

# Public Document Pack

Daneshill House  
Danestrete  
Stevenage  
Hertfordshire

28 February 2023

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, 8 March 2023 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully



Matthew Partridge  
Chief Executive

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## AGENDA

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

**2. MAYOR'S COMMUNICATIONS**

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

**3. COMMUNITY PRESENTATIONS**

None received.

**4. PETITIONS AND DEPUTATIONS**

None received.

**5. QUESTIONS FROM THE YOUTH COUNCIL**

None received.

**6. QUESTIONS FROM THE PUBLIC**

None received.

**7. 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.

## **8. UPDATE FROM SCRUTINY CHAIRS**

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

## **9. NOTICE OF MOTIONS**

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

- (i) A fully funded, proper pay rise for Council and School workers

To be moved by the Labour Group.

“That this Council notes:

Local government has endured central government funding cuts of more than 50% since 2010. Between 2010 and 2020, councils lost 60p out of every £1 they have received from central government. New research by UNISON has shown that councils across England, Wales and Scotland are facing a collective funding shortfall of £3bn by the financial year 2023/24 and a cumulative funding gap of £5bn by 2024/25.

Councils led the way in efforts against the Covid-19 pandemic, providing a huge range of services and support for our communities. Local government has shown more than ever how indispensable it is. But Covid has led to a massive increase in expenditure and loss of income, and as we emerge from the pandemic, local authorities and schools need far more support from Westminster. Recent funding announcements from the Government relating to schools did nothing to help.

Council and school workers kept our communities safe through the pandemic, often putting themselves at considerable risk as they work to protect public health, provide quality housing, ensure our children continue to be educated, and look after older and vulnerable people.

Since 2010, the local government workforce has endured years of pay restraint with the majority of pay points losing at least 25 per cent of their value since 2009/10. Staff are now facing the worst cost of living crisis in a generation, with inflation hitting 10% and many having to make impossible choices between food, heating and other essentials. This is a terrible situation for anyone to find themselves in.

At the same time, workers have experienced ever-increasing workloads and persistent job insecurity. Across the UK, 900,000 jobs have been lost in local government since June 2010 – a reduction of more than 30 per cent. Local government has arguably been hit by more severe job losses than any other part of the public sector.

There has been a disproportionate impact on women, with women making up more than three-quarters of the local government workforce.

Recent research shows that if the Government were to fully fund the unions' 2023 pay claim, around half of the money would be recouped thanks to increased tax revenue, reduced expenditure on benefits and tax credits, and increased consumer spending in the local economy.

This Council believes:

Our workers are public service super-heroes. They keep our communities clean and safe, look after those in need and keep our towns and cities running.

Without the professionalism and dedication of our staff, the council services our residents rely on would not be deliverable.

Local government workers deserve a proper real-terms pay increase. The Government needs to take responsibility and fully fund this increase; it should not put the burden on local authorities whose funding has been cut to the bone and who were not offered adequate support through the Covid-19 pandemic.

This Council resolves to:

Support the pay claim submitted by UNISON, GMB and Unite on behalf of council and school workers, for an increase of RPI + 2%

Call on the Local Government Association to make urgent representations to central government to fund the NJC pay claim

Write to the Chancellor and Secretary of State to call for a pay increase for local government workers to be funded with new money from central government

Meet with local NJC union representatives to convey support for the pay claim and consider practical ways in which the council can support the campaign

Encourage all local government workers to join a union."

(ii) Vaping

To be moved by the Liberal Democrat Group.

"Whilst acknowledging the role vaping products play in aiding adults to stop smoking, Council notes with concern:

- The increased use of vaping products by children in the UK buying them directly from newsagents, supermarkets and other outlets.
- The increasing number of local authorities who have had to take enforcement action against shops illegally selling vaping products to youngsters.
- The marketing of certain vaping products with bright coloured packaging and flavours such as "bubblegum" that might appeal to children.

- The significant increase in availability of disposable and single-use vaping products which are cheaper and easier for children to access.

That this Council calls for:

- Vaping products to be in plain packaging and kept out of sight behind the counter.
- Mandatory age-of-sale signage on vaping products (this is currently voluntary).
- A ban on free samples of vaping products being given out to people of any age.

That Council instructs the Chief Executive to write to Stephen Barclay MP, Secretary of State for Health and Social Care, to express Council's demand for the greater regulation of vaping products detailed in this motion.

That Council further resolves to bring a joint report to an upcoming meeting of the Licensing Committee detailing enforcement activity and strategy within Stevenage related to the illegal sale of vaping products to children, and exploring opportunities for engagement with local schools to inform young people of the potential dangers of vaping."

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

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

(A) Question from Councillor Bret Facey

"Do you believe apprenticeships play an important role in the aspirations and future prospects of Stevenage's young people?"

(B) Question from Councillor Julie Ashley-Wren

"Why has the Council not restarted its periodic leaseholders' engagement forums?"

(C) Question from Councillor Graham Snell

"Does the Council have plans to raise revenue by selling advertising space in and around the New Bus Interchange, including the Walkway between the Town Centre and the Bus Interchange?"

(D) Question from Councillor Robin Parker CC

"SBC's response to questions/queries/complaints on the Your Say system, for both Members and the public, has been a complete shambles now for at least 2 months. The new 'system' was started with no consultation about its design or requirements with either members or the public and no prior information was

supplied to either. Responses from SBC bear no reference to the original issue and so get referred back by members to SMT for a proper answer. As they are meaningless, they are then deleted. All this is a complete waste of staff and Member time and resources. Responses to the public therefore are delayed or lost.

- (a) Why was the new 'system' introduced by officers?
- (b) Why was there no consultation with Members about it?
- (c) Why was no prior information supplied to Members?
- (d) When will managers revert to the previous system (which worked well) or consult with Members and the public on a new fit-for-purpose system and then introduce it?"

(E) Question from Councillor Andy McGuinness

"What plans do the Council have for working with the County Council to make the temporary positive changes to Lytton Way traffic flow permanent?"

(F) Question from Councillor Tom Wren

"Does the Council consider it acceptable for builders' waste and rubble to be dumped on grass verges?"

(G) Question from Councillor Stephen Booth

"Why has the children's playground located at the north end of the town centre park between the swimming centre and Harrow Court been closed? Access is limited only by padlocks to the gates and a warning notice loosely on the ground advising "Safety First" and stating that the playground is closed for essential repairs. Children can easily climb over the low surrounding fence and do so regularly to access and use the play equipment. If there is a serious safety issue involving danger to children should the site not be properly secured? Please advise what action the Council proposes to take, how long the playground has been closed and when it will reopen."

(H) Question from Councillor Chris Howells

"Why was the junction between Lytton Way and Swingate altered necessitating the traffic management system to be installed to avoid long queues exiting Tesco's?"

(I) Question from Councillor Adam Mitchell CC

"Given that the Council has taken hundreds of thousands of pounds out of its play services budget, does it intend to use some of that money to re-instate play areas in the wards?"

(J) Question from Councillor Alex Farquharson

"The long-awaited Community Centre for Bragbury End is expected to be funded using the proceeds of the Kenilworth development. Can SBC confirm that this funding will solely be used for the provision of a high quality Bragbury End

Community Centre and not be diverted to other Wards?"

**11. MEMBERS' ALLOWANCES SCHEME 2023/24**

To consider a proposed Members' Allowances Scheme for 2023/24.

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**12. PAY POLICY STATEMENT 2023/24**

To consider a report recommending the Pay Policy Statement for the financial year 2023/24.

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**13. AUDIT COMMITTEE MINUTES**

To note the Minutes of the meeting of the Audit Committee held on 7 February 2023.

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Part 1 – Release to Press



**Meeting: COUNCIL**

Portfolio Area: Members' Services



**Date: 8 MARCH 2023**

## **MEMBERS' ALLOWANCES SCHEME 2023/24**

Author – Ian Gourlay Ext No. 2307

Lead Officer – Matt Partridge Ext No. 2456

Contact Officer – Ian Gourlay Ext No. 2307

### **1. PURPOSE**

1.1 To recommend to Council a Members' Allowances Scheme for 2023/24.

### **2. RECOMMENDATIONS**

2.1 That a Members' Allowances Scheme be agreed for 2023/24, as set out in Appendix A to this report, be agreed.

2.2 That the Scheme be updated should a percentage increase NJC Pay Award be agreed for 2023/24.

2.3 That, should the 2023/24 NJC Pay Award be a flat rate increase for employees, then (as per 2022/23 Scheme) the Scheme be updated by the percentage rate increase on allowances listed in the NJC pay agreement circular dated 28 February 2022.

### **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 2020/21 based on the recommendations of the Independent Remuneration Panel (IRP) that had undertaken a comprehensive

Council – 8 March 2023

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 ACTIONS AND OTHER OPTIONS**

- 4.1 The Council is being recommended to approve a Scheme for 2023/24 based on the Autumn 2019 recommendations of the Independent Remuneration Panel, as no amendments have been made to the political management structure of the Council upon which those recommendations were based.
- 4.2 The Scheme recommended includes provision for allowances to be index-linked to officer (NJC) pay awards therefore any pay award agreed would be automatically applied. To date no increase has been agreed for 2023/24, therefore the figures in Appendix A will remain at the same level as those for 2022/23. Should an NJC Pay Award be agreed for 2023/24 then the figures will be uplifted accordingly, either in line with the percentage increase for employees or, if a flat rate increase is agreed (as per 2022/23) then by the percentage rate increase on allowances listed in the NJC pay agreement circular dated 28 February 2022.

#### **5. IMPLICATIONS**

##### **5.1 Financial Implications**

The budget provision for the Members' Allowances Scheme in 2023/24 (inclusive of travel and subsistence) is £522,720, which is sufficient to fund the proposed Scheme.

##### **5.2 Legal Implications**

The Local Authorities (Members' Allowances) (England) Regulations 2003 require that before making a Scheme the Council must have regard to the recommendations made by the Independent Remuneration Panel. The appended draft Scheme for 2023/24 is in accordance with that recommended in the most recent report of the Panel.

#### **BACKGROUND DOCUMENTS**

- Report of Independent Remuneration Panel – January 2020
- Local Authorities (Members' Allowances) (England) Regulations 2003

#### **APPENDICES**

- Appendix A - Recommended Members' Allowances Scheme for 2023/24.



**STEVENAGE BOROUGH COUNCIL**

**MEMBERS' ALLOWANCES SCHEME**

**EFFECTIVE FROM 1 April 2023 to 31 March 2024 (figures to be uplifted should an NJC Pay Award be agreed for 2023/24)**

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 2023 to 31 March 2024.

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 2024.

3. Basic Allowance

A basic allowance shall be paid to each Councillor from 1 April 2023.

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 2023/24.

Part I – Release to Press



**Meeting** COUNCIL  
**Portfolio Area** Resources  
**Date** 8 March 2023



## PAY POLICY STATEMENT 2023/24

### 1 PURPOSE

- 1.1 To approve the Pay Policy Statement for financial year 2023/24.

### 2 RECOMMENDATIONS

- 2.1 That the Pay Policy Statement 2023/24 set out in accordance with the Localism Act 2011 and the Local Government Transparency Code 2015, as attached at Appendix 1 to the report, be approved.
- 2.2 That the Pay Policy Statement be placed on the Council's website.

### 3 BACKGROUND

- 3.1 The Localism Act requires local authorities to adopt annually a statutory pay policy statement which must then be published (including on the Council's website) 'to help local people understand how public money is being spent in their area and to hold the Town Hall to account'.
- 3.2 No remuneration may be made to officers which falls outside the Pay Policy Statement although it will be possible for a meeting of the Council to amend the Statement at any time.
- 3.3 The Pay Policy Statement must include its policies on the following matters:-
- the remuneration of its chief officers
  - the level and elements of remuneration for each chief officer,
  - the remuneration of chief officers on recruitment

- increases and additions to remuneration for each chief officer
  - the use of performance related pay
  - the use of bonuses for chief officers
  - the approach to the payment of chief officers on their ceasing to hold office
- 3.4 'Remuneration' of chief officers includes pay and terms and conditions which may apply in the future and to chief officer appointments which may be made in the future.
- 3.5 The Statement may also set out policies relating to other terms and conditions relating to Chief Officers.
- 3.6 The Statement must also set out:
- The relationship between the remuneration of its chief officers and that of its employees who are not chief officers.
  - The Authority's definition of its 'lowest paid employees' for these purposes and the reasons for this definition and
  - The remuneration of its 'lowest paid employees'
- 3.7 For clarity, 'Chief Officer' includes the Head of Paid Service (the Chief Executive), the Chief Finance Officer, the Monitoring Officer (Borough Solicitor), non-statutory chief officers (the Strategic Directors), and deputy chief officers (Assistant Directors).
- 3.8 In approving its Pay Policy Statement the Council must have regard to any guidance issued or approved by the Secretary of State. In 2012 'Openness and accountability in local pay' ("the Guidance") was issued. The Council is not bound to follow the guidance but must take it into account in approving the Statement.
- 3.9 The Act itself does not require local authorities to publish specific salary details in the Pay Policy Statement. However, the Accounts and Audit (England) Regulations 2011 and the Local Government Transparency Code 2015 require the publication in the accounts of salary bands and the salaries of Chief Officers. Salary bands for these posts have therefore been included in the Pay Policy Statement as suggested in the Guidance.
- 3.10 The Guidance refers extensively to the Hutton Review of Fair Pay in the Public Sector. This Review comments on fairness in pay and that the salary gap between the highest and lowest paid officers has grown in recent years. Hutton suggests that the relationship between chief officers and other employees is explained and taken into account in remuneration decisions for all staff. This relationship he recommends can be illustrated by the publication of pay multiples – the ratio between the highest paid employee and mean average earnings.
- 3.11 The Statement therefore includes pay multiples comparing the Chief Executive's remuneration against the lowest paid employees and mean

average earnings across the Council.

- 3.12 The Guidance also expresses concerns that senior staff moving posts within the public sector could be seen as driving up average pay levels particularly where the sector as a whole is paying twice through a salary and a pension.

As a closely related issue 'Authorities should use their Pay Policy Statement to explain their policies towards re-engaging chief officers who have received severance or redundancy payments from that authority'. Although it is not envisaged that any such appointments will be made the Council has adopted a policy which relates to all Council officers, including chief officers and states that "Any employee who takes voluntary redundancy will not be permitted to return to the employment of Stevenage Borough Council, either as a permanent or fixed term employee, for a minimum period of 12 months following the date of their redundancy. There is no restriction on returning to employment following compulsory redundancy".

There is no restriction on returning to the wider public sector, however, in line with the Redundancy Payment (Local Government) (Modification) Order 1999 (as amended) officers who are made redundant, receive an offer of employment from another public body before their employment terminates and then start work in the new job within 4 weeks of that termination will lose their entitlement to a redundancy payment.

- 3.13 The proposed pay policy takes account of the supplementary statutory guidance issued under the Localism Act 2011, in February 2013 by the Secretary of State, on pay policy statements and remuneration above £100,000.
- 3.14 At the time of writing no national pay award for chief officers for financial year 2023/24 has been agreed. If any award is agreed at a national level this will be implemented for chief officers in line with the national guidance.

#### **4 EQUALITIES AND DIVERSITY IMPLICATIONS**

- 4.1 The Council has a legal obligation to comply with the Equality Act 2010, and to ensure equal pay for work of equal value, for men and women. The Council implemented single status with effect from 1 July 2014 to ensure compliance.

- 4.2 The Council publishes its Gender Pay Gap Report on an annual basis. A copy of this report can be found on the Council's website at the following link –

[Gender Pay Gap 31 March 2021 \(stevenage.gov.uk\)](https://www.stevenage.gov.uk/gender-pay-gap-report-31-march-2021)

#### **APPENDICES**

Appendix 1 - Stevenage Borough Council Pay Policy Statement 2023/24.

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## **APPENDIX 1 – PAY POLICY STATEMENT FOR STEVENAGE BOROUGH COUNCIL**

This Pay Policy Statement is made in accordance with Chapter 8 of the Localism Act, 2011.

This policy shall apply from 1 April 2023 to 31 March 2024 subject to amendment by Council.

To date no Chief Officers' Pay Award has been agreed 2023/24 at a national level. Should an award be agreed this will be implemented in line with national guidance.

### **Remuneration bands of senior officers are set out here:**

Head of Paid Service/ Chief Executive	£109,269 - £126,993
Deputy Chief Executive (Strategic Directors pay band plus 10%)	£93,502 - £108,325
Strategic Directors	£85,002 - £98,477
Monitoring Officer/ Borough Solicitor	Employed by Hertfordshire County Council as part of a shared legal service.
Section 151 Officer	The Section 151 officer receives a supplement of up to £7300 per annum in addition to their Strategic Director pay
Deputy Section 151 Officer	The Deputy Section 151 officer receives a supplement of up to £1000 per annum in addition to their Assistant Director Pay
Assistant Directors	£70,910 - £82,101
Assistant Directors (with Recruitment and Retention premium attached or additional Operational responsibilities)	Up to £85,000
Interim Operational Director (Assistant Director pay scale with 10% premium attached for additional operational responsibilities)	Up to £90,000

*Lowest Paid Employees with effect from 1 April 2023	£21,029
**Mean Average Basic Earnings	£34,263

\*Excludes apprentices. 'Lowest Paid Employee' means the employees on the lowest grade assuming that the posts are full time.

\*\* At the time of writing no pay award for NJC staff has been agreed for financial year 2023/24 has been agreed.

1. Any employee, up to and including those on grade 6, is eligible for an overtime payment at an enhanced rate of +0.33 of their basic pay hourly rate for any overtime hours worked Monday to Saturday and +1.00 for any overtime hours worked on a Sunday for any additional hours worked over 37 per week.
2. Employees at or below Grade 6 that are required to undertake non-standard working are entitled to non-standard working enhancements. In addition to their normal salary those employees at or below grade 6, who are required as part of their contracted hours to work on a Saturday, or for longer than 4 consecutive hours between 10pm and before 7am receive a shift enhancement of +0.33 of their basic salary for those hours, and employees at or below grade 6 who are required to work on a Sunday as part of their contracted hours receive a shift enhancement of +1.00 of their basic salary, this rate of enhancement also applies to any hours worked on a public holiday.
3. With effect from 1 January 2014 the Council commenced paying the Living Wage to all employees, excluding apprentices. SBC updates the Living Wage on 1 April each year. With effect from 1 April 2023 this will be £21,029 (£10.90 per hour)
4. The pay of the Chief Executive (excluding payments for elections) is currently 6.04 times the pay of the lowest paid worker and this ratio is not expected to change significantly. The pay of the Chief Executive is currently 3.71 times the pay of mean average earnings. It should be noted at the time of writing no national pay award has been for any staff group for 2023/24
5. Many of the Chief Officers, Deputy Chief Officers and other employees receive a payment for attending and performing certain duties at elections. These payments are set in line with guidance produced per election type.
6. Salary packages amounting to £100,000 or more for new appointments will be approved by Full Council.
7. Salary increments are paid annually by default for all employees of the Council up to the top of the pay grade.
8. The pay of Chief Officers and Deputy Chief Officers is based on job evaluations undertaken through the Inbucon scheme.



9. The terms and conditions of Chief Officers and Deputy Chief Officers are set in accordance with the JNC.
10. Chief Officers and Deputy Chief Officers including any new appointments at this level will be made in accordance with the pay scales set out above.
11. All employees including Chief Officers and Deputy Chief Officers are entitled to redundancy payments based on the same multiple of 2.5 times statutory provision and based on actual weekly pay.
12. Any redundancy or severance packages of £100,000 or more for Chief Officers must be approved by Full Council.
13. Any employee who takes voluntary redundancy will not be permitted to return to the employment of Stevenage Borough Council, either as a permanent or fixed term employee, for a minimum period of 12 months following the date of their redundancy. There is no restriction on returning to employment following compulsory redundancy but an employee who is re – employed following redundancy must have a break of at least four weeks between the termination of the first employment and the start of the second in order to retain a redundancy payment.
14. All employees including Chief Officers and Deputy Chief Officers are entitled to retirement pensions calculated in the same way under the Local Government Pension Scheme (Administration) Regulations 2008, Regulations 2014 and the Council Pension Discretion Policy. These Regulations require the Council to publish its policy on increasing an employee's total pension and on awarding additional pension.
15. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 require the Council to formulate, review and publish its policy on making discretionary payments on early termination of employment.
16. The terms and payment of terminating the employment of any officer of the Council in any contentious circumstances which do not result from an award made by an Employment Tribunal or Court are settled by the Council on the basis of the legal merits of the case, the time and disruption which protracted litigation would involve, any limit of statutory entitlement on monetary claim available to an employee and what is considered prudent in all the circumstances.

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## STEVENAGE BOROUGH COUNCIL

### AUDIT COMMITTEE MINUTES

**Date: Tuesday, 7 February 2023**

**Time: 6.00pm**

**Place: Council Chamber, Daneshill House, Danestrete, Stevenage**

**Present:** Councillors: John Gardner (Vice-Chair in the Chair), Myla Arceno, Stephen Booth, Alex Farquharson, Jackie Hollywell, Graham Lawrence CC, Loraine Rossati and Tom Wren.  
Mr Geoff Gibbs (Independent Co-opted Non-voting Member)

**Start / End Time:** Start Time: 6.00pm  
End Time: 6.52pm

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

Apologies for absence were submitted on behalf of Councillors Teresa Callaghan (Chair) and Maureen McKay.

There were no declarations on interest.

#### **2 MINUTES - 9 NOVEMBER 2022**

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 9 November 2022 be approved as a correct record and signed by the Chair.

#### **3 2019/20 EXTERNAL AUDIT UPDATE**

The Committee received a verbal update from Karen Cunanan (Ernst & Young) in respect of the 2019/20 External audit of accounts. She advised that there were still five outstanding items in relation to the 2019/20 External audit. The items relating to property, plant & equipment; value for money; and going concern should all be completed in the near future.

Karen commented that the outstanding item relating to Infrastructure assts was a national issue. CIPFA had issued a revised code and the DHLUC was to prepare a Statutory Instrument in respect of this matter, which it was anticipated that SBC would adopt.

Karen explained that the final item related to non-compliance with the minimum Decent Homes standards – a provision needed to be made in the 2019/20 accounts for this item.

Karen stated that Ernst & Young was working with the SBC Finance Team and valuers to resolve the outstanding issues, and March 2023 had been agreed as the target date for completion/sign off of the audit.

The Strategic Director (CF) advised that some of the above issues had arisen because the audit had been open for a protracted amount of time. She had initially been prepared to agree to an audit limitation for the 2019/20 accounts, but that this would now be superseded by the CIPFA Code/DHLUC Statutory Instrument.

The Strategic Director (CF) explained that the alleged non-compliance with the Decent Homes standards issue had been referred to the Housing Regulator, but the allegation had not been upheld. The Council had been voluntarily reporting to the Regulator on good practice methods relating to Decent Homes. She added that housing valuations for stock-holding authorities were discounted as those councils provided social housing.

In reply to a Member's question, the Strategic Director (CF) commented that the issue with the Council not always meeting the Decent Homes standards could be due to access to properties and the timing of works. The Council had invested significantly in the stock via the Decent Homes and Major Works contracts. The level of decency was monitored via a Corporate Key Performance Indicator.

The Strategic Director (CF) agreed to provide the information on Decent Homes to the Committee as had been provided to Ernst & Young.

Karen Cunanan confirmed that there were risks associated with the completion of all 5 outstanding areas of the 2019/20 audit, which all required finishing before the audit was signed off (anticipated in March 2023).

The Committee Chair requested the Strategic Director (CF) to advise Members of the Audit Committee as soon as the 2029/20 audit had been completed and signed off.

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

#### **4 2020/21 EXTERNAL AUDIT PLAN**

The Committee received the proposed External Audit Plan for 2020/21, as submitted by Karen Cunanan (Ernst & Young). She began by drawing attention to the risks/areas of focus included in the Plan as follows:

- Misstatements due to fraud or error (risk of management override);
- Inappropriate classification of revenue spend as capital;
- Incorrect accounting for financing of capital regeneration schemes;
- Valuation of market-based property assets;
- Valuation of property, plant and equipment assets under Depreciated Replacement Cost (DRC) model;
- Queensway lease accounting treatment;
- Pension liability valuation;
- Recognition of grant income associated with Covid-19;
- Going concern disclosures;
- Infrastructure asset accounting; and

- Impact of non-compliance with minimum Decent Homes standards.

The Committee noted that the Preparation of Group Accounts risk/area of focus had been removed for the 2020/21 audit.

Karen referred to the materiality levels; the Audit scope; and the value for money audit arrangements set out in the Plan. In terms of the timeline for the 2020/21 audit, she stated that discussions were ongoing to identify a timescale that would be the most efficient and effective for both the SBC Finance Team and Ernst & Young.

In reply to Members' comments, the Strategic Director (CF) explained that the 2020/21 external audit would be challenging for the SBC Finance Team, especially as work would be happening in tandem regarding the close down of the 2022/23 accounts.

In response to a question, the Strategic Director (CF) confirmed that there had been 20 or so different COVID Grant schemes. Most of these schemes had now ended. The Council had acted as agents on behalf of the Government in distributing these grant funds, and Ernst & Young would need to check, as part of the 2020/21 audit, that these had been properly accounted for in the accounts.

It was **RESOLVED** that the proposed External Audit Plan for 2020/21, as submitted by Ernst & Young, be approved.

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

The SIAS Client Audit Manager presented a progress report with regard to the SIAS Internal Audit Plan 2022/23 (up to 20 January 2023).

The SIAS Client Audit Manager advised that eight final reports had been issued since the last progress report to the Committee, and these were set out in Paragraph 2.2 of the report, together with the assurance levels and number of recommendations.

The SIAS Client Audit Manager stated four audits had been moved the Quarter 4 from dates earlier in 2022/23. This was due to a combination of management requests and work re-allocation by SIAS. The Planned and Response Maintenance to the Council's Estate audit had been cancelled for the reasons set out in the report.

The SIAS Client Audit Manager referred to progress in respect of the Cyber Security and Environmental Maintenance High Priority Audit recommendations, as set out in Appendix B to the report.

The SIAS Client Audit Manager drew attention to the challenging recruitment and retention issues faced by the service, as outlined in Paragraphs 2.10 to 2.13 of the report.

In response to a Member's question, the SIAS Client Audit Manager advised that the two additional external partners appointed to assist in the work of SIAS for 2022/23 were BDO and Mazars. He added that he was confident that SIAS would have the

necessary capacity to resource the existing (2022/23) and 2023/24 Internal Audit Plan.

The Committee noted the comment made by the Strategic Director (CF) that the Shared Internal Audit Service provided a greater degree of audit resilience than would be the case should each of the partner authorities operated individual internal audit services.

It was **RESOLVED**:

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

## **6 ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2023/24**

The Strategic Director (CF) presented a report in respect of the Annual Treasury Management Strategy including Prudential Code Indicators for 2023/24.

The Strategic Director (CF) outlined the following points:

- there had been no breaches of the Treasury Management Strategy so far in 2022/23;
- there was a new Prudential Indicator for 2023/24 in respect of a Liability Benchmark;
- the Bank of England Base Rate had increased to 4%, which would impact on borrowing;
- the Base Rate was forecast to peak at 4.5% in June 2023 and was predicted to return to a level nearer 2% by December 2025
- cash balances were gradually reducing and it was estimated would be £48M by the end of the year; and
- the Strategy was complementary to the Council's Capital Strategy, which would be submitted to Council for approval on 23 February 2023.

It was **RESOLVED** that the 2023/24 Treasury Management Strategy 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 - 9 NOVEMBER 2022**

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 9 November 2022 be approved as a correct record and signed by the Chair.

## **10 URGENT PART II BUSINESS**

None.

## **CHAIR**

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