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Daneshill House
Danestrete
Stevenage
Hertfordshire

10 October 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, 18 October 2023 at 7.00pm and you are summoned to attend to transact the following business.

Yours faithfully



Matthew Partridge
Chief Executive

AGENDA

1. **APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST**
2. **MINUTES - SPECIAL COUNCIL AND SCHEDULED COUNCIL - 19 JULY 2023**

To approve as a correct record the Minutes of the Special and Scheduled meetings of the Council held on 19 July 2023.

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3. **MAYOR'S COMMUNICATIONS**

To receive any communications that the Mayor may wish to put before the Council.
4. **COMMUNITY PRESENTATIONS**

None received.
5. **PETITIONS AND DEPUTATIONS**

None received.
6. **QUESTIONS FROM THE YOUTH COUNCIL**

None received.

7. QUESTIONS FROM THE PUBLIC

The following questions have been submitted by members of the public. Written answers to the questions will be published on a supplementary agenda.

(A) Question from Mr Jim Borchers

“It is good to see that residents are moving into the new development at Kenilworth Close.

Can you give an update on when the ‘**four new retail units and enhanced community spaces**’ will be available for the current and future residents of Bragbury End to access?”

(B) Question from Jennifer Huygen

“Having recently moved to Stevenage and having done so particularly because I enjoy going out in nature and cycling, I was disappointed to realise there are barely any streetlights. This makes me uncomfortable going out after work by myself, particularly in Fairlands Valley Park.

I understand that street lighting is the remit of Hertfordshire County Council, but I would like to ask you very specifically about Fairlands Valley Park which has long sections without lighting and falls under the responsibility of Stevenage Borough Council. It is exceptionally dark, even early in the evening. This creates an unsafe environment, especially for women who are already disadvantaged when it comes to leading active lifestyles. Research from Sport England shows that the pandemic and cost-of-living crisis have had a disproportionate impact on women. Meaning that women have less to spend on weekly budgets and less time to spend on themselves. As a result, their activity levels have fallen and show little sign of recovery. 2.4 million fewer women than men strongly agree that they enjoy getting active. Sport England calls this the enjoyment gap and their research shows that 1 in 5 women say they worry about their safety whilst working out.

Given that wildlife friendly solutions to park lighting exist, can Stevenage Borough Council explain its plan to install lighting along paths across Fairlands Valley Park to ensure everyone can enjoy this park and lead more active lifestyles, even after sunset?”

(C) Question from Mr Teun van Leeuwen

"Towns that increased their bike usage have shown that success hinges on periodic inclusive cycling policy audits that ensure policy matches with needs, not just infrastructure-focussed audits. How will Stevenage Borough Council audit its policy: through inviting experts from the Dutch Cycling Embassy, by employing the Bypad method — proven effective in the UK and towns and cities worldwide — or using a different recognised participatory cycle policy auditing framework that uses best practices and taps into the experiences of Stevenage residents?"

8. LEADER OF THE COUNCIL'S UPDATE

In accordance with the Council's Standing Orders, the Leader of the Opposition shall be given the opportunity to raise one matter relevant to the Borough that has arisen since the last meeting of the Council. The Leader of the Council shall then have the opportunity to advise the Council of matters relevant to the Borough that have arisen since the last meeting.

9. UPDATE FROM SCRUTINY CHAIRS

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

10. NOTICE OF MOTIONS

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

(1) Maintenance of roads in the Borough

To be moved by the Labour Group.

"A Local Government Authority (LGA) analysis from March this year stated that the Government spent 31 times more per mile maintaining motorways and 'A' roads last year than they did on funding councils to repair crumbling local roads.

Figures from that same report show that the Government spent £192,000 per mile on maintaining strategic roads, such as motorways or major 'A' roads compared to just £6,000 per mile on fixing potholes on local roads.

This is despite local roads making up 180,000 miles of the UK's overall network, with strategic roads making up just 4,800 miles.

Given that there are some 3,200 miles of roadway in the county, this equates to almost two potholes for every road in Hertfordshire.

In June this year, the Herts County Council secured some £4m extra funding from the Government to address the issue of potholes in our roads. Given that there are ten authorities within the County, then evenly distributed this equates to some £400k each.

This Council calls upon the Herts County Council to recognise that Stevenage is a priority case regarding the repair of potholes because of HCC's neglect of our local roads and cycle tracks over the years and that at least £400k of the awarded funding is 'ringfenced' for the benefit and enhancement of the people and road users of the town.

We therefore move that this Council requests the County Council Highways Portfolio Holder to ensure fair shares and prompt action for Stevenage residents of repairs to potholes."

(2) Removal of London Day Travelcard

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

“That this Council objects to the removal of the London Day Travelcard, as it would have a significant negative financial impact on Stevenage residents travelling to London.

That this Council notes:

- Day Travelcards are tickets that allow local people to travel to London and then use public transport for free once they're in the capital.
- Day Travelcards are a simple and convenient way to get into and around London, removing these tickets would mean having to purchase multiple tickets to get across the city.
- Removing the Day Travelcard would deter potential rail passengers from using the train which would go against this Council's policy of encouraging sustainable transport.
- Research suggests that scrapping the Day Travelcards could cost at least an extra £9.30 per person, per visit to London.
- Unaffordable policies and mismanagement by the City Hall have left Transport for London (TfL) on the edge of bankruptcy. The proposal to removal Day Travelcards suggests that the Mayor is trying to get commuters and tourists to pick up the bill for his mistakes.

That this Council resolves:

- To demonstrate its support for Stevenage commuters and tourists by calling on the Mayor of London and TfL to halt the withdrawal of the Day Travelcard.
- To request the Leader of the Council and Chief Executive write to the Mayor of London and ask that he reconsiders scrapping the Day Travelcard, as this proposal will negatively affect this Council's policy of encouraging sustainable transport.”

11. QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS / PORTFOLIO HOLDERS

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

(A) Question from Councillor Robin Parker CC

“A planning application for a large telecommunications mast on the pavement at The Glebe was refused by SBC recently, but SBC failed to ensure that the refusal was received by the applicant within the statutory period, so the large mast can go ahead. This is likely to upset a lot of residents.

Exactly what new procedures will be or have now been introduced to make sure that a debacle like this cannot be made by SBC in future?

In particular, why are such important legal notices sent by Royal Mail even though Royal Mail deliveries are notoriously unreliable these days? Are they sent by Royal Mail first class service?"

(B) Question from Councillor Bret Facey

"Is the Executive Member satisfied that the Council robustly punishes the perpetrators of fly-tipping?"

(C) Question from Councillor Adam Mitchell CC

"Could you please provide an update on the progress and status of the Community Centre and associated shops within the Bragbury End development?"

(D) Question from Councillor Alex Farquharson

"Does the Executive Member believe that robust safeguarding measures are in place at the 108 Oaks Cross development to protect both the tenants and neighbouring properties?"

(E) Question from Councillor Andy McGuinness

"What impact will the Prime Ministers recent announcements to delay the implementation of our net zero commitments have on the Council's operations?"

(F) Question from Councillor Tom Wren

"What action is the Council taking to reduce tenancy fraud and the sub-letting of Council properties?"

(G) Question from Councillor Stephen Booth

"Could the Leader of the Council please update the Council on progress following the passing of recent and future motions, including those on 19 July 2023 regarding consultation and the planning process; 8 March 2023 regarding pay for council and school workers and 8 March 2023 regarding Vaping?"

(H) Question from Councillor Graham Snell

"The arrangements for traffic flows exiting Tesco's into Swingate and into Lytton Way have been changed again. Has the Council consulted with the Highway Authority about these changes and is the Council working with the Authority to get a workable and permanent solution to traffic entering Lytton Way at this point?"

12. ANNUAL TREASURY MANAGEMENT REVIEW 2022/23 AND PRUDENTIAL INDICATORS

The report circulated at Item 12 was considered by the Executive on 20 September 2023 when the following recommendation to Council was agreed:

“That the 2022/23 Annual Treasury Management Review be recommended to Council for approval”.

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13. AUDIT COMMITTEE MINUTES

To note the Minutes of the meeting of the Audit Committee held on 6 September 2023.

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STEVENAGE BOROUGH COUNCIL

SPECIAL COUNCIL MINUTES

Date: Wednesday, 19 July 2023

Time: 7.00pm

Place: Council Chamber

Present: Councillors: Myla Arceno (Mayor), Jim Brown (Deputy Mayor), Sandra Barr, Philip Bibby CC, Stephen Booth, Lloyd Briscoe, Rob Broom, Forhad Chowdhury, Nazmin Chowdhury, Michael Downing, John Duncan, Bret Facey, Alex Farquharson, Richard Henry, Jackie Hollywell, Chris Howells, Mason Humberstone, Wendy Kerby, Mrs Joan Lloyd, Conor McGrath, Andy McGuinness, Maureen McKay, Sarah Mead, Adam Mitchell CC, Margaret Notley, Robin Parker CC, Claire Parris, Ellie Plater, Loraine Rossati, Graham Snell, Simon Speller, Jeannette Thomas, Carolina Veres, Anne Wells and Tom Wren.

Start / End Start Time: 7.00pm
Time: End Time: 7.21pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Julie Ashley-Wren, Graham Lawrence CC, Lin Martin-Haugh and Baroness Taylor of Stevenage OBE, and from the Youth Mayor and Deputy Youth Mayor.

There were no declarations of interest.

2 HONORARY ALDERMAN

The meeting had been convened to consider a Motion to confer the title Honorary Alderman on former Councillor Liz Harrington.

Councillor Richard Henry in moving the motion paid tribute to Liz Harrington for her outstanding service to the town as a Councillor and that in her 31 years' service she had been active on many Scrutiny and Area Committees, as well as championing the needs of residents of the Bedwell Ward.

Councillor Michael Downing formally seconded the Motion and paid tribute to Liz Harrington's passion and commitment to the role of councillor, particularly in the field of local authority housing.

Councillor Phil Bibby CC, Leader of the Opposition and Councillor Robin Parker CC, Leader of the Liberal Democrat Group, and many other Members paid tribute to Liz Harrington and spoke in favour of the motion.

It was moved, seconded and **RESOLVED** that in accordance with the provisions of Section 249 of the Local Government Act 1972, the Council confers the title of Honorary Alderman on Mrs Liz Harrington who has rendered over 31 years' eminent service as a Councillor, active on many Scrutiny and Area Committees and representing the people of the Town, particularly in championing the needs of residents in the Bedwell Ward

MAYOR

STEVENAGE BOROUGH COUNCIL

COUNCIL MINUTES

Date: Wednesday, 19 July 2023

Time: 7.30pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Myla Arceno (Mayor), Jim Brown (Deputy Mayor) Sandra Barr, Philip Bibby CC, Stephen Booth, Lloyd Briscoe, Rob Broom, Forhad Chowdhury, Nazmin Chowdhury, Michael Downing, John Duncan, Bret Facey, Alex Farquharson, Richard Henry, Jackie Hollywell, Chris Howells, Mason Humberstone, Wendy Kerby, Mrs Joan Lloyd, Conor McGrath, Andy McGuinness, Maureen McKay, Sarah Mead, Adam Mitchell CC, Margaret Notley, Robin Parker CC, Claire Parris, Ellie Plater, Loraine Rossati, Graham Snell, Simon Speller, Jeannette Thomas, Carolina Veres, Anne Wells and Tom Wren.

Start / End Start Time: 7.30pm
Time: End Time: 10.18pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

The Mayor invited those present to observe a moment's silence.

Apologies for absence were received from Councillors Julie Ashley-Wren, Graham Lawrence CC, Lin Martin-Haugh and Baroness Taylor of Stevenage OBE, and from the Youth Mayor and Deputy Youth Mayor.

- (1) Councillor Tom Wren declared a Disclosable Pecuniary Interest in respect of Item 11 (3) – Notice of Motions: Mayor of London's Ultra-Low Emission Zone (ULEZ) Expansion, as he was employed by Transport for London. He stated that he would withdraw from the meeting for the duration of that item.
- (2) Councillor Bret Facey declared an interest in respect of Item 11 (3) – Notice of Motions: Mayor of London's Ultra-Low Emission Zone (ULEZ) Expansion, as he was employed by Harrow Council, referenced in the motion as being involved in the legal challenge against the ULEZ expansion, although his job was not related to that challenge. He would therefore be remaining in the meeting and participating in the debate and vote on that item.

2 MINUTES - ANNUAL MEETING - 24 MAY 2023

It was **RESOLVED** that the Minutes of the Annual Council Meeting held on 24 May 2023 be approved as a correct record and signed by the Mayor.

3 MAYOR'S COMMUNICATIONS

The Mayor announced that she had accepted an urgent motion for consideration at the meeting concerning the proposed closure of almost all staffed railway ticket offices in England, including Stevenage. This has been circulated to Members on a supplementary agenda and would be considered as the first item under Agenda Item 11 – Notice of Motions. The time taken to debate this urgent motion would not affect the 90-minute slot for consideration of the three motions previously submitted.

The Mayor stated that she was aware that there was no provision for the consideration of urgent motions in the Council's Constitution, but she was exercising my discretion to allow this motion to be debated tonight. Officers would look to incorporate such a provision as part of the Constitutional Review recognising, of course, that there must be sufficient grounds as to why such a motion was urgent and could not wait until the next Council meeting.

The Mayor then presented Long Service Awards to Councillors Jackie Hollywell (25 years' service), Graham Snell (25 years' service) and Jeannette Thomas (20 years' service).

The Mayor announced that it was an honour and a privilege for her to be in the role for 2023/24. She had attended over 45 events in her first seven weeks, as well as newspaper coverage and an interview on international television. She thanked those councillors who had given her advice and wisdom, as well as those who had supported her at events, and those who had accompanied her on some of her engagements when her Consort had been unavailable. She also thanked the Deputy Mayor for stepping in and attending events when she herself had been unavailable.

4 COMMUNITY PRESENTATIONS

There were no community presentations.

5 PETITIONS AND DEPUTATIONS

There were no petitions or deputations.

6 QUESTIONS FROM THE YOUTH COUNCIL

There were no questions from the Youth Council.

7 QUESTIONS FROM THE PUBLIC

There were no questions from the public.

8 LEADER OF THE COUNCIL'S UPDATE

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

“The Labour Party candidate for the next Parliamentary Election for the Stevenage Constituency had been invited to and had attended many recent Civic Events. The Conservative Party had recently selected its candidate. If he were to be invited to such functions, would he be as welcome as the Labour candidate had been?”

The Leader of the Council replied that the Conservative candidate would be welcome to attend future Civic events. This would also apply to the Liberal Democrat candidate when selected.

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

- Sycamore House;
- Co-operative Neighbourhoods Engagement;
- UK Shared Prosperity Fund Communities and Place Allocation;
- Recognition of SBC’s investment to supporting the most vulnerable in our community;
- Digital Lettings Project for Garages;
- Equalities, Diversity & Inclusion Action Plan;
- APSE Awards Finalist: Best Public/Private Partnership Working initiative;
- New Leisure Operator; and
- Information Technology: Future Councils Grant Funding;

In respect of the Sycamore House update, Councillor Phil Bibby CC commented that it was pleasing to see so many life sciences buildings being constructed in the Borough. He asked if that was attracting related businesses, supply chains etc. which would benefit the town and its residents economically?

The Portfolio Holder for Economy & Transport replied that, as an example, the town centre economy was benefitting from the presence of the occupants of the new Autolus building. He acknowledged that some of the scientists and support staff would be employed from outside the Borough, but he was keen that skills and training opportunities would be available, particularly for the younger generation, to enable them to progress careers in the life sciences sector. The Leader of the Council added that SBC was working with North Herts College and developers to look at opportunities for young people in Stevenage, and he referred to the excellent SITEC facility operated by the College to provide Stevenage residents with the necessary skills to commence careers in the STEM sector and associated businesses and supply chains.

9 UPDATE FROM SCRUTINY CHAIRS

In the absence of the Chair of the Overview & Scrutiny Committee, the Chair of the Community Select Committee (who was also a Member of the Overview & Scrutiny Committee) advised that, at its meeting held on 20 June 2023, it had scrutinised items such as the implementation of the Building Safety Act 2022 and DLUHC Future Councils Grant Award. The Committee had also agreed its Work programme for 2023/24, which would include a performance reviews of ICT; an analysis of the 2021 Census data; and reviewing 2024/25 Making Your Money Count options.

The Chair of the Community Select Committee advised that, at its meeting held on 27 June 2023, the Committee had agreed its Work programme for 2023/24, which would include a Repairs Review; the usual scrutiny of Crime & Disorder and Public Health; and a review of the Cultural Strategy. The Committee had also received feedback on its 2022/23 review of Voids and was pleased to note that the Portfolio Holder for Housing & Housing Development had accepted the Committee's recommendations.

The Chair of the Environment & Economy Select Committee advised that the Committee had commenced its 2023/24 review of Bus Services, and commented that Arriva, the Bus Users Group and County Council representatives would be invited to future meetings to be questioned on the subject. The Committee would also be monitoring cost of living issues, as well as receiving progress reports in November 2023 and March 2024 regarding the Council's progress on its Climate Change Strategy.

10 SCRUTINY ANNUAL REPORT 2022/23

In the absence of the Chair of the Overview & Scrutiny Committee, the Vice-Chair (Councillor Phil Bibby CC) moved that the Annual Scrutiny Report for 2022/23 be noted.

In seconding the motion, Councillor Sarah Mead thanked all Members who had contributed to scrutiny work during 2022/23.

It was **RESOLVED** that the work undertaken by the Overview & Scrutiny Committee and Select Committees during 2022/23, as set out in the report, be noted.

11 NOTICE OF MOTIONS

Urgent Motion – Save Our Local Rail Ticket Offices

Councillor Lloyd Briscoe moved and Councillor Sandra Barr seconded the following motion:

“That Council notes with dismay the news that the Department for Transport and the 13 train operating companies it manages have announced plans to close almost all staffed ticket offices in England, totalling nearly 1,000, following changes to the Government's guidance relating to ticket office opening hours and operation. Statutory Consultations began on 5th July and will close on 26th July.

Council believes that our ticket office provides a vital service to residents in Stevenage and support passenger safety, security and accessibility. Having a central place in the station for people requiring advice and assistance provides certainty and confidence for customers who may struggle to otherwise locate station staff and also acts as a point of safety for passengers. At many stations, access to facilities such as toilets and waiting rooms is reliant on ticket office staff.

Not all residents are able to use ticket vending machines or online ticketing platforms. Many journeys require human assistance to ensure customers purchase

the most appropriate and cheapest tickets, and do not incur penalties from mis-booked tickets. Ticket office staff have a wealth of knowledge which ensures that customers get appropriate advice for their whole journey.

Council is concerned the closure of ticket offices will disproportionately affect disabled, Deaf and older residents in Stevenage – as well as those with poor literacy and IT skills or on lower incomes. Council also notes the possible implications for current station staff and believes that the closure of ticket offices could lead to a de-staffing of rail stations.

Council therefore resolves to:

- Instruct the Chief Executive to write to the Secretary of State for Transport, expressing Council's opposition to the possible closure of staffed rail ticket offices – and in particular the office/s at Stevenage Railway Station;
- Instruct the Chief Executive to write to Network Rail expressing the Council's opposition to any plans to close the staffed ticket office/s at Stevenage Railway Station; and
- Request that all councillors respond to the consultations before 26th July to confirm their support for ticket offices remaining open and for properly staffed rail stations."

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

(1) Education provision in Hertfordshire

Councillor Sandra Barr moved and Councillor Maureen McKay seconded the following motion:

"In view of the difficulties being experienced by schools in Hertfordshire due to reductions in education funding, including:

- That Hertfordshire schools are running at a combined deficit of £1.8 million;
- That the equivalent of one in 22 (4.6 per cent) LA-maintained schools in Herts are now spending more than their income;
- That with the lack of Pupil Premium Grant since 2020, Hertfordshire schools are missing out on £1.9million of vital funding;
- That Hertfordshire's education department are glossing over the 800 children already awaiting special school's provision and cutting mainstream budgets to prop up special school places; and
- The worrying rate of teachers leaving the state sector for reasons other than retirement, which grew to a record high last year,

We as a Council have a duty of care to put pressure on the government to properly

fund our state education system.

In recognition of the above stated points, this Council instructs the Portfolio Holder for Co-operative Council and Neighbourhood Communities to write to the Secretary of State for Education and Hertfordshire County Council to ask the Government to properly fund the state education system, and to challenge the County Council to cease formulating budgets that attempted to camouflage what is, in reality, an educational crisis.”

The following amendment was moved by Councillor Bret Facey and seconded by Councillor Alex Farquharson (additions and omissions in bold):

~~“In view of~~ The financial difficulties being experienced by schools in Hertfordshire due to ~~reductions in pressures on~~ education funding **have been caused by the ongoing economic fallout from the Covid pandemic as well as the worldwide inflationary problems caused by Putin’s war in Ukraine. These pressures mean including:**

- That Hertfordshire schools are running at a combined deficit of £1.8 million;
- That the equivalent of one in 22 (4.6 per cent) LA-maintained schools in Herts are now spending more than their income;
- That with the lack of Pupil Premium Grant since 2020, Hertfordshire schools are missing out on £1.9million of vital funding;
- That Hertfordshire’s education department are **struggling to find SEND provision for glossing over the 800 children already awaiting special school’s provision and balancing cutting mainstream budgets to support prop-up SEND special school** places; and
- The worrying rate of teachers leaving the state sector for reasons other than retirement grew to a record high last year.

Notwithstanding these challenges, there has been positive news for education in Stevenage. The Thomas Alleyne Academy, Fairlands Primary School and Camps Hill Primary School all benefited from the government’s £450 million investment fund to upgrade facilities. This investment is welcome.

This Council also acknowledges that the County Council has just agreed to invest an additional and ongoing £5million to significantly improve SEND provision in Hertfordshire.

We as a Council have a duty of care to ~~lobby put pressure on~~ the government to **properly increase** funding for our ~~schools state education system~~. In recognition of the above stated points, this Council instructs the Portfolio Holder for Co-operative Council and Neighbourhood Communities to write to the Secretary of State for Education and Hertfordshire County Council to ask the Government to **increase**

properly funding for Stevenage schools the state education system, and to challenge work with the County Council to support SEND children in Stevenage to prevent cease formulating budgets that attempted to camouflage what is, in reality, an educational crisis from happening.”

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

Following further debate, and upon being put to the vote, the original motion was carried.

(2) Consultation on planning applications

Councillor Stephen Booth moved and Councillor Robin Parker CC seconded the following motion:

“That Council requests a report on the widening of the number of properties consulted over planning applications, including consulting with ward councillors when planning applications are received involving green space unspecified in the 2018 Local Development Plan.”

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

(3) Mayor of London’s Ultra-Low Emission Zone (ULEZ) Expansion

Councillor Graham Lawrence CC moved and Councillor Bret Facey seconded the following motion:

“That this Council notes that:

- On 4 March 2022 the Mayor Khan announced his plan to expand the Ultra-Low Emission Zone (ULEZ) from its current boundary to cover all of outer London. The expansion is due to come into force by 29 August 2023.
- The expansion will mean that those with non-compliant vehicles will pay £12.50 per day to drive within the ULEZ each day.
- Stevenage is a commuter town, with a significant number of residents travelling into outer London for work via public transport, but in their own vehicles also.
- Many Stevenage residents also have family connections to outer London and so need to visit outer London to see relatives.
- The less well-off will be disproportionately penalised by this expansion, as such residents will be reliant on their cars and are unable to replace them with more modern (compliant) vehicles.
- The Mayor of London has set aside almost £400 million towards expanding the ULEZ and related projects.
- 5 Councils (Bexley, Bromley, Harrow, Hillingdon and Surrey Councils) have joined together to oppose the Mayor’s decision to expand the ULEZ and have successfully taken the issue to the High Court for Judicial Review.

That this Council resolves to:

- Condemn this expansion which will push up the cost of living for some of our

poorest residents, who rely on their cars and trades vehicles to commute to outer London, by imposing this de facto tax on motorists.

- Call on the Mayor of London to withdraw his unworkable and discriminatory ULEZ expansion.
- Publicly express solidarity with, and support for, the local authorities involved in the 'Coalition Against ULEZ Expansion' legal challenge against the Mayor of London's flawed decision."

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

12 QUESTIONS FROM MEMBERS TO COMMITTEE CHAIRS / PORTFOLIO HOLDERS

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

- (A) Question from Councillor Graham Lawrence CC re: maintenance of children's play areas across the Borough

No supplementary question was asked.

- (B) Question from Councillor Phil Bibby CC re: road sweeping and parked vehicles

Supplementary question – "Could a system be introduced for the hot-spotting of certain roads for sweeping, so that residents could be pre-advised?"

The Executive Portfolio Holder for Environment & Performance acknowledged the issue and stated that it may be helpful to have a meeting with officers at the Cavendish Road Depot to discuss a possible way forward.

- (C) Question from Councillor Bret Facey re: the recently refurbished Shephalbury Park tennis courts

Supplementary question – "When identical tennis court refurbishment schemes to the Shephalbury Park project were proposed in Barnet, Harrow and Gloucester the Labour Group Leaders on those councils denounced them as privatisation of the parks and a slap in the face to less well-off tennis players. Who is right, Councillor Henry or the Leaders in Barnet, Harrow and Gloucester?"

The Executive Portfolio Holder for Culture, Leisure & IT replied that Councillor Henry was right. For whatever reason those other councils made their decisions was a matter for them. In Stevenage, the Council supported tennis and local people, especially youth involvement, and Councillor Henry had been instrumental in making that happen.

- (D) Question from Councillor Chris Howells re: pedestrian safety in the Town Centre.

Supplementary question – "Can the Town Centre Neighbourhood Wardens be given

some powers to address cycling, skateboarding and the use of e-scooters in the pedestrianised town centre?”

The Executive Portfolio Holder for Community Safety & Equalities answered that, by law, the Town Centre Wardens had very limited powers, and commented that it was a Police matter. She was aware that the Police patrolled the area on a periodic basis, but also that they had other priorities. She suggested that the matter be raised at the forthcoming Police Priorities Meeting.

(E) Question from Councillor Stephen Booth re: consultation with Ward Councillors ahead of Council sales of green space or other land for development

No supplementary question was asked.

(F) Question from Councillor Andy McGuinness re: the Council’s 2030 decarbonisation target

Supplementary question – “Will Members be given a cast-iron guarantee that work will be done to baseline the Council’s carbon footprint, in order that progress can be measured on an annual basis towards the 2030 decarbonisation target?”

The Executive Portfolio Holder for Environment & Performance agreed that the Council could not at the moment be precise about status against its 2030 target, although the answer to the original question referred to the Climate Change tracker. The Council’s responsibilities mainly concerned the decarbonisation of its housing and the vehicle fleet. He added that the annual Climate Change update report would be submitted to the Executive in October 2023, and he agreed that in order to performance manage the process the Council would need to know the current position, the direction of travel, and the constraints/obstacles in the way. In October the tracker would also be presented to the Overview & Scrutiny Committee and the Environment & Economy Select Committee.

(G) Question from Councillor Robin Parker re: the legalities of the use of electric scooters

Supplementary question – “Could the Council publish information about the illegality of electric scooters in the Chronicle Magazine, via posters on noticeboards and community centres, and on the SBC website?”

The Executive Portfolio Holder for Community Safety & Equalities replied that the Council would publish this information.

(H) Question from Councillor Graham Snell re: the long-term plans for the former car park area to the north of the new Multi-Storey Car Park.

Supplementary question – “Could I be out in touch with an officer in the Regeneration Team to discuss the future proposals for this area of land?”

The Executive Portfolio Holder for Economy & Transport replied that Councillor Snell was welcome to contact any officers in the Regeneration Team to discuss the matter.

- (I) Question from Councillor Tom Wren re: a suggestion from an electric bike scheme.

There was no supplementary question, but Councillor Wren welcomed the fact that electric bikes were to be included in the cycle hire scheme being investigated by the Council.

13 AUDIT COMMITTEE MINUTES

The Minutes of the meetings of the Audit Committee held on 27 March 2023 and 6 June 2023 were received.

14 EXCLUSION OF PRESS AND PUBLIC

It was **RESOLVED**:

1. That 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. That the reasons for the following reports being in Part II were accepted, and that the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

15 REGENERATION PROGRAMME UPDATE AND SG1 PROGRAMME IMPLEMENTATION

The Council considered a Part II report in respect of an update on the Regeneration Programme and implementation of the SG1 report.

In response to comments made by Members regarding the financing of the proposed Joint Venture for development of Plot A (former Swingate Car Park) of the SG1 scheme, and associated risk mitigation measures, it was agreed that a presentation on this matter would be given in the Part II element of the Overview & Scrutiny Committee meeting to be held on 24 July 2023. If required, an All-Member presentation regarding the matter could also be provided.

It was **RESOLVED** that, subject to consideration by the Overview & Scrutiny Committee, the recommendations set out in the report be approved.

MAYOR



AUDIT COMMITTEE/ EXECUTIVE / COUNCIL

Portfolio Area: Resources

**Date: 6 September 2023 / 20
September 2023 / 18 October
2023**



ANNUAL TREASURY MANAGEMENT REVIEW 2022/23 AND PRUDENTIAL INDICATORS

NON-KEY DECISION

Author – Rhona Bellis
Contributor – Belinda White
Lead Officer – Brian Moldon
Contact Officer – Brian Moldon

1 PURPOSE

1.1 To review the operation of the 2022/23 Treasury Management and Investment Strategy.

2 RECOMMENDATIONS

2.1 Audit Committee

That, subject to any comments by the Audit Committee to the Executive, the 2022/23 Annual Treasury Management Review be 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 Annual Treasury Management Review be 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 Annual Treasury Management Review be approved.

3 BACKGROUND

3.1 Regulatory Requirement

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 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 (Council 14 December 2022)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

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; and
- 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 activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

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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 Executive Summary

3.2.1 During 2022/23, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Table 1

Prudential and treasury indicators	31.3.22 Actual £000	2022/23 Original £000	31.3.23 Actual £000
Capital expenditure			
GF	24,106	30,510	17,814
HRA	36,727	64,666	43,966
Total	60,833	95,176	61,780
Capital Financing Requirement:			
GF	46,366	45,802	49,733
HRA	258,581	277,784	264,585
Total	304,947	323,586	314,318
Gross borrowing	234,820	285,304	235,057
Investments			
• Longer than 1 year	7,300	7,300	2,300
• Under 1 year	61,450	40,435	40,985
• Total	68,750	47,732	43,285
Net borrowing	166,070	237,572	191,772

Other prudential and treasury indicators are to be found in the main body of this report. The Chief Finance Officer also confirms that borrowing (internal and external) was only undertaken for a capital purpose and the statutory borrowing limit (the authorised limit) was not breached.

3.2.2 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the year the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2022/23.

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

4 THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING

- 4.1.1 Capital expenditure¹ 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.
- 4.1.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

Table 2

2022/23 Capital Expenditure and Financing			
	31.3.22	2022/23 Working Budget	31.3.23
	£'000	£'000	£'000
General Fund			
Capital Expenditure:	24,106	23,927	17,814
Financed excluding borrowing	(11,743)	(23,927)	(12,928)
Unfinanced capital expenditure (borrowing)	12,363	0	4,886
HRA			
Capital Expenditure:	36,727	42,338	43,966
Financed excluding borrowing	(11,730)	(42,338)	(39,392)
Unfinanced capital expenditure (borrowing)	24,997	0	4,574

4.2 THE COUNCIL'S OVERALL BORROWING NEED

- 4.2.1 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 are made. A separate CFR is calculated for the General Fund and Housing Revenue Account and any transfers of assets (such as land or buildings) between the two accounts will impact on each fund's CFR. The CFR will go up on the fund "receiving" the assets and go down (by the same amount) on the fund "giving" the asset.
- 4.2.2 The Council's 2022/23 Minimum Revenue Provision Policy (MRP), as required by DLUHC Guidance, was approved as part of the Treasury Management Strategy Report for 2022/23 on 24 February 2022.

¹ 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.

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The MRP charged to the General Fund in 2022/23 was £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

4.2.3 The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes finance leases included on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

Prudential Indicator – Capital Financing Requirement
Table 3

CFR (£'000): General Fund	31.3.22 Actual	2022/23 Budget	31.3.23 Actual
Opening balance *	35,516	37,920	46,366
Add: unfinanced capital expenditure (as above)	12,363	8,448	4,886
Less:			
Unfinanced capital expenditure from prior years now financed	(757)		(510)
MRP	(195)	(473)	(215)
Finance lease repayments	(561)	(93)	(239)
Appropriations to / from HRA	0	0	(540)
Other	0	0	(15)
Closing balance	46,366	45,802	49,733

* Includes a £11Million technical adjustment for Queensway LLP and £7Million of Local enterprise Partnership (LEP) loans.

CFR (£'000): HRA	31.3.22 Actual	2022/23 Budget	31.3.23 Actual
Opening balance	233,093	262,144	258,581
Add:			
Unfinanced capital expenditure (as above)	24,997	15,640	4,574
New finance lease	491	0	890
Appropriations to / from GF	0	0	540
Closing balance	258,581	277,784	264,585

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4.2.4 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

4.3 Limits to Borrowing Activity

4.4 Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2022/23) plus the estimates of any additional capital financing requirement for the current (2023/24) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2022/23. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Table 4

	31.3.22 Actual £'000	2022/23 Budget £'000	31.3.23 Actual £'000
Gross borrowing position	£234,820	£285,304	£235,057
CFR	£304,947	£323,586	£314,318
(Under) / over funding of CFR	(£70,127)	(£38,282)	(£79,261)

4.5 The **authorised limit** - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2022/23 the Council has maintained gross borrowing within its authorised limit.

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

4.7 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

Table 5

Authorised limits	HRA 2022/23 £m	GF 2022/23 £m
Authorised limit	280	82
Maximum gross borrowing position during the year	226	9
Operational boundary	268	67

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Authorised limits	HRA 2022/23 £m	GF 2022/23 £m
Average gross borrowing position	226	9
Financing costs as a % of net revenue stream	17%	6%

4.8 TREASURY MANAGEMENT ACTIVITIES

4.9 TREASURY POSITION AS AT 31 MARCH 2023

4.9.1 The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

4.9.2 At the end of 2022/23 the Council's treasury position (excluding finance leases), was as follows:

Table 6

Treasury Position						
	2021/22			2022/23		
	31 March 2022 Principal £'000s	Rate / Return %	Average Life (Yrs)	31 March 2023 Principal £'000s	Rate / Return %	Average Life (Yrs)
PWLB Borrowing	227,750	3.28	13	227,487	3.28	12
Other Borrowing (LEP)	7,070	0	8	7,570	0	7
Total Debt	234,820			235,057		
Capital Financing Requirement	304,947			314,318		
Total Investments	79,930			55,241		
Over/(Under) borrowing	9,803			(24,020)		

The maturity structure of the debt portfolio was as follows:

Table 7

Debt Maturity Structure	31.3.22 Actual £'000	2022/23 original limits £'000	31.3.23 Actual £'000
Within 1 Year	0		0
Over 1 not over 2 years	263		500
Over 2 not over 5 years	15,570		26,026

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Debt Maturity Structure	31.3.22 Actual £'000	2022/23 original limits £'000	31.3.23 Actual £'000
Over 5 not over 10 years	57,656		64,700
Over 10 not over 15 years	99,963		100,663
Over 15 not over 20 years	51,811		37,658
Over 20 not over 30 years	4,557		5,510
Over 30 years	5,000		0
Total Debt	234,820	362,503	235,057

Investment Portfolio	31.3.22 Actual £000	31.3.22 Actual %	31.3.23 Actual £000	31.3.23 Actual %
Treasury investments – all managed in house				
Banks and Building Societies	55,000	80%	26,600	61%
Local authorities	7,300	11%	7,300	17%
Money Market Funds	6,450	9%	9,402	22%
Total treasury investments	68,750	100%	43,302	100%

Non-Treasury investments				
Subsidiaries	11,180	100%	11,939	100%
Total Non-Treasury Investments	11,180	100%	11,939	100%
Treasury investments	68,750	86%	43,302	78%
Non-Treasury investments	11,180	14%	11,939	22%
Total of all Investments	79,930	100%	55,241	100%

The maturity structure of the investment portfolio was as follows:

Table 8

Investment Maturity Structure	31.3.22 Actual £000	31.3.23 Actual £000
Within 1 Year	61,451	41,003
Longer than 1 year	18,479	14,238
Total Investments	79,930	55,241

4.9.3 In addition to the PWLB borrowing, the General Fund also has loans from the Local Enterprise Partnership (LEP) in relation to regeneration activities. Subject to discussion, these loans (£7,570k) are repayable, £500k in 2025 and the balance in 2030.

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- 4.9.4 The non-treasury loan to the subsidiary is the loan made to Marshgate LTD (WOC), for the purchase and development of housing within the Borough in 2021/22 and 2022/23.
- 4.9.5 The fall in the treasury investment balances of £25m between 31 March 2022 and 31 March 2023 mainly reflects the use of internal borrowing to fund the capital programme rather than borrowing externally over the two years to 31 March 2023.

4.10 TREASURY MANAGEMENT STRATEGY 2022/23

- 4.10.1 The Treasury Management Strategy was approved by Council on 24 February 2022.

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

4.11 Borrowing

- 4.11.1 During 2022/23, the Council maintained an under-borrowed position and no new external borrowing was taken during the year. This meant that the capital borrowing need, (the Capital Financing Requirement), was not fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as interest rates on investments were initially low and this also minimised counterparty risk.
- 4.11.2 The policy of avoiding new borrowing by running down spare cash balances has served the Council well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt. The Council has taken some limited borrowing in 2023/24 to ensure the Council's cashflow position is resilient and to ensure that if interest rates increase, large amounts of borrowing required are not all taken at higher rates.
- 4.11.3 Interest rate forecasts were initially suggesting only gradual rises in short, medium and longer-term fixed borrowing rates during 2022/23 but by August it had become clear that inflation was moving up towards 40-year highs, and the Bank of England engaged in monetary policy tightening at every Monetary Policy Committee meeting during 2022, and into 2023, either by increasing Bank Rate by 0.25% or 0.5% each time. Currently the CPI measure of inflation has fallen back to 6.8% by July 2023 in the UK but is expected to fall back towards 4% by year end. Nonetheless, there remain significant risks to that central forecast.
- 4.11.4 The PWLB certainty rate is gilts plus 80bps. During the year, gilt yields rose from the start of 2021, peaking in the autumn of 2022.
- 4.11.5 There is likely to be a fall in gilt yields and PWLB rates across the whole curve over the next one to two years as Bank Rates first rise to dampen inflationary

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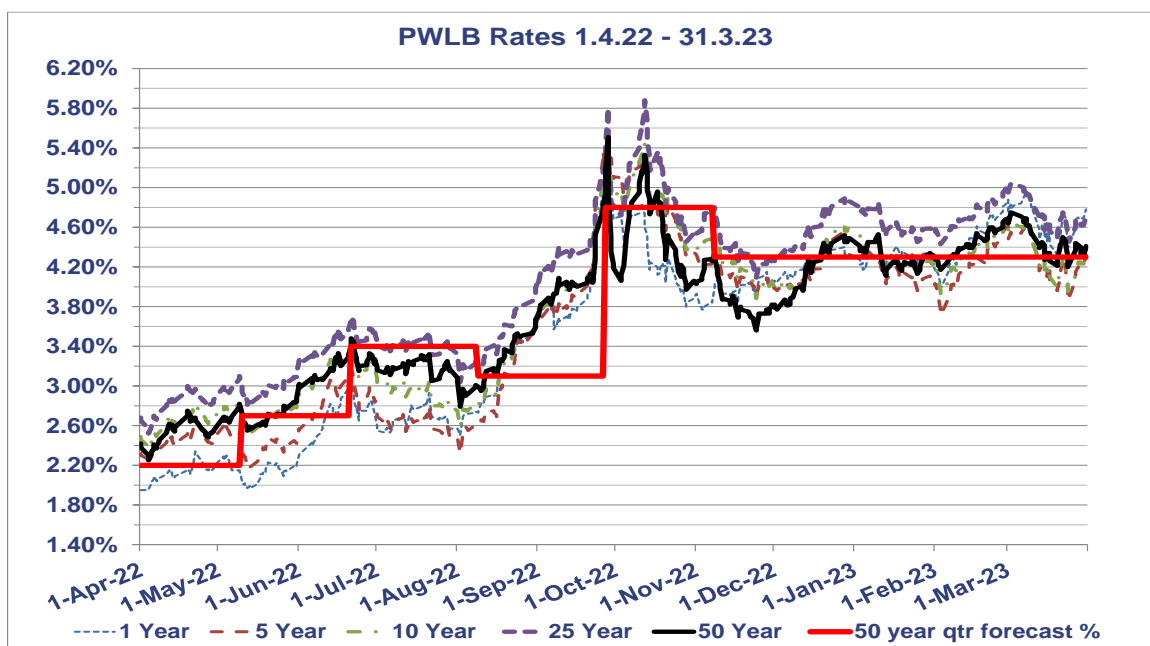
pressures and is then cut as the economy slows, unemployment rises, and inflation (on the Consumer Price Index measure) moves closer to the Bank of England’s 2% target.

4.11.6 As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

4.11.7 The Bank of England is also embarking on a process of Quantitative Tightening. The gradual reduction of the Bank’s original £895Billion stock of gilt and corporate bonds will be sold back into the market over several years. The impact this policy will have on the market pricing of gilts, while issuance is markedly increasing, is an unknown at the time of writing.

4.11.8 The Chart below shows the volatility of the PWLB borrowing rates from 1 April 2022 to 31 March 2023.

PWLB RATES 2022/23
Chart 1



4.12 BORROWING OUTTURN

4.12.1 No new borrowing was undertaken during the year

4.12.2 Interest paid on PWLB borrowing during the year was £ 7,339,321 – Housing Revenue Account (HRA) and £44,188 - General Fund (GF)

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4.13 ANNUAL INVESTMENT STRATEGY

4.13.1 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

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

4.13.2 There were no breaches to this policy in the year to 31 March 2023 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.

4.13.3 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.

4.13.4 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.

4.14 Investment performance year to date as of 31 March 2023

4.14.1 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. No investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria (see Appendix D).

4.14.2 The average level of funds available for investment purposes during the year was £67Million, earning an average interest rate of 1.79%. Interest earned to 31 March 2023 was £1.2Million on treasury investments, against an original budget of £330K, contributing to General Fund (£363K) and Housing Revenue Account revenue income (£845K). Investment interest rates have since

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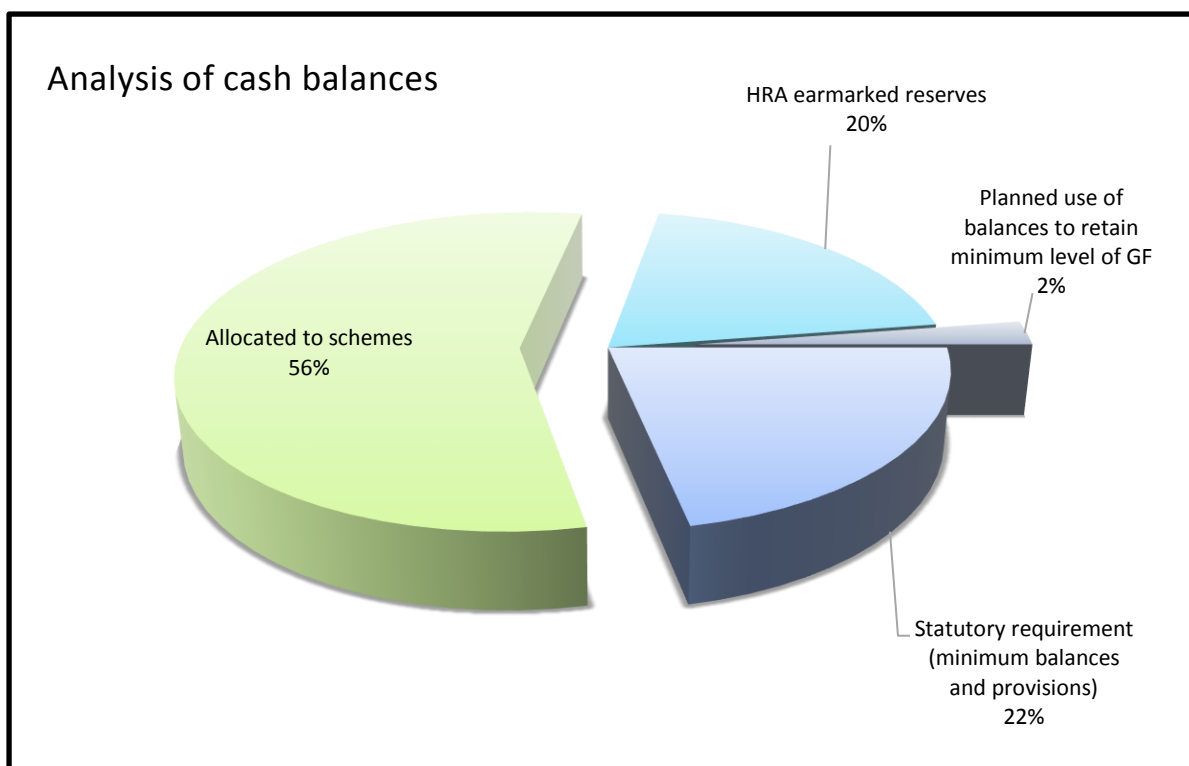
significantly increased with the movement in the Bank of England base rate and are now predicted to be an average 5.18% for 2023/24.

4.14.3 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 and balances held for provisions such as business rate appeals.

4.14.4 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) 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.

4.14.5 The following chart shows the planned use of cash balances as at 31 March 2023.

Chart 2



4.14.6 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 £43Million as at 31 March 2023 is not available for new expenditure.

4.14.7 Other Prudential Indicators

4.14.8 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

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tax, Revenue Support Grant and retained business rates. The 2022/23 indicator is an average of 15.26% (General Fund 5.52%, HRA 17.18%). This means the cost of borrowing represents a small proportion of the General Fund's core resources but a larger portion of HRA resources.

5 IMPLICATIONS

5.1 Financial Implications

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

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

5.2 Legal Implications

5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy are intended to ensure that the Council complies with relevant legislation and best practice.

5.2.2 There have been no changes to PWLB borrowing arrangements since the last Treasury report, however there are changes to the Prudential and Treasury Management codes from 2023/24. Officers will ensure that any changes are reflected in treasury operations and reporting requirements.

5.3 Risk Implications

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

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

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

5.3.4 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 be included in the revision to the BP in 2023.

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5.4 Equalities and Diversity Implications

- 5.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition to remaining within agreed counterparty rules, the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues. Counterparty rules will also be overlaid by any other ethical considerations from time to time as appropriate.
- 5.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

5.5 Climate Change Implications

- 5.5.1 The Council's investment portfolio is sterling investments and not directly in companies. However, the Treasury Management (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 Council's ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

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

APPENDICES

- Appendix A - Investment and Borrowing Portfolio
- Appendix B - Specified and Non-Specified Investment Criteria
- Appendix C - Link detailed Economy and Interest rates review
- Appendix D - Counterparty List 31 March 2023

Appendix A

INVESTMENT PORTFOLIO 31 MARCH 2023

Average interest rate - 2021/2022

0.35%

Average interest rate - 2022/23

1.79%

Investment Summary for Stevenage Borough Council

Investment data as at: Mar/2023

Country	Institution	Instrument Type	Start	Maturity	Yield	Principal
AUS	Australia and New Zealand Banking Group Ltd.	Fixed Term Deposit	18/10/2022	18/05/2023	4.44%	£2,300,000
	Australia and New Zealand Banking Group Ltd.	Fixed Term Deposit	28/12/2022	27/12/2023	4.78%	£5,000,000
						£7,300,000
CAN	National Bank of Canada	Fixed Term Deposit	19/12/2022	19/06/2023	4.17%	£5,000,000
						£5,000,000
DEU	Landesbank Hessen-Thuringen Girozentrale	Fixed Term Deposit	18/01/2023	18/07/2023	4.06%	£3,000,000
						£3,000,000
GBR	Cambridgeshire County Council	Fixed Term Deposit	13/04/2021	12/04/2023	0.44%	£5,000,000
	Santander UK PLC	Call (60 Day Notice)			3.58%	£1,000,000
	Standard Chartered Bank	Call (95 Day Notice)			4.49%	£7,000,000
	Goldman Sachs International Bank	Fixed Term Deposit	30/03/2023	29/09/2023	4.74%	£3,300,000
	Bury Metropolitan Borough Council	Fixed Term Deposit	18/05/2020	18/11/2024	2.00%	£2,300,000
						£18,600,000
MMF	MMF Aberdeen	Money Market Fund			3.95%	£4,500,000
	MMF CCLA	Money Market Fund			3.90%	£4,315,000
	MMF Morgan Stanley	Money Market Fund			3.97%	£570,000
						£9,385,000
Total					£43,285,000	

Note the £17k difference between £43,285,000 as above and the treasury investments in the TM outturn report is MMF invested internally with HSBC bank account.

PWLB LOAN PORTFOLIO 31st March 2023

Decent Homes Borrowing

Lender	Type	Rate %	Amount £'s	From	To	Life of Loan
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
			30,820,150			

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
			194,911,000			

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	2.29	1,755,950	19/03/2018	19/03/2028	10 years
			1,755,950			

Total PWLB Borrowing

227,487,100

Appendix B
Specified and Non-specified Investment Criteria
(including Treasury Limits and Procedures)

2022/23 Treasury Management Strategy

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

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

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.

UK. Economy.

Against a backdrop of stubborn inflationary pressures, the easing of Covid restrictions in most developed economies, the Russian invasion of Ukraine, and a range of different UK Government policies, it is no surprise that UK interest rates have been volatile right across the curve, from Bank Rate through to 50-year gilt yields, for all of 2022/23.

Market commentators' misplaced optimism around inflation has been the root cause of the rout in the bond markets with, for example, UK, EZ and US 10-year yields all rising by over 200bps in 2022. The table below provides a snapshot of the conundrum facing central banks: inflation is elevated but labour markets are extra-ordinarily tight, making it an issue of fine judgment as to how far monetary policy needs to tighten.

	UK	Eurozone	US
Bank Rate	4.25%	3%	4.75%-5%
GDP	0.1%q/q Q4 (4.1%/y/y)	+0.1%q/q Q4 (1.9%/y/y)	2.6% Q4 Annualised
Inflation	10.4%/y/y (Feb)	6.9%/y/y (Mar)	6.0%/y/y (Feb)
Unemployment Rate	3.7% (Jan)	6.6% (Feb)	3.6% (Feb)

Q2 of 2022 saw UK GDP deliver growth of +0.1% q/q, but this was quickly reversed in the third quarter, albeit some of the fall in GDP can be placed at the foot of the extra Bank Holiday in the wake of the Queen's passing. Q4 GDP was positive at 0.1% q/q. Most recently, January saw a 0.3% m/m increase in GDP as the number of strikes reduced compared to December. In addition, the resilience in activity at the end of 2022 was, in part, due to a 1.3% q/q rise in real household disposable incomes. A big part of that reflected the £5.7bn payments received by households from the government under the Energy Bills Support Scheme.

Nevertheless, CPI inflation picked up to what should be a peak reading of 11.1% in October, although hopes for significant falls from this level will very much rest on the movements in the gas and electricity markets, as well as the supply-side factors impacting food prices. On balance, most commentators expect the CPI measure of inflation to drop back towards 4% by the end of 2023. As of February 2023, CPI was 10.4%.

The UK unemployment rate fell through 2022 to a 48-year low of 3.6%, and this despite a net migration increase of c500k. The fact remains, however, that with many economic participants registered as long-term sick, the UK labour force shrunk by c500k in the year to June. Without an increase in the labour force participation rate, it is hard to see how the UK economy will be able to grow its way to prosperity, and with average wage increases running at over 6% the MPC will be concerned that wage inflation will prove just as sticky as major supply-side shocks to food (up 18.3% y/y in February 2023) and energy that have endured since Russia's invasion of Ukraine on 22 February 2022.

Bank Rate increased steadily throughout 2022/23, starting at 0.75% and finishing at 4.25%.

In the interim, following a Conservative Party leadership contest, Liz Truss became Prime Minister for a tumultuous seven weeks that ran through September and October. Put simply, the markets did not like the unfunded tax-cutting and heavy spending policies put forward by her Chancellor, Kwasi Kwarteng, and their reign lasted barely seven weeks before being replaced by Prime Minister Rishi Sunak and Chancellor Jeremy Hunt. Their Autumn Statement of the 17th of November gave rise to a net £55bn fiscal tightening, although much of the "heavy lifting" has been left for the next Parliament to deliver. However, the markets

liked what they heard, and UK gilt yields have reversed the increases seen under the previous tenants of No10/11 Downing Street, although they remain elevated in line with developed economies generally.

As noted above, GDP has been tepid throughout 2022/23, although the most recent composite Purchasing Manager Indices for the UK, US, EZ and China have all surprised to the upside, registering survey scores just above 50 (below suggests economies are contracting, and above suggests expansion). Whether that means a shallow recession, or worse, will be avoided is still unclear. Ultimately, the MPC will want to see material evidence of a reduction in inflationary pressures and a loosening in labour markets. Realistically, that is an unlikely outcome without unemployment rising and wage settlements falling from their current levels. At present, the bigger rise in employment kept the ILO unemployment rate unchanged at 3.7% in January. Also, while the number of job vacancies fell for the ninth consecutive month in February, they remained around 40% above pre-pandemic levels.

Our economic analysts, Capital Economics, expect real GDP to contract by around 0.2% q/q in Q1 and forecast a recession this year involving a 1.0% peak-to-trough fall in real GDP.

The £ has remained resilient of late, recovering from a record low of \$1.035, on the Monday following the Truss government's "fiscal event", to \$1.23. Notwithstanding the £'s better run of late, 2023 is likely to see a housing correction of some magnitude as fixed-rate mortgages have moved above 4.5% and affordability has been squeezed despite proposed Stamp Duty cuts remaining in place.

As for equity markets, the FTSE 100 started 2023 strongly, rising to a record high of 8,014 on 20th February, as resilient data and falling inflation boosted earnings. But global equities fell sharply after concerns over the health of the global banking system emerged early in March. The fall in the FTSE 100 was bigger than the drop in the US S&P 500. Indeed, at around 7,600 now, the FTSE is 5.2% below its record high on 20th February, while the S&P 500 is only 1.9% lower over the same period. That's despite UK banks having been less exposed and equity prices in the UK's financial sector not falling as far. It may be due to the smaller decline in UK interest rate expectations and bond yields, which raise the discounted value of future earnings, compared to the US.

USA. The flurry of comments from Fed officials over recent months suggest there is still an underlying hawkish theme to their outlook for interest rates. Markets are pricing in a further interest rate increases of 25-50bps, on top of the current interest rate range of 4.75% - 5%.

In addition, the Fed is expected to continue to run down its balance sheet once the on-going concerns about some elements of niche banking provision are in the rear-view mirror.

As for inflation, it is currently at 6% but with the economy expected to weaken during 2023, and wage data already falling back, there is the prospect that should the economy slide into a recession of any kind there will be scope for rates to be cut at the backend of 2023 or shortly after.

EU. Although the Euro-zone inflation rate has fallen below 7%, the ECB will still be mindful that it has further work to do to dampen inflation expectations and it seems destined to raise rates to 4% in order to do so. Like the UK, growth has remained more robust than anticipated but a recession in 2023 is still seen as likely by most commentators.

Appendix D

Investment Counterparty List 31 March 2023

<u>Counterparty</u>	<u>LT Rating (Fitch)</u>	<u>LRT Rating (Moody's)</u>	<u>LT Rating S&P</u>
<u>Australia</u>			
Australia and New Zealand Banking Group	A+	Aa3	AA-
Commonwealth Bank of Australia	A+	Aa3	AA-
Macquarie Bank Ltd.	A	A2	A+
National Australia Bank Ltd.	A+	Aa3	AA-
Westpac Banking Corp.	A+	Aa3	AA-
<u>Belgium</u>			
BNP Paribas Fortis	A+	A1	A+
KBC Bank N.V.	A+	A1	A+
<u>Canada</u>			
Bank of Montreal	AA-	Aa2	A+
Bank of Nova Scotia	AA-	Aa2	A+
Canadian Imperial Bank of Commerce	AA-	Aa2	A+
National Bank of Canada	A+	Aa3	A+
Royal Bank of Canada	AA-	Aa1	AA-
Toronto-Dominion Bank	AA-	Aa1	AA-
<u>Denmark</u>			
Danske A/S	A	A2	A+
<u>Finland</u>			
Nordea Bank Abp	AA-	Aa3	AA-
OP Corporate Bank plc	-	Aa3	AA-
<u>France</u>			
BNP Paribas	A+	Aa3	A+
Credit Agricole Corporate and Investment Bank	A+	Aa3	A+
Credit Agricole S.A.	A+	Aa3	A+
Credit Industriel et Commercial	A+	Aa3	A+
Societe Generale	A-	A1	A+
<u>Germany</u>			
Bayerische Landesbank	A-	Aa3	-
Commerzbank AG	-	A1	A-
Deutsche Bank AG	BBB+	A1	A-
DZ BANK AG Deutsche Zentral-Genossenschaftsbank	AA-	Aa2	A+
Landesbank Baden-Wuerttemberg	A-	Aa3	-
Landesbank Berlin AG	-	Aa3	-
Landesbank Hessen-ThueringenGirozentrale	A+	Aa3	-
Landwirtschaftliche Rentenbank	AAA	Aaa	AAA
Norddeutsche Landesbank Girozentrale	A-	A3	-
NRW.BANK	AAA	Aa1	AAA
<u>Netherlands</u>			
ABN AMRO Bank N.V.	A	A1	A
Bank Nederlandse Gemeenten N.V.	AAA	Aaa	AAA
Cooperatieve Rabobank U.A.	A+	Aa2	A+
ING Bank N.V.	AA-	Aa3	A+
Nederlandse Waterschapsbank N.V.	-	Aaa	AAA
<u>Norway</u>			
DNB Bank ASA	AAA	Aaa	AAA

Appendix D

Investment Counterparty List 31 March 2023

<u>Counterparty</u>	<u>LT Rating (Fitch)</u>	<u>LRT Rating (Moody's)</u>	<u>LT Rating S&P</u>
<u>Qatar</u>	<u>AA-</u>	<u>Aa3</u>	<u>AA</u>
Qatar National Bank	AA-	Aa3	A+
<u>Singapore</u>	<u>AAA</u>	<u>Aaa</u>	<u>AAA</u>
DBS Bank Ltd.	AA-	Aa1	AA-
Oversea-Chinese Banking Corp. Ltd.	AA-	Aa1	AA-
United Overseas Bank Ltd.	AA-	Aa1	AA-
<u>Sweden</u>	<u>AAA</u>	<u>Aaa</u>	<u>AAA</u>
Skandinaviska Enskilda Banken AB	AA-	Aa3	A+
Svenska Handelsbanken AB	AA	Aa2	AA-
Swedbank AB	AA-	Aa3	A+
<u>Switzerland</u>	<u>AAA</u>	<u>Aaa</u>	<u>AAA</u>
UBS AG	AA-	Aa2	A+
<u>United Arab Emirates</u>	<u>AA</u>	<u>Aa2</u>	<u>AA</u>
First Abu Dhabi Bank PJSC	AA-	Aa3	AA-
<u>United Kingdom</u>	<u>AA-</u>	<u>Aa3</u>	<u>AA</u>
Al Rayan Bank Plc	-	A1	-
Bank of Scotland PLC (RFB)	A+	A1	A+
Barclays Bank PLC (NRFB)	A+	A1	A+
Barclays Bank UK PLC (RFB)	A+	A1	A+
Close Brothers Ltd	A-	Aa3	-
Clydesdale Bank PLC	A-	A3	A-
Co-operative Bank PLC	BB	Ba1	-
Coventry Building Society	A-	A2	-
Goldman Sachs International Bank	A+	A1	A+
Handelsbanken Plc	AA	-	AA-
HSBC Bank PLC (NRFB)	AA-	A1	A+
HSBC UK Bank Plc (RFB)	AA-	A1	A+
Leeds Building Society	A-	A3	-
Lloyds Bank Corporate Markets Plc (NRFB)	A+	A1	A
Lloyds Bank Plc (RFB)	A+	A1	A+
National Bank Of Kuwait (International) PLC	A+	-	A
National Westminster Bank PLC (RFB)	A+	A1	A
Nationwide Building Society	A	A1	A+
NatWest Markets Plc (NRFB)	A+	A1	A-
Principality Building Society	BBB+	Baa2	-
Santander Financial Services plc (NRFB)	A+	A1	A-
Santander UK PLC	A+	A1	A
Skipton Building Society	A-	A2	-
SMBC Bank International Plc	A-	A1	A
Standard Chartered Bank	A+	A1	A+
The Royal Bank of Scotland Plc (RFB)	A+	A1	A
West Bromwich Building Society	-	Ba3	-
Yorkshire Building Society	A-	A3	-
<u>United States</u>	<u>AAA</u>	<u>Aaa</u>	<u>AA+</u>
Bank of America N.A.	AA	Aa2	A+
Bank of New York Mellon, The	AA	Aa1	AA-
Citibank N.A.	A+	Aa3	A+
JPMorgan Chase Bank N.A.	AA	Aa1	A+
Wells Fargo Bank, NA	AA	Aa1	A+

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday, 6 September 2023

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Maureen McKay (Chair), Carolina Veres (Vice-Chair), Stephen Booth, Lloyd Briscoe, Rob Broom, Nazmin Chowdhury, Alex Farquharson, Graham Lawrence CC, Claire Parris (substitute) and Tom Wren.
Mr Syed Uddin (Independent Co-opted Non-voting Member).

Start / End Time: Start Time: 6.00pm
End Time: 7.19pm

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

Apologies for absence were received from Baroness Taylor (substituted by Councillor Claire Parris).

The Chair welcomed Mr Syed Uddin, the new Independent Member to his first meeting of the Audit Committee.

There were no declarations of interest.

2 **MINUTES - 6 JUNE 2023**

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 6 June 2023 be approved as a correct record and signed by the Chair.

3 **EXTERNAL AUDIT PROGRESS AND LOCAL AUDIT DELAYS - DLUHC UPDATE JULY 2023**

The Committee considered a report presented by the Assistant Director (Finance) in respect of Local Audit delays and giving an update from the Department of Levelling Up, Housing and Communities (DLUHC) which had been issued in July 2023.

The Assistant Director (Finance) reminded Members that since 2017/18 there had been a deterioration with delays compounding during the Covid-19 pandemic, leading to a national persistent and significant backlog of audit opinions.

The Committee was advised that consideration was being given by DLUHC to potential changes to the Code of Audit Practice which it was hoped would prevent continued delays. It was hoped that changes to the relevant codes and standards would be made in time for implementation to begin by the end of December 2023. Officers also advised that the following statutory deadlines were being consulted on the SBC audits:

- 2020/21 – 2021/22 deadline 31 March 2024
- 2022/23 – deadline 30 September 2024
- 2023/2024 – deadline 31 March 2025.

The Committee then received a verbal update from Ernst & Young (EY) regarding progress on the outstanding SBC external audits. Debbie Hansen from EY advised that they were currently working through the impact of the DHLUC proposals. She advised the Committee that due to the delays, working papers including outstanding queries relating to valuations had to be revisited. Changes in personnel and a sector wide recruitment and retention challenge had also added to the delays to the Audits.

It was **RESOLVED:**

1. That the verbal update from Ernst & Young regarding progress on outstanding SBC external audits be noted.
2. That the report in respect of Local Audit delays and an update from the Department of Levelling Up, Housing and Communities (DHLUC) be noted.

4 **SHARED ANTI-FRAUD SERVICE (SAFS) ANNUAL REPORT 2022/23**

The Committee considered a report in respect of the Shared Anti-Fraud Service (SAFS) Annual Report 2022/23.

Darren Bowler from SAFS advised the Committee of significant recent reports published which had been used to ensure the Council was aware of new and emerging fraud threats as well as those established/known risks. The new reports included Lost Homes, Lost Hope which used previous data and research to estimate the current cost to local government of tenancy fraud. Members were concerned that the numbers of fraud cases identified appeared to be low. The Anti-Fraud Manager advised that the numbers were comparable to other partner authorities and also included the incidences of the more serious sub-letting cases along with similar figures for Council Tax fraud cases.

Members were pleased to note that close working arrangements were now in place with the Council's Tenancy Team to improve the identification of any cases of potential fraud.

In response to a question, the Assistant Director (Finance) advised that following the upcoming Treasury Management training session, further training sessions would be arranged for Members on Risk Management and Fraud.

It was **RESOLVED:**

1. That the activity taken by the Shared Anti-Fraud Service to deliver the 2022/23 Anti-Fraud Plan for the Council be noted.
2. That the other anti-fraud activity undertaken to protect the Council be noted.

5 **SHARED ANTI-FRAUD SERVICE (SAFS) - 2023/24 ANTI-FRAUD PLAN - PROGRESS REPORT**

The Committee considered a progress report in respect of the Shared Anti-Fraud Service (SAFS) Anti-Fraud Plan 2023/24.

The Committee was advised that between April and July 2023 a further 41 allegations of fraud had been received by the Council/SAFS and were now under investigation with an estimated fraud loss of £375k.

In response to a question, Members were advised that all SBC staff were required to undertake mandatory I learn Fraud training.

Officers agreed that for future reports, a summary of the changes would be included at the beginning of the report for ease of reference

It was **RESOLVED** that the progress made by officers and the Shared Anti-Fraud Service to deliver the 2023/24 Anti-Fraud Plan for the Council be noted.

6 **SHARED INTERNAL AUDIT SERVICES (SIAS) INTERNAL AUDIT PLAN 2023/24 - PROGRESS REPORT**

The Committee considered a progress report in respect of the delivery of the Shared Internal Audit Service (SIAS) Internal Audit Plan 2023/24, as at 18 August 2023.

The SIAS Client Audit Manager advised that all Audits scheduled for 2023/24 would be allocated to a member of the Audit Team by the end of the year. He gave an update to the Committee on each individual project within the 23/24 Audit Plan.

It was noted that one new high priority recommendation had been added to the schedule relating to debt recovery reminder and payment arrangements. In response to a question the Assistant Director advised that the Council's Integra System was subject to an upgrade which would increase the functionality for staff. An update would also be given to the November meeting on the progress with this recommendation. The Assistant Director assured Members that the Council was robust in its debt collections and that the correct agencies were used.

The Client Audit Manager also advised that SIAS were broadly on track with profiled targets for both delivery of planned days and projects. In response to a number of vacancies within the Team, additional resources had been used from external partners to deliver the planned work for quarter 4 allowing the work to be completed.

Members were pleased to note that significant progress had been made in filling the vacancies with a new Client Audit Manager and three Trainee Auditors starting and that sufficient resources were available to deliver the SBC Plan 2023/24.

In response to a question regarding Members having access to the final full Audit reports, the Audit manager advised he would consult with Strategic Director (CF) and Assistant Director Finance to consider this.

It was **RESOLVED**:

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

7 **ANNUAL TREASURY MANAGEMENT STRATEGY REVIEW 2022/23**

The Committee considered a report in respect of a review of the 2022/23 Annual Treasury Management Strategy and Prudential Indicators.

The Assistant Director (Finance) advised that during the financial year, 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 Committee noted that no new external borrowing had been taken during the year.

Members were advised that there were no breaches to the Policy in the year to 31 March 2023 with the investment activity conforming to the approved strategy.

It was also noted that in accordance with the strategy, the Council invests its surplus cash balances that are committed for future approved spending.

It was **RESOLVED** that, subject to any comments made by the Executive, the 2022/23 Annual Treasury Management Review be recommended to Council for approval.

8 **URGENT PART I BUSINESS**

None.

9 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED** that:

1. Under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in Paragraphs 1 - 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to information) (Variation) Order 2006.
2. Members considered the reasons for the following reports being in Part II and determined that the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

10 **PART II MINUTES - AUDIT COMMITTEE - 6 JUNE 2023**

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 6 June 2023 be approved as a correct record and signed by the Chair.

11 **STRATEGIC RISK REGISTER**

The Corporate Performance and Improvement Officer presented a report providing the Quarter 1 2023/24 (April to June 2023) update in respect of the Strategic Risk Register.

The Corporate Performance and Improvement Officer, assisted by the Assistant Director Finance, responded to a number of 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.

12 **URGENT PART II BUSINESS**

None.

CHAIR

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