

# Public Document Pack

Daneshill House  
Danestrete  
Stevenage  
Hertfordshire

8 December 2020

Dear Sir/Madam

Notice is hereby given that a meeting of the Stevenage Borough Council will be held virtually via Zoom on Wednesday, 16 December 2020 at 7.00pm and you are summoned to attend to transact the following business. Access codes will be circulated to Members prior to the meeting. Public access to this meeting will be via the Stevenage Borough Council YouTube channel.

Yours faithfully

Matthew Partridge  
Chief Executive

---

## AGENDA

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

**2. MINUTES - 14 OCTOBER 2020**

To approve as a correct record the Minutes of the Annual Meeting of the Council held on 14 October 2020.

Page Nos. 7 - 16

**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 received.

**6. QUESTIONS FROM THE YOUTH COUNCIL**

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

(A) How did you support Homeless people during lockdown 1 & 2?

- (B) What are your plans to support Homeless people over the Christmas period?
- (C) Are you doing anything about environmental projects that we can be involved in?
- (D) What are your plans to keep racial equality at the forefront of people's minds?
- (E) Will you be continuing the conversation about the black lives matters movement?
- (F) What are your plans to educate local people about the BAME community?

**7. QUESTIONS FROM THE PUBLIC**

None received.

**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) Lewis Hamilton MBE

To consider the following motion submitted by the Liberal Democrat Group.

“That Stevenage Borough Council congratulates Lewis Hamilton MBE, who lived and grew up in Stevenage, on his remarkable achievement in winning seven Formula 1 motor racing world championships, a record equalled only by one other driver in the history of the sport.

Council notes his early commitment, enthusiasm and determination to excel in entering the sport despite limited resources and recognises that he is an incredible role model to young people all across the country.

The Council further commends Lewis Hamilton on the work he is doing to raise awareness of the Black Lives Matter movement amongst his fellow drivers and teams and in persuading many of them to take a knee; and further

his campaigning to eliminate all forms of racism in motor sport. The Council therefore congratulates Lewis Hamilton on his leadership in persuading his team as a mark of respect to the Black Lives Matter movement to change its colours after 90 years as “The Silver Arrows” to black for a season.

Council further commends Lewis Hamilton’s work to give something back to communities through UNICEF UK and other charitable works; to improve diversity in motorsport through the Hamilton Commission to engage young black people in science, technology, engineering and mathematics; and as an ambassador for the sport to encourage and assist more young drivers from BAME backgrounds to compete.

In recognition of his achievements Council invites Lewis Hamilton to accept the award of Honorary Freedom of the Borough of Stevenage in accordance with the provisions of Section 249 of the Local Government Act 1972 and that this Council, in pursuance of its powers under Section 249(5) of the Local Government Act, 1972, confer the award in recognition of his eminent services to the Community of Stevenage.”

#### **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 Margaret Notley

“Research by Clean Up Britain has found that Stevenage did not issue any litter fines during 2018-19. The campaign group wants the enforcement of fines by Councils to be made compulsory. What is this Council’s response to this suggestion and in the meantime will this Council now take a more proactive approach and issue fines?”

(B) Question from Councillor Stephen Booth

“How many SBC employees have received race awareness and race bias training over the last 12 months?”

(C) Question from Councillor Robin Parker

“In view of the minimal use of the areas of highway cleared by SBC for seating for hospitality outlets in the High Street and adverse public reaction:

(a) exactly which businesses were consulted?

(b) when and how did the consultation take place?

(c) what did the responses show?

(d) why did SBC volunteer to take on this task, which is a Highways (HCC)

matter?

(e) should some or all of the measures now be reversed?"

(D) Question from Councillor Graham Snell

"When will we have a functional IT system that avoids constant drop outs and loss of e-mail drafts?"

(E) Question from Councillor Tom Wren

'Will the Council agree to extend the current 3 hours free parking in the Primett Road (former Waitrose) car park, from its current end date in January 2021, for another period of 6 months, to encourage business and trading in the Old Town?"

(F) Question from Councillor Andy McGuinness

"In view of the recent announcement by Rishi Sunak of the £4 billion Levelling Up Fund for local infrastructure projects that Councils can bid for, subject to receiving support from the local MP, and deliverable before the next planned general election in 2024, how many projects, and on what items, does SBC envisage bringing forward under the Levelling Up agenda that will satisfy the Stevenage MP?"

## **12. HERTFORDSHIRE GROWTH BOARD - GOVERNANCE ARRANGEMENTS**

To seek authority to establish the Hertfordshire Growth Board and Hertfordshire Growth Board Scrutiny Committee as formal joint committees under the Local Government Act 1972 and Local Government Act 2000.

[Recommendations 2.2.1 to 2.2.4 in the report are referred to Council for approval.]

Page Nos. 17 - 54

## **13. MID YEAR REVIEW OF THE 2020/21 TREASURY MANAGEMENT STRATEGY**

To consider the Mid Year Review of the Council's 2020/21 Treasury Management Strategy.

Page Nos. 55 - 80

## **14. 2ND QUARTER GENERAL FUND CAPITAL MONITORING REPORT 2020/21**

To consider approval for the revisions to the General Fund Capital Programme 2020/21.

[Recommendation 2.1 in the report is referred to Council for approval.]

Page Nos. 81 - 96

**15. AUDIT COMMITTEE MINUTES**

To note the Minutes of the Audit Committee meeting held on 17 November 2020.

Page Nos. 97 - 102

This page is intentionally left blank

STEVENAGE BOROUGH COUNCIL

## COUNCIL MINUTES

Date: Wednesday, 14 October 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, Alex Farquharson, John Gardner, Jody Hanafin, Liz Harrington, Richard Henry, Jackie Hollywell, Lizzy Kelly, Graham Lawrence, Mrs Joan Lloyd, John Lloyd, Andy McGuinness, Maureen McKay, Lin Martin-Haugh, John Mead, Sarah Mead, Adam Mitchell CC, Margaret Notley, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Simon Speller, Sharon Taylor OBE CC, Jeannette Thomas and Tom Wren

**Start / End**      Start Time:    7.00pm  
**Time:**            End Time:      9.55pm

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

Apologies for absence were received on behalf of Councillor Michael Downing.

There were no declarations of interest.

At this juncture, the Mayor advised that he would be taking the Motion concerning Local Government Reorganisation shown at item 10, as Main Debate (item 4) and item 12 (Change to Standing Orders - Voting at Council Meetings) as the first item.

### 2      **MINUTES - 15 JULY 2020**

It was **RESOLVED** that the Minutes of the meeting of the Council held on 15 July 2020 be approved as a correct record and signed by the Chair.

### 3      **MAYOR'S COMMUNICATIONS**

The Mayor informed Members that the October Council meeting coincided with Local Democracy Week and Black History Month. A small ceremony to mark the 125<sup>th</sup> anniversary of an elected Council in Stevenage was due to be held on 23 October 2020. The Mayor reported that the Stevenage Helps appeal by Stevenage Community Trust had raised £63,399.26. With the help of Stevenage Community Trust, a fundraising site for the Mayor's three charities had been set up.

Since the last Council meeting, the Mayor and Deputy Mayor had been involved in a number of activities including:

- Visits to Knebworth House
- Re-opening of Stevenage Arts and Leisure Centre
- Handing out face masks
- Summer Play Roadshow
- Virtual Special Constable attestation
- Cycling Festival photocall and other cycling-related events
- VJ Day events
- Unveiling underpass artwork
- Public health webinar
- Re-opening of St Nicholas Church
- Filming landmarks of Stevenage
- Visiting Forgotten Soldiers Exhibition at Stevenage Museum
- Electric vehicle charging points photocall

The Mayor concluded by stating that while the ongoing Covid-19 restrictions were continuing to impact the role of the mayoral team, the Mayor and Deputy Mayor would be happy to support local organisations at small group or virtual events.

#### 4 **MAIN DEBATE**

There was no Main Debate.

#### 5 **PETITIONS AND DEPUTATIONS**

There were no petitions and deputations.

#### 6 **QUESTIONS FROM THE YOUTH COUNCIL**

There were no questions from the Youth Council.

The Youth Mayor (Alissa Crew) apologised on behalf of the Youth Council for not submitting questions. The Youth Mayor outlined why no questions had been submitted on this occasion.

#### 7 **QUESTIONS FROM THE PUBLIC**

The Council received one question from a member of the public relating to maintenance of the cycleway network. The response to the question had been published in the supplementary agenda for the meeting. The questioner (Jill Borchers) was present in the meeting, and asked the following supplementary question:

“Would it be possible for the Council to set up a meeting with Cycling UK Stevenage group to discuss cycling matters relating to Town Centre Regeneration?”

The Portfolio Holder for Environment & Regeneration agreed to meet the cycling group. Arrangements for the meeting would be provided after consultation with officers. Councillor John Gardner indicated that the Portfolio Holder for Economy,

Enterprise and Transport was in the process of setting up a liaison group for Town Centre Regeneration. He also pointed out that pedestrian safety was a top priority when designing roads and cycleways throughout the Borough.

## 8 LEADER OF THE COUNCIL'S UPDATE

The Leader of the Opposition, Councillor Phil Bibby, asked the following question:

“What communication and/or promotion has taken place to encourage more take up of the Temporary Pavement Licences that were introduced to streamline applications by businesses to place temporary furniture, such as tables and chairs outside of cafes, bars and restaurants?”

The Leader of the Council confirmed that one business had formally applied for the licence. However, the Council was working with hospitality outlets to assess their requirements. A number of hospitality operators were waiting for details of the three-tier lockdown system before deciding whether or not to apply for the Temporary Pavement Licence. Councillor Taylor stated that the Council was waiting for a number of applications to be submitted so as to allocate the licences fairly.

The Leader informed Council that parts of Stevenage High Street had been cordoned off primarily to allow pedestrians to move safely while social distancing. She noted that weather had a bearing on outdoor seating arrangements.

Councillor Taylor asked Assistant Director (Planning & Regulation) to provide a written answer on arrangements for managing Temporary Pavement Licences in Stevenage High Streets.

The Leader of the Council went on to congratulate Stevenage-born Formula One (F1) driver, Lewis Hamilton, for equalling Michael Schumacher's all-time record for career F1 victories (91) by winning the Eifel Grand Prix. Lewis Hamilton was on the verge of a record-equalling seventh F1 World Championship. Councillor Taylor said Hamilton was an inspiration for young people of Stevenage.

Councillor Taylor informed Council that Councillors Rob Broom, John Gardner and Jeannette Thomas had been shortlisted for 2020 LGIU and CCLA Councillor Awards. Councillor Broom was nominated and shortlisted as a finalist in the Community Champion category; Councillor Jeannette Thomas in the Innovation and Service Transformation category and Councillor John Gardner in Environment and Sustainability Pioneer. The Leader said she was proud and pleased that the work of Stevenage councillors had been recognised in these national awards.

In her Covid-19 update, the Leader informed Council that Stevenage continued to have the lowest number of cases in Hertfordshire. Stevenage was in Tier 1 (Medium Risk) of the new three tier system. 25 confirmed cases were recorded in the seven days to 11 October 2020 and the provisional incident rate was 28.49 per 100,000 cases. 658 Covid-19 cases had been recorded in Hertfordshire up to 11 October 2020. There was a national issue regarding case data in connection with how residential addresses of university students were being recorded. In a number of cases, Covid-19 test results for students were recorded against home addresses

and not university addresses. SBC and the Local Resilience Forum were prepared for the second wave. Arrangements for local contact tracing had been agreed. Stevenage Helps continued to provide targeted support. Members were informed that SBC had been allocated £45.3K for compliance and enforcement activities including Covid-secure Marshalls. Covid updates were available on the Council website.

Councillor Taylor also provided updates on future governance of the Herts Growth Board. There was unlikely to be announcement of Growth Deals this autumn due to the cancellation of the autumn budget. MHCLG had confirmed the opening of a new bidding window between December 2020 and March 2021 in preparation for the Single Housing Investment Fund. Herts Growth Board members were planning to formalise governance arrangements by forming a Section 101 Committee. This was a prerequisite for a Growth Deal. The future Growth Board governance proposals were scheduled to be brought to the November Executive and December Council meetings. The Leader reported that an All Member Briefing concerning the future governance of the Herts Growth Board would take place before the November Executive meeting.

The Leader concluded by congratulating officers, Members and residents involved with Stevenage Indoor Market. The Market had recently undergone an incredible transformation. It was reported that the Market attracted a wide range of new and old businesses including a bread stall, fish monger, cake shop and toiletry stall. Councillor Taylor informed Council that the Indoor Market was now under Town Centre management.

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

- Green Flag Awards for five of Stevenage's green spaces
- Stevenage High Street Improvements
- Stevenage Economic Task Force
- Homelessness and Rough Sleeping
- Housing Development Team Award
- Car Cruising
- Black Lives Matter
- Stevenage Museum Exhibition- Forgotten: the British African colonial soldiers of the Second World War
- New SBC Website
- Neighbourhoods

The Leader of the Council congratulated officers and green space volunteers for maintaining the five Green Flag sites in Stevenage. Councillor Taylor thanked Assistant Director (Communities & Neighbourhoods) for producing an e-book on the work done by Cooperative Councils to support communities during the pandemic.

The Leader of the Opposition (Councillor Bibby) welcomed Stevenage High Street improvements including signage to indicate location of the three hours free parking area in Primett Road. Councillor Taylor acknowledged that it had taken longer than

planned to install the signage.

## 9 **UPDATE FROM SCRUTINY CHAIRS**

The Chair of the Overview & Scrutiny Committee reported that the Committee had met three times since the last Council meeting. Members of the Committee welcomed the livestreaming of Executive meetings. Live broadcasts were a helpful tool for meeting preparation.

The Chair of the Community Select Committee reported that the first Committee meeting for 2020/21 was scheduled for 21 October 2020. The main agenda items for this meeting were Sport and Leisure Review Report and an update on Members' questions relating to the Council's complaints system.

## 10 **NOTICE OF MOTIONS**

Councillor Sharon Taylor moved and Councillor Sandra Barr seconded a motion in respect of Local Government Reorganisation.

In introducing the motion, Councillor Taylor expressed astonishment that proposals for local government reorganisation were being introduced in the middle of the Covid-19 pandemic. She said the timing and reorganisation plans were wrong. Members were informed that the Leader of Hertfordshire County Council (HCC) had commissioned work on local government reform options within Hertfordshire without consulting the District and Borough Councils. Councillor Taylor pointed to the results of a recent survey of 2,030 residents that was carried out by a reputable national polling company - Survation. The survey was commissioned jointly by local District and Borough Councils in the County. Councillor Taylor informed Council that Executive had considered SBC's financial contribution to the cost of the survey. The survey revealed that 59% of residents strongly opposed the creation of a single unitary council across the county and 80% of people believe their area would be better served by a local council rather than a single county wide unitary. Councillor Taylor expressed concerns that the proposals would take decision-making away from local residents. The economic plans did not take into consideration local conditions around the County.

Councillor Barr informed Council that she did not see the justification for commissioning the devolution report. She considered devolution proposals to be a vanity project that would disenfranchise local residents.

During the debate, issues raised included:

- Potential savings from the proposed re-organisation would contribute towards alleviating financial pressures arising from Covid-19
- There should be a focus on centralisation and not devolution
- Results of the poll were not conclusive because loaded questions were used in the survey
- Devolution was on the agenda of local authorities run by all major political parties and the issue was on the last Conservative Party manifesto
- Calls for local government re-organisation appeared to be driven by political

- ambitions without adequate engagement with residents
- Local authorities were making significant savings through shared services
- Smaller unitaries could be more beneficial to residents than the proposed single unitary for Hertfordshire
- Some Hertfordshire local authorities did not own housing stock. Devolution plans would place those on the Stevenage housing waiting list at a disadvantage
- Services such as libraries and museums were likely to be defunded as part of savings proposals under devolution
- There was no evidence that any savings would benefit local residents

Following debate and upon being put to the vote, it was **RESOLVED** that:

“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**

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

(A) Question from Councillor Graham Lawrence

Supplementary question - "Can we use some of the communication resources to keep people more informed about some of the major projects that are going on within Stevenage?"

In response to the supplementary question, the Leader of the Council stated that she spent a lot of time giving information to regional and local radio. She emphasised the importance of exercising caution with regards to enquiries relating to planning applications and maintaining the independence of the Planning and Development Committee. With regards to the Kenilworth development, Councillor Taylor informed Council that utilities, tree and engineering work had commenced on site.

(B) Question from Councillor Doug Bainbridge

Councillor Bainbridge did not ask a supplementary question.

(C) Question from Councillor Alex Farquharson

Supplementary question - "Did the Council change its position regarding authorisation of Broadwater Day 2020 and if not, would the Council go ahead with

potential sanctions?”

The Portfolio Holder for Neighbourhoods and Co-operative Working replied that the Council had complied with Hertfordshire Director of Public Health’s decision to allow the event to go ahead. However, SBC did not formally support the event. The Council’s decision was consistent with its position on not holding public events during the pandemic. With regards to the changing of public toilet locks in the area, the Leader of the Council pointed out that the toilets had been out of use for a long time. Health and safety compliance checks could not be carried out in time for the event. Councillor Taylor informed Council that following uncertainty about the extent to which outdoor events, such as Broadwater Day, were permitted to take place, Public Health had developed guidance for local authorities and event organisers.

## 12 **CHANGE TO STANDING ORDERS - VOTING AT COUNCIL MEETINGS**

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

The Chief Executive commented that the original method of voting for virtual meetings at the first Council meeting was somewhat laborious and accordingly an alternative method of voting was being recommended. The Mayor explained that under the proposed new method, when taking a vote it would be assumed that all were in favour of the Motion or amendment on the table. 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.

Councillor Robin Parker mentioned that Microsoft Teams had an electronic voting functionality. He indicated his preference for electronic voting at virtual meetings. The Chief Executive informed Members that the Council was in the process of migrating to Office 365. The use of Teams for virtual meetings could be considered on completion of this migration. Councillor Taylor stated that the Council would continue to explore ways of improving virtual meetings. She advised Council to accept the recommendations as an interim measure. The Chief Executive undertook to ask officers to provide Councillor Parker with details of voting options in Zoom.

It was moved, seconded and **RESOLVED** 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 the report.

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

Councillor Mrs J Lloyd moved the recommendation and Councillor T Callaghan seconded the recommendation. Councillor Parker sought clarification on whether or

not the Council took into consideration business ethics of its investment counterparties. Strategic Director (CF) confirmed that SBC carried out due diligence on investment counterparties. Appropriate action would be taken if there was proof of business practices that did not meet the Council's standards.

It was **RESOLVED** that the 2019/20 Annual Treasury Management Review be approved by Council.

14 **AUDIT COMMITTEE MINUTES**

The Minutes of the meeting of the Audit Committee held on 10 September 2020 were received and noted.

15 **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 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**

Council considered a report outlining the Executive recommendations in relation to emergency funding provision for Stevenage Leisure Limited (SLL) as a consequence of the financial impact of Covid-19.

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

1. That the report to Executive on 12 August 2020 be noted.
2. That Council approves funding for Stevenage Leisure Limited (SLL) up to a maximum of £1.38 Million, for the reasons as set out in the Executive report.

**CHAIR**

This page is intentionally left blank

**Meeting** Executive / Council  
**Portfolio Area** Environment and Regeneration  
**Date** 18 November 2020 / 16 December 2020



## HERTFORDSHIRE GROWTH BOARD – PROPOSED FUTURE GOVERNANCE ARRANGEMENTS

### KEY DECISION

Author - Simon Banks | 2331  
Lead Officer - Simon Banks | 2331  
Contact Officer - Simon Banks | 2331

### 1. PURPOSE

1.1. To seek authority to establish the Hertfordshire Growth Board and Hertfordshire Growth Board Scrutiny Committee as formal joint committees under the Local Government Act 1972 and Local Government Act 2000.

### 2. RECOMMENDATIONS

2.1. That Executive:

- 2.1.1. agrees to the establishment of the Hertfordshire Growth Board Joint Committee as a Joint Committee (inaugural meeting being planned to take place in January 2021);

- 2.1.2. nominates the Leader of the Council as the Council's representative on the Hertfordshire Growth Board Joint Committee with delegated authority to appoint a substitute representative as required.
- 2.2. The Executive recommends to Council that it:
- 2.2.1. agrees to the establishment of the Hertfordshire Growth Board Joint Committee and Hertfordshire Growth Board Scrutiny Committee as Joint Committees (inaugural meetings being planned to take place in January / February 2021);
  - 2.2.2. adopts the Hertfordshire Growth Board Integrated Governance Framework into the Council's Constitution;
  - 2.2.3. notes that the Leader of the Council is nominated as the Council's representative on the Hertfordshire Growth Board Joint Committee with delegated authority to appoint a substitute representative as required;
  - 2.2.4. delegates to the Leader of the Council, in consultation with the Chair of the Overview & Scrutiny Committee, the authority to nominate a Councillor and a substitute as its representative on the Hertfordshire Growth Board Scrutiny Committee (nominees must not be a Member of the Executive).

### 3. BACKGROUND

- 3.1. Attached at Appendix A is a detailed report prepared on behalf of all Hertfordshire District and Boroughs, the County Council and the Local Enterprise Partnership (LEP), recommending to each authority the setting up of a formal Joint Committee and Joint Scrutiny Committee to manage and oversee the work of the Hertfordshire Growth Board (**the Board**).
- 3.2. The Board has been operating as a non-constituted partnership of the District and Borough Council, the County Council and the LEP since 2018. During the course of the last 12 months a formal memorandum of understanding has been entered into to support the activities of the Board and efforts to secure Growth Deal bids for Hertfordshire. Executive agreed for the Council to enter into the Hertfordshire Growth Board Memorandum of Understanding at its Meeting on Monday 16 December 2019.
- 3.3. In order for Growth Deal funding to be secured it is now necessary for the Board to be formally constituted with an appropriate governance model giving it both legal identity and statutory weight. Approving the formation of Statutory Joint Committee and Joint Scrutiny Committee will demonstrate to the Ministry of Housing, Community and Local Government (MHCLG) a clear commitment on behalf of SBC, and all other Hertfordshire local authorities, to the growth agenda and the required governance structures necessary to support this.
- 3.4. The primary aim of the Board is to coordinate strategic planning and delivery across Hertfordshire, in accordance with the Board's Terms of Reference. The Board will be bidding to central Government to secure Growth Funding through the Single Housing Infrastructure Fund and / or other funding streams which require formal governance models for the purpose of providing accountability and transparency for the local management of any funds received. Where funding is

secured the Board will commission appropriate projects and retain overall control of the project programme. Professional and technical support for the Board will be provided by the County Council.

3.5. It is important to note that, in agreeing to establish the Board, each Council will retain control over the following executive and non-executive functions:

3.5.1. statutory planning functions;

3.5.2. statutory housing functions;

3.5.3. statutory functions relating to economic development;

3.5.4. statutory highways and transport functions.

Together with any matters that are incidental to the exercise of the above functions.

3.6. The Joint Committee will have delegated authority to exercise a range of general and specific functions which are set out in paragraphs 4.1 and 4.2 of the Joint Committee's Term of Reference (pages 11-12 of Appendix A).

3.7. Initially meetings of the Joint Committee will be held using a virtual platform and will move to in-person meetings as and when legislation allows (or requires).

3.8. An All Member Briefing, Chaired by the Leader, was undertaken on Monday 2 November 2020. Patsy Dell, Director, Hertfordshire Growth Board, attended the briefing and supported the Leader along with the SBC officers present by responding to some of the specific questions as they arose.

3.9. Members attending noted that the Board will provide an opportunity for wider strategic engagement across Hertfordshire as well as the wider region. Members also sought assurance on: the funding mechanism for the Board; how the joint scrutiny function would operate; how the Board will communicate effectively with the community at large; the position of Hertfordshire's Members of Parliament on the establishment of the Board and particularly that of the Member of Parliament for Stevenage.

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

4.1. The formation of, and participation in, the Joint Committee and Joint Scrutiny Committee will improve the prospects of Hertfordshire securing Growth Deal funding from Government and then enable the Council to access vital funding for wider infrastructure projects; failure to form the Joint Committee and Joint Scrutiny Committee will almost certainly exclude the Council from accessing Growth Deal funding. It is of note that the Joint Committee will maintain a particular focus on the regeneration of the county's new towns.

4.2. There is no direct cost to the Council in the operation of the Joint Committee and Joint Scrutiny Committee as the administrative costs will be met by the Growth

Board Growth fund and funding for any commissioned projects will also be provided from Growth Deal funds.

- 4.3. Should the Council choose not to form the proposed Joint Committee and Joint Scrutiny Committee it will lose the opportunity to access vital infrastructure funding as well as the opportunity to influence and shape the future direction of infrastructure growth and development both in the Borough and across Hertfordshire.

## **5. IMPLICATIONS**

### **Financial Implications**

- 5.1. As set out at paragraph 4.1 above there is no direct cost to the Council in the operation of the Joint Committee as the administrative costs will be met by the Growth Board Growth fund and funding for any commissioned projects will also be provided from Growth Deal funds. Additionally all professional technical and professional support will be provided to the Board by the County Council.

### **Legal Implications**

- 5.2. Local authorities are able to constitute joint committees with other authorities to discharge functions as set out in Sections 101 and 102 of the Local Government Act 1972; Section 9EB of the Local Government Act 2000 and the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.
- 5.3. The functions proposed to be delegated to the Joint Committee are set out in full at section 4 of the Terms of Reference document annexed to this report as Appendix A but Members will note that Section 4.3 clarifies the specific statutory functions which are excluded from this delegation (as noted above).
- 5.4. The Council may withdraw from the Joint Committee by serving a minimum of 6 months' notice with any withdrawal only taking effect from the beginning of the following financial year. Members will note that any withdrawal from the Joint Committee will have very serious implications for the delivery of any Growth Deal programme then in existence (see paragraph 8 of the Terms of Reference). In the event of a Council withdrawing from the Joint Committee, that Council will be liable to pay all additional costs that are reasonably attributable to their decision to withdraw.

### **Policy Implications**

- 5.5. There are no specific policy implications for the Council as it will retain control of its statutory functions on housing, planning and economic development.

### **Planning Implications**

- 5.6. There are no specific planning implications on planning issues as the Council retains control of its Statutory Planning Functions. It is of note that section 33A of the Planning and Compulsory Purchase Act 2004 places a duty on district and county councils to cooperate in relation to matters of sustainable development planning.

### **Climate Change Implications**

5.7. The Terms of Reference recognise that the Council has committed to achieving a carbon neutral position for the Borough by 2030.

### **Equalities and Diversity Implications**

5.8. When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered, the equalities implications of the decision that they are taking.

5.9. Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council's statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.

5.10. The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

5.11. Officer's consider that the establishment of the Joint Committee and Joint Scrutiny Committee will be of universal impact and as such will not disproportionately affect those in the community with protected characteristics.

### **BACKGROUND DOCUMENTS**

BD1 Notice of Decisions; Executive, Monday 16 December 2019, 2pm

### **APPENDICES**

A Hertfordshire Growth Board Integrated Governance Framework

This page is intentionally left blank

# Hertfordshire Growth Board Integrated Governance Framework

October 2020



**Hertfordshire**  
Growth Board

# Hertfordshire Growth Board Proposed Joint Committees Integrated Governance Framework

## 1. Background

- 1.1 Hertfordshire Growth Board (HGB) has been operating since late 2018 as a non-constituted partnership of the 11 Local authorities and Local Enterprise Partnership in Hertfordshire. Formed as a coalition of the willing with the purpose of taking a longer term place leadership approach to our place ambitions, growth pressures and economic performance, it has promoted effective joint working and common cause, delivering more than the sum of the parts and seeking to create additionality for all partners and the residents and businesses of Hertfordshire.
- 1.2 The Growth Board Partners have invested significant capital in the work that has been undertaken on developing the Growth Board programmes so far, charting a course of collective action through the dedication of political, officer and financial resources. The Growth Board is a unique construct for Hertfordshire and the progress that it has made in its two years of operation is important. The relationships that have been built between the partners, the set of programmes that have been developed and the outcomes that are being sought in place and economic terms are significant and will extend beyond political horizons. They represent a coherent response to the ambitions that the partners have articulated together, and the challenges that we face, including economic recovery.
- 1.3 Through the Growth Board work, including the joint signing of the collaboration Memorandum of Understanding (MOU) in 2019/20 we have signalled to HM Government unity and joint commitment to the Growth Board programmes across Hertfordshire and to pursuit of a Growth Deal for our area. Bids for the Single Housing Infrastructure Funding will need to be submitted in 2020/2021 and will need to be supported by evidence of an appropriate governance model, best provided by strengthening of the current governance of the Growth Board, to give it a legal identity and statutory weight.
- 1.4 The Growth Board has increased the openness and transparency around its activities in 2020, publishing its board papers and developing a website and greater visibility of its work and ambitions. There is recognition however, that an informal constitution and governance can only take those ambitions so far and formalising the Growth Board into a statutorily constituted Joint Committee with associated scrutiny function will bring benefits for the partnership including:
  - a) signalling the strong and ongoing local commitment to the joint Growth Board work, its pan Herts focus, delivery programmes and co-

ordinating role now and in the future (going above the commitments set out in the existing MOU)

- b) Helps maintain government and investor confidence in the visible alignment of business, political governance and civic support to delivery commitments in Hertfordshire
- c) Would aid openness and transparency in decision making for councils whilst the bidding to and negotiations with HM Government move forward
- d) Provides a governance vehicle that can operate and take advantage of potential opportunities now, building on the progress made so far and maintaining the momentum that has been established by the partnership
- e) Has a neutral impact upon any structural change considerations in Hertfordshire, enabling focus to be maintained on the joint Growth Board work and building on the progress and investment made over the last two years.

1.5 Moving to establish a statutory joint committee will bring the work of the Growth Board within a legally prescribed process. Good governance requires an associated scrutiny function to be established alongside. Both of these are now proposed to the Growth Board partners. Subject to all partners agreeing to establish the joint committees, and the local authority partners confirming this decision and taking the legislative steps to establish the joint committees, the first Growth Board joint committee could take place in early 2021. The implementation of the Growth Board Scrutiny Committee should be aligned to confirmation of a successful bid, later in 2021.

## 2.0 The Integrated Governance Framework – Key components

2.1 The Hertfordshire Growth Board and Growth Board Scrutiny Committee will be joint committees of the District, Borough and County Councils, formed under provisions of Local Government legislation<sup>1</sup> which enable councils to come together to discharge various of their functions. The Hertfordshire Local Enterprise Partnership shall also be a member of the HGB, in accordance with the same legislative provisions.

2.2 The Integrated Governance Framework attached to this paper provides the proposed Terms of Reference (TOR) and Standing Orders (SO) for the both of the Growth Board and Scrutiny Joint Committees.

### Role of the Hertfordshire Growth Board

2.3 The HGB has the primary aim of coordinating strategic development planning and delivery across Hertfordshire. The **HGB** is currently operating to provide strategic co-ordination around growth and place leadership for the eleven councils and Local Enterprise Partnership (the **LEP**) in Hertfordshire. Governance is through an agreed Terms of

---

<sup>1</sup> Sections 101 and 102 of the Local Government Act 1972; Section 9EB of the Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012

Reference and a collaboration Memorandum of Understanding. The HGB has developed a common purpose and a pan-Hertfordshire programme of projects supporting its vision and ambition for Hertfordshire the place.

- 2.4 HGB will be bidding to HM Government to secure Growth Funding through the Single Housing Infrastructure Fund or other funding streams which will require a formal governance model to provide accountability to government and good governance and transparency in the local management and use of any funds received under such an arrangement. If this is achieved, HGB will be responsible for commissioning the projects which will be funded and for the overall control of the project programme.
- 2.5 Going forward, within the framework of distributed leadership provided by the Growth Board, individual projects may be led by a constituent council, councils or by the HGB, and the HGB may delegate various of its functions to officers of the Councils. The constituent councils will also form a joint Scrutiny Committee to review the work of the HGB, comprising members from each of the constituent councils.

**Core Provisions regulating the HGB and the Scrutiny Committee**

- 2.6 The Growth Board commissioned the preparation of the Integrated Governance Framework with support and input from the Hertfordshire Heads of Legal/Monitoring Officers Group. The Framework drew on relevant governance models and examples from elsewhere (Oxfordshire and Cambridgeshire) and has also been reviewed in a number of previous iterations through the Chief Executives group. The version attached to this paper has been endorsed by the Growth Board for consideration by constituent councils in their individual democratic processes.
- 2.7 Each of the HGB and the HGB Scrutiny Committee shall operate in accordance with respective Terms of Reference and Standing Orders. Core Provisions of these are set out in summary below and the full framework is attached at Appendix A to this paper:

|   |   |
|---|---|
| <p>HGB -<br/>Terms of<br/>Reference<br/>(Summary)</p> | <p><u>Membership and Voting</u> – The HGB shall have twelve members, comprising one member from each council and one member from the LEP. The strong ambition of the HGB shall be for all decisions to be made on a unanimous basis, and issues on which consensus cannot be reached shall be deferred to the following meeting.</p> <p>Only where consensus cannot be achieved at a subsequent meeting will issues be put to a vote. In those cases, and in compliance with the law applicable to joint committees, the voting members shall be the Council members only, and votes shall be decided by majority. The Chair is entitled to a casting vote, but there will be a convention that he/she will not rely on this. Before taking any decision, the local authority members of the HGB will have due regard to the advice and opinions expressed by the LEP member.</p> |
|---|---|

|   |   |
|---|---|
|   | <p><u>Division of functions between the HGB and constituent councils</u> – Section 4 of the Terms of Reference clarifies those functions that will be given to the HGB, and those that will be retained by the constituent councils and the LEP (where applicable).</p>   |
| HGB Standing Orders (Summary)                         | <p>The HGB members shall appoint a Chair and two Vice-Chairs. There shall be a two-year non-consecutive limit on the Chair’s appointment (i.e. he/she may be reappointed, but only after a different member has been Chair).<sup>2</sup></p> <p>Meetings will have a quorum of 9 members.</p> <p>Meetings will be open to public attendance (whether physical or virtual meetings) and will accept questions and petitions from the public.</p>   |
| HGB Scrutiny Committee - Terms of Reference (Summary) | <p><u>Role</u> - The Scrutiny Committee will provide pre-scrutiny of the business of the HGB. It will also act as a forum for discussion with a wider range of members and stakeholders across Hertfordshire. The Scrutiny Committee may review and comment on reports to the HGB, offer advice to HGB on the discharge of its functions and may review its work.</p> <p><u>Membership</u> – the Scrutiny Committee shall have 12 members including the LEP. Members must not be executive members of their appointing authority.</p> |
| HGB Scrutiny Committee - Standing Orders (Summary)    | <p>Meetings of the Scrutiny Committee will normally be scheduled shortly prior to meetings of the HGB, in order to facilitate its pre-scrutiny function.</p> <p>The HGB members shall appoint a Chair and one Vice-Chair to the Scrutiny Committee. There shall be a two-year non-consecutive limit on the Chair’s appointment (i.e. he/she may be reappointed, but only after a different member has been Chair).<sup>3</sup></p>  |

<sup>2</sup> For both the HGB and the HGB Scrutiny Committee, there will be an exception to the term limits for the initial appointment of the chair at the first meeting.

<sup>3</sup> See footnote 2.

|  |  |
|--|--|
|  | <p>Meetings shall have a quorum of 7 members.</p> <p>Voting where required shall be by simple majority, in accordance with legislative requirements. As with the HGB, the Chair shall be entitled to a casting vote, but there will be a convention that he/she will not rely on this.</p> <p>Meetings will be open to public attendance (whether physical or virtual meetings) and will accept questions and petitions from the public.</p> |
|--|--|

### 3.0 Implications

- 3.1 The financial implications of establishing joint committees for the Hertfordshire Growth Board consist primarily of time for the attendees (Members and officers), secretariat and support, accommodation (for when meetings are hybrid or in a single location) and cost of ICT/live streaming of meetings. These costs will be met from the Hertfordshire Growth Board Growth Fund. The Growth Board Growth Fund is overseen by the Growth Board and accounted for by the s.151 Officer at Hertfordshire County Council who are the accountable body for the fund.
- 3.2 The legal implications of setting up the joint committees relate primarily to governance, meeting and publications arrangements and conduct of members. The proposed Integrated Governance Framework addresses the governance requirements and also to the way that meetings will operate. The publications and procedures rules that both committees will need to operate within are also addressed in the document, where not the normal statutory rules will apply including those related to Covid-19 arrangements for virtual meetings. Local Government and LEP members, alternates and substitutes are covered by the general code of conduct for their organisations.
- 3.3 Environmental and sustainability implications. The Growth Board partners have established separate but also joint approaches to sustainability and climate change impacts/mitigation measures for Hertfordshire. There is crossover with the Growth Board work that will ensure that environmental considerations and programmes are taken forward and implications considered.
- 3.4 Equalities implications. A formal EQIA has not been deemed necessary because there is nothing to suggest that the creation of these statutory joint committees will adversely affect any equalities requirements. Moving to statutory joint committees will increase transparency and openness in the work of the Hertfordshire Growth Board.

## **4.0 Next Steps for Constituent Councils in establishing the Joint Committees**

- 4.1 The constituent councils are asked to put forward to their full council a motion to approve the formation of the HGB and its scrutiny committee as statutory joint committees, with functions delegated to them as set out in the attached Terms of Reference and Standing Orders of the HGB and Scrutiny committees.
- 4.2 Councils and the Local Enterprise Partnership are then asked to appoint a member to each of the HGB and the HGB Scrutiny Committee. If endorsed by votes of the constituent councils as above, the HGB will be constituted. It is hoped to schedule a first meeting of the HGB in January/February 2021. The HGB Scrutiny Committee work programme is largely triggered by securing infrastructure and growth-related funding from Government therefore its first meeting should be aligned to successful achievement and confirmation of funding.

## **5.0 Recommendations**

5.1 The Constituent Councils of the Hertfordshire Growth Board are recommended to:

1. Confirm the establishment of the Growth Board and Growth Board Scrutiny Joint Committees (to hold their inaugural meetings in January/February 2021 and then HGB Scrutiny aligned to confirmation of securing Government funding in 2021)
2. Adopt the Growth Board Integrated Governance Framework into the Councils own constitutional framework
3. Agree the Council's nominated representative on the Growth Board and Scrutiny Committee

5.2. The Hertfordshire Local Enterprise Partnership is recommended to:

1. Endorse the establishment of the Growth Board and Growth Board Scrutiny Joint Committees
2. Note the requirements of the Growth Board Integrated Governance Framework
3. Agree the LEP nominated representative on the Growth Board and Growth Board Scrutiny Committee

### HERTFORDSHIRE GROWTH BOARD - INTEGRATED GOVERNANCE FRAMEWORK

Hertfordshire Growth Board (**HGB**) is currently operating to provide strategic co-ordination around growth and place leadership for the eleven councils and Local Enterprise Partnership (the **LEP**) in Hertfordshire. Governance is through an agreed Terms of Reference (**TOR**) (incorporated below) and a collaboration Memorandum of Understanding (**MOU**).

HGB is also in negotiation with HM Government to secure a Growth Deal which will require a formal governance model to provide accountability to government and good governance and transparency in the local management and use of any funds received under such an arrangement.

HGB comprises twelve local partners, namely the County Council, the Hertfordshire District and Borough councils<sup>4</sup> and the LEP. Its governance framework consists of the Board itself, with twelve members, supported by a Scrutiny Committee also of twelve members.

#### 1. Hertfordshire Growth Board

##### Summary of Functions

- 1.1 HGB is established to ensure the effective coordination of strategic planning and delivery and to ensure that the objectives of a future Growth Deal for Hertfordshire are met.
- 1.2 HGB will also be responsible for the commissioning of projects funded by money provided through a Growth Deal, and for overall control of that programme of projects. For each individual project, HGB may act as lead, with budget responsibility; alternatively, it may appoint as lead a constituent council, who will be responsible for the delivery of that budget, under the oversight of the HGB. This shall also apply to circumstances in which funding is provided to the HGB by the member Councils or by other parties, such as the LEP.
- 1.3 HGB shall also support the development of local planning policy that promotes (1) the UK Government's stated aim of net zero carbon by 2050, and (2) constituent Councils' 2030 targets, and contributes towards biodiversity gain whilst embracing the changes needed for a low carbon world.

---

<sup>4</sup> Hertfordshire County Council, Borough of Broxbourne Council, Dacorum Borough Council, East Hertfordshire District Council, Hertsmere Borough Council, North Hertfordshire District Council, St Albans City and District Council, Stevenage Borough Council, Three Rivers District Council, Watford Borough Council, Welwyn Hatfield Borough Council.

- 1.4 The Councils agree to delegate the exercise of their functions to the HGB to the extent necessary to enable the HGB to pursue and achieve the purposes in paragraphs 4.1 and 4.2 of the Terms of Reference, and to undertake any actions necessary, incidental or ancillary to achieving those objectives. The Councils shall make the necessary changes to their respective schemes of delegation accordingly.
- 1.5 The HGB may further delegate to officers of the Councils.
- 1.6 The HGB will consider any reports and recommendations from the HGB Scrutiny Committee as appropriate.
- 1.7 The HGB shall develop its own Forward Plan.

### **Terms of Reference and Standing Orders**

- 1.8 The HGB's Terms of Reference and Standing Orders are set out in Appendix 1 and the accompanying Annex.

## **2. HGB Scrutiny Committee**

### **Summary of Functions**

- 2.1 The HGB Scrutiny Committee has delegated authority to exercise the following functions:
  - a. Advise the HGB in connection with the achievement of the functions set out at paragraph 1 above;
  - b. Prepare and submit reports and/or recommendations to the HGB; and
  - c. Carry out all other statutory scrutiny functions in relation to the HGB.

### **Terms of Reference and Standing Orders**

- 2.2 The HGB Scrutiny Committee's Terms of Reference and Standing Orders are set out in Appendix 2 and the accompanying Annex.

## Appendix 1

### TERMS OF REFERENCE OF THE HERTFORDSHIRE GROWTH BOARD

#### 1. Parties

Hertfordshire County Council  
Borough of Broxbourne Council  
Dacorum Borough Council  
East Hertfordshire District Council  
Hertsmere Borough Council  
North Hertfordshire District Council  
St Albans City and District Council  
Stevenage Borough Council  
Three Rivers District Council  
Watford Borough Council  
Welwyn Hatfield Borough Council  
Hertfordshire Local Enterprise Partnership (**LEP**)

#### 2. Status

- 2.1 The Hertfordshire Growth Board (**HGB**) has been established by Hertfordshire County Council and the District and Borough Councils listed above. It is a joint committee of these Councils, established by the Councils under sections 101 and 102 of the Local Government Act 1972, section 9EB of the Local Government Act 2000 and pursuant to the Local Authorities (Arrangement for the Discharge of Functions) (England) Regulations 2012.

#### 3. Membership

- 3.1 Twelve members, comprising one elected member from each Council (anticipated to be the Leader/Directly Elected Mayor of each Council) with full voting rights, and a member nominated by the LEP (anticipated to be the Chair of the LEP) who is a co-opted non-voting member. The elected members shall be obliged to have due regard to the representations made by the LEP member.
- 3.2 Each constituent council may appoint a substitute from time to time. The substitute member shall have the same rights of speaking and voting at the meetings as the member for whom the substitution is made.
- 3.3 The HGB, with the agreement of its members, may co-opt other non-voting members to its membership where it is considered conducive to the effective consideration of any matter.

- 3.4 The HGB may appoint representatives to other outside bodies of which the HGB has membership.

## 4. Functions

### General Functions

- 4.1 The HGB has delegated authority to exercise the following functions:
- a. Exercising strategic direction, monitoring, delivery and co-ordination of current and future Growth Board strategy, programmes and implementation of any Growth Deal Project;
  - b. Effective place leadership, ensuring that interests relating to spatial planning, economic prosperity, infrastructure provision, health provision, sustainability and climate change mitigation are effectively taken into account, coordinated and incorporated in place-making, in order to safeguard and maintain Hertfordshire's unique quality of life and prosperity;
  - c. Securing strategic collaboration and delivery across the councils and with the LEP in accordance with the policy objectives of the partner organisations;
  - d. Acting as the place leadership body for Hertfordshire that may act as a single voice to Government (and other national and sub-national bodies) on issues relevant to its ambit;
  - e. Coordinating the prioritisation of Growth Board funding from devolved and other funding sources for infrastructure schemes, to ensure that decisions are made in one place and supported by all relevant partners and stakeholders;
  - f. Promoting and lobbying for Hertfordshire's interests and for funding;
  - g. Oversight, accountability for and prioritisation of the Growth Board Growth fund;
  - h. To bring together the work of the emerging South West Herts Joint Planning and North, East and Central Herts Joint Planning groups, ensure strategic infrastructure requirements are identified and fed into the Hertfordshire Infrastructure and Funding prospectus.
  - i. To maintain a current understanding of infrastructure needs through the Hertfordshire Infrastructure and Funding prospectus and other sources so key infrastructure priorities needed to support economic and housing growth can be determined

- j. To maintain particular focus on the successful regeneration of Hertfordshire's New Towns, the health of Town Centres and development and delivery of new Garden Towns and Communities.

### Specific Functions

- 4.2 The HGB also has delegated authority to:
  - a. Approve single position statements in relation to strategic Growth Deal issues;
  - b. Approve projects, including the allocation of project funding, which fall within the ambit of a future Growth Deal agreement;
  - c. Approve the major priorities under the auspices of a future Growth Deal;
  - d. Approve plans and strategies necessary or incidental to the implementation of a Growth Deal; and
  - e. Consider recommendations from the HGB Scrutiny Committee.
  
- 4.3 For the avoidance of doubt, the following non-executive and executive functions of the constituent Councils (and where applicable, the LEP) are excluded from the delegations to the HGB:
  - a. Statutory planning functions;<sup>5</sup>
  - b. Statutory housing functions;
  - c. Statutory functions relating to economic development;
  - d. Statutory highways and transport functions;
  - e. Matters incidental to the exercise of the above functions.

## **5. Professional and Administrative Support**

- 5.1 Hertfordshire County Council shall act as the accountable body for the HGB in respect of financial matters and its financial procedure rules will apply in this context. It will provide Section 151 and Monitoring Officer roles to the Committee in accordance with its internal procedures.
  
- 5.2 Hertfordshire County Council's Director of Finance (Section 151 Officer) will provide the HGB with quarterly financial reports for funding that has been allocated directly to Hertfordshire County Council as the Accountable Body. These reports will provide the HGB with an overview of the funds spent and funds committed against funds allocated.

---

<sup>5</sup> This includes acting as Local Planning Authority on strategic planning matters, applications, approval and designation, consultations/referendums revocation (or recommend revocation of) neighbourhood plans, Article 4 Directions and orders

- 5.3 For those programmes and funding streams where another local authority is the Accountable Body, the relevant Section 151 Officer will provide the financial and performance information to the County Council's Section 151 Officer, for integration into the quarterly reporting process.
- 5.4 Committee management and administrative support to the HGB will be provided by Hertfordshire County Council.
- 5.5 The lead role on projects shall be determined by the HGB, subject to the guiding principle that the lead council should normally be the Council primarily responsible for the service in question for their area. The procurement and other rules of the lead council will apply in respect of projects.

## **6. Standing Orders**

- 6.1 The HGB will be governed by the Standing Orders set out in Annex A attached to these Terms of Reference.

## **7. Advisory Sub-Groups**

- 7.1 The HGB may establish Programme Boards/Advisory Sub-Groups to oversee specific work programmes or broader thematic areas as required. Programme Boards/Sub-Groups, reporting into the HGB, will be managed in accordance with separate terms of reference as agreed by the HGB.
- 7.2 The role, remit and membership of Programme Boards/Advisory Sub-Groups will be reviewed regularly to ensure they remain flexible to the demands of ongoing and new programmes of work.

## **8. Withdrawal**

- 8.1 The firm intention is that HGB will continue until the programme is completed. Recognising the very serious implications of withdrawal from the HGB for the delivery of any Growth Deal programme, if a Council decides to withdraw from its role within HGB, it commits to sharing this with HGB members at the earliest possible opportunity, and to entering into constructive discussions to avoid this happening or to reach a way forward.
- 8.2 In all cases:
- a. A minimum of six months' prior notice shall be given before withdrawal; and
  - b. Withdrawal shall take effect from the beginning of the financial year.

## 9. Costs

- 9.1 The costs of running the HGB will be funded from the HGB Growth Fund in combination with officer time contributions from constituent councils.
- 9.2 Each Council makes a legally binding commitment that, should it withdraw from the HGB, it shall pay all additional costs (such as increased project costs) that fall to be met by the other partner Councils that are reasonably attributable to that withdrawal. This could include, for example, the costs that are locked into projects that have already been committed to, or the costs of dissolving integrated officer and Member arrangements and re-establishing independent arrangements.

## 10. Dispute Resolution

- 10.1 This section 10 governs disputes which may arise between the members and former members (including the LEP member, but not including any other co-opted member) in relation to these Terms of Reference or the Standing Orders of the HGB, or the decisions or operations of the HGB (a **Dispute**).
- 10.2 Each member as defined in paragraph 10.1 shall be entitled to refer a Dispute to the Heads of Paid Service of the member Councils and the Chief Executive of the LEP (together the **Dispute Panel**), who shall seek to agree a resolution. If the Dispute Panel is unable to resolve the matter within 1 month of it being referred to them, it shall agree any further dispute resolution procedure that it deems appropriate. This may include but is not limited to mediation via the Centre for Effective Dispute Resolution (CEDR).

## Annex A to Appendix 1

### HERTFORDSHIRE GROWTH BOARD STANDING ORDERS

#### **1. Membership**

- 1.1 The HGB will have a voting membership of eleven, each Council being entitled to appoint one voting member.
- 1.2 The HGB may agree to co-opt other non-voting members to its membership where it is considered conducive to the effective consideration of any matter.

#### **2. Alternate or Substitute Members**

- 2.1 Each Council will be entitled to appoint from time to time one named alternate or substitute member who may act in all aspects as a voting member of the HGB in the absence of the voting member appointed.
- 2.2 The LEP and any other co-opted members will be entitled to nominate an alternate or substitute member to act in the absence of their principal co-opted member.
- 2.3 Subject to the discretion of the Chair, the relevant member shall notify the HGB at least 5 working days in advance of the relevant meeting of the identity of their substitute.

#### **3. Term of Office**

- 3.1 The term of office of voting and alternate or substitute voting members shall end:
  - a. if rescinded by the appointing Council; or
  - b. if the member ceases to be a member of the appointing Council.
- 3.2 The LEP member and any co-opted members may at any time ask the HGB to replace their nominated co-opted member and alternate or substitute member by way of further nomination.

#### **4. Appointment of Chair and Vice-Chair**

- 4.1 The HGB shall appoint a Chair and two Vice-Chairs at its first meeting. At the time of appointing the Vice-Chairs, the HGB shall decide which of them takes priority if the Chair is absent and both of them are present.

4.2 The appointment of the Chair described in 4.1 shall be for a term up to the first meeting of the HGB that follows both the 2021 local elections and the 2021 Annual Meetings of the constituent Councils (the **Post-Election Meeting**). At the Post-Election Meeting, the Board may either re-appoint the same member as Chair or appoint a new Chair for a term of two years. Save in the above case, the Chair shall serve a single consecutive term of two years.

4.3 There shall be no term limits for Vice-Chairs.

4.4 The co-opted members of the HGB shall not act in the role of either the Chair or the Vice-Chair of the HGB.

## **5. Quorum**

5.1 The quorum for meetings of the HGB will be 9 voting members.

5.2 If there is no quorum at the published start time for the meeting, a period of ten minutes will be allowed, or longer, at the Chair's discretion. If there remains no quorum at the expiry of this period, the meeting will be declared null and void.

5.3 If there is no quorum at any stage during a meeting, the Chair will adjourn the meeting for a period of ten minutes, or longer, at their discretion. If there remains no quorum at the expiry of this period, the meeting will be closed and the remaining items will be declared null and void.

## **6. Member Conduct**

6.1 HGB members appointed by the eleven Councils shall be bound by the Code of Conduct of their nominating authority. The HGB member appointed by the LEP (and those nominated by other co-opted members) will be bound by the Code of Conduct of Hertfordshire County Council.

6.2 If a member persistently disregards the ruling of the Chair, or person presiding over the meeting, by behaving improperly or offensively or deliberately obstructs business, the Chair, or person presiding over the meeting, may move that the member be not heard further. If seconded, a vote will be taken without discussion.

6.3 If the member continues to behave improperly after such a motion is carried, the Chair, or person presiding over the meeting, may move that either the member leaves the meeting or that the meeting is adjourned for a specified period. If seconded, a vote will be taken without discussion.

## 7. Notice of and Summons to Meetings

- 7.1 Notice will be given to the public of the time and place of any meeting of the HGB in accordance with the Access to Information rules of the Council providing HGB secretariat functions.
- 7.2 At least seven clear working days before a meeting, a copy of the agenda and associated papers will be sent to every member of the HGB. The agenda will give the date, time and place of each meeting and specify the business to be transacted, and will be accompanied by such details as are available.

## 8. Meeting Frequency

- 8.1 The HGB will meet on at least a quarterly basis, or as determined by the HGB, with one of those meetings acting as the annual meeting.
- 8.2 Extraordinary Meetings may be summoned by (i) the Chair, or (ii) any nine councils writing to the Chair to request one. The notice from the Chair or the letter from the nine councils shall state the business of the meeting, and no other business shall be considered.

## 9. Virtual Meetings

- 9.1 The following provisions shall apply to meetings which are scheduled during the period that **The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020**, or such other legislation as permits meetings to take place remotely, remain in force.
- 9.2 The HGB may hold any meeting remotely using Zoom, Microsoft Teams, or any other suitable platform, and may live-stream the meeting.
- 9.3 Where it elects to do so, notice of this shall be given to the public in advance, and the platform used shall enable the public to see and hear the proceedings. A link will be made available to enable members of the public whose questions have been selected in accordance with Standing Order 12 to address the HGB. Where a public questioner is unable to access the meeting, or cannot be heard by the Members during the time allocated for his or her question, the Chair shall have discretion to move on to deal with another question, or if the question is the last to be heard, to move on to other business.
- 9.4 Voting shall be managed by the Chair, by either (i) requiring members to vote using the applicable poll function, (ii) requiring members to vote orally in turn, or (iii) any other convenient method.

9.5 Where the public and press are excluded under Standing Order 16, members will be required to confirm that there are no other persons present with them who are not entitled to hear or see the proceedings.

9.6 The Quorum provisions at paragraph 5 shall apply equally to virtual meetings.

## **10. Voting**

10.1 Before taking any decision, the local authority members of the HGB will have due regard to the advice and opinions expressed by the LEP member and other co-opted members.

10.2 HGB members commit to seek, where possible, to operate on the basis of consensus.

10.3 Should it not be possible in a specific instance to find a consensus, the issue shall stand deferred to a later meeting of the HGB. At the next meeting, a vote will be again taken and, if a consensus is still not achievable, the decision will be made on the basis of a simple majority.

10.4 The Chair shall have a casting vote; however, the convention of the HGB is that the Chair shall not exercise this.

## **11. Reports from the HGB Scrutiny Committee**

11.1 The HGB will receive reports and recommendations from the HGB Scrutiny Committee as appropriate and the Chair of the HGB Scrutiny Committee, or a nominated representative on his or her behalf, will be entitled to attend meetings of the HGB to present them.

## **12. Questions by the Public and Public Speaking**

12.1 At the discretion of the Chair, members of the public may ask questions at meetings of the HGB. This standard protocol is to be observed by public speakers:

(a) There shall be a maximum of six public questions in each meeting, subject to a time limit of 30 minutes. Questions will be addressed on a first-come-first-served basis with reference to when they were submitted to the HGB, save that questions which in the opinion of the Chair are vexatious shall not be addressed;

(b) Notice of the question should be submitted to the Chief Legal Officer of Hertfordshire County Council by 10am at least five working days before the meeting, stating to whom the question is to be put;

- (c) Questions must be limited to a maximum of 300 words;
- (d) Answers will be given in writing and will be published on the HGB website by 5pm on the day preceding the relevant meeting;
- (e) With the Chair's permission, the questioner may ask a supplementary question relevant to the original question (or its answer). The questioner's supplementary question must not last longer than two minutes. The answer to the supplementary question may be: (i) an oral answer lasting no more than three minutes; or (ii) where the desired information is contained in a publication of the Council, a reference to that publication; or (iii) in writing (to be available within seven days); or (iv) a combination of the above;
- (f) Questioners will not be permitted to raise the competence or performance of a member, officer or representative of any partner on the HGB, nor any matter involving exempt information (normally considered as 'confidential');
- (g) Questioners cannot make any abusive or defamatory comments, or raise points which in the opinion of the Chair are vexatious;
- (h) If any clarification of what the questioner has said is required, the Chair will have the discretion to allow other HGB members to ask questions;
- (i) The questioning member will not be permitted to participate in any subsequent discussion and will not be entitled to vote;
- (j) In the event that one of the questions considered by the Chair is duplicated by later questions, it may be necessary for a spokesperson to be nominated to put forward the question on behalf of other questioners. If a spokesperson cannot be nominated or agreed, the questioner of the first such question received will be entitled to put forward their question; and
- (k) Questions should relate to items that are on the agenda for discussion at the meeting in question. The Chair will have the discretion to allow questions to be asked on other issues.

### **13. Petitions**

13.1 At the discretion of the Chair, members of the public may submit and present petitions to the HGB. This standard protocol is to be observed by petitioners:

- (a) Petitions should include a clear statement of the petition organiser's concerns and what they would like the HGB to do;
- (b) Petitions must relate to something which is within the responsibility of the HGB, or over which it has influence;
- (c) Petitions must include the name and contact details of the petition organiser;
- (d) Petitions must include at least 500 signatures of people living or working in Hertfordshire. Petitions below this threshold will not be presented to the HGB, but HGB members will be notified of them as long as they contain at least 50 signatures;

- (e) Petitions must be submitted either (i) in hard copy, or (ii) via the HGB e-petition platform, in the format prescribed on the HGB portal, at least 10 clear working days before the date of the meeting. Petitions shall be administered by the Democratic Services Team of Hertfordshire County Council;
- (f) Subject to the discretion of the Chair, a maximum of two petitions will be considered at any one meeting;
- (g) Petition organisers will be permitted to present their petitions to the meeting and will be allowed to address the meeting for a maximum of three minutes;
- (h) Where more than one petition is received in time for a particular meeting and they are considered by the Chair as supporting the same outcome or being broadly similar in intent, it may be necessary for a spokesperson to be nominated and present the petitions. If a spokesperson cannot be nominated or agreed, the petition organiser of the first petition received will be entitled to present their petition;
- (i) Petitions will be rejected if the Chair considers them to be abusive or libellous, frivolous, vague or ambiguous, rude, offensive, defamatory, scurrilous or time-wasting or require the disclosure of exempt information (normally considered as 'confidential');
- (j) Petitions on the same subject matter will not be accepted within a six-month period, unless there has been a material change of circumstances. Whether there has been a material change in circumstances will be determined by the Chief Legal Officer of Hertfordshire County Council in consultation with the Chair (or Vice-Chair).

13.2 Any matters arising from petitions considered by the HGB Scrutiny Committee can be reported to the HGB, as per Standing Order 11.

#### **14. Participation at HGB Meetings by Other Members of Partner Councils or Other Representatives of Partner Bodies**

14.1 At the discretion of the Chair, other elected members of the Councils or the LEP or co-opted members may be entitled to speak and participate at meetings of the HGB.

#### **15. Minutes**

15.1 The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record.

15.2 The minutes will be accompanied by a list of agreed action points, which may be discussed in considering the minutes of the previous meeting should they not be specifically listed as items on the agenda for the meeting.

## **16. Exclusion of the Public and Press**

16.1 Members of the public and press may be excluded from meetings in accordance with the Access to Information rules of legislation as applied by the administering authority with regard to the consideration of exempt or confidential information.

## **17. Recording of Proceedings**

17.1 The recording in any format of meetings of the HGB is permitted, except:

- a. Where the Chair, or person presiding over the meeting, rules that filming is being undertaken in such a way that is disruptive or distracting to the good order and conduct of the meeting;
- b. Where the public have been excluded from the meeting during the consideration of exempt or confidential information (see Standing Order 16).

## **18. Disturbance by Public**

18.1 If a member of the public interrupts proceedings, the Chair, or person presiding over the meeting, will warn the person concerned. If that person continues to interrupt, the Chair will order his or her removal from the meeting room.

18.2 If there is a general disturbance in any part of the meeting room open to the public, the Chair, or person presiding over the meeting, may call for that part of the room to be cleared.

18.3 If there is a general disturbance making orderly business impossible, the Chair, or person presiding over the meeting, may adjourn the meeting for as long as he or she thinks is necessary.

## **19. Interpretation of Standing Orders**

19.1 The ruling of the Chair of the HGB as to the application of these Standing Orders shall be final.

## **20. Suspension of Standing Orders**

- 20.1 With the exception of Standing Orders 4, 5, 7.1, 8, 10 and 15, and as far as is lawful, any of these Standing Orders may be suspended by motion passed unanimously by those entitled to vote.

## Appendix 2

### HERTFORDSHIRE GROWTH BOARD SCRUTINY COMMITTEE TERMS OF REFERENCE

#### **1. Parties**

Hertfordshire County Council  
Borough of Broxbourne Council  
Dacorum Borough Council  
East Hertfordshire District Council  
Hertsmere Borough Council  
North Hertfordshire District Council  
St Albans City and District Council  
Stevenage Borough Council  
Three Rivers District Council  
Watford Borough Council  
Welwyn Hatfield Borough Council

#### **2. Status**

The Hertfordshire Growth Board Scrutiny Committee has been established by the Councils listed above. It is a joint advisory committee of these Councils, established under section 102(4) of the Local Government Act, 1972.

#### **3. Membership**

- 3.1 One elected member appointed by each of the member Councils and one member appointed by the LEP (total 12).

#### **4. Functions of the HGB Scrutiny Committee**

- 4.1 The HGB Scrutiny Committee is established to advise the HGB with regard to the latter's role in achieving the objectives in the HGB Terms of Reference.
- 4.2 The HGB Scrutiny Committee will act as a forum for discussion with a wider range of members and stakeholders across the Hertfordshire area, so that the HGB benefits from a wider range of expertise in making its decisions.
- 4.3 To this end, the HGB Scrutiny Committee may receive and comment on ("pre-scrutinise") reports to the HGB, may offer advice to the HGB on the discharge of its functions and may review its work.

4.4 The HGB Scrutiny Committee shall develop its own Forward Plan and may submit reports or recommendations to the HGB for consideration, as appropriate.

## **5. Professional and Administrative Support**

5.1 Committee management and administrative support to the HGB Scrutiny Committee will be provided by Hertfordshire County Council.

5.2 Other professional support will be provided to the HGB Scrutiny Committee on an ad hoc basis as agreed between the Councils.

## **6. Standing Orders**

The HGB Scrutiny Committee will be governed by the Standing Orders set out in Annex A attached to these Terms of Reference.

## **7. Costs**

The costs of running the HGB Scrutiny Committee will be funded from the HGB Growth Fund.

## Appendix 2 – Annex A

### HERTFORDSHIRE GROWTH BOARD SCRUTINY COMMITTEE STANDING ORDERS

#### **1. Membership**

- 1.1 The HGB Scrutiny Committee will have a membership of 12, with each Council and the LEP being entitled to appoint one member. Members must not be executive members of their appointing authority.

#### **2. Alternate or Substitute Members**

- 2.1 Each Council will be entitled to appoint one named alternate or substitute member who may act in all aspects as a voting member of the HGB in the absence of the voting member appointed.
- 2.2 Subject to the discretion of the Chair, the relevant member shall notify the HGB at least 5 working days in advance of the relevant meeting of the identity of their substitute.

#### **3. Term of Office**

- 3.1 The term of office of members from the Councils shall end:
- a. if rescinded by the appointing Council; or
  - b. if the member ceases to be a member of the appointing Council.

#### **4. Appointment of Chair and Vice-Chair**

- 4.1 The HGB Scrutiny Committee will appoint a Chair and Vice-Chair at its first meeting.
- 4.2 The appointment of the Chair described in 4.1 shall be for a term up to the first meeting of the HGB Scrutiny Committee that follows both the 2021 local elections and the 2021 Annual Meetings of the constituent Councils (the **Post-Election Meeting**). At the Post-Election Meeting, the HGB Scrutiny Committee may either re-appoint the same member as Chair, or appoint a new Chair for a term of two years. Save in the above case, the Chair shall serve a single consecutive term of two years.
- 4.3 There shall be no term limits for Vice-Chairs.

4.4 Where there are three or more candidates for appointment and there is, after balloting, no candidate with a clear majority, meaning in this case the votes of more than 50% of members present and voting, the candidate with the least number of votes will withdraw and there will be a fresh ballot of remaining candidates; and so on until a candidate has that majority.

## **5. Quorum**

5.1 The quorum for meetings of the HGB Scrutiny Committee will be 7 members.

5.2 If there is no quorum at the published start time for the meeting, a period of ten minutes will be allowed, or longer, at the Chair's discretion. If there remains no quorum at the expiry of this period, the meeting will be declared null and void.

5.3 If there is no quorum at any stage during a meeting, the person presiding over the meeting will adjourn for a period of ten minutes, or longer, at their discretion. If there remains no quorum at the expiry of this period, the meeting will be closed and the remaining items will be declared null and void.

## **6. Member Conduct**

6.1 HGB Scrutiny Committee members appointed by the Councils shall be bound by the Code of Conduct of their nominating authority.

6.2 If a member persistently disregards the ruling of the Chair, or person presiding over the meeting, by behaving improperly or offensively or deliberately obstructs business, the Chair, or person presiding over the meeting, may move that the member be not heard further. If seconded, a vote will be taken without discussion.

6.3 If the member continues to behave improperly after such a motion is carried, the Chair, or person presiding over the meeting, may move that either the member leaves the meeting or that the meeting is adjourned for a specified period. If seconded, a vote will be taken without discussion.

## **7. Notice of and Summons to Meetings**

7.1 Notice will be given to the public of the time and place of any meeting of the HGB Scrutiny Committee in accordance with the Access to Information rules of Hertfordshire County Council.

7.2 At least five clear working days before a meeting, a copy of the agenda and associated papers will be sent to every member of the HGB Scrutiny Committee. The agenda will give the date, time and place of each meeting; specify the business to be transacted, and will be accompanied by such details as are available.

## 8. Meeting Frequency

- 8.1 The HGB Scrutiny Committee may set its own timetable for meetings, normally on a date preceding meetings of the HGB in order to allow the HGB Scrutiny Committee to consider issues the HGB will be taking decisions on and advise accordingly.

## 9. Virtual Meetings

- 9.1 The following provisions shall apply to meetings which are scheduled during the period that **The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020**, or such other legislation as permits meetings to take place remotely, remain in force.
- 9.2 The HGB may hold any meeting remotely using Zoom, Microsoft Teams, or any other suitable platform, and may live-stream the meeting.
- 9.3 Where it elects to do so, notice of this shall be given to the public in advance, and the platform used shall enable the public to see and hear the proceedings. A link will be made available to enable members of the public whose questions have been selected in accordance with Standing Order 12 to address the HGB. Where a public questioner is unable to access the meeting, or cannot be heard by the Members during the time allocated for his or her question, the Chair shall have discretion to move on to deal with another question, or if the question is the last to be heard, to move on to other business.
- 9.4 Voting shall be managed by the Chair, by either (i) requiring members to vote using the applicable poll function, (ii) requiring members to vote orally in turn, or (iii) any other convenient method.
- 9.5 Where the public and press are excluded under Standing Order 16, members will be required to confirm that there are no other persons present with them who are not entitled to hear or see the proceedings.
- 9.6 The Quorum provisions at paragraph 5 shall apply equally to virtual meetings.

## Voting

- 10.1 All HGB Scrutiny Committee members will be voting members.
- 10.2 Voting for meetings of the HGB Scrutiny Committee will be conducted on the basis of a simple majority. The Chair shall have a casting vote; the convention shall be that the Chair shall not exercise this.

## **11. Reports from the HGB Scrutiny Committee to the HGB**

- 11.1 The Chair of the HGB Scrutiny Committee, or a nominated representative on his or her behalf, will be entitled to attend meetings of the HGB to present reports from the HGB Scrutiny Committee as appropriate.

## **12. Questions by the Public and Public speaking**

- 12.1 At the discretion of the Chair, members of the public may ask questions at meetings of the HGB Scrutiny Committee. This standard protocol is to be observed by public speakers:

- (a) There shall be a maximum of six public questions in each meeting, subject to a time limit of 30 minutes. Questions will be addressed on a first-come-first-served basis with reference to when they were submitted to the HGB, save that questions which in the opinion of the Chair are vexatious shall not be addressed;
- (b) Notice of the question should be submitted the Chief Legal Officer of Hertfordshire County Council at the latest by 10am three working days before the meeting;
- (c) Questions must be limited to a maximum of 300 words;
- (d) Answers will be given in writing and will be circulated at the meeting;
- (e) With the Chair's permission, the questioner may ask a supplementary question relevant to the original question (or its answer). The questioner's supplementary question must not last longer than two minutes. The answer to the supplementary question may be: (i) an oral answer lasting no more than three minutes; or (ii) where the desired information is contained in a publication of the Council, a reference to that publication; or (iii) in writing (to be available within seven days); or (iv) a combination of the above;
- (f) Questioners will not be permitted to raise the competence or performance of a member of the HGB Scrutiny Committee or the HGB, nor any matter involving exempt information (normally considered as 'confidential');
- (g) Questioners cannot make any abusive or defamatory comments, or raise points which in the opinion of the Chair are vexatious;
- (h) If any clarification of what the questioner has said is required, the Chair will have the discretion to allow other HGB Scrutiny Committee members to ask questions;
- (i) The questioning member will not be permitted to participate in any subsequent discussion and will not be entitled to vote;
- (j) In the event that one of the questions considered by the Chair is duplicated by later questions, it may be necessary for a spokesperson to be nominated to put forward the question on behalf of other questioners. If a

spokesperson cannot be nominated or agreed, the questioner of the first such question received will be entitled to put forward their question; and

(k) Questions should relate to items that are on the agenda for discussion at the meeting in question. However, the Chair will have discretion to allow questions to be asked on other issues.

### **13. Petitions**

13.1 At the discretion of the Chair, members of the public may submit and present petitions to the HGB Scrutiny Committee. This standard protocol is to be observed by petitioners:

(a) Petitions should include a clear statement of the petition organiser's concerns and what they would like the HGB Scrutiny Committee to do;

(b) Petitions must relate to something which is within the responsibility of the HGB Scrutiny Committee, or over which it has influence;

(c) Petitions must include the name and contact details of the petition organiser;

(d) Petitions must include at least 500 signatures of people living or working in Hertfordshire. Petitions below this threshold will not be presented to the HGB Scrutiny Committee, but HGB Scrutiny Committee members will be notified of them as long as they contain at least 50 signatures;

(e) Petitions must be submitted either (i) in hard copy, or (ii) via the HGB e-petition platform, in the format prescribed on the HGB portal, at least 10 clear working days before the date of the meeting. Petitions shall be administered by the Democratic Services Team of Hertfordshire County Council;

(f) Subject to the discretion of the Chair, a maximum of two petitions will be considered at any one meeting;

(g) Petition organisers will be permitted to present their petitions to the meeting and will be allowed to address the meeting for a maximum of three minutes;

(h) Where more than one petition is received in time for a particular meeting and they are considered by the Chair as supporting the same outcome or being broadly similar in intent, it may be necessary for a spokesperson to be nominated and present the petitions. If a spokesperson cannot be nominated or agreed, the petition organiser of the first petition received will be entitled to present their petition;

(i) Petitions will be rejected if the Chair considers them to be abusive or libellous, frivolous, vague or ambiguous, rude, offensive, defamatory, scurrilous or time-wasting or require the disclosure of exempt information (normally considered as 'confidential');

(j) Petitions on the same subject matter will not be accepted within a six-month period, unless there has been a material change of circumstances.

Whether there has been a material change in circumstances will be determined by the Chief Legal Officer of Hertfordshire County Council in consultation with the Chair (or Vice-Chair).

13.2 Any matters arising from petitions considered by the HGB Scrutiny Committee can be reported to the HGB as per Standing Order 10.

#### **14. Participation at HGB Scrutiny Committee Meetings by Other Members of Partner Councils or Other Representatives of Partner Bodies**

14.1 At the discretion of the Chair, other elected members of the Councils, or representatives from the LEP or other co-opted members, may be entitled to speak and participate at meetings of the HGB Scrutiny Committee.

#### **15. Minutes**

15.1 The Chair will sign the minutes of the proceedings at the next suitable meeting. The Chair will move that the minutes of the previous meeting be signed as a correct record. The only part of the minutes that can be discussed is their accuracy.

15.2 The minutes will be accompanied by a list of agreed action points, which may be discussed in considering the minutes of the previous meeting should they not be specifically listed as items on the agenda for the meeting.

#### **16. Exclusion of the Public and Press**

16.1 Members of the public and press may be excluded from meetings in accordance with the Access to Information legislation as applied by the administering authority with regard to the consideration of exempt or confidential information.

#### **17. Recording of Proceedings**

17.1 The recording in any format of meetings of the HGB Scrutiny Committee is permitted, except:

- a. Where the Chair, or person presiding over the meeting, rules that filming is being undertaken in such a way that is disruptive or distracting to the good order and conduct of the meeting; and/or
- b. Where the public have been excluded from the meeting during the consideration of exempt or confidential information (see standing order 16).

## **18. Disturbance by the Public**

- 18.1 If a member of the public interrupts proceedings, the Chair, or person presiding over the meeting, will warn the person concerned. If the individual continues to interrupt, the Chair will order his or her removal from the meeting room.
- 18.2 If there is a general disturbance in any part of the meeting room open to the public, the Chair, or person presiding over the meeting, may call for that part of the room to be cleared.
- 18.3 If there is a general disturbance making orderly business impossible, the Chair, or person presiding over the meeting, may adjourn the meeting for as long as he or she thinks is necessary.

## **19. Interpretation of Standing Orders**

- 19.1 The ruling of the Chair as to the application of these Standing Orders shall be final.

## **20. Suspension of Standing Orders**

- 20.1 With the exception of Standing Orders 5, 7.1, 10 and 15, and as far as is lawful, any of these Standing Orders may, as far as is lawful, be suspended by motion passed unanimously by those entitled to vote.



**Hertfordshire**  
Growth Board



[www.HertfordshireGrowthBoard.com](http://www.HertfordshireGrowthBoard.com)



@hertsgoodgrowth



Room 204, Hertfordshire County Council, County Hall, Pegs Lane, Hertford SG13 8DE

**Meeting:**           **Audit Committee / Executive / Council**

Portfolio Area:     Resources

**Date:**               **17 November 2020 / 18 November 2020 / 16 December 2020**



## **2020/21 MID YEAR TREASURY MANAGEMENT REVIEW**

### **NON-KEY DECISION**

|                 |                  |              |
|-----------------|------------------|--------------|
| Author          | – Belinda White  | Ext No. 2515 |
| Contributors    | – Lee Busby      | Ext No. 2730 |
| Lead Officer    | – Clare Fletcher | Ext No. 2933 |
| Contact Officer | – Clare Fletcher | Ext No. 2933 |

### **1. PURPOSE**

1.1 To update Members on the Treasury Management activities in 2020/21 and review effectiveness of the 2020/21 Treasury Management and Investment Strategy including the 2020/21 prudential and treasury indicators.

### **2. RECOMMENDATIONS**

2.1 That Council approves the 2020/21 Treasury Management Mid-Year review.

2.2 That Council approves the latest approved Countries for investments (Appendix D to the report).

2.3 That Council approves the updated authorised and operational borrowing limits (set out in Paragraph 4.4.7 of the report).

### **3. BACKGROUND**

3.1 This report covers one of three reporting requirements under the Prudential and Treasury Management Code of Practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), the other reports being;

- Annual Treasury Strategy (in advance of the year) (last reported to Council 26 February 2020)
- Annual Treasury Management Review after the year end (2019/20 was reported to Council 14 October 2020)

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

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

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

3.3 This report summarises:

- Capital expenditure and financing for 2020/21;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Reporting of the required prudential and treasury indicators, including the impact of the expenditure on the Council's underlying indebtedness (the Capital Financing Requirement);
- Update on the Treasury Management Strategy Position;
- An economic update for the first part of 2020/21.

3.4 This report was presented to Audit Committee where Members asked for further information regarding the money market fund in Luxembourg that had closed and any other potential issues arising from Brexit. A Member also for clarification on how much money had been paid in interest on the housing stock debt and how that debt was scheduled of repayments and if there were opportunities to pay the debt early.

3.5 Executive noted the comments from Audit committee and raised no further questions, recommending to Council the approval of the mid-year treasury management report, approved Countries for investment list and updated authorised and operational borrowing limits.

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

### **4.1 The Council's Capital Expenditure and Financing 2020/21**

4.1.1 Capital expenditure<sup>1</sup> can be financed either by capital resources the Council has on its balance sheet (e.g. capital receipts and capital grants) or by making a revenue contribution to capital. If sufficient capital resources are not available to fund the expenditure the council would need to borrow to meet the funding gap. This borrowing may be taken externally in new loans or internally from cash balances held by the council (see also 4.3.3). The need to borrow is measured and reported through the prudential indicators.

---

<sup>1</sup> Council expenditure can be classified as capital when it is used to purchase assets with a life of more than one year, exceeds £5,000 in value and meets the guidelines laid out in CIPFA accounting practices.

4.1.2 The Treasury Management Strategy and Prudential Indicators for 2020/21 were originally approved by Council on the 26 February 2020. Since then, capital budget changes have been approved and the Prudential Indicators updated in the 2019/20 Annual Treasury Management Review (approved by Council 14 October 2020). The Treasury Management Mid-Year Review Indicators have been updated based on the 1st quarter capital programme reported to Executive (16 September 2020).

4.1.3 Table One (shown below) shows the original capital programme, the revised capital programme (approval Executive 16 September 2020) and financing.

| <b>Table One: 2020/21 Capital Expenditure and Financing</b> |  |  |
|---|--|--|
|   | <b>2020/21<br/>Original Capital<br/>Strategy (Council<br/>February 2020)<br/>£'000</b> | <b>2020/21<br/>Revised Mid-Year<br/>Review (Q1 Capital<br/>Strategy -Executive<br/>September 2020)<br/>£'000</b> |
| <b>Capital Expenditure:</b>                                 |  |  |
| General Fund Capital Expenditure                            | 20,429   | 35,271   |
| HRA Capital Expenditure                                     | 50,384   | 34,057   |
| <b>Total Capital Expenditure</b>                            | <b>70,813</b>  | <b>69,328</b>  |
| · Capital Receipts  | (13,515)   | (9,389)  |
| · Capital Grants / Contributions                            | (14,196)   | (11,111)   |
| · Capital Reserves  | (2,449)  | (2,295)  |
| · Revenue contributions                                     | (59)   | (176)  |
| · Major Repairs Reserve                                     | (11,662)   | (4,247)  |
| <b>Total Resources Available</b>                            | <b>(41,881)</b>  | <b>(27,219)</b>  |
| <b>Capital Expenditure Requiring Borrowing</b>              | <b>(28,932)</b>  | <b>(42,110)</b>  |

## 4.2 The Council's overall borrowing position.

4.2.1 The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR)<sup>2</sup>. Whether physical borrowing is taken out depends on the level of cash balances held by the Council. The treasury service manages the Council's cash position to ensure sufficient cash is available to meet the capital payments, based on the Capital Strategy and Treasury Management Strategy. This may be through internal borrowing from utilising cash balances held by the Council in the short to medium term or external borrowing such as using the Government, through the Public Works Loan Board (PWLB) or the money markets.

4.2.2 The 2020/21 Capital Strategy identified the need for borrowing for financing elements of the capital programme. The Council has not undertaken any new external borrowing to date in 2020/21.

<sup>2</sup> Capital Financing Requirement (CFR) represents the amount of debt the Council needs to/has taken to fund the capital programme after debt repayments and Minimum Revenue Provision (MRP) are taken into account

- 4.2.3 On 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 100bps<sup>3</sup> on top of the current margin of 80bps. The margin of 80bps was used for all Council project appraisals including the HRA business plan, Wholly Owned Housing company and investment portfolio. Subsequently the Government announced a separate margin for housing which returned the rate to the previous margin over gilts, after representations were made that this should not be subject to such a large increase in borrowing cost. Other Council schemes were re-assessed in light of this unscheduled increase by the Treasury, and the business plan for the Wholly Owned Housing Company is being reviewed and a report will be taken to Executive. As reported in the Annual Treasury Management Review of 2019/20, 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. Changes may be introduced that prohibit Council's use of PWLB borrowing for investment property purchases, and this could impact on the Commercial Property budgets in 2020/21 of £13.2 Million for Investment Property and £613K for Commercial Properties Refurbishment (MRC Programme).
- 4.2.4 UPDATE since Executive 18th November 2020: On 25th November as part of the Government's 2020 spending review the outcome from the PWLB consultation was announced. The Public Works Loan Board (PWLB) lending terms have been revised to preclude any Local Authority which has within its capital programme investment property (bought primarily for yield), from accessing PWLB lending. The current approved capital strategy does include Investment property but this scheme will be removed to enable the Council to access PWLB borrowing going forward. It was also announced that PWLB lending rates would be cut to gilts + 100bps for Standard Rate and gilts + 80bps for Certainty Rate. The impact of reduced borrowing costs for the General Fund will be incorporated into the budget setting process.
- 4.2.5 In 2020/21 the average cash holding between April and September was £62Million (£63Million April to September 2019/20). While investment returns are low the "internal" borrowing rate is significantly cheaper than the cost of external borrowing and remains a prudent use of the Council's cash balances, unless it is prudent to secure long term borrowing in accordance with the HRA business plan.
- 4.2.6 As at the 30 September 2020 the Council had total external borrowing of £209,097,845 which is projected to increase to £247,840,036 by 31 March 2021 if all approved borrowing is taken as per the revised capital programme approved by Executive 16 September 2020.
- 4.2.7 The General Fund currently has £2,413,845 external borrowing with the PWLB, comprising an Equal Instalments of Principal (EIP) loan with the final principal repayment in February 2022, and a Maturity loan of £1.756Million which matures in March 2028.

---

<sup>3</sup> 100bsp is 100 basis points, the equivalent of 1%.

4.2.8 The HRA has external borrowing of £206,684,000 with the PWLB, with the majority of the HRA debt (£194,911,000) taken out in March 2012 to finance the payment required to central government for self-financing. This debt was arranged over a number of loans at fixed rates and with varying maturities and is not impacted by the recent changes in PWLB rates.

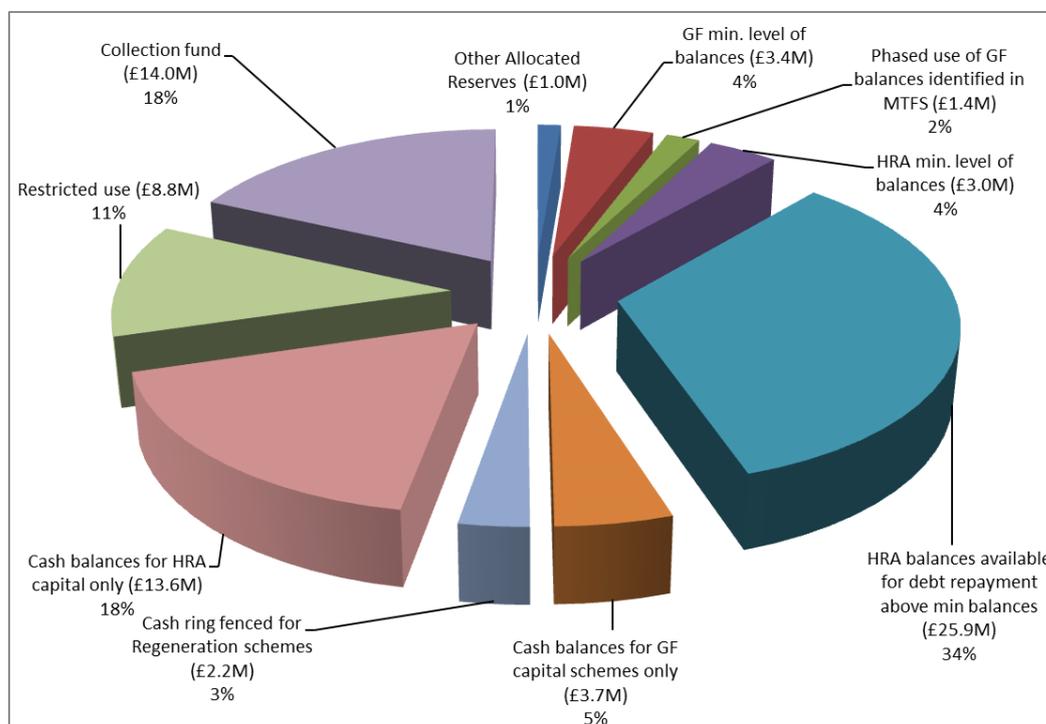
4.2.9 The HRA borrowing includes £7,763,000 used to fund the pre 2012 Decent Homes programme. This debt was called ‘supported borrowing’ under the former HRA subsidy system but now forms part of the HRA debt portfolio. An additional £4,010,000 was taken in 2019/20 to fund more recent Decent Homes expenditure.

4.2.10 Since the lifting of the HRA Debt Cap, which was formerly £217,685,000, HRA borrowing limits are based on affordability rather than legislation. These limits are now reviewed as part of the annual HRA Business Plan. An MTFS update HRA 2020/21 - 2024/25 is being reported to Executive on 18 November 2020.

### 4.3 Cash balances and cash flow management

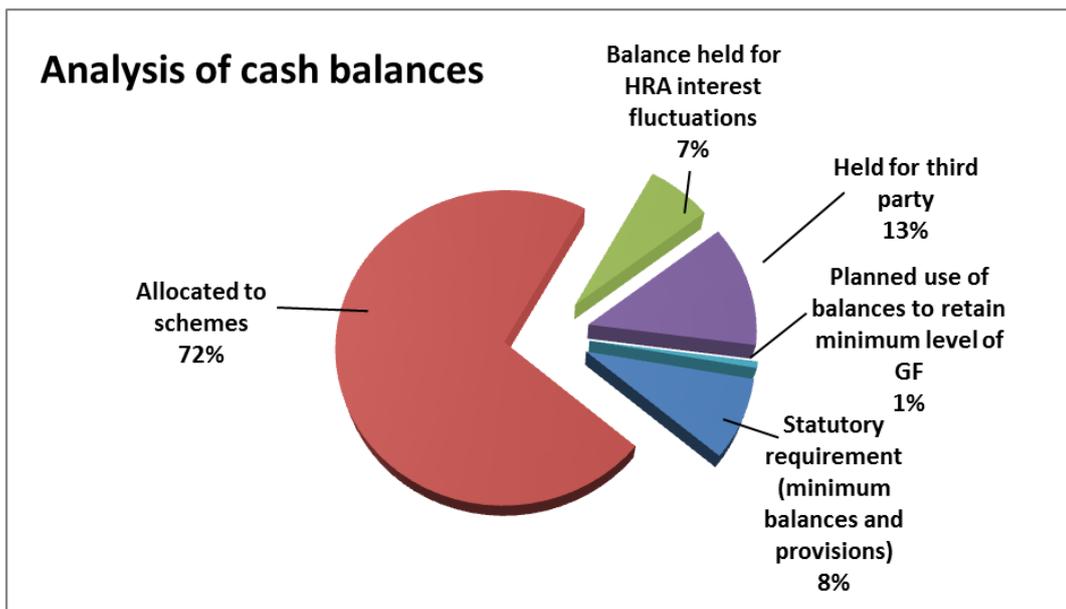
4.3.1 As at 1 April 2020 cash balances held by SBC totalled £54.1 Million. The revised cash balance expected to be held as at 31 March 2021 is £60.6 Million. The breakdown of these cash balances is shown in the following chart.

**Chart One: Cash Balances expected as at 31 March 2021**



4.3.2 These cash balances can be further analysed between allocated, held for statutory requirements and held for third parties. This identifies that of the £60.6 Million, all cash resources have been allocated, so unless allocated reserves are no longer needed in the future, there are **currently no cash resources available** for new projects.

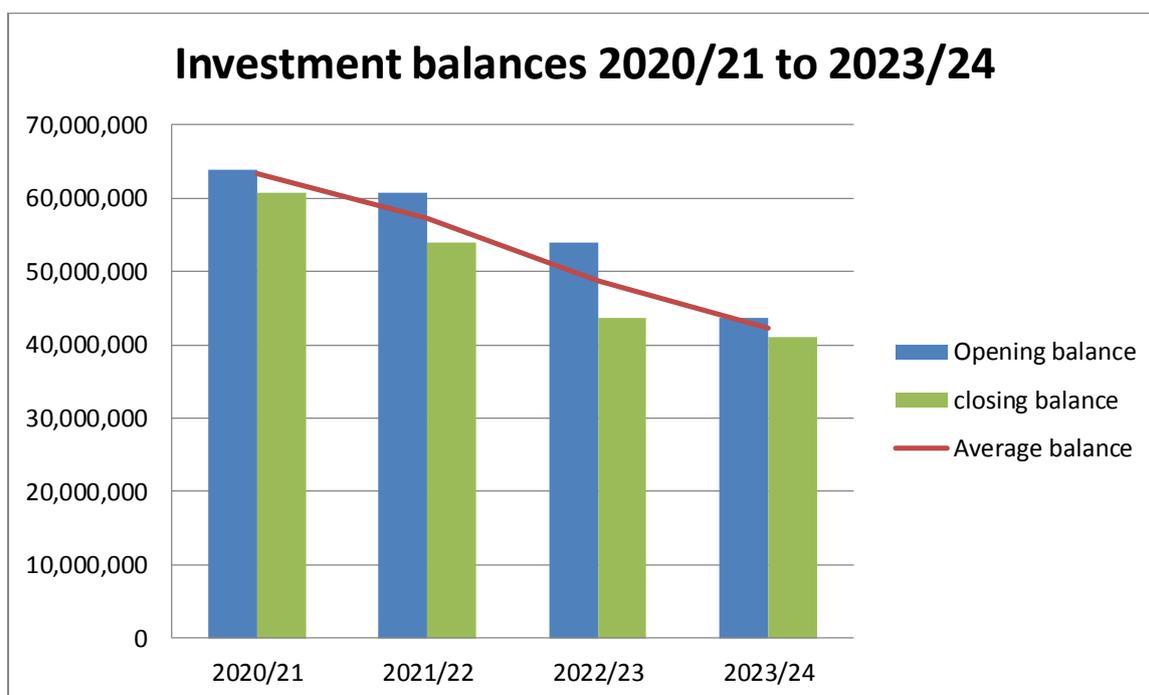
**Chart Two: Analysis of Cash Balances**



4.3.3 Cash investment balances are expected to be £60.6Million by 31 March 2021 (reserves and balances of £77.0Million less actual internal borrowing of £16.4 Million), but is dependent on current spending projections and approved borrowing included in the capital strategy and current HRA business plan (General Fund - £15.071Million and HRA - £23.803Million) for 2020/21. Decisions as to when to take this borrowing will be considered based on cash balances and anticipated interest rates.

4.3.4 The forecast investment balances to 2023/24 has been updated to reflect the latest General Fund MTFs and HRA MTFs projections and the revised capital programme. Note that, like the pie chart in paragraph 4.3.2, the balances in the chart below includes those being held on behalf of third parties.

**Chart Three: Investment Balances forecast**



#### 4.4 Prudential Indicators

- 4.4.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. The Council's approved Treasury and Prudential Indicators, (which measures affordability limits), are included in the approved Treasury Management Strategy and an update on those indicators is included in this report. During the year to date, the Council has operated within the treasury and prudential indicators set out in that strategy. Further explanation of key prudential indicators is given below and is also shown in Appendix A.
- 4.4.2 **Borrowing and the 2020/21 Capital Financing Requirement (CFR)** - The Council's underlying need to borrow for capital expenditure is referred to as the Capital Financing Requirement (CFR). The Council's original estimate and latest CFR for the year is shown below. The estimate of the CFR for 2020/21 has been updated for the capital strategy approved by Members (16 September 2020 Executive). Further updates may be required pending completion of the external audit of the 2019/20 accounts.
- 4.4.3 The HRA MTFS update (HRA 2020/21 - 2024/25) will be reported to the 18 November 2020 Executive, and the Final HRA and Rent Setting Report 2021/22 to Executive to the 20 January 2021 Executive and to Council on 28 January 2021. The CFR and prudential indicators included in this report have been updated to reflect the current projections for the HRA revised business plan.

**Table Two: Capital Financing Requirement 2020/21**

|   | 2020/21<br>Original: Annual<br>TM Strategy<br>(Approved Council<br>February 2020)<br>£'000 | 2020/21<br>Revised: Annual TM<br>Review of<br>2019/20(Appeared<br>Council October<br>2020)<br>£'000 | 2020/21<br>Revised: Mid-<br>Year Review<br>(Executive<br>November<br>2020)<br>£'000 |
|---|--|---|---|
| <b>CFR Calculation</b>  |  |   |   |
| <b>Opening Balance</b>  | <b>258,141</b>   | <b>241,724</b>  | <b>241,987</b>  |
| Closing Capital Financing Requirement (General Fund)            | 45,544   | 46,004  | 42,918  |
| Closing Capital Financing Requirement (Housing Revenue Account) | 239,627  | 233,771   | 237,474   |
| <b>Closing Balance</b>  | <b>285,171</b>   | <b>279,775</b>  | <b>280,391</b>  |
| <b>Increase/ (Decrease)</b>                                     | <b>27,030</b>  | <b>38,051</b>   | <b>38,404</b>   |

4.4.4 Total debt repayments made in the first half of 2020/21 relating to principle on PWLB General Fund loans were £131,579 (paid in August). A further repayment of £131,579 will be made in February 2021 in relation to General Fund debt.

4.4.5 The Council could further reduce its CFR by:

- The application of additional capital financing resources (such as unapplied capital receipts) if available; or
- Charging more than the statutory revenue charge (Minimum Revenue Provision (MRP)) each year through a Voluntary Revenue Provision (VRP) which would increase the cost to the General Fund

4.4.6 The **net borrowing position** of the Council at 31 March 2021 is estimated to be **£187.2M** (total borrowings/loans of £247.8M less total investments held of £60.6M). This updated position also reflects the current projections for the HRA revised business plan.

4.4.7 The **operational boundary and authorised limit** refer to the borrowing limits within which the treasury team operate. To date there have been **no breaches** of either limit in 2020/21).

4.4.8 As raised in the Treasury Management report to Council, at the time of publication of this report the external audit of the 2019/20 accounts had yet to be completed. Any changes following the completion of the external audit will be reported to Members in subsequent reports.

4.4.9 **Minimum Revenue Provision (MRP)**<sup>4</sup> – In 2020/21 the MRP calculated on previous years' borrowing is £411,021, however there will be no MRP charge to

<sup>4</sup> MRP- The Council must base its borrowing decisions in accordance with the Prudential Code which requires the Council to demonstrate a need to borrow and to show the cost of that borrowing for the

the General Fund with respect to borrowing for regeneration assets of £193,703, due to the overpayment calculated following the MRP review, which reviewed the asset lives used in calculating MRP. Based on the current forecasts this 'MRP holiday' period for regeneration assets will result in no MRP charges to the General Fund until 2025/26. Further detail can be found in Appendix E MRP Policy.

4.4.10 MRP needs to be made regardless of whether actual external borrowing has been taken and hence differs from the treasury management arrangements, the latter considers utilising cash balances when borrowing rates are higher than investment interest rates.

4.4.11 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 and business rates.

4.4.12 The treasury management indicators for 2020/21 onwards have been calculated based on the 1st quarter capital programme reported to Executive 16 September 2020. There will be subsequent updates to the capital programme including the capital bidding process for the period 2021/22 to 2025/26 and as such the data relating to future years is indicative only and will be subject to change. The full list of Treasury Prudential Indicators is shown in Appendix A.

#### **4.5 Update on Treasury Management Strategy Position 2020/21**

4.5.1 The Council's debt and investment position is managed by the treasury management section to ensure adequate liquidity for revenue and capital activities. In addition, investment decisions are based on the security of the investments and spread over a number of counter parties to manage the Council's exposure to risk.

4.5.2 The Council's **average investment returns** are modest due to historically low Bank of England Base Rate which is currently 0.10% and the risk appetite in the treasury management strategy. As at 30 September 2020 the 2020/21 average rate of interest being earned on investments was 0.98% (compared to 0.98% earned in 2019/20). This exceeded the 7 day LIBID benchmark rate of 0.53% (source: LINK Asset Services 29-9-20).

4.5.3 At current interest rates it is still prudent to utilise the Council's cash balances (as shown in paragraph 4.3.1) for short-term internal borrowing. However, PWLB borrowing costs will be kept under review and officers will determine whether it may be prudent to take some borrowing at lower interest rates based on the forecast reduction of future cash balances and borrowing identified in the HRA business plan. The decision and timing of when to borrow is being monitored by officers.

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

---

General Fund is affordable. The Council's MRP policy, as required by CIPFA guidance, is approved annually by Council as part of the Treasury Management Strategy. The calculation of MRP is based upon prior years' borrowing requirement and the life of the assets for which borrowing was required.

| Table three: Treasury Position 2020/21                |                                    |                       |                          |                                       |                       |                          |
|---|------------------------------------|-----------------------|--------------------------|---------------------------------------|-----------------------|--------------------------|
|   | 30 Sep 2020<br>Principal<br>£'000s | Rate /<br>Return<br>% | Average<br>Life<br>(Yrs) | 31 Mar<br>2021<br>Principal<br>£'000s | Rate /<br>Return<br>% | Average<br>Life<br>(Yrs) |
| Fixed rate loans - PWLB                               | 209,098                            | 3.37                  | 14                       | 208,966                               | 3.37                  | 13                       |
| General Fund Prudential<br>Borrowing                  |                                    |                       |                          | 15,071                                |                       |                          |
| HRA Borrowing   |                                    |                       |                          | 23,803                                |                       |                          |
| <b>Total Borrowing</b>                                | <b>209,098</b>                     | <b>3.37</b>           | <b>14</b>                | <b>247,840</b>                        | <b>3.37</b>           | <b>13</b>                |
| CFR   |                                    |                       |                          | 280,391                               |                       |                          |
| less finance lease and other<br>technical adjustments |                                    |                       |                          | (10,248)                              |                       |                          |
| less self financing agreement                         |                                    |                       |                          | (5,929)                               |                       |                          |
| Over/(under) borrowing*                               |                                    |                       |                          | (16,375)                              |                       |                          |
| <b>Investments Portfolio</b>                          | <b>56,560</b>                      | <b>0.98</b>           | <b>N/A</b>               | <b>60,629</b>                         | <b>0.69</b>           | <b>N/A</b>               |

\* financed by internal borrowing (£4.857Million HRA £11.517Million General Fund)

4.5.5 The maturity structure of the debt portfolio was as follows (see also Appendix B):

| Table four: Maturity of Debt Portfolio for 2019/20 and 2020/21 |                                    |  |
|--|------------------------------------|--|
| Time to maturity   | 31 March 2020<br>Actual<br>£'000's | 30 September<br>2020 Actual<br>£'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                          | 263                                | 132                                    |
| 5 years or more and less than 10<br>years                      | 39,156                             | 39,156                                 |
| 10 years or more   | 169,284                            | 169,284                                |
| <b>Total</b>   | <b>209,229</b>                     | <b>209,098</b>                         |

4.5.6 There are six investments with **maturities over one year** as detailed below:

| Table five: Maturities Over One Year     |         |        |                   |            |                |
|--|---------|--------|-------------------|------------|----------------|
| Counterparty                             | Country | Rating | Deposit<br>amount | Start date | Maturity<br>on |
| Birmingham City Council                  | UK      | AA     | 3,000,000         | 15/04/2020 | 14/04/2021     |
| Great Yarmouth BC                        | UK      | AA     | 2,000,000         | 16/05/2018 | 17/05/2021     |
| Barnsley Metropolitan Borough<br>Council | UK      | AA     | 2,700,000         | 15/09/2017 | 15/09/2021     |
| Kingston Upon Hull City Council          | UK      | AA     | 5,000,000         | 28/09/2020 | 27/09/2021     |
| Worthing Borough Council                 | UK      | AA     | 5,000,000         | 05/12/2019 | 06/12/2021     |
| Bury M.B.C.                              | UK      | AA     | 2,300,000         | 18/05/2020 | 18/11/2024     |
|  |         |        | <b>20,000,000</b> |            |                |

4.5.7 All other investments held during the first half of 2020/21 are due to mature within one year. A summary of the Council's exposure to fixed and variable rate investments is shown below in Table Six. (See also Appendix B).

| <b>Table Six : Fixed and Variable Rate Investment Totals</b> |                                 |                                     |
|--|---------------------------------|-------------------------------------|
|  | <b>31 March 2020<br/>Actual</b> | <b>30 September 2020<br/>Actual</b> |
|  | <b>£'000's</b>                  | <b>£'000's</b>                      |
| Fixed rate principal   | 48,000                          | 48,000                              |
| Variable rate principal                                      | 6,072                           | 8,560                               |
| <b>Total</b>   | <b>54,072</b>                   | <b>56,560</b>                       |

4.5.8 Since the last Treasury report, no further Money Market funds have been added to the portfolio, however an application is in progress to add the CCLA Public Sector Deposit Fund due to the recent closure of the Amundi Money Market fund (see paragraph 4.6.6 for additional information).

4.5.9 There have been **no breaches** of treasury **counter party limits**, with the investment activity during the year conforming to the approved strategy. Any breach would be notified to the Chief Finance Officer. The Council has had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO) during 2020/21 to date, demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy are working

4.5.10 The use of “Ultra Short Dated Bond” (USDB) funds was approved in February 2017 and added to the Specified/Non-specified Investments is detailed in Appendix C. No investments have been made to date with USDB funds.

4.5.11 The list of “Approved Countries for Investments” is detailed in Appendix D.

4.5.12 **Money Market Fund Regulatory Change** took place in early 2019, and Liquidity (non-government) Funds have been converted from Constant Net Asset Value (CNAV) funds to Low Volatility Net Asset Value (LVNAV) pricing. Government-type funds will remain as “CNAV” funds under the new regulations. This change has continued to have no impact on the Treasury Management strategy.

4.5.13 As part of the Council regeneration programme and financial security objectives officers have establishing special purpose vehicles (SPV) to deliver regeneration in the town and to improve the offer in the private rented sector. These SPV’s have included a Limited Liability partnership and a wholly owned company. As completely separate legal entities the board of Directors of the SPV needed to delegate authority for the treasury management function to the Council, for officers to invest monies on behalf of the SPV’s subject to Director’s delegation. Any sums invested on behalf of theses SPV’s are to be done in accordance with the Councils own treasury management policies. No such investments have been made on their behalf to date.

## **4.6 Economic Review & Interest Rate Outlook**

### **4.6.1 UK Growth**

The Bank of England’s Monetary Policy Report August 2020 reports that UK GDP is expected to have been over 20% lower in 2020 Q2 than in 2019 Q4. But other indicators imply that spending has recovered significantly since April. Payments data suggest that household consumption in July was less than

10% below its level at the start of the year. Housing market activity appears to have returned to close to normal levels, despite signs of a tightening in credit supply for some households. There is less evidence available on business spending, but surveys suggest that business investment is likely to have fallen markedly in Q2 and investment intentions remain very weak.

#### 4.6.2 **Inflation and Bank Rate**

Twelve-month CPI inflation increased to 0.6% in June from 0.5% in May but then reduced to 0.2% in August as a result of the impact of energy prices and the temporary cut in VAT for hospitality, holiday accommodation and attractions. The latest CPI figure (September was 0.5%) which is used to set HRA rents and Business rate increases. CPI inflation is expected to fall further below the 2% target, largely reflecting the direct and indirect effects of Covid-19. However as these effects unwind, inflation rises, supported by a gradual strengthening of domestic price pressures as spare capacity diminishes. In the Monetary Policy Committee (MPC) central projection, CPI inflation is expected to be around 2% in two years' time. At its meeting ending on 4 August 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%, which has been the rate since 19 March 2020 in response to the Coronavirus pandemic. The assumption is that Bank Rate remains at 0.1% throughout the three years of the MPC forecast period, before moving towards the market path over the subsequent three years.

#### 4.6.3 **Wage inflation**

Unemployment has increased, including job losses arising from business closures due to the Coronavirus pandemic. Lockdown measures, such as school closures, mean that some people who have lost their jobs are likely to have not been actively searching for work, or have not been available to start work. As a result, the proportion of the population classed as inactive has also increased. Wage growth has been significantly affected by the impact of the Coronavirus Job Retention Scheme. Underlying wage growth is likely to have weakened. There is evidence from the Bank of England's agents that wage pressures are muted.

#### 4.6.4 **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. The MPC's central projections assume that there is an immediate but orderly move to a comprehensive free trade agreement between the UK and the EU on 1 January 2021. Some restrictions on trade between the UK and EU are assumed to come into place at that point as the UK leaves the EU's Single Market and Customs Union. Market uncertainty makes forecasting of interest rates challenging.

4.6.5 The Council registered with HMRC's Transitional Simplified Procedures to simplify import procedures should we procure goods from the EU post Brexit. Mitigation plans have been put in place for contracts which may be affected by Brexit and continuity plans have been reviewed for service areas including fuel supplies.

4.6.6 Although the advice from our treasury advisors is that there should be no issues with the placing of investments domiciled within the EU after the Brexit transition period ends, the Amundi fund based in Luxembourg has closed. Officers received a communication on 14 October that the fund would be closed to all new investments effective immediately, and any remaining deposits not called back by clients would be settled on 22 October. Treasury staff redeemed the SBC deposit of £1.2Million on 15 October. As per paragraph 4.5.8, an application is in progress to the UK-domiciled CCLA Public Sector Deposit Fund to retain an available pool of investment options.

## **5. IMPLICATIONS**

### **5.1 Financial Implications**

5.1.1 This report is of a financial nature and reviews the treasury management function for 2020/21 to date. Any consequential financial impacts of the Strategy will be incorporated into the Capital Strategy updates and subsequent quarterly budget monitoring reports.

5.1.2 During the financial year to date officers have 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 Indicators are intended to ensure that the Council complies with relevant legislation and best practice.

5.2.2 The potential changes to PWLB borrowing arrangements in paragraph 4.2.3 refer to the use of PWLB for 'Investment for Yield' schemes. Councils 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.

5.2.3 UPDATE since Executive 18th November 2020: As set out in paragraph 4.2.4, on 25th November the outcome from the PWLB consultation was announced. Any Local Authority which has investment property (bought primarily for yield) within their capital programme is now prohibited from accessing PWLB lending. As such this will be removed as part of the budget setting process to enable the Council to access PWLB borrowing going forward.

### **5.3 Risk Implications**

5.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. Should these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.

5.3.2 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.

5.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.

5.3.4 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.

#### **5.4 Equalities and Diversity Implications**

5.4.1 This purpose of this report is to review the implementation of the Treasury management policy in 2020/21 to date. 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.

5.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

#### **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 DOCUMENTS**

BD1 Prudential Code Indicators and Treasury Management Strategy 2020/21 (26 February 2020 Council)

BD2 Annual Treasury Management Review of 2019/20 (14 October 2020 Council)

## **APPENDICES**

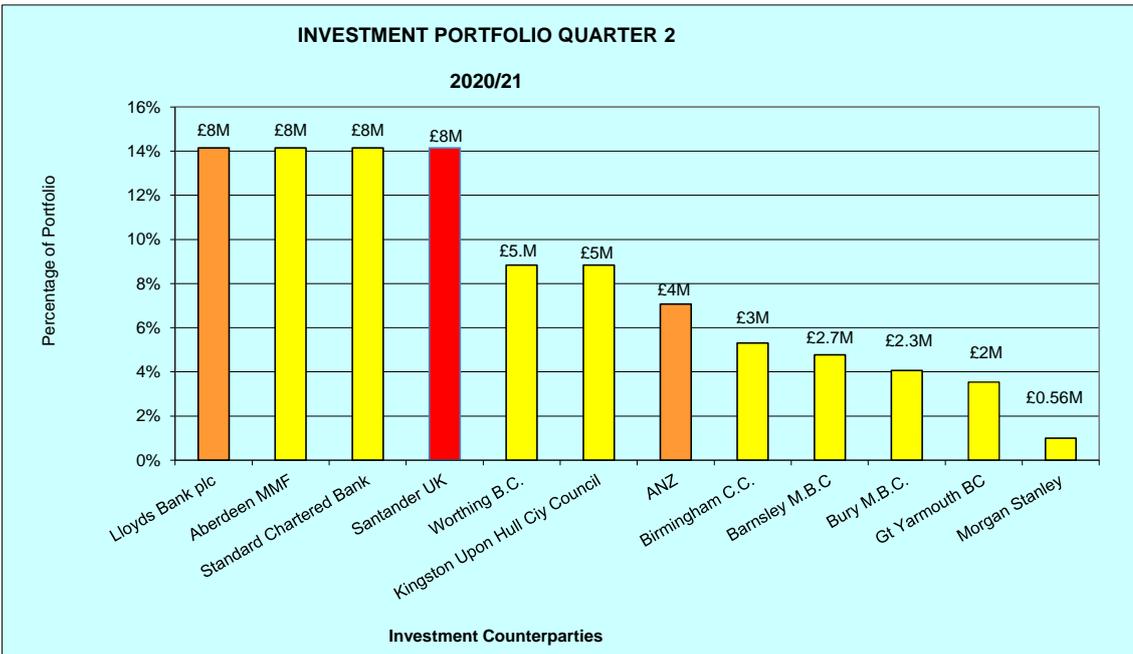
- Appendix A – Prudential Indicators for Mid Year Review.
- Appendix B – Investment and Loan Portfolios
- Appendix C – Specified & Non-Specified Investment Criteria
- Appendix D – Approved Countries for Investments
- Appendix E – MRP Policy

| Appendix A   |                        | 2020/21 Treasury Management Strategy - Mid year review |                               |                               |                               |                               |                               |  |
|--|------------------------|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|--|
| Treasury Management Prudential Indicators  |                        |  |                               |                               |                               |                               |                               |  |
|  | 2020/21                | 2020/21  | 2020/21                       | 2021/22                       | 2022/23                       | 2023/24                       |                               |  |
| Capital Expenditure (Based on Q1 Capital report September 2020):   | Original February 2020 | Revised September 2020 (TM report)                     | Revised Mid year review 20-21 |  |
|  | £000                   | £000   | £000                          | £000                          | £000                          | £000                          | £000                          |  |
| General Fund   | 20,429                 | 36,715   | 35,271                        | 10,216                        | 18,041                        | 24,141                        |                               |  |
| HRA  | 50,384                 | 34,763   | 34,057                        | 49,286                        | 45,389                        | 36,314                        |                               |  |
| <b>Total</b>   | <b>70,813</b>          | <b>71,478</b>  | <b>69,328</b>                 | <b>59,502</b>                 | <b>63,429</b>                 | <b>60,455</b>                 |                               |  |
| Ratio of financing costs to net revenue stream:  |                        |  |                               |                               |                               |                               |                               |  |
|  | Original February 2020 | Revised September 2020 (TM report)                     | Revised Mid year review 20-21 |  |
|  | %                      | %  | %                             | %                             | %                             | %                             | £000                          |  |
| General Fund Capital Expenditure   | 6.43%                  | 6.43%  | 8.17%                         | 14.50%                        | 15.78%                        | 15.96%                        |                               |  |
| HRA Capital Expenditure  | 18.68%                 | 18.68%   | 15.93%                        | 16.14%                        | 15.76%                        | 15.29%                        |                               |  |
| 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   |                        |  |                               |                               |                               |                               |                               |  |
|  | Original February 2020 | Revised September 2020 (TM report)                     | Revised Mid year review 20-21 |  |
|  | £000                   | £000   | £000                          | £000                          | £000                          | £000                          | £000                          |  |
| Borrowing - General Fund   | 73,544                 | 70,004   | 49,918                        | 52,624                        | 56,288                        | 55,699                        |                               |  |
| Borrowing - Queensway residential  |                        |  | 15,000                        | 15,000                        | 15,000                        | 15,000                        |                               |  |
| Borrowing - HRA  | 247,627                | 241,771  | 245,474                       | 272,076                       | 287,716                       | 298,196                       |                               |  |
| <b>Total</b>   | <b>321,171</b>         | <b>311,775</b>   | <b>310,391</b>                | <b>339,700</b>                | <b>359,004</b>                | <b>368,895</b>                |                               |  |
| 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. |                        |  |                               |                               |                               |                               |                               |  |
| Operational Boundary for external debt   |                        |  |                               |                               |                               |                               |                               |  |
|  | Original February 2020 | Revised September 2020 (TM report)                     | Revised Mid year review 20-21 |  |
|  | £000                   | £000   | £000                          | £000                          | £000                          | £000                          | £000                          |  |
| Borrowing - General Fund   | 71,544                 | 68,004   | 47,918                        | 50,624                        | 54,288                        | 53,699                        |                               |  |
| Borrowing - Queensway residential  |                        |  | 15,000                        | 15,000                        | 15,000                        | 15,000                        |                               |  |
| Borrowing - HRA  | 241,627                | 235,771  | 239,474                       | 266,076                       | 281,716                       | 292,196                       |                               |  |
| <b>Total</b>   | <b>313,171</b>         | <b>303,775</b>   | <b>302,391</b>                | <b>331,700</b>                | <b>351,004</b>                | <b>360,895</b>                |                               |  |
| 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).                                    |                        |  |                               |                               |                               |                               |                               |  |
| Gross & Net Debt   |                        |  |                               |                               |                               |                               |                               |  |
|  | Original February 2020 | Revised September 2020 (TM report)                     | Revised Mid year review 20-21 |  |
|  | £000                   | £000   | £000                          | £000                          | £000                          | £000                          | £000                          |  |
| Gross External Debt - General Fund   | 20,752                 | 20,963   | 17,353                        | 20,262                        | 24,340                        | 24,340                        |                               |  |
| Gross External Debt - HRA  | 235,033                | 226,784  | 230,487                       | 257,089                       | 272,729                       | 283,209                       |                               |  |
| <b>Gross External Debt</b>   | <b>255,785</b>         | <b>247,747</b>   | <b>247,840</b>                | <b>277,351</b>                | <b>297,069</b>                | <b>307,549</b>                |                               |  |
| Less Investments   | (47,240)               | (61,176)   | (60,629)                      | (53,880)                      | (43,624)                      | (41,037)                      |                               |  |
| <b>Net Borrowing</b>   | <b>208,545</b>         | <b>186,571</b>   | <b>187,211</b>                | <b>223,471</b>                | <b>253,445</b>                | <b>266,512</b>                |                               |  |
| 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   |                        |  |                               |                               |                               |                               |                               |  |
| 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  |                        |  |                               |                               |                               |                               |                               |  |
|  | Original February 2020 | Revised September 2020 (TM report)                     | Revised Mid year review 20-21 |  |
|  | £000                   | £000   | £000                          | £000                          | £000                          | £000                          | £000                          |  |
| Capital Financing Requirement GF   | 45,544                 | 46,004   | 42,918                        | 45,624                        | 49,288                        | 48,699                        |                               |  |
| Capital Financing Requirement HRA  | 239,627                | 233,771  | 237,474                       | 264,076                       | 279,716                       | 290,196                       |                               |  |
| <b>Total Capital Financing Requirement</b>   | <b>285,171</b>         | <b>279,775</b>   | <b>280,391</b>                | <b>309,700</b>                | <b>329,004</b>                | <b>338,895</b>                |                               |  |
| 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

Average interest rate - 2019/20 **0.98%**  
 Average interest rate - 2020/21 **0.76%**  
 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> |
|---|---------------|---------------------------------|-------------------|-------------|-----------|---------------|
| <b>Money Market Funds (Instant Access)</b>  |               |                                 |                   |             |           |               |
| Morgan Stanley MMF                          | UK            |                                 | 560,000           |             |           | 0.01          |
| Aberdeen MMF                                | UK            |                                 | 8,000,000         |             |           | 0.09          |
| <b>95 Day Notice</b>                        |               |                                 |                   |             |           |               |
| Standard Chartered Bank                     | UK            | AA-                             | 7,000,000         |             |           | 0.36          |
| <b>Fixed Term Deposit</b>                   |               |                                 |                   |             |           |               |
| Lloyds Bank plc                             | UK            | AA-                             | 5,000,000         | 22-Nov-19   | 20-Nov-20 | 1.10          |
| Santander UK                                | UK            | AA-                             | 8,000,000         | 02-Jul-20   | 31-Dec-20 | 0.40          |
| Australia & New Zealand Banking Corporation | AUS           | AAA                             | 4,000,000         | 16-Jul-20   | 18-Jan-21 | 0.24          |
| Lloyds Bank plc                             | UK            | AA-                             | 3,000,000         | 22-Jan-20   | 20-Jan-21 | 1.10          |
| Standard Chartered Bank                     | UK            | AA-                             | 1,000,000         | 12-Aug-20   | 12-Feb-21 | 0.19          |
| Birmingham City Council                     | UK            | AA-                             | 3,000,000         | 15-Apr-20   | 14-Apr-21 | 1.15          |
| 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          |
| Kingston Upon Hull City Council             | UK            | AA-                             | 5,000,000         | 28-Sep-20   | 27-Sep-21 | 0.32          |
| Worthing Borough Council                    | UK            | AA-                             | 5,000,000         | 05-Dec-19   | 06-Dec-21 | 1.50          |
| Bury M.B.C.                                 | UK            | AA-                             | 2,300,000         | 18-May-20   | 18-Nov-24 | 2.00          |
|   |               |                                 | <b>56,560,000</b> |             |           |               |



## LOAN PORTFOLIO QUARTER 2 (30th September 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            |
|               |                     |               | <b>11,773,000</b> |             |            |                     |

### 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            |
|               |                     |               | <b>194,911,000</b> |             |            |                     |

### 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          | 657,895           | 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            |
|               |                |               | <b>2,413,845</b>  |             |            |                     |

### Total Borrowing

**209,097,845**

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

Table 1 **Specified Investments** are sterling denominated with maturities up to maximum of one year and must meet the following minimum high credit quality criteria:

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

Table 2 **Non-Specified Investment** are sterling denominated with a maturity longer than one year but no longer than five years, and must meet the following criteria:

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

Please Turn Over

Table 3 **Treasury Limits**

| Investment Instrument  | Cash balances less than £30Million  | Cash balances higher than £30Million |
|--|---|--------------------------------------|
|  | Limits  | Limits                               |
| Variable Rate Investments (Excluding Enhanced Cash Funds)  | Maximum holding £30M  | Maximum holding 100%                 |
| Counterparty limits (to encompass all forms of investment)   | Maximum £5M   | Maximum £8M                          |
| Instant Access Or Overnight Deposit  | Maximum holding 100%  |                                      |
| Fixed Rate less than 12 month maturity   | Maximum holding 100%  |                                      |
| Fixed Rate more than 12 months to maturity (includes all types of Fixed Rate Investments i.e. Certificates of Deposits ) | Maximum £5M   | Maximum £20M                         |
| Money Market Funds - Traditional Instant Assess (Counterparty Limit per Fund)  | Maximum £5M per MMF   | Maximum £8M per MMF                  |
|  | No limit on total cash held   |                                      |
| Enhanced Cash Funds  | Maximum £3M   |                                      |
| Certificates of Deposits   | Maximum £5M   |                                      |
| Property Funds   | Maximum of £3M - No durational limit. Use would be subject to consultation and approval |                                      |

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

## APPENDIX D: Approved Countries (with Approved counterparties) for Investments (October 2020)

*Based on lowest available rating*

### AAA

- Australia
- Denmark
- Germany
- Netherlands
- Singapore
- Sweden
- Switzerland

### AA+

- Canada
- Finland
- U.S.A.

### AA

- United Arab Emirates
- France

### AA-

- Belgium
- Qatar

**The UK is exempt from the sovereign rating criteria as recommended by Link Asset Services**

**The above list includes the possible countries the Council may invest with. Not all of these countries are used or will be used in treasury management investments**

This page is intentionally left blank

## Minimum Revenue Provision Policy

### Minimum Revenue Provision Policy Statement 2020/21

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 was reviewed in 2019/20. Following that review asset lives now ranges from 7 years (ICT equipment) to 50 years (Investment properties, regeneration sites and car parks for example).

In applying the new asset lives historic MRP had been overpaid and in accordance with MHCLG MRP Guidance can be reclaimed in future years. The council has a policy to ring fence costs and income associated with regeneration assets and as such has shown these MRP changes separately, see table below. The overpayment of £1,057,660.39 results in no MRP needing to be charged to the accounts for the regeneration assets until 2025/26, when a partial charge will be required, utilising the remainder of the overpayment balance.

| voluntary MRP made      |                      |
|-------------------------|----------------------|
|                         | Regeneration         |
| 2012/13                 | £46,929.65           |
| 2013/14                 | £140,788.95          |
| 2014/15                 | £163,165.30          |
| 2015/16                 | £141,355.30          |
| 2016/17                 | £141,355.30          |
| 2017/18                 | £141,355.30          |
| 2018/19                 | £141,355.30          |
| 2019/20                 | £141,355.30          |
| <b>cumulative total</b> | <b>£1,057,660.39</b> |

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 2020/21 is £411,021 based on the capital expenditure in the draft 2019/20 Financial Accounts, with the lower figure of £217,318 needing to be charged to the 2020/21 Financial Accounts taking into account the overpayment on the regeneration assets.

In addition finance lease payments due as part of the Queensway regeneration project are also applied as MRP, funded from the payments received in the year.

## 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 31<sup>st</sup> 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.

**Meeting:** EXECUTIVE

**Agenda Item:**

Portfolio Area: Resources

**Date:** 18 November 2020

**2ND QUARTER GENERAL FUND CAPITAL MONITORING REPORT 2020/21**



**KEY DECISION**

Author – Belinda White Ext. 2515  
Contributor – Lee Busby Ext. 2730  
Finance team and budget managers  
Lead Officers – Clare Fletcher Ext. 2933  
Contact Officer – Clare Fletcher Ext. 2933

**1 PURPOSE**

- 1.1 To provide Members with an update on the Council's 2020/21 General Fund capital programme.
- 1.2 To seek approval for the revisions to the General Fund capital programme.

**2 RECOMMENDATIONS**

- 2.1 That Executive recommend to Council the approval of the budget increase to the 2020/21 General Fund capital programme, arising from the additional funding of £7.4Million received from Hertfordshire Local Enterprise Partnership (LEP) and the Ministry of Housing, Communities & Local Government (MHCLG) as identified in paragraph 4.1.4, as these exceed the Executive's delegated limit. The net increase in 2020/21 expenditure is £6.4Million as summarised in table one, para 4.1.1.
- 2.2 That Executive approve the General Fund net increase (arising from slippage) of capital expenditure of £1.0Million in 2021/22, also as summarised in table one, para 4.1.1.

**3 BACKGROUND**

- 3.1 The 2020/21 General Fund capital programme was approved as part of the 2019/20 Outturn Report at the July Executive: £36.7Million.
- 3.2 The revised 2020/21 General Fund capital programme was approved at Quarter 1 at the September Executive: £35.3Million.

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

##### 4.1 2020/21 General Fund Capital Programme

4.1.1 The updated projected spend for 2020/21 General Fund capital programme (as detailed in Appendix A) is £41.7Million, a net increase of £6.4Million which is due to additional grants for Regeneration activity from the LEP and MHCLG, offset by slippage to 2021/22. The detail for all schemes is shown in table one:

| <b>Table one: Changes to General Fund Capital Budget</b>  |  |  |
|---|--|--|
| <b>Capital Programme Change to 2020/21 Working Budget &amp; 2021/22 Projected Budget</b>                    | <b>Increase (Decrease) to 2020/21 Working Budget<br/>£</b> | <b>Increase (Decrease) to 2021/22 Projected Budget<br/>£</b> |
| <b>Slippage/Acceleration</b>  |  |  |
| Garages Programme   | (1,095,300)  | 1,095,300  |
| Waste and Recycling System  | (19,000)   | 19,000   |
| Kenilworth Housing Development - Community Centre   | 0  | (162,218)  |
|   |  |  |
| <b>Total Slippage</b>   | <b>(1,114,300)</b>   | <b>952,082</b>   |
|   |  |  |
| <b>Virements Between Projects</b>   |  |  |
| Arts and Leisure Centre - Pipework  | 140,000  |  |
| SALC and the Swim Centre Urgent and H&S Works   | (140,000)  |  |
| Infrastructure Investment – Core Information & Communications Technology (ICT) equipment for Remote Workers | 125,000  |  |
| Deferred Works Reserve  | (125,000)  |  |
|   |  |  |
| <b>Total Virements Between Projects</b>   | <b>0</b>   | <b>0</b>   |
|   |  |  |
| <b>Increases/(Decreases) to 2020/21 Budget</b>  |  |  |
| Bus Interchange (LEP GD3)   | 3,224,410  |  |
| Town Centre Improvements (LEP GD3)  | 2,110,000  |  |
| Multi Storey Car Park (LEP GD3)   | 1,100,000  |  |
| Town Fund Delivery (MHCLG)  | 1,000,000  |  |
| <b>Grant/LEP funded increases</b>   | <b>7,434,410</b>   |  |
| Town Square Improvements – North Block fit-out  | 120,000  |  |
| Daneshill House - Test & Risk Assessment Remedial Works   | 37,004   |  |
| Parks Pavilions   | 7,360  |  |
| Community Centres General   | 2,600  |  |
| Station Ramp  | (13,000)   |  |
| Replace boiler at Bedwell CC  | (60,000)   |  |
| <b>Other net increases</b>  | <b>93,964</b>  |  |
|   |  |  |
| <b>Total Increases/(Decreases) to 2019/20 Budget</b>  | <b>7,528,374</b>   | <b>0</b>   |
|   |  |  |
| <b>Total Change in Working Budget and Projected Budgets</b>   | <b>6,414,074</b>   | <b>952,082</b>   |

#### 4.1.2 **Slippage:**

- The Garage Programme delivery pipeline has been reviewed. Three schemes valued at approximately £300K in total are expected to be delivered by Christmas. A further £300K has been put forward for approval for delivery by Q4. In addition there is approximately £250K urgent expenditure needed for make safe structural work. The balance includes expenditure on drainage and hardstanding improvements. The remaining works will now fall into 2021/22 (£1.1Million slippage from the £2.2Million 2020/21 budget).
- Slippage of £19K has been identified for the Waste and Recycling System (Bartec). The delay in system implementation is as a result of Covid 19. The £19K contract costs associated with the implementation of the trade module will slip into next financial year.
- The Kenilworth Housing Development community centre has been re-phased to maximise delivery of housing first, in line with the most pressing need.

#### 4.1.3 **Virements between projects:**

- £140K of the budget for Stevenage Arts & Leisure Centre (SALC) and Swim Centre urgent works has been identified for the works on the Arts and Leisure Centre Pipework.
- £125K of the Deferred Works budget for 2021/22 has been identified to fund Core ICT Equipment for remote workers. This reflects an urgent need to ensure staff can continue to work and be productive, and for service resilience. This leaves £53K in the Deferred Works budget for other urgent work that may arise in 2020/21.

#### 4.1.4 **Increases in Expenditure:**

##### Grant/LEP funded increases of £7.4Million

- The additional funding of £1Million from the MHCLG Town Fund has now been received. This has been identified for use on the North Block fit-out.
- Budget increases are also identified due to additional allocations from Herts LEP Growth Deal 3 (GD3) funding of £2.1Million for Town Centre Improvements and £1.1Million towards costs for a new Multi Storey Car Park. A report is being taken to this Executive meeting regarding the Multi Storey Car Park and the capital strategy will be amended if needed following approvals of that report.
- The budget for the Bus Interchange has been increased to replace the lower 'contingency scenario' budget if funding was to be all provided by the Council. This LEP funding has previously been agreed by Council but was subject to conditions before confirmation and release of funds by the LEP. Discussions are taking place with the LEP to consider £1Million of the bus interchange funding slipping to 21/22 under 'freedoms and flexibilities', and a decision is awaited on this.

Other budget increases

- A further increase included in this report is £120K from the Town Square reserve to be spent on the North Block fit-out, alongside the £2.1 Million Town Centre Improvements.
- An increase of £37K for unforeseen electrical works required for the atrium at Daneshill House, to ensure safety and compliance.
- Plus minor increases of £10K for Parks Pavilions and Community Centres.

**4.1.5 Reductions in Expenditure:**

- From an original budget of £100K for a replacement boiler at Bedwell Community Centre, a more efficient solution has been found, which gives rise to a saving of £60K. It has been identified that parts replacement will be an adequate solution and that replacement of the system is not required.
- The works to the Station Ramp are complete, and there has been a saving of £13K against the original budget allocated to these works.

**4.1.6 Other Updates:**

- A report is scheduled to be taken to Executive to provide an update on the Housing Wholly Owned Company (WOC). The WOC budgets in Appendix A remain as per the original profile until this work is concluded.
- A report is also to be scheduled to Executive on the feasibility of accelerated delivery of the Public Sector Hub. To date, the profile included in the Capital Strategy for the Hub has matched the anticipated capital receipts profile. The expenditure and income profiles will be updated once further work has been undertaken on the development.

**4.2 Capital Resources General Fund**

4.2.1 Projected **Capital Receipts** from disposals for the current and future years have been reviewed. Slippage of one site disposal from 20/21 to 21/22 has been mitigated by additional minor land sales in 20/21, reducing the 20/21 variance to £36K. The revised forecast for Kenilworth Malvern Close Executive House is for half the receipts expected in 21/22 and the remainder have slipped to 2022/23. The impact of these timing changes can be seen in Appendix A. Forecast receipts have been adjusted accordingly and shown in table two:

| Table two:<br>2020/21 Disposal Schedule (General Fund) | Q1 Working<br>Budget | Q2 Revised<br>Position | Variance           |
|--|----------------------|------------------------|--------------------|
|  | £                    | £                      | £                  |
| Total 20/21 Capital Receipts Estimate                  | 3,832,657            | 3,796,239              | <b>36,418</b>      |
| Total 21/22 Capital Receipts Estimate                  | 4,790,000            | 3,775,000              | <b>1,015,000</b>   |
| Total 22/23 Capital Receipts Estimate                  | 3,651,840            | 4,683,840              | <b>(1,032,000)</b> |

| Table two:<br>2020/21 Disposal Schedule (General Fund) | Q1 Working<br>Budget | Q2 Revised<br>Position | Variance      |
|--|----------------------|------------------------|---------------|
|  | £                    | £                      | £             |
| Total 23/24 Capital Receipts Estimate                  | 23,556,500           | 23,556,500             | 0             |
| Total 24/25 Capital Receipts Estimate                  | 13,384,000           | 13,384,000             | 0             |
| <b>Major Capital Receipts Programme</b>                | <b>49,214,997</b>    | <b>49,152,579</b>      | <b>19,418</b> |

Note: ()= increase in receipts

4.2.2 To ease the revenue pressures arising from Covid, revenue contributions to capital have been replaced with forecast land sale receipts identified in the **Locality Review**. These receipts will also be used to replace the former New Homes Bonus (NHB) contribution to the Capital Reserve. The Locality Review Receipts are being identified separately in Appendix A.

4.2.3 **Capital Reserves** have also been revised in Appendix A to reflect the reduced contributions from revenue.

4.2.4 Appendix A has been updated to reflect no further **New Homes Bonus** (NHB) funding is expected beyond the current available resource, which has already been received and allocated for the Co-operative Neighbourhood Management (CNM) Programme as set out below in table three:

| Table three:<br>New Homes Bonus Update |                     |                     |                     |                |
|--|---------------------|---------------------|---------------------|----------------|
| NHB balance available                  | 2020/21<br>Forecast | 2021/22<br>Forecast | 2022/23<br>Forecast | remaining      |
| Capital CNM                            | £                   | £                   | £                   | £              |
| Town Centre Improvements               | £152,554            | £152,554            |                     | £0             |
| Electric Car charging points           | £15,000             | £15,000             |                     | £0             |
| Playground refurbishment               | £291,467            |                     | £243,000            | £48,467        |
| Bin replacement                        | £115,560            |                     | £99,000             | £16,560        |
| <b>Total</b>                           | <b>£574,581</b>     | <b>£167,554</b>     | <b>£342,000</b>     | <b>£65,027</b> |

4.2.5 The current capital strategy includes the use of Section 106 (**S106**) monies that have been earmarked to support current and future capital schemes. An update on the balances available for 2020/21 onwards are set out in table four:

| Table four: S106 Update |         |                     |                                |           |
|-------------------------|---------|---------------------|--------------------------------|-----------|
| Available for financing | £       | 2020/21<br>Forecast | Budgeted<br>in Future<br>Years | remaining |
|                         |         | £                   | £                              | £         |
| Affordable Housing      | £62,091 | £0                  | £62,091                        | £0        |

| Table four: S106 Update                            |                 |                  |                          |                 |
|--|-----------------|------------------|--------------------------|-----------------|
| Available for financing                            | £               | 2020/21 Forecast | Budgeted in Future Years | remaining       |
|  |                 | £                | £                        | £               |
| Children's Playspace / open space                  | £9,773          | £9,773           | £0                       | £0              |
| Community / Greenspace / Ecological Infrastructure | £70,338         |                  | £70,338                  | £0              |
| Parking / Transport                                | £154,960        |                  |                          | £154,960        |
| Gardening Club                                     | £4,576          |                  |                          | £4,576          |
| Arboretum  | £25,420         | £25,420          |                          | £0              |
| Pedestrian Link                                    | £35,000         |                  |                          | £35,000         |
| Household Surveys                                  | £15,990         |                  |                          | £15,990         |
| <b>Total</b>                                       | <b>£378,147</b> | <b>£35,193</b>   | <b>£132,429</b>          | <b>£210,525</b> |

4.2.6 S106 monies are normally ring fenced to the immediate surroundings of the development site and cannot be used for the wider capital programme. In April 2020 the new **Community Infrastructure Levy (CIL)** was introduced. To date no monies have been received under this scheme but sums are expected later in the year. The levy can be used to fund a very broad range of facilities such as play areas, open spaces, parks and green spaces, cultural and sports facilities and will give greater flexibility to fund capital schemes.

4.2.7 **Prudential borrowing** that is required to support the Capital programme will be a treasury management decision as to when the external borrowing is actually taken. While cash balances are high internal borrowing will be used.

## 5. IMPLICATIONS

### 5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included in the above.

### 5.2 Legal Implications

5.2.1 None identified at this time.

### 5.3 Equality and Diversity Implications

5.3.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund capital programme. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.

5.3.2 Schemes contained within the capital programme will have an EQIA particularly those relating to housing schemes.

## **5.4 Risk Implications**

- 5.4.1 The significant risks associated with the capital strategy are largely inherent within this report.
- 5.4.2 A significant risk exists that works deferred due to lack of funding become urgent in year, requiring completion on grounds of health and safety. A reasonable assessment has been made in the prioritisation process to try to keep this risk to a minimum, and these schemes are monitored by Assets and Capital Board.
- 5.4.3 There is a risk in achieving the level of qualifying spend, including Grants to Registered Providers, to fully utilise retained one for one receipts. Should qualifying schemes slip or new schemes fail to be developed the three year deadline for spending these receipts will not be met and will have to be returned to the Government plus interest (base rate plus 4%). Should the new schemes and/or purchases slip or fail to be delivered there is a risk that one for one receipt will have to be returned and interest payments made.
- 5.4.4 There are risks around achieving the level of disposals budgeted for. The estimated dates of receipts very much rely on a series of steps being successful at estimated dates. The level of receipts for the General Fund is a significant source of funding for its capital programme. The Council manages this risk by reviewing and updating the Strategy quarterly, including resources where a sale is likely to complete. This will enable action to be taken where a receipt looks doubtful.
- 5.4.5 There is considerable uncertainty about the potential for the Council to receive further government funding. The position regarding COVID losses and the cost of recovery is also uncertain at this time as we begin the second national lockdown. The Council must keep Strategy in place under review, to address the financial impacts due the likely level of losses and the increased certainty that income levels are going to be challenging to achieve for some time to come. This would have an impact on the Capital Programme as well as the Council's revenue budgets.
- 5.4.6 There are risks around achieving the level of Locality Review Receipts budgeted for, which are required to replace NHB funding and contributions from Revenue underspends.

## **5.5 Climate Change Implications**

- 5.5.1 The Council's buildings across the town do not meet the climate change agenda in terms of energy efficiency or divestment of use of fossil fuels and in their current condition they would undermine the Council's attempt to be carbon zero by 2030.
- 5.5.2 However, there is an opportunity with the local asset review agenda to have design principles built into renewed assets in terms of energy efficiency and sustainable energy sources. This should be a core principle of any future

designs arising from the local asset reviews. There would be a further benefit of reduced energy costs.

- 5.5.3 The climate change agenda is far wider than just the buildings the Council uses, the Council are also examining the vehicle fleet the Council uses and consideration will be given to reducing the carbon impact of the fleet moving forward.

**BACKGROUND DOCUMENTS** BD1 - Capital Strategy February 2020 (Council)  
BD2 - Capital Strategy March 2020 (Executive)  
BD3 – Capital Outturn July 2020 (Executive)

**APPENDIX** A - General Fund Capital Programme

## APPENDIX A - GENERAL FUND CAPITAL STRATEGY

| Cost Centre | Scheme   | 2020/2021         |                   |                    | 2021/2022         | 2022/2023         | 2023/2024         | 2024/2025         |
|-------------|--|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|             |  | Working Budget    | Q2 Revised Budget | Variance (Q2 v Q1) | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget |
|             |  | £                 | £                 | £                  | £                 | £                 | £                 | £                 |
|             | <b>General Fund - Schemes</b>                      |                   |                   |                    |                   |                   |                   |                   |
|             | Stevenage Direct Services                          | 3,450,690         | 2,336,390         | (1,114,300)        | 5,261,770         | 2,608,300         | 1,458,000         | 132,000           |
|             | Housing Development                                | 4,462,014         | 4,462,014         | 0                  | 3,730,886         | 11,381,808        | 8,334,474         | 574,900           |
|             | Finance and Estates                                | 13,721,810        | 13,721,810        | 0                  | 390,560           | 76,020            | 15,000            | 15,000            |
|             | Corporate Projects, Customer Services & Technology | 943,039           | 1,068,039         | 125,000            | 273,400           | 104,220           | 104,220           | 104,220           |
|             | Housing and Investment                             | 1,036,746         | 1,010,710         | (26,036)           | 570,500           | 277,000           | 157,000           | 60,000            |
|             | Regeneration                                       | 10,931,853        | 18,486,263        | 7,554,410          | 0                 | 2,474,000         | 13,384,000        | 13,384,000        |
|             | Communities and Neighbourhoods                     | 460,428           | 460,428           | 0                  | 353,361           | 255,000           | 60,000            | 20,000            |
|             | Planning and Regulatory                            | 86,130            | 86,130            | 0                  | 387,160           | 340,000           | 340,000           | 340,000           |
|             | Deferred Works Reserve                             | 178,000           | 53,000            | (125,000)          | 200,000           | 200,000           | 200,000           | 200,000           |
|             | <b>Total Schemes</b>                               | <b>35,270,710</b> | <b>41,684,784</b> | <b>6,414,074</b>   | <b>11,167,637</b> | <b>17,716,348</b> | <b>24,052,694</b> | <b>14,830,120</b> |
|             | <b>General Fund -Resources</b>                     |                   |                   |                    |                   |                   |                   |                   |
| BG902       | Capital Receipts                                   | 4,766,510         | 6,141,531         | 1,375,021          | 3,369,322         | 3,736,456         | 19,531,222        | 14,355,472        |
|             | Locality Review receipts                           |                   |                   | 0                  | 202,853           | 1,534,092         | 230,000           | 95,615            |
| BH901       | New Build 1-4-1 Receipts - for RP Grants           | 1,280,000         | 1,280,000         | 0                  | 0                 | 0                 | 0                 | 0                 |
| BG461       | Grants and other contributions                     | 569,397           | 1,569,397         | 1,000,000          | 1,713,801         | 4,746,012         | 3,916,192         | 0                 |
| BG860       | S106's   | 40,994            | 40,994            | 0                  | 80,338            | 0                 | 0                 | 0                 |
| BG904       | LEP  | 7,327,446         | 13,761,856        | 6,434,410          | 0                 | 0                 | 0                 | 0                 |
|             | RCCO   | 175,883           | 199,120           | 23,237             | 0                 | 0                 | 0                 | 0                 |
|             | Regeneration Asset Reserve                         | 200,000           | 200,000           | 0                  | 0                 | 0                 | 0                 | 0                 |
| BG905       | Previously ringfenced regeneration receipts        | 508,376           | 508,376           | 0                  |                   |                   |                   |                   |
| BG916       | Capital Reserve (Revenue Savings)                  | 1,563,340         | 1,062,366         | (500,974)          | 972,254           | 0                 | 0                 | 0                 |
| BG903       | Capital Reserve (Housing Receipts)                 | 364,243           | 364,243           | 0                  | 367,886           | 371,565           | 375,280           | 379,033           |
|             | New Homes Bonus                                    | 167,554           | 167,554           | 0                  | 342,000           | 65,027            | 0                 | 0                 |
|             | Prudential Borrowing Approved                      | 16,988,720        | 15,071,100        | (1,917,620)        | 3,171,800         | 4,209,390         | 0                 | 0                 |
|             | Short Term borrowing and funded from private sale  | 1,318,247         | 1,318,247         | 0                  | 947,384           | 3,053,806         | 0                 | 0                 |
|             | <b>Total Resources (General Fund)</b>              | <b>35,270,710</b> | <b>41,684,784</b> | <b>6,414,074</b>   | <b>11,167,637</b> | <b>17,716,348</b> | <b>24,052,694</b> | <b>14,830,120</b> |
|             |  | <b>0</b>          | <b>0</b>          | <b>0</b>           | <b>0</b>          | <b>0</b>          | <b>0</b>          | <b>0</b>          |

## APPENDIX A - GENERAL FUND CAPITAL STRATEGY

| Cost Centre   | Scheme  | 2020/2021          |                   |                    | 2021/2022         | 2022/2023         | 2023/2024         | 2024/2025         |
|---------------|---|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|               |   | Working Budget     | Q2 Revised Budget | Variance (Q2 v Q1) | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget |
|               |   | £                  | £                 | £                  | £                 | £                 | £                 | £                 |
| BG902         | <b><u>General Funds Receipts</u></b>                      |                    |                   |                    |                   |                   |                   |                   |
|               | <b>Unallocated B/fwd</b>                                  | (3,812,600)        | (3,812,600)       | 0                  | (12,569)          | (0)               | (0)               | (971,472)         |
|               | In Year Receipts  | (3,832,657)        | (2,932,239)       | 900,418            | (4,675,000)       | (4,683,840)       | (23,556,500)      | (13,384,000)      |
|               | Used in Year  | 4,766,510          | 6,141,531         | 1,375,021          | 3,369,322         | 3,736,456         | 19,531,222        | 14,355,472        |
|               | Ring Fenced Receipts Used to Repay ST Borrowing           | 590,739            | 590,739           | 0                  | 1,318,247         | 947,384           | 3,053,806         | 0                 |
|               | <b>General Fund Receipts Unallocated C/fwd</b>            | <b>(2,288,008)</b> | <b>(12,569)</b>   | <b>2,275,439</b>   | <b>(0)</b>        | <b>(0)</b>        | <b>(971,472)</b>  | <b>(0)</b>        |
|               | <b><u>Locality Review receipts</u></b>                    |                    |                   |                    |                   |                   |                   |                   |
|               | <b>Unallocated B/fwd</b>                                  |                    |                   | 0                  | 0                 | (147,147)         | (0)               | (0)               |
|               | In Year Receipts  |                    |                   | 0                  | (350,000)         | (1,386,945)       | (230,000)         | (95,615)          |
|               | Used in Year  |                    | 0                 | 0                  | 202,853           | 1,534,092         | 230,000           | 95,615            |
|               | <b>Receipts Unallocated C/fwd</b>                         | <b>0</b>           | <b>0</b>          | <b>0</b>           | <b>(147,147)</b>  | <b>(0)</b>        | <b>(0)</b>        | <b>(0)</b>        |
| BG905         | <b><u>Previously ringfenced regeneration receipts</u></b> |                    |                   |                    |                   |                   |                   |                   |
|               | <b>Unallocated B/fwd</b>                                  | (508,376)          | (508,376)         | 0                  |                   |                   |                   |                   |
|               | Used in Year  | 508,376            | 508,376           | 0                  |                   |                   |                   |                   |
|               | <b>Reserve Unallocated C/fwd</b>                          |                    | <b>0</b>          | <b>0</b>           |                   |                   |                   |                   |
| BG903 & BG916 | <b><u>Capital Reserve Resource</u></b>                    |                    |                   |                    |                   |                   |                   |                   |
|               | <b>Unallocated B/fwd</b>                                  | (1,094,000)        | (1,094,000)       | (0)                | (722,254)         | (0)               | 0                 | (0)               |
|               | In Year Resource  | (1,434,243)        | (1,222,417)       | 211,826            | (959,886)         | (436,592)         | (375,280)         | (379,033)         |
|               | Used in Year  | 1,927,583          | 1,594,163         | (333,420)          | 1,682,140         | 436,592           | 375,280           | 379,033           |
|               | <b>Capital Reserve Unallocated C/fwd</b>                  | <b>(600,660)</b>   | <b>(722,254)</b>  | <b>(121,594)</b>   | <b>(0)</b>        | <b>0</b>          | <b>(0)</b>        | <b>(0)</b>        |

## APPENDIX A - GENERAL FUND CAPITAL STRATEGY

| Cost Centre | Scheme  | 2020/2021        |                   |                    | 2021/2022         | 2022/2023         | 2023/2024         | 2024/2025         |
|-------------|---|------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|             |   | Working Budget   | Q2 Revised Budget | Variance (Q2 v Q1) | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget |
|             |   | £                | £                 | £                  | £                 | £                 | £                 | £                 |
|             | <b><u>Stevenage Direct Services</u></b>                                     |                  |                   |                    |                   |                   |                   |                   |
|             | <b><u>Parks &amp; Open Spaces</u></b>                                       |                  |                   |                    |                   |                   |                   |                   |
| KC218       | Hertford Road Play Area (S106 Funded)                                       | 25,000           | 25,000            | 0                  |                   |                   |                   |                   |
| KE911       | Play Area Improvement Programme   | 42,030           | 42,030            | 0                  | 243,000           | 283,500           | 220,000           |                   |
| KE097       | Litter bins   | 0                | 0                 | 0                  | 103,000           | 83,000            | 10,000            | 4,000             |
| KE329       | Play Areas Fixed Play   | 30,810           | 30,810            | 0                  | 10,000            |                   |                   |                   |
| KE494       | Green Space Access Infrastructure   | 0                |                   |                    | 148,000           | 153,000           | 128,000           | 128,000           |
|             | <b><u>Other</u></b>   | 0                |                   |                    |                   |                   |                   |                   |
| KG002       | Garages   | 2,160,300        | 1,065,000         | (1,095,300)        | 4,469,770         | 1,952,400         | 375,000           |                   |
| KE495       | Cavendish Depot - Renovation/Yard Drainage                                  | 90,000           | 90,000            | 0                  |                   |                   |                   |                   |
| KS263       | Waste and Recycling System  | 82,700           | 63,700            | (19,000)           | 19,000            |                   |                   |                   |
| KE519       | FVP Dam Works   | 32,000           | 32,000            | 0                  |                   |                   |                   |                   |
| KE520       | Welfare improvements at out based hubs                                      | 10,000           | 10,000            | 0                  |                   |                   |                   |                   |
|             | <b><u>Vehicles, Plant, Equipment</u></b>                                    | 0                | 0                 |                    |                   |                   |                   |                   |
| KE349       | Waste Receptacles   | 15,000           | 15,000            | 0                  |                   |                   |                   |                   |
| KE497       | Trade Waste Containers  | 20,000           | 20,000            | 0                  | 20,000            | 20,000            | 20,000            |                   |
| Various     | Vehicle/Plant replacement Programme   | 942,850          | 942,850           | 0                  | 249,000           | 116,400           | 705,000           |                   |
|             | <b>Total Stevenage Direct Services</b>                                      | <b>3,450,690</b> | <b>2,336,390</b>  | <b>(1,114,300)</b> | <b>5,261,770</b>  | <b>2,608,300</b>  | <b>1,458,000</b>  | <b>132,000</b>    |
|             | <b><u>Housing Development Scheme (Joint GF/HRA)</u></b>                     |                  |                   |                    |                   |                   |                   |                   |
| KG030       | Grants To Registered Providers contingency                                  | 1,280,000        | 1,280,000         | 0                  |                   |                   |                   |                   |
| KG032       | Building Conversion into New Homes - Ditchmore Lane                         | 37,593           | 37,593            | 0                  |                   |                   |                   |                   |
| Various     | Housing Development Schemes (Joint GF/HRA)                                  | 860,051          | 860,051           | 0                  | 3,730,886         | 8,874,818         | 8,334,474         |                   |
| KG038       | Wholly Owned Housing Development Company (WOC)                              | 2,284,370        | 2,284,370         | 0                  |                   | 2,506,990         |                   |                   |
|             | <b>Total Housing Development (including grants to Registered Providers)</b> | <b>4,462,014</b> | <b>4,462,014</b>  | <b>0</b>           | <b>3,730,886</b>  | <b>11,381,808</b> | <b>8,334,474</b>  | <b>574,900</b>    |

## APPENDIX A - GENERAL FUND CAPITAL STRATEGY

| Cost Centre | Scheme   | 2020/2021         |                   |                    | 2021/2022         | 2022/2023         | 2023/2024         | 2024/2025         |
|-------------|--|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|             |  | Working Budget    | Q2 Revised Budget | Variance (Q2 v Q1) | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget |
|             |  | £                 | £                 | £                  | £                 | £                 | £                 | £                 |
|             | <b><u>Finance &amp; Estates</u></b>  |                   |                   |                    |                   |                   |                   |                   |
| KG025       | Garage Site Assembly   | 45,000            | 45,000            | 0                  |                   |                   |                   |                   |
| KR912       | Investment Property  | 13,244,050        | 13,244,050        | 0                  |                   |                   |                   |                   |
| KR914       | IDOX Property Management Software  | 17,200            | 17,200            | 0                  |                   |                   |                   |                   |
| KR916       | Commercial Properties Refurbishment (MRC Programme)                            | 375,560           | 375,560           | 0                  | 375,560           | 61,020            |                   |                   |
| KR147       | Commercial Properties - Asbestos Removal                                       | 0                 | 0                 | 0                  |                   |                   |                   |                   |
| KR150       | Works to improve vacant premises prior to re-letting                           | 40,000            | 40,000            | 0                  | 15,000            | 15,000            | 15,000            | 15,000            |
|             | <b>Total Finance &amp; Estates</b>   | <b>13,721,810</b> | <b>13,721,810</b> | <b>0</b>           | <b>390,560</b>    | <b>76,020</b>     | <b>15,000</b>     | <b>15,000</b>     |
|             | <b><u>Corporate Projects, Customer Services &amp; Technology</u></b>           |                   |                   |                    |                   |                   |                   |                   |
|             | <b><u>IT General</u></b>   |                   |                   |                    |                   |                   |                   |                   |
| KS268       | Infrastructure Investment  | 775,556           | 900,556           | 125,000            | 271,720           | 104,220           | 104,220           | 104,220           |
|             | <b>Total IT General</b>  | <b>775,556</b>    | <b>900,556</b>    | <b>125,000</b>     | <b>271,720</b>    | <b>104,220</b>    | <b>104,220</b>    | <b>104,220</b>    |
|             | <b><u>Connected to Our Customer (CTOC)</u></b>                                 |                   |                   |                    |                   |                   |                   |                   |
| KS271       | Corporate Website - Redesign   | 64,627            | 64,627            | 0                  | 680               |                   |                   |                   |
| KS274       | New CRM Technology   | 102,856           | 102,856           | 0                  | 1,000             |                   |                   |                   |
|             | <b>Total CTOC</b>  | <b>167,483</b>    | <b>167,483</b>    | <b>0</b>           | <b>1,680</b>      | <b>0</b>          | <b>0</b>          | <b>0</b>          |
|             | <b>Total Corporate Projects, Customer Services &amp; Technology</b>            | <b>943,039</b>    | <b>1,068,039</b>  | <b>125,000</b>     | <b>273,400</b>    | <b>104,220</b>    | <b>104,220</b>    | <b>104,220</b>    |
|             | <b><u>Housing and Investment</u></b>   |                   |                   |                    |                   |                   |                   |                   |
|             | <b><u>Community Centres</u></b>  |                   |                   |                    |                   |                   |                   |                   |
| KE902       | Community Centres General  | 9,990             | 12,590            | 2,600              |                   |                   |                   |                   |
| KE488       | Springfield House - Boundary Wall  | 2,700             | 2,700             | 0                  |                   |                   |                   |                   |
| KE528       | Community Centres: 2019/20 Backlog H&S Works                                   | 12,850            | 12,850            | 0                  |                   |                   |                   |                   |
| KE529       | Community Centres Urgent and H&S Works   | 21,000            | 21,000            | 0                  | 33,500            | 60,000            |                   |                   |
| KE525       | Community Centres: Planned Preventative Works: to replace boiler at Bedwell CC | 100,000           | 40,000            | (60,000)           |                   |                   |                   |                   |

## APPENDIX A - GENERAL FUND CAPITAL STRATEGY

| Cost Centre | Scheme   | 2020/2021        |                   |                    | 2021/2022         | 2022/2023         | 2023/2024         | 2024/2025         |
|-------------|--|------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|             |  | Working Budget   | Q2 Revised Budget | Variance (Q2 v Q1) | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget |
|             |  | £                | £                 | £                  | £                 | £                 | £                 | £                 |
|             | <b><u>Housing and Investment cont.</u></b>                       |                  |                   |                    |                   |                   |                   |                   |
|             | <b><u>Park Pavilions</u></b>                                     | 0                |                   |                    |                   |                   |                   |                   |
| KE907       | Park Pavilions General   | 0                | 7,360             | 7,360              |                   |                   |                   |                   |
|             | <b><u>Depots</u></b>   | 0                |                   |                    |                   |                   |                   |                   |
| KE526       | Depots: Urgent and H&S Works                                     | 290,000          | 290,000           | 0                  |                   |                   |                   |                   |
| KE527       | Depots: Planned Preventative Works (incl £500k reroof)           | 30,000           | 30,000            | 0                  | 475,000           | 25,000            |                   |                   |
|             | <b><u>Other</u></b>  |                  |                   |                    |                   |                   |                   |                   |
| Growth      | MSCP: Urgent and H&S Works                                       |                  |                   |                    |                   | 20,000            |                   |                   |
|             | <b><u>Council Offices</u></b>                                    |                  |                   |                    |                   |                   |                   |                   |
| KR141       | Corporate Buildings - Essential Health & Safety Electrical Works | 10,730           | 10,730            | 0                  |                   |                   |                   |                   |
| KR149       | Daneshill House - Test & Risk Assessment Remedial Works          | 53,486           | 90,490            | 37,004             |                   |                   |                   |                   |
| KR151       | Daneshill: 2019/20 Backlog Urgent and H&S Works                  | 0                | 0                 | 0                  | 18,000            |                   | 65,000            |                   |
| KR151       | Daneshill: Urgent and H&S Works                                  | 45,000           | 45,000            | 0                  |                   |                   |                   |                   |
|             | <b><u>Operational Buildings</u></b>                              | 0                |                   |                    |                   |                   |                   |                   |
| KE503       | Indoor Market - Urgent Health & Safety Works                     | 13,900           | 13,900            | 0                  |                   |                   |                   |                   |
| KR917       | BTC - Roof Replacement Preliminary Works                         | 11,090           | 11,090            | 0                  |                   |                   |                   |                   |
| KR152       | BTC 2019/20 Backlog H&S Works                                    | 30,000           | 30,000            | 0                  |                   |                   |                   |                   |
| KR153       | BTC Urgent and H&S Works   | 100,000          | 100,000           | 0                  | 38,000            |                   |                   |                   |
| KR154       | BTC Planned Preventative Works                                   | 256,000          | 256,000           | 0                  | 6,000             | 172,000           | 92,000            | 60,000            |
|             | <b><u>Town Centre</u></b>  |                  |                   |                    |                   |                   |                   |                   |
| KR138       | Town Square Assets - Condition Survey                            | 2,000            | 2,000             | 0                  |                   |                   |                   |                   |
| KE504       | Station Ramp   | 48,000           | 35,000            | (13,000)           |                   |                   |                   |                   |
|             | <b>Total Housing and Investment</b>                              | <b>1,036,746</b> | <b>1,010,710</b>  | <b>(26,036)</b>    | <b>570,500</b>    | <b>277,000</b>    | <b>157,000</b>    | <b>60,000</b>     |

## APPENDIX A - GENERAL FUND CAPITAL STRATEGY

| Cost Centre | Scheme   | 2020/2021         |                   |                    | 2021/2022         | 2022/2023         | 2023/2024         | 2024/2025         |
|-------------|--|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|             |  | Working Budget    | Q2 Revised Budget | Variance (Q2 v Q1) | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget |
|             |  | £                 | £                 | £                  | £                 | £                 | £                 | £                 |
| Page 94     | <b>Regeneration</b>  |                   |                   |                    |                   |                   |                   |                   |
|             | Various Land Assembly (GD1)  | 739,126           | 739,126           | 0                  |                   |                   |                   |                   |
|             | KE439 Town Square Improvements (GD1)   | 3,106,752         | 3,226,752         | 120,000            |                   |                   |                   |                   |
|             | KE466 Bus Interchange (GD3)  | 5,985,975         | 9,210,385         | 3,224,410          |                   |                   |                   |                   |
|             | KE533 GD3 Multi Storey Car Park BUILDINGS  |                   | 1,100,000         | 1,100,000          |                   |                   |                   |                   |
|             | KE534 Town Centre Improvements (GD3)   |                   | 2,110,000         | 2,110,000          |                   |                   |                   |                   |
|             | KE535 Town Fund Delivery - North Block fit-out                                   |                   | 1,000,000         | 1,000,000          |                   |                   |                   |                   |
|             | KE506 Public Sector Hub  | 1,100,000         | 1,100,000         | 0                  |                   | 2,474,000         | 13,384,000        | 13,384,000        |
|             | <b>Total Regeneration</b>  | <b>10,931,853</b> | <b>18,486,263</b> | <b>7,554,410</b>   | <b>0</b>          | <b>2,474,000</b>  | <b>13,384,000</b> | <b>13,384,000</b> |
| Page 94     | <b>Community &amp; Neighbourhoods</b>  |                   |                   |                    |                   |                   |                   |                   |
|             | KC900 Arts and Leisure Centre - Pipework   | 100,630           | 240,630           | 140,000            |                   |                   |                   |                   |
|             | KC202 Fairlands Valley Park - Aqua   |                   |                   |                    | 11,361            |                   |                   |                   |
|             | KC224 Leisure Stock Condition  |                   |                   |                    | 20,000            |                   |                   |                   |
|             | KC229 Bandley Hill Play Centre - Fencing Replacement                             | 8,000             | 8,000             | 0                  |                   |                   |                   |                   |
|             | KC230 Pin Green Play Centre Equipment  | 35,000            | 35,000            | 0                  |                   |                   |                   |                   |
|             | KE224 CCTV - Replacement Cameras   | 13,298            | 13,298            | 0                  | 5,000             | 5,000             | 5,000             | 5,000             |
|             | KE507 Cycleways Installations (subject to £100k Arts Council grant bid)          |                   |                   |                    | 10,000            |                   |                   |                   |
|             | KC232 SALC and the Swim Centre Urgent and H&S Works                              | 200,000           | 60,000            | (140,000)          | 280,000           | 100,000           |                   |                   |
|             | GROWTH Stevenage Arts & Leisure Est 20 electrical distribution boards            |                   |                   |                    |                   |                   | 30,000            |                   |
|             | KC231 SALC, Swim Centre, and Fairlands Valley Sailing Centre 2019/20 Backlog H&S | 73,500            | 73,500            | 0                  |                   |                   |                   |                   |
|             | KC233 Stevenage Arts & Leisure Water leak  | 30,000            | 30,000            | 0                  |                   |                   |                   |                   |
|             | KC234 Fairlands Valley Park Sailing Centre - Boathouse                           | 0                 | 0                 | 0                  | 12,000            |                   |                   |                   |
|             | GROWTH Stevenage Swimming Centre Pool circulation pumps                          |                   |                   |                    |                   |                   |                   | 15,000            |
|             | GROWTH Stevenage Swimming Centre Electrical distribution boards                  |                   |                   |                    |                   |                   | 25,000            |                   |
|             | GROWTH SLL Leisure management - end of contract capital provision                |                   |                   |                    |                   | 150,000           |                   |                   |
|             | KC235 Boat house as essential H&S works for dry rot                              | 0                 | 0                 | 0                  | 15,000            |                   |                   |                   |
|             | <b>Total Community &amp; Neighbourhoods</b>                                      | <b>460,428</b>    | <b>460,428</b>    | <b>0</b>           | <b>353,361</b>    | <b>255,000</b>    | <b>60,000</b>     | <b>20,000</b>     |

## APPENDIX A - GENERAL FUND CAPITAL STRATEGY

| Cost Centre | Scheme  | 2020/2021      |                   |                    | 2021/2022         | 2022/2023         | 2023/2024         | 2024/2025         |
|-------------|---|----------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|
|             |   | Working Budget | Q2 Revised Budget | Variance (Q2 v Q1) | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget | Q2 Revised Budget |
|             |   | £              | £                 | £                  | £                 | £                 | £                 | £                 |
|             | <b><u>Planning &amp; Regulatory</u></b>                           |                |                   |                    |                   |                   |                   |                   |
| KE119       | Off Street Car Parks (Multi Storey Car Parks)                     |                |                   | 0                  | 250,000           | 250,000           | 250,000           | 250,000           |
| KE508       | Multi-storey Car Park - New Entrances/Resurfacing                 | 1,450          | 1,450             | 0                  |                   |                   |                   |                   |
| KE530       | Car Park Equipment - Digitalisation                               | 20,000         | 20,000            | 0                  |                   |                   |                   |                   |
| KE516       | Town Centre Ramps Improvements                                    | 27,000         | 27,000            | 0                  |                   |                   |                   |                   |
| KE201       | Hard standings  |                |                   |                    | 50,000            | 50,000            | 50,000            | 50,000            |
| KE100       | Residential Parking   |                |                   |                    | 23,160            |                   |                   |                   |
| KE470       | Electric Car Charging Points                                      | 15,000         | 15,000            | 0                  |                   |                   |                   |                   |
| KE217       | Parking Restrictions  | 10,000         | 10,000            | 0                  | 25,000            | 25,000            | 25,000            | 25,000            |
| KE443       | Parking Enforcement - Old Town Permit Parking Area Implementation | 10,680         | 10,680            | 0                  | 0                 |                   |                   |                   |
| KE444       | Coreys Mill Lane - Additional Parking Capacity                    | 2,000          | 2,000             | 0                  | 24,000            |                   |                   |                   |
| KE531       | Workplace Travel Plan   | 0              | 0                 | 0                  | 15,000            | 15,000            | 15,000            | 15,000            |
|             | <b>Total Planning &amp; Regulatory</b>                            | <b>86,130</b>  | <b>86,130</b>     | <b>0</b>           | <b>387,160</b>    | <b>340,000</b>    | <b>340,000</b>    | <b>340,000</b>    |
| KR911       | <b>Deferred Works Reserve</b>                                     | <b>178,000</b> | <b>53,000</b>     | <b>(125,000)</b>   | <b>200,000</b>    | <b>200,000</b>    | <b>200,000</b>    | <b>200,000</b>    |

This page is intentionally left blank

STEVENAGE BOROUGH COUNCIL

## AUDIT COMMITTEE MINUTES

Date: Tuesday, 17 November 2020

Time: 6.00pm

Place: Virtual (via Zoom)

**Present:** Councillors: Teresa Callaghan (Chair) (Chair), John Gardner (Vice-Chair) (Vice Chair), Sandra Barr, Stephen Booth, Laurie Chester, Lizzy Kelly, Graham Lawrence and Geoffrey Gibbs

**Start / End Time:** Start Time: 6.00pm  
End Time: 7.29pm

### 1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Dave Cullen.

There were no declarations of interest.

### 2 MINUTES - 10 SEPTEMBER 2020

It was **RESOLVED** that the Minutes of the Audit Committee meeting held on 10 September 2020 be approved as a correct record and signed by the Chair.

### 3 THE REDMOND REVIEW: INDEPENDENT REVIEW ON THE QUALITY OF LOCAL AUTHORITY REPORTING AND EXTERNAL AUDIT

The Strategic Director (CF) presented a report updating the Committee on the Redmond Review and advising Members of any impending changes to future Statement of Accounts and External Audit.

The views of the Council's Chief Financial Officer (CFO) were reported along with Ernst and Young's comments on the Redmond Report. The main issues raised on the recommendations within the Redmond Report by the CFO included:

- The recommendation to simplify the oversight of accounts could have been made stronger;
- The deadline for publishing audited local authority accounts would be revisited with a view to extending it to 30 September from 31 July each year. This was seen as a backward step by the CFO as it would impact on other functions provided by the Council such as budget monitoring and medium term planning and budget setting.

The main points raised on the recommendations by Neil Harris - Ernst and Young (EY) included:

- The standardisation and simplification of accounts should be further considered;
- A liaison committee set up by MLCLG, which would bring together all key stakeholders, to bring in primary legislation to oversee public audits was welcomed;
- The current timetable was currently unsustainable and the revised deadline was necessary.

In response to a question from a Member regarding staffing levels at EY, Neil Harris advised that steps had been taken and a programme of recruitment undertaken to ensure investment in the Company which was now fully staffed at a senior level.

In response to a question on fees, Neil Harris advised that EY had advised the PSAA of the scale fee required for each individual organisation. They were currently looking at whether the scale fees should be revisited taking into account local variations.

Members asked whether as well as the fees being increased the work content would also increase to reflect the fees. EY advised that the level of work was much more significant than the prior year due to the unprecedented environment everyone was operating in.

Members asked if there was scope to simplify the presentation of local authority accounts prior to communication of the information to council taxpayers/service users.

The Independent Member advised his disappointment with the report particularly in relation to the transparency of the report.

It was **RESOLVED**:

- (1) That the outcome of the review is noted by the Audit Committee;
- (2) That the views of the Council's Chief Finance Officer (CFO) are noted;
- (3) That the views of the Council's External Auditors are noted.

#### 4 **INTERNAL AUDIT PLAN 2020/21 - PROGRESS REPORT**

The Committee considered a progress report on the Shared Internal Audit Service (SIAS) Audit Plan 2019/20 for the period to 30 October 2020.

The SIAS Client Audit Manager advised that, since the preparation of the report, 3 audits had been finalised in relation to procurement activity, garage lettings and void management. All 3 Audits provided a positive level of assurance with no high priority recommendations made.

20 out of 31 audits were currently in progress. The remaining 11 audits had staff resource allocated to them with a start date scheduled for each one.

The Committee was advised that due to the response to the Pandemic, it had been agreed that a number of audits would have to be cancelled. In response to a request from the Chair, the SIAS Client Audit Manager agreed that the Community Safety Audit which had been intended for Quarter 1 would be added to the reserve list of audits for this year.

It was **RESOLVED**:

1. That the Internal Audit Progress Report be noted.
2. That the amendments to the Internal Audit Plan, as at 30 October 2020, be approved.
3. That the status of Critical and High Priority Recommendations be noted.
4. That the Community Safety Audit which had been intended for Quarter 1 would be added to the reserve list of audits for this year.

## 5 **SECTION 106 (S106) ALLOCATION UPDATE**

The Assistant Director (Planning and Regulation) submitted a report providing Members with an update to how the S106 allocations could more effectively work.

The Committee was informed that a number of S106 funds had been previously allocated to identified schemes which were detailed in the report. It was noted that the challenge of spending these as part of wider budgets was being looked at by the Finance Department along with delivery partners on how best to spend those allocations.

In relation to the deadlines to spend these allocations, the Assistant Director advised that each project was on an individual basis although most had a 5-7 year deadline to spend. Following a request, the Assistant Director agreed that an update would be provided to the next committee on the breakdown of the remaining funding and the requirements of each specific scheme.

It was **RESOLVED**:

- (1) that the report be noted.
- (2) that the Assistant Director (Planning and Regulation) report to the next Committee on the breakdown of Section 106 balances and the requirements of each specific scheme.

## 6 **PROGRESS OF CORPORATE AND SERVICE GOVERNANCE ACTIONS**

The Corporate Performance & Improvement Officer (SB) presented a report in respect of the half-yearly progress of Corporate and Service Governance actions. She referred to Appendices A and B to the report, which provided progress reviews of 2020/21 Corporate Governance Actions and 2019/20 Service Governance Actions, respectively.

In response to a question from the Chair, the Corporate Performance & Improvement Officer (SB) agreed that an interim report would be submitted to the March 2021 meeting of this Committee and would include a mid year review of the Council's response to Covid-19 along with a summary of the decisions made by the Council during the Pandemic.

It was **RESOLVED**:

1. That the progress to date of corporate governance actions to strengthen the Council's corporate governance arrangements, as identified in the Council's 2019/20 Annual Governance Statement reported to the Audit Committee on 9 June 2020, be noted.
2. That the progress to date of service governance actions identified by the 2019/20 Service Assurance reviews carried out at business unit level to strengthen the Council's service governance arrangements reported to the Audit Committee on 9 June 2020, be noted.
3. that Officers submit an interim report to the March 2021 meeting of the Committee including a mid year review of the Council's response to Covid-19 and a summary of decisions made by the Council during the Pandemic.

## 7 **MID YEAR REVIEW OF 2020/21 TREASURY MANAGEMENT STRATEGY**

The Finance Manager (Technical) presented a report in respect of the 2020/21 Mid Year Treasury Management Review.

She drew attention to Paragraph 4.1.3 of the report which showed the original capital programme, the revised capital programme and financing.

The Finance Manager (Technical) then referred to the Council's cash balances, forecasted to be £60m at the end of March 2021 and advised that those balances were already earmarked for approved schemes so were not available for new projects.

In relation to prudential indicators the Committee noted that there had been no breaches to the approved strategy this year.

In response to a question regarding investments within the EU, Officers advised that although one fund in Luxembourg had closed, the Council's Treasury Management Advisors did not anticipate any further problems but that the situation would continue to be monitored.

A member asked for clarification in terms of how much money had been paid in interest on the housing stock debt. Officers advised that the annual interest cost on the borrowing was £7m. There was a phased repayment plan for the borrowing. Early repayment of some debts had been looked at but due to the early repayment penalties this was not viable.

It was **RESOLVED**:

1. That Council be recommended to approve the 2020/21 Treasury Management Mid Year review.
2. That Council be recommended to approve the latest approved Countries for Investments list (Appendix D to the report).
3. That the updated authorised and operational borrowing limits be approved (Paragraph 4.4.7 in the report).

## 8 **URGENT PART 1 BUSINESS**

The Chair asked for a progress update from Ernst &Young (EY) on the current Audit.

Nick Harris (EY) advised that it had been agreed with the Council's Chief Finance Officer that in order to safeguard the Audit and due to the impact of the Pandemic and the significant increase in the work required, a further period of time was necessary to conclude the Audit. In response to a question from the Chair, Nick Harris confirmed that they were on target to complete the Audit by the end of January 2021. The Audit Committee/Statement of Accounts Committee meeting originally scheduled for 26 November 2020 would now meet in January 2021.

## 9 **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 1-7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. That Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

## 10 **PART II MINUTES - AUDIT COMMITTEE - 10 SEPTEMBER 2020**

It was **RESOLVED** that the Part II Minutes of the Audit Committee meeting held on 10 September 2020 be approved as a correct record and signed by the Chair.

## 11 **STRATEGIC RISK REGISTER**

The Committee received the Council's latest Strategic Risk Register, relating to Quarter 2 of 2020/21 (July – September 2020).

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.

12 **URGENT PART II BUSINESS**

None.

**CHAIR**