

# NORTH HERTFORDSHIRE DISTRICT COUNCIL



28 February 2025

Our Ref Finance, Audit and Risk Committee 12  
March 2025  
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To: Members of the Committee Councillors: Sean Nolan (Chair), Vijaiya Poopalasingham (Vice-Chair), Tina Bhartwas, Ruth Brown, Dominic Griffiths, Steven Patmore, Paul Ward and Stewart Willoughby

Substitute Councillors: Cathy Brownjohn, Sam Collins, Nigel Mason, Caroline McDonnell, Ralph Muncer, Claire Strong, Claire Winchester and Daniel Wright-Mason

Independent Member: John Cannon *Non-voting advisory role*

## NOTICE IS HEREBY GIVEN OF A

## MEETING OF THE FINANCE, AUDIT AND RISK COMMITTEE

to be held in the

**COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES,  
LETCWORTH GARDEN CITY, SG6 3JF**

On

**WEDNESDAY, 12TH MARCH, 2025 AT 7.30 PM**

Yours sincerely,

Jeanette Thompson  
Service Director – Legal and Community

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ON YOUR TABLET BEFORE ATTENDING THE MEETING\*\***

## **Agenda Part I**

<b>Item</b>		<b>Page</b>
<b>1. APOLOGIES FOR ABSENCE</b>	Members are required to notify any substitutions by midday on the day of the meeting.  Late substitutions will not be accepted and Members attending as a substitute without having given the due notice will not be able to take part in the meeting.	
<b>2. MINUTES - 5 FEBRUARY 2025</b>	To take as read and approve as a true record the minutes of the meeting of the Committee held on the 5 February 2025.	(Pages 5 - 14)
<b>3. NOTIFICATION OF OTHER BUSINESS</b>	Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.  The Chair will decide whether any item(s) raised will be considered.	
<b>4. CHAIR'S ANNOUNCEMENTS</b>	Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.	
<b>5. PUBLIC PARTICIPATION</b>	To receive petitions, comments and questions from the public.	
<b>6. SAFS ANTI-FRAUD PLAN PROGRESS UPDATE 2024/25 REPORT OF THE SHARED ANTI-FRAUD SERVICE (SAFS)</b>	To review the progress and delivery of the Anti-Fraud plan 2024-25.	(Pages 15 - 20)

7. **SAFS PROPOSED ANTI-FRAUD PLAN 2025/26** (Pages  
REPORT OF THE SHARED ANTI-FRAUD SERVICE (SAFS) 21 - 34)
- To consider the proposed anti-fraud plan 2025/26.
8. **SIAS PROPOSED PLAN 2025/26** (Pages  
REPORT OF THE SHARED INTERNAL AUDIT SERVICE (SIAS) 35 - 76)
- To consider the proposed plan for 2025/26.
9. **THIRD QUARTER REVENUE BUDGET MONITORING 2024/25** (Pages  
REPORT OF THE SERVICE DIRECTOR - RESOURCES 77 - 90)
- To consider the Third Quarter Revenue Monitoring report for 2024/25.
10. **THIRD QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2024/25** (Pages  
REPORT OF THE SERVICE DIRECTOR – RESOURCES 91 - 118)
- To update Cabinet on progress with delivering the capital and treasury strategy for 2024/25, as at the end of December 2024.
11. **LOCAL CODE OF CORPORATE GOVERNANCE 2025** (Pages  
THE REPORT OF THE POLICY AND COMMUNITIES MANAGER 119 - 134)
- The report highlights the Local Code of Corporate Governance for 2025.
12. **POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**  
The Chair to lead a discussion regarding possible agenda items for future meetings.

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# Public Document Pack Agenda Item 2

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### FINANCE, AUDIT AND RISK COMMITTEE

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES,  
LETCHWORTH GARDEN CITY, SG6 3JF  
ON WEDNESDAY, 5TH FEBRUARY, 2025 AT 7.30 PM

#### MINUTES

**Present:** *Councillors: Sean Nolan (Chair), Tina Bhartwas, Ruth Brown, Nigel Mason, Ralph Muncer, Paul Ward and Stewart Willoughby.*

*John Cannon (Independent Member) Non-voting advisory role.*

**In Attendance:** *Amy Cantrill (Trainee Committee, Member and Scrutiny Officer), Georgina Chapman (Policy & Strategy Team Leader) and Melanie Stimpson (Democratic Services Manager).*

**Other Presenters:** *Jessica Hargreaves (Engagement Director, KPMG) and Chris Wood (Head of Assurance Services (HCC) & Client Audit Manager (NHDC)).*

**Also Present:** *There were no members of the public present for the duration of the meeting.*

*Councillor Ian Albert was in attendance as Executive Member for Finance and IT.*

#### 53 APOLOGIES FOR ABSENCE

*Audio recording – 1 minute 48 seconds*

Apologies for absence were received from Councillors Steven Patmore, Vijaiya Poopalasingham and Dominic Griffiths.

Having given due notice Councillor Ralph Muncer substituted for Councillor Patmore and Councillor Nigel Mason substituted Councillor Poopalasingham.

#### 54 MINUTES 08 JANUARY 2025

*Audio recording – 2 minutes 26 seconds*

Councillor Sean Nolan, as Chair, proposed and Councillor Ralph Muncer seconded and, following a vote, it was:

**RESOLVED:** That the Minutes of the Meeting of the Committee held on 8 January 2025 be approved as a true record of the proceedings and be signed by the Chair.

#### 55 NOTIFICATION OF OTHER BUSINESS

*Audio recording – 3 minutes 8 seconds*

There was no other business notified.

**56 CHAIR'S ANNOUNCEMENTS**

*Audio recording – 3 minutes 20 seconds*

- (1) The Chair advised that, in accordance with Council Policy, the meeting would be recorded.
- (2) The Chair drew attention to the item on the agenda front pages regarding Declarations of Interest and reminded Members that, in line with the Code of Conduct, any Declarations of Interest needed to be declared immediately prior to the item in question.
- (3) The Chair advised that section 4.8.23(a) of the Constitution did not apply to this meeting.
- (4) The Chair advised that the order of the agenda had been changed to that published, and the substantial items of business were to be considered in the following order:
  - i) Agenda Item 9 – Annual Governance Statement 2023/24 and Action Plan 2024/25.
  - ii) Agenda Item 8 – Statement of Accounts 2023/24.
  - iii) Agenda Item 6 – SIAS Progress Report 2024-25.
  - iv) Agenda Item 7 – Budget 2025/26 (Revenue Budget and Investment Strategy)

**57 PUBLIC PARTICIPATION**

*Audio recording – 4 minutes 21 seconds*

There was no public participation at this meeting.

**58 ANNUAL GOVERNANCE STATEMENT 2023/24 AND ACTION PLAN FOR 2024/25**

*Audio recording – 4 minutes 31 seconds*

The Policy and Strategy Team Leader presented the report entitled 'Annual Governance Statement 2023/24 and Action Plan For 2024/25':

- The final version of the Annual Governance Statement for 23/24 was presented in 2025 due to the local audit back log.
- The report was made available to SIAS, SAFS and KPMG, in June in 2024 to give them chance to comment.
- A draft was also presented to this Committee in June 2024 from which Principle E was reworded as it was thought it went into unnecessary detail . The Chair also asked for further detail on the ICO case, which was subsequently provided via email.
- The assessment of governance arrangements was made using the CIPFA/SOLACE framework, which includes seven principles, and no significant issues were identified in the review.
- The action plan provided actions to improve governance.
- Actions were monitoring and improving the induction programme, office uptake of essential training on the Fraud prevention module (which was less than 75%), cyber prevention, the budget hub, the corporate peer challenge, social value and reviewing organisational structure.

Councillor Ruth Brown proposed and Councillor Tina Bhartwas seconded and, following a vote, it was:

**RESOLVED:** That the Committee:

- (1) Approved the amended Annual Governance Statement and Action plan at Appendix A.
- (2) Noted the current position of the actions within the Annual Governance Statement Action Plan, outlined at Appendix B.

**REASON FOR DECISION:**

- (1) The Annual Governance Statement (AGS) must be considered and approved by the Finance Audit and Risk (FAR) Committee before the approval of the Statement of Accounts under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234.
- (2) The FAR Committee is the legal body with responsibility for approval of the AGS.
- (3) Reviewing the AGS Action Plan during 2024-25 will provide the Committee with assurances that the Council is examining and where necessary improving its governance arrangements.

## 59 STATEMENT OF ACCOUNTS 2023/24

*Audio recording – 11 minutes 2 seconds*

The Engagement Director - KPMG presented the reports entitled 'KPMG Annual Report' and 'KPMG Year End Report to the Finance, Audit and Risk Committee'(also known as ISA 260 report), attached as Appendices B and C to the 'Statement of Accounts' report and advised that:

- The ISA 260 report, summaries the findings from the 2023/24 audit for the Council
- KPMG would be issuing a disclaimed audit due to the previous year being a disclaimed opinion and the short time between the backstop dates for completing the 2022/23 audit and the 2023/24 audit.
- Audit procedures were completed over elements of the Councils Income and expenditure, cash, payroll and LGPS balances.
- The ISA 260 document also highlights audit procedures in relation to the four significant risk areas.
- KPMG's disclaimed opinion includes these significant risk areas of valuation of land and buildings, valuation of investment property, and management override of controls. Full audit procedures have been completed over the significant risk in respect of the valuation of the LGPS.
- Alongside the financial statement audit was the value for money audit, which had a positive opinion of no significant weaknesses.
- KPMG were assisting on resetting the Local Government market and would aim for full audit procedures to be completed in the near future.
- Recommendations and identified misstatements are highlight in the report, which were immaterial, and do not impact on the Council's final reported position.

The Service Director - Resources presented the report entitled 'Statement of Accounts 2023/24' and advised that:

- The Council had elected not to correct the immaterial errors related to pension assumptions but would take action to try and ensure the errors did not occur for 2024/25 onwards.
- The report from KPMG contains four recommendations. Receiving recommendations is different in form to Ernst & Young, this was a benefit as it gave the Council insight into potential room for improvement, these were all responded to.
- Corrections the Council did make following the KPMG audit were in Appendix A highlighted in green.
- Draft accounts were published online and advertised for public inspection and had no feedback.
- The Committee were asked to approve the signing of the KPMG management representation letter that would be in a standard format.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Ruth Brown

In response to questions, the Engagement Director - KPMG advised that:

- The time to get out of the disclaimed opinion was not certain but KPMG would work with the PSSA and the Financial Reporting Council to reduce the number of sections with a disclaimed opinion in each annual report, this would give a bit more assurance each year until the disclaimed balances become immaterial, the aim for this was either the 2025/26 or the 2026/27 audits.
- As part of the KPMG value for money audit risk assessment procedures, concerns were identified around staffing levels, vacancies and turnover, however with further investigation the mitigations the council had in place were satisfactory.
- KPMG would require a written response from the Council, in respect of the recommendations raised, then final document without the TBC's would be completed.
- The ISA 260 report would not need to be published but could be requested through freedom of information, the Annual Auditors Report would require publication by the Council.

In response to questions, The Service Director - Resources advised that the parts of the report highlighted in green would be removed.

Councillor Paul Ward proposed, and Councillor Tina Bhartwas seconded and following a vote, it was:

**RESOLVED:** That the Committee:

- (1) Noted the KPMG Annual Report as attached at Appendix B and the KPMG Year End Report to the Finance, Audit and Risk Committee at Appendix C.
- (2) Approved the 2023/24 Statement of Accounts as attached at Appendix A (with the Auditors Report to be added), and that they can be signed by the Chair.



- (3) Approves the signing of a Management Representation by the Chair of the Committee.  
This will be a standard format and is in the process of being finalised by KPMG.

**REASON FOR DECISION:** To ensure that the Council abides by the Audit and Account Regulations 2015, which require the approval and publication of audited Statement of Accounts. Furthermore, to meet the back-stop deadlines set out in the Accounts and Audit (Amendment) Regulations 2024.

## 60 SIAS PROGRESS REPORT 2024-25

*Audio recording – 33 minutes 13 seconds*

The SIAS Head of Assurance presented the report entitled 'SIAS Progress Report 2024-25' and highlighted the following:

- Two changes were made since the publication of the Agenda, and these would be added to the progress report in March 2025.
- Updates to the two high priority recommendations were found in appendix D.
- Amendments to the Audit Plan approved at the start of 2024/25 were to defer the UK Shared Profits Fund Audit to 2025/26 and was replaced by an audit on performance indicators.
- Three further draft reports were sent out on Friday, driving up the audits delivered so far figures up to 60% with each report equally approximately 5%.
- Billable days had increased from 71% to 77%, increasing traction and meaning the plan was on track for delivery.

The following Members asked questions:

- Councillor Paul Ward
- Independent Member John Cannon

In response to questions, the Service Director – Resources advised that:

- He would look in to whether the updated records on rent reviews would help the Council collect more income. Rent review record was a more of a control measure, which may help the Councils finances.
- Rational for the rearranging the audits was around resources for supporting the UKSPF audit, but still making sure any learn lessons could be considered for allocations in 2025/26.
- Peer challenge identified performance management and indicators as an area for improvement so timely to get support from SIAS to support looking at what the Council were currently doing and what could improve in more detail.

Councillor Paul Ward proposed and Councillor Tina Bhartwas seconded and, following a vote, it was:

**RESOLVED:** That the Committee:

- (1) Noted the SIAS Progress Report for the period to 17 January 2025.
- (2) Noted the implementation status of the reported high priority recommendations.

(3) Noted the plan amendments to the 2024/25 Annual Audit Plan.

## 61 BUDGET 2025/26 (REVENUE BUDGET AND INVESTMENT STRATEGY)

*Audio recording – 41 minutes 20 seconds*

*N.B. Cllr Paul Ward declared an interest in this item due to his employment. He had spoken to the Monitoring Officer and had been advised that he could take part in the debate and vote on Recommendations 2.1 to 2.7 and 2.9, however needed to leave the Chamber and not take part in debate or vote on recommendation 2.8.*

The Chair stated that recommendations 2.1-2.7 and 2.9 would be taken as one recommendation and 2.8 as a separate recommendation, and so to debate and vote would be separately.

The Service Director – Resources presented the report entitled 'Budget 2025/26 (Revenue Budget and Investment Strategy) 2.1 – 2.7 & 2.9' and highlighted the following:

- The Government confirmed the funds for NI insurance employer payments, this fund was less than the total expenditure for the Council but was more than expected in the draft Budget.
- At the last meeting of this Committee it was recommended that Cabinet and Council consider whether investments related to statutory services and the Implications of not going forward with them, this information had been added to the Cabinet report.
- For the first time, the Budget report combed Capital, Revenue and Treasury, which was common in other Councils. This allowed the implications of capital funding to be more clearly seen.
- The Report sets out that the Medium Term Financial Strategy (MTFS) was confirmed in September at Council and the Report adhered to that strategy.
- Following the MTFS, Officers and Executive Members looked at where the Council could make savings and where the Council needs to make investments.
- The next stage was the Budget Workshops with sessions for the administration and for Opposition groups.
- There is a requirement to consult Business Ratepayers. This has been published to the North Herts Council website with e-mails to business groups to be sent on Thursday which would seek any feedback before the Council meeting.
- The reasoning for some of the investments was set out in Section 8.1.
- The changes since the draft and why these were featured in the budget was highlighted in Section 8.4
- There is a requirement to consult Business Ratepayers. This has been published to the North Herts Council website with e-mails to business groups to be sent on Thursday which would seek any feedback before the Council meeting.
- From 26/27 the Council will have a 3-year settlement.
- In estimating future years budget the report took a middle case assumption.
- The Report looked at the assumptions of the budget in Appendix D and a key part showed positive and negative predictions to what the Council could get as part of future funding.
- Table 3 looked at specific grants. Some concerns and opportunities in terms of the budget projections were, the UKSPF fund which gave scope in terms of investments in the District and the Healthy Hub Funding where there is uncertainty over the expectations of what

needed to be delivered for this grant, and the Domestic Abuse Grant which was added to general funding so added as a budget pressure to allow the funding for the service to continue.

- The reserves that the Council had were laid out in 8.12, the main one of these is the Business Rates Grant Reserve which sat at £6.4 million.
- The Council could release most of the grant over the medium term.
- The Council's biggest provision is against Business Rates, due to a backlog of appeals and this funding would be released as appeals were settled.
- The report's recommendation for minimum funds balance was £2.6 million, the Council had funds above the recommendation and if the balance were close then concerns would have been raised.
- In future years if the Council have more risks due to projects, then the minimum balance would increase.
- The revenue effect of the lost or gained interest from investments is laid out in Section 8.27
- The Principles the Council must agree in terms of Treasury Management are in Section 8.29-8.35
- Expected funding over a 5-year period and sets savings target, with a net expenditure budget of £22.792m was set out in Section 8.37 – 8.41 and Appendix E.

The following Members asked questions:

- Councillor Ralph Muncer
- Councillor Ruth Brown
- Councillor Paul Ward
- Independent Member John Cannon

In response to questions, the Service Director – Resources advised that:

- The final Local Government settlement benefits the Council as we had assumed £0 of contribution in the provision estimates and the Government has given is £157k however the cost of the NI payment is higher than that at £370k.
- Gaps in the budget (shown as TBC) all related to savings (rather than investments), would not make the budget worse.
- The areas that are TBC are the car parking charging due to having a consultation which would affect the scope of charging and when it would be implemented, and agency for leisure which was subject to confidentiality.
- Summary in Appendix E showed the reserves, the general fund reserve was different from the other as it could be used to support general spending, other reserves are created for specific use, some of these were ring fenced for projects and that information was shown in table 4.
- The only place the report uses the total number of reserves going forward is in the investment strategy, which reflected the decreases in expected decreases in the waste reserve and the business rates reserve but assumed others would stay at a similar level.
- The TBC were still potential savings for 2025/26 and for contribution towards the 26/27 savings, the targets for future years was a net target, if investments create bigger costs that would add to the savings needed.
- A spike in net expenditure in 2025/26 was caused by carry forwards which were reported to cabinet.

- Churchgate spend came primarily from some grants and also the surplus funding, the funding was subject to some uncertainty due to commercial tenants playing rent.
- Homelessness grant funding was in a reserve for specific projects, this was reported to Cabinet.
- Welfare grant funding was and accumulation of funding the Council had got during Covid and there was a planned use of that reserve over time, but this would not be an ongoing spend, it would only be while the grant was available.

Councillor Ruth Brown proposed, and Councillor Stewart Willoughby seconded and, following a vote, it was:

RESOLVED: That Finance, Audit and Risk commented on the budget process, assumptions and risks contained within this report, in the context that Cabinet recommended to Council that:

- (1) Notes the position on the Collection Fund and how it will be funded.
- (2) Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £2.6 million is recommended.
- (3) Notes the net revenue savings that are likely to be required in future years, combined with the Chief Finance Officer's section 25 report (Appendix D) which provides a commentary on the risks and reliability of estimates contained in the budget.
- (4) Approves the revenue savings and investments as detailed in Appendix B.
- (5) Approves the capital programme as detailed in Appendix C.
- (6) Approves a net expenditure budget of £22.792m, as detailed in Appendix E.
- (7) Approves a Council Tax increase of 2.99%, which is in line with the provisions in the Medium-Term Financial Strategy.
- (9) Approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.32 to 8.35).

The Service Director - Resources presented the report entitled 'Budget 2025/26 (Revenue Budget and Investment Strategy)' and highlighted the following about recommendation 2.8:

- The Investment Strategy was outlined on page 76
- It looked at what the Council had available for investment, capital spend and combined with revenue forecasts, compared balances with what was needed for predicted spends to show what was left to invest.
- When investing the Council should look at Security, Liquidity and Yield.
- The report set out a strategy that aimed to have sensible limits that covered at the start of year, and the end of the year.
- For example, this included a reduction in the amount that could be invested with another local authority from 15% of investments down to 10% or in financial terms £4 million down to £3 million.

- There were also lower limits set out for investment with banks, banking groups and building societies comparing yield to risk.
- The report also listed investments which the Council were unlikely to use for example, UK Property Funds, Multi Bond Funds, Multi Asset Funds..

The following Members asked questions:

- Councillor Sean Nolan
- Councillor Ralph Muncer
- Councillor Ruth Brown

In response to questions, the Service Director – Resources advised that:

- Investing in Local Authorities, those authorities that were expected to merge in the next year or two should not affect the investment as debts will transfer to successor Local Authorities
- Banks may use the Councils money as they wish and at their risk, which could include shares, which is why research was done into the credit rating of the bank to reduce risk.
- The Council would not invest in shares due to high risk, which was outside the treasury strategy, the only exception to this would be multi-asset funds where there was then a spread of the risk.
- Currently most of the Council's investments were with other Local Authorities, of which a lot would have declared climate emergencies and therefore would be taking positive environmental actions. The Council would be excluded from some ESG funds due to a minimum financial threshold which were outside the Treasury strategy.
- The annual revenue position for the council from investments was included in the revenue budget which was shown in table 19.

Councillor Tina Bhartwas proposed, and Councillor Ruth Brown seconded and, following a vote, it was:

**RESOLVED:** That Finance, Audit and Risk commented on the budget process, assumptions and risks contained within this report, in the context that Cabinet recommend to Council that:

(8) Approves the Investment Strategy as detailed in Appendix F.

**REASON FOR DECISION:**

- (1) To ensure that all relevant factors are considered in arriving at a budget (revenue and capital) and Council Tax level for 2025/26. To ensure that the budget is aligned to Council priorities for 2024-28 as set out in the Council Plan.
- (2) The Council's Investment Strategy is set to comply with relevant statutory guidance, including the CIPFA Prudential Code. The Strategy also sets out the Council's approach to risks in relation to the investment of surplus cash.in relation to the investment of surplus cash.

**62 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**

*Audio recording – 1 hour 37 minutes 23 seconds*

**Wednesday, 5th February, 2025**

The Chair led a discussion regarding possible agenda items for future meetings and no further items were suggested.

The meeting closed at 9.08 pm

Chair



North Herts Council

Finance Audit & Risk Committee

March 2025

## **Anti-Fraud Progress Report 2024/2025**

## Purpose

1. This early report provides details of the work undertaken by the Shared Anti-Fraud Service (SAFS) and Council Officers to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Action Plan for 2024/25.
2. A final report covering the whole year will be provided to this Committee in the summer with detailed activity against the Anti-Fraud Plan.

## Recommendations

3. **Members are RECOMMENDED to:**

- a) **Note the progress by officers and the Shared Anti-Fraud Service to deliver the Anti-Fraud Plan for the Council.**

## Delivery of the Anti-Fraud Plan

4. The 2024/2025 Anti-Fraud Plan was approved by this Committee at its March 2024 meeting ([Public Pack](#))[Agenda Document for Finance, Audit and Risk Committee, 13/03/2024 19:30 \(north-herts.gov.uk\)](#). This Plan covers all areas recommended by CIPFA, the NAO and the *Fighting Fraud and Corruption Locally Strategy for the 2020s*, and provides assurance that the council continues to benefit from a positive return on its investment in the SAFS Partnership.

## 2024/2025 Anti-Fraud Activity

### Prevention

5. The Council has in place Anti-Fraud, Bribery & Corruption Policies and these are kept under constant review to ensure compliance with current best practice and the impact of any changes required by legislation.
6. SAFS provided alerts on new and emerging fraud trends through its Board members and directly with officers working in our Partners. These alerts come from a variety of sources including the National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service (CIFAS), National Fraud Intelligence Bureau (NFIB) at the City of London Police, and others.
7. Between April and December this year SAFS issued 35 Urgent Fraud Alerts including impersonation/ push payments/ payment diversion/ false identified used in various application frauds. SAFS also provide regular Fraud Threat Reports that summarise new and emerging risks and provide officers with the latest guidance to assist with identification and prevention. SAFS has issued four of these reports this year focused on Multiple Employment fraud, ID fraud, 'Overpayment' linked to money laundering, and MS account take-over.
8. Across all partners SAFS provides Executive Reports to senior management and internal audit where investigations identify that fraud or attempted fraud occurred due to system/process weaknesses, SAFS also provides recommendations for management to consider the removal/reduction/mitigation of any ongoing fraud



risk. We have not issued any ERs for NHDC this year- we have, however, shared generic learning from ERs issue to other SAFS partners with senior management.

9. A training plan to build on staff awareness and fraud reporting, along with a publicity campaign to inform the public and encourage fraud reporting has been developed with officers in the HR and communications teams. Seven specialised training events (including ID fraud, BB abuse, contract/bid-rigging provided by the Competitions and Markets Authority) have been delivered. SAFS also provided a general fraud awareness and the impact of fraud on local government session for Members in September 2024.
10. In November 2024 the Council, through the SAFS Partnership, supported International Anti-Fraud Week.

### **Reactive Work**

11. Between April and end of December 2024 87 allegations of fraud have been received by the Council/SAFS including Housing, Council Tax and Blue Badge abuse. SAFS currently have 33 cases under investigation, or at referral stage (16), with estimated losses of £357k. 11 fraud investigations have been closed and fraud losses/savings identified in 5 cases. From cases closed and those still under investigation £13k in fraud loss has been reported and further £21k of fraud prevented.
12. SAFS have also conducted 27 reviews of lower value Council tax fraud and error matters. This work has so far identified a further £20k of fraud loss for recovery. The Council issued 5 civil penalties to council tax-payers where their failure led to the debts arising. The Council has issued one Cease and Desist notice via SAFS for repeat offending.
13. Two cases involving housing application fraud have been referred to the Councils legal team for review where it appears that people registering for housing through the Council have provided false information and been housed as a result of fraudulent statements.
14. SAFS continues to work with registered housing providers to investigate allegations of 'tenancy-fraud' committed against the social housing stock within the Councils boundaries. This type of fraud impacts on the Council directly by denying families on the Housing Register access to properties and each incident could be costing the Council upto £36k on average for the cost of temporary accommodation. Eight cases have been investigated for Settle Housing and two properties recovered this year and re-let to families from the Councils Housing Register.

### **Proactive Work**

15. SAFS and Council officers ensured that all data required for submission as part of the Cabinet Office 'National Fraud Initiative' (NFI) was uploaded on time and meeting the correct specification. The output from this two-yearly national exercise produced 342 Matches for North Herts Council and officers from SAFS and the Council are reviewing these at present with the intention to clear this work by the end of Q4.

16. The Council is signed up the Herts Fraudhub for the current year. The FraudHub works in a similar fashion to the main NFI exercise with data being submitted along with the other SAFS partners to help identify fraud through data-analysis/matching. In Q1- Q3 all agreed datasets were successfully uploaded. So far the FraudHub has identified in excess of 800 records for review, SAFS and Council officers are reviewing these at present, with a small number of frauds/discrepancies already identified- around £17k in fraud has been prevented. A further 1,200+ matches relating to council tax discount may be added to Council Tax Review Framework mentioned below.
17. SAFS manages the 'Council Tax Review' Framework for all borough/district councils across Hertfordshire enabling those councils to identify fraudulent applications for council tax discounts. This work is provided by third party specialists, and funded in full by the County Council.
18. Another area of proactive work for the Council is the AnalyseLocal Project. This project is funded by the County Council and is provided by third party specialists, the system identifies businesses claiming exemptions or discounts on business rates they are not entitled to. Council officers are currently reviewing this opportunity for use in Q4.
19. Council officers are currently supporting a central government project reviewing the initial Covid Business Grant schemes administered by local councils in 2020. This work will be analysed as part of the national exercise to identify any potential fraud in those systems which will then be investigated by the Government.

## SAFS Performance

20. SAFS KPIs were agreed in the Anti-Fraud Plan, progress is reported below.

### SAFS KPIs - 2024/ 2025- (NHC)

KPI	Measure	Objectives	Performance to December 2024
1	Return on investment from SAFS Partnership.	A. Meetings to take place with the Councils <b>Service Director-Resources</b> and <b>Service Director-Customers</b> . B. <b>Service Director-Resources</b> will sit on the SAFS Board that meets quarterly. C. Regular meetings to take place with Service Leads to agree and update local work plans.	A. Meetings are scheduled with the <b>Service Director-Resources</b> and <b>Service Director-Customers</b> . B. <b>Service Director-Resources</b> is a SAFS Board Member and attends quarterly meetings. C. SAFS meet with other service leads across the Council as and when required with a focus on the highest risk areas.
2	Provide an investigation service.	A. <b>Target to deliver 90%-110% of the funded 267 Days</b> of counter fraud activity including proactive and reactive investigation work, data-analytics, training and fraud risk management (Supported by SAFS Intel/Management). B. <b>3 Reports</b> to Finance Audit and Risk Committee.	A. To the end of September 2024 SAFS had provided <b>229 days</b> (86%) of those planned for the year. B. SAFS will be delivering reports to the Councils FAR Committee in the summer, autumn of 2024 and Spring 2025.

		C. SAFS attendance at corporate governance, 'service champion' meetings, local management team meetings.	C. SAFS has identified service champions in R&B, HR and Housing, and attend the Councils Corporate Enforcement Forum.
3	Action on reported fraud.	A. All <b>urgent/ high risk</b> cases will be responded to within <b>24 hours</b> . B. All other cases <b>2 Days</b> , on Average.	A. <b>We are still unable to separate urgent cases from others in our CMS.</b> B. <b>All referrals</b> (including urgent/high risk) were actioned within 24 hours on average.
4	Added value of SAFS membership.	A. Membership of NAFN & PNLD B. Access to CIFAS/NCSC/AF/FFCL alerts, trends, best practice C. NAFN Access/Training for relevant Council Staff D. <b>5 Training sessions</b> for staff/Members in year. (To be agreed with Service leads and HR)	A. SAFS has membership of PNLD and NAFN via SAFS. B. SAFS (HCC) is a member of CIFAS. C. NAFN service awareness is part of the training plan for 24/25 D. 7 Sessions delivered in Q1/Q2, and we have more planned for Q3.
5	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. SAFS will work with social providers across the Borough.	A. Fraud reporting options available for staff and residents on the Council's webpage and intranet- This is linked to SAFS reporting tools. B. All cases with reports/values/outcomes recorded on SAFS CMS. C. SAFS is working with housing providers through separate contracts.
6	Making better use of data to prevent/identify fraud.	A. Support the output from <b>NFI 2024/25</b> Council services. B. Membership and VFM from the <b>Herts FraudHub</b> in 2024/25.	A. The NFI data-upload took place in October and we are now working with officers to clear the output from this. B. The Council has a contract in place for the FHub and data is being uploaded and output under review.

## Further Reading

21. List of Background Papers - Local Government Act 1972, Section 100D

- (a) ***Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)***
- (b) ***Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)***
- (c) ***Tackling Fraud in the Public Sector (CIPFA 2020)***

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North Herts Council

Finance Audit & Risk Committee

## **Anti-Fraud Plan 2025/26**

## Purpose

- 1 This report provides members with an introduction to the Councils Anti-Fraud Plan for 2025/25.

## Recommendations

- 2 **The Committee is RECOMMENDED to:**
  - I. **Review and approve the Anti-Fraud Plan 2025/26.**

## Background

- 3 The Cabinet Office, Department for Levelling Up Housing and Communities (DLUHC), NAO, CIPFA and others have issued advice, and best practice, to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities.:

***Fighting Fraud and Corruption Locally a Strategy for the 2020's.*** The strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud. The checklist is maintained and reviewed by SAFS and officers.

***The impact of Fraud and Error on Public Funds 2023-24 (National Audit Office).*** "Fraud and error cost the taxpayer billions of pounds each year – but most of the potential loss goes undetected. Based on the Public Sector Fraud Authority's (PSFA) methodology, we estimate that fraud and error cost the taxpayer £55 billion to £81 billion in 2023-24. Only a fraction of this is detected and known about".

The ***Annual Fraud Indicator 2023***, published in 2024 by Crowe, Peters and Peters and Portsmouth University states that fraud in local government exceeded £8.8bn in 2021/22 and that excluded front line service areas such as housing benefit, council tax, care services and education.

***CIFAS Annual Fraudscape Report 2024*** . "The impact of fraud on individuals, businesses, and the public sector has hit unprecedented levels. This is paired with a growing concern over AI generated fraud, which enables complex phishing scams and synthetic identities".

***Cross Government Counter Fraud Functional Strategy 2024-2027*** states that "Prevention is the most effective way to address fraud and corruption - preventing fraud through effective counter fraud practices reduces loss and reputational damage".

4. It is essential that the Council has in place a robust framework to prevent and deter fraud, including effective strategies and policies, as well as plans to deal with the investigation and prosecution of identified fraud.
5. Members of this committee have received reports about how this service works closely with the Shared Internal Audit Service (SIAS) dealing with all aspects of fraud from prevention and deterrence to investigation and prosecution, working with services and Council staff at all levels.

## Report

### *Anti-Fraud Plan 2024/25*

6. The reports and papers mentioned at section 3 above and guidance from the NAO, CIPFA, MHCLG and the Local Government Association (LGA) recommend that organisations have effective and robust counter fraud and corruption measures. These measures require the acknowledgement of fraud as a tangible risk, policies, and procedures to deter and prevent fraud occurring and the provision of sufficient resources to investigate and recover losses caused by fraud. Above all an organisation should have a plan to protect itself against fraud.
7. Council officers and SAFS management develop and agree an **Anti-Fraud Plan** each year and the proposed plan for 2025/26 is presented at **Appendix A**

### *The Plan and Fighting Fraud and Corruption Locally*

8. The Anti-Fraud Plan has been developed over several years to meet the recommendations of the [Fighting Fraud Corruption Locally Strategy 2020s | Cifas](#) (FFCL) adopting the 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.
9. The Plan identifies officers/members who will have a role in delivering it, and SAFS will work with all concerned to ensure they understand their role both in delivering the Plan and supporting the FFCL strategy.
10. Members will note that this Committee has a role in ensuring key elements in the Plan are implemented and in continual monitoring the Councils anti-fraud work.

### *Counter Fraud Funding and Resources 2025/26*

11. The proposed Anti-Fraud Plan can be found at **Appendix A**.
12. The Plan includes reference to the SAFS KPIs and Standards of Service. All SAFS staff are appropriately trained and accredited and the service has access to the resources of the Public Sector Fraud Authority and Government Counter Fraud Profession.
13. SAFS will maintain its relationship with specialist third party providers and national networks to keep the Council informed of new and emerging fraud threats or changes to best practice that assist in deterring/preventing fraud and corruption.

- 14** SAFS will continue to work closely with Council officers working in those services mentioned in the Plan.
- 15** Regular reports will be provided to senior management and this Committee on progress delivering the Plan for 2025/26.

## **Appendices**

**Appendix A** - North Herts Council - Anti-Fraud Plan 2025/26.

### **List of Background Papers** - Local Government Act 1972, Section 100D

- (a) Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- (b) Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)*
- (c) Tackling Fraud in the Public Sector (CIPFA 2020)*
- (d) Code of Practice - Managing the Risk of Fraud and Corruption (CIPFA 2014)*
- (e) Lost Homes, Lost Hope. (Fraud Advisory Panel 2023)*



**North Herts Council**

**Anti-Fraud Plan 2025-2026**

**In partnership with**

**The Hertfordshire Shared Anti-Fraud Service**



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## **Introduction**

This plan supports the Council's **Fraud Prevention Policy** [www.north-herts.gov.uk/fraud-prevention](http://www.north-herts.gov.uk/fraud-prevention) (including fraud, corruption, money-laundering, bribery and tax evasion) by ensuring that the Council, working in partnership with the Shared Anti-Fraud Service (SAFS), has in place effective resources and controls to prevent and deter fraud as well as investigate those matters that do arise.

The **Fraud Prevention Policy** applies to all staff, elected members, agency staff, temporary staff, volunteers, consultants, contractors and partners and states;

### **That staff and others must:**

- **Be aware of the definitions in relation to fraudulent and related activity, including the various criminal offences they include.**
- **Not commit any of the offences detailed.**
- **Report any suspicions of these offences being committed.**
- **Develop (where applicable to role) and fully comply with policies and processes to reduce the risk of these offences being committed.**
- **Disclose any gifts and hospitality that you receive, in line with other policies.**

This plan includes objectives and key performance indicators that support the Councils Policy and follows the latest best practice/guidance/directives from the Ministry for Housing and Local Government (MHCLG), National Audit Office (NAO), Local Government Association (LGA) Public Sector Fraud Authority (PSFA) and the Chartered Institute for Public Finance and Accountancy (CIPFA).

**National Context.**

In 2013 the National Fraud Authority stated that the scale of fraud against local government “is large, but difficult to quantify with precision”. Since 2013 a number of reports have been published including by CIPFA, NAO and Fraud Advisory Panel indicating that the threat of fraud against local government is both real, causing substantial impact (including reputational, service as well as financial) and should be prevented wherever possible.

In November 2024, the National Audit Office (NAO) published its report to the new Government **The impact of fraud and error on public funds 2023-24**. The report states “Fraud and error cost the taxpayer billions of pounds each year – but most of the potential loss goes undetected. Based on the Public Sector Fraud Authority’s (PSFA) methodology, we estimate that fraud and error cost the taxpayer £55 billion to £81 billion in 2023-24. Only a fraction of this is detected and known about”. There are no accurate statistics for fraud loss/prevention in local government since CIPFA ceased its Counter Fraud Tracker in 2019/20, but it safe to say that fraud is still there and based on our own experience the risk is significant

The *Fighting Fraud and Corruption Locally, A Strategy for the 2020’s*, published in March 2020 and supported by CIPFA, the LGA, SOLCACE and External Auditors provides a framework for the Council to adopt in developing its counter fraud activity and this Anti-Fraud Plan follows the guidance and recommendations of the *Strategy*. A copy of the *Strategy* can be found at <https://www.cipfa.org/services/cipfa-solutions/fraud-and-corruption/fighting-fraud-and-corruption-locally>

The *Strategy* compliments work undertaken in 2019 by CIPFA, NAO and Cabinet Office as well as the *Code of practice on managing the risk of fraud and corruption* CIPFA 2015 including the four ‘Pillars’ of **Govern, Acknowledge, Prevent, Pursue** with an overarching aim of **Protect**:

**For the Council this includes protecting public funds it administers and protecting the Council and its residents against fraud and cybercrime.**



## **Anti-Fraud Plan 2025-2026**

The Councils Anti-Fraud Plan will be managed by the Hertfordshire Shared Anti-Fraud Service (SAFS), but officers at all levels across the Council will have responsibility for ensuring that the plan is delivered and the Council protected against acts of fraud and corruption.

The Anti-Fraud Plan highlights specific areas of work to protect the Council against fraud and corruption. The Council also has a duty to protect the public, and it does this through its work across all services and in particular by sharing information and knowledge. The Council has frameworks and procedures in place to prevent fraud and encourage staff and the public to report suspicions of fraud.

The Anti-Fraud Plan for 2025-2026 follows the guidelines and checklists contained in the *Fighting Fraud and Corruption Locally Strategy* and progress against this will be reported to senior management and the Councils Audit and Governance Committee. A break-down of work included in the Plan can be found at **Appendix A** along with the officers with responsibility for ensuring the plan is delivered.

## **SAFS Resources 2025-2026**

### **Anti-Fraud Arrangements**

The Council is a founding member of the Hertfordshire Shared Anti-Fraud Service (SAFS) and this service has provided the majority of the anti-fraud arrangements for the Council since April 2015. The SAFS Partnership, as well as North Herts Council, includes Stevenage Borough Council, Hertsmere Borough Council, Hertfordshire County Council, Luton Borough Council, Borough of Broxbourne Council, East Herts Council and Welwyn and Hatfield Council. The SAFS Team also provides services to other public sector bodies across Hertfordshire.

The SAFS Core Service is made up of 22.5 FTE staff for 2025/26. All staff are trained and accredited specialising in fraud prevention, fraud investigation, fraud awareness, fraud risk assessment as well as proceeds of crime, anti-bribery and anti-money laundering. All staff are required to members of the Counter Fraud Profession- or working toward this via professional qualification or apprenticeships.

The SAFS Team has been nominated for and/or won awards for the services it provides including the ***Tackling Economic Crime Awards*** (TECAS), the ***Institute of Revenue Rating and Valuation Awards*** (IRRV), the ***Public Finance Awards*** (PFA), and ***Public Sector Counter Fraud Awards***.

In 2023/24 SAFS underwent an external Peer Review with a final report provided to the Board in March 2024. This report commended the service provide to the SAFS Partners and the work of the SAFS Team. A number of recommendations included in the final report, to further enhance the service offering, were adopted by SAFS Management and implemented in 2024/25.

SAFS is a Partnership with each organisation paying an annual fee to Hertfordshire County Council for a contracted service to all Partners. SAFS, as a service, has a number of key objectives developed by its Management Board (the Board) and every Partner has a seat on that Board. For the Council the **Service Director- Resources** is the Board representative.

Although SAFS will provide much of the Councils operational counter fraud work Council officers are responsible for ensuring the policies, procedures, training and appropriate resources are in place to protect the Council from fraud, corruption and bribery.

## **Budget**

In October 2024 the SAFS Board agreed fees for all Partners from April 2025. The Board also received assurance from financial modelling that the service would be sustainable, in its current form, for the next three years.

Fees for North Herts Council in 2025-2026 have been agreed at £98,311+ VAT- this is an increase of 4% from 2024-2025.

## **Staffing**

The full complement for SAFS in 2025-2026 is planned to be 22.5 FTE for its Core Service.

SAFS will provide 298 days (an increase from the 267 days in 24/25) of counter fraud work, access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three reports per annum to the Audit Committee. An Accredited Financial Investigator is available to assist in money laundering or proceeds of crime investigations.

SAFS has access to specialist IT forensics, covert surveillance and national counter fraud intelligence services provided via third parties and criminal litigation services to support the Councils legal team.

SAFS will provide fraud alerts/updates (local and national) to Council officers and senior management of all new and emerging fraud risks through its membership of anti-fraud forums and specialist providers including the Fighting Fraud and Corruption Locally Board (FFCLB) the Credit Industry Fraud Avoidance Service (CIFAS), Certified Institute of Public Finance and Accountancy (CIPFA) Finance, National Fraud Intelligence Bureau (NFIB), Fraud Advisory Panel (FAP), National Anti-Fraud Network (NAFN) and the Public Sector Fraud Authority (PSFA).

## Workplans & Projects 2025-2026

As well as an agreed programme of work (see **Appendix A**) SAFS will work in the following areas delivering specific activity agreed with service managers. Progress with this work will be reported to the relevant head of service/managers on a quarterly basis.

Service Area	Agreed Projects
<b>Cross Cutting Corporate Initiatives</b>	<p><b>General Support.</b>  Three Reports to the Finance Audit and Risk Committee. (Incl this AF Plan, regular updates on progress with the Plan, an annual report on AF work in 2024/25)  SAFS meetings with Senior Managers and Corp Enforcement Group.  Assisting with the review of the Councils existing anti-fraud policies, including the implications of the new 'Failure to Prevent Fraud' offence introduced by the ECCT Act 2023.  Money Laundering Reporting Officer (MLRO) role.  Assist with NFI 2025 Output and the Herts FraudHub.  Assisting with Payroll fraud matters including disciplinary investigations.  Identify new fraud risks and fraud alerts across all Council services and providing a resource to support any investigation, reporting or risk assessment required from any emerging fraud or corruption.  Access to PNLD for the Councils Legal Team.</p> <p><b>Training.</b>  Provide fraud training/awareness events for staff/members in year delivered face to face/virtually/hybrid.  Work closely with HR to review the Councils I-Learn training package on fraud/bribery/money laundering.  Roll out of NAFN training and registration for appropriate services/officers.</p> <p><b>Procurement.</b>  Work with the Procurement Team developing a bespoke risk assessment for fraud in procurement/contracts.(continued from 2024/25 plan)</p>
<b>Revenues and Benefits</b>	<p>This work will be arranged with the Councils R&amp;B Service (Mgrs from Revenue and Benefits are both engaged with SAFS)  Proactive training and awareness for management and front-line staff.  Reactive investigations for council tax support/discount and business rate fraud.  Support for single person discount review utilising 3<sup>rd</sup> party framework.  Identify systems/processes/new developments to assist in recovery of debt created by fraud.  Use of data-analytics to identify fraud/evasion of business rate liability and collection.  Joint working with DWP where council tax support and other 'national' benefits are in payment- where this benefits the Council.  Support the Councils Visiting Officer with Intel and access to data to improve revenue collection.  Support the Council with the Government led review of Covid Grants.</p>
<b>Housing Services</b>	<p>This work will be arranged with the Councils housing services and in partnership with Settle and other housing providers owning stock within the Councils boundaries.  Proactive training and awareness for management and front-line staff.  Reactive investigations for Housing Application or fraud linked to Homelessness/Temporary Accommodation.</p>

### **SAFS Key Performance Indicators (KPI) & Standards of Service.**

SAFS will work to a set of KPIs agreed with senior officers and these targets will assist in delivering the Councils Anti-Fraud Plan. The KPI's can be found at **Appendix B** and will be reported to senior officers and Audit and Standards Committee throughout the year.

### **SAFS - Standards of Service.**

SAFS will provide the Council with the following anti-fraud services.

1. 24/7 Access to a fraud hotline, email and online solution for public reporting.
2. Process for Council staff to report suspected fraud to SAFS via email/phone/weblinks.
3. Training in: Fraud Awareness (management/staff/members), Fraud Prevention, Identity Fraud and Money Laundering.
4. A Money Laundering Reporting Officer service as laid out in the relevant Council policies.
5. Assistance in the design/review of Council policies, processes, and documents to deter/prevent fraud.
6. SAFS will design shared/common anti-fraud strategies and policies or templates to be adopted by the Council.
7. SAFS will continue to develop with the Cabinet Office and Council officers a data-matching solution (NFI- Herts *FraudHub*) to assist in the early identification and prevention of fraud.
  - The FraudHub will be funded by the Council.
  - The FraudHub will be secure and accessible only by nominated SAFS and Council Staff.
  - Data will be collected and loaded in a secure manner.
  - SAFS will design and maintain a data-sharing protocol for all SAFS Partners to review and agree annually.
  - SAFS will work with Council officers to identify datasets (and frequency) of the upload of these.
  - SAFS will work with Council officers to determine the most appropriate data-matching.
8. All SAFS Staff will be qualified, trained and/or accredited to undertake their duties lawfully.
9. All SAFS investigations will comply with legislation including DPA, GDPR, PACE, CPIA, HRA, RIPA\* and relevant Council policies.
10. Reactive fraud investigations.
  - Any high profile, high value, high risk cases or matters reported by senior managers will receive a response from SAFS Mgt and be added to the Management Tracker so they are prioritised appropriately.
  - All cases reported to SAFS will be reviewed within 2 days of receipt and decision made on immediate action including selection of cases for further review, no action, investigation, or referral to 3<sup>rd</sup> parties including police, DWP, Action Fraud.
  - The Council will be informed of all reported fraud affecting its services.
  - SAFS will allocate an officer to each case.
  - SAFS officers will liaise with nominated officers at the Council to access data/systems to undertake investigations.
  - SAFS officers will provide updates on cases and a summary of facts and supporting evidence on conclusion of the investigation for Council officers to review and make any decisions.
  - Where criminal offences are identified SAFS will draft a report for Council officers to decide on any further sanctions/prosecutions.
11. Where sanctions, penalties or prosecutions are sought SAFS will work with the Council to determine the appropriate disposal in line with the Council's policies.
12. SAFS will provide Alerts to the Council, of suspected fraud trends or reports/guidance from government and public organisations that are relevant to fraud.
13. SAFS will provide reports to senior management on the progress with delivery of this Plan and any other relevant activity planned or otherwise.

14. SAFS will provide reports through the SAFS Board and to the Council's Audit Committee as agreed in the SAFS Partnership Contract.

*\*Data Protection Act , General Data Protection Regulation, Police and Criminal Evidence Act, Criminal Procedures and Investigations Act, Human Rights Act, Regulation of Investigatory Powers Act, Investigatory Powers Act.*

#### **Appendix A.**



# NHC / SAFS Action Plan 2025/2026

FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.	Ensure the Councils Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption are reviewed against latest best practice.	Managing Director / Monitoring Officer / Service Director-Resources
		The Councils Finance Audit and Risk Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.	Head of SIAS /Head of SAFS
		The Finance Audit and Risk Committee and its Chairman, along with the senior management team, will ensure compliance with the latest best practice in the Councils anti fraud arrangements.	FARC Chair/ Service Director-Resources / Monitoring Officer
		System/process weaknesses or risks revealed by instances of actual fraud will be reported to departments/services with recommendations to manage/mitigate these risks. Reports will be shared with senior managers or the Shared Internal Audit Service (SIAS) to review outcomes and management response to recommendation.	Head of SIAS / Head of SAFS
		SAFS will assist the Council in providing its Fraud Data for the Transparency Code.	Head of SAFS
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption will not be tolerated.	Service Director-Resources / HR Services Manager/ Monitoring Officer
ACKNOWLEDGE	Accessing and understanding fraud risks.	Inclusion of Fraud Risks and actions to manage/mitigate/reduce this in its Annual Governance Statement.	Head of SIAS /Service Director-Resources/ Monitoring Officer
	Committing the right support .	The Councils Communication Team will publicise fraud alerts/awareness/campaigns to staff and residents to help prevent/deter fraud.	Head of SAFS/ Communications Mgr
	Demonstrating a robust anti-fraud response.	The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and review the Councils E-Learning training for staff.	Service Director- Resources / Head of SAFS
	Communicating the risks to those charged with Governance.	The Council is a member of the Hertfordshire Shared Anti-Fraud Service (SAFS).	Service Director-Resources
		SIAS will take into account known or emerging fraud risks provided by SAFS or others when audit panning takes place. SIAS will share the details of all suspected fraud to senior management and SAFS for review/action.	Head of SIAS
PREVENT	Making the best use of information and technology.	SAFS will provide fraud alerts and new and emerging fraud threats to be disseminated to appropriate officers/staff/services.	Head of SAFS
	Enhancing fraud controls and processes.	SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD, CIPFA, CIFAS.	Head of SAFS
	Developing a more effective anti-fraud culture.	The Council will renew it's membership of the Herts Fraud-Hub. SAFS will Develop the Herts <i>FraudHub</i> and support Council officers with the output from NFI 2024/2025 Exercise.	Head of SAFS/ Service Director- Customers
	Communicating activity and successes.	The Council and SAFS will work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ Service Director-Resources
		The SAFS Mgt will provide reports to the SAFS Board on anti-fraud activity across the Partnership and any learning will be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DPA & GDPR(UK) to maximise the use of sharing data with others to help prevent/identify fraud.	Monitoring Officer
		SAFS will work with the LGA and Cabinet Office to support the work of the Public Sector Fraud Authority and the Fighting Fraud Locally Board.	Head of SAFS
PURSUE	Prioritising fraud recovery and use of civil sanctions.	All fraud reported to the Council will be captured via SAFS fraud reporting tools (web/phone/email) for staff, public and elected Members. SAFS will work with officers to promote the reporting of suspected fraud by officers and the public.	Head of SAFS
	Developing capability and capacity to punish offenders.	All investigations will comply with relevant legislation and Council Policies. Investigations will include civil, criminal and disciplinary disposals	Head of SAFS
	Collaborating across geographical and sectoral boundaries.	SAFS will use its case management system to record and report on all fraud referred, investigated and identified.	Head of SAFS
		Legal Service and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.	Monitoring Officer/ Service Director- Customers
		SAFS and the Councils R&B Service will work with DWP to deliver joint investigations where fraud affects both council tax and housing benefit or other 'national' 'benefits'	Head of SAFS/ Service Director- Customers
		All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Counter-Fraud Profession.	Head of SAFS
PROTECT	Recognising the harm that fraud can cause in the community.	SAFS will use its in-house expertise as well as external partners when considering the use of POCA, NAFN services, Surveillance or IT Forensics.	Head of SAFS
	Protecting the Council and residents from fraud.	SAFS will provide reports and data to Fraud Champions on all anti-fraud activity as required by Council officers.	Head of SAFS
		Regular reports for the Finance Audit and Risk Committee on all Counter Fraud activity at the Council.	Head of SAFS / Service Director-Resources
		The Council has in place measures to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure, with training for staff and elected members	Service Director- Customers
		SAFS will work with bodies including MHCLG/LGA/CIPFA/FFLB to develop anti-fraud strategies at a national level that support fraud prevention in local government	Head of SAFS

## Appendix B.

### SAFS KPIs - 2025/ 2026- NHC

KPI	Measure	Objectives	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Regular meetings to take place with the Councils <b>Service Director Resources and Service Director Customers</b> , quarterly. B. <b>Service Director Resources</b> will be the SAFS Board representative for the Council and attend its quarterly meetings.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. <b>Target to deliver at least 95% of the funded 298 Days</b> of counter fraud activity including proactive and reactive investigations, data-analytics, staff training and fraud risk management. (Supported by SAFS Intel/Management). B. <b>3 Reports</b> to Finance Audit and Risk Committee. (Annual Report, Updates, 25/26 AF Plan)	Ensure ongoing effectiveness and resilience of the Councils Anti-fraud arrangements.
3	Action on reported fraud.	A. All cases to be reviewed withing <b>2 Days</b> of receipt, on Average.	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Allegations of fraud received. & Success rates for cases investigated.	A. All reported fraud (referrals) will be logged by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
5	Making better use of data to prevent/identify fraud.	A. Ensure output from NFI 2024/25 is resolved as required by legislation. B. Ensure membership of the Herts FraudHub in 2025/26.	Build a data hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.
6	Added value of SAFS membership.	A. Membership of NAFN & PNLD for 2025/26 B. <b>5 fraud awareness/prevention sessions</b> for staff/Members in year. (To be agreed with Service leads and HR)	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.



# INTERNAL AUDIT PLAN REPORT 2025/26

## NORTH HERTS COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE  
12 MARCH 2025

### RECOMMENDATION

Members are recommended to approve the proposed North Herts Council Internal Audit Plan for 2025/26

Members are requested to note the SIAS Internal Audit Strategy and provide any comments prior to approval by the SIAS Board

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## 1. Introduction and Background

- 1.1 The purpose of internal audit is to strengthen the Council's ability to create, protect, and sustain value by providing Members and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The International Professional Practices Framework (IPPF) organises the authoritative body of knowledge for the professional practice of internal auditing. The IPPF includes Global Internal Audit Standards (GIAS), Topical Requirements (designed to enhance the consistency and quality of internal audit services related to specific audit subjects) and Global Guidance. The Public Sector Internal Audit Standards, which encompassed the mandatory elements of the IPPF, have been replaced by the Application Note Global Internal Audit Standards in the UK Public Sector. Taken together, the GIAS and the Application Note will form the basis of UK public sector internal audit effective from 1 April 2025. The Note states that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
- 1.3 The SIAS Board reviewed the Draft SIAS Internal Audit Strategy in December 2024, and this strategy outlines how SIAS will achieve the purpose of internal audit and ensure ongoing compliance with the GIAS (UK public sector). The Internal Audit Plan Report 2025/26 follows the key principles related to Audit Planning and Resourcing, with the Internal Audit Strategy itself attached as an appendix. The GIAS (UK public sector) includes setting out how SIAS must approach internal audit planning. The specific requirements that SIAS must adhere to are set out below:

Standard	Description
Domain III 6.3	<b>Board and Senior Management Support</b> It is an essential condition for Senior Management and the Audit Committee to approve the internal audit plan.
Domain III 8.1	<b>Board Interaction</b> The CAE must provide the Audit Committee with the information needed to conduct its oversight responsibilities. This includes the internal audit plan and subsequent significant revisions.
Domain III 8.2	<b>Resources</b> The CAE, Audit Committee and Senior Management must collaborate to ensure that internal audit has sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan. This should be at least annually, and cover numbers and capability, as well as the impact and remedy of insufficient resources on the internal audit mandate and plan (if applicable).

Domain III 8.3	<p><b>Quality</b></p> <p>Amongst the essential conditions in this standard is a requirement for the Audit Committee to review and approve the internal audit functions performance objectives at least annually. This includes its conformance with the Standards, laws and regulations, ability to meet the internal audit mandate, and progress towards completion of the internal audit plan.</p>
Domain IV 9.3	<p><b>Methodologies</b></p> <p>The chief audit executive must establish methodologies to guide the internal audit function in a systemic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.</p>
Domain IV 9.4	<p><b>Internal Audit Plan</b></p> <p>The chief audit executive must create an internal audit plan that supports the achievement of the council's objectives. The chief audit executive must base the internal audit plan on a documented assessment of the organisation's strategies, objectives, and risks. The assessment must be informed by input from the Audit Committee and Senior Management as well as the chief audit executive's understanding of the organisation's governance, risk management, and control processes. The assessment must be performed at least annually.</p> <p>The internal audit plan must:</p> <ul style="list-style-type: none"> <li>• Consider the internal audit mandate and the full range of agreed to internal audit services.</li> <li>• Specify internal audit services that support the evaluation and improvement of the council's governance, risk management, and control processes.</li> <li>• Consider coverage of information technology governance, fraud risk, the effectiveness of the council's compliance and ethics programs and other high-risk areas.</li> <li>• Identify the necessary human, financial, and technological resources necessary to complete the plan.</li> <li>• Be dynamic and updated timely in response to changes in the council's business, risk operations, programs systems, controls, and organisational culture.</li> </ul> <p>The chief audit executive must review and revise the internal audit plan as necessary and communicate timely to the Audit Committee and Senior Management:</p> <ul style="list-style-type: none"> <li>• The impact of any resource limitations on internal audit coverage.</li> </ul>

	<ul style="list-style-type: none"> <li>• The rationale for not including an assurance engagement in a high-risk area or activity in the plan.</li> <li>• Conflicting demands for services between major stakeholders, such as high priority requests based upon emerging risks and requests to replace planned assurance engagements with advisory engagements.</li> <li>• Limitations on scope or restrictions on access to information.</li> </ul> <p>The chief audit executive must discuss the internal audit plan, including significant interim changes, with the Audit Committee and Senior Management. The plan and significant changes to the plan must be approved by the Audit Committee.</p>
Domain IV 10.1 to 10.3	<p><b>Financial, Human and Technological Resources Management</b></p> <p>The chief audit executive must ensure that financial, human and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan.</p> <p>The chief audit executive must communicate with the Audit Committee and Senior Management regarding the appropriateness and sufficiency of the internal audit function's resources. If the function lacks appropriate and sufficient resources to achieve the internal audit plan, the chief audit executive must determine how to obtain the resources or communicate timely to the Audit Committee and Senior Management the impact of the limitations.</p>
Domain V 13.2	<p><b>Engagement Risk Assessment</b></p> <p>To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding the risk assessment supporting the internal audit plan.</p>

- 1.4 The Council's Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council's wider assurance framework. It supports the requirement to produce an overall audit opinion or conclusion on the internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive's Annual Opinion Report.
- 1.5 The Shared Internal Audit Service's (SIAS) Audit Charter was presented to the June 2024 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This

approach conforms with the requirements of the GIAS (UK public sector). An updated version of the SIAS Internal Audit Charter will be brought to the June 2025 FAR Committee meeting for Member approval.

- 1.6 Section 2 of this report details how SIAS complies with these requirements.

## 2. **Audit Planning Process**

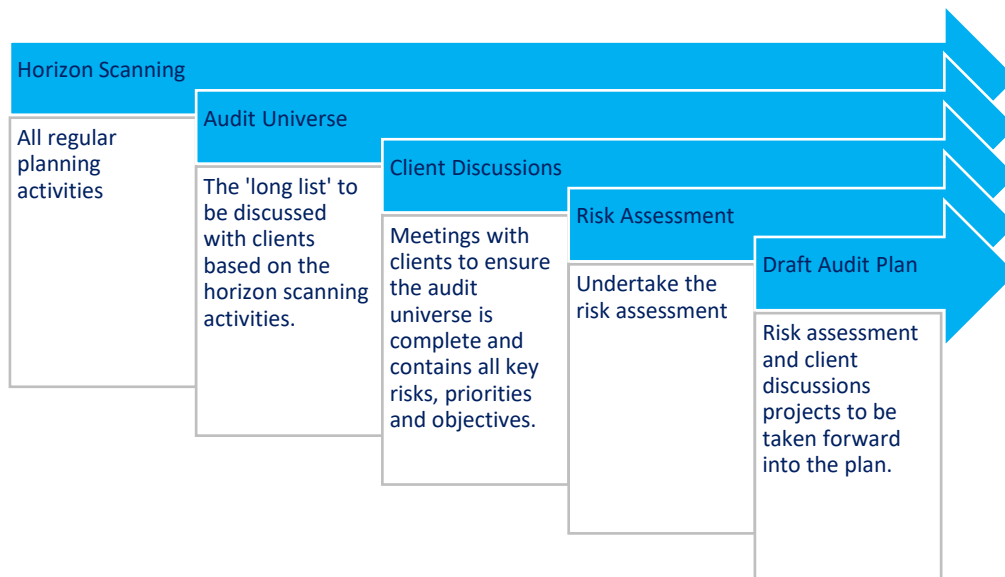
### **Planning Principles**

- 2.1 SIAS audit planning is underpinned by the following principles:
- a) Focus of assurance effort on the Council's obligations, outcomes and objectives, critical business processes and projects and principal risks. This approach ensures coverage of both strategic and key operational issues.
  - b) Maintenance of an up-to-date awareness of the impact of the external and internal environment on the Council's control arrangements.
  - c) Use of a risk assessment methodology to determine priorities for audit coverage based, as far as possible, on management's view of risk.
  - d) Dialogue and consultation with key stakeholders to ensure an appropriate balance of assurance needs. This approach includes recognition that in a resource-constrained environment, all needs cannot be met.
  - e) Identification of responsibilities where services are delivered in partnership.
  - f) In-built flexibility to ensure that new risks and issues are accommodated as they emerge.
  - g) Capacity to deliver key commitments including governance work.
  - h) Capacity to respond to management requests for assistance with special investigations, consultancy, and other forms of advice.

### **Approach to Planning**

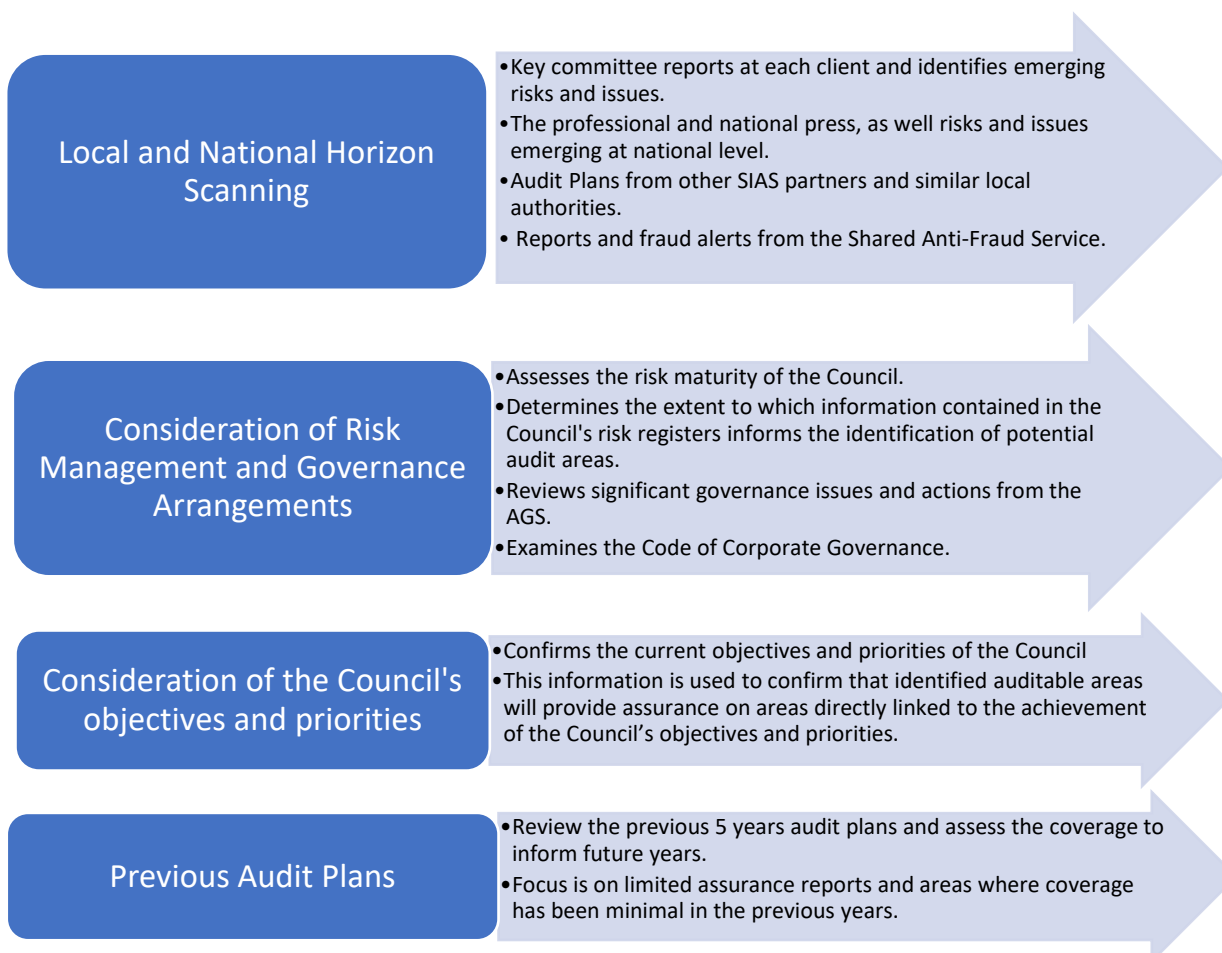
- 2.2 SIAS has developed an approach to annual planning that ensures conformance with the requirements of the GIAS (UK public sector). SIAS applies the following methodology at its partners:





### Horizon Scanning and Audit Universe

- 2.3 SIAS conducts horizon scanning to ensure that it is aware of the key issues and risks locally and nationally as well as the corporate and service objectives of the Council. To do this, SIAS undertakes the following activities:



- 2.4 Following the horizon scanning work, SIAS creates an Audit Universe based on all auditable areas and entities. The Audit Universe forms the basis of discussions with Senior Managers.

#### Client Discussions

- 2.5 SIAS undertook detailed discussions with senior managers and other key officers within the Council to confirm auditable areas and elicit high level detail of the scope of audits. This process incorporates the following steps to assist in the prioritisation of proposed internal audit projects:

#### *Risk Assessment*

Senior Managers and SIAS agree the level of risk associated with an identified auditable area and prioritise this accordingly.

#### *Assurance Mapping / Other sources of Assurance*

The results of assurance mapping are consulted and discussed with Senior Managers to determine whether assurance in the auditable area is obtained from other assurance providers e.g., external audit or the Health and Safety Executive. This approach ensures that provision of assurance is not duplicated.

#### *Significance*

Senior Managers assess how significant the auditable area is in terms of the achievement of corporate or service objectives and priorities.

#### *Timings*

Senior Managers identify when an audit should be undertaken to add most value.

#### Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 The risk assessment behind the development of the 2025/26 Internal Audit Plan was strongly correlated to the Council's Delivery Plan and associated Council monitoring through risk assessments, KPI's and project progress.
- 2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability and change and management concerns, as part of the risk assessment, including alternative sources of assurance through assurance mapping and the Three Lines (of Defence) model.

#### Draft Audit Plan

- 2.9 The results of the risk assessment and discussions with Senior Mangers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2025/26.

### **The Planning Context**

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.
  - Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting significant cost pressures and limited government funding make financial planning a key component of managing local government finance challenges.
  - Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.
  - Local authorities are facing significant challenges in relation to human resources and talent management, both in terms of vacancy management, recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.
  - Many local authorities have declared a Climate & Ecological Emergency and made public commitments relating to carbon reduction and becoming Net Zero.
  - Proposals around local government reorganisation and devolution provide both significant challenges and opportunities for local authorities.
- 2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.
- 2.12 The challenge of giving value in this context, means that Internal Audit needs to:

- Meet its core responsibilities, which are to provide appropriate assurance to Members and senior management on the effectiveness of governance, risk management and control arrangements in delivering the achievement of Council objectives.
- Identify and focus its effort on areas of significance and risk, assisting the organisation in managing change effectively, and ensuring that core controls remain effective.
- Give assurance which covers the control environment in relation to new developments, using leading edge audit approaches such as use of technology to achieve 'whole population testing' and new insights over sampling or 'continuous assurance' where appropriate.
- Retain flexibility in the audit plan and ensure the plan remains current and relevant as the financial year progresses, this is particularly key given the current challenges and risks and the impact this has had on audit activity.

#### **Internal Audit Plan 2025/26**

2.13 The draft plan for 2025/26 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the agreed start months. The number of days purchased in 2025/26 is confirmed as 260 days.

2.14 The table shows the estimated allocation of the total annual number of purchased audit days for the year.

	<b>2025/26 Days</b>	<b>%</b>
General audits	155	59
IT Audits	24	9
Consultancy Assignments / Assurance Mapping	5	2
Recommendation Follow-Ups	10	4
Grants or Charity Certification	8	3
Strategic Support*	38	15
Contingency	5	2
Completion of 2024/25 Projects	15	6
<b>Total allocated days</b>	<b>260</b>	<b>100%</b>

\* This covers supporting the Audit Committee, monitoring delivery of the audit plan, client liaison and planning for 2025/26

2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The postponement or cancellation of any audits will require approval from the Service Director (Resources). It should be noted

that the Internal Audit Plan is intended to be dynamic and responsive to changing risks and matters arising during the year.

- 2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2024/25. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible, especially given the high dependence on client officers during a period where local government faces significant resourcing risks.
- 2.17 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Chief Audit Executive to give an overall opinion on the Authority's internal control, governance and risk management framework. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer / Service Director (Resources).

#### Resources

- 2.18 Standard 8.2 and 10.1 to 10.3 requires SIAS to ensure that financial, human and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan, as well as any limitations of the adequacy of resources.
- 2.19 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.20 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
- 2.21 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has seven team members studying towards their professional qualifications.
- 2.22 The service is adequately resourced to deliver the number of planned internal audit days commissioned by North Herts Council. There are currently no limitations on the adequacy of resources in place to deliver the North Herts Council Internal Audit Plan 2025/26.

- 2.23 The SIAS Internal Audit Strategy at Appendix E contains further information on SIAS resources.

### 3. Performance Management

#### Update Reporting

- 3.1 SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2025/26 and any proposed changes will be reported to this Committee four times in the 2025/26 civic year.
- 3.2 SIAS will report on the implementation of agreed high priority recommendations as part of the update reporting process.

#### Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2025/26 are shown in the table below. Actual performance against target will be included in the regular update reports to this Committee.

Performance Indicator	Performance Target	Reporting Frequency
1. <b>Public Sector Internal Audit Standards</b> – the service conforms with the standards	Yes	Annually
2. <b>Internal Audit Annual Plan Report</b> – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet	Yes	Annually
3. <b>Annual Internal Audit Plan Delivery</b> – the percentage of the Annual Internal Audit Plan delivered (measured in audit days)	95%	Quarterly
4. <b>Project Delivery</b> – Percentage of audit plan projects delivered to draft report stage by 31 March 2025	90%	Quarterly
Percentage of audit plan projects delivered to final report stage as reported within the CAE Annual Assurance and Opinion report.	100%	Quarterly
5. <b>Client Satisfaction*</b> – percentage of client satisfaction questionnaires returned at ‘satisfactory overall’ level (minimum of 39/65 overall)	100%	Quarterly

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**6. Chief Audit Executive's Annual Assurance**

**Opinion and Report** – presented at the first  
Audit Committee meeting of the financial year

Yes

Annually

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## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

### General Internal Audits (107 days)

These internal audits have been confirmed as part of the current planning process and will proceed unless there are other significant matters or risks that arise during the 2025/26 financial year that are prioritised.

<u>Audit Title</u>	<u>Background and Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Churchgate - Project Assurance  (Source: Risk Register and Council Delivery Plan)	Two audits were completed on the Churchgate project as part of the 2023/24 Internal Audit Plan, and one as part of the 2024/25 Internal Audit Plan. All provided assurance at specific project milestones or moments in time. This approach will continue in 2025/26, although will be supported by a complementary approach where internal audit will join the project board / steering group to provide an element of ongoing and continuous assurance throughout the next phase of the project life cycle using an embedded approach.  Providing a view of how a project is progressing is known as project assurance and is the ultimate responsibility of the project board or steering group. Internal audit will report a view on project governance, risk management and control.	1-4	Director - Enterprise
Leisure Centre Decarbonisation  (Source: Risk Register and Council Delivery Plan)	The Council is currently conducting the decarbonisation of leisure centres having secured grant funding from the Public Sector Decarbonisation Scheme (Salix Grant). The main activities are replacing end of life gas boilers with air source heat pumps and installing solar PV panels to enable on-site generation of electricity. Replacing gas heating for our leisure centres with low carbon alternatives is the single most	1-4	Director - Environment



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	<p>effective action we can take towards meeting our target of being carbon neutral by 2030.</p> <p>As in 2024/25, internal audit will continue to be represented on the project board / steering group to provide ongoing and continuous (embedded) assurance through the project life cycle phases arising this financial year using an embedded approach.</p>		
<p>LGA Corporate Peer Challenge – Action Plan</p> <p>(Source: Annual Governance Statement Action Plan)</p>	<p>The Corporate Peer Challenge (CPC) forms a key part of the improvement and assurance framework for local government. It is underpinned by the principles of Sector-led Improvement put in place by Councils and the Local Government Association (LGA) to support continuous improvement and assurance across the sector.</p> <p>The CPC report for the Council raised 10 recommendations under the following headings:</p> <ul style="list-style-type: none"> <li>a) Develop the golden thread,</li> <li>b) Prioritise,</li> <li>c) Place Narrative,</li> <li>d) Partnerships,</li> <li>e) Leadership,</li> <li>f) Organisational Development,</li> <li>g) Ways of Working,</li> <li>h) Performance Management,</li> <li>i) Modernisation, and</li> <li>j) Project Management.</li> </ul>	1	Director – Resources / Chief Executive

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	The audit will provide assurance both around the development and governance of the Action Plan, as well as evidence of the ongoing monitoring and implementation of the actions.		
<p>UK Shared Prosperity Fund (UKSPF)</p> <p>(Requested by the Monitoring Officer and S151 Officer; c/f from 2024/25 as approved by FAR Committee)</p>	<p>To ensure that the Council complies with the aims of the UKSPF, including:</p> <ul style="list-style-type: none"> <li>a) Guidance on what to use the funding for,</li> <li>b) Delivery of the fund,</li> <li>c) The funding places will receive,</li> <li>d) Development of an appropriate invest plan process, and</li> <li>e) Measurement of impact.</li> </ul> <p>The audit will look to examine any governance, partnerships and investment already in place, review any challenges and learning that has arisen and seek any shared learning that can be obtained from other local authorities.</p>	1	Director - Governance / Monitoring Officer and Director - Resources / S151 Officer
<p>Local Authorities as Charity Trustees</p> <p>(Source: Horizon scanning, local government press)</p>	<p>In September 2024, the Charity Commission for England and Wales issued Calderdale Metropolitan Borough Council with an Official Warning after it failed to comply with its duties as trustee of 13 charities. It is the first time the regulator has issued a local authority with an Official Warning. The regulator's Chief Executive wrote to all local authorities warning them of the "significant administrative headaches" councils could face from any failure to correctly comply with their duties.</p> <p>The purpose of the audit is thus to provide assurance that the Council is complying with the newly updated Charity</p>	2	Director – Resources / S151 Officer

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	Commission guidance for Local authorities (or councils) as trustees of charities.		
New Finance System  (Requested by S151 Officer)	<p>The Council continues to implement its new combined income and financial management system to replace Integra and Civica.</p> <p>During 2024/25, internal audit tested the accounts payable module of the new system, with assurance to be provided over other modules in 2025/26. Coverage may include areas such as asset management, budget management and reporting, accounts receivable, cash management and general ledger.</p>	3	Director – Resources
Digital Transformation Programme  (Source: Risk Register and Council Delivery Plan)	<p>The Council developed a comprehensive digital strategy which was approved by Cabinet in January 2024. As part of the Strategy, the Council has invested in Netcall, a low-code platform that allows the building of new applications and streamlined workflows with limited resources. This allows the Digital Services team to take ownership of the builds, with technical support as needed from Netcall and the Council's IT team.</p> <p>To date, the programme has delivered on several goals outlined within the digital strategy, including amongst others:</p> <ul style="list-style-type: none"> <li>a) Building a suite of new digital services, including a replacement CRM system.</li> <li>b) Implemented live chat and an intelligent chatbot service.</li> <li>c) Moved the intranet to SharePoint.</li> <li>d) Hitchin Town Hall booking system,</li> <li>e) FOI application,</li> <li>f) Careline Out of Hours application,</li> </ul>	3	Director - Customers

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	<p>g) Replaced the IT helpdesk solution.</p> <p>Future projects include:</p> <ul style="list-style-type: none"> <li>a) Integration of Netcall and MS Azure (cloud computing platform)</li> <li>b) A new Burials system / application,</li> <li>c) A Grants database, and</li> <li>d) Integration with new waste contractor's software.</li> </ul> <p>Although the exact scope will be agreed at the time of audit commencement, Internal audit would normally provide assurance on the overall programme and / or selected individual projects. This may include internal audit joining the Digital Oversight Group as part of an embedded assurance approach.</p>		
<p>Environmental Protection - Statutory Nuisance</p> <p>(Source: Local Government Ombudsman Report)</p>	<p>The purpose of the audit is to provide assurance on the governance, risk management and controls in place to support the Council in fulfilling its duties to take reasonable steps to investigate statutory nuisances.</p> <p>The audit topic arises from the Local Government and Social Care Ombudsman's report of failings in the investigation of statutory noise nuisance by the Council as reported to Cabinet in January 2025.</p>	3	Director - Regulatory
<p>Purchasing Cards</p> <p>(Source: S151 Officer request)</p>	<p>An audit of purchasing cards was conducted as part of the 2024/25 Internal Audit Plan, and time has been allocated to review new processes and confirm all outstanding matters</p>	3	Director – Resources

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	have been addressed with the introduction of new electronic systems.		
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### General Internal Audits (48 days)

These internal audits have not been confirmed as part of the current planning process, whether in terms of priority, outline scope or timing, but at least four should proceed unless there are other significant matters or risks that arise during the 2025/26 financial year. The FAR Committee will be kept abreast of developments as part of the regular SIAS Progress Update Reports to the Committee.

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Anderson House  (Source: S151 Officer and Manging Director)	North Herts Council recognises the growing demand for supported housing in the district, especially for single homeless people who require additional assistance. One YMCA agreed to purchase Anderson House on Florence Street, Hitchin from settle Group. One YMCA has considerable experience in supporting people in need and this project represents a significant opportunity to provide high-quality, much-needed housing for the district's residents.  It is proposed that a project assurance approach is followed to ensure that the Council's objectives are achieved, whether embedded as the project progresses or through audit coverage at specific milestones.	Tbc	Director - Regulatory
Town Centre Strategies  (Source: Council Delivery Plan and assurance mapping)	This project relates to the development of an overarching Town Centre Strategy, including guidance on developing strategic plans for individual town centres.  A standalone project audit would likely cover post implementation review, lessons learned, and benefits / objectives realisation given the current stage	Tbc	Director - Place

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	of progression with the project. This links to narrative in the LGA CPC Report.		
Pay on Exit Parking  (Source: Council Delivery Plan and assurance mapping)	<p>This project is to replace existing parking machines and update tariff boards to implement pay on exit in Council car parks. A full implementation programme has been agreed with the contractor, with availability of new parking machines currently dependent on the manufacturer.</p> <p>A standalone project audit would likely cover post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p>	Tbc	Director - Place
Resident / Public EV Charging  (Source: Council Delivery Plan and assurance mapping)	<p>Contract/leases with private sector partner have been finalised to install new EV charging points in the Council's outdoor surface car parks. A Government OZEV electric vehicle charge points and infrastructure grant has been secured to deliver the project, although the funding is only available until March 2025.</p> <p>A standalone project audit would likely cover post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p>	Tbc	Director - Place
Waste and Street Cleansing Contract  (Source: Council Delivery Plan)	The new Waste and Recycling Contract has been awarded to Veolia and the contract has entered the mobilisation phase. Key activities over the coming months include commencing procurement of new fleet vehicles and finalising IT specifications. A Project Board has been established for mobilisation of the new contract.	Tbc	Director - Environment

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	<p>A project (embedded) assurance approach may be followed for the remaining mobilisation phase in Q1, or a standalone project audit may be conducted likely covering post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p> <p>This is subject to alignment with the 2025/26 Internal Audit Plan for East Herts Council.</p>		
<p>Waste and Recycling Service Changes</p> <p>(Source: Council Delivery Plan)</p>	<p>The Council's new bin collection service commences in August 2025 with the new service provider Veolia. The changes were agreed in response to the public consultation held in the Summer of 2022 at North Herts Council's Cabinet and East Herts Council's Executive meeting in October 2022. Further updates were made in December 2023, with a confirmation of the waste service decisions in July 2024.</p> <p>The new collection service aims to:</p> <ul style="list-style-type: none"> <li>a) To reduce waste going to landfill, make it easier for residents to recycle, and achieve government targets for recycling household waste.</li> <li>b) To meet government requirements for councils to include soft plastics and collect and recycle food waste and cardboard &amp; paper separately.</li> <li>c) Change collection frequencies to every three weeks and align the bins and collections between East and North Herts, makes delivering the service more efficient and sustainable.</li> </ul> <p>It is proposed that the audit take place in two phases, the first being to review plans for the rollout of the new collection service, ensuring that lessons from previous service changes and contracts are considered, followed by a second post implementation review with lessons learned. and benefits / objectives realisation.</p>	Tbc	Director - Environment

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	A Recycling audit has been included in the draft 2025/26 Internal Audit Plan for East Herts Council, and the respective audits will need to align.		
Procurement Act 2023  (Source: Horizon scanning – other SIAS partners; new legislation)	A new public procurement regime will be brought into effect by the Procurement Act 2023 from 24 February 2025. This introduces a completely new set of rules for both public bodies and private companies supplying into the public sector. The purpose of the audit is to ensure that the Council has implemented the new rules, updated guidance and documentation, trained officers involved in procurement and that new procurements comply with the legislation.	Tbc	Director – Resources / S151 Officer

### IT Internal Audits (24 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Website Security and Maintenance  (Risk Register and Horizon Scanning)	Website maintenance is the set of essential tasks that help keep a site secure, efficient, and accessible for all users. Typical maintenance jobs include refreshing content, backing up data, optimizing site design, and fixing errors. Regular security maintenance involves identifying and patching website vulnerabilities, ensuring the site runs smoothly and resiliently. It also serves as a proactive defence against evolving cyber threats, preserving user trust and reputation.  To provide assurance that the above takes place in practice.	3	Director - Customers
Multi-Factor Authentication (MFA)	MFA is an identity verification method in which a user must supply at least two pieces of evidence, such as their password and a temporary / single use / random passcode, to prove their identity and permissions to access system accounts and resources. With increasing cyber risks, enhanced authentication mechanisms like MFA are vital. MFA has become an	4	Director - Customers



## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

(Risk Register, Audit Universe and Horizon Scanning)	<p>increasingly important piece of corporate identity and access management strategies. Standard single-factor authentication methods, which rely on usernames and passwords, are easy to break. Compromised credentials are one of the most common causes of data breaches.</p> <p>To provide assurance around the use and adoption of MFA controls in operation. Areas of coverage might include:</p> <ul style="list-style-type: none"> <li>a) Policies and procedures,</li> <li>b) Access control reviews,</li> <li>c) Privileged access management,</li> <li>d) Login and authentication methods,</li> <li>e) Vendor and 3<sup>rd</sup> part access,</li> <li>f) Job and duty segregation,</li> <li>g) Emergency and incident response plans, and</li> <li>h) Documentation and compliance.</li> </ul>		
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### Consultancy Assignments and Assurance Mapping (5 days)

<u>Assignment Title</u>	<u>Assignment Background and Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
Assurance Mapping  (Global Internal Audit Standards / Good governance and risk management practice)	<p>To work with the Performance and Risk Officer and the Controls, Risk and Performance Manager to review and update the assurance map of the corporate risks identified in the Council's Delivery Plan. The Assurance Map itself was produced and reported on as part of the 2024/25 Internal Audit Plan.</p> <p>See Glossary of Terms at Appendix D for further detail on assurance mapping.</p>	2	Director – Resources / S151 Officer

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

### Recommendation Follow-Ups (10 days)

Follow-up of High Priority Internal Audit Recommendations  (Global Internal Audit Standards / Good governance and risk management practice)	<p>While progress on implementation of high priority recommendations is routinely reported to FAR Committee as part of the SIAS Progress Update Reports, it is good practice to conduct an evidence-based follow-up of these recommendations. This also links into FAR Committee questions on the degree of assurance that can be taken from the written updates where no additional internal audit work has been undertaken.</p> <p>It is intended that high priority recommendations from the last five limited assurance internal audit reports will be followed up, including:</p> <ul style="list-style-type: none"> <li>a) Climate Emergency,</li> <li>b) Business Continuity Planning,</li> <li>c) Churchgate Landlord Compliance,</li> <li>d) Houses in Multiple Occupation, and</li> <li>e) Agency Staffing.</li> </ul>	2	Director – Resources / S151 Officer as well as those Directors in whose areas the original audits were undertaken.
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### Grant Claims / Charity Certification (8 days)

<u>Grant / Charity Title</u>	<u>Purpose</u>
King George V Playing Fields	To certify the accounts relating to the King George V Playing Fields.
Workman's Hall	To certify the accounts relating to the Workman's Hall.
Miscellaneous Grants	To certify any grant claims required during the year

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

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### Contingency (5 days)

Available time for ad hoc work as required.

### Strategic Support (38 days)

<u>Title</u>	<u>Purpose</u>
Chief Audit Executive Annual Opinion Report	To prepare the Chief Audit Executive Opinion 2023/24.
Audit Committee	To provide services linked with the preparation, agreement and presentation of Finance, Audit and Risk Committee reports, as well as any training requirements.
Performance Monitoring	Audit plan monitoring against agree KPIs.
Client Liaison	Meetings with the S151 Officer, preparation and attendance at the Risk Group and other groups or meetings as required.
Audit Planning 2026/27	Provision of services to prepare, agree and report the 2026/27 Annual Audit Plan.
SIAS Development	Included to reflect the Council's contribution to developing the partnership.

### 2024/25 Carry Forward (15 days)

Available time for completion of 2024/25 projects – includes specific projects below which did not commence or complete as scheduled.

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

<u>Assignment Title</u>	<u>Assignment Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
Homelessness (including rough sleepers)  (Source: Council Delivery Plan January 2024)	To provide assurance over work completed / ongoing work identified in the previous Council Delivery Plan for managing increased levels of homelessness and associated costs.	1	Service Director (Housing and Environmental Health)

### Reserve List

Potential audit topics for elevation into the 2025/26 Internal Audit Plan or future audit plans where cancellations or deferred audits arise.

<u>Title</u>	<u>Purpose</u>
IT Service Desk  (Source: Horizon scanning – audit universe)	<p>The Service Desk acts as a communication centre where employees can request help and receive IT support. IT service desks facilitate communication between other service management and the user community—usually the organisation’s employees and other stakeholders. They also play a role in capturing change requests, maintaining third party contacts, assisting with problem management, and managing software development. This critical role is often unseen but plays an integral part in ensuring the smooth functioning of an organisation's IT landscape. Whether it is assisting with password resets, deploying patches, or handling more complex troubleshooting, the service desk is the first line of support that helps employees navigate their digital resources.</p> <p>Areas of coverage can include:</p> <ul style="list-style-type: none"> <li>a) Objectives and Service Level Agreements,</li> <li>b) Processes and procedures,</li> <li>c) Customer Support,</li> <li>d) User self-service,</li> </ul>

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2025/26

	<ul style="list-style-type: none"> <li>e) Prevention and monitoring,</li> <li>f) Known error databases,</li> <li>g) Categorisation, prioritisation, and diagnosis,</li> <li>h) Investigation and escalation,</li> <li>i) Closure and resolution satisfaction,</li> <li>j) Reporting and risk management,</li> <li>k) Incident grouping, and</li> <li>l) Service desk allocations.</li> </ul>
<p>Asset Data</p> <p>(Source: Horizon scanning – other SIAS partners)</p>	<p>To provide assurance that asset data is complete, accurate and reliable and controls exist to ensure consistent recording between asset registers held by service areas, e.g., Accounts, Estates and Property Services.</p>
<p>Devolution and Local Government Reorganisation</p> <p>(Source: Horizon scanning – new risks)</p>	<p>The English Devolution White Paper published in December 2024 set out Government’s intention for all areas of the country to be covered by an elected Mayor and all two-tier areas like Hertfordshire, to be reorganised into single tier unitary authorities. The Local Government Minister wrote to all County and District councils in February 2025, including those from Hertfordshire, formally inviting the submission of initial proposals for local government reorganisation by 21 March, followed by full proposals by 28 November 2025.</p> <p>The Leaders and senior officers of all councils in Hertfordshire are seeking to build a shared evidence base to inform decision making, proposals and structures. The ultimate decision on any proposals will be for the Secretary of State for Housing Communities and Local Government.</p> <p>While time may not be required in the 2025/26 Internal Audit Plan for assurance activities related to devolution and local government reorganisation, this entry on the reserve list provides the opportunity to elevate the topic into the plan should it be needed and permits consideration as part of future audit plans.</p>

## APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT

Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
General Audit	Churchgate (through year)	Churchgate (through year)	Churchgate (through year)	Churchgate (through year)
	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)
	LGA Corporate Peer Challenge – Action Plan	Local Authorities as Charity Trustees	Environmental Protection - Statutory Nuisance	
			Digital Transformation Programme	
	Timing of remaining audits to be confirmed			
IT Audit			Website Security and Maintenance	Multi-Factor Authentication
Consultancy & Assurance Mapping		Assurance Mapping Update	New Finance System	
Recommendation Follow-Up		Follow-Up of High Priority Recommendations	Purchasing Cards	
Grant / Charity				King George V Playing Fields
				Workman's Hall

**APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT**

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Carry Forward	2024/25 Carry Forward Audit Completion - Homelessness			
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## APPENDIX C – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

Council Delivery Plan and Corporate Risks - Risk Register	Internal Audit Coverage 2021/22 – 2024/25	Internal Audit Coverage 2025/26	Assurance Mapping and Other Assurance
<b>Financial Sustainability (Corporate Risk Current Risk Score Red 9)</b>	Income Generation Integra Automation / Centros Financial System Revenues Discounts and Exemptions / Resilience in Revs and Bens Breathing Space (Debt Recovery) Council Tax Reduction Scheme Financial Resilience of Suppliers Payroll Processing Discretionary Housing Payments New Finance System (Accounts Payable) Purchasing Cards	New Finance System (Other modules) Purchasing Cards (New systems) Corporate Peer Challenge Action Plan	Financial Sustainability formed a key part of the Corporate Peer Challenge in 2024/25 with financial planning and management being one of the five core elements. One recommendation made in this area, with the CPC Action Plan to be monitored by Cabinet.
<b>Leisure Centre Decarbonisation (Project Summary – Amber / Current Risk Score Red 8)</b>	Public Sector Decarbonisation Scheme (Salix Grant)	Public Sector Decarbonisation Scheme (Salix Grant)	See adjacent column.
<b>Churchgate (Project Summary – Green / Current Risk Score Red 8)</b>	Churchgate – Project Governance Framework Churchgate Ongoing Project Assurance Churchgate Landlord Compliance Churchgate Project Assurance	Churchgate Project Assurance	See adjacent column.
<b>Waste and Street Cleansing Contract (Project Summary – Green / Current Risk Score Red 8)</b>	Waste Contract Follow-up Waste Contract	Waste Contract or Waste and Recycling Service Changes (included in list of general audits for possible delivery)	See adjacent column.
<b>Cyber Risks (Corporate Risk Current Risk Score Red 8)</b>	Cyber Security – Cyber Governance and Culture	Website Security and Maintenance Multi-Factor Authentication	See adjacent column.



## APPENDIX C – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

	Cyber Security – Supply Chain Management Critical Applications IT Disaster Recovery / Disaster Recovery Cyber Risk Phishing Other Technology audits		
<b>Resourcing (Corporate Risk Current Risk Score Red 9)</b>	Agency Staffing Safer Recruitment Training, Awareness and Induction Crosses numerous risks and audits, e.g. high priority recommendation in Climate Emergency audit	No	Assurance map shows sufficient other forms of assurance and has had recent internal coverage.
<b>Engaging the community on our finances and how we spend our money, via the 'Prioritising our Pounds' Digital Budget Hub (Project Summary - Amber / Current Risk Score Amber 5)</b>	No	No	Assurance map shows sufficient other forms of assurance.
<b>Digital Transformation (Project Summary - Green / Current Risk Score Amber 6)</b>	Digital Strategy – advisory and consultancy	Digital Transformation Corporate Peer Challenge Action Plan	The approach and delivery of digital transformation formed a key part of the Corporate Peer Challenge in 2024/25. One recommendation made in this area, with the CPC Action Plan to be monitored by Cabinet. See adjacent column.
<b>Local Plan Review (Project Summary - Green / Current Risk Score Amber 6)</b>	Development Management Follow-up Planning Applications	No	Assurance map shows sufficient other forms of assurance.

## APPENDIX C – RISK REGISTER / COUNCIL DELIVERY PLAN MAPPING TO INTERNAL AUDIT PLAN

<b>Town Centre Strategies (Project Summary – Green / Current Risk Score Amber 5)</b>	No	Town Centre Strategies (included in list of general audits for possible delivery)	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan.
<b>Resident/Public EV Charging in our Car Parks (Project Summary – Amber / Current Risk Score Amber 5)</b>	No	Resident / Public EV Charging in Council Car Parks (included in list of general audits for possible delivery)	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan.
<b>Pay on Exit Parking Review (Project Summary Amber / Current Risk Score Green 1)</b>	MSU Transactions (incl. PCN's and Car Park Income) Parking Strategy and Enforcement	Pay on Exit Parking (included in list of general audits for possible delivery)	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan although low risk score.
<b>Oughtonhead Common Weir (Project Summary – Amber / Current Risk Score Green 2)</b>	No	No	Assurance map shows sufficient other forms of assurance and low risk score.
<b>King George V Skate Park (Project Summary – Green / Current Risk Score Green 2)</b>	No	No	Assurance map shows sufficient other forms of assurance and low risk score.

The Corporate Risk Register and Council Delivery Plan are closely connected. The version used above was the most recent in place (January 2025) at the time of internal audit planning and is subject to regular review and update that means both the projects, risks and risk scores will have changed over time. Good examples of this are the Pandemic and Climate Change risks, both now removed, which were subject to previous internal audit coverage.

Assurance mapping from 2024/25 has assisted in showing both the strength and gaps in alternative assurance within the Four Lines (of Defence) Model.

We note not all risks have internal audit coverage against them. The Council has a large volume of identified risks, and our audit plan is constrained. We will monitor these risks and flexibly adapt our audit plan as appropriate and if required to cover these risks. We also note management's own actions seek to mitigate these risks.

## APPENDIX D – GLOSSARY OF TERMS

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### **Assurance mapping**

An assurance map is a structured way of identifying and presenting the sources of assurance over how risks are being managed. It is an essential element of mature risk management practices. An assurance map identifies the many sources of assurance that the Leadership team and FAR Committee rely on in their oversight role and can also include information on the frequency and quality of the assurance provided.

The key benefit for the organisation is the effective and efficient use of resources to provide assurance. An assurance map is also a practical tool for chief audit executives (CAEs) to use on two levels; demonstrating the depth/gaps in assurance and to plan audit activity.

The new Global Internal Audit Standards (Standard 9.5 Co-ordination and Reliance) requires the CAE to co-ordinate with internal and external assurance providers and consider relying on their work. Co-ordination minimises duplication of work, highlights gaps in coverage of key risks and enhances the overall value of all assurance providers. The way to achieve this requirement is with an assurance map.

### **Control Risk (Self) Assessment (CRSA / CRA)**

Control risk (self)-assessment is a process or method by which management and staff work with internal audit to identify and evaluate operational risks and the effectiveness of controls. The objective is to provide reasonable assurance that all business objectives will be met. CRA is an empowering and iterative process that integrates risk management practices and culture into the way staff undertake their jobs.

### **Data analytics / Data analysis**

Data analytics is a multidisciplinary field that employs a wide range of analysis techniques, including maths, statistics, and computer science, to draw insights from data sets. Data analytics is a broad term that includes everything from simply analysing data to theorising ways of collecting data and creating the frameworks needed to store it. Data analysis is a subcategory of data analytics that deals specifically with extracting meaning from data.

The top benefits of using data analytics and data-led audits include greater levels of assurance, greater audit coverage and enhanced efficiency. The top barriers to fully embracing data analytics include lack of skills, lack of resources and lack of time to implement.

### **Health Check**

## APPENDIX D – GLOSSARY OF TERMS

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It is a focused review that addresses specific areas of interest or concern and provides actionable insights and recommendations. The health check helps to identify and address critical gaps in processes and controls. They can also be 'light touch' reviews to establish and confirm the operation of controls and processes, providing a 'high-level' assurance without the depth of a full, evidence-based internal audit.

### **Maturity assessment**

Used to develop a 'snapshot' view of how an organisation is progressing against a measurable scale in the embedding of a change or transformation.

### **Project (Embedded) Assurance**

Project and programme assurance is a systematic process designed to provide confidence to stakeholders that a project or programme will achieve its objectives and deliver the intended benefits on time and within budget. It involves independent reviews and assessments at various stages to ensure that risks are managed, and the project or programme is on track. Key components of assurance include governance, roles and responsibilities, risk management, quality assurance, financial management and stakeholder engagement.

A typical approach to project management reviews is for the internal audit to join a project board/steering group or team with the inclusion of time in the audit plan for meetings. This often involves a considerable time commitment. There are advantages and disadvantages with this approach:

#### Advantages

1. It enables internal audit to be at the heart of what is happening and have the opportunity to communicate issues as soon as they are identified. In a fast-moving project this may be the only opportunity.
2. If done well it raises the standing of internal audit within the business as a trusted advisor.
3. You can help ensure appropriate controls are installed and risks are being adequately mitigated, based on a timely appreciation of changing variables as highlighted by the management of the project.

#### Disadvantages

1. Internal audit involvement can compromise independence. This could apply when internal audit assesses programme/project management or audit the process or activity that was the basis of the project.

## APPENDIX D – GLOSSARY OF TERMS

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2. Internal audit attendance can also be interpreted as 'audit approval' or audit sign-off'. The implication being that everything is satisfactory and on course.
3. Project board/steering group meetings often include detailed discussion about the adequacy of risk responses and the nature of specific controls to justify the presence of internal audit, but this can slow down, even delay progress. Internal audit may not need to be part of project board meetings to provide advice through their consultancy role.

Internal audit involvement should have a specific assurance or advisory purpose that is discussed, documented and agreed with senior management (as part of the terms of reference). Internal audit should not be part of the management sign-off process or be part of the decision making.

An alternative approach would be for the internal auditor to schedule attendance at one or two selected meetings during the audit of a project to consider specific issues such as the management of risk, validation of progress and to observe that appropriate information is being received, scrutinised and challenged.

### SIAS - Internal Audit Strategy 2025/26

#### Introduction

1. The Shared Internal Audit Service (SIAS) is a shared service created by eight Hertfordshire Councils with the purpose of providing internal audit services to each of the partner Councils, as well as a small number of external customers.
2. This document sets out our Internal Audit Strategy (IAS) for the next 12 months. The strategy includes how the service will support and promote good governance, this underpinned by our Internal Audit Charter (IAC) which describes the purpose, authority, responsibility, and position of the Internal Audit Service within our partner organisations.
3. Internal Audit is a statutory service in the context of the Accounts and Audit (England) Regulations 2015, which state:

*‘A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance’.*

4. SIAS operate in accordance with the International Professional Practices Framework (IPPF), which includes the Global Internal Audit Standards (UK public sector) (GIAS (UK public sector)), Topical Guidance and Global Guidance. The GIAS (UK public sector) is comprised of five domains, covering:
  - The purpose of internal auditing,
  - Ethics and professionalism,
  - Governing the internal audit function,
  - Managing the internal audit function, and
  - Performing internal audit services.
5. The GIAS (UK public sector) contains a Purpose Statement as follows:

*‘Internal auditing strengthens an organisation’s ability to create, protect and sustain value by providing the board and management with independent, risk-based and objective assurance, advice, insight and foresight.’*

6. Our partners response to internal audit activity should have the following benefits as outlined in the Purpose Statement:

*‘Internal auditing enhances the organisations:*

- *Successful achievement of its objectives.*
- *Governance, risk management and internal control processes.*
- *Decision-making and oversight.*
- *Reputation and credibility with its stakeholders.*
- *Ability to serve the public interest.’*

## APPENDIX E – SIAS Internal Audit Strategy

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### Our Mission

7. As a shared service, SIAS aims to:

***‘Be a high-quality shared service that seeks to embrace best professional practice, shared learning, develops our workforce, and delivers services in a financially sustainable way.’***

8. In delivering this mission statement SIAS will:

- Produce and deliver an Annual Risk Based Internal Audit Plan which complies with the GIAS (UK public sector) and CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government.
- Provide the statutory Chief Audit Executive’s Annual Opinion on each partner’s internal control, risk management framework and corporate governance arrangements.
- Provide progress reports to the Audit Committees / Boards which highlight any significant risk and control deficiencies or potential areas for improvement in the organisation’s governance, risk, and control arrangements; and
- Support and suitably challenge key assumptions and judgments taken by management, through IA’s assurance and advisory services, to ensure they are appropriate and in accordance with relevant legislation, policies and procedures, guidance, and professional standards.
- Continue to progress our grow your own strategy to support the development of high-quality internal audit staff.
- Progress our external business strategy in order build a sustainable and resilient service for the future.

9. To fulfil our aspirations and demonstrate our professionalism, SIAS must conform with the requirements of the GIAS (UK public sector).

### Our core values

10. Our core values which underpin the delivery of our mission

**Quality:** Our overarching value is to successfully blend the elements of quality as fitness for purpose (satisfying needs flexibly and responsively), excellence (achieving the highest standards), transformation (learning, innovation, and continuous improvement), professionalism (conformance with professional standards) and value for money (cost effectiveness). Quality is also about leadership, responsibility and accountability throughout the team and the ability to establish a culture of continuous learning that will challenge us to be our best and inspire and motivate all.

**Customer Focus:** We put service excellence and customer care at the heart of our internal audit and consultancy work, seeking to provide a service that inspires

## APPENDIX E – SIAS Internal Audit Strategy

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confidence and trust and meets customer expectations. We are always professional and courteous, take ownership for getting things right and support the service, our colleagues, and our partners / clients to meet their objectives.

**Learning and Development:** Our staff are our biggest asset; therefore, we support our staff to become professionally qualified, and build knowledge and skills to support their career development, maintain compliance with professional standards and delivery a high-quality service to our partners.

**Responsible:** We promote a culture of diversity and inclusion in relation to our approaches to recruitment, progression, and reward, within our ways of working, service development and internal audit delivery approach, and in our mutual respect for the people comprising our team.

**Accountability:** We take ownership of and are accountable for our work, are open to challenging ourselves and will raise concerns and provide solutions to improve the service.

**Agile Working:** We work with our clients to build trust; develop common understanding and take collective action to improve organisational priorities and outcomes; and be a trusted advisor to strategic management and the Audit Committees / Boards.

**Growth:** We maximise income generation through the continuous exploration of opportunities.

### **Our priorities**

11. SIAS must continue to deliver a good quality, efficient, resilient and cost-effective service that achieves its annual key performance indicators. Its focus must include the nuts and bolts of sound internal control, risk management and governance frameworks.
12. It is vital though that SIAS continues to remain agile, relevant and timely, while evolving in response to changing stakeholder needs and business objectives. Key areas of focus for SIAS include:
  - Enhancing the business impact of internal auditing and ensuring sufficient focus on business-critical risks,
  - Recruitment, retention, and progression of our grow your own strategy,
  - Building meaningful relationships with key stakeholders,
  - Co-ordination with other assurance providers and the outcomes of their work,
  - Building agility into audit approaches, and
  - Expanding the use of data analytics and assurance mapping amongst other assurance techniques.

### **Our role and delivery objectives**



## APPENDIX E – SIAS Internal Audit Strategy

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13. The full regulatory context and scope of internal audit and the Shared Internal Audit Service is set out within our partners Internal Audit Charter, approved annually by their respective Audit Committees.
14. Our core internal audit objective is to deliver sufficient, relevant internal audit and consultancy work to support the statutory annual assurance opinion on each of our partners internal control, risk management and corporate governance frameworks. The annual assurance opinion forms a significant part of our partners statutory Annual Governance Statements.
15. Delivery of the internal audit objectives outlined below support the core objective and ensure conformance with professional standards:
  - To develop and deliver dynamic and risk-based Internal Audit Plans that evidence the links to our partners objectives, risks and priorities.
  - To document our internal audit planning process alongside our Internal Audit Plans for Audit Committee approval. The planning process comprises our Planning Principles, Approach to Planning and Planning Context (internal audit environment and local government context and challenges).
  - To ensure that outcomes of assurance activities are reported in a clear and concise manner for all stakeholders, as well as seeking to identify root causes of the issues identified.
  - To support our partners in monitoring the implementation of high and medium priority internal audit recommendations, and other key findings from external inspectors or other assurance providers (e.g., Shared Anti-Fraud Service).
  - To support key transformation and change projects within our partner Council's through assurance and advisory services that provide real time insight into improvement opportunities and good governance.
  - To promote a culture of shared learning on good governance, risk management and internal control, through the sharing of good practice / emerging risks, completion of joint reviews and shared workshops.
  - To work with our partners to ensure that audit methodologies and approaches can adapt to the challenges of new ways of working and still maintain robust independent assurance.
  - To embrace and embed emerging internal audit techniques to ensure that our work can provide appropriate insight and support management in meeting statutory or best practice requirements.
  - To implement and maintain a Quality Assurance and Improvement Program (QAIP) covering planned quality activities to assess the efficiency and effectiveness of the internal audit activity followed by the completion of actions to address opportunities for improvement.

## **APPENDIX E – SIAS Internal Audit Strategy**

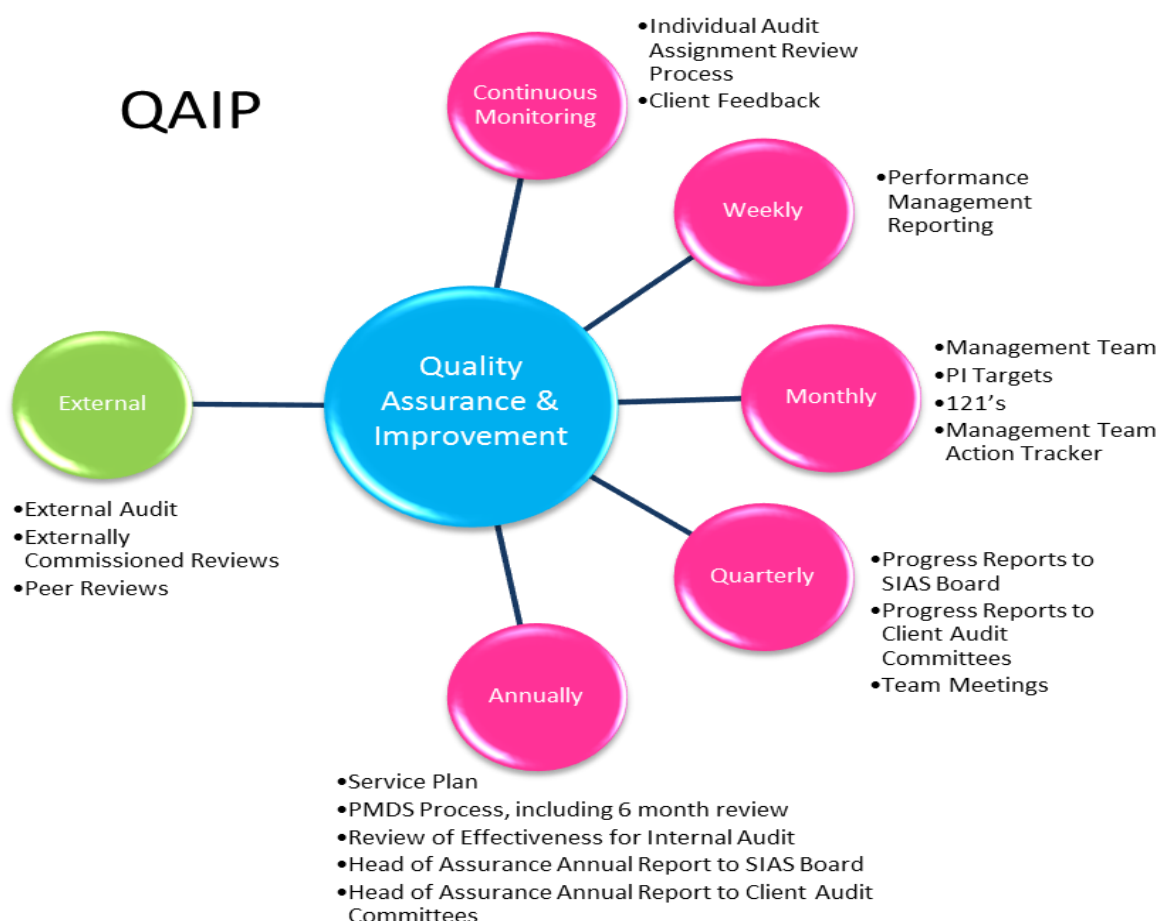
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### **Resources**

16. Achievement of our role and objectives is predicated on the matching of audit needs to available human resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients.
17. SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
18. The service will be adequately resourced to deliver the number of planned internal audit days commissioned through our partners internal audit plans and the requirements of our external clients.
19. Our structure is comprised of 17.2 FTE's; these being aligned to the 3,066 internal audit days that SIAS is commissioned to deliver.
20. Our internal resources are as follows:
  - 0.4 FTE Head of Assurance
  - 1 FTE Head of Shared Service / Client Audit Manager
  - 3.2 FTE Client Audit Managers
  - 1 FTE Assistant Client Audit Manager
  - 2.6 FTE Senior Auditors
  - 5 FTE Auditors
  - 3 FTE Trainee Auditors
  - 1 FTE Business Support & Development Officer
21. Our equivalent available resource from our delivery partner is as follows:
  - BDO (equivalent of 1.75 FTE)
22. The financial resource management of SIAS is described in the Budget and Medium-Term Financial Plan presented annually to the SIAS Board, and includes funding for training, professional development, conferences and other learning opportunities. This is integral to our 'grow your own' strategy. The SIAS Budget also contains funding for audit software and software licenses (technology) and the SIAS Reserve Strategy includes the potential for investment in further internal audit software, based on business need and subject to approval by the Board. These documents should be consulted for further detail.

### **Measuring quality and performance**

23. The GIAS (UK public sector) require SIAS to implement and maintain an ongoing QAIP (see diagram below) based on an annual self-assessment against the standards, supplemented at least every five years by a full independent external assessment.



24. The QAIP includes the continuous reporting of key performance indicators (KPIs) and other measures focusing on delivery of internal audit plans for our partners and clients, service quality, productivity, efficiency, conformance with professional standards, value and good governance. These are summarised in the table below:

Performance Indicator	Performance Target / Reporting
<b>Annual Internal Audit Plan Delivery</b> – the percentage of the Annual Internal Audit Plan delivered (excludes contingency)	95%
<b>Project Delivery</b> – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%
<b>Project Completion</b> – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%

## APPENDIX E – SIAS Internal Audit Strategy

<b>Client Satisfaction - percentage</b> of client satisfaction questionnaires returned at 'satisfactory' level.	100%
<b>Internal Audit Annual Plan Report</b>	Approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet.
<b>Chief Audit Executive's Annual Report (incl. Annual Assurance Opinion)</b>	Presented to the first meeting of each Audit Committee in the new financial year.
<b>Implementation of critical, high, and medium priority (where relevant to partner) recommendations</b>	Presented as part of regular internal audit progress updates to Audit Committee
<b>Conformance with GIAS (UK public sector)</b> – annual self-assessment or five-yearly external assessment; including areas of non-conformance.	Reported annually as part of the Chief Audit Executive's Annual Report.

25. The SIAS teams' individual performance is assessed through regular supervision and performance development and management meetings, as well as the outcomes of quality reviews and customer feedback for each internal audit assignment. Client satisfaction survey responses are reviewed, and improvement actions implemented as necessary.
26. Our co-sourced delivery partners performance is monitored through contractual KPIs and contract management meetings. We will also continue to explore performance measures used both within local government and other sectors.
27. Membership of the Chartered Institute of Internal Auditors Local Authority Heads of Internal Audit Forum, the Home Counties Chief Internal Auditors' Group, Audit Together (strategic alliance of similar shared services) and the Local Authority Chief Auditors' Network are crucial for sharing experiences, keeping up to date with technical and professional developments, benchmarking good practices and ensuring consistency of approach with our peers in the sector.

<b>CABINET</b> <b>18 March 2025</b>
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<b>PART 1 – PUBLIC DOCUMENT</b>
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**TITLE OF REPORT: THIRD QUARTER REVENUE BUDGET MONITORING 2024/25**

REPORT OF: THE SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: EXECUTIVE MEMBER FOR FINANCE AND IT

COUNCIL PRIORITY: SUSTAINABILITY

**1. EXECUTIVE SUMMARY**

- 1.1. The purpose of this report is to inform Cabinet of the summary position on revenue income and expenditure forecasts for the financial year 2024/25, as at the end of the third quarter. The forecast variance is a £840k decrease in the net working budget of £19.589million, with an ongoing impact in future years of a £76k increase. There are also requests to carry forward £731k of unspent budget to fund specific projects and initiatives in the next financial year. Explanations for all the significant variances are provided in table 3.

**2. RECOMMENDATIONS**

- 2.1. That Cabinet note this report.
- 2.2. That Cabinet approves the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a £840k decrease in net expenditure.
- 2.3. That Cabinet approves the changes to the 2025/26 General Fund budget, as identified in table 3 and paragraph 8.2, a total £807k increase in net expenditure.

**3. REASONS FOR RECOMMENDATIONS**

- 3.1. Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. Budget holders have considered the options to manage within the existing budget but consider the variances reported here necessary and appropriate.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. Consultation on the budget monitoring report is not required. Members will be aware that there is wider consultation on budget estimates during the corporate business planning process each year.

## 6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 15<sup>th</sup> November 2024.

## 7. BACKGROUND

- 7.1. Council approved the revenue budget for 2024/25 of £19.933million in February 2023. As at the end of Quarter Three, the working budget has decreased to £19.589million. Table 1 below details the approved changes to this budget to get to the current working budget:

**Table 1 - Current Working Budget**

	£k
Original Revenue Budget for 2024/25 approved by Full Council	19,933
Quarter 3 2023/24 Revenue Budget Monitoring report – 2024/25 budget changes approved by Cabinet (March 2024)	410
2023/24 Revenue Budget Outturn Report – 2024/25 budget changes approved by Cabinet (June 2024)	634
Community Governance Review Terms of Reference report - additional budget required for the use of the Association of Electoral Administrators consultancy service to assist with delivering the Community Governance Review – approved by Council (July 2024)	20
First Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (September 2024)	(858)
Second Quarter Revenue Monitoring 2024/25 report - 2024/25 variances approved by Cabinet (January 2025)	(550)
<b>Current Working Budget</b>	<b>19,589</b>

- 7.2. The Council is managed under Service Directorates. Table 2 below confirms the current net direct resource allocation of each Service Directorate and how this has changed from the budget allocations published in the Quarter Two revenue monitoring report. The other budget transfers during the quarter primarily relate to the allocation of the Corporate Apprenticeship Scheme resource to the relevant service areas.

**Table 2 – Service Directorate Budget Allocations**

	Original Budget 2024/25	Changes approved at Quarter One	Other Budget Transfers	Current Net Direct Working Budget
Service Directorate	£k	£k	£k	£k
Managing Director	(378)	(298)	(329)	(1,005)
Customers	4,466	(128)	54	4,392
Enterprise	(26)	(9)	48	13
Housing & Environmental Health	2,162	(225)	48	1,985
Legal & Community	2,574	(21)	92	2,645
Place	7,199	8	38	7,245
Regulatory Services	1,078	143	0	1,221
Resources	3,064	(20)	49	3,093
<b>TOTAL</b>	<b>20,139</b>	<b>(550)</b>	<b>0</b>	<b>19,589</b>

## 8. RELEVANT CONSIDERATIONS

- 8.1. Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final columns detail if there is expected to be an impact on next year's (2025/26) budget:

**Table 3 - Summary of significant variances**

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
<b>Managing Director</b> Apprenticeship Scheme	300	253	(47)	Forecast underspend is due to the turnover of apprentices during the year, with several apprentices either leaving the authority or successfully applying for substantive posts elsewhere within the Council. This meant apprentice positions were vacant while a new recruitment process took place. It is requested that the unspent budget is carried forward to help fund the costs of the apprenticeship scheme in the next financial year.	47	0
<b>Managing Director</b> Treasury Investments Interest Income	(2,800)	(2,955)	(155)	Increase in estimated interest income receivable is a combination of interest rates falling by less than estimated during the quarter and higher cash balances available for investment than estimated due to capital expenditure in the quarter being lower than anticipated.	0	0
<b>Managing Director</b> External Audit Fees	172	198	+26	External Audit Fees are expected to be more than the working budget provision. In recent years, government has provided some support for authorities with the additional audit fees associated with the implementation of the recommendations of the Redmond review via the allocation of the Redmond Review Local Audit Grant. The Council has however not been notified of any allocation for 2024/25. This was identified as a financial risk when the original budget was approved by Council last year.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
<b>Customers</b> Directorate Staffing Costs	6,425	6,297	(128)	Underspend on staffing is due to a combination of vacant posts, staff reducing hours and several retirements. £53k of the unspent budget is requested to be carried forward to finance the anticipated temporary staffing pressure in the Customer Service Centre associated with the waste service changes from May. A further £36k is requested to be carried forward to fund the costs of a temporary IT helpdesk position. Budget was carried forward last year for the cost of this role, which has been recruited to as a part-time 24-month post. The unspent budget in this financial year is therefore requested to be carried forward to meet those costs falling in future years.	89	0
<b>Customers</b> Court Summons Fees Income	(171)	(131)	+40	Income is forecast to be lower than budgeted this year as recovery was suspended with the transition to the new financial system during the year. No further court summons notices are expected to be issued before the end of the financial year.	0	0
<b>Enterprise</b> Projects Team Staffing Costs	157	117	(40)	Forecast underspend on salaries is due to vacancies held pending the preparation of a restructure proposal that will be tailored to meet the team's current and future needs.	0	0
<b>Enterprise</b> Royston Town Council Annexe Redevelopment	20	0	(20)	The delay in progressing this project has been due to the lack of a formal vehicular access to the rear of the Royston Town Hall annexe. Estates Officers are liaising with Hertfordshire County Council, who own the adjoining car park, to come to a suitable arrangement for a formal access route that would enable redevelopment options for the site to be looked at. It is therefore requested that the unspent budget is carried forward to fund the appointment of an architect in the next financial year.	20	0
<b>Enterprise</b> DCO 2nd Floor Letting Income – Rechargeable Items	(39)	(15)	+24	Reduction in this income primarily relates to the business rates cost chargeable to the tenant. A business rates valuation of the 2nd floor was arranged this year, with the tenant receiving a business rates bill directly rather than being recharged by the Council under the terms of the lease. The corresponding reduction in the Council's business rates expenditure was included in the forecast outturn reported at Quarter Two (within the other minor variances total in table 3). In addition, other chargeable costs to the tenant, such as energy and repairs and maintenance, have been lower than estimated.	0	24



Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
<b>Enterprise</b> Cultural Services Catering Income	(132)	(90)	+42	Howard Park Kiosk was brought under the management of Cultural Services this year, alongside the Bancroft Gardens Kiosk and the café within North Herts Museum. While a worse than expected summer from a weather standpoint was a particular issue at both the park-based kiosks this year, levels of demand have generally been lower than anticipated in the budget, with an adjustment to the ongoing income expectation recommended.	0	21
<b>Legal &amp; Community</b> Directorate Staffing Costs	1,654	1,706	+52	Difficulty in recruiting to several vacant positions within Legal Services has meant that the team have had to employ agency staff during the year to cover the vacant posts at a higher cost than the original budget provision. This was identified as a financial risk when the original budget was approved by the Council in February 2024.	0	0
<b>Legal &amp; Community</b> Community Governance Review	30	7	(23)	Work on the Community Governance Review is ongoing and will not be completed before the end of the current financial year. The unspent budget is therefore requested to be carried forward to fund the work remaining in the next financial year.	23	0
<b>Place</b> Burial Grounds Income	(347)	(280)	+67	Forecast variance is indicative of a relative reduction in burials in favour of cremation, which is a more affordable option for families. This has impacted income for the purchase of graves, memorials and exclusive rights of burial, which have all reduced. Local competition from the crematoria at Harwood Park and Holwell is also likely to have made the financial impact more acute. This will be kept under review during 2025/26 to see if a permanent budget adjustment is needed.	0	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
<b>Place</b> Commingled Recyclates – Net cost of Haulage and Processing	381	482	+101	Marked decreases in the basket price achieved for the sale of the recyclates in the second half of the financial year, most notably glass and plastic, has contributed significantly to the forecast increase in net cost. In addition, new MRF legislation, which requires enhanced sampling of materials, has led to an increase in the volumes identified of non-recyclable materials collected, which has increased processing costs. Adverse movement in material prices and changes in the material composition increasing the net cost of recycling services was identified as a financial risk when the original budget was approved. Due to the volatility in the market, there is not currently an assumption of an ongoing impact.	0	0
<b>Place</b> Waste and Recycling Contract Expenditure	6,322	6,177	(145)	Forecast underspend relates to the adjustment of contract prices for inflation. The additional cost from indexation applied to the contract in each of the last two years has been lower than the provision for contract inflation included in the budget. With the new waste contract commencing in May 2025, overall budget provision required going forward was considered in the financial planning process for 2025/26 and beyond.	0	0
<b>Place</b> Garden Waste Service Income	(1,029)	(1,096)	(67)	Forecast overachievement of income is indicative of a higher number of subscribers to the service than anticipated in the budget estimates, with new subscribers registering during the financial year.	0	0
<b>Regulatory</b> Directorate Staffing Costs	3,251	3,146	(105)	Projected salary underspend is due to various vacancies within the Planning Service during the year. While most of the vacancies have since been recruited to, recruitment for two key remaining vacancies to support the Local Plan Review and Town Centre Strategies has not been successful on multiple occasions. The unspent budget is requested to be carried forward to fund the cost of agency staff covering these positions in the next financial year.	105	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
<b>Regulatory</b> London Luton Airport Development Consent Order application	20	0	(20)	The Secretary of State deadline for the decision has been extended to 3 April 2025 (and may be extended again) to allow appropriate time to fully consider the application before making a determination. The investment budget was approved to support work arising from the Secretary of State decision and is therefore requested to be carried forward given the delay in the decision date.	20	0
<b>Regulatory</b> Planning Policy - Transport Policy Expenditure	97	13	(84)	The £97k working budget comprises £6k to support the transport user forum, £41k for the Hitchin Rail Station eastern access project, £30k relating to the Sustainable travel town initiative and £20k for the development of Local Cycling Walking and Infrastructure plans. Progress with all of these is ongoing, so it is requested that the £84k remaining is carried forward to meet associated costs in the next financial year.	84	0
<b>Regulatory</b> Planning Policy – Local Plan Review	244	55	(189)	Cabinet approved a full review of the Local Plan in January 2024. Delivery was contingent on new legislation and guidance from Government. Following the 2024 General Election, this has not been produced. A proposed timetable and way forward for the Local Plan was presented to Cabinet in January 2025. This will see substantial work and external costs being incurred from 2025/26 onwards. The financial approach is in line with approved budget bids for this project. These made clear that underspends were anticipated in early years which would be carried-forward to safeguard against significant additional budget pressures later in the process. This prudent approach is reinforced by the latest Medium Term Financial Strategy that states the Local Plan should be delivered from within currently identified resources.	189	0
<b>Regulatory</b> Planning Policy – Supplementary Planning Documents (SPDs)	152	30	(122)	To date most of the work on documents and processes supporting the Local Plan have been carried out in-house. This includes the adopted SPDs on Developer Contributions and Sustainability as well as work to support Biodiversity Net Gain. The early stages of work on the Design Code SPD have been completed in 2024/25, following the successful creation of a small Urban Design team within the Planning service. As this project will continue into the new financial year, it is requested that the unspent budget is carried forward.	122	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2025/26 £k
<b>Regulatory</b> Planning Policy – Chilterns National Landscape	10	0	(10)	The timetable for the review of the application for the extension of the Chilterns National Landscape (formerly the Chilterns Area of Outstanding Natural Beauty (AONB)) is controlled by Natural England and not by the Council. Natural England have advised formal consultation on draft proposals is currently planned for Spring 2025. The whole budget is therefore requested to be carried forward.	10	0
<b>Regulatory</b> On Street Parking Lines and Signs	60	37	(23)	There has been spend on this budget in this financial year in delivering the ongoing maintenance programme for the replacement of lines and signs as required across the district. It is requested that the remainder is carried forward to facilitate any additional signage and lines in association with on-going surveys and potential tariff reviews. Work on these projects will commence in the next financial year, subject to Cabinet decisions.	23	0
<b>Regulatory</b> Planning Control – Specialist Planning Advice	105	55	(50)	The Council has a Service Level Agreement with Herts County Council (HCC) for the provision of Landscape Architectural advice, Ecological advice and appraisal of biodiversity net gain proposals, Archaeological advice, Design review panel, and Strategic sustainability and planning advice (LEADS). HCC advised at the beginning of the year that the annual service cost would be £104k. However North Herts Council has made less use of the service than anticipated and so the contribution required for this year has been reduced by HCC. The agreed cost for 2024/25 is £55k and for 2025/26 onwards is £82k, resulting in a saving of £50k for 2024/25 and an annual saving on existing budget estimates of £23k for future years.	0	(23)
<b>Resources</b> Insurance premiums expenditure	227	257	+30	Expenditure relating to insurance premiums this year is higher than budgeted across all insurance categories, providing an indication of general insurance market conditions. The largest variance is for insurance relating to Council employees, with an increase in total staff headcount contributing to the increase in the cost of the premium.	0	30

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2025/26
	£k	£k	£k		£k	£k
<b>Resources</b> District Council Offices Ground Rent	11	51	+40	North Herts Council and Letchworth Garden City Heritage Foundation are working together on a rent review for the District Council Offices in Letchworth. The rent review covers the period from April 2014 onwards and, based on provisional calculations, North Herts Council will be liable for £40k of a backdated rent uplift, with an increase of £9k to the annual budget required going forward.	0	9
<b>Resources</b> Council Offices and Operational Buildings – Electricity & Gas Expenditure	121	91	(30)	Forecast underspend is primarily due to energy prices this year being lower than anticipated. Original budget for electricity and gas charges included provision for price inflation of 5% in 2024/25. Gas prices have however been around 40% lower than 2023/24, with electricity prices 1% lower. Ongoing impact of these price changes was included in the contractual growth estimate within the revenue budget for 2025/26.	0	0
<b>Total of explained variances</b>	<b>15,241</b>	<b>14,405</b>	<b>(836)</b>		<b>732</b>	<b>61</b>
Other minor balances	4,348	4,344	(4)		(1)	15
<b>Overall Total</b>	<b>19,589</b>	<b>18,749</b>	<b>(840)</b>		<b>731</b>	<b>76</b>

- 8.2. Cabinet are asked to approve the differences highlighted in the table above (a £840k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are also asked to approve the estimated impact on the 2025/26 budget, a £807k increase in budget, including requests to carry forward unspent budget totalling £731k for specific projects next year (recommendation 2.3).
- 8.3. The original approved budget for 2024/25 (and therefore working budget) included efficiencies totalling £699k, which were agreed by Council in February 2024. Any under or over delivery of efficiencies will be picked up by any budget variances (table 3 above). However, there can be off-setting variances which mean that it is unclear whether the efficiency has been delivered. Where this is the case, this will be highlighted. The forecast at Quarter Two was a net underachievement of £264k. This forecast is unchanged at the end of Quarter Three.
- 8.4. The working budget for 2024/25 includes budgets totalling £1.456million that were carried forward from the previous year. These are generally carried forward so that they can be spent for a particular purpose that had been due to happen in 2023/24 but was delayed into 2024/25. At Quarter Two, it was forecast that £355k of the budget carried forward will not be spent in this year. At Quarter Three, it is forecast that £603k of budget carried forward will not be spent in this financial year. The £248k movement in the forecast at Quarter Three relates to:
- Temporary IT Staff. £58k (£6k increase on Q2 forecast) of the £69k budget carried forward will not be spent in this year, as noted in table 3.
  - Redevelopment of Royston Town Hall Annexe. The £20k budget carried forward will not be spent, as highlighted in table 3.
  - Community Governance Review. £3k of the £10k budget carried forward will not be spent, as noted in table 3.

- Local Plan Supplementary planning documents. £122k of the £144k budget carried forward will not be spent, as highlighted in table 3.
- Local Plan post adoption review. £53k of the £108k budget carried forward will not be spent, as highlighted in table 3.
- Extension of Chilterns National Landscape. The £10k carry forward budget will not be spent this year, as highlighted in table 3.
- Transport User Forum. The £6k carry forward budget is forecast not be spent this year, as noted in table 3.
- Sustainable travel towns. The £20k budget carried forward will not be spent this year, as noted in table 3.
- Hitchin Rail Station Eastern Access Project. £8k of the £21k budget carried forward will not be spent, as noted in table 3.

All the unspent carry forward budget reported at Quarter Three is requested to be carried forward again to 2025/26.






- 8.5. Six corporate 'financial health' indicators have been identified in relation to key sources of income for the Council in 2024/25. Table 4 below shows the performance for the year. A comparison is made to the original budget to give the complete picture for the year. Each indicator is given a status of red, amber, or green. A green indicator means that they are forecast to match or exceed the budgeted level of income. An amber indicator means that there is a risk that they will not meet the budgeted level of income. A red indicator means that they will not meet the budgeted level of income.
- 8.6. At the end of Quarter Two, three of the indicators were green and three of the indicators were red. This position is unchanged at the end of Quarter 3. The projected outturn for planning income is lower than the actual income recorded to date because the projection includes the estimated impact of the accounting adjustment required at the end of the financial year to comply with relevant accounting standards around income recognition. As such, the final planning income total will capture only those fees received from applications resolved during 2024/25.

**Table 4 - Corporate financial health indicators**

Indicator	Status	Original Budget £k	Actual to Date £k	Projected Outturn £k	Variance £k
Leisure Centres Management Fee Income	Red	(1,130)	(649)	(778)	+352
Garden Waste Collection Service Subscriptions	Green	(1,029)	(1,096)	(1,096)	(67)
Commercial Refuse & Recycling Service Income	Red	(1,282)	(1,239)	(1,242)	+40
Planning Application Fees (including fees for pre-application advice)	Red	(1,186)	(1,419)	(986)	+200
Car Parking Fees	Green	(1,948)	(1,592)	(1,948)	0
Parking Penalty Charge Notices (PCNs)	Green	(573)	(398)	(573)	0

- 8.7. Table 5 below indicates current activity levels, where these drive financial performance, and how these compare to the prior year to indicate the direction of current trends. As performance against the planning applications fee income budget is generally determined by the number of large applications resolved in the year (rather than the total number of applications received), and this distinction is not captured in the data available, this indicator is omitted from table 5.

**Table 5 - Corporate financial health indicators – activity drivers**

Indicator	Activity Measure	Performance Q3 2024/25	Performance Q3 2023/24	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits in quarter	1,305,810	1,199,889	+8.8%	
Garden Waste Collection Service	Number of bin subscriptions at end of quarter	33,860	30,413	+11.3%	
Commercial Refuse & Recycling Service	Number of customers at end of quarter	1,015	1,034	-1.8%	
Car Parking Fees	Car park tickets sold / average ticket price sold during quarter	871,308 / £1.78	861,970 / £1.70	+1.1% / +4.7%	
Parking Penalty Charge Notices	Number of PCNs issued during quarter	11,733	11,510	+1.9%	

### **FUNDING, RISK AND GENERAL FUND BALANCE**

- 8.8. The Council's revenue budget is funded primarily from Council Tax and Retained Business Rates income. The Council was notified by Central Government in February 2024 of the amount of New Homes Bonus, Services Grant and Funding Guarantee Grant it could expect to receive in 2024/25 and planned accordingly.
- 8.9. Council Tax and Business Rates are accounted for in the Collection Fund rather than directly in our accounts, as we also collect them on behalf of other bodies. Each organisation has a share of the balance on the Collection Fund account. The Council must repay in this year its share of the Council Tax deficit for the prior year and will receive in this year its share of the Business Rates Collection Fund surplus for the prior year, as estimated in January 2024. As reported previously, this means a contribution from the General Fund of £24k to the Council Tax Collection Fund and a contribution to the General Fund of £416k from the Business Rates Collection Fund. While the repayment of the Council Tax deficit amount of £24k is included in the funding total in table 7, the business rates surplus will be transferred to reserve and used to mitigate the impact of deficits recorded, and/or changes to the rates retention scheme, in future years. It is also reviewed as part of the Medium-Term Financial Strategy and budget process to assess whether it can be used to support the General Fund budget.
- 8.10. The Council's share of the Council Tax Collection Fund is forecast to be a surplus balance of £144k at the end of the year. A contribution of £144k will be transferred from the Collection Fund to the General Fund in the next financial year and this will therefore increase the amount of Council Tax funding available in 2025/26, as was shown in Appendix C to the Budget 2025/26 report. Any difference between this forecast and the actual position recorded at the end of the financial year will affect the calculation of the surplus / deficit position for 2025/26 and therefore impact the level of Council Tax funding available in 2026/27.
- 8.11. The current forecast for the Council's share of the Business Rates Collection Fund at the end of the year, as declared in the NNDR1 return submitted to Government in January, is an overall surplus position of £98k. The surplus amount of £98k will be transferred to the General Fund in the next financial year. Any difference with the final outturn for 2024/25 will affect the following financial year's calculated surplus / deficit position.

- 8.12. The Council is also subject to a business rates levy from Central Government as it collects more in business rates than the baseline need determined by Central Government. In 2024/25 the Council is a member of the Hertfordshire Business Rates Pool with Hertfordshire County Council and two other Hertfordshire Local Authorities. The Pool was formed with the expectation that this should reduce the business rates levy amount otherwise payable at the end of the year. Based on projected net Business Rates income in 2024/25, as declared to government in January 2024, the Council is estimated to gain by around £0.7million from being part of the pool. The gain to the Council is however not guaranteed and the exact value will depend on the actual level of rates collected by both North Herts Council as well as the two other collection authorities in the Pool. The contribution to the pool required for 2024/25 will therefore not be known until all the pool authorities have declared their business rates income amounts to government following the end of this financial year. In any case, the Council's contribution to the pool will be funded from grant held in reserve and as such will have a net zero impact on the General Fund balance at the end of the year.
- 8.13. The Council receives compensation in the form of a grant from Central Government for business rate reliefs introduced, which goes into our funds rather than the Collection Fund. The final amount of grant the Council can retain depends on the actual level of reliefs applied during the year. The Council currently expects to receive a total grant allocation of £5.282m for reliefs in 2024/25, which includes an amount of £589k received as compensation for the Government's previous decisions to cap the increases in the business rates multiplier. The multiplier compensation is included in the funding total in table 7 below. The rest of the grant received is held in reserve. Some of the amount held in reserve will be used to fund the business rates levy payable for this year, while a further £2.7 million will be used to top up the business rates income charged to the General Fund in 2024/25 to the baseline funding amount anticipated when the budget was set. In addition, as shown in table 7 below, there will be the planned release of £1.727million from the reserve to the General Fund in 2024/25 to bridge the funding gap anticipated when the budget was set.
- 8.14. The government published local authority allocations for distribution of the business rates levy account surplus for 2024/25 on February 3<sup>rd</sup> 2025. The Council will receive its allocation of £22,861 before the 31<sup>st</sup> March. This additional funding amount is included in table 7 below.
- 8.15. Table 7 below summarises the impact on the General Fund balance of the position at Quarter Three detailed in this report.

**Table 7 – General Fund impact**

	<b>Working Budget</b>	<b>Projected Outturn</b>	<b>Difference</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
<b>Brought Forward balance (1<sup>st</sup> April 2024)</b>	<b>(14,057)</b>	<b>(14,057)</b>	<b>-</b>
Net Expenditure	19,589	18,749	(840)
Funding (Council Tax, Business Rates, NHB, Services Grant, Funding Guarantee)	(18,206)	(18,229)	(23)
Funding from Reserves (including Business Rate Relief Grant)	(1,727)	(1,727)	0
<b>Carried Forward balance (31<sup>st</sup> March 2025)</b>	<b>(14,401)</b>	<b>(15,264)</b>	<b>(863)</b>

- 8.16. The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount



for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types so, when they occur, they are reflected as budget variances (see table 3). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,060k, and at the end of the third quarter a total of £289k has come to fruition. The identified risks realised in the third quarter relate to:

- Legal team resources - requirement due to recruitment/retention issues to use agency staff, as highlighted in table 3 above - £52k.
- Increase in the net cost of recycling services - adverse changes in the market price for commodities and change in material composition, as explained in table 3 above - £101k
- Increase to the annual external audit fee, as highlighted in table 3 above - £26k

**Table 8 – Known financial risks**

	<b>£'000</b>
<b>Original allowance for known financial risks</b>	<b>1,060</b>
Known financial risks realised in Quarter 1	(50)
Known financial risks realised in Quarter 2	(60)
Known financial risks realised in Quarter 3	(179)
<b>Remaining allowance for known financial risks</b>	<b>771</b>

## **9. LEGAL IMPLICATIONS**

- 9.1. The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. Specifically, 5.7.8 of Cabinet's terms of reference state that it has remit "*to monitor quarterly revenue expenditure and agree adjustments within the overall budgetary framework*". By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget and to maintain a prudent balance of reserves.
- 9.2. The recommendations contained within this report are to comply with the council's financial regulations with attention drawn to significant budget variances as part of good financial planning to ensure the council remains financially viable over the current fiscal year and into the future. Local authorities are required by law to set a balanced budget for each financial year. During the year, there is an ongoing responsibility to monitor spending and ensure the finances continue to be sound. This means there must be frequent reviews of spending and obligation trends so that timely intervention can be made ensuring the annual budgeting targets are met

## **10. FINANCIAL IMPLICATIONS**

- 10.1. Members have been advised of any variations from the budgets in the body of this report and of any action taken by officers.

## **11. RISK IMPLICATIONS**

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

- 11.2. As outlined in the body of the report. The process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate the risk of unplanned overspending of the overall Council budget.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. For any individual new revenue investment proposal of £50k or more, or affecting more than two wards, a brief equality analysis is required to be carried out to demonstrate that the authority has taken full account of any negative, or positive, equalities implications; this will take place following agreement of the investment.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and “go local” policy do not apply to this report.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1. Although there are no direct human resource implications at this stage, care is taken to ensure that where efficiency proposals or service reviews may affect staff, appropriate communication and consultation is provided in line with HR policy.

## **16. APPENDICES**

- 16.1. None.

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

- 18.1. None.

**CABINET**  
**18 March 2025**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: THIRD QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY) REVIEW 2024/25**

REPORT OF: SERVICE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: FINANCE AND I.T.

COUNCIL PRIORITY: SUSTAINABILITY

**1 EXECUTIVE SUMMARY**

- 1.1 To update Cabinet on progress with delivering the capital and treasury strategy for 2024/25, as at the end of December 2024.
- 1.2 To update Cabinet on the impact upon the approved capital programme for 2024/25 – 2033/34. The current estimate is a decrease in spend in 2024/25 of £0.583M and an increase in spend in 2025/26 of £0.627M. The most significant individual changes to the forecast spend in 2024/25 relate to the reprofiling into future years of £0.300M Hitchin Fitness Member Change and Relaxation Area Refurbishment and £0.150M Royston Leisure Centre Changing Village Refurbishment.
- 1.3 To inform Cabinet of the Treasury Management activities in the first nine months of 2024/25. The current forecast is that the amount of investment interest expected to be generated during the year is £2.955M. This is an increase of £0.155M on the estimate reported in the 2nd quarter report.

**2 RECOMMENDATIONS**

- 2.1 That Cabinet notes the forecast expenditure of £16.816M in 2024/25 on the capital programme, paragraph 8.3 refers.
- 2.2 That Cabinet approves the adjustments to the capital programme for 2024/25 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the estimated spend in 2025/26 by £0.627M.
- 2.3 That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.
- 2.4 Cabinet is asked to note the position of Treasury Management activity as at the end of December 2024.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- 3.2 To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 Options for capital investment are considered as part of the Corporate Business Planning process.
- 4.2 The primary principles governing the Council's investment criteria are the security of its investments (ensuring that it gets the capital invested back) and liquidity of investments (being able to get the funds back when needed). After this the return (or yield) is then considered, which provides an income source for the Council. In relation to this the Council could take a different view on its appetite for risk, which would be reflected in the Investment Strategy. In general, greater returns can be achieved by taking on greater risk. Once the Strategy has been set for the year, there is limited scope for alternative options as Officers will seek the best return that is in accordance with the Investment Strategy.

### **5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1 Consultation on the capital expenditure report is not required. Members will be aware that consultation is incorporated into project plans of individual capital schemes as they are progressed.
- 5.2 There are regular updates and meetings with Treasury advisors (MUFG, previously known as Link).

### **6. FORWARD PLAN**

- 6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 15th November 2024.

### **7. BACKGROUND**

- 7.1 In February 2024, Council approved the Integrated Capital and Treasury Strategy for 2024/25 to 2033/34. To be consistent with the strategy, the monitoring reports for Capital and Treasury are also integrated.
- 7.2 MUFG are contracted to provide Treasury advice. The service includes:
  - Regular updates on economic and political changes which may impact on the Council's borrowing and investment strategies

- Information on investment counterparty creditworthiness
- Technical updates
- Access to a Technical Advisory Group.

## 8. RELEVANT CONSIDERATIONS

- 8.1 The Council has £122.0M of capital assets that it currently owns. The Investment Strategy set out the reasons for owning assets that are not for service delivery, including an assessment of Security, Liquidity, Yield and Fair Value. There have been no significant changes in relation to these since the last quarter.

### Capital Programme 2024/25

- 8.2 The full capital programme is detailed in Appendix A and shows the revised costs to date, together with the expected spend from 2024/25 to 2034/35 and the funding source for each capital scheme.
- 8.3 Capital expenditure for 2024/25 is estimated to be **£16.816M**. This is a decrease of **£0.583M** on the forecast in the 2nd quarter report (reported to Cabinet on 14th January 2025). Table 1 below details changes to capital programme.

**Table 1- Current Capital Estimates**

	2024/25 £M	2025/26 £M	2026/27 to 2034/35 £M
<b>Original Estimates approved by Full Council February 2024</b>	<b>22.623</b>	<b>15.110</b>	<b>12.039</b>
<b>Changes approved by Cabinet in 3rd Qrt 2024/25</b>	0.960		
<b>Changes approved by Cabinet in 2023/24 Capital Outturn report</b>	2.654	0.193	
<b>Revised Capital estimates at start of 2022/23</b>	<b>26.237</b>	<b>15.303</b>	<b>12.039</b>
<b>Changes approved by Cabinet in March 2024:</b>			
Redistribution of Shared Prosperity Fund	-0.083		
Solar Together	0.563		
<b>Changes approved by Full Council July 2024:</b>			
Public Sector Decarbonisation Fund	2.400		
Royston Leisure Centre Gym Extension	0.250		
<b>Changes at Q1</b>	<b>1.048</b>	<b>0.948</b>	
Changes approved by Full Council Sept 2024	0.672	-0.672	
Executive Member – Finance and I.T. approved additional Expenditure Hitchin Fitness Gym Lift	0.020		
<b>Reprofile Leisure Budgets</b>		0.550	-0.400
<b>Changes at Q2</b>	<b>-13.708</b>	<b>9.810</b>	<b>2.000</b>

	2024/25 £M	2025/26 £M	2026/27 to 2034/35 £M
Changes approved by Full Council 27/02/2025 - Investment Strategy 2025-35		-4.876	9.921
<b>Changes at Q3</b>	<b>-0.583</b>	<b>0.627</b>	
<b>Current Capital Estimates</b>	<b>16.816</b>	<b>21.690</b>	<b>23.560</b>

- 8.4 Table 2 lists the schemes in the 2024/25 Capital Programme that will now start or continue in 2025/26 and onwards:

**Table 2: Scheme Timetable Revision:**

(Key: - = reduction in capital expenditure, + = increase in capital expenditure)

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Hitchin Fitness Member Change and Relaxation Area Refurbishment	300	0	-300	There has not been capacity within the leisure team to procure for the project this financial year and therefore it will be completed in 2025/26	300
Royston Leisure Centre Change Village Refurbishment	150	0	-150	Works will be carried out at the same time as Public Sector Decarbonisation Fund project	150
North Herts Leisure Centre Lift Replacement	90	0	-90	Property Services have advised a consultant should be appointed to specify and procure the lift project, this has resulted in a delay in delivering the project until 25/26.	90
Priory Memorial Gardens Multi-Use Games Area (MUGA)a	55	0	-55	Project has slipped following research into options for the replacement of the fencing around the muga to ensure that a suitable product is identified within budget. This process took longer than expected and has caused a delay in commencing the procurement process.	55

Scheme	2024/25 Working Budget £'000	2024/25 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2025/26 onwards £'000
Riverside walkway Biggin Lane	53	0	-53	The Council has procured a topographical survey of the proposed route of the Riverside Walk and an outline proposal for the planned walkway improvements and bridge crossing is being prepared by an external firm of consultant engineers. Unfortunately, delivery of this and subsequent works on site have been delayed. It is hoped that a preliminary proposal will be available from the structural engineers during February. This will be reviewed internally and then will be consulted on. Finalisation of the proposed route will also be subject to various statutory consents, including planning, highways and the environment agency before work can begin on site.	53
Home Repair Assistance	100	75	-25	The use of these grants has reduced. We will be reviewing the terms of the grants to increase eligibility. So requesting a carry-forward to support more households during 2025/26.	25
Other minor changes			-68		68
Total Revision to Budget Profile			-741		741

8.5 There are also changes to the overall costs of schemes in 2024/25. These changes total a net increase of £0.158million and are detailed in Table 3

**Table 3: Changes to Capital Schemes Commencing in 2024/25:**

(Key: - = reduction in capital expenditure, + = increase in capital expenditure)

<b>Scheme</b>	<b>2024/25 Working Budget £'000</b>	<b>2024/25 Forecast Spend £'000</b>	<b>Difference £'000</b>	<b>Comments</b>
SPF Community and Place	130	194	+64	The grant funding for these projects is split over Capital and Revenue. There will be an equivalent underspend in Revenue to fund this additional expenditure.
Community Facilities Refurbishment	0	48	+48	This budget was reprofiled into 25/26 in the Q2 report. Pirton Parish Council have fulfilled the conditions sooner than expected to enable of the grant and will commence the build of the project in February 2025.
Oughtonhead Common Weir	0	40	+40	This budget was reprofiled into 25/26 in the Q2 report but consultants costs have been incurred in 24/25
S106 Projects	12	40	+28	To date a total of £40K of S106 funds have been released for community schemes.
<b>Other minor changes</b>			<b>-22</b>	
<b>Total revision to scheme spend</b>			<b>158</b>	

8.6 Table 4 below shows how the Council will fund the 2024/25 capital programme.

**Table 4: Funding the Capital Programme:**

	<b>2024/25 Balance at start of year £M</b>	<b>2024/25 Forecast Additions £M</b>	<b>2024/25 Forecast Funding Used £M</b>	<b>2024/25 Balance at end of year £M</b>
Useable Capital Receipts and Set-aside Receipts	4.914	0.0	(4.749)	0.165
S106 receipts			(0.567)	
Other third party grants and contributions			(8.127)	
Revenue Contribution			(0.030)	



	<b>2024/25 Balance at start of year £M</b>	<b>2024/25 Forecast Additions £M</b>	<b>2024/25 Forecast Funding Used £M</b>	<b>2024/25 Balance at end of year £M</b>
Borrowing			(3.343)	
<b>Total</b>			<b>(16.816)</b>	

- 8.7 The availability of third-party contributions and grants to fund capital investment is continuously sought in order to reduce pressure on the Council's available capital receipts and allow for further investment. Additional capital receipts are dependent on selling surplus land and buildings. Ensuring that the Council gets best value from the disposal of land and buildings can take a long time and therefore the amounts that might be received could be subject to change.
- 8.8 The Council's Capital Financing Requirement (CFR) at 31<sup>st</sup> March 2024 was negative £2.58M. Based on current forecasts it will become positive during 2024/25 as the Council does not have sufficient funding (e.g. Capital Receipts) to finance the Capital programme. This means the Council will have to borrow to fund the programme in this year, with MRP (Minimum Revenue Provision) charged to the General Fund in 2025/26.

### **Treasury Management 2024/25**

- 8.9 The Council invests its surplus cash in accordance with the Investment Strategy (see paragraph 4.2). This surplus cash is made up of capital funding balances, general fund balance, other revenue reserves and provision balances and variations in cash due to the timing of receipts and payments. During the first nine months of 2024/25, the Council had an average investment balance of £57.0M and invested this in accordance with the treasury and prudential indicators as set out in the Integrated Capital and Treasury Management Strategy and in compliance with the Treasury Management Practices.
- 8.10 The Council generated £2.8M of interest in 2024/25 from investments already made during the first nine months of the year (and accrued interest from deals made in 2023/24). This includes the interest that will be earned during the final three months of the year on investments that have already been made. The average interest rate on all outstanding investments at the 31st December was 5.04%. (30th September was 5.17.%). Based on current investments and forecasts of interest rates and cash balances for the remainder of the year, it is forecast that the Council will generate £2.955M of interest over the whole of 2024/25.
- 8.11 As at 31st December 2024, the split of investments was as shown in the table below.

Banks	10%
Building Societies	0%
Government	5%
Local Authorities	85%

8.12 The level of risk of any investment will be affected by the riskiness of the institution where it is invested and the period that it is invested for. Where an institution has a credit rating this can be used to measure its riskiness. This can be combined with the period remaining on the investment to give a historic risk of default percentage measure. The table below shows the Historic Risk of Default for outstanding investments at 31st December 2024. The most risky investment has a historic risk of default of 0.013%. It should also be noted that in general the interest rate received is correlated to the risk, so the interest income received would be less if the Council took on less risk.

<b>Borrower</b>	<b>Principal Invested £M</b>	<b>Interest Rate %</b>	<b>Credit Rating</b>	<b>Days to Maturity at 31 Dec</b>	<b>Historic Risk of Default %</b>
Lloyds Bank	0.5	4.62	A+	1	0.000
Shropshire Council	2.0	5.35	AA-	2	0.000
Australia & New Zealand Bank	1.0	5.26	AA-	5	0.000
Nat West	1.0	5.17	A+	5	0.001
DMO	2.0	4.71	AA-	16	0.001
City of Bradford Metropolitan District Council	2.0	4.8	AA-	16	0.001
North Tyneside Council	2.0	5.05	AA-	19	0.001
Nat West	1.0	5.13	A+	26	0.003
Stoke on Trent City Council	1.0	5.75	AA-	27	0.002
London Borough of Barking & Dagenham	3.0	5.05	AA-	29	0.002
Central Beds Council	2.0	5.25	AA-	33	0.002
Australia & New Zealand Bank	2.0	4.96	AA-	40	0.002
DMO	1.0	4.7	AA-	43	0.003
Cheshire East Council	2.0	4.9	AA-	47	0.003
Folkestone & Hythe District Council	2.0	5.05	AA-	54	0.003
Flintshire County Council	2.0	5.0	AA-	57	0.004
City of Bradford MDC	1.0	5.1	AA-	58	0.004
London Borough of Barking & Dagenham	1.0	5.07	AA-	64	0.004
Cheltenham Borough Council	2.0	5.0	AA-	71	0.004
Liverpool City Council	2.0	5.25	AA-	78	0.005
Lancashire County Council	1.0	5.05	AA-	96	0.006
Reading Borough Council	2.0	4.75	AA-	96	0.006
Blackpool Council	3.0	4.75	AA-	113	0.007
Gravesham Borough Council	1.0	5.2	AA-	114	0.007
Leeds City Council	2.0	5.05	AA-	114	0.007
Lancashire County Council	3.0	5.2	AA-	119	0.007
Highland Council	2.0	5.1	AA-	125	0.008
Bournemouth Christchurch & Poole Council	2.0	4.8	AA-	131	0.008
Cheshire East Council	2.0	5.2	AA-	141	0.009
West Berkshire District Council	2.0	4.95	AA-	141	0.009
West Berkshire District Council	2.0	5.1	AA-	148	0.009

<b>Borrower</b>	<b>Principal Invested £M</b>	<b>Interest Rate %</b>	<b>Credit Rating</b>	<b>Days to Maturity at 31 Dec</b>	<b>Historic Risk of Default %</b>
Northumberland County Council	2.0	4.85	AA-	168	0.010
Liverpool City Council	2.0	4.85	AA-	209	0.013
	58.5	5.04			0.005

DMO credit rating is the UK credit rating.

## **9. LEGAL IMPLICATIONS**

- 9.1 Cabinet's terms of reference under 5.6.7 specifically includes "to monitor expenditure on the capital programme and agree adjustments within the overall budgetary framework". The Cabinet also has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. The Council is under a duty to maintain a balanced budget.
- 9.2 Section 151 of the Local Government Act 1972 states that:  
"every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs."
- 9.3 Asset disposals must be handled in accordance with the Council's Contract Procurement Rules.
- 9.4 The Prudential Indicators comply with the Local Government Act 2003.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 The main financial implications are covered in section 8 of the report.
- 10.2 The Council operates a tolerance limit on capital projects that depends on the value of the scheme and on this basis over the next ten-year programme it should be anticipated that the total spend over the period could be around £5.2M higher than the budgeted £62.065M.
- 10.3 The capital programme will need to remain under close review due to the limited availability of capital resources and the affordability in the general fund of the cost of using the Council's capital receipts. When capital receipts are used and not replaced the availability of cash for investment reduces. Consequently interest income from investments reduces. £1.0M currently earns the Authority approximately £50k per year in interest. The general fund estimates are routinely updated to reflect changes in income from investments. When the Capital Financing Requirement (CFR) reaches zero the Council will need to start charging a minimum revenue provision to the general fund for the cost of capital and will need to consider external borrowing for further capital spend. The CFR at the 31 March 2024 was negative £2.58M.

- 10.4 The Council also aims to ensure that the level of planned capital spending in any one year matches the capacity of the organisation to deliver the schemes to ensure that the impact on the revenue budget of loss of cash-flow investment income is minimised.

## **11. RISK IMPLICATIONS**

- 11.1 Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 The inherent risks in undertaking a capital project are managed by the project manager of each individual scheme. These are recorded on a project risk log which will be considered by the Project Oversight Group (if applicable). The key risks arising from the project may be recorded on IdeaGen (the Council's Performance & Risk management software).
- 11.3 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which was adopted by Cabinet in July 2003 and is revisited annually as part of the Treasury Strategy review. The risk on the General Fund of a fall of investment interest below the budgeted level is dependent on banks and building societies need for borrowing.

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equalities implications directly arising from the adoption of the Capital Programme for 2024/25 onwards. For any individual new capital investment proposal of £50k or more, or affecting more than two wards, an equality analysis is required to be carried out. This will take place following agreement of the investment proposal.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1. The Social Value Act and "go local" requirements do not apply to this report.

## **14. ENVIRONMENTAL IMPLICATIONS**

- 14.1. There are no known Environmental impacts or requirements that apply to recommendations of this report. The projects at section 8.4 may have impacts that contribute to an adverse impact. As these projects go forward, an assessment will be made where necessary.

## **15. HUMAN RESOURCE IMPLICATIONS**

- 15.1 There are no direct human resource implications.

## **16. APPENDICES**

16.1 Appendix A, Capital Programme Detail including Funding 2024/25 onwards.

16.2 Appendix B, Treasury Management Update.

## **17. CONTACT OFFICERS**

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## **18. BACKGROUND PAPERS**

18.1 Investment Strategy (Integrated Capital and Treasury Strategy)

<https://srvmodgov01.north-herts.gov.uk/documents/s24164/INVESTMENT%20STRATEGY%20INTEGRATED%20CAPITAL%20AND%20TREASURY.pdf>  
<https://srvmodgov01.north-herts.gov.uk/documents/s24165/FAR%20Appendix%20A-%20Integrated%20Capital%20and%20Treasury%20Strategy.docx.pdf>

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									Funding				
		2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 Funding £	2030/31 - 2034/35 Funding £					
Project	Service Directorate								Funded from Other Grants	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Balance funded from Capital Receipts/ Set- aside receipts/ Borrowing
Hitchin Swim Centre: Fitness Equipment Replacement	Place	391,700	0	0	0	0	0	0	10,000	0	0	0	381,700
Hitchin Town Hall Kitchen Enhancement	Enterprise	0	0	25,000	0	0	0	0	0	0	0	0	25,000
Howard Park Kiosk Refurbishment	Enterprise	15,400	0	0	0	0	0	0	0	0	0	0	15,400
Howard Park Letchworth Path Resurfacing	Place	6,200	13,800	10,000	10,000	0	0	0	0	0	0	0	40,000
Infrastructure Hardware	Customers	375,000	0	18,000	18,000	190,000	0	0	0	0	0	0	601,000
Installation of trial on-street charging (GAF)	Regulatory	0	50,000	0	0	0	0	0	0	50,000	0	0	0
Ivel Springs Footpaths	Place	10,000	0	0	0	0	0	0	0	0	0	0	10,000
King George V Muga Hitchin	Place	0	55,000	0	0	0	0	0	0	0	55,000	0	0
John Barker Place, Hitchin	Regulatory	1,096,000	0	0	0	0	0	0	0	0	270,400	0	825,600
Laptops - Refresh Programme	Customers	40,000	319,000	49,000	35,000	40,000	349,000	234,000	0	0	0	0	1,066,000
Leased Cars	Resources	141,000	0	0	0	0	0	0	0	0	0	0	141,000
Letchworth OD Pool Café	Place	53,000	0	0	0	0	0	0	0	0	0	0	53,000
Local Authority Housing Fund Pt 2	Regulatory	300	0	0	0	0	0	0	0	300	0	0	0
Match funding for Electric Vehicle charging	Regulatory	100,000	0	0	0	0	0	0	0	0	0	0	100,000
Mel Tax Offices, Royston	Enterprise	0	25,000	0	0	0	0	0	0	0	0	0	25,000
Members Laptops Refresh Programme	Customers	0	0	30,000	0	0	0	0	0	0	0	0	30,000
Microsoft Enterprise Software Assurance	Customers	0	679,000	0	0	747,000	0	1,494,000	0	0	0	0	2,920,000
Museum Storage Facility	Enterprise	1,350,000	650,000	2,000,000	0	0	0	0	0	0	0	0	4,000,000
Newmarket Road Royston Skatepark & Access	Place	88,500	0	0	0	0	0	0	0	0	88,500	0	0
NH Museum & Community Facility	Enterprise	0	48,300	0	0	0	0	0	48,300	0	0	0	0
NH Museum Chiller	Enterprise	0	80,000	0	0	0	0	0	0	0	0	0	80,000
NHLC Air Handling Units	Place	250,000	0	0	0	0	0	0	0	0	0	0	250,000
NHLC Café	Place	20,000	0	0	0	0	0	0	0	0	0	0	20,000
NHLC Gym Platform Lift Replacement	Place	15,700	0	0	0	0	0	0	0	0	0	0	15,700
NHLC Gym Equipment	Place	434,000	0	0	0	0	0	0	0	0	0	0	434,000
NHLC Gym Refurbishment	Place	292,000	0	0	0	0	0	0	0	0	0	0	292,000
NHLC Lift Replacement	Place	0	90,000	0	0	0	0	0	0	0	0	0	90,000
NHLC Male, Female and Accessible Wet Change Refurbishment	Place	0	250,000	0	0	0	0	0	0	0	0	0	250,000
NHLC Pool Flume Replacement	Place	0	300,000	0	0	0	0	0	0	0	0	0	300,000
NHLC Pool View	Place	110,000	0	0	0	0	0	0	0	0	0	0	110,000
Northern Transfer Station	Place	0	0	0	0	3,000,000	3,000,000	0	0	0	0	0	6,000,000
Norton Common Bowls Pavilion	Place	0	55,000	0	0	0	0	0	0	0	28,000	0	27,000
Norton Common Footpaths	Place	0	10,000	0	0	0	0	0	0	0	0	0	10,000
Norton Common Letchworth Tennis Courts	Place	0	48,700	0	0	0	0	0	0	0	0	0	48,700
Off Street Car Parks resurfacing and enhancement	Resources	20,000	19,000	43,000	77,000	0	0	0	0	0	0	0	1



									Funding				
		2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 Funding £	2030/31 - 2034/35 Funding £					
Project	Service Directorate								Funded from Other Grants	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Balance funded from Capital Receipts/ Set- aside receipts/ Borrowing
Priory Memorial Gardens MUGA Royston	Place	0	55,000	0	0	0	0	0	0	0	0	0	55,000
Private Sector Grants	Regulatory	75,000	189,700	60,000	60,000	60,000	60,000	300,000	0	0	0	0	804,700
Provide housing at market rents.	Enterprise	3,000	0	0	0	0	0	0	0	0	0	0	3,000
Public Sector Decarbonisation Fund	Place	8,590,100	5,000,000	0	0	0	0	0	0	7,730,100	0	0	5,860,000
Public Sector Decarbonisation Fund Phase 2	Place	0	730,000	2,001,000	423,000	0	0	0	0	1,172,000	0	0	1,982,000
Ransoms Rec Footpaths, Gates and Railing	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
Refurbishment and improvement of community facilities	Legal and Community	47,800	0	0	0	0	0	0	0	0	0	0	47,800
Refuse and Recycling Bins	Place	130,000	90,000	90,000	90,000	90,000	90,000	450,000	0	0	0	0	1,030,000
Remote testing equipment - Emergency Lights and Water Temperature Monitoring	Resources	0	13,000	0	0	0	0	0	0	0	0	0	13,000
Renovate skate park at KGV Hitchin	Place	0	248,700	0	0	0	0	0	0	0	0	0	248,700
Replacement of Newark Close, Royston	Enterprise	0	65,000	0	0	0	0	0	0	0	0	0	65,000
Replacement of the timber access bridge at Norton Common	Place	73,400	1,600	0	0	0	0	0	0	0	0	0	75,000
Resurface Lairage Car Park	Resources	0	346,300	0	0	0	0	0	0	0	0	0	346,300
Riverside walkway, Biggin Lane	Place	0	53,000	0	0	0	0	0	0	0	0	0	53,000
RLC change village refurbishment – replacement of cubicles, lockers, vanity area and group change.	Place	0	150,000	0	0	0	0	0	0	0	0	0	150,000
RLC Cafe	Place	0	20,000	0	0	0	0	0	0	0	0	0	20,000
Royston Leisure Centre Dry Side Toilet Refurbishment	Place	0	30,000	0	0	0	0	0	0	0	0	0	30,000
Royston Leisure Centre extension	Place	250,000	1,000,000	0	0	0	0	0	0	0	168,000	0	1,082,000
RLC Pool View	Place	70,000	0	0	0	0	0	0	0	0	0	0	70,000
RLC Gym Equipment	Place	0	349,800	0	0	0	0	0	0	0	0	0	349,800
RLC Gym Refurbishment	Place	0	452,000	0	0	0	0	0	0	0	0	0	452,000
Royston Leisure Centre Members Changing Refurbishment	Place	200,000	0	0	0	0	0	0	0	0	0	0	200,000
S106 Projects	Various	40,300	0	0	0	0	0	0	0	0	40,300	0	0
S016 Funding for additional social housing	Regulatory	0	192,500	0	0	0	0	0	0	0	192,500	0	0
Security - Firewalls	Customers	23,600	0	18,000	0	18,000	0	54,000	0	0	0	0	113,600
Shared Prosperity Fund Community and Place Intervention: Community Engagement Schemes	Enterprise	193,800	0	0	0	0	0	0	0	193,800	0	0	0
Shared Prosperity Fund Community and Place Intervention: Creation of and improvements to local green spaces	Enterprise	50,000	0	0	0	0	0	0	0	50,000	0	0	0
Shared Prosperity Fund Community and Place Intervention: Local sports facilities, tournaments, teams and leagues	Resources	100,000	0	0	0	0	0	0	0	100,000	0	0	0
Solar Together	Place	0	563,000	0	0	0	0	0	0	44,000	0	0	519,000
St Johns Cemetery Footpath	Place	29,600	0	0	0	0	0	0	0	0	0	0	29,600
Swinburne Recreation Ground Hitchin	Place	0	30,000	0	0	0	0	0	0	0	0	0	30,000
Tablets - Android Devices	Customers	13,900	10,000	10,000	4,000	4,000	4,000	8,000	0	0	0	0	53,900
Technology One Financial System	Resources	155,800	0	0	0	0	0	0	0	0	0	0	155,800
Thomas Bellamy House, Hitchin	Enterprise	0	6,000	0	0	0	0	0	0	0	0	0	6,000
Transport Plans implementation (GAF)	Regulatory	0	250,000	0	0	0	0	0	0	250,000	0	0	0
Walsworth Common Pavilion - contribution to scheme	Place	0	0	300,000	0	0	0	0	250,000	0	37,000	0	13,000
Waste and Street Cleansing Data Mgmt	Place	0	470,000	0	0	0	0	0	0	0	0	0	470,000

									Funding				
Project	Service Directorate	2024/25 Funding £	2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 Funding £	2030/31 - 2034/35 Funding £	Funded from Other Grants	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	Balance funded from Capital Receipts/ Set- aside receipts/ Borrowing
Waste and Street Cleansing Vehicles	Place	0	4,800,000	0	0	0	0	5,500,000	0	0	0	3,200,000	7,100,000
Weston Hills Baldock	Place	12,200	0	0	0	0	0	0	0	0	0	0	12,200
Weston Hills LNR Footpath Renovation	Place	0	0	0	0	0	0	0	0	0	0	0	0
WiFi Upgrade	Customers	0	40,000	0	0	0	0	0	0	0	0	0	40,000
Wilbury Hills Cemetery Footpaths	Place	9,400	0	30,000	0	0	0	0	0	0	0	0	39,400
		16,815,500	21,689,600	5,147,000	952,000	4,418,000	3,738,000	9,305,000	308,300	10,095,200	879,700	3,230,200	47,551,700

# Treasury Management Update

Quarterly report  
31<sup>st</sup> December 2024

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# Treasury Management Update

## Quarter Ended 31<sup>st</sup> December 2024

The CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice for Treasury Management 2021 recommends that members be updated on treasury management activities at least quarterly. This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

### 1. Economics update

- The third quarter of 2024/25 (October to December) saw:
  - GDP growth contracting by 0.1% m/m in October following no growth in the quarter ending September;
  - The 3myy rate of average earnings growth increase from 4.4% in September to 5.2% in October;
  - CPI inflation increase to 2.6% in November;
  - Core CPI inflation increase from 3.3% in October to 3.5% in November;
  - The Bank of England cut interest rates from 5.0% to 4.75% in November and hold them steady in December.
  - 10-year gilt yields starting October at 3.94% before finishing up at 4.57% at the end of December (peaking at 4.64%).
- The 0.1% m/m fall in GDP in October was the second such decline in a row and meant that GDP would need to rise by 0.1% m/m or more in November and December, for the economy to grow in Q4 as a whole rather than contract. With on-going concern over the impact of the October budget and drags from higher interest rates and weak activity in the euro zone, our colleagues at Capital Economics have revised down their forecast for GDP growth in 2025 to 1.3% (it was initially 1.8% in the immediate wake of the Budget.)
- This quarter saw the composite activity Purchasing Manager Index (PMI) dip below the level of 50 that separates expansion from contraction for the first time since October 2023. Although December's composite PMI came in above this level, at 50.5, this was still consistent with the 0% rise in real GDP in Q3 being followed by a flat-lining, or potential contraction, in the final quarter of 2024. However, the economy is unlikely to be quite as weak as that given that the PMIs do not capture rises in government spending, but the data does underline the continued divergence in trends between the manufacturing and services sectors. The manufacturing PMI fell for its fourth consecutive month in December, from 48.0 in November to 47.3. That's consistent with manufacturing output falling by 1.5% q/q in the final quarter of 2024 after flatlining through the summer months. This weakness in the manufacturing sector was offset by a rebound in the services sector. The services PMI rose from 50.8 in November to 51.4 in December, which is consistent with non-retail services output growth increasing from +0.1% q/q to +0.3% for October - December. This suggests that more of the recent slowdown in GDP is being driven by the weakness in activity overseas rather than just domestic factors. Additionally, the services output prices balance rose for the third consecutive month, from 55.4 in November to 56.9, showing signs that price pressures are reaccelerating.
- After rising by 1.4% q/q in July - September, the retail sector had a difficult final quarter of the year. Indeed, the bigger-than-expected 0.7% m/m fall in retail sales in October (consensus forecast -0.3% m/m) suggested that households' concerns about expected tax rises announced in the Budget on 30<sup>th</sup> October contributed to weaker retail spending at the start of the quarter. The monthly decline in retail sales volumes in October was reasonably broad based, with sales in five of the seven main sub sectors slipping. However, the potential for seasonally adjusted sales to rise in November - if October's figures were impacted by the timing of the school half term – combined with a rebound in consumer confidence and rising real incomes, points to some promise to the final quarter of 2024
- The Government's October budget outlined plans for a significant £41.5bn (1.2% of GDP) increase in taxes by 2029/30, with £25bn derived from a 1.2% rise in employers' national insurance contributions. The taxes are more than offset by a £47bn (1.4% of GDP) rise in current (day-to-day) spending by 2029/30 and a £24.6bn (0.7% of GDP) rise in public investment, with the latter being more than funded by a £32.5bn (1.0% of GDP) rise in public borrowing. The result is that the Budget loosens fiscal policy relative to the previous government's plans - although fiscal policy is still being tightened over the next five years – and that GDP growth is somewhat stronger over the coming years than had previously been forecasted. By way of comparison, the Bank of England forecasts four-quarter GDP growth to pick up to almost 1¼% through 2025 (previously forecast to be 0.9%) before falling back to just over 1% in 2026.

- December's pay data showed a rebound in wage growth that will likely add to the Bank of England's inflationary concerns. The 3myy rate of average earnings growth increased from 4.4% in September (revised up from 4.3%) to 5.2% in October (consensus forecast 4.6%) and was mainly due to a rebound in private sector pay growth from 4.6% to 5.4%. Excluding bonuses, public sector pay stagnated in October and the 3myy rate fell from 4.7% to 4.3%.
- The number of job vacancies also fell again from 828,000 in the three months to October to 818,000 in the three months to November. This marks the first time it has dropped below its pre-pandemic February 2020 level of 819,000 since May 2021. Despite this, the Bank of England remains concerned about the inflationary influence of high wage settlements as well as the risk of a major slowdown in labour market activity.
- CPI inflation has been on the rise this quarter, with the annual growth rate increasing from 1.7% in September to 2.3% in October, before rising further to 2.6% in November. Although services CPI inflation stayed at 5.0% in November, the Bank had expected a dip to 4.9%, while the timelier three-month annualised rate of services CPI rose from 5.0% to 5.1%. That shows that there currently isn't much downward momentum. Moreover, the wider measure of core CPI inflation rose from 3.3% to 3.5% in November. Both services and core inflation are currently at rates well above those consistent with the 2.0% target and are moving in the wrong direction. Capital Economics forecast that after dipping to 2.5% in December, CPI inflation will rise further in January, perhaps to 2.8%. Although CPI inflation is expected to be back at close to the 2.0% target by the end of 2025, given that a lot of the rise in inflation in the coming months will be due to base effects that won't persist, the potential for a broader set of tariffs to arise from the US as well as the constant threat of geo-political factors to impact energy and food prices suggest risks remain very much to the upside.
- Throughout the quarter gilt yields have risen. The 10-year gilt yield increased from 3.94% at the start of October to 4.57% by the year end (and has subsequently risen to 4.64% early in 2025). As recently as mid-September 10-year gilt yields were at their low for the financial year, but since then, and specifically after the Budget at the end of October, yields have soared. Overall, the reaction to the UK Budget highlights how bond markets are both fragile and highly attentive to news about the fiscal outlook.
- The FTSE 100 started off this quarter at 8,276, before finishing up at 8,121. In particular, UK markets have continued to fall further behind US equities, a trend which has accelerated since Trump's election victory in November, partly due to the UK stock market being less exposed to AI hype, and it being weighed down by its relatively large exposure to the energy and materials sectors.

#### **MPC meetings: 7<sup>th</sup> November & 18<sup>th</sup> December 2024**

- On 7 November, Bank Rate was cut by 0.25% to 4.75%. The vote was 8-1 in favour of the cut, but the language used by the MPC emphasised "gradual" reductions would be the way ahead with an emphasis on the inflation and employment data releases, as well as geo-political events.
- At the 18 December meeting, another split vote arose. Members voted 6-3 to keep Bank Rate on hold at 4.75%, but dissenters (Dhingra, Ramsden and Taylor) were keen for rates to be cut further as concerns over the slowing down of the UK economy took root, despite near-term inflation fears remaining.
- The MPC again stated that "a gradual approach" to rate cuts "remains appropriate" and that policy will "remain restrictive for sufficiently long".

## **2. Interest rate forecasts**

The Council has appointed Link Group as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1<sup>st</sup> November 2012. For Housing Revenue Account authorities, the lower Housing Revenue Account (HRA) PWLB rate has also been available since 15 June 2023 (standard rate minus 60 bps) but is available for HRA borrowing only.

The latest forecast, updated on 11<sup>th</sup> November, sets out a view that both short and long-dated interest rates will start to fall once it is evident that the Bank of England has been successful in squeezing excess inflation out of the economy, despite a backdrop of stubborn inflationary factors and a tight labour market.

Following the 30<sup>th</sup> October Budget, the outcome of the US Presidential election on 6<sup>th</sup> November, and the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) on 7<sup>th</sup> November, we significantly revised our central forecasts for the first time since May. In summary, our Bank Rate forecast is now 50bps – 75bps

higher than was previously the case, whilst our PWLB forecasts have been materially lifted to not only reflect our increased concerns around the future path of inflation, but also the increased level of Government borrowing over the term of the current Parliament.

If we reflect on the 30<sup>th</sup> October Budget, our central case is that those policy announcements will be inflationary, at least in the near-term. The Office for Budgetary Responsibility and the Bank of England concur with that view. The latter have the CPI measure of inflation hitting 2.5% y/y by the end of 2024 and staying sticky until at least 2026. The Bank forecasts CPI to be 2.7% y/y (Q4 2025) and 2.2% (Q4 2026) before dropping back in 2027 to 1.8% y/y.

The anticipated major investment in the public sector, according to the Bank, is expected to lift UK real GDP to 1.7% in 2025 before growth moderates in 2026 and 2027. The debate around whether the Government's policies lead to a material uptick in growth primarily focus on the logistics of fast-tracking planning permissions, identifying sufficient skilled labour to undertake a resurgence in building, and an increase in the employee participation rate within the economy.

There are inherent risks to all the above. The worst-case scenario would see systemic blockages of planning permissions and the inability to identify and resource the additional workforce required to deliver large-scale IT, housing and infrastructure projects. This would lead to upside risks to inflation, an increased prospect of further Government borrowing & tax rises, and a tepid GDP performance.

Our central view is that monetary policy is sufficiently tight at present to cater for some further moderate loosening, the extent of which, however, will continue to be data dependent. We forecast the next reduction in Bank Rate to be made in February and for a pattern to evolve whereby rate cuts are made quarterly and in keeping with the release of the Bank's Quarterly Monetary Policy Reports (February, May, August and November). Any movement below a 4% Bank Rate will, nonetheless, be very much dependent on inflation data in the second half of 2025.

Regarding our PWLB forecast, the short to medium part of the curve is forecast to remain elevated over the course of 2025, and the degree to which rates moderate will be tied to the arguments for further Bank Rate loosening or otherwise. The longer part of the curve will also be impacted by inflation factors, but there is also the additional concern that with other major developed economies such as the US and France looking to run large budget deficits there could be a glut of government debt issuance that investors will only agree to digest if the interest rates paid provide sufficient reward for that scenario.

Moreover, Donald Trump's victory in the US President election paves the way for the introduction/extension of tariffs that could prove inflationary whilst the same could be said of any further tax cuts and an expansion of the current US budget deficit.

Invariably the direction of US Treasury yields in reaction to his core policies will, in all probability, impact UK gilt yields. So, there are domestic and international factors that could impact PWLB rates whilst, as a general comment, geo-political risks abound.

In summary, regarding PWLB rates, movement in the short-end of the curve is expected to reflect Link's Bank Rate expectations to a large degree, whilst medium to longer-dated PWLB rates will remain influenced not only by the outlook for inflation, domestically and globally, but also by the market's appetite for significant gilt issuance (£200bn+ for each of the next few years). As noted at the Link November Strategic Issues webinars, there is upside risk to that part of our forecast despite the Debt Management Office skewing its issuance to the shorter part of the curve.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.
- The Link forecast for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

### 3. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2024/25, which includes the Annual Investment Strategy, was approved by the Council on 29/02/24. 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, aligned with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seeking out value available in periods up to 24 months.

As shown by the interest rate forecasts in section 2, investment rates have remained relatively elevated during the third quarter of 2024/25 but are expected to fall back in due course if inflation falls through 2025 and the MPC loosens monetary policy more substantially.

#### Creditworthiness.

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness to ensure that only appropriate counterparties are considered for investment purposes.

#### Investment counterparty criteria

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

#### CDS prices

For UK and international banks, these have remained low, and prices are not misaligned with other creditworthiness indicators, such as credit ratings. **Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.**

#### Investment balances

The average level of funds available for investment purposes during the quarter was **£56.6m**. These funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme. The Council holds **£20m** core cash balances for investment purposes (i.e., funds available for more than one year).

	Amount	Average
	£	Interest Rate %
<b>Managed By NHC</b>		
Banks	5,500,000	5.13
Building Societies	0	0
Local Authorities	50,000,000	5.04
Government	3,000,000	4.70
<b>Total</b>	<b>58,500,000</b>	<b>5.04</b>

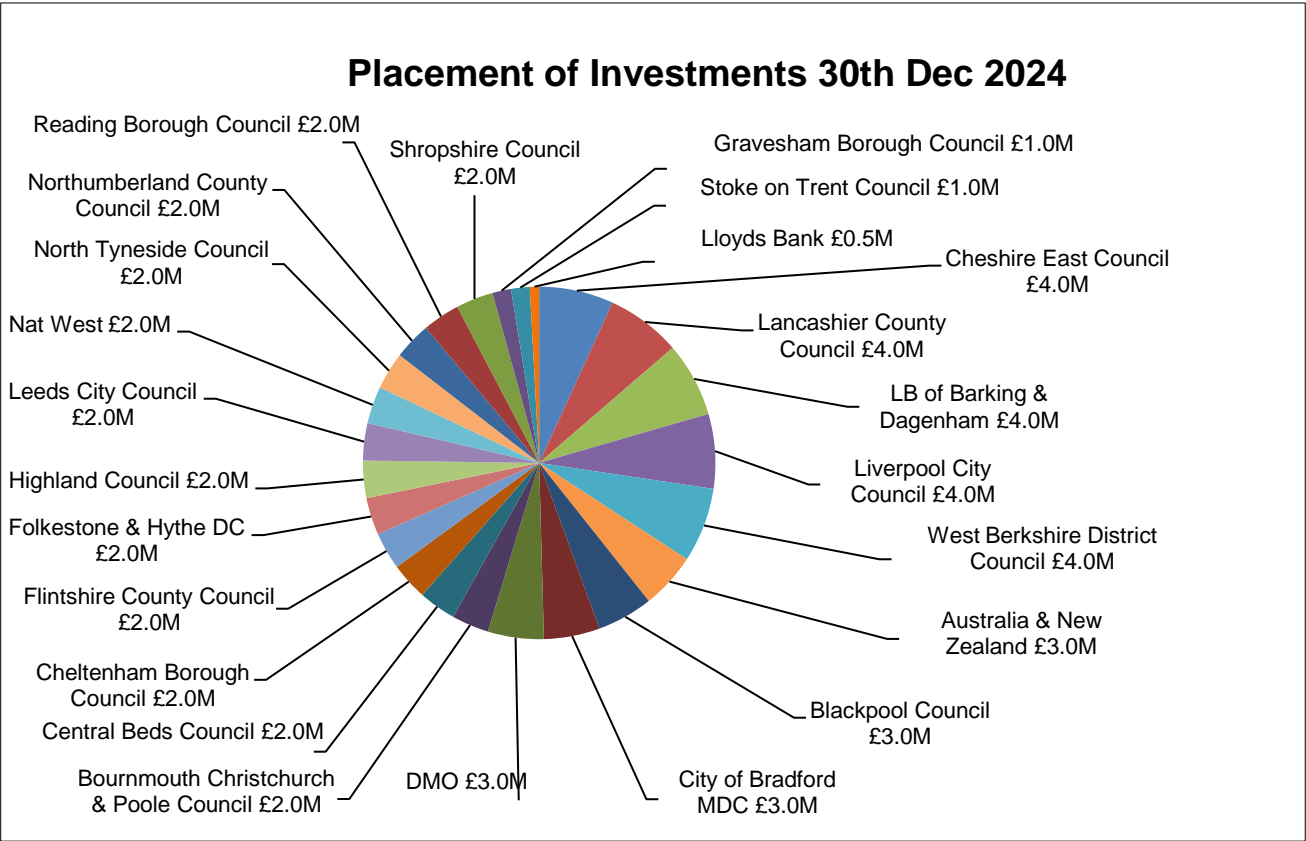


In percentage terms, this equates to:

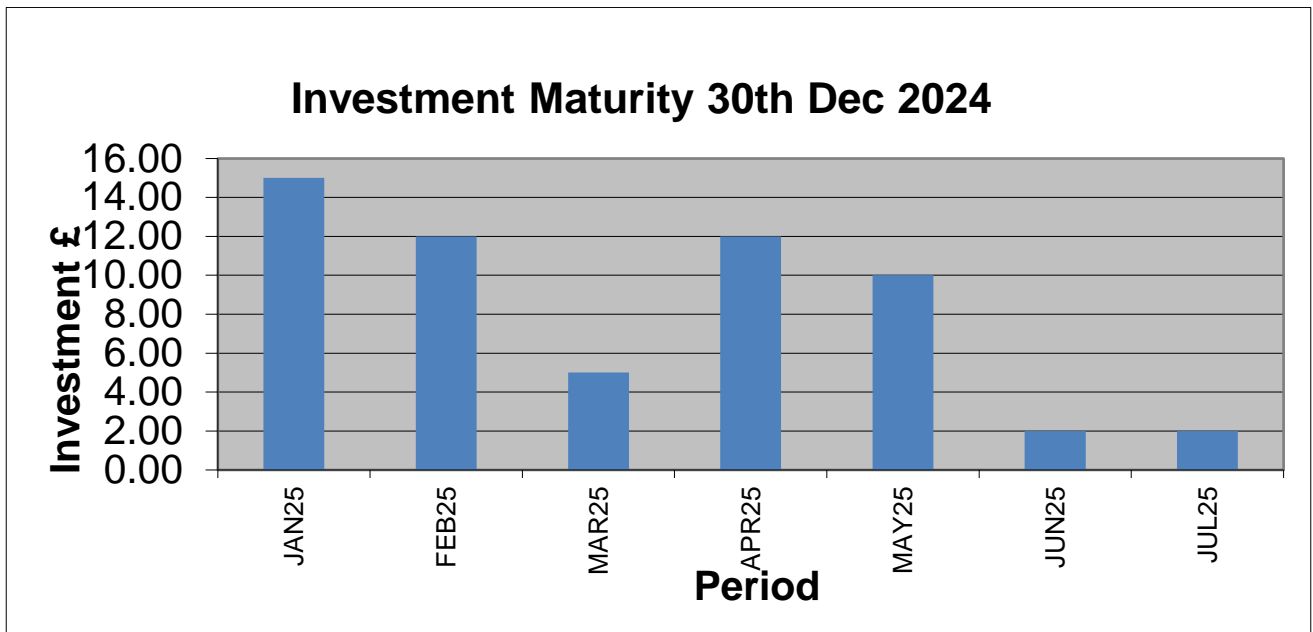
	Percentage
Government	5
Banks	10
Local Authorities	85
Building Societies	0

The approved 24/25 strategy is that no more than 60% of investments should be placed with Building Societies and Property Funds with a maximum value of £15M. The value at 30 December was zero.

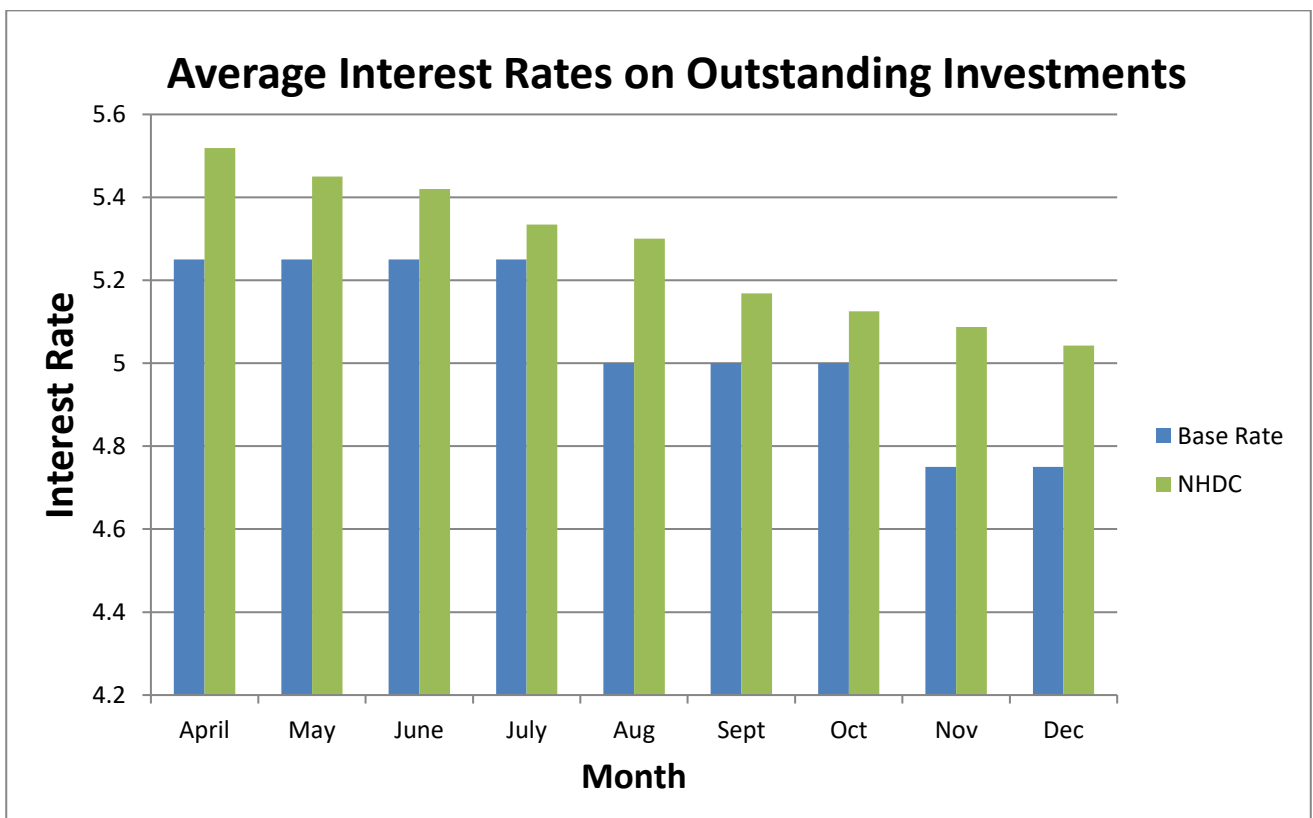
The pie chart below shows the spread of investment balances as at 30 December 2024. This is a snapshot in time that demonstrates the diversification of investments.



The chart below shows the Council's investment maturity profile.



The graph below shows the average rate of interest on outstanding investments at 31 December.



#### Approved limits

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31<sup>st</sup> December 2024.

## 4. Borrowing

No borrowing was undertaken during the quarter ended 31<sup>st</sup> December 2024.

It is anticipated that new borrowing will be undertaken during this financial year but this is dependant on the spend in the Capital Programme.

Loans Outstanding at 31 December 2024:

	Amount	Average Interest Rate
	£	%
Public Works Loans Board	£336k	10.60

Estimated outstanding debt:

Year	Forecast Borrowing £m	Forecast other long-term liabilities £m *	Less: Internal Borrowing £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
31 <sup>st</sup> March 2025 (Forecast)	3.668	0.562	3.343	0.887	2.0	7.0
31 <sup>st</sup> March 2026 (Forecast)	20.843	5.984	20.538	5.929	8.0	13.0
31 <sup>st</sup> March 2026 (Forecast)	20.828	5.122	20.538	5.412	7.0	12.0
31 <sup>st</sup> March 2028 (Forecast)	20.813	4.258	20.538	4.533	6.0	11.0
31 <sup>st</sup> March 2029 (Forecast)	22.661	3.395	22.396	3.66	5.0	10.0

\* Comprises the finance lease relating to Letchworth Multi-storey car park and impact of the finance lease for waste vehicles.

The external borrowing forecast can be used to give an indication of the borrowing that may be required, which is combined with outstanding existing borrowing. The Council will also borrow for short-term cash-flow needs if required. The actual borrowing that is taken out will depend on the latest forecasts and the offers that are available at the time that it is required. There will also be a consideration of when any other borrowing becomes due, with the aim of achieving a spread of these dates. This is to try and avoid refinancing risk. The Council is required to set indicators for the maturity structure of its borrowing. Given the low level of borrowing that the Council currently has and is forecast to have, it is considered appropriate to maintain full flexibility as to the exact duration of any borrowing undertaken.

To manage refinancing risk, the Council sets limits on the maturity structure of its borrowing. However, these indicators are set relatively high to provide sufficient flexibility to respond to opportunities to repay or take out new debt (if it was required), while remaining within the parameters set by the indicators.

Maturity Period	Lower %	Upper %
Under 12 months	0	100
12 months to 2 years	0	100
2 years to 5 years	0	100
5 years to 10 years	0	100
10 years to 20 years	0	100
20 years and above	0	100

The Prudential Indicator below considers the cost of borrowing as a % of the net revenue budget of the Council.

Year	Estimated cost of borrowing £m	Forecast net revenue budget £m	Estimated cost of borrowing as a % of net revenue budget
2024/25	0.036	18.749	0.192
2025/26	0.184	23.523	0.782
2026/27	0.957	21.972	4.356
2027/28	0.956	21.830	4.379
2028/29	0.955	21.368	4.470

The Council is required to set a prudential indicator that estimates financing costs (cost of borrowing less income from investments) as a percentage of its net revenue budget.

Year	Estimated cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing Costs £m	Forecast net revenue budget £m	Estimated cost of borrowing as a % of net revenue budget
2024/25	0.036	2.955	-2.919	18.749	-15.569
2025/26	0.184	0.892	-0.708	23.523	-3.009
2026/27	0.957	0.445	0.512	21.972	2.330
2027/28	0.956	0.381	0.575	21.830	2.634
2028/29	0.955	0.292	0.663	21.368	3.103

## **5. Debt rescheduling**

No debt rescheduling was undertaken during the quarter.

## **6. Compliance with Treasury and Prudential Limits**

The prudential and treasury Indicators are shown in Appendix 1.

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits, During the quarter ended 31<sup>st</sup> December 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2024/25. The Director of Resources reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

## APPENDIX 1: Prudential and Treasury Indicators for 2024-25 as of 31<sup>st</sup> December 2024

Treasury Indicators	2024/25 Budget £'000	31.12.24 Actual £'000
Authorised limit for external debt	7,000	312
Operational boundary for external debt	2,000	312
Gross external debt	347	312
Investments	25,564 Average for year	58,500
Net borrowing	-25,217	58,188
Maturity structure of fixed rate borrowing - upper and lower limits		
Under 12 months	21	21
12 months to 2 years	21	21
2 years to 5 years	40	40
5 years to 10 years	15	15
Over 10 years	250	250
Upper limit for principal sums invested over 365 days	7,000	0

Prudential Indicators	2024/25 Budget £'000	31.03.24 Actual £'000
Capital expenditure	16,816	2,122
Capital Financing Requirement (CFR)	11,856	-2,342
In year borrowing requirement	3,343	0
Ratio of financing costs to net revenue stream	-2.92%	-9.42%

<b>FINANCE, AUDIT &amp; RISK COMMITTEE</b> <b>12<sup>th</sup> March 2025</b>
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<b>*PART 1 – PUBLIC DOCUMENT</b>
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**TITLE OF REPORT: LOCAL CODE OF CORPORATE GOVERNANCE 2025**

**REPORT OF:** POLICY AND COMMUNITIES MANAGER

**EXECUTIVE MEMBER:** [NON-EXECUTIVE FUNCTION]

**COUNCIL PRIORITY:** THRIVING COMMUNITIES / ACCESSIBLE SERVICES / RESPONSIBLE GROWTH / SUSTAINABILITY

**1. EXECUTIVE SUMMARY**

- 1.1. For the Finance, Audit & Risk Committee to approve the Local Code of Corporate Governance for 2025.

**2. RECOMMENDATIONS**

- 2.1. Approve the Local Code of Corporate Governance 2025 (Appendix A).

**3. REASONS FOR RECOMMENDATIONS**

- 3.1 It is recommended practice to review the Local Code of Corporate Governance each year to ensure it remains up to date and relevant.

**4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1. There are no alternative options to be considered.

**5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS**

- 5.1. No other external or Member consultation has been undertaken on the content of the report.

**6. FORWARD PLAN**

- 6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

**7. BACKGROUND**

- 7.1 It is recommended good practice for the Local Code of Corporate Governance ('the Local Code') to be reviewed annually. It was last updated in March 2024. It was based on the (2016) CIPFA/ SOLACE Framework Delivering Good Governance in Local Government Framework 2016 Edition principles. This remains the basis for an assessment of

governance arrangements for the 2024/25 period. The Council's vision and objectives for the period 2024-2028 (approved in September 2024) have been added in at Section 4 of Appendix A.

- 7.2 If the Code is approved by this Committee, it will be placed on the NHC Corporate Governance internet page. Confirmation of the updated Code shall be provided to Members through the MIS process and to employees via the *Insight* monthly staff briefing. The Code and the CIPFA/SOLACE Framework will then provide the effective scheme against which the AGS operational governance compliance will be measured.
- 7.3 CIPFA and Solace propose to update the guidance with an Addendum. The aims of the Addendum are to support good governance in the sector, reflect the changes affecting governance in local government bodies since 2016, encourage robust reviews of governance arrangements and improve accountability to stakeholders, including local communities. At the time of writing this report, consultation on this addendum is open and will be closing on the 10<sup>th</sup> March 2025. The final version of this addendum is due to be completed at the end of April / beginning of May. The current consultation does not change the 2016 Framework Principles so the update of the local code is not affected at this time. In line with guidance from CIPFA, the addendum will be considered when compiling the AGS 2024/25, and will be applied in the AGS for 2025/26 and the Local Code for 2026.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. The Local Code 2025 is at Appendix A.

## **9. LEGAL IMPLICATIONS**

- 9.1. The Terms of Reference of this Committee under 10.1.5(i) are: "To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement." Review and approval of the AGS is a non-executive function and falls within the Committee's remit.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 There are no direct financial implications arising from this report.

## **11. RISK IMPLICATIONS**

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2 Ineffective corporate governance arrangements have a number of inherent risks in the context of organisational management, the use of resources and service delivery. Approving, and subsequently following, a Local Code of Corporate Governance based on the national CIPFA/ SOLACE Framework is a means of mitigating potential risks.

## **12. EQUALITIES IMPLICATIONS**



12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2 There are no direct equality implications of this report. Where relevant, the Council's arrangements have been assessed against the 2016 Framework Principles. In respect of those arrangements, the upcoming Leadership AGS self-assessment identifies the procedures in place and any outcomes and will have considered the draft addendum. Council reports include any equality implications and are assessed by the Corporate Policy Team. Where appropriate an impact assessment will be undertaken, and mitigation measures identified by the report author and Policy team. The Corporate Policy team undertake an Annual Cumulative Equality Impact Assessment of these and publish it on the Council's website<sup>1</sup>.

### **13. SOCIAL VALUE IMPLICATIONS**

13.1 The Social Value Act and "go local" policy do not apply to this report.

### **14. ENVIRONMENTAL IMPLICATIONS**

14.1 There are no known Environmental impacts or requirements that apply to this report.

### **15. HUMAN RESOURCE IMPLICATIONS**

15.1 There are no direct human resource implications relating to this report.

### **16. APPENDICES**

16.1 Local Code of Governance 2025 (Appendix A)

### **17. CONTACT OFFICERS**

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<sup>1</sup> [https://www.north-herts.gov.uk/sites/default/files/2024-10/Cumulative%20Equality%20Assessment%202023-24%20final\\_0.pdf](https://www.north-herts.gov.uk/sites/default/files/2024-10/Cumulative%20Equality%20Assessment%202023-24%20final_0.pdf)

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**18. BACKGROUND PAPERS**

18.1 [Consultation on updated guidance on the annual review](#)

## LOCAL CODE OF CORPORATE GOVERNANCE

### 1. INTRODUCTION

- 1.1 North Herts District Council is committed to achieving good corporate governance and this Local Code of Corporate Governance confirms its ongoing commitment to do so.
- 1.2 This Code outlines North Herts District Council's (NHDC's) approach towards corporate governance and the principles against which its arrangements will be measured.

### 2. WHAT IS CORPORATE GOVERNANCE?

- 2.1. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Government Chief Executives (SOLACE) set the standard for local authority governance in the UK through their Framework principles and published a new set in April 2016. These principles *are themselves* derived from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'). NHDC's Code is therefore based on these principles:



- 2.2. The 2016 Framework defines governance as comprising of: “...***the arrangements (including political, economic, social, environmental administrative, legal, and other arrangements) put in place to ensure that the intended outcomes for stakeholders are defined and achieved.***”

2.3. The CIPFA/Solace Framework states: that “**To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in this Framework. It should therefore develop and maintain a local code of governance/governance arrangements reflecting the principles set out.**”

2.4. These principles and sub-principles are:

<b>Principles in bold, Sub-principles in italics.</b>
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>
<b>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</b>
<b>1) Behaving with integrity</b>
<i>i) Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</i>
<i>ii) Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).</i>
<i>iii) Leading by example and using these standard operating principles or values as a framework for decision making and other actions.</i>
<i>iv) Demonstrating, communicating, and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.</i>
<b>2) Demonstrating strong commitment to ethical values</b>
<i>i) Seeking to establish, monitor and maintain the organisation’s ethical standards and performance.</i>
<i>ii) Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation.</i>
<i>iii) Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.</i>
<i>iv) Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.</i>
<b>3) Respecting the rule of law</b>
<i>i) Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.</i>

<sup>1</sup> Delivering good governance in Local Government Framework (2016 Edition)

ii) *Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements.*

iii) *Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.*

iv) *Dealing with breaches of legal and regulatory provisions effectively.*

v) *Ensuring corruption and misuse of power are dealt with effectively.*

## **Principle B. Ensuring openness and comprehensive stakeholder engagement.**

**Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.**

### **1) Openness**

i) *Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.*

ii) *Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided.*

iii) *Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.*

iv) *Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.*

### **2) Engaging comprehensively with institutional stakeholders**

i) *Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.*

ii) *Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.*

iii) *Ensuring that partnerships are based on:*

- trust*
- a shared commitment to change*
- a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.*

### **3) Engaging stakeholders effectively, including individual citizens and service users**

i) *Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes.*

ii) *Ensuring that communication methods are effective, and that members and officers are clear about their roles with regard to community engagement.*

*iii) Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs.*

*iv) Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account.*

*v) Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.*

*vi) Taking account of the interests of future generations of taxpayers and service users.*

### **Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

**The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.**

#### **1) Defining outcomes**

*i) Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions.*

*ii) Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer.*

*iii) Delivering defined outcomes on a sustainable basis within the resources that will be available.*

*iv) Identifying and managing risks to the achievement of outcomes.*

*v) Managing service user's expectations effectively with regard to determining priorities and making the best use of the resources available.*

#### **2) Sustainable economic, social and environmental benefits**

*i) Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.*

*ii) Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints.*

*iii) Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs.*

*iv) Ensuring fair access to services.*

### **Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

**Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action**

is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

### **1) Determining interventions**

*i) Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.*

*ii) Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.*

### **2) Planning interventions**

*i) Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.*

*ii) Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.*

*iii) Considering and monitoring risks facing each partner when working collaboratively including shared risks.*

*iv) Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances.*

*v) Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured.*

*vi) Ensuring capacity exists to generate the information required to review service quality regularly.*

*vii) Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan.*

*viii) Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.*

### **3) Optimising achievement of intended outcomes**

*i) Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.*

*ii) Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.*

*iii) Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.*



iv) Ensuring the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".

**Principle E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

**1) Developing the entity's capacity**

i) Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness.

ii) Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.

iii) Recognising the benefits of partnerships and collaborative working where added value can be achieved.

iv) Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.

**2) Developing the capability of the entity's leadership and other individuals**

i) Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.

ii) Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body.

iii) Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.

iv) Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:

- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.
- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis ensuring members and officers have the appropriate skills.



- knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.
- ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.

v) Ensuring that there are structures in place to encourage public participation.

vi) Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.

vii) Holding staff to account through regular performance reviews which take account of training or development needs.

viii) Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

## **Principle F. Managing risks and performance through robust internal control and strong public financial management**

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery.

Importantly, this culture does not happen automatically, it requires repeated commitment from those in authority.

### **1) Managing risk**

i) Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.

ii) Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.

iii) Ensuring that responsibilities for managing individual risks are clearly allocated.

### **2) Managing performance**

i) Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.

ii) Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.

iii) Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made

thereby enhancing the organisation's performance and that of any organisation for which it is responsible.

iv) Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement.

v) Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements).

### **3) Robust internal control**

i) Aligning the risk management strategy and policies on internal control with achieving the objectives.

ii) Evaluating and monitoring the authority's risk management and internal control on a regular basis.

iii) Ensuring effective counter fraud and anti-corruption arrangements are in place.

iv) Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor.

v) Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:  
— provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment  
— that its recommendations are listened to and acted upon.

### **4) Managing data**

i) Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data.

ii) Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.

iii) Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring.

### **5) Strong public financial management**

i) Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance.

ii) Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

### **Principle G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### **1) Implementing good practice in transparency**

*i) Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.*

*ii) Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.*

### **6) Implementing good practices in reporting**

*i) Reporting at least annually on performance, value for money and the stewardship of its resources.*

*ii) Ensuring members and senior management own the results.*

*iii) Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement).*

*iv) Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.*

*v) Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.*

### **7) Assurance and effective accountability**

*i) Ensuring that recommendations for corrective action made by external audit are acted upon.*

*ii) Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon.*

*iii) Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.*

*iv) Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement.*

*v) Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.*

2.5 The Chartered Institute of Public Finance and Accountancy (CIPFA) also launched a Financial Management (FM) Code. The intention is that the Code helps to create a culture of strong financial management to help address the financial pressures that Councils are facing. The intention is that a self-regulation approach will prevent any other Local Authorities 'failing'. This will then avoid any need for any external control or reductions in current powers. The Code does not currently have any specific statutory backing. However, CIPFA reference that compliance with the code should be linked to s151 of the Local Government Act 1972 ("every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of

their officers has responsibility for the administration of those affairs”). They also place an obligation on their members to adhere to the Code. The 17 standards contained within the Code have been provided to Members of the Committee by the Chief Finance Officer.

### 3. NHDC'S GOVERNANCE AIM

3.1. NHDC aims to meet the above Framework principles in a cost efficient and effective governance manner. The Council is required to review its arrangements annually and will assess these against the principles and prepare and publish an Annual Governance Statement (AGS) in accordance with Delivering Good Governance in Local Government: Framework (2016) and the statutory requirements<sup>2</sup>.

3.2. Many of the requirements contained within the principles and this Code are included in the Council's Constitution and the Council's key strategies and policies, which are available through the Council's website:

<https://www.north-herts.gov.uk/>

As part of the annual assessment, the AGS will, however, set out how the requirements have been met through specific examples/ outcomes as against the above principles; or if these have not been met in part/ fully, detail the actions NHDC will take to address the matter. The assessment document will be published on the Council's website.

### 4. NHDC'S VISION

4.1. Leadership and collaborative working are developed themes within NHDC. It has a vision and the Council Plan that sets out NHDC's strategic priorities and thematic work for the district for 2024-2028.

4.2. NHDC's Vision is:

***'Working with you for a fairer, greener North Herts'.***

It is clear that the Council must work with its residents, businesses, contractors, and urban and rural communities to achieve this vision.

4.3. NHDC's internal corporate business planning process supports the delivery of the vision in terms of what we do and the collaborative work we carry out in conjunction with our partners.

4.4. The vision is supported by the Council's Priorities, which for 2024 onwards are:

- **Thriving Communities**
- **Accessible Services**
- **Responsible Growth**
- **Sustainability**

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<sup>2</sup> Under the Local Audit and Accountability Act 2014 ('LAAA 2014') and the Accounts and Audit (Amendment) Regulations 2022/708

- 4.5. The Council aspires to achieve its priorities in an open and transparent manner having due regard to equal opportunities and the opportunities and benefits proffered by innovative and flexible partnership working.

## 5. CONCLUSION

To ensure that it keeps its aims, North Herts District Council will:

- Review its Local Code of Corporate Governance annually to ensure that it reflects current recommended practice and remains a “live” document.
- Monitor all arrangements in place for practical effectiveness.
- Review practices, procedures and guidelines on a regular basis.
- Review its arrangements and report these through the AGS on how North Herts District Council is complying with the principles/ the Code. This will include oversight of the assessment by the Leadership Team and Member consideration and approval (through appropriate bodies). This assessment will include review of the annual internal auditor’s opinion from the Head of the Shared Internal Audit Service (SIAS); external auditors’ opinion/ letter; managers’ assurance statements; the Finance, Audit and Risk Committee annual report/ review of its effectiveness; inspection reports (SIAS and the Shared Anti-Fraud Service – SAFS); Ombudsman’s recommendations; annual Scrutiny report; Standards Committee report; project governance and risk arrangements.
- Identify any necessary governance actions in the AGS including appropriate timescales and designate Lead Officers for the forthcoming year.
- Ensure that actions identified in the AGS are monitored and reported back through the Leadership Team process (as appropriate) and to Members of Finance, Audit and Risk Committee.

Review date – 12<sup>th</sup> March 2025

*This Code will be reviewed by 31<sup>st</sup> March 2026 unless any **significant changes** are required in the interim.*

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