

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Tuesday, 8 February 2022

Time: 6.00pm

Place: Council Chamber, Daneshill House, Danestrete, Stevenage

Present: Councillors: Teresa Callaghan (Chair), John Gardner (Vice-Chair) Chair), Myla Arceno, Julie Ashley-Wren, Graham Lawrence CC, Nick Leech, Maureen McKay, Claire Parris and Loraine Rossati.
Mr Geoff Gibbs (Independent Co-opted Non-voting Member).

Start / End Start Time: 6.00pm
Time: End Time: 6.22pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillor Stephen Booth.

There were no declarations of interest.

2 MINUTES - 10 NOVEMBER 2021

It was **RESOLVED** that the Minutes of the meeting of the Audit Committee held on 10 November 2021 be approved as a correct record and signed by the Chair.

3 SIAS INTERNAL AUDIT PLAN 2021/22 - PROGRESS REPORT

The SIAS Client Audit Manager presented a progress report with regard to the SIAS Internal Audit Plan 2021/22 (up to 21 January 2022).

The SIAS Client Audit Manager advised that 11 final Audit reports (with various assurance levels) had been issued since the September 2021 Audit Committee meeting, as set out in Paragraph 2.2 of the report. He referred to the implementation status of Critical and High Priority Recommendations, as set out in Appendix B to the report, and commented that the two new recommendations in respect of Landlord Health and Safety were due to be implemented in the next month, progress on which would be included in his report to the March 2022 Audit Committee meeting.

The SIAS Client Audit Manager drew attention to the revised Audit Charter 2021/22 set out at Appendix E to the report. The proposed changes to the Charter were required following an Independent External Assessment Report issued in June 2021. The revised Charter, if approved, would allow SIAS to self-assess compliance with the Public Sector Internal Audit Standards (PSIAS) as "Generally Conforms" (the highest rating).

It was **RESOLVED**:

1. That the SIAS Internal Audit Plan 2021/22 progress report be noted.
2. That the status of Critical and High Priority Recommendations be noted.
3. That the Revised Audit Charter for 2021/22, as set out at Appendix E to the report, be approved.

4 ANNUAL TREASURY MANAGEMENT STRATEGY INCLUDING PRUDENTIAL CODE INDICATORS 2022/23

The Strategic Director (CF) presented a report in respect of the Annual Treasury Management Strategy including Prudential Code Indicators for 2022/23.

The Strategic Director (CF) commented that the report had been drafted prior to the recent Bank of England rise in interest rates.

The Strategic Director (CF) advised that the Council's cash balances were £79.9Million at the 31 December 2021 and were projected to be £71.4Million by 31 March 2022. This projection excluded £10.5Million of used balances in lieu of external borrowing due to low interest rates leading to a poor return on investments. An assumed interest rate of 0.25% had been applied to investment returns.

The Strategic Director (CF) further advised that the Council had borrowed £9M in advance of the recent increase in interest rates. The estimated increase in investment income due to the interest rate rise was £70,000 for the Housing Revenue Account and £60,000 for the General Fund.

The Strategic Director (CF) stated that there had been no breaches of treasury counterparty limits in 2021/22, and no increases were proposed for 2022/23.

The Strategic Director (CF) explained that the Government was consulting local authorities regarding Minimum Revenue Provision. The proposals contained in the consultation paper could potentially impact upon wholly owned companies.

In response to a series of Member's questions, the Strategic Director (CF) advised:

- like most local authorities, SBC carried out most of its borrowing with the Public Works Loan Board (PWLB), which was one of the cheapest forms of borrowing;
- the Government consultation on Minimum Revenue Provision (MRP) had arisen due to its concern that a number of local authorities had borrowed in order to invest in commercial property. The Government was tightening up this process, as it felt that a number of Councils were avoiding MRP processes due to them establishing wholly owned companies (for example, for the building of housing);
- much of the Council's borrowing was at fixed rate, as certainty was required regarding the level of repayment. In terms of Council investments, these were deposited with a variety of counterparties, some at fixed and others at variable

interest rates. Prudently, the Council did not rely on investment income to prop up its balances; and

- there was very little internal borrowing at SBC. Generally, this would only be considered if there was a pressing short-term need.

It was **RESOLVED** that the Executive be requested to recommend to Council:

1. That the Annual Treasury Management Strategy 2022/23, as set out at Appendix A to the report, be approved.
2. That the Prudential Indicators for 2022/23, as set out at Appendix C to the report, be approved.
3. That the Minimum Revenue Provision (MRP) policy, as set out at Appendix B to the report, be approved.

5 URGENT PART 1 BUSINESS

Progress on External Audit of Statement of Accounts

The Chair invited the Strategic Director (CF) to update the Committee regarding progress on the Statement of Accounts.

In respect of the 2019/20 Accounts, the Strategic Director (CF) advised that it was still intended for the scheduled 28 February 2022 meeting to take place. The Ernst & Young Client lead was currently reviewing the papers and carrying out various checks, following which it was hoped that the final report would be issued.

The Strategic Director (CF) stated that Ernst & Young had commenced work on the 2020/21 Accounts.

6 EXCLUSION OF PUBLIC AND PRESS

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

7 PART II MINUTES - AUDIT COMMITTEE - 10 NOVEMBER 2021

It was **RESOLVED** that the Part II Minutes of the meeting of the Audit Committee held on 10 November 2021 be approved as a correct record and signed by the Chair.

8 URGENT PART II BUSINESS

None.

CHAIR