)	(34,651)	3,877
Capital Expenditure Requiring Borrowing	20,400	8,753	8,876	124

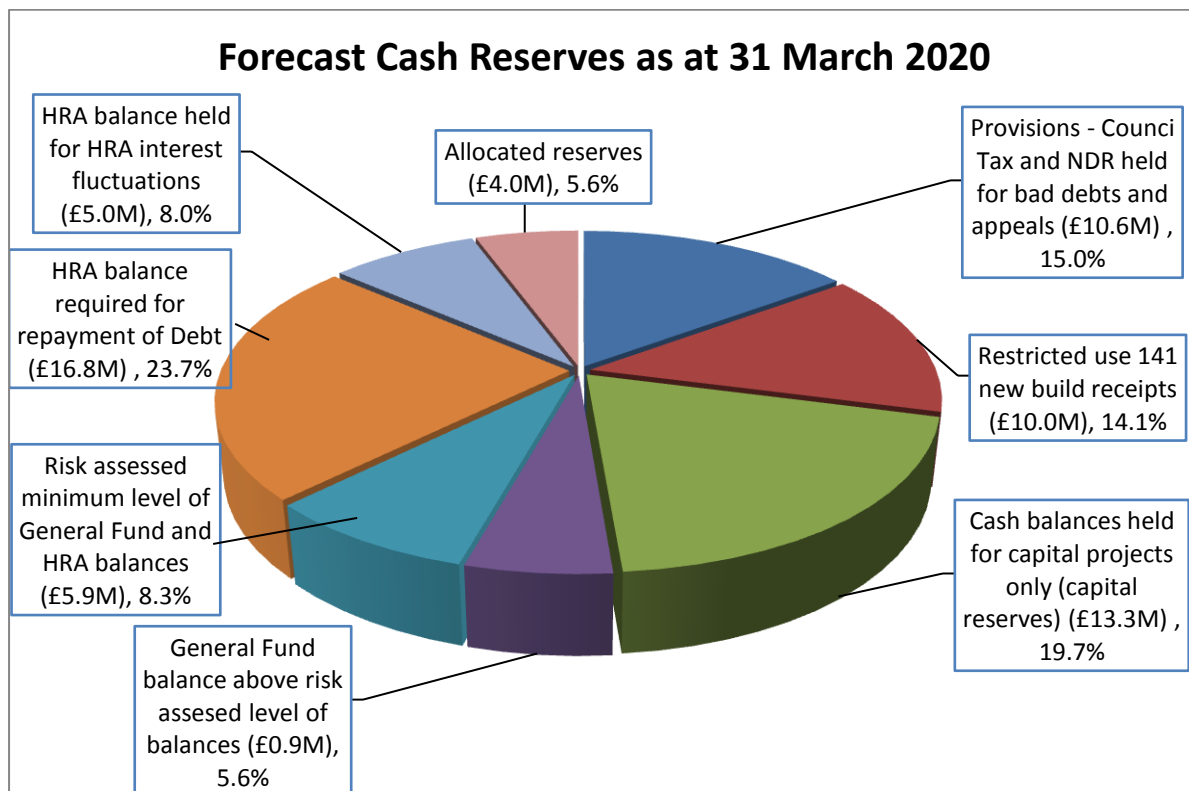
4.2.4.2 The Treasury Management review of 2019/20 and Prudential Indicators have been updated to reflect changes to capital budgets which have been approved throughout the year. The actual capital expenditure for 2019/20 was reported to the Executive on 8 July 2020.

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

4.2.5.1 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 capital programme (and includes both internal and external borrowing). The CFR is then reduced as debt repayments are made and Minimum Revenue Provisions (MRP – see also section 4.2.6) 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) between the two accounts will impact on each fund's CFR. The CFR will go up on the fund "receiving" the assets and go down (by the same amount) on the fund "giving" the asset.

4.2.5.2 Cash balances 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. The apportionment of General Fund and HRA cash

balances on 31 March 2020 is shown in the following chart, but 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 (£10.6Million) for future liabilities, and that there is forecast drawing down of £3Million from reserves and balances due to the impact of Covid19 in 2020/21 in the revised September General Fund Medium Term Financial Strategy.



4.2.5.3 As at the 31 March 2020 the Council had total external borrowing of £209.229 Million. The debt repayment profile is shown in the following table:

Table four Maturity of Debt Portfolio for 2018/19 and 2019/20		
Time to maturity	31 March 2019 Actual £'000's	31 March 2020 Actual £'000's
Maturing within one year	263	263
1 year or more and less than 2 years	263	263
2 years or more and less than 5 years	526	263
5 years or more and less than 10 years	28,556	39,156
10 years or more	175,874	169,284
Total	205,482	209,229

4.2.5.4 The General Fund had external borrowing of £2.545 Million with the Public Works Loan Board (PWLb). The HRA had external borrowing of £206.684

Million all held with the PWLB, of which £11.773 Million relates to the Decent Homes programme, £7.763 Million from pre 2012 plus new loans of £4.010 Million taken out in year. The remainder of £194.911 Million relates to self- finance the payment made to central government in 2012.

4.2.5.5 In addition to the PWLB borrowing, the General Fund also has loans from the Local Enterprise Partnership (LEP) in relation to regeneration activities. The schedule as at the 31 March 2020 is set out below. Discussions are underway with the LEP regarding making these re-investible loans for further regeneration of the town, rather than needing to be repaid on the dates indicated.

Table Five: LEP Loans				
Loan Received	Site Assembly	Land Assembly	Total	Repayment Date
2015/16	762,488		762,488	due to be repaid 31/03 2022
2016/17	416,306		416,306	due to be repaid 31/03 2022
2019/20		4,714,265	4,714,265	due to be repaid 31/03 2025
Total	1,178,794	4,714,265	5,893,058	

4.2.5.6 The Council's CFR is one of the key prudential indicators and is shown in the following table.

Table Six : Capital Financing Requirement 2018/19 and 2019/20			
CFR Calculation	31-Mar-18 (£'000)	31-Mar-19 (£'000)	Movement in Year (£'000)
Opening Balance	221,877	233,796	
Closing Capital Financing Requirement (General Fund)	26,976	28,053	1,077
Closing Capital Financing Requirement (Housing Revenue Account)	206,820	213,671	6,851
Closing Balance	233,796	241,724	
Increase/ (Decrease)	11,919	7,928	7,928

4.2.5.7 The CFR for the HRA has increased by £6.851 Million due to a borrowing requirement of £7.056 Million less asset transfers (appropriations) between the General Fund and HRA in 2019/20 with a net impact to the HRA CFR of a reduction of £205K as follows:

		GF	HRA
Symonds Green Annexe - Scarborough Ave	GF to the HRA	(444,553)	444,553
North Road	HRA to the GF	650,000	(650,000)
		205,447	(205,447)

- 4.2.5.8 The General Fund's CFR has increased by £1.077 Million, due to;
- the net appropriation from the HRA of +£205K
 - borrowing requirement of +£1.820 Million
 - less Minimum Revenue Provision (MRP) (see section 4.2.6) and loan repayments made in year totalling -£948K

4.2.5.9 Borrowing originally forecast for Investment Properties was not taken in 2019/20 (see paragraph 4.3.4).

4.2.6 Minimum Revenue Provision (MRP)

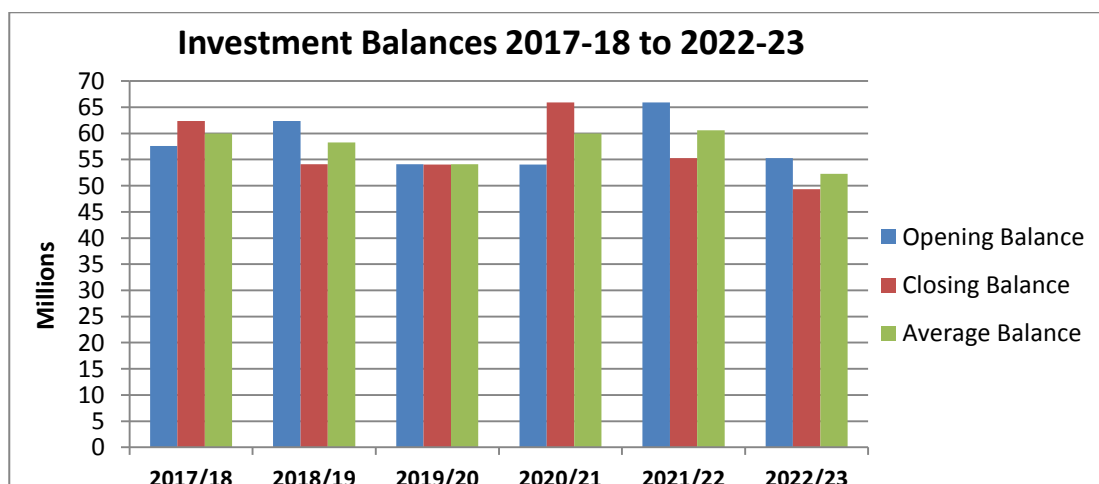
4.2.6.1 The Prudential Code, by which the Council has to make its borrowing decisions, requires the Council to demonstrate that borrowing is required and affordable. The MRP is a statutory requirement to ensure borrowing is affordable for the General Fund and does not apply to the HRA (the HRA affordability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

- 4.2.6.2 The MRP charged to the General Fund in 2019/20 was £684,906, of which
- £335,058 is effectively funded from regeneration assets
 - £35,120 is funded from investment property
 - £263,958 is a net cost to the General Fund
 - £50,770 funded by principal loan repayments from Queensway*

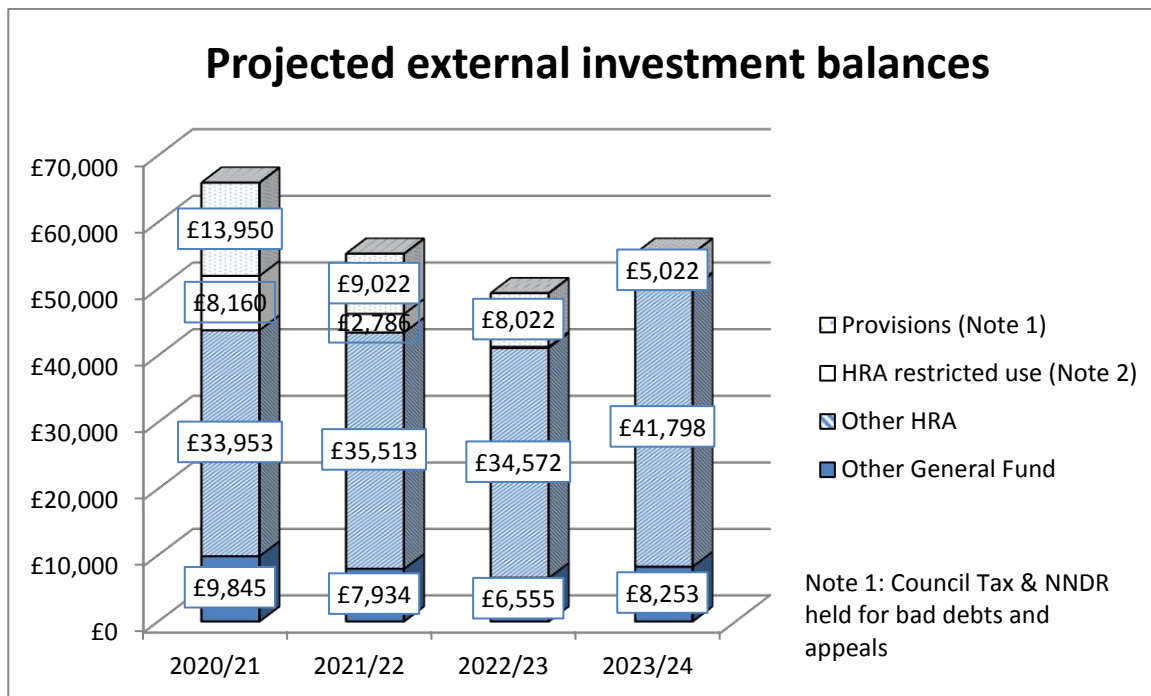
*this is included as an accounting technicality only, there is no MRP cost to SBC relating to this loan

4.2.7 Cash Balances and Investment

4.2.7.1 The restrictive use of a proportion of the cash balances set out in paragraph 4.2.5.2, plus the planned use of resources in line with the Council's capital and revenue strategies, mean that these resources are not available for new expenditure. The following chart shows the historic level of balances and the projected reduction following the planned use to 2022/23.



4.2.7.2 The chart below shows the breakdown of the projected external investment balances, following the drawing down and resulting reduction in the reserves and balances held on 31 March 2020 (as set out in paragraph 4.2.5.2), in accordance with the latest General Fund and HRA Medium Term Financial Strategies.



4.2.7.3 In accordance with the Treasury Management Strategy approved by Council on 27 February 2019, 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.

4.2.7.4 There were no breaches to this policy in 2019/20 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 2019/20, demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively.

4.2.8 Other Prudential Indicators

4.2.8.1 The treasury management indicators for 2019/20 onwards have been updated based on the updated Capital Strategy approved by Council in February 2020 and subsequently updated in the 3rd and 4th quarter capital updates reported to Executive and Council in March and July 2020.

4.2.8.2 The **net borrowing position** for the Council as at 31 March 2020 was **£155.157Million** (total external borrowings/loans of £209.229Million less total investments held of £54.072Million).

4.2.8.3 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 2019/20.**

4.2.8.4 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 2019/20 indicator is **8.22%**.

4.2.8.5 The full list of treasury prudential indicators is shown in Appendix A and has been updated for the 2019/20 outturn position and the revised 2020/21 capital programme.

4.3 OTHER ISSUES

4.3.1 International Financial Reporting Standard 9 (IFRS9) covers the recognition, measurement and impairment of financial instruments such as loans and investments. Following consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG) on IFRS9, the Government introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This was 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.

4.3.2 No updates have been made to the MRP Policy, since the review of asset lives on property as per the 2019/20 Mid-Year Treasury Management review (Council 29 January 2020). The policy remains unchanged in that Option 3 Life expectancy is used in calculation of the MRP charge. The maximum life used is capped at 50 years as permissible under the prudential code.

4.3.3 Operational and Authorised Borrowing Limits

4.3.3.1 General Fund limits will be reviewed if necessary in the Mid-Year 2020/21 Treasury Management Strategy, due to go to Executive and Audit Committee in November 2020 and Council in December 2020.

4.3.3.2 HRA limits will be reviewed as part of the refresh of the HRA Business Plan currently being undertaken.

4.3.4 Property Funds and Commercial Strategy

Separate to Treasury Management cash investments, the Council has a strategy to invest in Property Funds and Commercial Property. To date one Commercial Property has been acquired, Essex House in 2017/18 at a purchase cost of £1.756 Million. A number of other properties have been considered, however despite the appointment of specialist to help identify suitable properties none have met the approved investment criteria to warrant their purchase. The difficulty in identifying further suitable properties, combined with adverse market conditions, has led to no further properties being acquired. There has also been a consultation into the lending arrangements for PWLB funding. The deadline for the consultation was extended to 31 July 2020, and the date for the outcome of the consultation has yet to be confirmed.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is of a financial nature and reviews the treasury management function for 2019/20. Any consequential financial impacts identified in the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

5.1.2 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.

5.2 Legal Implications

5.2.1 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.

5.2.2 The potential changes to PWLB borrowing arrangements as per paragraph 4.3.4 refer to the use of PWLB for 'Investment for Yield' schemes, where Council's may be prohibited from the use of this borrowing source for commercial investment property purchases. This could have an impact on the plans currently in the Council's Capital Strategy.

5.3 Equalities and Diversity Implications

5.3.1 The purpose of this report is to review the implementation of the Treasury management policy in 2019/20. 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.

5.3.2 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.

5.4 Risk Implications

- 5.4.1 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.
- 5.4.2 There remains uncertainty on the impact of exiting the EU on UK economy and borrowing rates. Officers monitor interest rate forecasts to inform the timing of borrowing decisions.
- 5.4.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 5.4.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.

5.5 Policy Implications

- 5.5.1 This report confirms treasury decisions have been made in accordance with the existing policy.

5.6 Climate Change Implications

- 5.6.1 The council's investment portfolio is sterling investments and not directly in companies. However the TM team will review the use of Money Market funds in 2020/21 to ensure, where possible, money market funds that invest in environmentally sustainable companies are used. In this way the TM team will align with the Councils ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

- BD1 Mid-year Treasury update (Council 29 January 2020)
- BD2 Treasury Management Strategy including Prudential Code Indicators 2019/20 (Council 27 February 2019)

APPENDICES

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

Capital Expenditure (Based on Capital Strategy Outturn 2019/20):	2019/20	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23
	Original Estimate February 2019	Revised Mid year review 19-20	Revised Final Cap Feb 20 Exec	Actual	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec
	£000	£000	£000	£000	£000	£000	£000
General Fund	32,188	32,923	31,224	13,140	36,715	8,510	18,129
HRA	47,792	33,706	33,249	30,387	34,763	60,245	54,010
Total	79,979	66,629	64,473	43,527	71,478	68,755	72,139

Ratio of financing costs to net revenue stream:	2019/20	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23
	Original Estimate February 2019	Revised Mid year review 19-20	Revised Final Cap Feb 20 Exec	Actual	Revised Final Cap Feb 20 Exec	Revised Final Cap Feb 20 Exec	Revised Final Cap Feb 20 Exec
	%	%	%	%	%	%	%
General Fund Capital Expenditure	6.77%	6.77%	5.60%	8.22%	6.43%	7.62%	7.73%
HRA Capital Expenditure	16.78%	16.78%	16.83%	15.16%	18.68%	20.56%	21.18%

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.

Authorised Limit for external debt	2019/20	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23
	Original Estimate February 2019	Revised Mid year review 19-20	Revised Final Cap Feb 20 Exec	Actual	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec
	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	43,341	48,407	55,317	55,317	70,004	71,585	78,230
Borrowing - HRA	235,729	224,034	223,824	223,824	241,771	267,335	289,827
Total	279,070	272,441	279,141	279,141	311,775	338,920	368,058

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 £8m headroom above the Operational Boundary (£2m General Fund and £6m HRA), which is in addition to our capital plans. The Operational Boundary and Authorised Limit include £15m for the Queensway residential lease, and £6m for the Bus Station.

Operational Boundary for external debt	2019/20	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23
	Original Estimate February 2019	Revised Mid year review 19-20	Revised Final Cap Feb 20 Exec	Actual	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec
	£000	£000	£000	£000	£000	£000	£000
Borrowing - General Fund	38,341	46,407	53,317	53,317	68,004	69,585	76,230
Borrowing - HRA	230,729	218,034	217,824	217,824	235,771	261,335	283,827
Total	269,070	264,441	271,141	271,141	303,775	330,920	360,058

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 £7m headroom in addition to our capital plans (£5m General Fund and £2m HRA) plus £15m from 20/21 for the Queensway residential lease (acquisition values), and £6m for the Bus Station. £11.75m for the Queensway commercial lease is in the 19/20 opening figures.

Gross & Net Debt	2019/20	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23
	Original Estimate February 2019	Revised Mid year review 19-20	Revised Final Cap Feb 20 Exec	Actual	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec
	£000	£000	£000	£000	£000	£000	£000
Gross External Debt - General Fund	38,341	30,124	16,896	2,545	20,963	23,350	30,851
Gross External Debt - HRA	230,729	211,231	211,231	206,684	226,784	252,348	274,840
Gross External Debt	269,070	241,355	228,127	209,229	247,747	275,698	305,691
Less Investments	(38,770)	(63,741)	(50,664)	(54,072)	(61,176)	(51,008)	(45,622)
Net Borrowing	230,301	177,614	177,463	155,157	186,571	224,690	260,070

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 there is estimated borrowing of £14.35m for the General Fund and £8.6m for the HRA, none of which has been taken to date.

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.

Capital Financing Requirement	2019/20	2019/20	2019/20	2019/20	2020/21	2021/22	2022/23
	Original Estimate February 2019	Revised Mid year review 19-20	Revised Final Cap Feb 20 Exec	Actual	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec	Revised Cap Outturn July 20 Exec
	£000	£000	£000	£000	£000	£000	£000
Capital Financing Requirement GF	35,841	41,407	42,317	28,053	46,004	47,585	54,230
Capital Financing Requirement HRA	210,729	216,034	215,824	213,671	233,771	259,335	281,827
Total Capital Financing Requirement	246,570	257,441	258,141	241,724	279,775	306,920	336,058

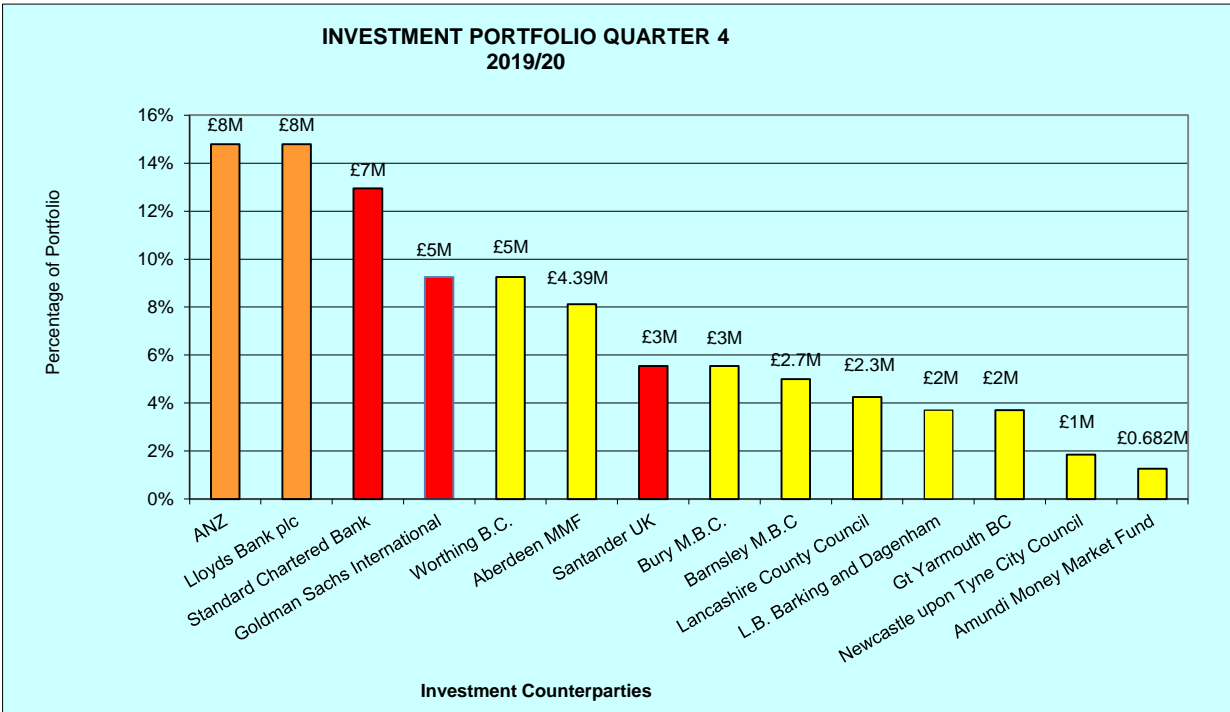
The Capital Financing Requirement (CFR) reflects the amount of money the Council would need to borrow to fund its capital programme. This is split between the Housing Revenue Account CFR (HRACFR) and the General Fund CFR (GFCFR).

This page is intentionally left blank

INVESTMENT PORTFOLIO QUARTER 4 (31st March 2020)

Average interest rate - 2018/19 **0.86%**
 Average interest rate - 2019/20 **0.98%**
 Bank of England Bank Rate **0.10%**

<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 MMF	UK		682,000			0.68
Aberdeen MMF	UK		4,390,000			0.86
95 Day Notice						
Standard Chartered Bank	UK	AA-	7,000,000			0.38
Fixed Term Deposit						
Newcastle 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
Bury M.B.C.	UK	AA-	3,000,000	16-Mar-20	15-Apr-20	1.02
Goldman Sachs International	UK	AA-	5,000,000	17-Dec-19	17-Jun-20	0.93
Santander UK	UK	AA-	3,000,000	02-Jan-20	02-Jul-20	0.95
Australia & New Zealand Banking Corporation	AUS	AAA	4,000,000	17-Jul-19	15-Jul-20	1.02
Australia & New Zealand Banking Corporation	AUS	AAA	4,000,000	13-Aug-19	11-Aug-20	1.02
Lancashire County Council	UK	AA-	2,300,000	06-Sep-18	07-Sep-20	1.20
Lloyds Bank plc	UK	AA-	5,000,000	22-Nov-19	20-Nov-20	1.10
Lloyds Bank plc	UK	AA-	3,000,000	22-Jan-20	20-Jan-21	1.10
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
Worthing Borough Council	UK	AA-	5,000,000	05-Dec-19	06-Dec-21	1.50
			54,072,000			



LOAN PORTFOLIO QUARTER 4 (31st March 2020)

Decent Homes Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/Maturity	4.75	2,000,000	04/03/2010	04/03/2035	25 years
PWLB	Fixed Rate/Maturity	4.28	1,800,000	25/05/2010	25/05/2035	25 years
PWLB	Fixed Rate/Maturity	4.24	963,000	17/08/2010	17/08/2035	25 years
PWLB	Fixed Rate/Maturity	4.65	3,000,000	25/03/2010	25/09/2035	25 1/2 years
PWLB	Fixed Rate/Maturity	1.72	510,000	25/03/2020	25/03/2045	25 Years
PWLB	Fixed Rate/Maturity	1.60	3,500,000	25/03/2020	25/03/2037	17 years
			<u>11,773,000</u>			

Self Financing Borrowing

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

Prudential Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/EIP	2.37	789,473	19/08/2013	19/02/2022	9 1/2 years
PWLB	Fixed Rate	2.29	1,755,950	19/03/2018	19/03/2028	10 years
			<u>2,545,423</u>			

Total Borrowing

209,229,423

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Thursday, 10 September 2020

Time: 6.00pm

Place: Virtual (via Zoom)

Present: Councillors: John Gardner (Vice-Chair in the Chair), Sandra Barr, Laurie Chester and Graham Lawrence.
Mr Geoff Gibbs (Independent Co-opted Member).

Start / End Time: Start Time: 6.00pm
End Time: 8.34pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Teresa Callaghan (Chair) and Stephen Booth.

There were no declarations of interest.

2 MINUTES - 9 JUNE 2020

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 9 June 2020 be approved as a correct record and signed by the Chair.

In relation to Minute 4 – Public Sector Audit Appointments (PSAA) Annual Audit Fee Letter, the Strategic Director (CF) advised that all Hertfordshire Local Authorities with Ernst & Young as their external auditors had written to the PSAA expressing concerns about the proposed increased audit fee level for 2020/21.

3 SHARED ANTI-FRAUD SERVICES (SAFS) ANTI-FRAUD REPORT 2019/20 AND PROGRESS WITH DELIVERY OF 2020/21 ANTI-FRAUD PLAN

The Head of the Shared Anti-Fraud Service (SAFS) presented a report on the Anti-Fraud Plan 2019/20 and progress with delivery of the 2020/21 Anti-Fraud Plan.

The Head of SAFS referred to Appendix A to the report, which was the latest Government Strategy on Fighting Fraud and Corruption Locally. He commended this Strategy to the Committee.

In respect of the Covid-19 pandemic, the Head of SAFS advised that SAFS had continued to provide support to the Council, both in tackling a significant increase in cybercrime activities and in relation to SBC's small grants schemes, which were at risk of fraud.

With regard to the 2019/20 Anti-Fraud Plan, the Head of SAFS stated that all actions proposed for the year had commenced in-year, with the majority being completed. He drew attention to the SAFS Key Performance Indicators (KPIs) for 2019/20, which had been largely met. The two KPIs not met, namely allegations of fraud received/success rates for cases investigated and making better use of data to prevent/identify fraud (including implementation of the Herts Fraud Hub) had been carried over into 2020/21.

The Head of SAFS commented that, during 2019/20, SAFS had received 156 allegations of fraud affecting SBC services, with the report containing a breakdown of types of fraud reported and who had reported the fraud. The report also provided some case studies of a number of SAFS investigations.

The Head of SAFS referred to the proactive work undertaken by SAFS identifying fraud through the use of data, including Council Tax fraud. He then drew attention to the 2019/20 audit of SAFS carried out by the Shared Internal Audit Service, and was pleased to report that the service had achieved a Good level of assurance.

The Head of SAFS advised that Section 4 of the report contained the information/data required to be published by local authorities under the Government's Transparency Code, and concluded his presentation by referring to Appendix D to the report, which provided the SBC Reported Fraud statistics for 2019/20.

In response to Member's questions, the Head of SAFS stated:

- The National Fraud Initiative required, every two years, the upload of local authority fraud data in October to the Cabinet Office. The Cabinet Office provided a return to Councils the following February advising where fraud had been identified through data matching. There was often a delay in addressing the information provided by the NFI, with some service areas responding quicker than others. Officers were working to speed up this process in future years;
- He would contact SBC's Communications and IT Teams with a view to improving and simplifying the process for members of the public to report fraud, both through the Council's website and via the telephone;
- In respect of the achievement of 48% of fraud cases investigated and closed in 2019/20 against a target of 60%, he felt that this target was sufficiently challenging and allowed SAFS to concentrate its effort on delivering a significant level of savings for SBC; and
- The one grant application referred to in Paragraph 2.15 of the report that was the subject of suspected fraud was still under investigation.

It was **RESOLVED**:

1. That the Council's work to combat fraud in 2019/20 be noted.
2. That the performance of the Shared Anti-Fraud Service in meeting its Key Performance Indicators in 2019/20 be noted.

4 JOINT ICT INVESTMENT STRATEGY - PRESENTATION ON PROGRESS

The Strategic ICT Partnership Manager gave a visual presentation providing an update on the Joint ICT Strategy.

The Strategic ICT Partnership Manager advised that 80% of ICT capacity was spent delivering “business as usual”, including supporting 1,000 staff and Members (EHDC and SBC combined) and supporting over 2,000 devices and 150 systems/applications; carrying out scheduled maintenance of network and infrastructure; responding to the Covid-19 pandemic, such as remote working and deploying laptops; and handling major incidents.

The Strategic ICT Partnership Manager stated that the key focus of the current ICT programme was to ensure a stable platform, incorporating security, performance and resilience. He provided an update on the ICT Programme, including the Network upgrade; Virtual Desktop Infrastructure (VDI); Microsoft 365; Windows 7 to 10 upgrade; Windows server upgrade; Microwave link; and device upgrade and encryption. He then summarised the elements of the ICT programme which had been completed, including Meta-compliance (Cyber security); GCSX cessation; Windows server upgrades; Member laptop rollout; and e-mail and web filtering replacement.

The Strategic ICT Partnership Manager outlined the key risks facing the ICT service, including a potential second wave of Covid-19 (which may impact upon key project milestones); a possible delay to the Network upgrade project pending completion of additional work; and a knock on impact delaying other projects (such as VDI and Microsoft 365) should the network upgrade risk materialised.

The Strategic ICT Partnership Manager concluded his presentation by drawing attention to the budgetary position with the SBC share of the major ICT projects.

In response to a Member’s question, the Strategic ICT Partnership Manager stated that he was confident that the higher cost items in the Strategy would be delivered within budget. What was less quantifiable was, for example, the precise cost of upgrading up to 2,000 individual ICT devices.

The Chair requested that a further update presentation/report be submitted to the Committee in 6 months’ time (ie. to its March 2021 meeting).

It was **RESOLVED** that the presentation be noted.

5 ANNUAL TREASURY MANAGEMENT REVIEW OF 2019/20 INCLUDING PRUDENTIAL CODE

The Strategic Director (CF) presented a report on the Annual Treasury Management Review of 2019/20, including the Prudential Code.

The Strategic Director (CF) advised that, in 2019/20, the Council’s investment interest rates had remained low, due to low base rates. A rate of 0.75% had been originally estimated, which in March 2020 was cut to 0.25% and then 0.1%, due to

the start of the Covid-19 pandemic. The Council's interest earned in 2019/20 was £624,000 (an average interest rate of 0.98%).

In respect of borrowing in 2019/20, the Strategic Director (CF) explained that there had been an unexpected increase of 1% in PWLB lending rates, although this was subsequently reversed for housing. This meant that the HRA could borrow at 1.54% over 20 years, compared to the targeted budget rate of 3.4%, with a resultant reduction in HRA spend. Much of the Council's borrowing (£169M) was longer term (10+ years), most of which related to the HRA Business Plan.

With regard to cash reserves, the Strategic Director (CF) commented that the chart in Paragraph 4.2.5.2 of the report showed how these were allocated at the end of March 2020. However, in 2020/21 there would be a draw down on balances of £3M due to the impact of Covid-19. The MTFs included an estimate that the total Covid-19 losses over the next few years could be in the region of £8M.

The Strategic Director (CF) referred to two land transfers set out in the report, one from the General Fund to the HRA and the other vice versa. In respect of the Council's projected external investment balances, she advised that the report showed a decline in these, although the Council was holding higher HRA balances deliberately, in order to take some borrowing due to the raising of the HRA debt cap, rather than the use of cash reserves.

In response to a Member's question regarding the Council's cash reserves, the Strategic Director (CF) confirmed that the vast majority of these were allocated, including £10M for Council Tax and Business Rates, the majority of the former being collected on behalf of HCC; £10M for restricted use capital receipts; £13M for Capital projects; £17M HRA balance for payment of debt; and £5M for HRA interest rate fluctuations.

In reply to another Member's question in respect of Government financial support to SBC throughout the Covid-19 pandemic, the Strategic Director (CF) stated that £1.2M had been received. The latest Government Income Guarantee Scheme including funding towards items such as lost car parking income, but excluded loss of income relating to Council Tax, Business Rates, Investments, all rents and Third Party Local Authority Leisure Providers (e.g. Stevenage Leisure Limited). She estimated that the Council may receive a further £1.5M to £1.7M of further Government support funding, bringing it to a maximum total of £3M, which was unlikely to cover 50% of SBC's overall losses during the pandemic. She was concerned that the Government's support funding was very much based on what had occurred since March 2020, and did not take into account the likely continued reduced income in 2021 and beyond.

It was **RESOLVED** that, subject to any comments from the Executive, the 2019/20 Annual Treasury Management Review be recommended to Council for approval.

6 URGENT PART 1 BUSINESS

The Chair accepted the following item of urgent Part I business.

Redmond Report

The Strategic Director (CF) outlined the major recommendations contained in the recently published Redmond Report, an independent review on the quality of local authority financial reporting and external audit. Consultation on the review ran from 17 September 2019 to 20 December 2019, and consultees included as external audit firms, the PSAA (the procuring body for local authority external auditors) and individual councils.

The Strategic Director (CF) explained the major recommendations, many of which would require primary or secondary legislation, and which were:

40% of auditors had failed to meet the statutory deadline in 2018/19, and this was considered to be a serious weakness in the ability of external auditors to comply with contractual obligations. The recommendation was that the deadline should revert back to the previous deadline of 30 September each year;

The creation of a new regulatory body (the Office of Local Audit & Regulation – OLAR), responsible for procurement, contract management, regulation and oversight. It would take on the work of the PSAA, Financial Regulatory Council and Comptroller & Auditor General;

There would be a resource implication of increased audit fees, as this new audit body would require about £5M a year for running costs;

There was recommendation for a simplified Statement of Accounts to allow comparison with the Council's budget. However, this would be in addition to the preparation of the formal Statement of Accounts, with a requirement for both documents to be audited;

The Annual Audit report would need to be submitted for approval to a Council Meeting (rather than the Statement of Accounts Committee);

A revision of the fee structure for local authority audit would be required, to ensure that adequate resources were deployed;

Audit firms with the requisite capacity and skills would no longer be excluded from bidding for local authority work; and

CiPFA and LASAAC would be required to review the statutory accounts with a view to the introduction of a standardised statement.

The Strategic Director (CF) advised that she would be submitting a full report on the Redmond Report to the next meeting of the Audit Committee. She undertook to arrange for Audit Committee Members to be sent a link to the Report on the Government's website.

7 EXCLUSION OF PUBLIC AND PRESS

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 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 PART II MINUTES - AUDIT COMMITTEE - 9 JUNE 2020

It was **RESOLVED** that the Part II Minutes of the Audit Committee meeting held on 9 June 2020 be approved as a correct record and signed by the Chair.

9 QUEENSWAY NORTH PROJECT - FINANCIAL RISKS

The Assistant Director (Regeneration) presented a report and gave a visual presentation on the Queensway North Scheme, in particular the financial risks associated with the project.

The Assistant Director (Regeneration) and Strategic Director (CF) answered a number of Members' questions regarding the report.

The Chair requested that a further update report on the Queensway North project be submitted to the Committee in 12 months' time.

It was **RESOLVED**:

1. That the latest position of the project and the progress made to deliver the scheme be noted.
2. That the governance arrangements implemented to ensure the efficient delivery of the project be noted.
3. That the progress on mitigating key risks to the Council be noted.

10 STRATEGIC RISK REGISTER

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

The Performance & Resilience Officer updated the Committee on changes to key risks and answered Members' questions.

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.

11 URGENT PART II BUSINESS

None.

CHAIR

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank

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

Document is Restricted

This page is intentionally left blank