

# Public Document Pack

Daneshill House  
Danestrete  
Stevenage  
Hertfordshire

11 October 2022

Dear Sir/Madam

Notice is hereby given that a meeting of the Stevenage Borough Council will be held in the Council Chamber, Daneshill House, Danestrete, Stevenage on Wednesday, 19 October 2022 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully



Matthew Partridge  
Chief Executive

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## AGENDA

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

**2. MAYOR'S COMMUNICATIONS**

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

**3. MINUTES - 20 JULY 2022 AND 15 SEPTEMBER 2022**

To approve as correct records the attached Minutes of the Council meeting held on 20 July 2022, and of the Extraordinary Council meeting held on 15 September 2022, for signature by the Mayor.

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**4. COMMUNITY PRESENTATIONS**

None received.

**5. PETITIONS AND DEPUTATIONS**

None received.

**6. QUESTIONS FROM THE YOUTH COUNCIL**

None received.

## 7. QUESTIONS FROM THE PUBLIC

Written answers to the questions below will be published on a supplementary agenda.

(A) Question from Mr Jim Borchers

“Stevenage Borough Council has a duty to encourage the use of sustainable travel rather than car usage in the Town. For this to be done residents need to have confidence that the network of cycle paths and footpaths around the town are being looked after and kept clear of hazards.

In June 2022 there were areas of the Cycleway network that still had leaves on them that fell in the Autumn of 2021, these areas had obviously not been swept in over six months.

On a recent occasion I had an email 10 days after reporting glass on the cycleway, letting me know that “This case has been closed because it will be resolved soon by the already planned programme of works” – case reference RIC448883495

As I understand it the system in Stevenage for maintaining the footpath and cycle path network involves mechanically sweeping the cycle paths every 8 weeks, litter picked once per week, and reports of problems like glass being resolved within 48 hours.

I also understand that it is policy to start to clear fallen leaves from the network from 1st November unless they are reported. I understand that there is a map showing the locations of persistent leaf fall that the Council uses to manage its work on clearing leaves.

Many residents and visitors to Stevenage use the FixMyStreet system to inform local authorities of problems. A benefit of the FixMyStreet system is that users can see other reported problems (unlike the Stevenage Borough Council system). My understanding is that Stevenage Borough Council does not subscribe to FixMyStreet.

From the examples I have given there is clearly a mismatch between what is supposed to happen and what does.

Can you give details of what plans Stevenage Borough Council has to improve the reporting and resolution of problems on the footways and cycleways so that less people are discouraged from using them?”

(B) Question from Mr Paul Dawson

“The United Nations and World Health Organisation both mandate the setting of a maximum 30km/h (20mph) speed limit wherever vulnerable road users mix in a frequent and planned manner with motor vehicles, except where strong evidence exists that higher speeds are safe.

St Albans District Council, Watford Borough Council and 11 other Parish and Town Councils across the county have already passed motions in favour of wide area 20mph speed limits in Hertfordshire. In addition, North Herts District Council and Royston Town Council, representing two of the three Hertfordshire Sustainable Travel Towns of Letchworth and Royston, have also passed 20mph motions.

Stevenage remains the only Sustainable Travel Town in Hertfordshire that has not passed a similar motion. Will Stevenage Borough Council, therefore, follow the lead taken elsewhere and propose a motion in favour of the implementation of a wide area 20mph speed limit on urban and residential roads in Stevenage and across Hertfordshire where pedestrians, cyclists and other vulnerable road users mix with motor vehicles?"

## **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**

In accordance with Standing Orders, the following motion has been received for consideration:

### Bus Services Improvement Plan (BSIP) funding

To be moved by Councillor Phil Bibby CC and seconded by Councillor Graham Lawrence CC.

"That Council notes that Hertfordshire County Council is at the last stage in its bid for Bus Service Improvement Plan (BSIP) funding, which is to be targeted at improving bus services and punctuality, thereby encouraging increased patronage.

In the expectation that the bid will be successful and, given Stevenage's inclusion in the Sustainable Travel Towns initiative, it is proposed that the Council works closely with the County Council to implement the BSIP as far as it relates to Stevenage, which will require commitment to and support for appropriate bus priority schemes, yet to be agreed."

## 11. QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS / PORTFOLIO HOLDERS

In accordance with Standing Orders, written answers to the following questions will be circulated on a supplementary agenda.

(A) Question from Councillor Bret Facey

'Do you believe that SBC offers sufficient information about properties (such as their amenities and layout) to residents bidding for Council properties, to allow them to make an appropriate bid for a property which meets their needs?'

(B) Question from Councillor Adam Mitchell

'Do you think the current SBC approach to Police Priority setting is still fit for purpose?'

(C) Question from Councillor Julie Ashley-Wren

'Since the changes to the carriageway of Lytton Way earlier this year, there continue to be many complaints and reports about regular, long traffic jams for vehicles exiting from the Town Centre onto Lytton Way. Acknowledging that HCC is the Highway authority, nevertheless this issue is causing huge inconvenience to Stevenage shoppers and should be of concern to SBC. What actions (with HCC) are SBC taking to put right this apparently erroneous new traffic flow design?'

(D) Question from Councillor Stephen Booth

'What method does the Council use to track and monitor absenteeism amongst its employees?'

How does absenteeism compare with surrounding authorities?'

(E) Question from Councillor Andy McGuinness

'What steps are the Council taking, in conjunction with the Highway authority HCC, to ensure that the proposed redesigning of Lytton Way (Station Gateway Area Action Plan) will not result in a clogged up town?'

(F) Question from Councillor Robin Parker CC

'Following the partial collapse of Swingate House earlier this year, several reports were due from a number of sources (e.g. SBC, HSE, the demolition contractor and maybe others) on the causes and blame for the incident – which could have so easily proved fatal.'

Have any of these reports yet been received and, if not, when do we anticipate them? Will they be made public?'

(G) Question from Graham Snell

‘Has working WiFi yet been installed in the new Bus Interchange, so that passengers can receive real time information on bus services? If not, when will it be installed?’

(H) Question from Councillor Tom Wren

‘Not only did the SBC housing development at Tabor Close result in trees being felled without permission but, although the dwellings were complete months ago, the houses (as of October 2022) are still not occupied because – we are told – a short length of highway was not complete. What exactly was the problem with allowing occupation? And why is it taking so long to resolve the issue, thereby leaving 13 badly needed Council housing units standing empty for many months?’

(I) Question from Councillor Alex Farquharson

‘Is SBC satisfied that our grass cutting program is thorough enough?’

**12. ANNUAL TREASURY MANAGEMENT STRATEGY REVIEW OF 2021/22 INCLUDING PRUDENTIAL CODE**

The report circulated at Item 12 was considered by the Executive on 14 September 2022 when the following recommendation to Council was agreed:

“That the 2021/22 Annual Treasury Management Review be recommended to Council for approval”.

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**13. ELECTIONS ACT 2022**

To update Members on the progress of the Elections Act 2022, that received Royal Assent on 28 April 2022.

[REPORT TO FOLLOW]

**14. AUDIT COMMITTEE MINUTES**

To note the Minutes of the meeting of the Audit Committee held on 7 September 2022.

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## STEVENAGE BOROUGH COUNCIL

### COUNCIL MINUTES

Date: Wednesday, 20 July 2022

Time: 7.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

**Present:** Councillors: Margaret Notley (Mayor), Myla Arceno (Deputy Mayor), Julie Ashley-Wren, Sandra Barr, Philip Bibby CC, Stephen Booth, Lloyd Briscoe, Rob Broom, Adrian Brown, Jim Brown, Teresa Callaghan, Nazmin Chowdhury, Matt Creasey, Michael Downing, Bret Facey, Alex Farquharson, John Gardner, Jackie Hollywell, Wendy Kerby, Mrs Joan Lloyd, Lin Martin-Haugh, Andy McGuinness, Maureen McKay, Sarah Mead, Adam Mitchell CC, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Sharon Taylor OBE CC, Jeannette Thomas, Anne Wells and Tom Wren.

**Start / End** Start Time: 7.00pm  
**Time:** End Time: 9.49pm

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

Apologies for absence were submitted on behalf of Councillors John Duncan, Richard Henry, Liz Harrington, Chris Howells, Graham Lawrence and Simon Speller.

Councillor Phil Bibby declared a non-pecuniary interest in respect of Item 11 Notice of Motion – Homelessness Policies in view of his role as a landlord although the properties he owned were outside of Stevenage.

At this juncture, the Mayor announced a number of recent bereavements including Alderman Ann Webb, Alex Lang – a former officer of the Council who had significant involvement with the Stevenage Community Trust and Stevenage Rotary Club and also David Lytton Cobbold.

Tributes were paid to Alderman Ann Webb for her many years of service to Stevenage Borough Council, in particular the Shephall area and also as a passionate believer in social housing. Councillor Sharon Taylor, Leader of the Council spoke of Mrs Webb's love of housing. She also spoke of her time as a County Councillor and for a while the Chair of the Social Services Committee. A number of Members then spoke in tribute to Mrs Webb, recognising her tireless work for the community particularly the Shephall Ward, in championing the provision of social housing in the Town.

Members then spoke about Alex Lang and the significant work he did in the Town, particularly with the Rotary Club, Stevenage Community Trust and his commitment to making Stevenage a Fairtrade Town.

Tributes to David Lytton Cobbold were given by a number of Members in particular relating to his achievements in the restoration and improvements to Knebworth House and enabling the estate to host the huge events of recent years.

The Council then stood to observe a minutes silence.

## 2 **MAYOR'S COMMUNICATIONS**

A list of recent Mayoral events had been circulated to all Members. The Mayor then summarised the activities that she and her consort had been involved with since the previous Council meeting in May 2022 which had included:

- The lighting of the Queen's Beacon and Fireworks at the Joyride;
- Queen's Luncheon at Fairlands Valley Park;
- Art in the Park Exhibition at Hampson Park;
- The first in person Stevenage Day since 2019;
- Stevenage Arts Festival – a mini version of the festival held in preparation for the full one next year;
- Stevenage Campus Partnership Launch at GSK;
- Biz4Biz Awards Gala Evening at Tewin Bury Farm;
- Town Twinning Tripartite Visit to Ingelheim. The first since 2019 due to the Pandemic;
- The official opening of the Stevenage Bus Interchange.

The Mayor then announced her upcoming raffle in aid of her charities and Garden Party on Sunday 11 September 2022.

## 3 **MINUTES - 25 MAY 2022 (ANNUAL MEETING)**

It was **RESOLVED** that the Minutes of the Annual Council Meeting held on 25 May 2022 be approved as a correct record and signed by the Mayor.

## 4 **COMMUNITY PRESENTATIONS**

There was no community presentation.

## 5 **PETITIONS AND DEPUTATIONS**

There were no petitions or deputations.

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

There were no questions from the Youth Council.

## 7 **QUESTIONS FROM THE PUBLIC**

There were no questions from the public.



## 8 LEADER OF THE COUNCIL'S UPDATE

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

“Are the Executive aware that £1.75billion was being allocated by the Government for the Social Housing De-carbonisation Scheme alongside Home Upgrade Grants of £1.425 billion with the aim of reducing emissions from public sector buildings by 75% by 2037 and if so what plans does the Council have to capitalise on this Government funding.”

The Leader of the Council replied that the Council had already successfully applied for £1million from the decarbonisation fund and she hoped that the new Prime Minister when in place would continue with this programme. She assured Councillor Bibby that she welcomed any funding for decarbonisation and would bid for any funding available although this would unfortunately not be enough to carry out the works required.

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

- Airbus Economic Impact Survey;
- Glaxo Smith Kline (GSK) Stevenage Campus Partnership Launch;
- Co-operative Neighbourhoods and Digital Enhancement Funding Award;
- Stevenage Day 2022;
- Helston House Visit;
- Gibbs and Dandy opening;
- Launch of SADA Charity;
- Visioning exercise for Gunnels Wood Road;
- The first tranche of the Towns Fund had been received and projects were now underway.

The Leader of the Opposition stressed the importance of jobs being available for local people and maximising Section 106 monies from developers for infrastructure improvement to the Town.

## 9 UPDATE FROM SCRUTINY CHAIRS

The Chair of the Overview & Scrutiny Committee advised that the Committee had met on 4 occasions in recent months, considering items such as Corporate Performance, Budget monitoring and the Towns Fund Business Cases.

The Chair of the Community Select Committee stated that the recent work of the Committee had been to finalise its work programme. The main item for scrutiny for the year focussed on the Housing Service specifically the issue of voids but also looking at the repairs service. Work would also be undertaken on performance improvement and they would be receiving updates on service charges. Alongside this would be the statutory scrutiny meetings to consider Crime and Disorder and Public Health.

The Chair of the Environment & Economy Select Committee advised that the Committee's work had continued to focus on scrutiny of the Council's Climate Emergency plans and monitoring the work of other agencies within the community. The Committee's work had included interviews with the Leader of the Council and relevant Portfolio Holders.

## 10 **SCRUTINY ANNUAL REPORT 2021/22**

The Council considered the Scrutiny Annual Report for 2021/22.

Members expressed their thanks to the Scrutiny Officer, Stephen Weaver for his work in supporting the scrutiny process. The Leader also thanked all Scrutiny Committee members for their work on the three committees throughout the past year.

It was then moved, seconded and **RESOLVED** that the work undertaken by the Overview & Scrutiny Committee and Select Committees during 2021/22, as set out in the report, be noted.

## 11 **NOTICE OF MOTIONS**

### 1. Cost of Living Crisis

Councillor Sharon Taylor moved and Councillor Mrs Joan Lloyd seconded the following motion in respect of the Cost of Living Crisis.

"The cost of living crisis is affecting every family across Stevenage, and many are facing dreadful decisions about what they can and cannot afford to do at the most basic levels some having to choose between heating, eating or transport to work.

The Chancellor's Spring Statement was a lost opportunity to ensure real and substantial help to those families and once again local government is left picking up the pieces of hunger, homelessness and poverty and the effects these have on everyone suffering.

In Stevenage we have now set up a Cost of Living Task Force which will work with the Stevenage Together Partnership to identify the support needed in our community and ensure we have actions in place to address the needs identified.

In Stevenage we can and must take the following urgent actions:

- We declare this to be a Cost of Living emergency and pledge to take all the action in our powers to help our community and to mitigate its impact wherever possible.
- Work through our Cost of Living Task Force to identify actions and policies to support our community and the council through the crisis.
- Call upon our MP to lobby his Chancellor of the Exchequer to take urgent measures to support individuals, communities and families through this

crisis.

- Call on Hertfordshire County Council to make permanent and enduring commitment to providing holiday food to children entitled to Free School Meals.
- Work with the retail sector in Stevenage to reduce food waste, donate surpluses to food banks and ensure that affordable food is available to all.
- Ensure that all our schools have established and responsive systems for identifying and supporting those children who are struggling through food and fuel poverty
- Call upon the government to scrap the National Insurance increase, continue to impose a windfall tax on oil and gas companies while it is necessary to remove a substantial sum from citizens energy bills and immediately restore the triple lock for pensions.
- Call upon Government to restore the additional Universal Credit payment made during the Covid crisis.
- Write to the Secretary of State for Levelling Up, Housing and Communities to point out the critical situation facing our community and the financial impact the cost of living crisis will have on council finances.

Members noted the establishment of the Cost of Living Action Group which would be meeting to consider what could be done locally to ease the crisis.

Following further debate, and upon being put to the vote, it was **RESOLVED** that the motion be carried.

## 2. Homelessness Policies

Councillor Phil Bibby moved and Councillor Wendy Kerby seconded the following motion with regard to Homelessness Policies:

“In April of this year, there was a concerning report in the Comet newspaper under the headline ‘Couple unable to return to rented home’, describing that the landlords rented their retirement home on a short-term basis, and hoped to move back in just before Christmas last year but, two days before the tenant was due to vacate the property, having been given proper notice, she was told by the Council’s housing department to remain in the property, against the threat of being seen as making herself intentionally homeless.

Whilst it is understood that the Council and tenants acted lawfully, and this situation has now been resolved, with the couple back in their property and the tenant re-housed, the Council’s policies and practices should protect lawful landlords, who are an important source of much needed housing, with the same vigour as tenants.

We accept that the Council will always respect tenancy and homelessness legislation and guidance, but we call on it to make timely assessments of tenants facing lawful eviction and possible homelessness, being on the guard against ‘voluntary homelessness’, and make proper provision in the HRA to have an adequate supply of suitable accommodation, in case of need.

Following debate and upon being put to the vote, it was **RESOLVED** that the Motion be lost.

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

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

(A) Question from Councillor Claire Parris re: Proposed hospital radiotherapy facility

Supplementary question – “When Stephen McPartland was elected as MP for Stevenage in 2010, he promised the residents of Stevenage that they would have a radiotherapy unit. This has not come to fruition in 12 years therefore could the Council write to the MP to ask if he was involved in the decision to locate the facility at Watford General Hospital and will he champion a satellite unit located in Stevenage?”

The Portfolio Holder advised that a number of major decisions had been made by the NHS without proper knowledge of local views. She agreed to write to the MP to ask him to fight for the people of Stevenage and their need to have a radiotherapy facility in the Town.

(B) Question from Councillor Andy McGuinness re: an assessment consequences of the recent resignation of the Prime Minister

Supplementary question – “Would Councillor Taylor invite Councillor Bibby as Leader of the Opposition to apologise for the conduct of his Leader”

The Leader of the Council agreed that the current situation at Westminster would not help to address the crisis happening in the country and the Government would not be in place until at least the end of September. She suggested that a General Election would be the best way forward.

(C) Question from Councillor Stephen Booth re: Empty properties in Tabor Close

Councillor Thomas provided additional information in relation to the question. She advised that the works had been programmed to happen between the 2<sup>nd</sup> and 26<sup>th</sup> August close to the junction at Ferrier Road and Bernhardt Crescent. The works could not be undertaken any sooner due to the Highways Authority having to carry out the works during the summer break due to the close proximity to a local school.

Supplementary question – “Why do the required highways works prevent people from moving in to the properties”

The Portfolio Holder replied that the houses belonged to Origin Housing Association and although the delay had been frustrating, the Council had to work with the Housing Association’s and the Highways Agency’s requirements. Tenants on the list

for these properties had been given the choice to bid for alternative properties if they wished to.

(D) Question from Councillor Robin Parker re: traffic issues at the exit from Swingate onto Lytton Way

Supplementary question – “What response had been received from Herts County Council to the questions asked?”

The Portfolio Holder for Economy, Enterprise and Transport replied that he would provide a written answer to Councillor Parker regarding this matter.

(E) Question from Councillor Alex Farquharson re: a Community Centre at the Hertford Road/Kenilworth Close shops

Supplementary question – “Is there a guarantee that the Community Centre will be built and what are the timescales?”

The Portfolio Holder for Communities, Neighbourhoods and Co-operative Council replied that the Council would fulfil its duty to replace the Community Centre and would consult the officers and provide a written answer to Councillor Farquharson regarding the timescales.

(F) Question from Councillor Bret Facey re: plans for the Indoor Market

Supplementary question – “Would the Executive Member ask the officers responsible for the market to be clearer in their advice and information for traders to save a lot of stress and worry?”

The Portfolio Holder for Resources and Information Technology replied that she believed that the officers were clear with regards to their advice in this regard but would follow up noting that the Council had no intention of closing the market down and was working hard to increase the number of units within the market.

(G) Question from Councillor Tom Wren re: waiting times for residents’ phone calls

Supplementary question – “When residents do get through to the CSC they are not often able to speak to a particular officer or Team. Are there any plans to put in place systems to enable residents to speak to those officers working remotely?”

The Portfolio Holder for Resources and Information Technology replied that staff working at home should be available by phone unless there was a reason why the number was not publicly available. The recent covid outbreak had unfortunately affected staff within the Centre and not surprisingly the response times. An ongoing recruitment process was underway to try to recruit new advisors and additional funding had been made available following the Executive recently considering the Quarter 4 Performance Report.

13 **PAY POLICY STATEMENT 2022/23 - ADDENDUM**

The Council considered a report in respect of Pay Policy Statement 2022/23 – Addendum. It was noted that since the approval of the original Statement in March 2022, a requirement to apply recruitment and retention premium to some Assistant Director roles had arisen due to the changing employment market.

In response to a question, Councillor Mrs Lloyd agreed to provide to Councillors Booth and Parker a written response relating to the monthly allowance paid to the Chief Executive and Strategic Directors of £24.95

It was then moved by Councillor Mrs Joan Lloyd, seconded by Councillor Sharon Taylor, and upon being put to the vote, it was **RESOLVED** that the amended Pay Policy Statement set out in accordance with the Localism Act 2011 and the Local Government Transparency Code 2015, as attached at Appendix 1 to the report be approved.

14 **MEMBER SUBSTITUTION SCHEME FOR REGULATORY COMMITTEES**

The Council considered a report in respect of appointing named Councillors as substitute Members for the Council’s Regulatory Committees (Licensing, General Purposes and Planning and Development Committees) as required by the Council’s Constitution.

It was moved by Councillor Sharon Taylor, seconded by Mrs Joan Lloyd, and following debate and upon being put to the vote, it was **RESOLVED** that the following Councillors be appointed as substitute Members (“Named Substitutes”) for the Council’s Regulatory Committees (Licensing, General Purposes and Planning and Development Committees) as required by the Substitution Scheme as set out in the Council’s Constitution:

**Licensing and General Purposes Committees**

- Labour Group – Councillors Adrian Brown, Sandra Barr, Teresa Callaghan and Sharon Taylor OBE CC;
- Conservative Group – Councillors Phil Bibby CC and Wendy Kerby;
- Liberal Democrat Group – Councillors Stephen Booth and Tom Wren

**Planning and Development Committee**

- Labour Group – Councillors Myla Arceno, Rob Broom, Jim Brown and Nazmin Chowdhury;
- Conservative Group – Councillors Phil Bibby CC and Alex Farquharson;
- Liberal Democrat Group – Councillors Andy McGuinness and Tom Wren.

15 **AUDIT COMMITTEE MINUTES**

The Minutes of the meetings of the Audit Committee held on 28 February 2022, 28 March 2022 and 7 June 2022 were received and noted.

**CHAIR**

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# STEVENAGE BOROUGH COUNCIL

## COUNCIL MINUTES

**Date: Thursday, 15 September 2022**

**Time: 7.00pm**

**Place: Council Chamber**

**Present:** Councillors: Margaret Notley (Mayor), Myla Arceno (Deputy Mayor), Julie Ashley-Wren, Sandra Barr, Stephen Booth, Lloyd Briscoe, Nazmin Chowdhury, Michael Downing, Bret Facey, Alex Farquharson, Richard Henry, Jackie Hollywell, Mrs Joan Lloyd, Andy McGuinness, Maureen McKay, Sarah Mead, Adam Mitchell CC, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Simon Speller, Sharon Taylor OBE CC and Anne Wells

**Start / End** Start Time: 7.00pm  
**Time:** End Time: 7.55pm

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

Apologies for absence were received from Councillors Phil Bibby CC, Rob Broom, Jim Brown, Teresa Callaghan, Matt Creasey, John Duncan, John Gardner, Liz Harrington, Chris Howells, Wendy Kerby, Graham Lawrence CC, Lin Martin-Haugh, Jeannette Thomas and Tom Wren.

There were no declarations of interest.

### 2 **MEMORIAL - HER MAJESTY QUEEN ELIZABETH II**

The Mayor advised Members that she had the great honour of reading out the proclamation on the accession of His Majesty King Charles III at a ceremony held in the Town Centre on Sunday 11 September.

The Mayor had since written to the Private Secretary to His Majesty the King on behalf of the people of the town to offer my sincere condolences to the King and his family on the passing of Her Majesty Queen Elizabeth II.

The Mayor then invited Members to a National Moment of Reflection on the life of Her Majesty Queen Elizabeth II on Sunday, 18 September at 8.00pm on the Joyride Platform in the Town Square.

The Mayor then spoke of her memories of the Queen visiting Stevenage including her visit to Stevenage on 14th June 2012 to open the new maternity unit at The Lister Hospital.

The Mayor expressed her deepest condolences to The Royal Family, a difficult time for a family in mourning, who had lost both prominent members, Her Majesty the

Queen and only last year, Prince Philip, Duke of Edinburgh.

The Mayor then invited Members to pay tribute to the life and reign of Her Majesty Queen Elizabeth II.

Councillor Sharon Taylor, Leader of the Council began by thanking the Officers of the Council for pulling together a number of events relating to the passing of Her Majesty the Queen at very short notice including the Proclamation event on 11 September. Councillor Taylor also thanked the Mayor for leading the mourning and the proclamation event with great compassion.

Councillor Taylor spoke of the Queen carrying out her duties with dignity and grace to the Country but also to the Commonwealth and the rest of the World.

The Leader reminded Members of the visits the Queen had made to Stevenage including to residents in their New Town home in Wigram Way and the Town Centre in 1959. She also opened the Research Centre at Glaxo in 1995 and in 2003 the new North Herts College.

The Leader expressed her deepest and heartfelt condolences to King Charles who had taken on the heavy burden of the Monarchy whilst dealing with his grief in losing his Mother. Cllr Taylor hoped that the outpouring of love and respect for the Queen had been consoling for the new King and his family in these difficult and momentous days. She hoped that the King would take the opportunity to make an early visit to Stevenage to see how the Town had changed since the Queens early visit in 1959.

Councillor Robin Parker, Leader of the Liberal Democrat Group, spoke of Queen Elizabeth as a constant presence in all our lives, and that her devotion to the role did our nation proud. The Queen had experienced tragedies and triumphs throughout her reign but constancy had been her hallmark and she had carried out her duties with grace, commitment and charm.

Councillor Stephen Booth spoke of the loss of the Queen. He spoke of his memories as a child being visited in hospital by Princess Elizabeth and then thanked the Queen for being a unified force in an often divided nation.

Councillor Speller shared a few reflections including his early memories of the Queen during his years as a child in Nigeria during a Royal Tour. The Queen represented modern Britain. Councillor Speller advised that he was privileged to have succeeded former Councillor John Lloyd as the Town's Armed Forces Covenant Champion and advised that the Military loved the Queen as much as she loved them.

Councillor Downing remembered as a child the news that the King had died and a few days later he had been taken to see the King lying in State in Westminster Hall. He recognised the personal role of the Queen in ensuring change in Ireland and was pleased to share this moment with colleagues.

Councillor Mrs Joan Lloyd spoke of her first memories of seeing the Queen on her Coronation Day. She then spoke of the events where she had been presented to the

Queen, firstly at Glaxo then at the opening of the Maternity Unity at the Lister Hospital.

Councillor Hollywell paid tribute to the Queen's dignity and integrity in carrying out her role as Head of State so well, particularly in the early days as a lone woman amongst men. She was a woman of great faith and peace wanting to bring harmony to people and bring them together.

Councillor Snell expressed his deep regard and respect for Queen Elizabeth. He spoke of his deep affection and respect for the Queen and the wider Royal Family and the role they played in the country's constitution.

Councillor Barr spoke of her memory of attending the Royal Garden Party in terrible weather and the Queen being there to greet everybody and doing her duty in the rain. As a previous Mayor of the Town, Cllr Barr spoke of the honour and privilege in representing the Queen in this role.

Councillor Facey said that the Queen had left a definite and long lasting legacy. He was sure in their grief, the Royal Family had taken comfort in the outpouring of love from the Public. Cllr Facey advised that he and his ward colleagues would be writing to the new King to invite him to visit Stevenage and specifically to follow in the Queen's footsteps to visit the Longmeadow Ward.

Councillor Taylor thanked all the Members who had spoken for their tributes, memories and reflections to the Queen and said that this was testament to Her Majesty's ability and power to bring people together and mourn in unity.

The Mayor then thanked all those present for their heartfelt contributions that had been made at the meeting.

## **CHAIR**

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## AUDIT COMMITTEE/ EXECUTIVE / COUNCIL

Portfolio Area: Resources

Date: **7 September 2022 / 14  
September 2022 / 19 October  
2022**



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

### NON-KEY DECISION

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

### 1 PURPOSE

1.1 To review the operation of the 2021/22 Treasury Management and Investment Strategy.

### 2 RECOMMENDATIONS

#### 2.1 Audit Committee

That subject to any comments by the Audit Committee to the Executive, the 2021/22 Annual Treasury Management Review is recommended to Council for approval.

#### 2.2 Executive

That subject to any comments made by the Executive, in addition to those made by the Audit Committee, the 2021/22 Annual Treasury Management Review is recommended to Council for approval.

#### 2.3 Council

That subject to any comments from the Audit Committee and the Executive, the 2021/22 Annual Treasury Management Review be approved by Council.

### **3 BACKGROUND**

#### **3.1 Regulatory requirement**

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2021/22. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.1.2 During 2021/22 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24/02/2021)
- a mid-year treasury update report (Council 15/12/2021)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

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

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

#### **3.2 The Economy and Interest rates in 2021/22 and current position**

3.2.1 **Bank Rate.** Over the last two years, the coronavirus outbreak has done huge economic damage to the UK and to economies around the world. After the Bank of England took emergency action in March 2020 to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings until raising it to 0.25% at its meeting on 16<sup>th</sup> December 2021, 0.50% at its meeting of 4<sup>th</sup> February 2022 and then to 0.75% in March 2022. Since the new year, there have been a further two increases of 0.25% in June and then on the 4 August the Monetary Policy Committee voted to increase the bank rate to 1.75%.

3.2.2 **GDP.** The UK economy has had several periods of lock down through 2021/22, but with most of the economy now opened up and returning to business-as-usual, the GDP numbers have been robust (9% y/y Q1 2022) and sufficient for the MPC to focus on tackling the second-round effects of inflation, now that the CPI measure has already risen to 10.1% in June 2022 and commentators are now predicting a rise to even 18% by October.

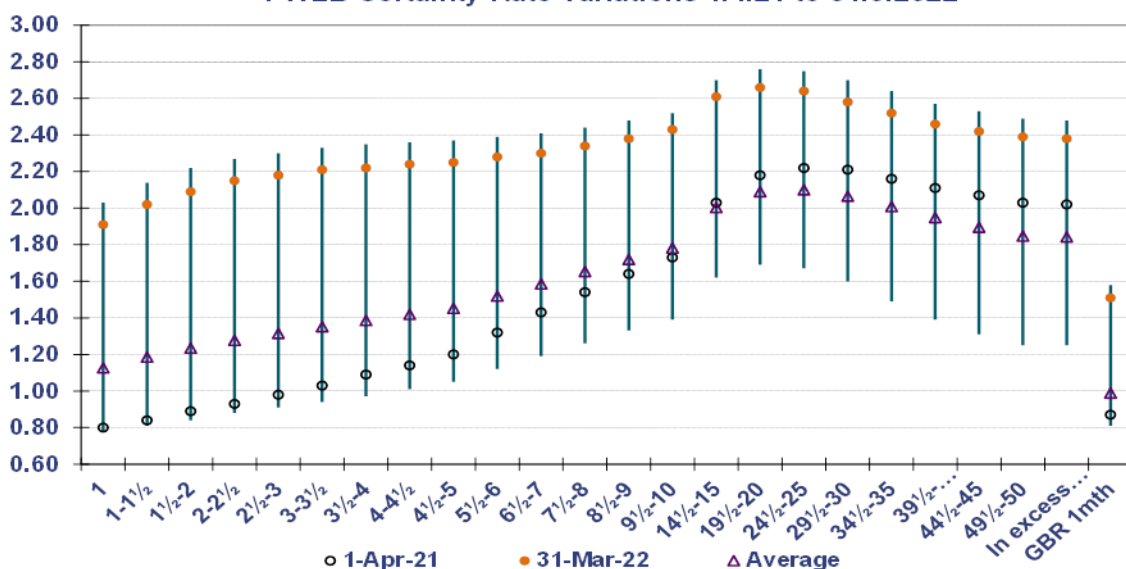
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3.2.3 **Inflation.** This was the major change in 2020/21 adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank’s forward guidance in August 2020 was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and *achieving the 2% target sustainably*”. That does seem out of date in the current economic situation. There is now an issue of supply side shortages, labour shortages, commodity price inflation, the impact of Russia’s invasion of Ukraine and subsequent Western sanctions all point to inflation being at elevated levels until well into 2023

3.2.4 The upward pressure on inflation from higher oil prices and potential knock-on impacts on supply chains all argue for tighter policy (with CPI at 10.1% for June) but the hit to real disposable incomes and the additional uncertainty points in the opposite direction.

3.2.5 **PWLB borrowing rates** are based on gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen, over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. Recently, yields have risen since the turn of the year on the back of global inflation concerns.

**PWLB Certainty Rate Variations 1.4.21 to 31.3.2022**



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3.2.6 The target average borrowing rate in the latest HRA Business Plan last updated 2021 (HRA BP) was 1.6% for 2020, rising to 1.72% in 2021 and 1.74% in 2022. New HRA borrowing of £10Million was taken externally in March 2021 at 2.06% and in February 2022 the following loans were taken. £5Million for 25.5 years at 2.22% and £4.047Million for 21 years at 2.24%. The HRA BP assumed a 3.5% average rate for future loans. Recent interest rate rises have led to current forecast rates exceeding (for loans longer than 20 years) the original HRA BP forecasts and the HRA BP will be revised and reported to the November 2022 Executive.

<b>Rates* as at:</b>	<b>Mar-21</b>	<b>Feb-22</b>	<b>Aug-22</b>
<b>Years</b>	<b>Actual Rate %</b>	<b>Actual Rate %</b>	<b>Actual Rate %</b>
5			3.46
10			3.37
15			3.38
20	2.06		3.53
21		2.24	3.57
25.5		2.22	3.71

\* Rates include a 0.2% Certainty Rate reduction

3.2.7 There are alternatives to the PWLB for borrowing, for both the General Fund and the HRA, including the UK Municipal Bonds Agency. The UKMBA provides funding through three lending programmes.

- Proportionally guaranteed, pooled loans of £1 million or more for maturities greater than one year.
- Standalone loans to a single local authority for £250 million or more for maturities greater than one year. These loans are outside of the proportional guarantee and are guaranteed solely by the borrower, who must obtain an external credit rating from one or more of the major credit rating agencies.
- Short term, pooled loans, outside of the proportional guarantee for maturities of less than one year.

The UKMBA borrow primarily in the capital markets to lend to local authorities to fund pre-agreed loans. Borrowing rates may be lower using the UKMBA but lead times and administration are greater than for PWLB borrowing arrangements.

## **4 TREASURY MANAGEMENT ACTIVITIES**

### **4.1 OVERALL TREASURY POSITION AS AT 31 MARCH 2022**



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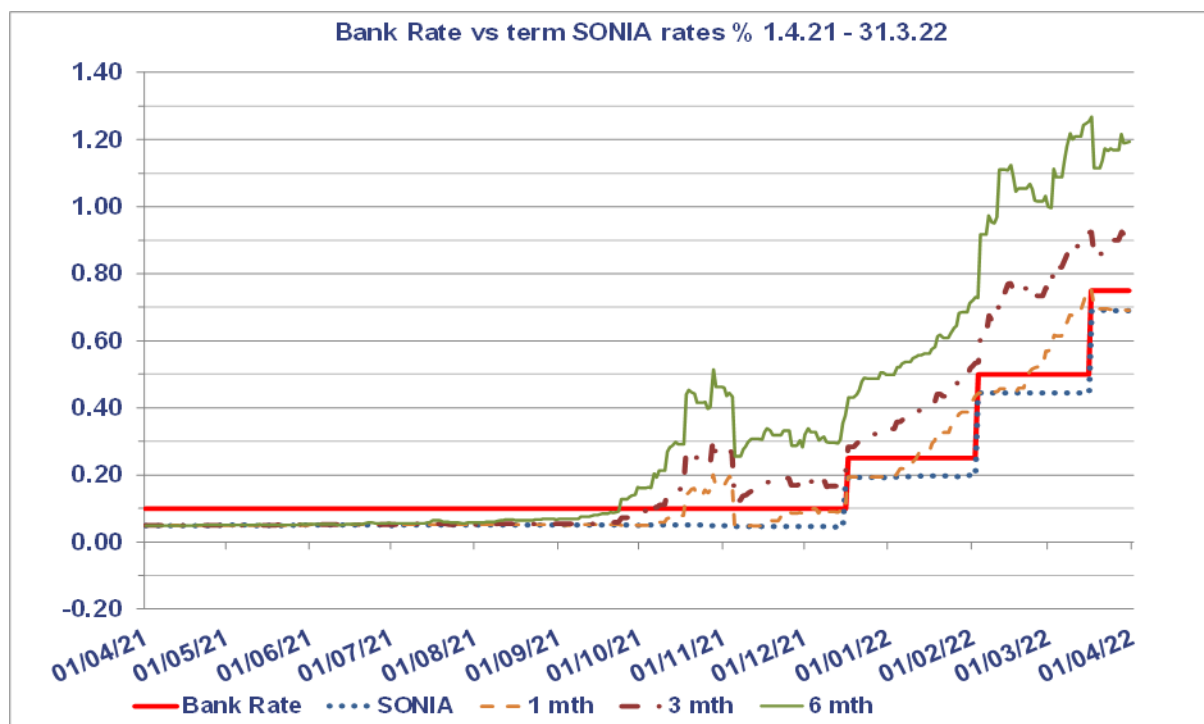
4.1.1 As at 31 March 2021 and 2022 the Council's treasury position was as follows:

<b>Table two: Treasury Position</b>						
	<b>2020/21</b>			<b>2021/22</b>		
	<b>31 March 2021 Principal £'000s</b>	<b>Rate / Return %</b>	<b>Average Life (Yrs)</b>	<b>31 March 2022 Principal £'000s</b>	<b>Rate / Return %</b>	<b>Average Life (Yrs)</b>
<b>Total PWLB Borrowing</b>	<b>218,966</b>	<b>3.34</b>	<b>12.53</b>	<b>227,750</b>	<b>3.28</b>	<b>12.89</b>
Capital Financing Requirement	267,432			305,223		
Over/(under) borrowing	(48,466)			(77,473)		
<b>Investments Portfolio (see section 4.2.5)</b>	<b>69,700</b>	<b>0.65</b>		<b>68,750</b>	<b>0.35</b>	

4.1.2 Investment balances reduced year-on-year by £950k. The balances include restricted use funds that can only be used to finance capital spend, money set aside as provisions and monies held on behalf of others including council tax and business rates provisions and advance payments (see paragraph 4.2.3.2). Members should note the investment balances have been distorted by COVID related grants to be paid to businesses and residents and the reliefs given by the government to compensate the Council for changes to the business rate regime. compared to a 'normal' year

4.1.3 During the year the average investment balance was £80.908 Million, earning interest of £286,304 and achieving an average interest rate of 0.35%. The comparable rate was 0.14% (Sterling Overnight Index Average (SONIA) rate). This compares with an original budget assumption of £202,910 investment interest based on average investment rate of 0.25%.

4.1.4 The following chart shows UK Bank Rate and SONIA rates in 2021/22. It can be seen that SONIA rates remained below Bank Rate all year.



## **4.2 TREASURY MANAGEMENT STRATEGY 2021/22**

4.2.1 The original 2021/22 Treasury Management strategy had projected Bank Rate of 0.10% for the duration of 2021/22. The actual Bank Rate was 0.10% until February 2022 when it increased to 0.5% and then went to 0.75% during March 2022. The returns achievable on the Council's investments are currently modest based on the low Bank of England base rate and the risk appetite of the TM Strategy, which is compliant with the advice from the Council's treasury advisors, Link Asset Management.

### **4.2.2 The Council's Capital Expenditure and Financing 2021/22.**

4.2.2.1 In 2021/22 the Council spent £61.342Million on capital projects (General Fund and Housing Revenue Account). The capital programme was funded from a combination of existing capital resources and an increase in borrowing (General Fund £12.364 Million, HRA £25.487 Million). Table three details capital expenditure and financing used in 2021/22.

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<b>Table three : 2021/22 Capital Expenditure and Financing</b>				
	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>	<b>2021/22</b>
	<b>Original Estimate</b>	<b>Quarter 3 Working Budget</b>	<b>Actual</b>	<b>Variance Actual to Q3 Working Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Capital Expenditure:</b>				
General Fund Capital Expenditure	17,399	28,987	24,121	(4,866)
HRA Capital Expenditure	52,488	43,594	37,221	(6,373)
<b>Total Capital Expenditure</b>	<b>69,887</b>	<b>72,581</b>	<b>61,342</b>	<b>(11,239)</b>
<b>Resources Available for Capital Expenditure:</b>				
Capital Receipts	(14,958)	(11,829)	(9,493)	2,336
Capital Grants /Contributions	(9,131)	(9,909)	(8,308)	1,601
Capital Reserves	(1,869)	(802)	0	802
Revenue contributions	(342)	(1,969)	(1,862)	107
Major Repairs Reserve	(11,798)	(8,839)	(3,828)	5,011
<b>Total Resources Available</b>	<b>(38,097)</b>	<b>(33,348)</b>	<b>(23,491)</b>	<b>9,857</b>
<b>Capital Expenditure Requiring Borrowing</b>	<b>(31,790)</b>	<b>(39,233)</b>	<b>(37,851)</b>	<b>(1,382)</b>

4.2.2.2 The Treasury Management review of 2021/22 and Prudential Indicators have been updated to reflect changes to capital budgets which have been approved throughout the year. The actual capital expenditure for 2021/22 was reported to the Executive on 12 July 2022.

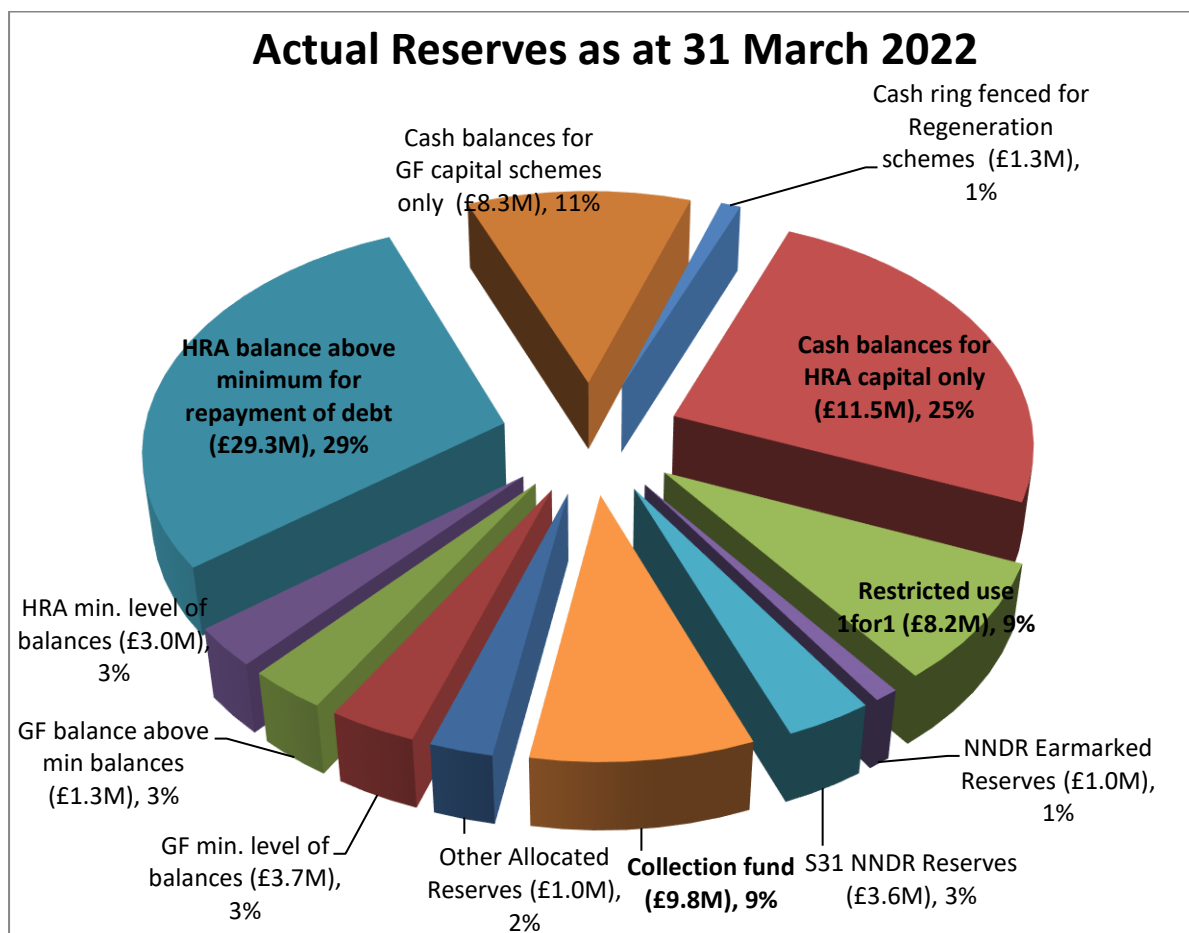
**4.2.3 The Council's overall need to borrow and Capital Financing Requirement**

4.2.3.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). It represents the amount of debt it needs to/has taken out to fund the capital programme (and includes both internal and external borrowing). The CFR is then reduced as debt repayments are made and Minimum Revenue Provisions (MRP – see also section 4.2.4) are made. A separate CFR is calculated for the General Fund and Housing Revenue Account and any transfers of assets (such as land or buildings) between the two accounts will impact on each fund's CFR. The CFR will go up on the fund "receiving" the assets and go down (by the same amount) on the fund "giving" the asset.

4.2.3.2 Cash balances enable the Council to use internal borrowing in line with its Capital Strategy and Treasury Management Strategy. This position is kept under review taking into account future cash balances and forecast borrowing rates. The apportionment of General Fund and HRA cash balances on 31 March 2022 is shown in the following chart, but Members should note that these cash balances relate in part to the restricted use right to buy "one for one" receipts (£9Million) and balances relating to Council Tax and NNDR

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(£14Million), which includes the £9Million for the business rate appeals provision, (there are outstanding appeals on the 2010 rating list).



4.2.3.3 As at the 31 March 2022 the Council had total external borrowing of £227.750Million. The debt repayment profile is shown in the following table:

<b>Table four Maturity of Debt Portfolio for 2020/21 and 2021/22</b>		
<b>Time to maturity</b>	<b>31 March 2021 Actual £'000's</b>	<b>31 March 2022 Actual £'000's</b>
Maturing within one year	263	263
1 year or more and less than 2 years	263	0
2 years or more and less than 5 years	500	8,500
5 years or more and less than 10 years	49,656	57,656
10 years or more	168,284	161,331
<b>Total</b>	<b>218,966</b>	<b>227,750</b>

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4.2.3.4 The General Fund had external borrowing of £2.019Million with the Public Works Loan Board (PWLB). The HRA had external borrowing of £225.731Million all held with the PWLB, of which £30.820Million relates to the Decent Homes programme, £7.763Million from pre 2012, £4.010Million taken out in 2019/20, £10.0 Million taken out in 2020/21 and new loans of £9.047Million taken out in year. The remainder of £194.911 Million relates to self- finance the payment made to central government in 2012.

4.2.3.5 In addition to the PWLB borrowing, the General Fund also has loans from the Local Enterprise Partnership (LEP) in relation to regeneration activities. The schedule as at the 31 March 2022 is set out below. Discussions took place with the LEP regarding making these re-investible loans for further regeneration of the town, rather than needing to be repaid on the dates originally agreed. As indicated in the table, the current position is that only £209K of the £7.279Million received to date has been repaid. The remaining balance is repayable - £6.57Million in 2030 and £0.5Million in 2025. The loans are at zero interest.

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

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

<b>Table Six : Capital Financing Requirement 2020/21 and 2021/22</b>			
<b>CFR Calculation</b>	<b>31-Mar-21 (£'000)</b>	<b>31-Mar-22 (£'000)</b>	<b>Movement in Year (£'000)</b>
<b>Opening Balance</b>	<b>244,656</b>	<b>267,432</b>	

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<b>Table Six : Capital Financing Requirement 2020/21 and 2021/22</b>			
<b>CFR Calculation</b>	<b>31-Mar-21 (£'000)</b>	<b>31-Mar-22 (£'000)</b>	<b>Movement in Year (£'000)</b>
Closing Capital Financing Requirement (General Fund)	34,338	46,642	12,304
Closing Capital Financing Requirement (Housing Revenue Account)	233,094	258,581	25,487
<b>Closing Balance</b>	<b>267,432</b>	<b>305,223</b>	<b>37,791</b>
<b>Increase/ (Decrease)</b>	<b>22,776</b>	<b>37,791</b>	

4.2.3.7 The CFR for the HRA has increased by £25.487Million, due to increased borrowing requirement to fund major repairs & improvements and new housing.

- 4.2.3.8 The General Fund's CFR has increased by £12.304Million, due to;
- Borrowing requirement of +£2.154Million
  - New Marshgate Ltd loans of +£11.179Million
  - less Minimum Revenue Provision (MRP) (see section 4.2.4) of -£195K
  - less loan repayments made in year totalling -£834K

**4.2.4 Minimum Revenue Provision (MRP)**

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

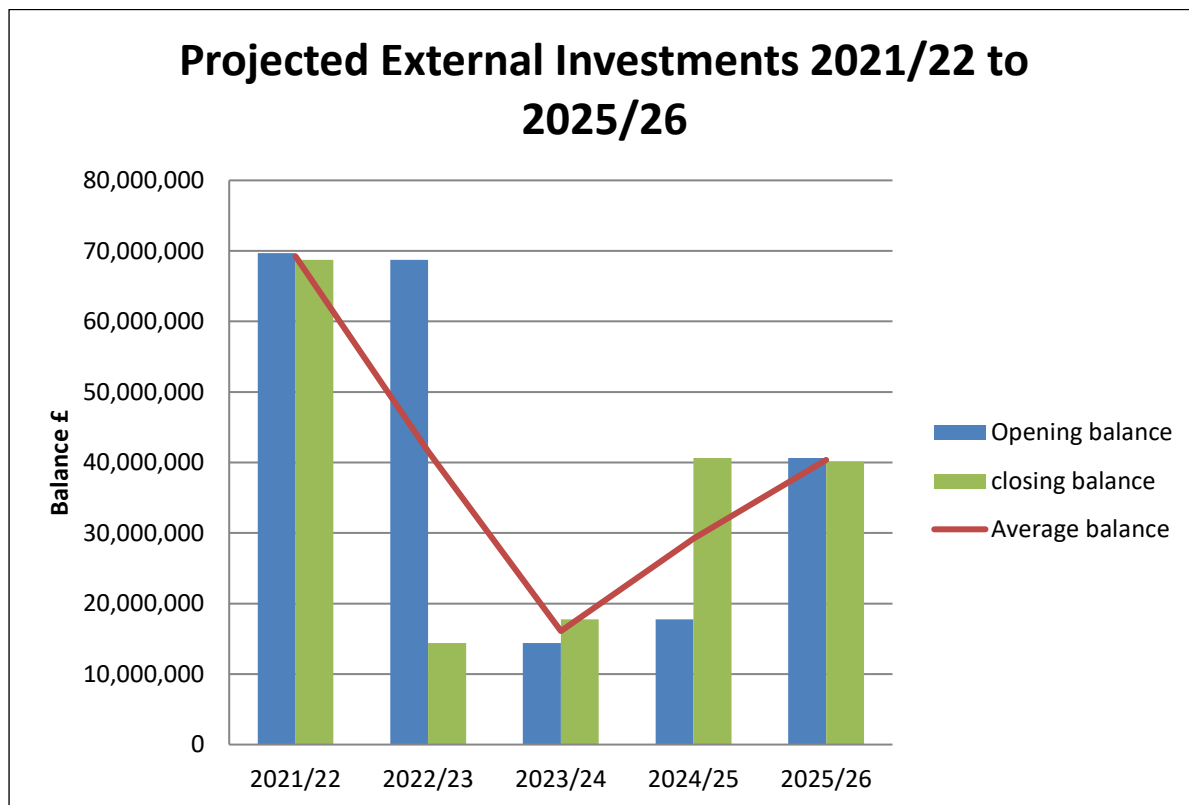
- 4.2.4.2 The MRP charged to the General Fund in 2021/22 was £195,200, of which
- £35,100 is funded from investment property
  - £29,400 is funded by the Garage Improvements Programme
  - £130,700 is a net cost to the General Fund

**4.2.5 Cash Balances and Investment**

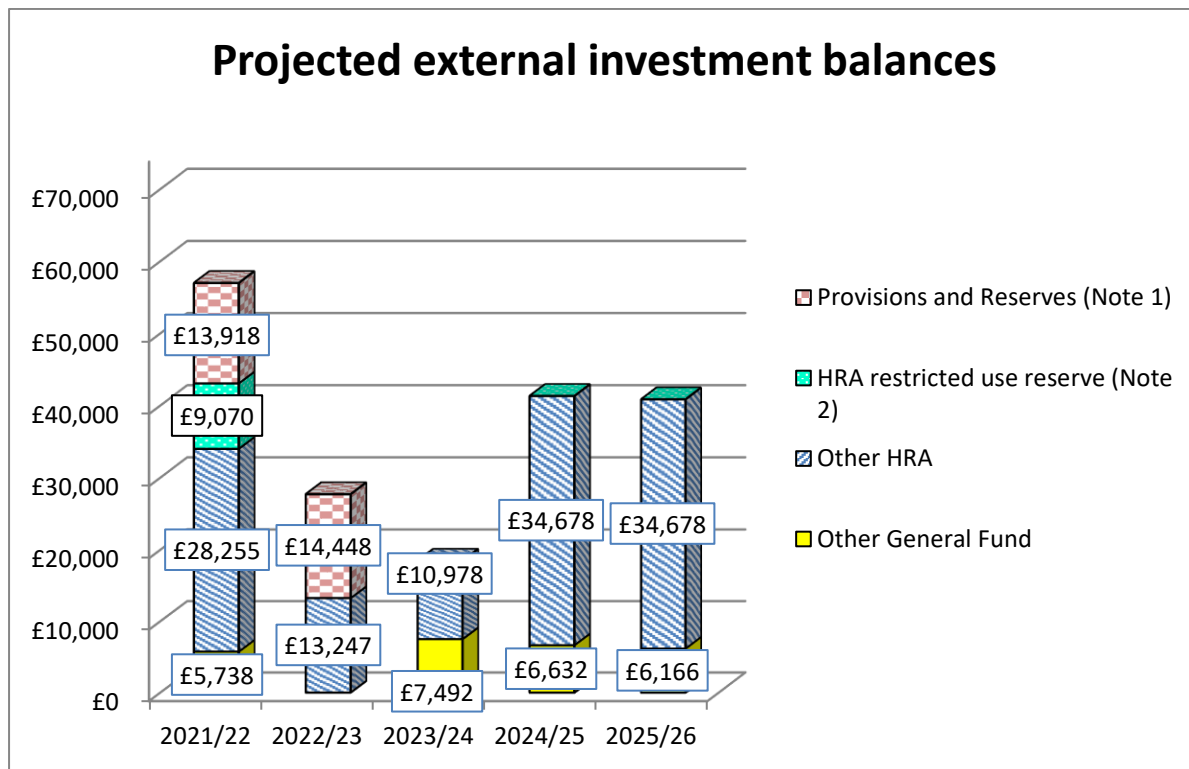
4.2.5.1 The restrictive use of a proportion of the cash balances set out in paragraph 4.2.3.2, plus the planned use of resources in line with the Council's capital and revenue strategies mean that these resources are not available for new

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expenditure. The following chart shows the level of balances as at 31<sup>st</sup> March 2022 and the projected position following the planned use to 2025/26.



4.2.5.2 The chart below shows the breakdown of the projected external investment balances, showing what the external investments are held to fund.



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- 1) Council Tax & NNDR held for bad debts and appeals and collection fund reserves.
- 2) 1-4-1 new build

4.2.5.3 In accordance with the Treasury Management Strategy approved by Council on 24 February 2021, the Council invests its surplus cash balances, that are committed for future approved spending. The policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data and counterparty limits dependant on level of cash balances held.

4.2.5.4 There were no breaches to this policy in 2021/22 with the investment activity during the year conforming to the approved strategy. The Council had no liquidity difficulties and no funds were placed with the Debt Management Office (DMO) during 2021/22, demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds borrowed during 2022/23 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to the timing of taking out new loans would breach other counterparty limits.

4.2.5.5 The Specified and Non-Specified Investment Criteria (Appendix C) have been reviewed and updated in the Treasury Management Strategy 2022/23 agreed at Full Council in February 2022. Appendix C reflects the strategy in place for 2021/22. No further amendments are proposed at this stage.

**4.2.6 Other Prudential Indicators**

4.2.6.1 The treasury management indicators for 2021/22 onwards have been updated based on the updated Capital Strategy approved by Council in February 2022 and subsequently updated in the 3<sup>rd</sup> quarter capital update reported to Executive in March 2022 and the 4<sup>th</sup> quarter (Outturn) capital update reported to Executive in July 2022.

4.2.6.2 The **net borrowing position** for the Council as at 31 March 2022 was **£159Million** (total external borrowings/loans of £227.750Million less total investments held of £68.750Million).

4.2.6.3 The **operational boundary** and **authorised limit** refers to the borrowing limits within which the treasury team operate. A temporary breach of the operational boundary is permissible for short term cash flow purposes however a breach of the authorised limit would require a report to Council. **There were no breaches of either limit in 2021/22.**

4.2.6.4 The **ratio of financing costs** to net revenue stream is equal to General Fund interest costs divided by the General Fund net revenue income from Council tax, Revenue Support Grant and retained business rates. The 2021/22



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indicator is **2.10%**. This means the cost of borrowing represents a very small proportion of the General Fund's core resources.

4.2.6.5 The full list of treasury prudential indicators is shown in Appendix A and has been updated for the 2021/22 outturn position.

### **4.3 OTHER ISSUES**

#### **4.3.1 Operational and Authorised Borrowing Limits**

4.3.1.1 General Fund limits will be reviewed if necessary in the Mid-Year 2022/23 Treasury Management Strategy, due to go to Executive and Audit Committee in November 2022 and Council in December 2022.

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

4.3.2 **Property Funds and Commercial Strategy.** As reported in the most recent Treasury Management Strategy, approved by Council in February 2022, Commercial investments (including investment properties), which are entered into primarily for gain by earning a positive net financial return are no longer permitted in the Capital Strategy, in order to access PWLB rates. Therefore this activity, and the borrowing requirement for it, is no longer included in the Prudential Indicators set out in Appendix A.

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

## **5 IMPLICATIONS**

### **5.1 Financial Implications**

5.1.1 This report is of a financial nature and reviews the treasury management function for 2021/22. Any consequential financial impacts identified in the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

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

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**5.2 Legal Implications**

- 5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy are intended to ensure that the Council complies with relevant legislation and best practice.
- 5.2.2 The changes to PWLB borrowing arrangements as per paragraph 4.3.2, prohibiting access to PWLB where Council's retain commercial investments within their Capital Strategy, have been addressed and these activities removed.

**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 long-term implications of exiting the EU on the UK economy and borrowing rates. Officers monitor interest rate forecasts to inform the timing of borrowing decisions.
- 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.
- 5.3.5 There is a risk to the HRA BP's ability to fund the approved 30 year spending plans if interest rates continue to rise, this will included in the revision to the BP in November 2022.

**5.4 Equalities and Diversity Implications**

- 5.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition to remaining within agreed counterparty rules, the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues. Counterparty rules will also be overlaid by any other ethical considerations from time to time as appropriate.
- 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.

**5.5 Climate Change Implications**

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

**BACKGROUND PAPERS**

- BD1 Treasury Management Strategy including Prudential Code Indicators 2021/22 (Council 24 February 2021)
- BD2 Mid-year Treasury update (Council 15 December 2021)

**APPENDICES**

- Appendix A Prudential Indicators
- Appendix B Investment and Borrowing Portfolio
- Appendix C Specified and Non-Specified Investment Criteria

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## Prudential Indicators

### (a) Capital Expenditure

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

Capital Expenditure	31/03/2022 Estimate £'000	31/03/2022 Actual £'000
General Fund	20,929	24,121
HRA	53,656	37,221
<b>Total Capital Expenditure</b>	<b>74,585</b>	<b>61,342</b>

### (b) Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2021/22 is shown in the table below:

Capital Financing Requirement	31/03/2022 Estimate £'000	31/03/2022 Actual £'000
General Fund	37,920	46,642
HRA	262,144	258,581
<b>Total CFR</b>	<b>300,064</b>	<b>305,223</b>

### (c) Gross Debt and Net Debt

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

Debt	31/03/2022 Estimate £'000	31/03/2022 Actual £'000
General Fund	6,201	2,019
HRA	255,278	225,731
<i>Less Investments</i>	<i>(71,447)</i>	<i>(68,750)</i>
<b>Total Debt</b>	<b>190,032</b>	<b>159,000</b>

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

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

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

The table below demonstrates that during 2021/22 the Council has maintained gross borrowing within its authorised limit.

Authorised limits	Operational Boundary £'000	Authorised Limit £'000	Actual External Debt 31/03/2022 £'000
Borrowing	329,299	337,299	227,750
Less Investments			(68,750)
<b>Total</b>	<b>329,299</b>	<b>337,299</b>	<b>159,000</b>

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

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

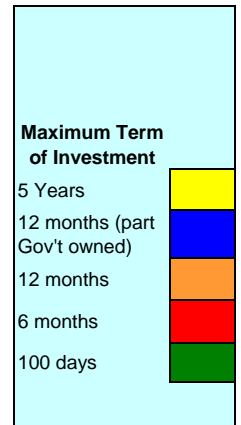
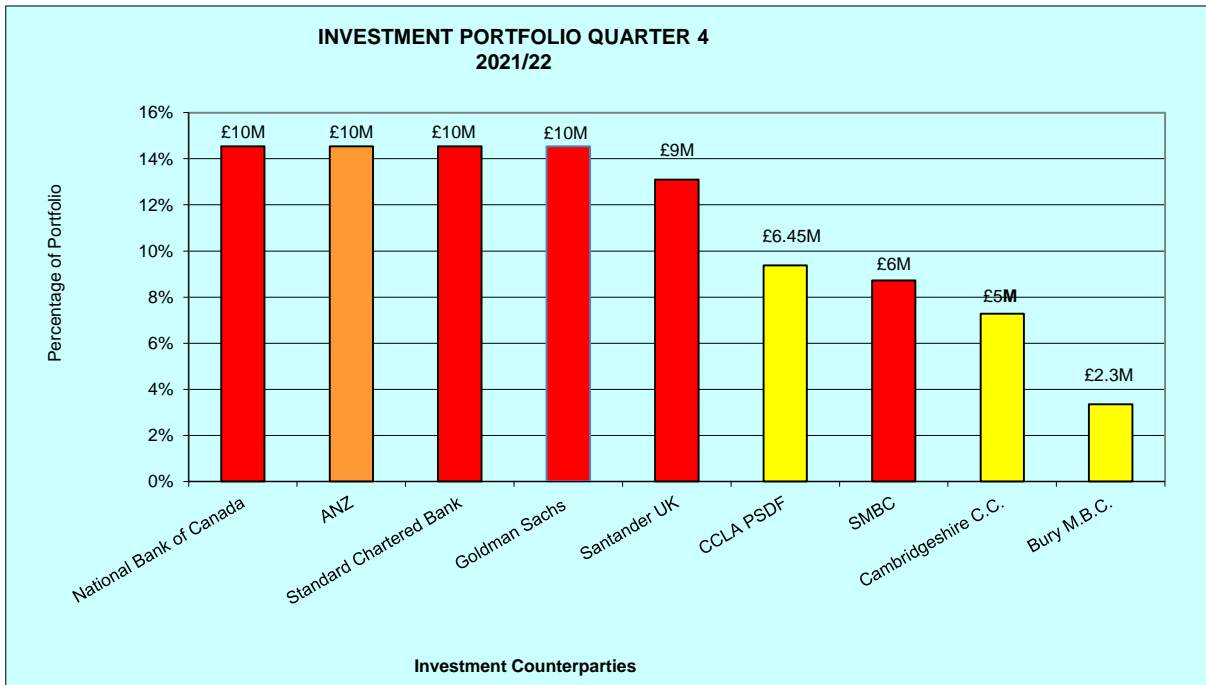
HRA: The net revenue stream is the total HRA income shown in the Council's accounts from received rents, service charges and other incomes. The ratio of financing costs to net revenue stream reflects the high level of debt as a result of self financing.

Ratio of financing costs to net revenue stream	31/03/2022 Estimate %	31/03/2022 Actual %
General Fund	5.27%	2.10%
HRA	15.71%	15.50%

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Average interest rate - 2020/21 **0.98%**  
 Average interest rate - 2021/22 **0.35%**  
 Bank of England Bank Rate (at 31 March 2022) **0.75%**

<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>						
CCLA PSDF	UK		6,450,000			0.46
60 Day Notice Santander UK	UK	AA-	1,000,000			0.50
95 Day Notice Standard Chartered Bank	UK	AA-	7,000,000			1.00
Fixed Term Deposit						
National Bank of Canada	Can	AA+	5,000,000.00	03-Feb-22	03-May-22	0.37
Standard Chartered Bank	UK	AA-	3,000,000.00	26-Nov-21	26-May-22	0.28
SMBC	UK	AA-	6,000,000.00	29-Nov-21	27-May-22	0.22
Santander UK	UK	AA-	8,000,000.00	30-Dec-21	30-Jun-22	0.30
Goldman Sachs International	UK	AA-	8,000,000.00	31-Dec-21	30-Jun-22	0.51
National Bank of Canada	Can	AA+	5,000,000.00	03-Feb-22	03-Aug-22	0.67
Goldman Sachs International	UK	AA-	2,000,000.00	04-Feb-22	04-Aug-22	1.01
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	2,700,000.00	15-Sep-21	14-Sep-22	0.19
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	5,000,000.00	27-Sep-21	26-Sep-22	0.25
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	2,300,000.00	19-Oct-21	18-Oct-22	0.62
Cambridgeshire C.C.	UK	AA-	5,000,000.00	13-Apr-21	12-Apr-23	0.44
Bury M.B.C.	UK	AA-	2,300,000.00	18-May-20	18-Nov-24	2.00
			<b>68,750,000</b>			



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	1.60	3,500,000	25/03/2020	25/03/2037	17 years
PWLB	Fixed Rate/Maturity	2.06	10,000,000	30/03/2021	30/03/2041	20 years
PWLB	Fixed Rate/Maturity	2.24	4,047,150	03/02/2022	03/02/2043	21 years
PWLB	Fixed Rate/Maturity	1.72	510,000	25/03/2020	25/03/2045	25 Years
PWLB	Fixed Rate/Maturity	2.22	5,000,000	03/02/2022	03/08/2047	25 1/2 years
			<b>30,820,150</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>			

General Fund Prudential Borrowing

<u>Lender</u>	<u>Type</u>	<u>Rate %</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Life of Loan</u>
PWLB	Fixed Rate/EIP	2.37	263,158	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>2,019,108</b>			

Total Borrowing

**227,750,258**



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

Investment Counterparty	Investment Instrument	Minimum High Credit Quality Criteria	Investment Duration
Banks or Building Societies	Overnight Deposit	Fitch: Short Term F1 and Long Term A and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different OR Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage).	Maximum duration as per Treasury Advisor's (Capita's) colour coded Credit List, and less than one year
	Notice Account		
	Short Term Deposit		
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 up to a maximum of five years	Fitch: Short Term F1+ and Long Term AA- and Moody, Standard & Poor, equivalent where rated, the lowest rating used where different	Maximum duration suggested by Treasury Advisor's (Capita's) colour coded Credit List, and not in excess of five years
Debt Management Office or UK Local Authority		No Limit.	

Please Turn Over

**Table 3 - Treasury Limits**

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

**Procedures of Applying the Criteria and Limits**

Before the Treasury Team makes an investment, the Team will follow the procedure to ensure full compliance with the Specified and Non-Specified Criteria and Treasury Limits:

**1** Check that the Counterparty is on the Counterparty List (also known as Current Counterparty Report for Stevenage) produced by Link Asset Services (LAS), specifically meeting the Council's Specified and Non-specified Minimum High Credit Quality Criteria in the above Table 1 & 2. If it is not on the list, the Treasury Team will not invest with them.

**2** If the Counterparty is on the list, then the Treasury Team refers to the Credit List produced by LAS in colour coding, to determine the maximum investment duration suggested for the deposit, as per the column of Suggested Duration (CDS Adjusted with manual override).

**3** Refer to the Treasury Limits in the above Table 3 to ensure the amount invested complies with the Treasury Limits.

## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

Date: Wednesday, 7 September 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

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

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

#### 1 ELECTION OF CHAIR

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

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

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

There were no declarations of interest.

#### 3 MINUTES - 7 JUNE 2022

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

#### 4 2019/20 EXTERNAL AUDIT UPDATE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It was **RESOLVED:**

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

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

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

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

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

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

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

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

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

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

It was **RESOLVED**:

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

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

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

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

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

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

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

## **8 URGENT PART I BUSINESS**

None.

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

It was **RESOLVED** that:

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

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

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

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

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

## **11 STRATEGIC RISK REGISTER**

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

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

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

## **12 URGENT PART II BUSINESS**

None.

## **CHAIR**