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Daneshill House
Danestrete
Stevenage
Hertfordshire

6 December 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, 14 December 2022 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully



Matthew Partridge
Chief Executive

AGENDA

1. APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

2. MAYOR'S COMMUNICATIONS

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

3. MINUTES - 19 OCTOBER 2022

To approve as a correct record the Minutes of the Council meeting held on 19 October 2022 for signature by the Mayor.

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4. COMMUNITY PRESENTATIONS

None received.

5. PETITIONS AND DEPUTATIONS

None received.

6. NEW LEADER OF THE COUNCIL'S TERM OF OFFICE

To recommend to Council a revised term of office for the new Leader of the Council (to take effect from 1 January 2023).

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7. APPOINTMENT OF NEW LEADER OF THE COUNCIL

To appoint a new Leader of the Council, to take up the position with effect from 1 January 2023.

8. QUESTIONS FROM THE YOUTH COUNCIL

None received.

9. QUESTIONS FROM THE PUBLIC

A written answer to the question below will be published on a supplementary agenda.

Question from Mr Jim Borchers

“It is now over six months since Stevenage Borough Council published the report from Mutual Gain “Thinking about Stevenage High Street”.

What progress has been made on the suggestions for change listed in the report?”

10. 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.

11. UPDATE FROM SCRUTINY CHAIRS

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

12. NOTICE OF MOTIONS

In accordance with Standing Orders, the following motions have been received for consideration:

- (i) Government Use of Hotels as Hostels

To be moved by the Labour Group.

“We are proud of our town, how we support one another in our community, and support those who are vulnerable and in need. We have played our part in welcoming and supporting refugees from Syria, Afghanistan and Ukraine in recent years, but the current actions of the Home Office, placing large numbers of asylum seekers in a Stevenage hotel against the advice of all local partners is unacceptable. It puts extraordinary pressures on local resources and is a completely unsuitable location for vulnerable individuals leading to real humanitarian issues.

We recognise that there is a national challenge for the Home Office, which all parts of our country need to tackle alongside international partners. But having failed to deal with this issue for 12 years, it is absolutely vital that Government recognise they must work together with local partners and communities rather than against local advice and often with little or no notice to the areas concerned.

We have made clear to the Home Office that using the Novotel as accommodation to temporarily house asylum seekers is not appropriate and that we could not support this location being used. It is isolated and with poor transport links, impacts on our local economy by losing space for business visitors, impacts on the events and activities in Knebworth House and Gardens, has disrupted local peoples wedding & event plans in addition to creating great pressure on public services.

Local services, from the hospital to healthcare, to Council and police services are already under great strain. Having a large-scale facility brought into use in Stevenage in short order makes these challenges even more difficult for our community.

Along with all Councils in Hertfordshire, we have written to the Minister given our deep concerns over the lack of consultation on the Home Office use of hotels across the county, choice of highly unsuitable sites, and pressures on vital services and our communities. We have asked for an urgent meeting with the Home Secretary to make the strength of local views absolutely clear. Locally we have requested that the Home Secretary or her representative visit the Novotel with us to see how unsuitable it is to be used for this purpose.

That this Council calls upon the government to:

1. Carry out an urgent review of the policy of using hotels to accommodate asylum seekers and refugees
2. Introduce a formal process of consultation with local partners on the suitability or unsuitability of accommodation which is being considered locally by the Home Office contractors
3. Ensure that consultation is carried out in good time for responses to be carefully considered and for local concerns to be taken into account
4. Work with local government to develop more sustainable options for housing asylum seekers and refugees including the use of MOD land, modular buildings and develop these along with support packages for the needs of asylum seekers and refugees
5. Ensure that local infrastructure is available to support the needs of asylum seekers and refugees before accommodation is designated
6. Carry out an urgent review of the asylum seeker application process so that applicants are not kept waiting for decisions.
7. That government respond to the concerns of local authorities recognising that the use of hotels as hostels is incurring expenses for local tax payers where Councils are seeking to challenge the change of use under planning law.”

(ii) Police and Community Safety in Hertfordshire

To be moved by Councillor Phil Bibby CC and seconded by Councillor Bret Facey.

“Stevenage Borough Council notes the recent reforms and improvements to the police across England and Wales since 2019. This Council is grateful for the 184 more police officers in Hertfordshire, as a part of the over 15,300 more police officers in England and Wales recruited since 2019 and calls on the government to continue its drive to have recruited an extra 20,000 police officers by 2023.

That this Council notes:

- The change to national policy that will see every report of home burglary having a police visit, ensuring that every victim of such an invasive crime will be given the attention they deserve
- Resident’s concern about the impact that illegal and disruptive protests have had on our country in recent years
- That the Police, Crime, Sentencing and Courts Act has strengthened the power that police have tackling such action
- The further positive impacts of the Police, Crime, Sentencing and Courts Act on dealing with sexual offences, including extending the scope of the offences in the Sexual Offences Act 2003, providing greater powers for the management of sex offenders and toughening around child sex offences
- The substantial increase of police funding to £16.9 billion, part of which will be used to give every police officer a £1,900 uplift in their salary this year

That this Council resolves to:

- Co-operate with the government on future funding for our local police service
- Support officers new to Stevenage through providing forums for them to meet with residents
- Provide resources for residents to assist with keeping in contact with new police officers in our neighbourhoods”

(iii) BBC Local Radio Services

To be moved by the Liberal Democrat Group.

“That this Council notes with great concern the proposed funding cuts and consequent re-organisation of BBC local radio services.

We believe that the changes will impact very badly upon:

- local democracy;
- the accountability of councils and others;
- local information and support for residents.

The detrimental effects on Stevenage and more widely will not be compensated by any tiny savings made.

That this Council therefore resolves to:

- (a) Hereby publicly assert our opposition to the cuts.
- (b) Send a copy of this motion to:
Tim Davie CBE, BBC Director General
Jason Horton, Acting Director for BBC Local
The Stevenage MP
The Secretary of State for Culture, Media and Sport
The Prime Minister and the leaders of the other parliamentary parties
and ask for their support in stopping this destruction of our BBC local radio services.”

13. 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

“Does the Council consider the warmth residents suffering from fuel poverty in the south of Stevenage as equally important as those residents living in the north and centre of the town?”

(B) Question from Councillor Chris Howells

“There are ongoing issues with a lack of response to residents on housing repairs. They are then contacting Councillors, and this is no doubt creating more work for Officers. How can the Council improve communications with residents, so they stop feeling ignored?”

(C) Question from Councillor Alex Farquharson

“Does the Leader of the Council believe that all politicians aspiring for public office in Stevenage should uphold the highest standards of honesty, trust and transparency?”

(D) Question from Councillor Julie Ashley-Wren

“Are other options for the inappropriate location for the proposed primary school in the Town Centre being considered?”

(E) Question from Councillor Stephen Booth

“IT failures at SBC have continued since this Group last raised the issue. In the last year:

- (a) how many major failures have occurred?
- (b) how many (estimated) work hours have been lost or disrupted?
- (c) what has been the (estimated) cost to council tax payers?”

(F) Question from Councillor Andy McGuinness

“Given the significant financial pressures the Council will find itself in the future, what assessment has been or will be undertaken to establish any possible efficiency savings from either outsourcing or pooling current council services with other neighbouring authorities?”

(G) Question from Councillor Robin Parker

“Response and answering times for telephone contacts at the SBC Customer Service Centre have been appalling for several years and local social media continues to be full of complaints about this. Recognising that we have also repeatedly raised this issue and that not all customers either can go online for their particular query, or may not want to do so:

- (a) what plans have SBC management got to address this issue by deploying additional resources?
- (b) will you undertake to rectify this gross failing by June 2023?”

(H) Question from Councillor Graham Snell

“SBC is sometimes slow and unresponsive over dealing with perceived breaches of planning conditions. Will a dedicated Planning Enforcement Officer now be appointed?”

(I) Question from Councillor Tom Wren

“SBC consults only with immediate neighbours on planning applications. Will SBC widen the scope of such consultations, so that, for example, those with a clear view of the proposed development are also consulted?”

14. MID YEAR TREASURY MANAGEMENT STRATEGY 2022/23 AND PRUDENTIAL INDICATORS

The report circulated at Item 14 was considered by the Executive on 16 November 2022 when the following recommendation to Council was agreed:

“That the 2022/23 Mid Year Treasury Management Review and Prudential Indicators be recommended to Council for approval”.

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15. MEMBERS' ALLOWANCES SCHEME 2022/23

To consider a proposed Members' Allowances Scheme for 2022/23.

Page Nos. 57 - 62

16. CODE OF CONDUCT FOR MEMBERS

To consider and approve a revised Members' Code of Conduct.

Page Nos. 63 - 82

17. ELECTORAL REVIEW OF THE BOROUGH OF STEVENAGE - FINAL RECOMMENDATIONS OF THE LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND

To consider a report in respect of the Stevenage Local Government Boundary Review.

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18. AUDIT COMMITTEE MINUTES

To note the Minutes of the meeting of the Audit Committee held on 9 November 2022.

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STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 19 October 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, John Duncan, Bret Facey, Alex Farquharson, John Gardner, Richard Henry, Jackie Hollywell, Chris Howells, Wendy Kerby, Graham Lawrence CC, Mrs Joan Lloyd, Andy McGuinness, Maureen McKay, Lin Martin-Haugh, Sarah Mead, Adam Mitchell CC, Robin Parker CC, Claire Parris, Loraine Rossati, Graham Snell, Simon Speller, Sharon Taylor OBE CC, Jeannette Thomas, Anne Wells and Tom Wren.

Start / End Start Time: 7.00pm
Time: End Time: 9.41pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Liz Harrington.

There were no declarations of interest.

2 MAYOR'S COMMUNICATIONS

The Mayor was saddened to hear of the recent passing of former Councillor Howard Burrell, who had served as an SBC member between 2007 and 2019 and who had been Mayor of the Borough in 2015/16. She knew that a number of Members and officers had attended his recent funeral.

A number of other Members spoke in tribute to former Councillor Burrell, following which the Council stood to observe a minute's silence.

The Mayor announced that Members would no doubt be aware that the Leader of the Council (Councillor Sharon Taylor) was to become a peer with the right to sit in the House of Lords. The Mayor congratulated Councillor Taylor on this excellent achievement.

A number of Members commented and congratulated Councillor Taylor on the achievement.

Councillor Taylor thanked Members for their comments and advised that she would be championing Stevenage and local government generally in her work as a new

peer in the House of Lords.

The Mayor presented Councillor Taylor with a bouquet of flowers.

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 July 2022 Council meeting which had included:

- various engagements associated with the death of Her Majesty Queen Elizabeth II, including the Proclamation event on 11 September 2022 and the Service of Thanksgiving and Commemoration at St. Albans Abbey on 18 September 2022;
- the funeral of former Councillor Howard Burrell;
- the opening of four new businesses in the town;
- numerous charity and fundraising events, including quizzes, garden parties, afternoon teas, barbecues, AGMs, Civic and Military Services and Parades;
- the Coptic Orthodox Church 10th Annual celebration;
- a lunch celebrating 100 years of the ladies Ahmadiyya Muslim Association;
- meeting Spanish students on an exchange visit with Nobel School;
- welcoming Japanese visitors to Stevenage Healthy Hub;
- viewing the St. Bernadette Relics (currently on tour from Lourdes in France) at St. Joseph's Church;
- attending 3 Awards ceremonies;
- attending the Scouting District Camp in Henlow; and
- joining in with four Walks and Talks organised by Cllr Simon Speller.

3 MINUTES - 20 JULY 2022 AND 15 SEPTEMBER 2022

It was **RESOLVED**:

- (1) that the Minutes of the meeting of the Council held on 20 July 2022 be approved as a correct record and signed by the Mayor.

In respect of Minute 12 – Questions from Members to Committee Chairs / Portfolio Holders, Question (E) concerning a Community Centre at the Hertford Road/Kenilworth Close shops, Councillor Alex Farquharson commented that the response to his original question referred to planning approval/permission. He stated that planning permission did not guarantee that the Community Centre development would take place, especially as the proposal was in the later phases of the development.

- (2) that, subject to the amendments set out below, the Minutes of the Extraordinary Council meeting held on 15 September 2022 be approved as a correct record and signed by the Mayor.

- the addition of Councillor Adrian Brown to the list of those who had submitted apologies for absence for the meeting; and
- in Minute 2 – Memorial: Her Majesty Queen Elizabeth II, and in relation to the 12th paragraph of the preamble, the comment made by Councillor Stephen

Booth stating “He spoke of his memories as a child being visited in hospital by Princess Elizabeth...” be replaced with “He spoke of his memories as a child when he was at St. Mary’s Hospital Paddington to have his tonsils removed, comfortably accommodated in a cot donated by Princess Elizabeth...”

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

(A) Question from Mr Jim Borchers

The Council noted that a response to the question submitted by Mr Borchers regarding the network of cycle paths and footpaths around the town had been published in the supplementary agenda for the meeting.

Mr Borchers was present at the meeting and, following a brief introduction during which he stated that the reply to his original question indicated that the situation was worse than that described on the SBC website in respect of the frequency of sweeping of and clearing of broken glass on cycleways and issues with the use of the FixMyStreet system, he asked the following supplementary question:

“What plans are there to improve the reporting and resolution of problems on the footways and cycleways so that less people are discouraged from using them?”

The Portfolio Holder for Environment & Climate Change replied to confirm his view that the major issue raised in the question and supplementary question concerned performance management. It was quite clear that the sweeping and leaf-clearing winter schedule was not at an ideal standard, but had been driven by a reduction in resources since the late 2000s. He offered to Mr Borchers a place on the soon to be established SBC Climate Change Reference Panel for specialist and interested parties in environmental/climate change issues, and on a smaller sub-group to tackle Active Travel matters. He also urged everyone to read the Climate Change Strategy on the Council’s website.

(B) Question from Mr Paul Dawson

The Council noted that a response to the question submitted by Mr Paul Dawson regarding 20mph speed limits in Stevenage had been published in the supplementary agenda for the meeting.

Mr Dawson was present at the meeting and asked the following supplementary question:

“Could a meeting be arranged with members of 20 is Plenty for Hertfordshire to help with the process of identifying local areas in Stevenage that would benefit from 20mph Zones by working with local residents?”

The Portfolio Holder for Environment & Climate Change replied that many councillors were supportive of the 20 is Plenty campaign, but considered that the most appropriate forum for handling 20mph speed limits was the Highway Authority (Hertfordshire County Council). He envisaged 20mph Zones being introduced in a manner proportionate to the individual issues of certain areas, rather than as a blanket restriction across the Borough. As with the previous questioner, he extended an invitation to Mr Dawson to become part of his Climate Change Reference Panel, and further agreed to meet with him and his group to see how a practical solution could be developed.

8 LEADER OF THE COUNCIL'S UPDATE

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

“With the ever escalating inflationary pressures on the construction industry, the expectations in the business model for the Regeneration programme would need to be re-visited. When did the Leader consider that the time would be right to make another presentation to Members to explain what is proposed in the current circumstances and what the expectations are going forward?”

The Leader of the Council replied that she had reminded a Government Minister that all Councils involved in large-scale construction projects were faced with these inflationary pressures. This had been exacerbated significantly by the Government's recent fiscal announcement. The situation was tricky because she did not expect that any Government would provide significant additional financial support for local government. She felt that it was now timely to arrange another presentation for Members on the Regeneration programme in the near future.

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

- Climate Change Strategy;
- Tree Planting in Fairlands Valley Park;
- Net Zero services for Small Businesses;
- Digital Enhancement;
- Housing First Modular Homes;
- Helston House, Scarborough Avenue;
- Museum Funding Award; and
- Summer Play Schemes.

9 UPDATE FROM SCRUTINY CHAIRS

The Chair of the Overview & Scrutiny Committee advised that the Committee had

met on 2 occasions in recent months, as well as on 2 occasions as part of Portfolio Holder Advisory Groups (to consider the revised Complaints Policy/new Unacceptable Behaviour Policy and Transformation Programme). Items considered at the most recent meeting of the Committee had included the Social Housing Decarbonisation funding and the Cost of Living crisis.

The Chair of the Community Select Committee stated that recent meetings of the Committee had considered evidence in respect of Voids performance in respect of the Council's housing stock, and Members looked forward to receiving further evidence from the Portfolio Holder for Housing & Housing Development at a future meeting.

The Chair of the Environment & Economy Select Committee advised that the Committee had continued its major review of climate change mitigation and had received evidence from the Portfolio Holder for Environment & Climate Change. The next meeting of the Committee would receive evidence from other Portfolio Holders with regard to the climate change mitigation impacts in respect of their portfolio areas. Further evidence would be received at future meetings from friends of the Earth and other interest groups.

10 NOTICE OF MOTIONS

Bus Services Improvement Plan (BSIP) funding

Councillor Phil Bibby moved and Councillor Graham Lawrence seconded the following motion:

“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.”

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

In the first paragraph, removal of the words “...which...” and its replacement with “...on which SBC have worked in close partnership with our Hertfordshire County Council colleagues through the Sustainable Travel Town partnership, the Zero Emission Bus bid, and the work to create a new bus interchange. The BSIP funding...”

In the second paragraph, removal of the words “...it is proposed that the Council works...” and its replacement with “...we recognise that the Council is working...”

The amendment was supported by the mover and seconder of the original motion,

and the following comments were made during the debate on the amendment:

- Up to date information on bus times, frequency and cancellations needed to be provided in real time, including mobile phone applications;
- The former SB1 bus service was excellent and well used, and a similar type service should be re-introduced (with appropriate funding);
- It was hoped that BSIP funding would still be available following the appointment of a New Prime Minister;
- The lack of bus drivers was the major reason why some services had been curtailed;
- The service required significant improvement, especially for non-ambulant disabled persons;
- As well as punctuality and reliability, the frequency and affordability of the service had to be borne in mind;
- Hertfordshire County Council's move towards electric buses was commendable; and
- The service needed to be sustainable commercially, with robust contract monitoring arrangements.

The Leader of the Council asked Councillor Phil Bibby (as HCC Transport Portfolio Holder) if they could work together on a joint presentation to Members on the BSIP, in association with relevant SBC and HCC officers

Upon being put to the vote, the amendment was carried.

The following comments were made during the debate on the substantive motion:

- It was understandable for people to not use local buses as the service had deteriorated in recent years;
- The former Superbus service had been funded by the former Stevenage Development Corporation – that service was discontinued after it had been passed to HCC. It was therefore good to hear that HCC was now looking positively to improve bus services across the county;
- Improvements required political will, together with the necessary funding and resources to expedite the changes needed, both at national and local levels;
- Every effort should be made to improve bus services in Great Ashby; and
- A cost benefit analysis should be used so that the benefits of the service outweighed the costs.

Councillor Phil Bibby agreed to ask HCC officers to give a presentation to Members on the BSIP. He hoped that Government support funding would be available to progress the BSIP.

Upon the substantive motion being put to the vote, it was **RESOLVED** that Council notes that Hertfordshire County Council is at the last stage in its bid for Bus Services Improvement Plan (BSIP) funding, on which SBC have worked in close partnership with our Hertfordshire county council colleagues through the Sustainable Travel Town partnership, the Zero Emission Bus bid, and the work to create a new bus interchange. The BSIP funding 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, we recognise that the Council is working 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

The Council received nine 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 Bret Facey re: bidding for Council properties

Supplementary question – “When bidding on two bedroom houses, disabled applicants need to know that there are toilets on both floors. He was surprised to hear from Housing Officers that SBC did not record such information, nor did they know the level of access to flat block gardens. As a result, disabled residents were forced to bid on unsuitable properties, wasting their and officers' time. Please could the Council start to record such basic information on the housing list to help residents bid on appropriate homes?”

In reply, the Portfolio Holder for Housing & Housing Development stated that, if the Housing IT system could hold the information requested then she would see what could be done. Otherwise, there would be a need for funding to be identified to upgrade the system so that such information could be held. She was also waiting for the work of the Community Select Committee on the Voids review to conclude, which may identify other suggestions and recommendations for action. In terms of the example quoted by Councillor Facey, the disabled applicant could ask officers to do the bidding for them.,

(B) Question from Councillor Adam Mitchell re: Police Priority Setting

Supplementary question – “The Council put a lot of time and resource into Police Priority meetings, but Members were not getting as much out of them as they used to. He felt that in-person only meetings would help, but could the Portfolio Holder offer Members some form of platform (cross-Party) so that they could put forward some constructive suggestions in order to sharpen up the process and get more out of it?”

The Portfolio Holder for Community Safety, Equalities, Health & Older People replied that the Council was always looking at ways of improving communication with the Police. The meetings were dependent on the Police Officers and calls on their time, especially if major incidents or events were taking place. She would ask officers to look at a form of platform for Members' suggestions, and took the point about in-person only meetings, as hybrid meetings were not always the easiest to administer.

- (C) Question from Councillor Julie Ashley-Wren re: the Swingate/Lytton Way road junction

Supplementary question – “Can the Portfolio Holder give an indication of the timescale for a resolution of this frustrating situation, in view of the fact that the Police have been required to intervene on a number of occasions?”

In reply, the Portfolio Holder for Economy, Enterprise & Transport replied that the issue was in the main the responsibility of Hertfordshire County Council (HCC), as Highways Authority. SBC officers were monitoring the situation and reporting back to HCC.

- (D) Question from Councillor Stephen Booth re: employee absenteeism

Supplementary question – “Does the service the Council uses from Good Shape provide sickness data not just on the crude basis of days lost, but discriminates between regular short periods of absence and lengthier periods of sickness (why does the Council not use the Bradford formula, as used by the NHS and other large organisations)?”

The Portfolio Holder for Resources, Transformation & ICT replied that the information referred to in the supplementary question was available and provided. She was not aware of the Bradford formula (and there would no doubt be cost implications should it be introduced), but she asked Councillor Booth to provide her with information about it so she could ask officers to investigate that system and come back to him.

- (E) Question from Councillor Andy McGuinness re: the Station gateway Area Action Plan (redesigning of Lytton Way)

Supplementary question – “Whilst welcoming the Station Gateway project and its associated highway mitigation, there were still some vulnerabilities about a achieving a modal transport shift to ensure the town does not get clogged up with traffic as a result of any changes to Lytton Way. Given that the proposed changes were so comprehensive and permanent, would the Portfolio Holder and HCC Highways consider the introduction of a pilot scheme/trial (possibly temporary barriers) which would mirror the consequence of some of the options explored to ascertain some of the impacts on the town for the future?”

In reply, the Portfolio Holder for Environment & Climate Change replied that the matter would at some point in the future come before the Planning & Development Committee. The number of options for Lytton Way were gradually being narrowed down. The traffic congestion modelling was not a precise science, but was a fairly accurate tool. SBC officers would pick up whether or not the modelling would be sensitive enough to pick up modal shifts in behaviour. He asked the Strategic Director (TP) to request the Assistant Director (planning & Regulation) to provide a fuller answer to the question.

- (F) Question from Councillor Robin Parker re: the partial collapse/demolition of Swingate House

Supplementary question – “Vious report about the incident were expected from the Health & Safety Executive (HSE), SBC, the demolition contractor and maybe others. When those report were made public, please could he be assured that Members would receive these before they were sent to The Comet newspaper or other external media?”

The Leader of the Council replied that the main report would be from the HSE. She had no control over when the HSE would be publishing their report. Any reports prepared by SBC would be published and Members would see them first, although no report would be prepared and published until information had been received from the HSE.

- (G) Question from Councillor Graham Snell re: Wi-fi at the new Bus Interchange

Supplementary question – “Can the answer to the original answer be checked, as the bus service information provided could only be accessed via the Arriva app, but there were no public wi-fi facilities in the Bus Interchange building?”

In reply, the Leader of the Council stated that the Council would endeavour to arrange for the installation of a public wi-fi system in the Bus Interchange as soon as possible. She would ask officers to provide Councillor Snell with a written answer as soon as a timescale was agreed for this installation.

- (H) Question from Councillor Tom Wren re: the Tabor Close development

Supplementary question – “Why was this project claimed as a successful SBC initiative when nearly 12 months ago Members of the Executive posed for a photo opportunity in front of it, but when its faced by continual delays does the Council look to deflect the blame onto others?”

The Portfolio Holder for Housing & Housing Development replied that the Council had worked in conjunction with Keepmoat and Origin Housing Association to get houses built for tenants for nomination by SBC. The fact that HCC Highways approval had to be granted before the new properties could be occupied was beyond SBC control. What may or may not be common practice in most private developments regarding completed house being occupied prior to Highway Authority approval was not the case in respect of the Tabor Close scheme. Highways Authority approval had now been given, and it was hoped that tenants would be moving into the new homes in November 2022.

- (I) Question from Councillor Alex Farquharson re: the SBC grass cutting programme

Supplementary question – “Along the A602 road in the Broadwater area of the town, a number of overgrown patches were present in the banks which formed part of the grass verge. Could these areas be mowed when the Grass Cutting Team were next in this vicinity, in order to tidy up the area?”

In reply, the Portfolio Holder for Environment & Climate Change stated that it would depend on whether the areas in question had been left for re-wilding, but he noted that the A602 was an amenity corridor. He suggested if Councillor Farquharson and local residents had a scheme in mind that they rolled it into the work on Climate Change, in terms of whether or not certain grass verge areas needed to be cut, or that he accompanied the Portfolio Holder on a site visit to the areas in question so that they could be identified and referred back to the Grass Cutting Team for appropriate action.

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

The Council considered a report in respect of the Annual Treasury Management Review 2021/22, including the Prudential Code. It was noted that the report had been endorsed by both the Audit Committee and the Executive.

It was moved by Councillor Mrs Joan Lloyd, and seconded by Councillor Sharon Taylor, that Recommendation 2.3 in the report be approved.

Upon the motion being put to the vote, it was **RESOLVED** that the 2021/22 Annual Treasury Management Review be approved.

13 ELECTIONS ACT 2022

The Chief Executive introduced this officer report by stating that it set out what was known and not known by the Council thus far, recognising that the Government was still developing the related policy and secondary legislation. He added that there would be a number of challenges to overcome during the coming week and months, but as always officers would strive to ensure that the Council delivered a well-run, policy and legally compliant election process.

It was moved by Councillor Sharon Taylor and seconded by Councillor Mrs Joan Lloyd that the recommendation set out in the report be approved.

In moving the report, Councillor Taylor advised that further information was required from the Government regarding the Elections Act 2022. The Association of Electoral Administrators/Returning Officers had written to the Government's Levelling Up, Communities & Housing Minister regarding this matter on a number of occasions expressing their concerns, some of which were set out in the report. A huge amount was being asked of Electoral Officers should there be timetable delays to the May 2023 electoral process as a result of provisions outlined in the Act.

Councillor Taylor stated that the secondary legislation had yet to be published. Even this was published in the near future, there were significant doubts as to whether there would be sufficient time to implement the required changes, including integration with election IT systems.

Councillor Taylor added that the Council should convey its objections to the Government that it was pressing ahead with the Elections Act 2022 in spite of the

concerns raised by the AEA and Returning Officers.

The following comments were made by Members during the debate on the report:

- the concern that there may be some unfunded burdens on the Council as a result of some of the proposals referred to in the Act;
- the Government's timetable for the adoption of a robust system to handle voter ID in time for the May 2023 elections was unrealistic. It could potentially disenfranchise a significant number of the electorate, and hence more time was needed to properly test and implement such a system;
- this was a vast bureaucratic sledgehammer to crack a tiny nut. Over the years there had been very few cases on impersonation at a Polling Station;
- far too many proposals contained in the Act awaited secondary legislation to provide the detail;
- the distraction of the Coronation of King Charles III on 6 May 2023 only 2 days after the 4 May 2023 Elections could cause additional problems. Many of the staff planning for the Elections would be the same staff who would be supporting events in connection with the Coronation;
- calls should be made for a postponement of the implementation of certain key sections of the Act, and to request the new Government to thoroughly review the proposals;
- although some steps needed to be taken to address larger scale electoral fraud, a number of the proposals set out in the Act were over-bureaucratic, and hopefully the Government would be persuaded by the views of the AEA and Returning Officers;
- the proposals were politically motivated and were an affront to democracy by attempting to make it more difficult for people to vote;
- a great deal of impersonation had been ruled out by the rigorous process for signature checking that was carried out with postal voting;
- when the position became more certain, would officers be holding an All-Member Briefing on the new arrangements; and
- the disadvantaged in the community (including the disabled and those with learning difficulties) would not necessarily possess the necessary photographic ID and hence would be disenfranchised under the proposed arrangements.

Councillor Taylor proposed an amendment to the motion to ensure that the concerns raised by Members be referred to the Department of Levelling Up, Communities & Housing.

In terms of the Government's own fraud statistics on elections, Councillor Taylor reported that in 2017 there was 1 conviction for electoral fraud and 1 person acquitted (out of 200 reported cases); and from 2018 to 2021 there had been no evidence of large scale electoral fraud.

Upon the motion being put to the vote, it was **RESOLVED** that the report be noted and the concerns highlighted by Members on the Elections Act 2022 be referred to the Department of Levelling Up, Communities & Housing.

14 **AUDIT COMMITTEE MINUTES**

The Minutes of the meeting of the Audit Committee held on 7 September 2022 were received and noted.

CHAIR

Meeting **COUNCIL**
Portfolio Area Members' Services
Date **14 DECEMBER 2022**



NEW LEADER OF THE COUNCIL'S TERM OF OFFICE

Author & Contact Officer – Ian Gourlay Ext No. 2307

Lead Officer – Matt Partridge Ext No. 2456

1 PURPOSE

- 1.1 To recommend to Council a revised term of office for the new Leader of the Council (to take effect from 1 January 2023).

2 RECOMMENDATIONS

- 2.1 That, subject to the postholder being re-elected as a councillor or being removed from office, the new Leader of the Council be appointed to take up office on 1 January 2023 until the Annual Council meeting in May 2026 (a term of approximately 3 years and 5 months), and that thereafter the four-year term of office for the Leader be re-commenced, as set out in the Council's Constitution.

3 BACKGROUND

- 3.1 Article 4.2 of the Council's Constitution states that only Council will exercise the function of "Electing the Leader for a 4 year term or removing that person from office". This is reinforced by Article 7.3 of the Constitution, which states that "The Leader of the Council is appointed at the relevant Annual Council meeting for a four year term unless he or she is removed from office, or is disqualified or ceases to be a Councillor". Standing Order 4 of the Rules of Procedure contained in the Constitution states that "The Leader's term of office is four years, subject to the postholder being re-elected as a councillor (if necessary) or being removed from office".

- 3.2 The Leader’s four-year term of office was first adopted by the Council in 2007 in response to the “Strong Leader” model introduced by the Local Government & Public Involvement Act 2007.
- 3.3 The four-year term of office of the existing Leader of the Council (Baroness Taylor of Stevenage) expires at the Annual Council meeting on 24 May 2023. However, as Members will be aware, Baroness Taylor will be stepping down as Leader of the Council on 31 December 2022.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 Two options have been identified in respect of the term of office of the new Leader of the Council as follows:
- Option 1 – appoint a new Leader to take office from 1 January 2023 for a period of approximately 3 and a half years until the Annual Council Meeting in May 2026, following which the four-year term of office will recommence (Note: Under the terms of the Local Government & Public Involvement Act 2007, which introduced the four-year term “Strong Leader” model, the Council cannot appoint a Leader for more than 4 years); or
 - Option 2 – appoint a new Leader to “complete” the four-year term of the existing Leader, and then go through the appointment process again for Annual Council on 24 May 2023 to elect a Leader for the next four-year term (May 2023 – May 2027).
- 4.2 It is recommended that Option 1 above is approved by the Council, in order to provide continuity and to negate the need for a further appointment process in May 2023 (subject, of course, to the postholder being re-elected as a councillor or being removed from office).

5 IMPLICATIONS

Financial Implications

- 5.1 There are no direct financial implications.

Legal Implications

- 5.2 Contained in report.

BACKGROUND DOCUMENTS

- BD1 Local Government & Public Involvement Act 2007.



**AUDIT COMMITTEE/ EXECUTIVE
/ COUNCIL**

Portfolio Area: Resources

**Date: 9 November 2022 / 16 November
2022 / 14 December 2022**



2022/23 MID YEAR TREASURY MANAGEMENT REVIEW AND PRUDENTIAL INDICATORS

NON-KEY DECISION

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

1 PURPOSE

1.1 To update Members on the Treasury Management activities in 2022/23 and review effectiveness of the 2022/23 Treasury Management and Investment Strategy including the 2022/23 prudential and treasury indicators.

2 RECOMMENDATIONS

2.1 Audit Committee

That subject to any comments by the Audit Committee to the Executive, the 2022/23 Mid-Year Treasury Management Review and Prudential indicators reports 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 2022/23 Mid-Year Treasury Management Review and Prudential indicators report is recommended to Council for approval.

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2.3 Council

That subject to any comments from the Audit Committee and the Executive, 2022/23 Mid-Year Treasury Management Review and Prudential indicators report 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 a mid-year treasury management review of activities and the actual prudential and treasury indicators for 2022/23. 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 2022/23 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 24 February 2022)
- a mid-year treasury update report (this report - Council 14 December 2022)
- an annual review following the end of the year (2021/22) describing the activity compared to the strategy (Council 19 October 2022).

3.1.3 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.

3.1.4 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.

3.1.5 This report summarises:

- Capital expenditure and financing for 2022/23;
- 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 2022/23.

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3.1.6 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 Economics and interest rates

3.2.1 Economics update.

Over the last year, global demand has increased significantly as economies emerge from two years of suppressed economic activity during the Covid-19 emergency. The Bank of England MPC increased interest rates for a seventh consecutive meeting in September 2022 to 2.25% in an attempt to suppress demand and contain inflationary pressures within the economy. These pressures include soaring global food and energy prices caused by disruption to supplies as a result of the war in Ukraine.

The September's mini-budget, now largely reversed, was seen as inflationary and markets reacted negatively, pushing up the cost of government borrowing steeply in September and October. The Bank of England has indicated that interest rates are likely to continue to rise as inflation is significantly higher than the BOE target rate of 2% - being 10.1% (CPI September 2022). Action by the government to reassure markets by reversing most of the previously announced mini-budget policies did have a positive effect on markets, although at the time of writing this report the cost of government borrowing has not reduced to pre-mini-budget level and this feeds into higher PWLB rates for local authority borrowing and investing.

3.2.2 **PWLB borrowing rates** are based on gilt (UK Government bonds) yields (rate) which are traded on the financial markets. Bond values have recently been falling, increasing the yield and consequently increasing the cost of government borrowing. The interest rate on bonds due to be repaid in 30 years' time dropped to 4.35% on 18 October 2022 (1.385% 19 October 2021), after falling back from a high of 5.17% on 28 September after the mini-budget. The chancellor will deliver the government's "economic plan" on 31 October, which will set out how government debt will be reduced and tax cuts funded. At the time of writing this report, it cannot be predicted how the cost of government borrowing will move and what the impact on the PWLB rates available to the council for borrowing in the future will be.

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20¹bps).

¹ Basis points

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Chart 1

Link Group Interest Rate View 27.09.22												
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

* Rates include a 0.2% Certainty Rate reduction

3.2.3 There are alternatives to the PWLB for borrowing, for both the General Fund and the HRA, including the UK Municipal Bonds Agency, UK Infrastructure Bank, other Local authorities and public bodies including the LEP. Options are considered by officers at the point borrowing is considered to ensure the best borrowing rates are obtained. No additional external borrowing has been taken in 2022/23 as at 30 September 2022.

4 TREASURY MANAGEMENT ACTIVITIES

4.1 OVERALL TREASURY POSITION AS AT 30 SEPTEMBER 2022

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

Table 1: Treasury Position						
	2021/22			2022/23		
	31 March 2022 Principal £'000s	Rate / Return %	Average Life (Yrs)	30 September 2022 Principal £'000s	Rate / Return %	Average Life (Yrs)
PWLB Borrowing	227,750	3.28	12.89	227,619	3.28	12.89
Other long term liabilities*	19,230			19,230		
Total Debt	246,980			246,849		
Capital Financing Requirement	305,432			311,226		
Over/(under) borrowing	(58,452)			(64,377)		
Investments Portfolio	68,750	0.35	NA	63,425	1.04	NA

*Includes finance leases and other third party loans

4.2 TREASURY MANAGEMENT STRATEGY 2022/23

4.2.1 The Treasury Management Strategy was approved by council on 24 February 2022.

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There are no policy changes to the TMSS; the details in this report update the position in the light of the updated economic position and budgetary changes already approved.

4.3 THE COUNCIL'S CAPITAL POSITION (Prudential Indicators).

4.3.1 Capital expenditure² 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. The need to borrow is measured and reported through the Prudential Indicators.

4.3.2 The Treasury Management Strategy and Prudential Indicators for 2022/23 were originally approved by Council on the 24 February 2022. Since then the Treasury Management Mid-Year Review Indicators have been updated based on the 1st and 2nd quarter capital programme reported to Executive (12 October 2022).

4.3.3 Table three shows the revised estimates for capital expenditure 2022/23 and financing and the changes since the capital programme was agreed at Council on 24 February 2022.

Table 2 : 2022/23 Capital Expenditure and Financing			
	Original Capital Strategy (Council February 2022)	Revised Capital Strategy Q2	Movement
	£'000	£'000	£'000
Capital Expenditure:			
General Fund Capital Expenditure	34,631	32,729	(1,902)
HRA Capital Expenditure	81,594	54,655	(26,939)
Total Capital Expenditure	116,226	87,384	(28,842)
Financed by:			
Capital Receipts	(38,826)	(25,215)	(13,611)
Capital Grants /Contributions	(16,163)	(15,858)	(305)
Capital Reserves	(572)	(3,650)	3,078
Revenue contributions	(6,669)	0	(6,669)
Major Repairs Reserve	(23,785)	(22,139)	(1,646)
Total Financing	(86,015)	(66,862)	(19,153)

² 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.

Table 2 : 2022/23 Capital Expenditure and Financing			
	Original Capital Strategy (Council February 2022)	Revised Capital Strategy Q2	Movement
	£'000	£'000	£'000
Borrowing requirement	(30,211)	(20,522)	(9,689)

4.4 CHANGES TO THE PRUDENTIAL INDICATORS FOR THE CAPITAL FINANCING REQUIREMENT (CFR), EXTERNAL DEBT AND OPERATIONAL BOUNDARY

4.4.1 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 5.2) 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.

4.4.2 The table below shows the CFR, which is the underlying external need to incur borrowing for a capital purpose. It also shows the expected debt position over the period, which is termed the Operational Boundary.

Prudential Indicator – Capital Financing Requirement

Table 3 Capital Financing Requirement	2022/23 Original Estimate Council February 2022	2022/23 Revised Estimate Mid-Year	Movement Between Estimates	Current Position
	£'000	£'000	£'000	£'000
CFR – non housing	56,185	56,530	345	49,821
CFR – housing	278,772	268,738	(10,034)	261,405
Total CFR	334,957	325,268	(9,689)	311,226

4.4.3 The CFR for the HRA has decreased by £10.034Million, due to the New Build (Housing Development) programme slipping into future years.

- 4.2.3.8 The General Fund's CFR has increased by £345k, due to;
- Borrowing requirement of £1.031Million
 - less Minimum Revenue Provision (MRP) (see section 5.2.2) of -£215K
 - less loan repayments made in year totalling -£471K.

4.5 Limits to Borrowing Activity

4.5.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and next two financial years.

4.5.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Table 4 Authorised limits	Operational Boundary ³ £'000	Authorised Limit £'000	Actual External Debt 30/09/2022 £'000
PWLB			227,619
Other external debt			19,230
Total Borrowing	354,503	362,503	246,849
Less Investments			(63,425)
Total Net Borrowing Position	354,503	362,503	183,424

4.5.3 The net borrowing position for the Council as at 30 September 2022 was £183Million.

4.5.4 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 have been no breaches of either limit in the period to 2022/23

4.6 Borrowing

4.6.1 The Council's capital financing requirement (CFR) for 2022/23 is £325Million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 1 shows the Council has borrowings of £247Million and has utilised £64.4Million of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

³ Operational Boundary = expected debt position

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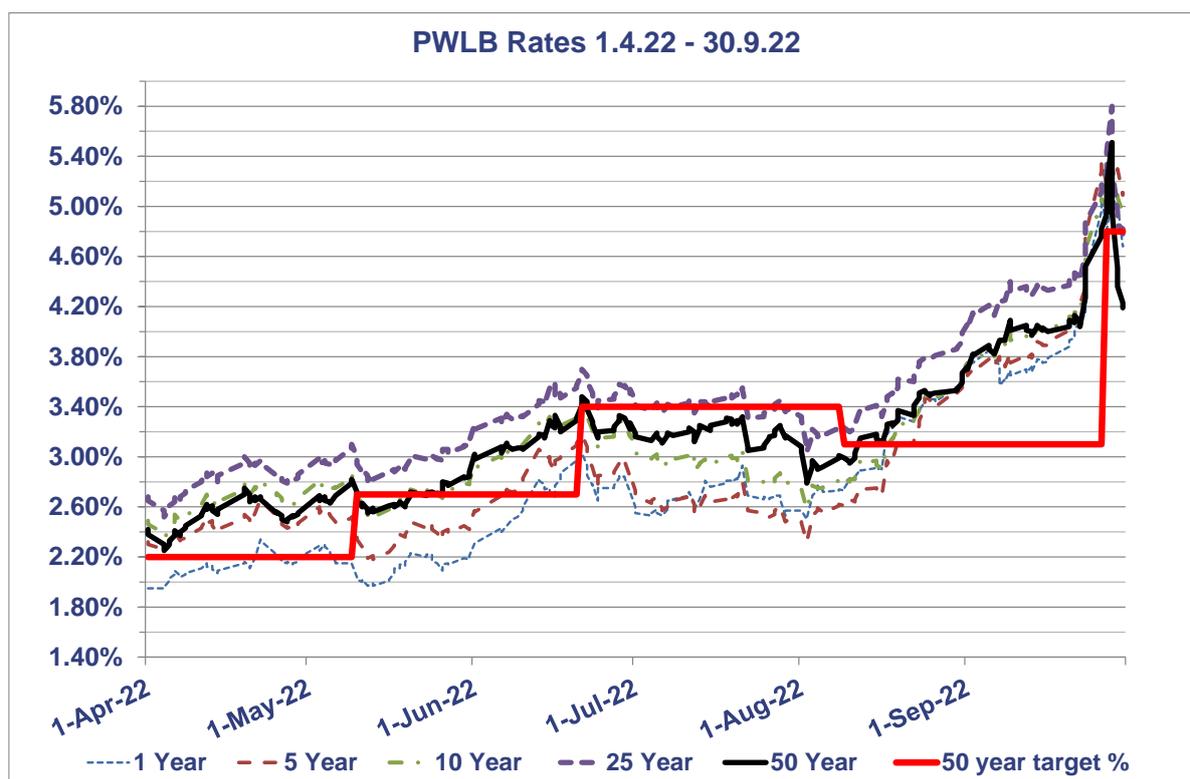
4.6.2 No new external borrowing has been taken to date during 2022/23. The capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. Our borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

4.6.3 PWLB maturity certainty rates (gilts plus 80bps) year to date to 30th September 2022. Gilt yields and PWLB rates were on a generally rising trend throughout 2022, the exception being a short rally in gilts in July/August. However, they rose exceptionally sharply towards the end of September.

The 50-year PWLB target certainty rate for new long-term borrowing started 2022/23 at 2.20% and finished the half year at 4.80%, albeit it is forecast to fall back to 3.10% by the end of September 2025.

4.6.4 The Chart below shows the volatility of the PWLB borrowing rates from 1 April 2022 to 30 September 2022.

Chart 2



4.6.5 The General Fund has PWLB external borrowing of £1.9Million and other external borrowing of £7Million (Local Enterprise Partnership - LEP) and a finance lease of £12Million (Aviva). 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

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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.

Table 5: LEP Loans						
Loan Received	Site Assembly	Land Assembly	SG1	Repaid	Total	Repayment Date
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	
Total	1,178,794	5,600,000	500,000	(208,795)	7,069,999	

4.6.6 The Aviva finance lease, entered into in 2018/19 for 37 years was immediately sublet to Queensway Properties (Stevenage) LLP for 37 years.

4.6.7 The HRA has 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 £9.047Million taken out in 2021/22. The remainder of £194.911 Million relates to HRA self-financing payment made to central government in 2012.

4.6.8 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. HRA borrowing of £10Million was taken externally in March2021 (2.06%), February 2022 - £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 the original BP forecasts. The HRA BP will be revised and reported to the December 2022 Executive.

4.6.9 The table 6 below shows current PWLB borrowing rates compared to rates secured for the HR A borrowing in prior years.

Table 6:

Rates^{4*} as at:	Mar-21	Feb-22	18 Oct-22
Years	Actual Rate %	Actual Rate %	PWLB Rate %
5			4.81
10			4.99

⁴ Rates include a 0.2% Certainty Rate reduction

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15		5.19
20	2.06	5.31
21	2.24	5.31
25.5	2.22	5.28

5 COMPLIANCE WITH TREASURY AND PRUDENTIAL LIMITS

5.1.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

5.1.2 All treasury management operations have also been conducted in full compliance with the Council's Treasury Management Practices.

5.2 Minimum Revenue Provision (MRP)

5.2.1 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.

5.2.2 The MRP charged to the General Fund in 2022/23 is forecast to be £214,609 of which:

- £35,119 is funded from investment property
- £48,787 is funded by the Garage Improvements Programme
- £130,703 is a net cost to the General Fund

6 ANNUAL INVESTMENT STRATEGY

6.1.1 The Treasury Management Strategy Statement (TMSS) for 2022/23, which includes the Annual Investment Strategy, was approved by the Council on 24 February 2022. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

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The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite

- 6.1.2 There were no breaches to this policy in the year to 30 September 2022 with the investment activity conforming to the approved strategy. The Council had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO), demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds that may be borrowed during 2022/23 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to timing of taking out new loans would breach other counterparty limits.
- 6.1.3 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 2022/23. No further amendments are proposed at this stage.
- 6.1.4 In accordance with the Treasury Management Strategy, 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.

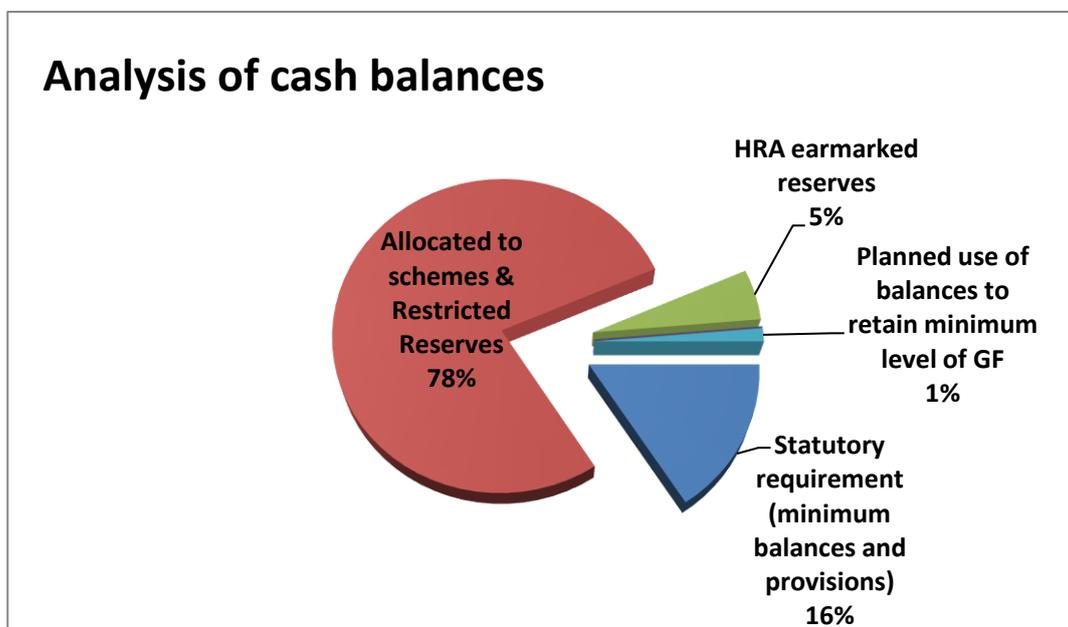
6.2 Investment performance year to date as of 30 September 2022

- 6.2.1 The Council's current investment portfolio consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities. Currently no investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria (see Appendix D).
- 6.2.2 The average level of funds available for investment purposes during the first half of the financial year was £74Million, earning an average interest rate of 1.04%. Interest earned to 30 September 2022 was £384k. Projected investment balances at 31 March 2023 are currently £63Million and forecast external interest receivable from investments is currently £935k against an original budget of £330k, contributing to General Fund (£326k) and Housing Revenue Account revenue income (£607k).
- 6.2.3 The Council's balances are made up of cash reserves e.g. HRA and General Fund balances, restricted use receipts e.g. right to buy one for one receipts (£9Million) and balances held for provisions such as business rate appeals
- 6.2.4 In considering the Council's level of cash balances, Members should note that the General Fund MTFs and Capital Strategy have a planned use of resources over a minimum of 5 years and the HRA Business Plan (HRA BP)

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a planned use of resources over a 30 year period, which means, while not committed in the current year; they are required in future years.

6.2.5 The following chart shows the planned use of cash balances as at 30 September 2022.



6.2.6 The restrictive use of a proportion of the cash balances set out above, plus the planned use of resources in line with the Council's capital and revenue strategies mean that the investment balance of £64Million as at 30 September 2022 is not available for new expenditure.

6.2.7 Other Prudential Indicators

6.2.8 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 2022/23 indicator 3.42%. This means the cost of borrowing represents a very small proportion of the General Fund's core resources.

6.2.9 The full list of treasury prudential indicators is shown in Appendix A and has been updated for the 2022/23 mid-year position.

7 OTHER ISSUES

7.1 Operational and Authorised Borrowing Limits

7.1.1 The treasury management indicators for 2022/23 will be updated based on the updated Capital Strategy to be approved by Council in February 2023 and subsequently updated in the 3rd quarter capital update reported to

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Executive in March 2023 and the 4th quarter (Outturn) capital update reported to Executive in July 2023.

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

7.1.3 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.

7.1.4 Revised Treasury Management and Prudential Codes were issued by CIPFA on 20 December 2021. CIPFA has stated that there will be a soft introduction of the codes with local authorities not being expected to have to change their current draft TMSS/AIS reports for 2022/23 unless they wish to do that. Full implementation will be required for 2023/24. The revised codes will have the following implications:

- a requirement for the Council to adopt a new debt liability benchmark treasury indicator to support the financing risk management of the capital financing requirement
- clarify what CIPFA expects a local authority to borrow for and what they do not view as appropriate. This will include the requirement to set a proportionate approach to commercial and service capital investment
- address ESG issues within the Capital Strategy
- require implementation of a policy to review commercial property, with a view to divest where appropriate
- create new Investment Practices to manage risks associated with non-treasury investment (similar to the current Treasury Management Practices)
- ensure that any long term treasury investment is supported by a business model
- a requirement to effectively manage liquidity and longer term cash flow requirements
- amendment to TMP1 to address ESG policy within the treasury management risk framework
- amendment to the knowledge and skills register for individuals involved in the treasury management function - to be proportionate to the size and complexity of the treasury management conducted by each council
- a new requirement to clarify reporting requirements for service and commercial investment, (especially where supported by borrowing/leverage)

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7.1.5 In addition, all investments and investment income must be attributed to one of the following three purposes:

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the income is "either related to the financial viability of the project in question or otherwise incidental to the primary purpose".

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to a council's financial capacity – i.e., that 'plausible losses' could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return.

The categories of service delivery and commercial investments are dealt with as part of the Capital Strategy report. Members will be updated on how all the Code changes will impact our current approach and any changes required will be formally adopted within the 2023/24 TMSS report.

8 IMPLICATIONS

8.1 Financial Implications

8.1.1 This report is of a financial nature and reviews the treasury management function for 2022/23 to date. Any consequential financial impacts identified in the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

8.1.2 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.

8.2 Legal Implications

8.2.1 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.

8.2.2 There have been no changes to PWLB borrowing arrangements since the last Treasury report, however there are changes to the Prudential and

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Treasury Management codes from 2023/24. Officers will ensure that any changes are reflected in treasury operations and reporting requirements.

8.3 Risk Implications

- 8.3.1 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. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.
- 8.3.2 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.
- 8.3.3 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 8.3.4 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.
- 8.3.5 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 December 2022.

8.4 Equalities and Diversity Implications

- 8.4.1 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.
- 8.4.2 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.

8.5 Climate Change Implications

- 8.5.1 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.

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BACKGROUND PAPERS

- BD1 Treasury Management Strategy including Prudential Code Indicators 2022/23 (Council 24 February 2022)

APPENDICES

- Appendix A - Prudential Indicators
- Appendix B - Investment and Borrowing Portfolio
- Appendix C - Specified and Non-Specified Investment Criteria
- Appendix D - Link detailed Economics and Interest rate forecasts 30 September 2022
- Appendix E - Counterparty List 30 September 2022

(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	31/03/2023 Estimate Q2 2022 £'000	30/09/2022 Actual £'000
General Fund	32,729	7,134
HRA	54,655	17,145
Total Capital Expenditure	87,384	24,279

(b) Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2022/23 is shown in the table below:

Capital Financing Requirement	31/03/2023 Estimate Q2 2022 £'000	30/09/2022 Actual £'000
General Fund	56,530	49,821
HRA	268,738	261,405
Total CFR	325,268	311,226

(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	31/03/2023 Estimate Feb Council 22 £'000	30/09/2022 Actual £'000
General Fund	14,385	21,118
HRA	270,918	225,731
<i>Less Investments</i>	<i>(47,735)</i>	<i>(63,425)</i>
Total Debt	237,569	183,424

(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 2022/23 the Council has maintained gross borrowing within its authorised limit.

Authorised limits	Operational Boundary £'000	Authorised Limit £'000	Actual External Debt 30/09/2022 £'000
Borrowing	354,503	362,503	246,849
Less Investments			(63,425)
Total	354,503	362,503	183,424

(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	31/03/2023 Estimate Feb Council 22 £'000	30/09/2022 Actual £'000
General Fund	5.52%	3.42%
HRA	17.18%	14.11%

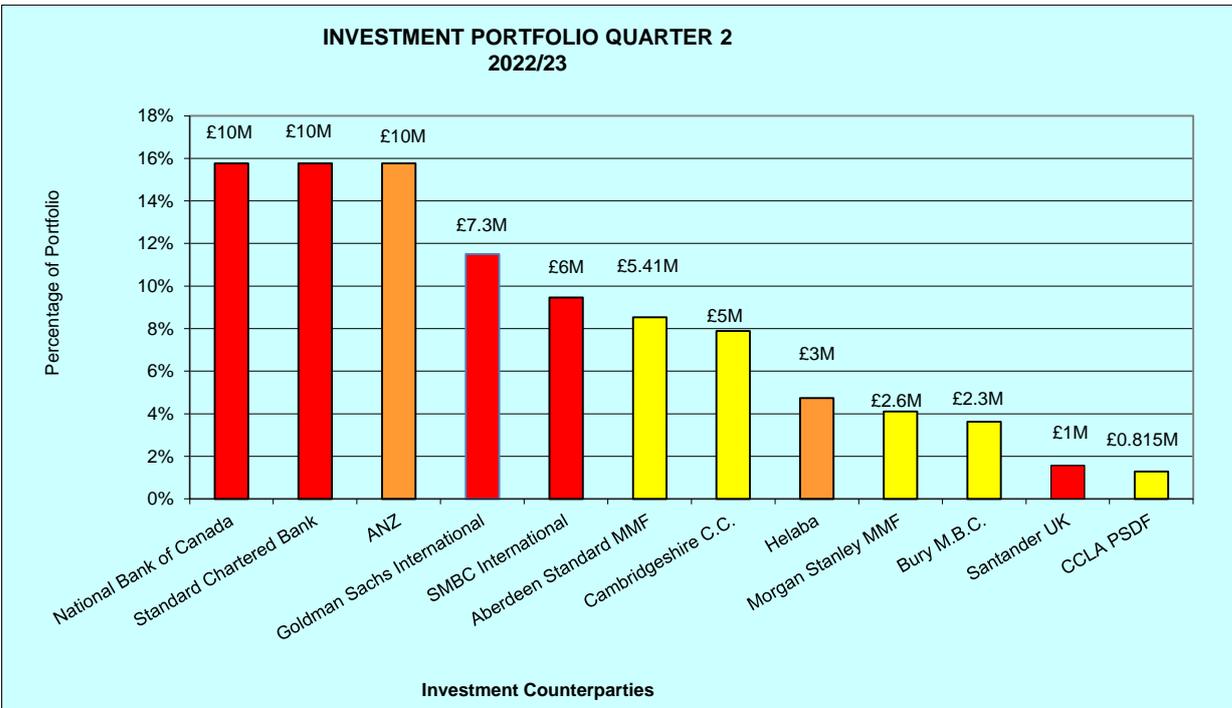
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Appendix B

INVESTMENT PORTFOLIO QUARTER 2 (30th September 2022)

Average interest rate - 2021/2022	0.35%
Average interest rate - 2022/23 Q2	1.04%
Bank of England Bank Rate	2.25%

<u>Borrower</u>	<u>Nation</u>	<u>Sovereign Rating (Fitch)</u>	<u>Amount £'s</u>	<u>From</u>	<u>To</u>	<u>Rate %</u>
Money Market Funds (Instant Access)						
Aberdeen MMF			5,410,000			2.41
CCLA PSDF			815,000			1.95
Morgan Stanley MMF			2,600,000			2.16
60 Day Notice						
Santander UK	UK	AA-	1,000,000			1.80
95 Day Notice						
Standard Chartered Bank	UK	AA-	7,000,000			2.50
Fixed Term Deposit						
Standard Chartered Bank	UK	AA-	3,000,000	30-Jun-22	03-Oct-22	1.57
National Bank of Canada	Can	AA+	5,000,000	30-Jun-22	03-Oct-22	1.47
National Bank of Canada	Can	AA+	5,000,000	03-Aug-22	03-Feb-23	2.43
Goldman Sachs International	UK	AA-	2,000,000	04-Aug-22	03-Feb-23	2.31
Landesbank Hessen Thueringen (Helaba)	UK	AA-	3,000,000	18-Aug-22	18-Jan-23	2.60
SMBC Bank International	UK	AA-	6,000,000	26-Aug-22	24-Feb-23	2.95
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	2,700,000	30-Sep-22	28-Mar-23	4.33
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	5,000,000	27-Sep-21	28-Nov-22	3.01
Goldman Sachs International	UK	AA-	5,300,000	30-Sep-22	28-Mar-23	4.27
Cambridgeshire C.C.	UK	AA-	5,000,000	13-Apr-21	12-Apr-23	0.44
Bury M.B.C.	UK	AA-	2,300,000	18-May-20	18-Nov-24	2.00
Australia & New Zealand Banking Corp (ANZ)	Aus	AAA	2,300,000	19-Oct-21	18-Oct-22	0.62
			63,425,000			



LOAN PORTFOLIO QUARTER 2 (30th September 2022)

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
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	2.22	5,000,000	03/02/2022	03/08/2047	25 1/2 years
			<u>30,820,150</u>			

Self Financing Borrowing

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

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	131,579	19/08/2013	19/02/2022	9 1/2 years
PWLB	Fixed Rate	2.29	1,755,950	19/03/2018	19/03/2028	10 years
			<u>1,887,529</u>			

Total Borrowing

227,618,679

Appendix C
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 Moody, Standard & Poor, equivalent where rated, the lowest rating used where different	Maximum duration as per Treasury Advisor's (Capita's) colour coded Credit List, and less than one year
	Notice Account	Part-nationalised or Nationalised UK banking institutions (subject to regular reviews of government share percentage).	
	Short Term Deposit		
Debt Management Office or UK Local Authority	Any deposit	No limit.	
Money Market Funds	Instant Access or with Notice	AAA rated	Instant Access or notice period up to one year

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.	

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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 Assess (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 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 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.

1 Economics update

- The second quarter of 2022/23 saw:
 - GDP revised upwards in Q1 2022/23 to +0.2% q/q from -0.1%, which means the UK economy has avoided recession for the time being;
 - Signs of economic activity losing momentum as production fell due to rising energy prices;
 - CPI inflation ease to 9.9% y/y in August, having been 9.0% in April, but domestic price pressures showing little sign of abating in the near-term;
 - The unemployment rate fell to a 48-year low of 3.6% due to a large shortfall in labour supply;
 - Bank Rate rise by 100bps over the quarter, taking Bank Rate to 2.25% with further rises to come;
 - Gilt yields surge and sterling fall following the “fiscal event” of the new Prime Minister and Chancellor on 23rd September.
- The UK economy grew by 0.2% q/q in Q1 2022/23, though revisions to historic data left it below pre-pandemic levels.
- There are signs of higher energy prices creating more persistent downward effects in economic activity. Both industrial production (-0.3% m/m) and construction output (-0.8% m/m) fell in July 2022 for a second month in a row. Although some of this was probably due to the heat wave at the time, manufacturing output fell in some of the most energy intensive sectors (e.g., chemicals), pointing to signs of higher energy prices weighing on production. With the drag on real activity from high inflation having grown in recent months, GDP is at risk of contracting through the autumn and winter months.
- The fall in the composite PMI from 49.6 in August to a 20-month low preliminary reading of 48.4 in September points to a fall in GDP of around 0.2% q/q in Q3 and consumer confidence is at a record low. Retail sales volumes fell by 1.6% m/m in August, which was the ninth fall in 10 months. That left sales volumes in August just 0.5% above their pre-Covid level and 3.3% below their level at the start of the year. There are also signs that households are spending their excess savings in response to high prices. Indeed, cash in households’ bank accounts rose by £3.2bn in August, which was below the £3.9bn rise in July and much smaller than the 2019 average monthly rate of £4.6bn.
- The labour market remained exceptionally tight. Data for July and August provided further evidence that the weaker economy is leading to a cooling in labour demand. Labour Force Survey (LFS) employment rose by 40,000 in the three months to July (the smallest rise since February). But a renewed rise in inactivity of 154,000 over the same period meant that the unemployment rate fell from 3.8% in June to a new 48-year low of 3.6%. The single-month data showed that inactivity rose by 354,000 in July itself and there are now 904,000 more inactive people aged 16+ compared to before the pandemic in February 2020. The number of vacancies has started to level off from recent record highs but there have been few signs of a slowing in the upward momentum on wage growth. Indeed, in July, the 3my/y rate of average earnings growth rose from 5.2% in June to 5.5%.
- CPI inflation eased from 10.1% in July to 9.9% in August, though inflation has not peaked yet. The easing in August was mainly due to a decline in fuel prices reducing fuel inflation from 43.7% to 32.1%. And with the oil price now just below \$90pb, we would expect to see fuel prices fall further in the coming months.
- However, utility price inflation is expected to add 0.7% to CPI inflation in October when the Ofgem unit price cap increases to, typically, £2,500 per household (prior to any benefit payments). But, as the government has frozen utility prices at that level for two years, energy price inflation will fall sharply after October and have a big downward influence on CPI inflation.
- Nonetheless, the rise in services CPI inflation from 5.7% y/y in July to a 30-year high of 5.9% y/y in August suggests that domestic price pressures are showing little sign of abating. A lot of that is being driven by the tight labour market and strong wage growth. CPI inflation is expected to peak close to 10.4% in November and, with the supply of workers set to remain unusually low, the tight labour market will keep underlying inflationary pressures strong until early next year.

- During H1 2022, there has been a change of both Prime Minister and Chancellor. The new team (Liz Truss and Kwasi Kwarteng) have made a step change in government policy. The government's huge fiscal loosening from its proposed significant tax cuts will add to existing domestic inflationary pressures and will potentially leave a legacy of higher interest rates and public debt. Whilst the government's utility price freeze, which could cost up to £150bn (5.7% of GDP) over 2 years, will reduce peak inflation from 14.5% in January next year to 10.4% in November this year, the long list of tax measures announced at the "fiscal event" adds up to a loosening in fiscal policy relative to the previous government's plans of £44.8bn (1.8% of GDP) by 2026/27. These included the reversal of April's national insurance tax on 6th November, the cut in the basic rate of income tax from 20p to 19p in April 2023, the cancellation of next April's corporation tax rise, the cut to stamp duty and the removal of the 45p tax rate, although the 45p tax rate cut announcement has already been reversed.
- Fears that the government has no fiscal anchor on the back of these announcements has meant that the pound has weakened again, adding further upward pressure to interest rates. Whilst the pound fell to a record low of \$1.035 on the Monday following the government's "fiscal event", it has since recovered to around \$1.12. That is due to hopes that the Bank of England will deliver a very big rise in interest rates at the policy meeting on 3rd November and the government will lay out a credible medium-term plan in the near term. This was originally expected as part of the fiscal statement on 23rd November but has subsequently been moved forward to an expected release date in October. Nevertheless, with concerns over a global recession growing, there are downside risks to the pound.
- The MPC has now increased interest rates seven times in as many meetings in 2022 and has raised rates to their highest level since the Global Financial Crisis. Even so, coming after the Fed and ECB raised rates by 75 basis points (bps) in their most recent meetings, the Bank of England's latest 50 basis points hike looks relatively dovish. However, the UK's status as a large importer of commodities, which have jumped in price, means that households in the UK are now facing a much larger squeeze on their real incomes.
- Since the fiscal event on 23rd September, we now expect the Monetary Policy Committee (MPC) to increase interest rates further and faster, from 2.25% currently to a peak of 5.00% in February 2023. The combination of the government's fiscal loosening, the tight labour market and sticky inflation expectations means we expect the MPC to raise interest rates by 100bps at the policy meetings in November (to 3.25%) and 75 basis points in December (to 4%) followed by further 50 basis point hikes in February and March (to 5.00%). Market expectations for what the MPC will do are volatile. If Bank Rate climbs to these levels the housing market looks very vulnerable, which is one reason why the peak in our forecast is lower than the peak of 5.50% - 5.75% priced into the financial markets at present.
- Throughout 2022/23, gilt yields have been on an upward trend. They were initially caught up in the global surge in bond yields triggered by the surprisingly strong rise in CPI inflation in the US in May. The rises in two-year gilt yields (to a peak of 2.37% on 21st June) and 10-year yields (to a peak of 2.62%) took them to their highest level since 2008 and 2014 respectively. However, the upward trend was exceptionally sharply at the end of September as investors demanded a higher risk premium and expected faster and higher interest rate rises to offset the government's extraordinary fiscal stimulus plans. The 30-year gilt yield rose from 3.60% to 5.10% following the "fiscal event", which threatened financial stability by forcing pension funds to sell assets into a falling market to meet cash collateral requirements. In response, the Bank did two things. First, it postponed its plans to start selling some of its quantitative easing (QE) gilt holdings until 31st October. Second, it committed to buy up to £65bn of long-term gilts to "restore orderly market conditions" until 14th October. In other words, the Bank is restarting QE, although for financial stability reasons rather than monetary policy reasons.
- Since the Bank's announcement on 28th September, the 30-year gilt yield has fallen back from 5.10% to 3.83%. The 2-year gilt yield dropped from 4.70% to 4.30% and the 10-year yield fell back from 4.55% to 4.09%.
- There is a possibility that the Bank continues with QE at the long-end beyond 14th October or it decides to delay quantitative tightening beyond 31st October, even as it raises interest rates. So far at least, investors seem to have taken the Bank at its word that this is not a change in the direction of monetary policy nor a step towards monetary financing of the government's deficit. But instead, that it is a temporary intervention with financial stability in mind.

- After a shaky start to the year, the S&P 500 and FTSE 100 climbed in the first half of Q2 2022/23 before falling to their lowest levels since November 2020 and July 2021 respectively. The S&P 500 is 7.2% below its level at the start of the quarter, whilst the FTSE 100 is 5.2% below it as the fall in the pound has boosted the value of overseas earnings in the index. The decline has, in part, been driven by the rise in global real yields and the resulting downward pressure on equity valuations as well as concerns over economic growth leading to a deterioration in investor risk appetite.

2 Interest rate forecasts

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1st November 2012.

The latest forecast on 27th September sets out a view that both short and long-dated interest rates will be elevated for some little while, as the Bank of England seeks to squeeze inflation out of the economy, whilst the government is providing a package of fiscal loosening to try and protect households and businesses from the ravages of ultra-high wholesale gas and electricity prices.

The increase in PWLB rates reflects a broad sell-off in sovereign bonds internationally but more so the disaffection investors have with the position of the UK public finances after September's "fiscal event". To that end, the MPC has tightened short-term interest rates with a view to trying to slow the economy sufficiently to keep the secondary effects of inflation – as measured by wage rises – under control, but its job is that much harder now.

Our PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

Link Group Interest Rate View	27.09.22											
	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25
BANK RATE	4.00	5.00	5.00	5.00	4.50	4.00	3.75	3.25	3.00	2.75	2.75	2.50
3 month ave earnings	4.50	5.00	5.00	5.00	4.50	4.00	3.80	3.30	3.00	2.80	2.80	2.50
6 month ave earnings	4.70	5.20	5.10	5.00	4.60	4.10	3.90	3.40	3.10	3.00	2.90	2.60
12 month ave earnings	5.30	5.30	5.20	5.00	4.70	4.20	4.00	3.50	3.20	3.10	3.00	2.70
5 yr PWLB	5.00	4.90	4.70	4.50	4.20	3.90	3.70	3.50	3.40	3.30	3.20	3.20
10 yr PWLB	4.90	4.70	4.60	4.30	4.10	3.80	3.60	3.50	3.40	3.30	3.20	3.20
25 yr PWLB	5.10	4.90	4.80	4.50	4.30	4.10	3.90	3.70	3.60	3.60	3.50	3.40
50 yr PWLB	4.80	4.60	4.50	4.20	4.00	3.80	3.60	3.40	3.30	3.30	3.20	3.10

List of Suggested Counterparties for Lending for Stevenage Borough Council.

Any values highlighted in yellow have undergone a change in the past 14 days.

Counterparty	Fitch Ratings		Moody's Ratings		S&P Ratings		Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term							
Australia	SB	AAA			SB	Aaa					25.06		
Banks	Australia and New Zealand Banking Group Ltd.	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	70.66	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Commonwealth Bank of Australia	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	73.91	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Macquarie Bank Ltd.	SB A	F1	PO A2	P-1	SB A+	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	National Australia Bank Ltd.	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	75.91	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Westpac Banking Corp.	SB A+	F1	SB Aa3	P-1	SB AA-	A-1+	Banks	72.03	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Belgium		SB AA-		SB Aa3		SB AA			19.97				
Banks	BNP Paribas Fortis	SB A+	F1	SB A1	P-1	SB A+	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	KBC Bank N.V.	SB A+	F1	PO A1	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Canada		SB AA+		SB Aaa		SB AAA			39.26				
Banks	Bank of Montreal	NO AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Bank of Nova Scotia	SB AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Canadian Imperial Bank of Commerce	SB AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	National Bank of Canada	SB A+	F1	SB Aa3	P-1	SB A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Royal Bank of Canada	SB AA-	F1+	SB Aa1	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Toronto-Dominion Bank	SB AA-	F1+	SB Aa1	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Denmark		SB AAA		SB Aaa		SB AAA			13.99				
Banks	Danske A/S	SB A	F1	SB A2	P-1	NO A+	A-1	Banks	84.60	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Finland		SB AA+		SB Aa1		SB AA+			22.49				

Counterparty	Fitch Ratings		Moody's Ratings		S&P Ratings		Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes	
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term								
Banks	Nordea Bank Abp	SB AA-	F1+	SB Aa3	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	OP Corporate Bank plc		WD	WD	SB Aa3	P-1	SB AA-	A-1+	Banks		O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
France		NO AA		SB Aa2		SB AA			20.00					
Banks	BNP Paribas	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks	87.09	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Credit Agricole Corporate and Investment Bank	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks	61.97	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Credit Agricole S.A.	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks	82.62	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Credit Industriel et Commercial	SB A+	F1	SB Aa3	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
Germany		SB AAA		SB Aaa		SB AAA			17.49					
Banks	Commerzbank AG		WD	WD	SB A1	P-1	SB BBB+	A-2	Commerzbank	137.61	●	G - 100 days		(M) BONDSMAN ONLY
	DZ BANK AG Deutsche Zentral-Genossenschaftsbank	SB AA-	F1+	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Landesbank Berlin AG			SB Aa3	P-1			Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Landesbank Hessen-Thüringen Girozentrale	SB A+	F1+	SB Aa3	P-1		NR	NR	Banks	63.36	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Landwirtschaftliche Rentenbank	SB AAA	F1+	SB Aaa	P-1	SB AAA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	NRW.BANK	SB AAA	F1+	SB Aa1	P-1	SB AA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
Netherlands		SB AAA		SB Aaa		SB AAA			13.98					
Banks	ABN AMRO Bank N.V.	SB A	F1	SB A1	P-1	SB A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Bank Nederlandse Gemeenten N.V.	SB AAA	F1+	SB Aaa	P-1	SB AAA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Coöperatieve Rabobank U.A.	SB A+	F1	SB Aa2	P-1	SB A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	ING Bank N.V.	SB AA-	F1+	SB Aa3	P-1	SB A+	A-1	Banks	55.29	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Nederlandse Waterschapsbank N.V.			SB Aaa	P-1	SB AAA	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
Norway		SB AAA		SB Aaa		SB AAA			13.99					
Banks	DNB Bank ASA			NO Aa2	P-1	SB AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	

Counterparty	Fitch Ratings		Moody's Ratings		S&P Ratings		Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes			
	Long Term	Short Term	Long Term	Short Term	Long Term	Short Term										
Qatar	SB	AA-	SB	Aa3	SB	AA-		58.64								
Banks	Qatar National Bank	SB	A	F1	SB	Aa3	P-1	SB	A	A-1	Banks	81.92	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Singapore	SB	AAA	SB	Aaa	SB	AAA										
Banks	DBS Bank Ltd.	SB	AA-	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Oversea-Chinese Banking Corp. Ltd.	SB	AA-	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	United Overseas Bank Ltd.	NO	AA-	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Sweden	SB	AAA	SB	Aaa	SB	AAA		16.54								
Banks	Skandinaviska Enskilda Banken AB	SB	AA-	F1+	SB	Aa3	P-1	SB	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Svenska Handelsbanken AB	SB	AA	F1+	SB	Aa2	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Swedbank AB	SB	AA-	F1+	NO	Aa3	P-1	SB	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Switzerland	SB	AAA	SB	Aaa	SB	AAA		19.00								
Banks	UBS AG	SB	AA-	F1+	SB	Aa2	P-1	SB	A+	A-1	Banks	107.92	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
United Arab Emirates	SB	AA	SB	Aa2	SB	AA		58.14								
Banks	First Abu Dhabi Bank PJSC	SB	AA-	F1+	SB	Aa3	P-1	SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
United Kingdom	SB	AA-	SB	Aa3	SB	AA		45.05								
AAA rated and Government backed securities	Debt Management Office										Debt Management Office			Y - 60 mths		(M)
Banks	Al Rayan Bank Plc			SB	A1	P-1					Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Bank of Scotland PLC (RFB)	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	49.64	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Barclays Bank PLC (NRFB)	SB	A+	F1	SB	A1	P-1	PO	A	A-1	Banks	144.59	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Barclays Bank UK PLC (RFB)	SB	A+	F1	SB	A1	P-1	PO	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Goldman Sachs International Bank	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	142.51	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours

Counterparty	Fitch Ratings			Moody's Ratings			S&P Ratings			Band Name	CDS Price	CDS Status	(CDS Adjusted with manual override)	Monetary Limit	Duration	Notes
	Long Term	Short Term		Long Term	Short Term		Long Term	Short Term								
Banks	Handelsbanken Plc	SB	AA	F1+			SB	AA-	A-1+	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	HSBC Bank PLC (NRFB)	SB	AA-	F1+	SB	A1	P-1	SB	A+	A-1	Banks	90.07	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	HSBC UK Bank Plc (RFB)	SB	AA-	F1+	SB	A1	P-1	SB	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Lloyds Bank Corporate Markets Plc (NRFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Lloyds Bank Plc (RFB)	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	95.03	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	National Bank Of Kuwait (International) PLC	SB	A+	F1			SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours	
	Santander UK PLC	SB	A+	F1	SB	A1	P-1	SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	SMBC Bank International Plc	NO	A	F1	SB	A1	P-1	SB	A	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Standard Chartered Bank	SB	A+	F1	SB	A1	P-1	SB	A+	A-1	Banks	85.10	●	R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Building Society	Nationwide Building Society	SB	A	F1	SB	A1	P-1	SB	A+	A-1	Banks			R - 6 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
Nationalised and Part Nationalised Banks	National Westminster Bank PLC (RFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	P/N			B - 12 mths	5 Million	(M) *£10 Mln. Time duration as per LAS Colours
	The Royal Bank of Scotland Plc (RFB)	SB	A+	F1	SB	A1	P-1	SB	A	A-1	P/N			B - 12 mths	5 Million	(M) *£10 Mln. Time duration as per LAS Colours
United States		SB	AAA			Aaa		SB	AA+			27.49				
Banks	Bank of America N.A.	SB	AA	F1+	PO	Aa2	P-1	PO	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Bank of New York Mellon, The	SB	AA	F1+	SB	Aa1	P-1	SB	AA-	A-1+	Banks			P - 24 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	Citibank N.A.	SB	A+	F1	SB	Aa3	P-1	SB	A+	A-1	Banks	132.74	●	O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours
	JPMorgan Chase Bank N.A.	SB	AA	F1+	SB	Aa1	P-1	PO	A+	A-1	Banks			O - 12 mths	5 Million	*£10 Mln. Time duration as per LAS Colours

Advisory notes:

Commerzbank is not to be used for Treasury Investment and is only on the list to monitor the creditworthiness of the Bondsman used as part of a contract the Authority has entered into

Local Authorities - 5 Years - £10m per LA when balances are over £30m; £5m per LA when balances are under £30m

Money Market Funds - n/a time limit - 5m/£10m per MMF fund = Cash balances less than £30m / Cash balances higher than £30m

Property Funds - No time limit - £3m in total

Enhanced Cash Funds - No time limit - £3m in total

Certificates of Deposit - No time limit - £5m in total

Investment Time Duration as per CAS colours

* £5m/£10m = Cash balances less than £30m / Cash balances higher than £30m

Instant access or overnight deposit = Maximum holding 100%

(M) Manually added counterparty. If a rating changes for this institution it will not alter its status on the counterparty list, or limits assigned to it.

Key

Watches and Outlooks

SB	Stable Outlook
NO	Negative Outlook
NW	Negative Watch
PO	Positive Outlook
PW	Positive Watch
EO	Evolving Outlook
EW	Evolving Watch
WD	Rating Withdrawn

CDS

Indicator	Status
	In Range
	Monitoring
	Out of Range

Duration

0
0
0
0

Colour

Name

P/N
Banks
Debt Management Office
Commerzbank

Please note that the Link Group suggested methodology applies a minimum non-UK sovereign criteria of "AA-". In instances where individual client criteria allows for the potential use of entities from lower rated sovereigns, suggested duration columns in these lists may show a "colour", but this will purely be based on the ratings / CDS of the individual entity. It will not take account of the sovereign rating, which alone may provide a reason for it not being included within the Link Treasury Services Limited suggested list of counterparties. Please also note that CDS values are as at the close of business from the previous day.

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Meeting **COUNCIL**
Portfolio Area Members' Services
Date **14 DECEMBER 2022**



MEMBERS' ALLOWANCES SCHEME 2022-2023

Author & Contact Officer – Ian Gourlay Ext No. 2307

Lead Officer – Matt Partridge Ext No. 2456

1 PURPOSE

- 1.1 To recommend to Council a Members' Allowances Scheme for 2022-2023

2 RECOMMENDATIONS

- 2.1 That a Members' Allowances Scheme for 2022-2023, as set out in Appendix A to this report, be agreed.

3 BACKGROUND

- 3.1 Local authorities are required to make a Members' Allowances Scheme before the beginning of each financial year.
- 3.2 At its meeting on 26 February 2020, the Council adopted a Members' Allowances Scheme for 2020-2021 based on the recommendations of the Independent Remuneration Panel (IRP) that had undertaken a comprehensive review in Autumn 2019. One of the IRP's recommendations approved by the Council on 26 February 2020 was that, in future years, the allowances be increased in accordance with the pay award applicable to NJC staff.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 At its meeting held on 9 March 2022, the Council approved a Members' Allowances Scheme for 2022-2023 based on the agreed NJC Pay Award for 2021-2022 (an allowances increase of 1.75%). The Council further agreed that the Scheme be updated should an NJC Pay Award be agreed for 2022-2023.
- 4.2 On 25 July 2022, the Chief Executive received notification from the National Employers for local government services that they wished to make an offer for 2022-2023 to the Trade Unions (Unison, Unite and GMB), which included:
- With effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above; and
 - With effect from 1 April 2022, an increase of 4.04% on all allowances (as listed in the NJC pay agreement circular dated 28 February 2022).
- 4.3 The above offer was accepted by the Trade Unions. On 1 November 2022, confirmation of this pay agreement was received from National Joint Council for local government services.
- 4.4 The agreed £1,925 increase would represent a 10.50% uplift for an employee on Spinal Column Point 1, and a 4.04% uplift for an employee on Spinal Column Point 43, with uplifts in between those percentages for employees on Spinal Column Points 2 to 42. Nationally, the staff pay bill would increase by 6.886% and the SBC pay bill would increase by 5.71%.
- 4.5 The above "blanket" increase in pay differs from previous years, when the uplift to Members' Allowances was based on the agreed straight percentage increase for staff set out in the Pay Award.
- 4.6 Officers have considered the position for 2022-2023. The following options were identified for consideration by both the SBC Group Leaders and thereafter the Independent Remuneration Panel:
1. Recommend an increase of 4.04% in line with officer allowances within the NJC scheme (recommended option by Local Government Association (LGA) lead negotiator to the East of England LGA Heads of Human Resources);
 2. Recommend an increase of 5.71% in line with the percentage pay bill increase at SBC;
 3. Recommend 6.886% in line with the percentage increase to the national pay bill; or
 4. Recommend an increase of £1,925 to all member allowances resulting in a 23.50% increase on SBC Members' basic allowances, compared to maximum employee increase of 10.50% (and higher percentage increases should the £1,925 be applied to Special Responsibility allowances).

The recommended approach from officers was Option 1 above, in order to align Member allowance increases with officer allowance increases.

- 4.7 A meeting of the three SBC Political Group Leaders supported the proposal set out in Option 1.
- 4.8 As the NJC agreed pay award represented a departure from the methodology agreed by the Independent Remuneration Panel back in 2020, officers consulted Panel Members on the various options. The Panel also supported the Option 1 proposal.
- 4.9 The proposed 4.04% uplift has been reflected in the updated Members' Allowances Scheme for 2022-2023 set out in Appendix A to the report.

5 IMPLICATIONS

Financial Implications

- 5.1 The 2022/23 budget provision for the Members' Allowances Scheme is £497,580, this was based on an assumed 2% increase in Member allowances. The recommended 4.04% uplift aligned to the staff pay award would mean an additional cost of £14,230 over the budgeted amount giving a total budget of £511,810. If approved, the increase will be added to the current year's budget as part of the Draft General Fund report to the January 2023 Executive.

Legal Implications

- 5.2 The Council has a Members' Allowances scheme in accordance with the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003 ("Regulations"). The Regulations set out that a local authority shall make a Scheme in accordance with the Regulations which shall provide for the payment of an allowance in respect of each year to each member of an authority. In addition, the Regulations require that before making a Scheme the Council must have regard to the recommendations made by the Independent Remuneration Panel.

BACKGROUND DOCUMENTS

- BD1 Report of the Independent Remuneration Panel – January 2022
- BD2 Local Authorities (Members' Allowances) (England) Regulations 2003
- BD3 National Employers for local government services – pay offer for 2022-23
- BD4 National Joint Council for local government services – pay agreement 2022-23

APPENDICES

- A Recommended Members' Allowances Scheme for 2022-2023.

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STEVENAGE BOROUGH COUNCIL

MEMBERS' ALLOWANCES SCHEME

EFFECTIVE FROM 1 April 2022 to 31 March 2023

Stevenage Borough Council has made the following Members' Allowances scheme under the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003.

1. This scheme may be cited as the Stevenage Borough Council Members' Allowances Scheme, and shall have effect for the year 1 April 2022 to 31 March 2023.
2. In this scheme,

"Councillor" means a Member of the Stevenage Borough Council who is a Councillor; "year" means the period ending on 31 March 2023.
3. Basic Allowance

A basic allowance shall be paid to each Councillor from 1 April 2022.
4. Special Responsibility Allowances
 - 1) For each year a special responsibility allowance shall be paid to those Councillors who hold the special responsibilities in relation to the authority that are specified in the schedule to this scheme.
 - 2) Subject to paragraph 6, (part year entitlements) the amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
 - 3) Members are only able to claim one SRA.
5. Renunciation

A Councillor may by notice in writing to the Chief Executive elect to forego any part of their entitlement to an allowance under this scheme.
6. Part-year Entitlements

Payment of Basic and Special Responsibility Allowances will be pro-rata where Councillors do not serve for a full year on the Council.
7. Payments

Payments shall be made on a regular monthly basis. Claims for dependent carer's allowances and travel and subsistence allowance shall be made within two months of being incurred.

8. Suspension of Payments

The Council will withhold all allowances to any Councillor who is suspended for misconduct and will require Councillors to repay any allowance already paid during a period of suspension.

Basic Allowances

Basic Allowance	Paid to All Members	£8,490
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Special Responsibility Allowances

(i)	Leader of the Council	£23,831
(ii)	Executive Members	£11,671
(iii)	Chair of Planning and Development Committee	£11,671
(iv)	Chair of Overview & Scrutiny Committee	£10,481
(v)	Chair of Licensing Committee	£4,767
(vi)	Chairs of Select Committees	£5,958
(vii)	Chair of Audit Committee	£4,767
(viii)	Leader of the Opposition	£4,767
(ix)	Leader of minority opposition party(ies)	£1,631

Payment to Specific Co-opted Members

Independent Member - Audit Committee	£1,441
Independent person who must be consulted on alleged breaches of a code of conduct	£1,441

Carer's Allowance

The following amounts may be claimed for Councillors attending approved duties.

Childcare	Maximum of £11.90 per hour
Dependant care	Maximum of £27.20 per hour

Payment to relatives that live in the same household as the Councillor will not be admissible and there will be a maximum allowance of 20 hours per month. Receipts will need to be provided.

Travel, Subsistence and Other Allowances

The allowances for travel and subsistence will be the same as those fixed for employees of the Council from time to time. Claims to be submitted within 2 months of the date to which they relate.

Variations

The Basic and Special Responsibility Allowances detailed above are index linked to any pay awards applicable to NJC staff that may be agreed for 2022-2023.



Meeting Council
Date 14 December 2022



CODE OF CONDUCT FOR MEMBERS

Author & Lead Officer – John Oakley, Borough Solicitor
Contact Officer – Ian Gourlay (Ext. 2216)

1 PURPOSE

- 1.1 To present a revised Code of Conduct for Members for consideration by the Council.

2 RECOMMENDATIONS

- 2.1 That the comments of the Standards Committee, as set out in Paragraph 4.5 of the report, be noted;
- 2.2 That the attached draft Code of Conduct for Members (Appendix A) be approved for immediate implementation.

3 BACKGROUND

- 3.1 Council adopted the current Code of Conduct for Members (Part 5 of the Constitution) on 18 July 2012.
- 3.2 The current Code of Conduct provides Members with limited detail and guidance on the expected standards of conduct and as such no longer provides the level of assurance required, for Members and members of the public, for the fair and transparent discharge of official duties by Members.

- 3.3 In 2020 the Local Government Association (LGA) produced a revised model Code of Conduct for Members in response to the recommendation of the Committee of Standards in Public life Local Government Ethical Standards 2019.
- 3.4 The LGA state that the revised Code of Conduct is: “...*part of our work on supporting all tiers of local government to continue to aspire to high standards of leadership and performance, and our civility in public life programme.*”.
- 3.5 The attached Draft Code of Conduct (Appendix A) is based on the LGA’s Model Code.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 Council has not revised its code of conduct for Members for 10 years. In order to ensure that it is able to maintain the highest possible standards it is now appropriate for Council to update its Code of Conduct.
- 4.2 The proposed Draft Code of Conduct for Members is based on the LGA Model Code. Further to support Councils, Councillors and Monitoring Officers in maintaining the highest possible standards of behaviour in public life, the LGA has also produced [Guidance](#) on the Model Code. This Guidance helps to ensure: “...*consistency of approach towards the code.*”
- The code together with the guidance have been designed to protect our democratic role, encourage good conduct, and safeguard the public’s trust and confidence in the role of councillor in local government.”*
- 4.3 The revised Code covers a greater range of conduct matters than the current code and sets out specific (and explicit) standards of required behaviour on the following issues:
- 4.3.1 Respect
 - 4.3.2 Bullying, harassment and discrimination
 - 4.3.3 Impartiality of officers of the council
 - 4.3.4 Confidentiality and access to information
 - 4.3.5 Disrepute
 - 4.3.6 Use of position
 - 4.3.7 Use of local authority resources and facilities
 - 4.3.8 Complying with the Code of Conduct
 - 4.3.9 Protecting your reputation and the reputation of the local authority
 - 4.3.10 Gifts and hospitality
 - 4.3.11 The Seven Principles of Public Life
 - 4.3.12 Registering Interests

- 4.4 Failure to adopt a revised Code of Conduct would put the Council at risk of not meeting the best possible standards of conduct in public life.

Comments of the Standards Committee

4.5 The Standards Committee considered the revised Code of Conduct at its meeting held on 21 November 2022, and made the following comments and minor amendments to the Code (which have been incorporated into the version attached at Appendix A to the report):

- Respect – this section of the Code (Section 1) was welcomed, especially the expectation that the relationship between Members and the public should be one of two-way respectful behaviour either through dealings in-person or via electronic means;
- Training on the new Code should be made available to all Members, and it was felt that the timing of such training should coincide with the induction programme for new Members following the May 2023 Local Elections. The training should include a focus on Section 3 of the Code (Impartiality of officers of the Council), in order to emphasise that officers worked for the local authority as a whole and were politically neutral;
- Gifts and Hospitality (Section 10) – it was agreed that Paragraphs 10.2 and 10.3 should be merged into a single paragraph; and
- Table 2 in Appendix B to the Code – correction of the title from “Registrable” to “Registerable”.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 There are no financial implications arising from this report.

5.2 Legal Implications

5.2.1 Section 27 of the Localism Act 2011 (the 2011 Act) places a duty on local authorities to promote and maintain high standards of conduct, and must, in particular, do so by the adoption of a code of conduct.

5.2.2 Section 28 of the 2011 Act requires that the adopted Code must be consistent with the Nolan Principles for standards in public life: selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

5.2.3 In addition, the adopted Code of Conduct must include the provision for the inclusion in its register, and disclosure, of pecuniary interests and interests other than pecuniary interests.

5.2.4 In order to ensure that complaints about the conduct of Members are appropriately investigated the Council has set out a complaints procedure, including provision for consultation with the Council’s Independent Person. The procedure can be found on the Council’s website at: [Councillors Code of Conduct \(stevenage.gov.uk\)](http://www.stevenage.gov.uk/councillors-code-of-conduct)

5.2.5 The proposed draft Code of Conduct is adopted from the Model Code of Conduct produced by the Local Government Association and accords with the legal requirements set out in the 2011 Act.

5.2.6 The Independent Person, Dr Robert Cawley, has had sight of the Draft Code of Conduct. Dr Cawley is of the view that the Draft code greatly improves on the current version and is robust in that it follows the LGA model policy. He was satisfied that any questions he had about whistleblowing and the process followed upon receipt of a complaint about the conduct of a councillor are covered in other policy documents. It is his view that the Council is absolutely right to introduce a revised Code of Conduct, and noted we still await the outcomes from the Review of Local Government Ethical Standards: Stakeholder Consultation, which has been greatly delayed.

5.3 Risk Implications

5.3.1 There are no risk implications arising as a direct result of this report.

5.4 Policy Implications

5.4.1 There are no policy implications arising as a direct result of this report.

5.5 Planning Implications

5.5.1 There are no planning implications arising as a direct result of this report.

5.6 Environmental Implications

5.6.1 There are no environmental implications arising as a direct result of this report.

5.7 Climate Change Implications

5.7.1 There are no climate change implications arising as a direct result of this report.

5.8 Equalities and Diversity Implications

5.8.1 There are no equality or diversity implications arising as a direct result of this report.

Background documents:

BD1 [LGA Model Code of Conduct for Members](#)

BD2 [LGA Guidance to the Model Code of Conduct for Members](#)

BD3 [Local Government Ethical Standards A Review by the Committee on Standards in Public Life 2018](#)

Appendix A – Code of Conduct for Members



Code of Conduct for Members

Adopted by Council 2022

Joint statement

The role of councillors across all tiers of local government is a vital part of our country's system of democracy. It is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. Our conduct as an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to. We also want individuals from a range of backgrounds and circumstances to be putting themselves forward to become councillors.

As councillors, we represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent our local area, taking decisions fairly, openly, and transparently. We have both an individual and collective responsibility to meet these expectations by maintaining high standards and demonstrating good conduct, and by challenging behaviour which falls below expectations.

Importantly, we should be able to undertake our role as a councillor without being intimidated, abused, bullied, or threatened by anyone, including the general public.

This Code has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.

Introduction

Stevenage Borough Council have adopted this Councillor Code of Conduct as it aspires to high standards of leadership and performance.

All councils are required to have a local Councillor Code of Conduct.

Definitions

For the purposes of this Code of Conduct, a "councillor" means a member or co-opted member of a local authority or a directly elected mayor. A "co-opted member" is defined in the Localism Act 2011 Section 27(4) as "a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;

b) is a member of, and represents the authority on, any joint committee or joint sub-committee of the authority;

and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist you, as a councillor, in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you. It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and Stevenage Borough Council.

General principles of councillor conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the Seven Principles of Public Life, also known as the Nolan Principles as set out in Appendix A.

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest and declare those I cannot
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

Application of the Code of Conduct

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member and continues to apply to you until you cease to be a councillor.

This Code of Conduct applies to you when you are acting in your capacity as a councillor which may include when:

- you misuse your position as a councillor;
- Your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor.

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct.

Standards of councillor conduct

This section sets out your obligations, which are the minimum standards of conduct required of you as a councillor. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken.

Guidance is included to help explain the reasons for the obligations and how they should be followed.

General Conduct

The general conduct guidance follows below:

1. Respect

As a councillor:

1.1 I treat other councillors and members of the public with respect.

1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.

Respect means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor, you

can express, challenge, criticise and disagree with views, ideas, opinions and policies in a robust but civil manner. You should not, however, subject individuals, groups of people or organisations to personal attack.

In your contact with the public, you should treat them politely and courteously. Rude and offensive behaviour lowers the public's expectations and confidence in councillors.

In return, you have a right to expect respectful behaviour from the public. If members of the public are being abusive, intimidatory or threatening you are entitled to stop any conversation or interaction in person or online and report them to the local authority, the relevant social media provider or the police. This also applies to fellow councillors, where action could then be taken under the Councillor Code of Conduct, and local authority employees, where concerns should be raised in line with the Protocol for relationships between Members and Officers.

2. Bullying, harassment and discrimination

As a councillor:

2.1 I do not bully any person.

2.2 I do not harass any person.

2.3 I promote equalities and do not discriminate unlawfully against any person.

The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. Bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and may not always be obvious or noticed by others.

The Protection from Harassment Act 1997 defines harassment as conduct that causes alarm or distress or puts people in fear of violence and must involve such conduct on at least two occasions. It can include repeated attempts to impose unwanted communications and contact upon a person in a manner that could be expected to cause distress or fear in any reasonable person.

Unlawful discrimination is where someone is treated unfairly because of a protected characteristic. Protected characteristics are specific aspects of a person's identity defined by the Equality Act 2010. They are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The Equality Act 2010 places specific duties on local authorities. Councillors have a central role to play in ensuring that equality issues are integral to the local authority's performance and strategic aims, and that there is a strong vision and public commitment to equality across public services.

3. Impartiality of officers of the council

As a councillor:

3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.

Officers work for the local authority as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. You can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written. However, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

4. Confidentiality and access to information

As a councillor:

4.1 I do not disclose information:

a. given to me in confidence by anyone

b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless

i. I have received the consent of a person authorised to give it;

ii. I am required by law to do so;

iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or

iv. the disclosure is:

1. reasonable and in the public interest; and

2. made in good faith and in compliance with the reasonable requirements of the local authority; and

3. I have consulted the Monitoring Officer prior to its release.

4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor for the advancement of myself, my friends, my family members, my employer or my business interests.

4.3 I do not prevent anyone from getting information that they are entitled to by law.

Local authorities must work openly and transparently, and their proceedings and printed materials are open to the public, except in certain legally defined circumstances. You should work on this basis, but there will be times when it is required by law that discussions, documents and other information relating to or held by the local authority must be treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

5. Disrepute

As a councillor:

5.1 I do not bring my role or local authority into disrepute.

As a Councillor, you are trusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on you, other councillors and/or your local authority and may lower the public's confidence in your or your local authority's ability to discharge your/its functions. For example, behaviour that is considered dishonest and/or deceitful can bring your local authority into disrepute.

You are able to hold the local authority and fellow councillors to account and are able to constructively challenge and express concern about decisions and processes undertaken by the council whilst continuing to adhere to other aspects of this Code of Conduct.

6. Use of position

As a councillor:

6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the local authority provides you with certain opportunities, responsibilities, and privileges, and you make choices all the time that will impact others. However, you should not take advantage of these opportunities to further your own or others' private interests or to disadvantage anyone unfairly.

7. Use of local authority resources and facilities

As a councillor:

7.1 I do not misuse council resources.

7.2 I will, when using the resources of the local authority or authorising their use by others:

- a. act in accordance with the local authority's requirements; and

b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.

You may be provided with resources and facilities by the local authority to assist you in carrying out your duties as a councillor.

Examples include:

- office support
- stationery
- equipment such as phones, and computers
- transport
- access and use of local authority buildings and rooms.

These are given to you to help you carry out your role as a councillor more effectively and are not to be used for business or personal gain. They should be used in accordance with the purpose for which they have been provided and the local authority's own policies regarding their use.

8. Complying with the Code of Conduct

As a Councillor:

8.1 I undertake Code of Conduct training provided by my local authority.

8.2 I cooperate with any Code of Conduct investigation and/or determination.

8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.

8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.

It is extremely important for you as a councillor to demonstrate high standards, for you to have your actions open to scrutiny and for you not to undermine public trust in the local authority or its governance. If you do not understand or are concerned about the local authority's processes in handling a complaint you should raise this with your Monitoring Officer.

9. Protecting your reputation and the reputation of the local authority

9. Interests

As a councillor:

9.1 I register and disclose my interests.

Section 29 of the Localism Act 2011 requires the Monitoring Officer to establish and maintain a register of interests of members of the authority.

You need to register your interests so that the public, local authority employees and fellow councillors know which of your interests might give rise to a conflict of interest. The register is a public document that can be consulted when (or before) an issue arises. The register also protects you by allowing you to demonstrate openness and a willingness to be held accountable. You are personally responsible for deciding whether or not you should disclose an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise. It is also important that the public know about any interest that might have to be disclosed by you or other councillors when making or taking part in decisions, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained.

You should note that failure to register or disclose a disclosable pecuniary interest as set out in **Table 1**, is a criminal offence under the Localism Act 2011.

Appendix B sets out the detailed provisions on registering and disclosing interests. If in doubt, you should always seek advice from your Monitoring Officer.

10. Gifts and hospitality

As a councillor:

10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.

10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £50 within 28 days of its receipt.

10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.

In order to protect your position and the reputation of the local authority, you should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you because you are a councillor. The presumption should always be not to accept

significant gifts or hospitality. However, there may be times when such a refusal may be difficult if it is seen as rudeness in which case you could accept it but must ensure it is publicly registered.

You do not need to register gifts and hospitality which are not related to your role as a councillor, such as Christmas gifts from your friends and family.

It is also important to note that it is appropriate to accept normal expenses and hospitality associated with your duties as a councillor. If you are unsure, do contact your Monitoring Officer for guidance.

DRAFT

Appendix A – The Seven Principles of Public Life

The principles are:

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Appendix B Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

“Disclosable Pecuniary Interest” means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a ‘sensitive interest’ you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in Table 1, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as an Executive Member - in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are

also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or wellbeing (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or wellbeing of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

8. Where a matter arises at a meeting which **affects** –

- a. your own financial interest or wellbeing;
- b. a financial interest or wellbeing of a relative or close associate; or
- c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or wellbeing:

- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
- b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as an Executive Member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the **Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012**.

Table 1: Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	<p>Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
Contracts	<p>Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council —</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
Land and property	<p>Any beneficial interest in land which is within the area of the council.</p> <p>‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
Licenses	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer

Table 1: Disclosable Pecuniary Interests

Subject	Description
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registrable Interest

You must register as an Other Registrable Interest :

a) any unpaid directorships

b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority

c) any body

(i) exercising functions of a public nature

(ii) directed to charitable purposes or

(iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management

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Part I – Release to Press



Meeting Council

Date 14 December 2022



ELECTORAL REVIEW OF THE BOROUGH OF STEVENAGE – FINAL RECOMMENDATIONS OF THE LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND

Author & Contact Officer – Luke Fattorusso Ext No. 2174

Lead Officer – Matt Partridge Ext No. 2456

1 PURPOSE

- 1.1 To note that an Electoral Review of the Borough of Stevenage has been undertaken by the Local Government Boundary Commission for England (LGBCE), with the final recommendations of the review now published. These recommendations make changes to all Wards in the Borough of Stevenage.

2 RECOMMENDATIONS

- 2.1 That the contents of the report be noted.
- 2.2 That the Council notes that a Polling District and Polling Places review will be undertaken in the summer of 2023.

3 BACKGROUND

- 3.1 Electoral Reviews undertaken by the Local Government Boundary Commission for England look at whether the boundaries of wards or divisions within a local authority need to be altered. These reviews are conducted

either to ensure fairer representation at local government elections after any significant changes in the distribution of electors, or at the request of a local authority for other reasons.

- 3.2 Stevenage Borough Council had not been reviewed since 1998. The Commission has a duty to review all local authorities in England “from time to time”, and every authority which has not been reviewed for 20 years are being prioritised and added to their programme of reviews. Furthermore, the Council met the Commission’s criteria for electoral inequality with four wards out of 13 (31%) having a variance of more than 10%. These were Bedwell, Longmeadow, Old Town and Woodfield Wards. The table below provides the Ward data of Stevenage highlighting these variances:

Electoral Variance by Ward

Ward Name	No. Councillors	Electorate*	Variance*
Bandle Hill	3	5,184	3%
Bedwell	3	5,633	12%
Chells	3	5,038	0%
Longmeadow	3	4,485	-11%
Manor	3	5,097	1%
Martins Wood	3	4,636	-8%
Old Town	3	6,433	28%
Pin Green	3	4,803	-4%
Roebuck	3	5,140	2%
Shephall	3	4,598	-9%
St Nicholas	3	5,436	8%
Symonds Green	3	4,539	-10%
Woodfield	3	4,277	-15%

*Data based on December 2019 electoral registers.

Preliminary stage and Part One of the Electoral Review

- 3.3 In February 2021 the LGBCE commenced their Electoral Review of Stevenage Borough Council.
- 3.4 Prior to the review commencing the LGBCE held briefings with Council officers and Members, providing information on the various stages of the review. The Council was also required to provide a variety of data including, but not limited to, electoral register data, forecast electorate data for the next five years (2027) and polling district electronic maps.
- 3.5 Part one of the Review was to determine the size of the Council (i.e., the total number of Councillors to be elected to the Council in the future).
- 3.6 At this stage the Commission invited the Council and/or its political groups to develop proposals and present the Commission with a case for a Council size that they believed was right for their community.
- 3.7 The Commission would then make a judgement on Council size by considering three broad areas:
- the governance arrangements of the Council and how it takes decisions across the broad range of its responsibilities;
 - the Council’s scrutiny functions relating to its own decision making and the Council’s responsibilities to outside bodies, and;

- the representational role for councillors in the local community and how they engage people, conduct casework and represent the council on local partner organisations.
- 3.8 The Council set up a Cross Party Working Group (based on the proportionality of its Members) to work through the different phases of the review. A Terms of Reference was established and the Group met regularly during the various stages of the review.
- 3.9 The deadline for the submission of Council size proposals was 5 October 2021.
- 3.10 In the first phase of the review on Council size a joint submission was made by the Labour and Conservative Groups, and a separate submission was made by the Liberal Democrat Group.
- 3.11 As Stevenage Borough Council elects Members by thirds, legislation states that the Commission must be mindful of the benefits of a uniform pattern of three-member wards. Therefore, at the Council size stage, they would be looking for proposals for a Council size which is divisible by three. Any potential change to the electoral cycle would be a matter for the Council and not the Commission.
- 3.12 On 23 November 2021 the Commission wrote to the Chief Executive of the Council to confirm that the Commission were minded to recommend that 39 Councillors should be elected to the Council in the future (the same as the current arrangements).

Part Two of the Electoral Review: Warding Arrangements

- 3.13 Part two of the review was to provide the Commission with proposals for new Warding Patterns. This part of the review included two phases of public consultation. The first part of consultation would be used to draw up draft recommendations for new boundaries across the area. The second round of consultation invited comments on the draft recommendations, prior to developing final recommendations.
- 3.14 During this phase of the review the Commission held community briefings to provide information on the review and how submissions could be made.
- 3.15 The Commission sought to draw up new electoral arrangements that provided the best balance of their statutory criteria. The criteria included three main elements:
 - **delivering electoral equality for local voters.** This meant ensuring that each councillor represented roughly the same number of voters so that the value of someone's vote is the same regardless of where they live in the local authority area;
 - **interests and identities of local communities.** This meant establishing electoral arrangements which, as far as possible, avoid splitting local ties and where boundaries are easily identifiable, and;
 - **effective and convenient local government.** This meant ensuring that the wards can be represented effectively by their elected representatives and that the new electoral arrangements, including

both the Council size decision and warding arrangements, allow the local authority to conduct its business effectively.

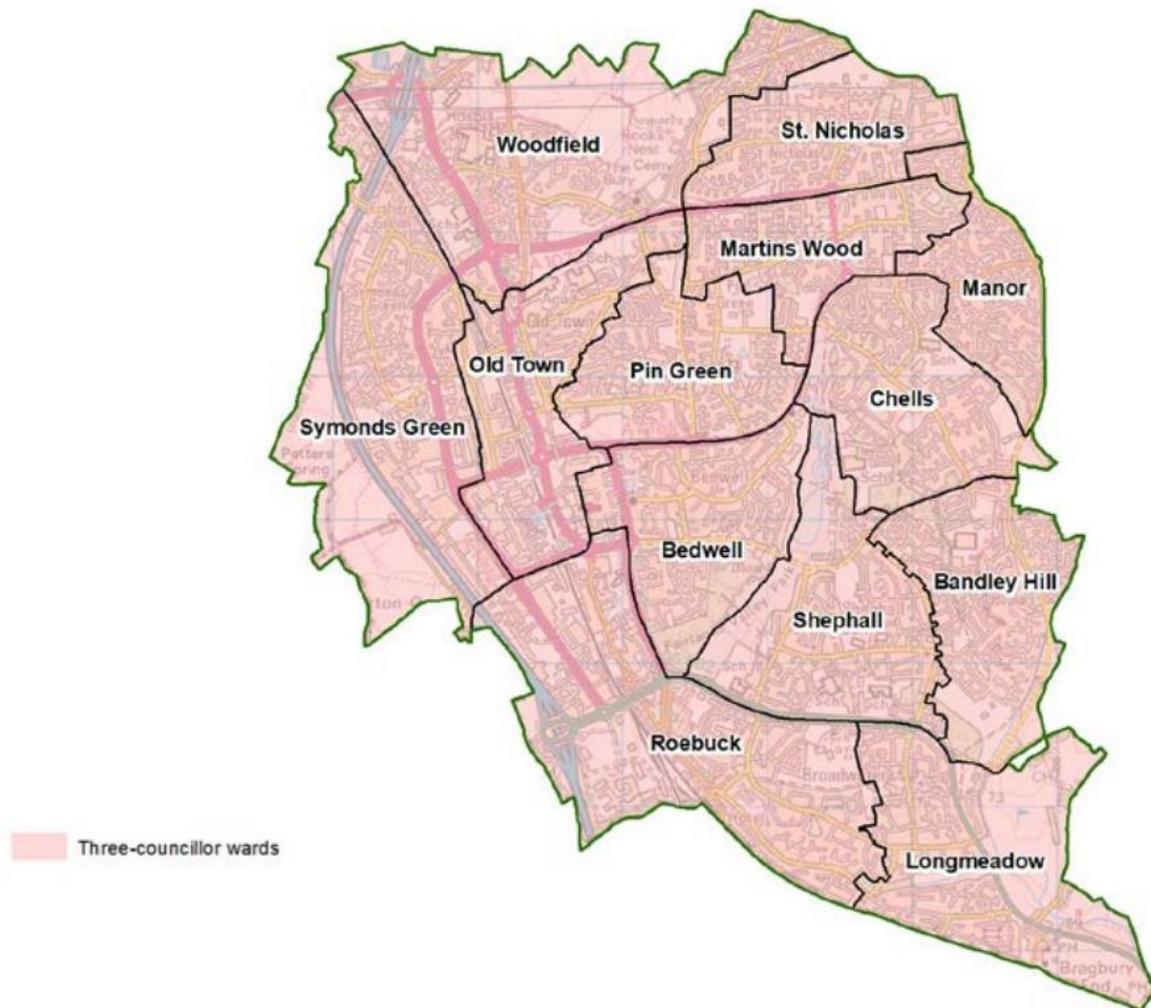
The initial consultation on Warding Patterns commenced on 23 November 2021 and concluded on 28 February 2022 (this was extended from 31 January 2022).

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The final recommendations made by the LGBCE make wholesale changes to the Wards of the Borough of Stevenage. This report provides Members with details in respect of those recommendations, and the consequential matters following this review in respect of the subsequent Polling District and Polling Places Review, and elections to be held in May 2024.
- 4.2 A total of 24 submissions were received by the LGBCE in response to the initial consultation on Ward boundaries. These included Borough wide proposals from the Labour, Conservative and Liberal Democrat Groups.
- 4.3 The Commission published its draft recommendations on 31 May 2022. These are available to view at: https://s3-eu-west-2.amazonaws.com/lgbce/Reviews/Eastern/Hertfordshire/Stevenage/Report%20for%20Publication-%20Draft%20Recommendations_0.pdf. The extracts below are of the Ward data and maps form the LGBCE draft recommendations:

Draft recommendations for Stevenage Borough Council

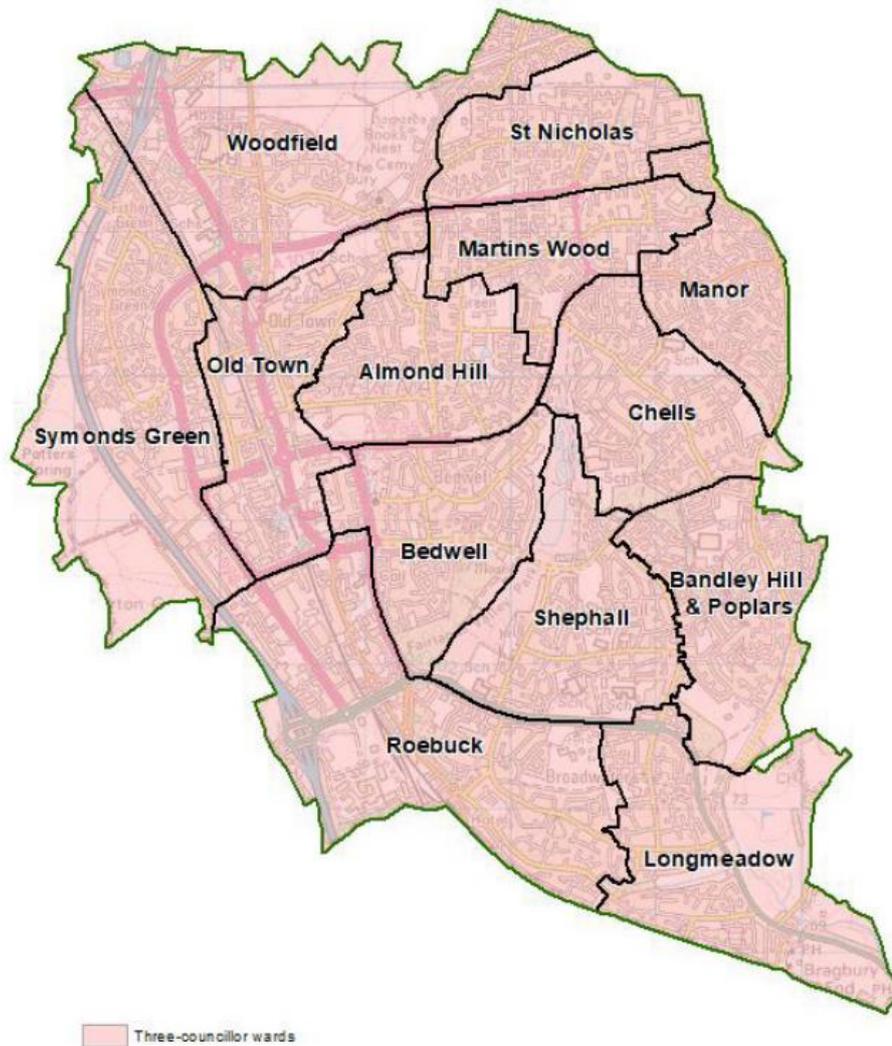
Ward name	Number of councillors	Electorate (2021)	Number of electors per councillor	Variance from average %	Electorate (2027)	Number of electors per councillor	Variance from average %
1 Bandle Hill	3	5,562	1,854	11%	5,562	1,854	3%
2 Bedwell	3	5,262	1,754	5%	5,903	1,968	9%
3 Chells	3	5,921	1,974	18%	5,982	1,994	10%
4 Longmeadow	3	4,680	1,560	-7%	4,950	1,650	-9%
5 Manor	3	5,084	1,695	1%	5,084	1,695	-6%
6 Martins Wood	3	5,102	1,701	2%	5,177	1,726	-4%
7 Old Town	3	4,131	1,377	-18%	5,679	1,893	5%
8 Pin Green	3	5,407	1,802	8%	5,577	1,859	3%
9 Roebuck	3	5,109	1,703	2%	5,592	1,864	3%
10 Shephall	3	5,079	1,693	1%	5,179	1,726	-4%
11 St Nicholas	3	5,296	1,765	5%	5,296	1,765	-2%
12 Symonds Green	3	4,615	1,538	-8%	5,525	1,842	2%
13 Woodfield	3	4,069	1,356	-19%	4,961	1,654	-8%
Totals	39	65,317	-	-	70,467	-	-
Averages	-	-	1,675	-	-	1,807	-



- 4.4 Following publication of the draft recommendations, a further consultation period was held between 31 May 2022 and 8 August 2022, to invite comments on those draft proposals.
- 4.5 The Commission received 99 submissions during the consultation on the draft recommendations. As a result of these responses, changes were made to the draft recommendations. These included changes to the Ward names of 'Bandley Hill' to 'Bandley Hill & Poplars', and 'Pin Green' to 'Almond Hill'. In addition, amendments were made to the boundaries of Longmeadow, Shephall, Chells, Manor, St Nicholas, Woodfield, Almond Hill, Old Town, Bandley Hill & Poplars and Symonds Green Wards.
- 4.6 On 1 November 2022, the LGBCE published their final recommendations setting out the new electoral arrangements for Stevenage.
- 4.7 The full report on the final recommendations is available to view at <https://s3-eu-west-2.amazonaws.com/lgbce/Reviews/Eastern/Hertfordshire/Stevenage/Final/Stevenage%20Final%20Recommendations%20Report.pdf>. The extracts below are of the Ward data and maps from the LGBCE Final Recommendations:

Final recommendations for Stevenage Borough Council

	Ward name	Number of councillors	Electorate (2021)	Number of electors per councillor	Variance from average %	Electorate (2027)	Number of electors per councillor	Variance from average %
1	Almond Hill	3	5,382	1,794	7%	5,552	1,851	2%
2	Bandley Hill & Poplars	3	5,559	1,853	11%	5,559	1,853	3%
3	Bedwell	3	5,262	1,754	5%	5,903	1,968	9%
4	Chells	3	5,474	1,825	9%	5,535	1,845	2%
5	Longmeadow	3	4,902	1,634	-2%	5,173	1,724	-5%
6	Manor	3	5,531	1,844	10%	5,531	1,844	2%
7	Martins Wood	3	5,102	1,701	2%	5,177	1,726	-4%
8	Old Town	3	4,188	1,396	-17%	5,735	1,912	6%
9	Roebuck	3	5,109	1,703	2%	5,592	1,864	3%
10	Shephall	3	4,860	1,620	-3%	4,959	1,653	-9%
11	St Nicholas	3	5,354	1,785	7%	5,355	1,785	-1%
12	Symonds Green	3	4,616	1,539	-8%	5,525	1,842	2%
13	Woodfield	3	3,978	1,326	-21%	4,870	1,623	-10%
Totals		39	65,317	-	-	70,467	-	-
Averages		-	-	1,675	-	-	1,807	-



- 4.8 These recommendations only become law once they have received parliamentary approval. The formal document (a draft Order) to start the process is expected to be laid in Parliament in February 2023. The draft Order will provide for the new electoral arrangements to come into effect for the local elections held in May 2024.
- 4.9 These elections in May 2024 will be ‘all out’ elections; meaning each seat on the Council will be up for election. Each Ward will therefore elect three Councillors. Those that receive the most votes in each Ward at the election will serve a full four-year term, those that receive the second most votes will serve a three-year term, and those that receive the third most votes will serve a two-year term.
- 4.10 A Polling District and Polling Places Review will now need to be undertaken in advance of the elections in May 2024 as a result of these changes. This Review will be undertaken during 2023.
- 4.11 It is recommended that the Council notes the outcome of the review subject to the Order being made in Parliament.

5 IMPLICATIONS

Financial Implications

- 5.1 A level of staff resource was required to undertake the necessary work of the review, and software was acquired to assist in the drafting of warding schemes. This was included in the overall budget.

Legal Implications

- 5.2 In order for the changes made by the Commission to come into force, an Order is required to be made and approved by Parliament. This draft Order is expected to be laid in Parliament in February 2023, with the changes implemented at the scheduled elections to be held in May 2024.

Risk Implications

- 5.3 That the Order laid in February 2023 is not approved by Parliament and the changes do not come into force; Stevenage Borough Council continues to operate with high levels of electoral inequality.

BACKGROUND DOCUMENTS

- 1.1 All documents that have been used in compiling this report, that may be available to the public, i.e. they do not contain exempt information, should be listed here:

BD1 <https://www.lgbce.org.uk/all-reviews/eastern/hertfordshire/stevenage>

BD2 <https://consultation.lgbce.org.uk/node/30912>

APPENDICES

None.

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday, 9 November 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Teresa Callaghan (Chair), Myla Arceno, Stephen Booth, Alex Farquharson, Jackie Hollywell, Graham Lawrence CC, Maureen McKay, Anne Wells (substitute) and Tom Wren.
Mr Geoff Gibbs (Independent Co-opted Non-voting Member).

Start / End Start Time: 6.00pm
Time: End Time: 6.40pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were submitted on behalf of Councillors John Gardner (Vice-Chair) and Loraine Rossati. Councillor Anne Wells was substituting for Councillor Rossati.

There were no declarations of interest.

2 MINUTES - 7 SEPTEMBER 2022

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

In respect of Minute 4 – 2019/20 External Audit Update, the Strategic Director (CF) advised that the Ernst & Young Audit Lead had been on long term sick leave. He had recently returned to work on a phased basis and his priority was to complete work on the 2019/20 SBC accounts. As a consequence, Ernst & Young had confirmed that no work would be progressed on the 2020/21 accounts audit until 2019/20 work was completed.

In reply to Members' questions, the Strategic Director (CF) stated that it was unlikely that the position would change with regard to the level of audit fees charged by Ernst & Young. A number of other local authorities were in a similar position to SBC, in that they had three years' unaudited accounts open (including Watford Borough Council and Three Rivers District Council).

3 SHARED ANTI-FRAUD SERVICE (SAFS) - PROGRESS WITH DELIVERY OF THE 2022/23 ANTI-FRAUD PLAN

The Shared Anti-Fraud Service (SAFS) Manager presented a report in respect of progress with delivery of the 2022/23 Anti-Fraud Plan.

The SAFS Manager advised that the Council would be taking part in the International Fraud Awareness Week in November 2022 with planned activity utilising social media and national/international resources. Campaigns such as this encouraged residents to report fraud and provide assurance that the Council takes fraud seriously and acts on those reports.

The SAFS Manager stated that between April and September 2022, SAFS received 55 allegations of fraud affecting Council services. Allegations of fraud had reduced slightly compared to the same period in 2021/22. To the end of September 2022, 11 investigations had been closed, with fraud identified/prevented on 9 occasions. Fraud losses of just over £133,000 had been reported and £160,000 of savings identified through prevention activity.

The SAFS Manager reported that so far this year more than 47 Right to Buy (RTB) applications had been reviewed, with one application stopped due to suspicious activity. Six Council properties that were being sub-let or misused by the tenant had also been recovered and, in more serious cases where fraud was apparent, these had been reported to Legal Services to commence prosecution proceedings.

The SAFS Manager explained that SAFS worked closely with the Council's parking enforcement team dealing with the misuse of disabled person 'Blue Badges' in the Council's pay and display car parks across the Borough, as well as fraudulent applications for badges and the theft of badges from vehicles and subsequent misuse across the UK. In September 2022, following local intelligence, a joint campaign to identify people misusing Blue Badges in the area of the Lister Hospital was undertaken. This had resulted in a number of inspections and badge seizures with at least one case being referred to Legal Services to consider criminal proceedings.

The SAFS Manager concluded by referring to the fact that SAFS was helping to ensure the Council's compliance with the National Fraud Initiative (NFI) by providing training and a user guide for staff involved in the upload of data that would take place in October 2022. The output from that exercise would be received by the Council by February and March 2023.

In response to a number of Members' questions, the SAFS Manager advised:

- he expected an increase in fraud reporting/cases due to the cost of living crisis. An internal communications campaign would be carried out to heighten staff awareness to the potential for increased fraud, and public awareness would be heightened as part of the work on National Fraud Awareness week;
- SAFS was one of the supported organisations on the National Fraud Initiative (NFI), although there was a limited amount that would be gained for SAFS from the NFI Fraud Awareness week;
- the national estimate that the cost to local government for each social housing property that was being sub-let of at least £42,000 per property included the costs of fraud investigation; bringing the unit back into lettable condition; and the income loss incurred whilst the property was empty;
- SAFS staff were employed by Hertfordshire County Council. Rigorous employment checks (including DBS) were carried out on new SAFS staff. The DBS checks for all SAFS staff were reviewed on an annual basis;
- the reporting of fraud came from a variety of sources, primarily either from staff

- or members of the public;
- in relation to 6 Council properties that had been sub-let or misused by the tenant and had been recovered, there was a strong likelihood that there were more such cases. It was pointed out that it was often difficult to detect/investigate them or obtain clarity on the level of fraud alleged. SBC had funded a post through the HRA to assist SAFS in the tackling of tenancy fraud; and
- he agreed that it was important that National Fraud Awareness week should be advertised in public places for the benefit of those with limited or no access to IT/social media.

It was **RESOLVED** that the work of the Council and the Shared Anti-Fraud Service in delivering the 2022/23 Anti-Fraud Plan be noted.

4 REVISED WHISTLEBLOWING POLICY 2022

The Shared Anti-Fraud Service (SAFS) Manager presented a report seeking the adoption of a proposed new Whistleblowing Policy for implementation across the Council.

The SAFS Manager advised that the Policy had not been reviewed for some time and the revised document aimed to create the assurance required to protect those who wished to raise genuine concerns at work. It was recommended that a whistleblowing group be established to review and assess all concerns raised to provide more transparency and consistency in the process.

The SAFS Manager commented that it was expected that the Policy would be “owned” by the Council’s Head of Human Resources, who would bring an annual report to the Committee on all disclosures made under the Policy.

In reply to a Member’s question, the SAFS Manager commented that the revisions to the policy were relatively minor and had been agreed by the SBC Human Resources Team. In view of the minor nature of the revisions, the Trade Unions had not been consulted on the changes.

In response to a number of issues raised by a Member regarding the content of the policy, the Strategic Director (CF) explained that the wording in the document was designed to encourage staff to use the process even if they were perhaps uncomfortable in so doing, as all reported cases would be taken seriously and investigated in a confidential manner. The reason that examples of whistleblowing were not included in the policy was to encourage as wide a breadth of reporting as possible. These points would need to be articulated in the communications to staff regarding the policy.

The Strategic Director (CF) agreed to circulate to Members of the Committee the number of SBC whistleblowing cases that had been investigated over the past 3 years.

It was **RESOLVED**:

1. That the new Whistleblowing Policy, as attached at Appendix A to the report,

be adopted, and a communication plan launched to provide assurance to staff who wish to raise genuine concerns at work.

2. That, due to changes in the senior management at the Council, a Whistleblowing Group be created to review and assess all concerns raised to provide more transparency and consistency in the process.
3. That the Council's Head of Human Resources owns the Policy and brings an annual report to the Committee on all disclosures made to the Council under the Policy.

5 PROGRESS OF CORPORATE GOVERNANCE ACTIONS

The Corporate Performance and Improvement Officer presented a report informing Members of progress with regard to the actions to strengthen the Council's corporate governance arrangements, as identified in the Council's 2021/22 Annual Governance Statement reported to the Committee on 7 June 2022.

The Corporate Performance and Improvement Officer advised that progress on the 11 high level actions, including mitigation measures, was set out in Appendix A to the report. The full year status report on those actions would be reported to the Committee in June 2023.

It was **RESOLVED** that the progress to date of actions to strengthen the Council's corporate governance arrangements, as identified in the Council's 2021/22 Annual Governance Statement reported to the Committee on 7 June 2022, be noted.

6 MID YEAR REVIEW OF TREASURY MANAGEMENT STRATEGY 2022/23

The Assistant Director (Finance) presented a report in respect of the 2022/23 Mid Year Treasury Management review, including the 2022/23 prudential and treasury indicators.

The Assistant Director (Finance) advised that there had been no breaches of operational limits in the first six months of 2022/23, and that officers had 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.

The Assistant Director (Finance) reported that no new external borrowing had been taken to date during 2022/23. This was being closely monitored and if the conditions become suitable, then the Council would consider some external borrowing to reduce its internal borrowing position.

In respect of interest earned on investments, the Committee noted that, up to 30 September 2022, this was £384,000. Projected investment balances at 31 March 2023 were currently £63Million, and forecast interest receivable from investments was £935,000, against an original budget of £330,000.

It was **RESOLVED** that the 2022/23 Mid Year Treasury Management Review and Prudential Indicators report be recommended to Council for approval.

7 URGENT PART I BUSINESS

None.

8 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.

9 PART II MINUTES - AUDIT COMMITTEE - 7 SEPTEMBER 2022

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

10 STRATEGIC RISK REGISTER

The Corporate Performance and Improvement Officer presented a report providing the Quarter 2 2022/23 (July to September 2022) update in respect of the Strategic Risk Register.

The Corporate Performance and Improvement Officer, assisted by the Strategic Director (CF), responded to some questions raised by Members on the report.

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

11 URGENT PART II BUSINESS

None.

CHAIR

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