

Public Document Pack

NORTH HERTFORDSHIRE DISTRICT COUNCIL



19 December 2025

Our Ref Finance, Audit and Risk Committee 7
January 2026
Contact. Committee Services
Direct Dial. (01462) 474655
Email. committee.services@north-herts.gov.uk

To: Members of the Committee Councillors: Sean Nolan (Chair), Vijaiya Poopalasingham (Vice-Chair), Ruth Brown, Dominic Griffiths, Sarah Lucas, Steven Patmore, Paul Ward and Stewart Willoughby

Substitute Councillors: Cathy Brownjohn, Sam Collins, Ralph Muncer, Daniel Wright-Mason and Matt Barnes

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,
LETCHWORTH GARDEN CITY, SG6 3JF**

On

WEDNESDAY, 7TH JANUARY, 2026 AT 7.30 PM

Yours sincerely,

Isabelle Alajooz
Director – Governance

****MEMBERS PLEASE ENSURE THAT YOU DOWNLOAD ALL AGENDAS AND REPORTS VIA THE MOD.GOV APPLICATION ON YOUR TABLET BEFORE ATTENDING THE MEETING****

Agenda **Part I**

Item		Page
1. APOLOGIES FOR ABSENCE	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.	
2. MINUTES - 12 NOVEMBER 2025	To take as read and approve as a true record the minutes of the meeting of the Committee held on the 12 November 2025.	(Pages 5 - 12)
3. NOTIFICATION OF OTHER BUSINESS	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.	
4. CHAIR'S ANNOUNCEMENTS	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.	
5. PUBLIC PARTICIPATION	To receive petitions, comments and questions from the public.	
6. SIAS PROGRESS REPORT 2025/26	REPORT OF THE SHARED INTERNAL AUDIT SERVICE	(Pages 13 - 36)
	To receive the Internal Audit Service progress report 2025/26 of the SIAS.	

7. **SECOND QUARTER CAPITAL MONITORING REVIEW 2025/26** (Pages
REPORT OF THE DIRECTOR – RESOURCES 37 - 48)
To update Cabinet on progress with delivering the Capital Programme for 2025/26, as at the end of September 2025

8. **SECOND QUARTER TREASURY MANAGEMENT REVIEW 2025/26** (Pages
REPORT OF THE DIRECTOR – RESOURCES 49 - 70)
To update Cabinet on progress with delivering the Treasury Strategy for 2025/26, as at the end of September 2025.

9. **SECOND QUARTER REVENUE BUDGET MONITORING 2025/26** (Pages
REPORT OF THE DIRECTOR - RESOURCES 71 - 84)
For the Committee to review the revenue budget monitoring report at quarter two 2025/26.

10. **RISK MANAGEMENT MID YEAR UPDATE** (Pages
REPORT OF THE DIRECTOR – RESOURCES 85 - 124)
A mid-year report on the Council's Risk Management Governance for 2025/26, including proposed changes to the Risk Management Framework.

11. **UPDATED FINANCIAL REGULATIONS** (Pages
REPORT OF THE DIRECTOR – RESOURCES 125 -
170)
To receive an update on financial regulations.

12. **REVENUE AND CAPITAL BUDGETS FOR 2026/27 ONWARDS** (Pages
REPORT OF THE DIRECTOR – RESOURCES 171 -
188)
To receive the Revenue and Capital Budgets for 2026/27 onwards.

13. **POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**
The Chair to lead a discussion regarding possible agenda items for future meetings.

This page is intentionally left blank

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, 12TH NOVEMBER, 2025 AT 7.30 PM**

MINUTES

Present: *Councillors: Sean Nolan (Chair), Vijaiya Poopalasingham (Vice-Chair), Matt Barnes and Paul Ward.*

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

In Attendance: *Amy Cantrill (Trainee Committee, Member and Scrutiny Officer), Ian Couper (Director - Resources) and Susan Le Dain (Committee, Member and Scrutiny Officer).*

Other Presenters: *Darren Bowler (Counter-Fraud Manager, Shared Anti Fraud Service), Henry Lau (Public Sector Audit Manager (KPMG)) and Salma Younis (Engagement Director (KPMG)).*

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 Resources.

26 APOLOGIES FOR ABSENCE

Audio recording – 1 minute 28 seconds

Apologies for absence were received from Councillors Ruth Brown, Stewart Willoughby, Steven Patmore and Dominic Griffiths.

Having given due notice Councillor Matt Barnes substituted for Councillor Brown.

Councillor Sarah Lucas was absent.

27 MINUTES - 10 SEPTEMBER 2025

Councillor Sean Nolan, as Chair, proposed to approve the Minutes with following amendments to Minute 25:

- The audio recording time to be included as 2 hours 7 minutes 56 seconds
- And the text to read 'The Chair led a discussion regarding possible agenda items for future meetings and advised Members that items could be suggested in between meetings.'

This was seconded by Councillor Vijaiya Poopalasingham.

Independent Member John Cannon commented that the minutes mentioned an action to be taken around communications and asked if this had been added to the action plan, the Chair noted this and said he would pick it up outside of the meeting.

Having been proposed and seconded and, following a vote, it was:

RESOLVED: That the Minutes of the Meeting of the Committee held on 10 September 2025 be approved, as amended, as a true record of the proceedings and be signed by the Chair.

28 NOTIFICATION OF OTHER BUSINESS

Audio recording – 5 minutes 3 seconds

There was no other business notified.

29 CHAIR'S ANNOUNCEMENTS

Audio recording – 5 minutes 10 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.

30 PUBLIC PARTICIPATION

Audio recording – 5 minutes 58 seconds

There was no public participation at this meeting.

31 EXTERNAL AUDIT PLAN AND STRATEGY 2024-25

Audio recording – 6 minutes 4 seconds

The Engagement Director – KPMG advised that there were two papers on the agenda from KPMG. The first report, the 'External Audit Plan and Strategy 2024/25', was being presented at this meeting as it now included the value for money risk assessment, which was not included in the draft version presented in June 2025.

The Public Sector Audit Manager – KPMG presented the report entitled 'External Audit Plan and Strategy 2024/25' and highlighted that:

- The draft version of the report was bought to this Committee in June 2025 and there were limited changes.
- The materialities outlined on page 18 of the report pack had not been revised, as the forecasted amounts were accurate to the actual year end performance.
- Four significant risks were outlined on page 20 of the report pack, which were valuation of land and buildings, valuation of investment property, valuation of post-retirement benefit obligations and management override of controls.
- Following the mid-year General Ledger migration, an additional risk had been included to cover the risks associated with this move.
- Further narrative relating to the audit risk of each of the identified areas was included within the report, and the assumptions made in reaching the significant risk rating.
- The significant risk associated with the fraud risk from revenue recognition and expenditure recognition had been rebutted, as outlined on page 26 of the reports pack. The main reason was that the nature of the income was simplistic and provided limited area for manipulation.

- An issue relating to this provision of high needs housing provision in Hitchin had been identified as a performance improvement observation, as outlined on page 43 of the report pack. However, a report was being taken to Cabinet in November 2025, which would seek decisions on this identified issue.
- The Audit Timeline was included at Appendix B to the report, and KPMG were confident with their ability to meet the backstop deadline at the end of February.

In response to a question from Councillor Paul Ward, the Public Sector Audit Manager – KPMG responded that the observations laid out would be followed up in a future report to ensure completion.

Councillor Vijaiya Poopalasingham proposed and Councillor Matt Barnes seconded and, following a vote, it was:

RESOLVED: That the Committee noted the External Audit Plan & Strategy 24/25.

32 EXTERNAL AUDIT - AUDITORS ANNUAL REPORT 2024-25

Audio recording – 13 minutes 26 seconds

The Engagement Director – KPMG presented the report entitled 'External Audit - Auditors Annual Report 2024-25' and highlighted that:

- This report was mandatory as part of the Audit Code and was being presented to the Committee as a draft report, as the deadline required to present this was 30 November 2025.
- The approach to value for money assessments had not changed and the detail of the areas assessed were outlined at page 63 of the reports pack. Where areas of potential weakness were identified, further work is conducted to assess whether this would lead to an actual weakness.
- Two risks of significant weaknesses were identified, one around 'Governance' and one around 'Improving economy, efficiency and effectiveness' but there was no actual significant weakness identified.
- The 'Governance' risk, as outlined on page 70 of the reports pack, where the statutory reporting deadline for draft account publication was missed, was identified as not being a significant risk, as the accounts were published in mid-July 2025, which was an improvement on last year.
- The 'Improving economy, efficiency and effectiveness' risk, as outlined on page 73 of the reports pack, was identified due to a requirement for appropriate staffing levels, and the relatively small Senior Management Team at the Council, as well as shortages in other areas. However, following discussions with Officers, it was clear this was being addressed by management as appropriate. It was therefore deemed that this was not an actual significant risk.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Matt Barnes

In response to questions, the Director – Resources stated that there were no penalties applied or actual implications for the Council missing the accounts publication deadline and that KPMG were made aware at the time.

In response to questions, the Engagement Director – KPMG stated that:

- The issue of late reporting of accounts in the 2023/24 financial year was highlighted in the report last year, but it may not have been identified as a significant risk weakness after full assessment.
- There was a sector wide backlog of audit work, and therefore the 'Direction of Travel' had a downward arrow to highlight the potential of this wider risk.
- Since the mitigations around staffing were already being addressed by management, KPMG would not add any additional recommendations.

Councillor Matt Barnes proposed and Councillor Vijaiya Poopalasingham seconded and, following a vote, it was:

RESOLVED: That the Committee noted the External Audit Auditors Annual Report 24/25.

33 SAFS PROGRESS REPORT 2025/26

Audio recording – 25 minutes 14 seconds

The Counter Fraud Manager presented the report entitled 'External Audit - Auditors Annual Report 2024-25' and highlighted that:

- The report provided data from the whole period of April to September, however a Progress Report had been provided in September, providing data to the end of July 2025.
- Three Fraud Alerts had been raised in this period, including around identify documents and email spoofing, which were prevalent threats. Fifteen Fraud Threat reports had been circulated to all partners.
- Three training sessions had been delivered, including to the Housing and Revenue and Benefits teams at the Council, and a session provided to all Officers at the November staff briefing.
- A total of 54 referrals had been received, including 14 from Officers. SAFS currently had 26 cases under investigation, or at referral stage, with estimated losses of £759,000 recorded in this caseload.
- 5 of the 6 investigations closed in this period resulted in fraud being identified, with £5,000 in fraud loss identified for recovery.
- 16 low level reviews of council tax discounts/benefits cases had been conducted, and this has identified savings of around £3,000.
- Five social housing properties had been recovered across the district which were fraudulently used by residents on the housing waiting list of North Herts Council.
- Following a data matching exercise from the National Fraud Initiative, 13 potential frauds had been identified, with savings of £52k reported so far.
- The most recent matches from the Hertfordshire Fraud Hub, identified 166 matches which could be process, with 6 frauds identified and a further identified savings of £26k reported.
- All KPIs for SAFS were being met, on target or part met as outlined in the table at page 78 of the reports pack.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Matt Barnes
- Councillor Vijaiya Poopalasingham

In response to questions, the Counter Fraud Manager stated that:

- Under the new Economic Crime and Corporate Transparency Act 2023, the Council would have a duty to prevent fraud with proper safeguards in place, especially in relation to dealing with private companies.

- The briefing was currently high-level and a briefing note would be provided to the Leadership Team at the Council, and a GAP analysis would be done to show if there are weaknesses.
- The 26 cases under investigation and associated losses were higher than previously. For some situations, the value in terms of money was easy to identify, however in other cases it is more difficult to come to an amount. Estimated amounts were included in these circumstances to assist with the monitoring of risks.
- Trends were always highlighted in the Annual Report, however it was difficult to provide this in the interim reports, but this could be explored for provision in future reports.
- The 'provide an investigation service' KPI was slightly below the expected level to date. This was due to other members of the partnership needing extra support and therefore this KPI would vary year on year. Previously additional support had been provided to NHDC, and there was no additional charge for additional work required.
- Quarterly meetings were required, and monitored through KPI, to ensure that the required work was being delivered by SAFS as required, and as directed by the Council as to identified areas of risk.
- All S151 Officers met regularly to ensure the delivery of work provided by SAFS was implemented effectively.
- All information around International Fraud Week would be shared on SAFS social media and was already with the Communication team at the Council to be shared by them as well.

In response to questions, the Director - Resources stated that:

- Once the GAP analysis findings have been reviewed by the Senior Management Team, it would be shared with Members, alongside the briefing paper.
- The quarterly meetings with SAFS did take place and the detail of these meetings was accurately reflected in the responses from the Counter Fraud Manager.

Councillor Vijaiya Poopalasingham proposed and Councillor Paul Ward seconded.

As part of the debate, Councillor Poopalasingham noted:

- That the important work done by SAFS to prevent fraud should be recognised.
- That an action should be added to the Action Plan regarding the communications around the International Fraud Week.
- That any future successes of the service should be promoted through communication channels.

Having been proposed and seconded and, following a vote, it was:

RESOLVED: That the Committee noted the progress by officers and the Shared Anti-Fraud Service to deliver the Anti-Fraud Plan for the Council.

34 PROCUREMENT STRATEGY 2025-28

Audio recording – 46 minutes 23 seconds

The Director – Resources presented the report entitled 'Procurement Strategy 2025-2028' and highlighted that:

- The Procurement Strategy needed a refresh after changes to the procurement rules, following the implementation of the Procurement Act.
- The proposed Procurement Strategy, attached at Appendix A, set out our strategic objectives for procurement and therefore had strong links to the Council Plan.

- In section 2 it set out four key aims, delivering value for money, maximising public benefit, transparency in our communications and acting with integrity.
- The remaining sections detailed further goals including, commercial innovation, engaging with Small and Medium sized enterprises (SME) and engaging Voluntary, Community and Social Enterprises (VCSE) and how the Council would seek continuous improvement.
- Annex A outlined the Go Local Policy which aimed to encourage the flow of money back into North Herts.

The following Members asked questions:

- Councillor Matt Barnes
- Councillor Paul Ward
- Councillor Sean Nolan
- Independent Member John Cannon

In response to questions, the Director – Resources stated that:

- Under the new Strategy, up to 2 points, out of 100 points, would be awarded for suppliers that met the definitions of being Local. It is a difficult balance to make sure that points awarded to target specific criteria still allow sufficient points for the main quality and price criteria.
- The Council wanted to encourage SMEs to bid for Council contracts to help with the flow of jobs into North Herts.
- When businesses were asked if they met the Go Local criteria the answers would be validated before points were added.
- The Procurement Strategy was one of three sets of documents used for the procurement process, the Procurement rules set out the rules that must be followed, this Strategy provides a policy direction, and they are both incorporated into internal detailed guidance for Officers.
- It is recommended to Cabinet that the Procurement Strategy should reference the Procurement Rules.
- The Key Performance Indicators in paragraph 6 of the report would be used to measure current Procurement with the aim of setting focused targets in the future.
- Currently, there was no report for procurement outcomes, but this could be added to MIS for Councillor information, or a report could be requested by Cabinet or Overview and Scrutiny.
- This Committee could look at the effectiveness of the Procurement Reporting Process.

Councillor Vijaiya Poopalasingham proposed and Councillor Paul Ward seconded and, following a vote, it was:

RECOMMENDATION TO CABINET: That Finance, Audit and Risk Committee provide comments to Cabinet on the proposed Procurement Strategy (as attached at Appendix A) with a focus on any risk and governance issues.

REASON FOR RECOMMENDATION: Having a Procurement Strategy provides a focus for procurement activity and guidance, so that it can support the delivery of Council priorities.

35 MEDIUM TERM FINANCIAL STRATEGY 2026-30

Audio Recording – 1 hour 1 minute 3 seconds

The Director – Resources presented the report entitled 'Medium Term Financial Strategy 2026-30' and highlighted that:

- The report had been delayed in the hope that there would be more clarity on future funding, however as there had been no detailed announcement from central government on the allocation of future funding, there were still significant estimates.
- The Strategy was included at Appendix A and followed the same format as previous strategies and referred to the Fair Funding 2.0 and the expected new formula.
- By Christmas 2025 the Council would be aware of its funding for the following three years.
- The spread of £2.6 million on table 1 of Appendix A were not worse case and best-case scenario but two possible scenarios that could happen depending on Government decisions. In theory there could be a better positive case and a worse negative case.
- The Council does have reserves, which gave it time to react to potential options outlined in the report.
- Table 6 of Appendix A looked at the current projects in the delivery plan, including two with uncertainty over what could be large costs i.e. Churchgate and Local Government Reorganisation (LGR).
- Table 7 of Appendix A showed the spread of the forecast budget gap. The spread was a prediction and highlighted the huge range of numbers, for example £0.32Million to £2.97Million budget gap in year 2029/30.

The following Members asked questions:

- Councillor Matt Barnes
- Independent Member John Cannon

In response to questions, the Director – Resources stated that:

- There were several options that were possible in relation to the Council Tax Reduction Scheme to help avoid people dying in poverty. This was a campaign promoted by Marie Curie. There was an option that provided full council tax support to everyone who had a terminal illness regardless of financial circumstances. The Council currently offered 100% relief on the lowest income and was waiting for a response from Marie Curie as to whether this was a proportional response. That could be supported by ensuring our discretionary scheme was clear about supporting those with a terminal illness.
- For housing growth (e.g. new housing developments) an increase in the tax base (number of properties paying Council Tax) of 0.5% in Council Tax had been assumed. For any housing growth some of the additional Council Tax income would go on direct costs such as waste collection. For larger developments we would also need to consider the costs of new facilities and whether additional staffing would be required.
- There would be an update to this Committee in January 2026 which would reflect the funding announcement from central government.

As part of the questions, Councillor Paul Ward gave a summary of the questions he asked outside of the meeting and the response which would be circulated to members of the Committee and Cabinet.

Councillor Vijaiya Poopalasingham proposed and Councillor Paul Ward seconded.

As part of the debate Councillor Matt Barnes stated that Cabinet should be aware of the information around the costs of LGR and the information highlighted by Councillor Ward, and the Chair gave assurance that he would highlight it to Cabinet.

Having been proposed and seconded and, following a vote, it was:

REFERAL TO CABINET: That Finance, Audit and Risk Committee note and comment to Cabinet on the Medium Term Financial Strategy, as attached at Appendix A.

REASON FOR REFERAL: Adoption of a Medium Term Financial Strategy (MTFS) and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2026/2027 onwards, culminating in the setting of the Council Tax precept for 2026/27 in February 2026. Alongside the Council Plan, this will support the Council in setting a budget that is affordable and aligned to Council priorities.

36 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS

Audio recording – 1 hour 21 minutes 7 seconds

The Chair led a discussion regarding possible agenda items for future meetings, and encouraged members to get in touch between meetings.

The Chair also advised that a Committee Action Plan could be introduced, to document requests and actions agreed, and presented to the Committee on a regular basis for monitoring.

The meeting closed at 8.54 pm

Chair



INTERNAL AUDIT PROGRESS REPORT

NORTH HERTS COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

7 JANUARY 2026

RECOMMENDATIONS

- Note the SIAS Progress Report for the period to 12 December 2025.
- Note the implementation status of the reported high priority recommendations.
- Note the plan amendments to the 2025/26 Annual Audit Plan.
- Note the Briefing Paper – Global Internal Audit Standards (GIAS) Domain III

Contents

1 Introduction and Background

- 1.1 Purpose
- 1.2 Background

2 Audit Plan Update

- 2.1 Delivery of Audit Plan and Key Findings
- 2.3 High Priority Recommendations
- 2.6 Proposed Amendments
- 2.9 Performance Management

Appendices

A Progress against the 2025/26 Audit Plan

B 2025/26 Audit Plan Start Dates Agreed with Management

C Assurance and Finding Definitions 2025/26

D Implementation Status of High Priority Recommendations

E Briefing Paper – GIAS Domain III

1. Introduction and Background

Purpose of Report

- 1.1 This report details:
 - a) Progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's Annual Internal Audit Plan for 2025/26 as at 12 December 2025.
 - b) In-Year Audit Plan review and proposed plan amendments.
 - c) An update on performance indicators as at 12 December 2025.
 - d) The implementation status of high priority internal audit recommendations.

Background

- 1.2 The 2025/26 Internal Audit Plan was approved by the Finance, Audit and Risk Committee (the FAR Committee) on 12 March 2025.
- 1.3 The Committee receives periodic updates of progress against the Annual Internal Audit Plan. This is the second report giving an update on the delivery of the 2025/26 Internal Audit Plan.
- 1.4 The work of Internal Audit is required to be reported 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. It is considered good practice that progress reports also include proposed amendments to the agreed annual audit plan.

2. Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 12 December 2025, 55% of the 2025/26 Audit Plan days had been delivered.
- 2.2 There have been four final internal audit reports issued as part of the approved 2025/26 Internal Audit Plan since the last progress update to FAR Committee in September 2025:

Audit Title	Assurance Opinion	Recommendations
New Finance System – Accounts Payable	Reasonable	3 Medium and 1 Low Priority
Homelessness and Temporary Accommodation	Substantial	1 Low Priority and 2 Advisory Actions

Leisure Centre Decarbonisation Scheme (Third Interim Report)	N/A	1 Low Priority and 1 Advisory Action
LGA Corporate Peer Challenge Review	Reasonable	1 Medium, 1 Low Priority and 1 Advisory Action

High Priority Recommendations

2.3 Members will be aware that a Final Audit Report is issued when it has been agreed by management; this includes an agreement to implement the recommendations that have been made. It is SIAS's responsibility to bring to Members' attention the implementation status of high priority recommendations; it is the responsibility of officers to implement the recommendations by the agreed date.

2.4 One high priority finding and recommendation made in the Estates audit, with an original implementation date of 31 December 2024, remains open and is reported as largely implemented. This is an unchanged position from that reported in the last update to FAR Committee. The service has advised that remaining actions should be completed by a revised target date of 31 March 2026. The original findings, recommendations and agreed management actions, along with an update, are included at Appendix D.

2.5 The evidence-based internal audit work on the Follow-up of High Priority Recommendations has completed as part of the 2025/26 Audit Plan and a draft report has been issued to management. The update provided at Appendix D is sourced from the internal audit work.

Proposed Amendments

2.6 The Audit Plan approved by the FAR Committee in March 2025 contained an allocated number of plan days against audit areas such as General Audits, IT Audits and Consultancy and Advisory, but did not include an estimated number of plan days for completion of the planned individual internal audit projects. During the financial year, SIAS applies an estimated number of plan days against all individual internal audit projects as part of resource allocation and planning. These estimates are included in Appendix A – Progress against the 2025/26 Internal Audit Plan.

2.7 The Audit Plan is however designed to be dynamic and responsive to changed risk, circumstances and priorities, requests for new internal audit work, outcomes from scoping and planning of individual internal audit projects and amended resourcing requirements. Estimated plan days may also need to be changed as a result, and these amendments are communicated to the FAR Committee.

2.8 There have been three audit plan amendments agreed with management within this reporting period:

- a) The Digital Transformation (Netcall Project) audit has been replaced with advisory work on LGR – Cyber Risk. This was also raised verbally at the September FAR Committee meeting.
- b) Four internal audit days have been taken from Other Grant / Charity Audits and added to the Assurance Mapping Updates and Revisit to support an underestimated original scope of work. The Other Grant / Charity Audit budget has been reduced to zero and the estimated internal audit days for the Assurance Mapping work has increased to nine.
- c) The Anderson House, EV Charging, Procurement Act 2023 and EV Charging have all been moved from the block of audits not yet confirmed to that confirmed for delivery and are scheduled to commence in quarter 4 2025/26. The remaining audits not yet confirmed will not be delivered as outlined in Appendix A and will be included in the 2026/27 audit planning process. This movement of audits has resulted in five days being returned to Contingency.

Performance Management: Reporting of Audit Plan Delivery Progress

2.9 To help the Committee assess the current progress of the projects in the Audit Plan, we have provided an overall progress update of delivery against planned commencement dates at Appendix B. The table below shows a summary of performance based on the latest performance information reported at Appendix A.

Status	No. of Audits at this Stage	% of Total Audits	Profile to 12 December 2025
Draft / Final Report Issued	9 (9/21)	43%	48% (10)
In Fieldwork / Quality Review	4 (4/21)	19%	33% (7)
Terms of Reference Issued / In Planning	8 (8/21)	38%	19% (4)
Not Yet Started	0	0%	0% (0)

2.10 Annual performance indicators and associated targets were approved by the SIAS Board in March 2025. At 12 December 2025, actual performance for North Herts Council against the targets that can be monitored in year was as shown in the table below:

Performance Indicator	Annual Target	Profiled Target to 12 December 2025	Actual to 12 December 2025
1. Annual Internal Audit Plan Delivery – the percentage of the Annual Internal Audit Plan delivered (measured in audit days and excluding contingency)	95%	61% (155 / 255 days)	55% (141 / 255 days)
2. Project Delivery Percentage of audit plan projects delivered to draft report stage by 31 March 2026.	90%	48% (10 / 21 projects)	43% (9 / 21 projects)
	100%	38% (8 / 21 projects)	23% (5 / 21 projects)
3 Client Satisfaction - Percentage of client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	100%	100%	100% for those returned. (2 returned from 12 issued since 1 April 2025)
4 Number of High Priority Audit Recommendations agreed % Percentage of critical and high priority recommendations accepted by management.	95%	100%	100%

2.11 Current performance is slightly below the anticipated profile. This is a result of several interacting factors that have had a varying impact on delivery at North Herts Council, including:

- Recruitment to two existing trainee auditor vacancies during quarter one, with both not starting until quarter two.
- Some audits being pushed back at officer request, usually due to capacity challenges, vacancies or ill health, thereby altering the profile of delivery.
- Delays in our external co-sourced partner being able to commence some of their allocated audits.
- A front-loaded external commission as part of our income generation work that required more resource to be allocated to this during quarter one.
- Some low-level anecdotal evidence of senior staff at partners experiencing capacity challenges linked to LGR. This is a known risk talking to Heads of Internal Audit who have already been through this process.

2.12 Based on the original profiling at the start of the financial year, it was anticipated that fieldwork would have been able to commence, be further advanced or complete on more of the internal audit projects scheduled to start in quarter three. Despite the factors listed at 2.11, it should be noted that the Audit Plan was originally back ended, meaning that a significant proportion of the Plan was due to be commenced in quarters 3 and 4. There is thus an increased risk that any further changes to the timing of audits will impact on delivery according to our performance targets.

2.13 Some degree of flexibility in scheduling is always anticipated, and every attempt is made to bring another project forward in place of one pushed back, however this does not always happen seamlessly and may not be optimal for either the Council or SIAS. SIAS have allocated specific resource to all agreed projects in the 2025/26 Internal Audit Plan, and all internal audits are at least at planning stage or have had a terms of reference issued. Start dates have also been scheduled for all audits as part of the planning process for each. This is to ensure that momentum is maintained in the delivery of the Internal Audit Plan. Please see Appendix B for further information.

2.14 The project / embedded assurance work on Leisure Centre Decarbonisation is through year and dependent on the timing, pace and progress of the underlying Council project being supported. Three interim final reports have been issued to date as noted at section 2.2, with a fourth at draft report stage. The Churchgate audit was originally due to follow the through year project / embedded assurance approach commencing in quarter 1. It is now a standalone audit, albeit the fourth such audit across the project lifespan to date covering multiple financial years. A terms of reference, or engagement plan, has been agreed with the Estates team.

2.15 SIAS appreciate the co-operation and goodwill of Council staff and value the relationships it has fostered over an extended period. These are crucial in ensuring successful delivery of the Plan and delivering sufficient work to support the annual assurance opinion.

2.16 Two customer satisfaction surveys have been received from 12 issued since 1 April 2025. Although both were satisfactory in their outcomes, any comments or learning points arising from customer satisfaction surveys are shared with the relevant member of internal audit team through their regular appraisal process and personal and professional development plans.

2.17 In addition, the performance targets listed below are annual in nature. Performance against these targets will be reported on in the 2025/26 Head of Assurance's Annual Report:

- **5. Public Sector Internal Audit Standards** – the service conforms with the standards.

- **6. Internal Audit Annual Plan Report** – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet.
- **7. Chief Audit Executive's Annual Assurance Opinion and Report** – presented at the first Audit Committee meeting of the financial year.

APPENDIX A – PROGRESS AGAINST THE 2025/26 AUDIT PLAN AS AT 12 DECEMBER 2025

2025/26 SIAS Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L/A				
General Audits (152 days) – Audits confirmed (Note 1)									
Leisure Centre Decarbonisation Project (Salix Grant)					5	15	SIAS	11	In Fieldwork – three final interim audit reports issued.
Churchgate Project Assurance						15	BDO	2	ToR Issued
LGR – Cyber Risk						15	BDO	2	ToR Issued
Environmental Protection - Statutory Nuisance						10	BDO	2	ToR Issued
UK Shared Prosperity Fund (UKSPF)						12	BDO	11.5	Draft Report Issued
Purchasing Cards						8	SIAS	3	In Fieldwork
Corporate Peer Challenge Action Plan	Reasonable		1	2	12	SIAS		12	Final Report Issued
Local Authorities as Charity Trustees						10	SIAS	9.5	Draft Report Issued
Anderson House						15	SIAS	0.5	In Planning
Waste and Recycling Service Changes						10	SIAS	5	In Fieldwork
Procurement Act 2023						10	BDO	2	ToR Issued
EV Charging						10	BDO	0.5	In Planning

APPENDIX A – PROGRESS AGAINST THE 2025/26 AUDIT PLAN AS AT 12 DECEMBER 2025

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L/A				
New Finance System						10	BDO	2	ToR Issued
General Audits (estimated 30 days) – Audits not yet confirmed (Note 2)									
Pay on Exit						0		0	Will not be delivered
Town Centre Strategies						0		0	Will not be delivered
Waste and Recycling Service Contract						0		0	Will not be delivered
IT Audits (22 days)									
Multi-Factor Authentication						12	BDO	11.5	Draft Report Issued
Website Security and Maintenance						10	BDO	0.5	In Planning
Follow-up (10 days)									
Follow-up of High Priority Recommendations						10		9.5	Draft Report Issued
Consultancy and Advisory (9 days)									
Assurance Mapping Updates and Revisit						9	SIAS	7.5	Quality Review
Grant Claims / Charity Certification (4 days)									
King George V Playing Fields	Unqualified					2	SIAS	2	Final Report Issued
Workmans Hall	Unqualified					2	SIAS	2	Final Report Issued
Other Grant / Charity Audits						0	SIAS	0	
Contingency (5 days)									
Contingency						5		0	

APPENDIX A – PROGRESS AGAINST THE 2025/26 AUDIT PLAN AS AT 12 DECEMBER 2025

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L/A				
Client Management - Strategic Support (38 days)									
CAE Annual Opinion report						3	SIAS	3	Complete
FAR Committee						8	SIAS	6	Through Year
Plan Monitoring						8	SIAS	6	Through Year
Client Liaison						6	SIAS	4.5	Through Year
Audit Planning 2026/27						8	SIAS	1	Quarter 3/4
SIAS Development						5	SIAS	4.5	Through Year
2024/25 Carry Forward (20 days)									
Projects Requiring Completion from 2024/25:							SIAS		
New Finance System - Accounts Payable	Reasonable		3	1	5		BDO	5	Final Report Issued
Homelessness	Substantial			3	15		SIAS	15	Final Report Issued
Total - North Herts D.C.			4	11	260*			141	

Key / Notes

Note 1 - These internal audits have been confirmed as part of the planning process and will proceed unless there are other significant matters or risks that arise during the 2025/26 financial year that are prioritised.

Note 2 - These internal audits have not been confirmed as part of the current planning process, whether in terms of priority, outline scope or timing. The FAR Committee will be kept abreast of developments as part of the regular SIAS Progress Update Reports to the Committee.

Not Assessed = No assurance opinion provided as the project was either consultancy based or validation for compliance

C = Critical Priority, H = High Priority, M = Medium Priority, L = Low Priority

BDO = SIAS Audit Partner

* - Audit Plan Days are a guide / estimate only and are not formally allocated. This is as per the approved 2025/26 Internal Audit Plan. **260** audit plan days to be delivered.

APPENDIX B – 2025/26 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

Page 24

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
General			Churchgate (through year) (ToR Issued)	
	Leisure Centre Decarbonisation (through year) (In Fieldwork – 1st interim final report issued)	Leisure Centre Decarbonisation (through year) (In Fieldwork – 2nd interim final report issued)	Leisure Centre Decarbonisation (through year) (In Fieldwork – 3rd interim final report issued)	Leisure Centre Decarbonisation (through year) (In Fieldwork)
	LGA Corporate Peer Challenge – Action Plan (Final Report Issued)	Local Authorities as Charity Trustees (Draft Report Issued)	Environmental Protection - Statutory Nuisance (ToR Issued)	Procurement Act 2023 (ToR Issued)
		Follow-Up of High Priority Recommendations (Draft Report Issued)	New Finance System (ToR Issued)	Anderson House (In Planning)
		UK Shared Prosperity Fund (Draft Report Issued)	Purchasing Cards (In Fieldwork)	EV Charging (In Planning)
			Waste and Recycling Service Changes (In Fieldwork)	
IT			Website Security and Maintenance (In Planning)	Multi-Factor Authentication (Draft Report Issued)
C		Assurance Mapping Update (Quality Review)	LGR Cyber Risk (ToR Issued)	
G/C				Workman's Hall (Final Report Issued)
				King George V Playing Fields (Final Report Issued)
C/F	New Finance System – Accounts Payable (Final Report Issued)			
	Homelessness (Final Report Issued)			

<u>Key</u>		<u>Key</u>	
General	Closely linked to the Council's AGS, Delivery Plan and Risk Register	G/C	Grant / charity certification to be completed as part of the audit plan

APPENDIX B – 2025/26 AUDIT PLAN START DATES AGREED WITH MANAGEMENT

IT	IT Audits	C/F	Carry Forward Audits from 2024/25
C	Consultancy assignments will be delivered as part of the audit plan		

APPENDIX C – ASSURANCE AND FINDINGS DEFINITIONS 2024/25

Audit Opinions		
Assurance Opinions	Assurance Level	Definition
Assurance Opinions	Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
	Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
	Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
	No	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
	Not Assessed	This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements.
Grant Certification	Unqualified	No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met.
	Qualified	Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions.
	Disclaimer Opinion	Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions.
	Adverse Opinion	Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received.
Finding Priority Levels		
Priority Level	Definition	
Corporate	Critical	Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately.
	High	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
Service	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

Audit Title	Action Description	Original Due Date	Status and Notes
Estates	<p>Backlog of Rent Reviews</p> <p><u>Finding</u></p> <p>Our sample testing of five properties confirmed that four out of five rent reviews were overdue by between one and three years.</p> <p>As acknowledged, there is a new Estates team in place, and they are still identifying the scale and extent of rent reviews not yet completed. Through discussion, we found all members of the team will be responsible for conducting reviews going forward, unless the reviews are complex and have to be allocated externally.</p> <p>The Principal Estates Surveyor stated that there is not currently a policy in place to establish the principles and approach by which the Council will set rent levels and service charges for its commercial properties.</p> <p><u>SIAS Recommendation</u></p> <p>Linked to recommendation one above on the property management database and existing action being taken by the Estates Team, we recommend that the Estates team have a means to ensure that rent reviews and lease renewals are identified, scheduled and prioritised to ensure they are initiated and completed in a timely manner.</p> <p>The process needs to be supported by:</p>	31 December 2024	<p>February 2025 FAR Committee Update</p> <p>There has been a delay completing the required actions, which have taken longer to finalise alongside ongoing management work and other priorities. The Estates team have prepared a comprehensive master spreadsheet of lettings and are populating rent review and lease renewal dates to ensure they are identified, scheduled and prioritised to ensure they are initiated and completed in a timely manner. This work is close to completion, and a revised target date of 1 March 2025 should be achievable.</p> <p>The team has been pressing ahead with identifying all outstanding rent reviews, together with rent reviews that will fall due over the next eleven months. As part of this, the team are finalising an estimate of the likely level of increase in rent following the review for each investment property, based on the estimated rent values provided by the valuer as part of last year's asset valuations. The likely level of increase in rent will be of use in selecting which rent reviews from the backlog should be prioritised. We expect to complete this exercise and report with a schedule of the reviews in the next month to share with SLT and Exec Members.</p> <p>Preliminary consideration has been given as to whether external agents should be engaged to conduct some of the more significant outstanding</p>

APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

Audit Title	Action Description	Original Due Date	Status and Notes
	<p>a) Adequate capacity, skills and experience within the team, and</p> <p>b) Creation of relevant rent charging policies and / or procedures, that have been approved by senior officers and members (as appropriate).</p> <p><u>Management Response</u></p> <p>As per recommendation above plus additional procedures for undertaking the reviews.</p>		<p>rent reviews given current constraints on officer time. A conclusion should be reached on the appropriate way forward shortly.</p> <p>Pending finalisation of a programme for dealing with the backlog of rent reviews (and those which will fall due this year), we have been pressing ahead with resolving those rent reviews where the tenant has already engaged with the rent review process. Progress has also been made with rent reviews where the Council is the tenant rather than the landlord.</p> <p>September 2025 FAR Committee Update</p> <p>Largely implemented (18 August 2025) - Work has been completed to identify all outstanding rent reviews and lease renewals, together with reviews that will fall due over the coming year. We are undertaking the reviews in-house and with the use of external agents. This action is therefore largely in hand and will be reported to Leadership and Executive Members periodically and in finance budget reports.</p> <p>For a) opposite, Estates now has a settled team of the Principal Estates Surveyor (permanent) and an experienced agency surveyor.</p> <p>For b) opposite, procedures and policies for undertaking reviews, lease renewals and rent charges are currently in draft form but are less pressing with the experienced and settled team we</p>

APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS

Audit Title	Action Description	Original Due Date	Status and Notes
			<p>have at present. These are expected to be completed by the end of December 2025. It is on this basis that the action remains open with a new date for full implementation.</p> <p>Update from Follow Up of High Priority Recommendations (December 2025)</p> <p>Largely Implemented. Discussion with the Service, including the new Graduate Estates Surveyor, supports that there has been sufficient experience and capacity within the team to reduce the backlog of rent reviews through prioritisation of properties with higher value rent and proactive identification of rent reviews as they fall due. They have collated information from various sources including the Accounts team, original source documents, leases and land registry to identify anomalies in rent reviews.</p> <p>Policy and procedure documentation remains in draft, with an update provided that this should be complete by a revised date of 31 March 2026.</p>

APPENDIX E – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

1. The purpose of this briefing paper is to serve as a reminder of the duties and expectations of the Audit Committee under Domain III of the GIAS. The GIAS are arranged into five Domains (sections), as also outlined in the image below:

The Global Internal Audit Standards – Domains and Principles



Global Internal Audit Standards

Five Domains, 15 Principles



2. Domain III explicitly sets out essential requirements, principles and standards with which Senior Management and the Board (Audit Committee) must conform with to demonstrate compliance with the standards. These are further supplemented or interpreted by the Application Note for the GIAS in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in Local Government.
3. The images below depict the three principles and nine standards of Domain III that specifically relate to arrangements that should be in place to formalise key governance structures, authority, independence and oversight mechanisms.

6. Authorised by the Board

The Board establishes, approves and supports the mandate of internal audit

6.1 Internal Audit Mandate

6.2 Internal Audit Charter

6.3 Board and Senior Management Support

7. Positioned Independently

The Board establishes and protects the internal audit function's independence and qualifications

7.1 Organisational independence

7.2 Chief Audit Executive Qualifications

8. Overseen by the Board

The Board oversees the internal audit function to ensure the functions effectiveness

8.1 Board Interaction

8.2 Resources

8.3 Quality

8.4 External Quality Assessments

APPENDIX E – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

4. While the chief audit executive (CAE / Head of Internal Audit) has responsibilities to communicate effectively and provide the board (Audit Committee) with information, the Audit Committee also has a role and responsibilities that are key to the internal audit function's ability to fulfil the Purpose of Internal Auditing.

Principle 6: Authorised by the Board (Audit Committee)

(To be effective and to meet the requirements of professional standards, internal audit's authority needs to be established.)

Standard 6.1 Internal Audit Mandate

5. The authority, role, and responsibilities of the internal audit function are defined in the Internal Audit Mandate and the Internal Audit Charter. In local government in England, internal audit's authority has statutory backing through the Accounts and Audit Regulations 2015.

Standard 6.2 Internal Audit Charter

6. The mandate and charter empower the internal audit function to enhance the Council's success by providing senior management and the Audit Committee with objective, risk-based assurance and advice. The internal audit function carries out the mandate by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes throughout the Council.

Standard 6.3 Board (Audit Committee) Support

7. Internal audit's activities require access to and support from senior management, the Audit Committee and those charged with governance. Support allows internal audit to apply their mandate and charter in practice and meet expectations.

What do Standards 6.1 to 6.3 look like in practice for the Audit Committee?

Standards 6.1 and 6.2
<p><u>The Audit Committee should:</u></p> <ul style="list-style-type: none">• Approve the Internal Audit Charter and comment / query or challenge as necessary.
Standard 6.3
<p><u>The Audit Committee:</u></p> <p>Should work collaboratively / individually with senior management (as necessary and where not already happening) to support internal audit or obtain assurance that appropriate arrangements are in place as follows:</p> <ul style="list-style-type: none">• Champion the role and work of internal audit to the staff within the authority and to partner organisations with whom internal audit will work.

APPENDIX E – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

- Facilitate access to senior management, the Audit Committee and the authority's external auditor.
- Assist, where possible, with access to external providers of assurance such as regulators, inspectors and consultants.
- Engage constructively with internal audit's findings, opinions and advice.
- Build awareness and understanding of the importance of good governance, risk management and internal control as well as internal audit's contributions.
- Ensure there are organisational structures where the CAE reporting line is not lower than a member of the senior management team, has access to all members of the senior management team, and the CAE should be a senior manager, providing them with the necessary profile to fulfil the function's mandate.
- Where internal audit is outsourced / delivered through a partnership arrangement, ensure there is a nominated CAE, and client responsibility lies with a member of senior management.
- The organisational position of the chief audit executive should be supported by direct reporting to the Audit Committee.

Specific actions that the Audit Committee are solely responsible for are to:

- Enquire of senior management and the chief audit executive about any restrictions on the internal audit's scope, access, authority or resources that limit its ability to carry out its responsibilities effectively. (SIAS report on this to the Audit Committee as part of the Annual Assurance Opinion and Internal Audit Annual Report).
- Consider and approve the Audit Plan / Planning Strategy.
- Meet at least annually with the CAE in sessions without senior management present.

Principle 7: Positioned Independently

(On behalf of those charged with governance and the Audit Committee, senior management establishes and protects the internal audit function's independence and qualifications.)

Standard 7.1 Organisational Independence

8. The Audit Committee is responsible for ensuring the independence of the internal audit function. Independence is defined as the freedom from conditions that impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner. Independence is established through accountability to the Audit Committee, access to relevant resources, and freedom from interference.

Standard 7.2 Chief Audit Executive Roles, Responsibilities, and Qualifications

APPENDIX E – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

9. CAEs must be suitably qualified, i.e., CMIIA, or a CCAB qualification, or an equivalent professional qualification which includes training on the practice of internal audit, and suitable internal audit experience. In local government, matters around the appointment, removal, remuneration and performance evaluation of an in-house chief audit executive will be undertaken by senior management, but these arrangements must not be used to undermine the independence of internal audit.

What do Standards 7.1 to 7.2 look like in practice for the Audit Committee?

Standards 7.1 and 7.2
<p><u>The Audit Committee should:</u></p> <ul style="list-style-type: none">• Provide feedback on the proposed job description (when recruiting) and the performance evaluation of the CAE should include feedback from the Chair of the Audit Committee. In shared or outsourced arrangements, the Audit Committee should provide feedback on the operation of the contract.• Support internal audit's independence by reviewing the effectiveness of safeguards at least annually, including any issues or concerns about independence raised by the CAE.• Escalate any concerns about internal audit independence to those charged with governance.• Support the CAE's right of access to the chair of the Audit Committee at any time.• Receive and consider the CAE's disclosure or confirmation annually whether there have been any restrictions on independence that limit internal audit's ability to carry out its responsibilities effectively (achieved through the Committee receiving and considering the Annual Assurance Opinion and Internal Audit Annual Report). <p><u>The Audit Committee should also understand Senior Managements / SIAS Boards role to:</u></p> <ul style="list-style-type: none">• Ensure internal audit's access to staff and records.• Ensure that the CAE reports to the audit committee on the work of internal audit.• Provide opportunities for the CAE to meet with the audit committee without senior management present (at least annually).• Work with the CAE to remove or minimise actual or potential impairments to the independence of internal audit, and ensure safeguards are operating effectively.• Recognise that if the CAE has additional roles and responsibilities beyond internal auditing, or if new roles are proposed, it could impact on the independence and performance of internal audit. The impact must be discussed with the CAE and the views of the Audit Committee sought.

APPENDIX E – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

Principle 8: Overseen by the Board

(To ensure the effectiveness of internal audit, it should be overseen by the Audit Committee on behalf of those charged with governance.)

Standard 8.1 Board Interaction

10. Audit Committee oversight is essential to ensure the overall effectiveness of the internal audit function. Achieving this principle requires collaborative and interactive communication between the Audit Committee and the CAE.

Standard 8.2 Resources

11. The Audit Committee and senior management must engage with the chief audit executive to review whether internal audit's financial, human and technological resources are sufficient to meet internal audit's mandate as set out in the regulations and achieve conformance with GIAS in the UK public sector. Where the function is outsourced or shared, the focus should be on the budgeted contract.

Standard 8.3 Quality and Standard 8.4 External Quality Assessment

12. The Audit Committee receives assurance about the quality of the performance of the CAE and the internal audit function through the quality assessment and improvement program, including the board's direct review of the results of the external quality assessment.

What do Standards 8.1 to 8.4 look like in practice for the Audit Committee?

Standard 8.1
<u>The Audit Committee:</u> <ul style="list-style-type: none">• Should follow the CIPFA Audit Committee guidance for the oversight of internal audit.• Must agree its work plan with the Chief Audit Executive to ensure there is appropriate coverage of internal audit matters within audit committee agendas.• Should provide for the internal audit mandate and charter, strategy, plans, engagement reporting and the annual conclusion, and quality reports within its annual workplan. The Committee should also oversee the tracking and implementation of internal audit recommendations.• Must familiarise itself with the authority's assurance framework and approach to governance, risk management and internal control arrangements to fulfil the wider terms of reference of the committee (see AGS and Code of Corporate Governance). This understanding will facilitate its interactions with internal audit.• Should have oversight of the annual governance statement before final approval. Audit Committee familiarity with these will support their effective interaction with internal audit.

APPENDIX E – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

- Review and support progression of instances where internal audit considers the management of risk or proposed actions in response to audit engagements represent an unacceptable level of risk to the authority.

Standard 8.2

The Audit Committee should:

- Confirm that if resource issues result in a limitation of scope on the annual conclusion, this should also be reported and disclosed in the annual governance statement.
- Confirm that where there are concerns about internal audit's ability to fulfil its mandate or deliver an annual conclusion, the concerns are formally recorded and reported to those charged with governance.
- Understand that decisions on internal audit resourcing by senior management and those charged with governance must take account of the longer-term risks to the governance and financial sustainability of the authority and internal audit's role in supporting those objectives.
- Receive the CAE's disclosure or confirmation at least annually or as necessary whether there has been any human, technological or human resource matters that have adversely affected internal audit's ability to carry out its responsibilities effectively (done with the Annual Assurance Opinion and Internal Audit Annual Report, and Annual Audit Plan).

Standard 8.3

The Audit Committee should:

- Review annually the results of the CAEs assessment of conformance against GIAS in the UK public sector, including any action plan.
- Review the CAE's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives.
- Review in-year updates and make appropriate enquiries if there are concerns about internal audit performance.
- Satisfy itself on the effectiveness of internal audit to meet the requirements of the mandate for internal audit. They should consider conformance with the standards, interactions with the committee, performance and feedback from senior management.
- Report conclusions to those charged with governance, for example as part of the Audit Committee's Annual Report.

APPENDIX E – BRIEFING PAPER: GLOBAL INTERNAL AUDIT STANDARDS – DOMAIN III

Standard 8.4

The Audit Committee:

- Must receive the complete results of the EQA and consider the chief audit executive's action plan to address any recommendations. Progress should be monitored.

The Audit Committee must also understand senior management's / SIAS Board's role to ensure that:

- Internal audit has an external quality assessment (EQA) at least once every five years of its conformance against GIAS in the UK public sector, including the CIPFA Code.
- Discuss the CAE's plan for the EQA and report the options, suggested timing and their recommendation to the Audit Committee.
- Where the authority is the client of an internal audit provider, (shared, partnership or outsourced functions), then agreement on the approach to the EQA will need to take account of the broader arrangements. This is agreed through the SIAS Board before reporting to the respective Audit Committees.
- Where the authority commissions the EQA, the proposals for the scope, method of assessment and assessor should be brought to the Audit Committee for agreement.

13. Since the implementation of the GIAS, SIAS has ensured that key documents and reports provided to the Audit Committee have been updated to reflect the requirements of the Standards, for example, the Internal Audit Strategy, Internal Audit Charter and Mandate, Audit Plan Reports, Progress Update Reports, Annual Assurance Opinion and Internal Audit Annual Reports.
14. However, it is important for Audit Committee members to remain aware of their responsibilities for reviewing and interpreting this information and seeking wider assurance that the Council maintains an effective, appropriately resourced and independent internal audit function, and that outcomes from the work of internal audit are appropriately acted upon by senior management. The GIAS, Application Note for the GIAS in the UK Public Sector and the CIPFA Code of Practice for the Governance of Internal Audit in Local Government provide a timely reminder of the Audit Committee's responsibilities in this regard, and how they can be exhibited in practice.

CABINET
20 January 2025

***PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: SECOND QUARTER CAPITAL BUDGET MONITORING REVIEW
2025/26**

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: RESOURCES

COUNCIL PRIORITY: SUSTAINABILITY

1 EXECUTIVE SUMMARY

- 1.1 To update Cabinet on progress with delivering the capital programme for 2025/26, as at the end of September 2025.
- 1.2 To update Cabinet on the impact upon the approved capital programme for 2025/26 – 2034/35. The current estimate is a decrease in spend in 2025/26 of £1.348M and an increase in spend in 2026/27 £1.773M. The most significant individual changes to the forecast spend in 2025/26 for reprofiling into 2026/27: £0.600M The Museum and Commercial Storage project, £0.346M Resurface Lairage Car Park, £0.300M Charnwood House, £0.235M Parking Charging Payments Management System and £0.201M Home Repair Assistance Grants.

2 RECOMMENDATIONS

- 2.1 That Cabinet notes the forecast expenditure of £26.366M in 2025/26 on the capital programme, paragraph 8.3 refers.
- 2.2 That Cabinet approves the adjustments to the capital programme for 2026/27, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the estimated spend by £1.773M.
- 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.

3. REASONS FOR RECOMMENDATIONS

- 3.1 Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 Options for capital investment are considered as part of the Corporate Business Planning process.

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.

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 21st November 2025.

7. BACKGROUND

7.1 In February 2025, Council approved the Integrated Capital and Treasury Strategy for 2025/26 to 2034/35. The reports for Capital and Treasury have been split for the quarterly monitoring updates.

8. RELEVANT CONSIDERATIONS

8.1 The Council has £127.0M 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 2025/26

8.2 The full capital programme is detailed in Appendix A and shows the revised costs to date, together with the expected spend from 2025/26 to 2035/36 and the funding source for each capital scheme.

8.3 Capital expenditure for 2025/26 is estimated to be **£26.366M**. This is a decrease of **£1.348M** on the forecast in the 1st quarter report (reported to Cabinet on 23rd September 2025). Table 1 below details changes to capital programme.

Table 1- Current Capital Estimates

	2025/26 £M	2026/27 £M	2027/28 to 2035/36 £M
Original Estimates approved by Full Council February 2025	21.063	5.147	18.413
Changes approved by Cabinet in 3rd Qrt 2024/25	0.627		
Public Sector Decarbonisation project	1.143		

	2025/26 £M	2026/27 £M	2027/28 to 2035/36 £M
Changes approved by Cabinet in 2024/25 Capital Outturn report	5.203		
Executive Member – Finance and I.T. approved additional Expenditure	0.040		
Changes at Q1	-0.452	0.838	0.608
Shared Prosperity Grant Funding	0.090		
Changes at Q2	-1.348	1.773	
Current Capital Estimates	26.366	7.758	19.021

8.4 Table 2 lists the schemes in the 2025/26 Capital Programme that will now start or have an impact on the budget in 2026/27 and onwards:

Table 2: Scheme Timetable Revision:

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

Scheme	2025/26 Working Budget £'000	2025/26 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2026/27 onwards £'000
Museum and Commercial Storage	2,000	1,400	-600	2 Year project with £2m originally profiled to be spent in each year. Now the site has been acquired better understanding of how the profiling will sit.	600
Resurface Lairage Car Park	346	0	-346	Complications with appointing contractors due to poor access.	346
Lairage Stairwells Windows and Doors	69	0	-69	Anticipated the work would be tied in with resurfacing of Lairage car park top deck.	69

Scheme	2025/26 Working Budget £'000	2025/26 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2026/27 onwards £'000
Charnwood House	371	71	-300	The Council remain committed to delivering its ambition to revitalise Charnwood House for the benefit of Hitchin and the wider district. Estates continue to undertake a review of the work done to date and the reports on the building, and will be bringing forward options for Executive Members to confirm the next steps. This is likely to recommend a new marketing of the property to let on a long lease with the Council and tenant undertaking works as part of the terms. £300k of the budget has been re profiled to 26/27 to align with the timing	300
Parking Charging Payments Management System	235	0	-235	Review of parking systems provider and current contracts have been reviewed and extended this year which has resulted in a delay in looking at a single provider.	235
Home Repair Assistance	227	26	-201	Strict eligibility criteria and the £5,000 cap per grant have made it difficult for Environmental Health to fully allocate the budget. Environmental Health intends to review eligibility criteria and the £5,000 limit to allow the Home Repair Assistance budget to be fully paid out in 2026/27.	201
WiFi Upgrade	40	0	-40	This will not be done this year due to officers working on other projects.	40
Wilbury Hills Cemetery Paths	0	30	30	Budget originally profile in 26/27 but an opportunity arose to complete the works in 25/26.	-30
Other minor changes			-12		12
Total Revision to Budget Profile			-1,773		1,773

8.5 There are also changes to the overall costs of schemes in 2025/26. These changes total a net increase of £0.425million and are detailed in Table 3

Table 3: Changes to Capital Schemes Commencing in 2025/26:

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

Scheme	2025/26 Working Budget £'000	2025/26 Forecast Spend £'000	Difference £'000	Comments
Decarbonisation Project	9,829	10,303	474	The latest project cost report details the current forecast as £16.758M. The increase in costs relate to unforeseen construction variations and increased direct project costs.
Roston Leisure Centre Members Changing Refurbishment	73	13	-60	Unspent budget from 24/25 was slipped into 25/26, to complete the works on the accessible changing rooms. These were completed resulting in an underspend.
Other minor changes		11		
Total revision to scheme spend		425		

8.6 Table 4 below shows how the Council will fund the 2025/26 capital programme.

Table 4: Funding the Capital Programme:

	2025/26 Balance at start of year £M	2025/26 Forecast Additions £M	2025/26 Forecast Funding Used £M	2025/26 Balance at end of year £M
Useable Capital Receipts and Set-aside Receipts	1.273	0.0	(1.273)	0.000
S106 receipts			(0.360)	
Other third party grants and contributions			(2.793)	
Revenue Contribution			(3.230)	
Borrowing			(18.710)	
Total			(26.366)	

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 31st March 2025 was negative £0.59M. It has become positive during 2025/26 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 2026/27.

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. Asset disposals must be handled in accordance with the Council's Contract Procurement Rules within the Constitution.

9.2 Paragraph 4.4.1 c) of the constitution details that Council will approve the budget. Therefore any significant additions to the budget should be approved by Council.

9.3 The Council is under a duty to maintain a balanced budget as set out in Section 151 of the Local Government Act 1972 which states:
"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."

9.4 Further, Section 28 of the Local Government Act 2003 requires to Council to periodically conduct a budget monitoring exercise of its expenditure and income against the budget calculations during the financial year. There is no statutory requirement of the regularity of such reviews, but quarterly seems to be entirely appropriate. By considering monitoring reports throughout the financial year Cabinet is able to make informed recommendations on the budget to Council. If the monitoring establishes that the budgetary situation has deteriorated, the Council must take such remedial action as it considers necessary to deal with any projected overspends. This report allows for the periodic monitoring of the budget thereby discharging the Council's statutory obligations.

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 £4.2M higher than the budgeted £53.145M.

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 £40k per year

in interest. The general fund estimates are routinely updated to reflect changes in income from investments. In the year after the Capital Financing Requirement (CFR) reaching zero (i.e. from 2026/27) 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 current strategy is that the Council will borrow against internal funds for its capital programme. The CFR at the 31 March 2025 was negative £0.59M but is now positive.

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).

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 2025/26 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 2025/26 onwards.

17. CONTACT OFFICERS

17.1 Report Writer – Dean Fury, Corporate Support Accountant, Tel 474509,
Dean.fury@north-herts.gov.uk

Ian Couper, Service Director: Resources, Tel 474243, email
Ian.couper@north-herts.gov.uk

Antonio Ciampa, Accountancy Manager, Tel 474566, email,
Antonio.ciampa@north-herts.gov.uk

18. BACKGROUND PAPERS

18.1 Investment Strategy (Integrated Capital and Treasury Strategy)

<https://srvmodgov01.north-herts.gov.uk/mqChooseDocPack.aspx?ID=3597&SID=12127>

Project	Service Directorate							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
40 KVA UPS Device or Battery Replacement	Customers	12,000	0	0	0	0	0	0	0	0	0	12,000
Air conditioning at Hitchin Town Hall	Enterprise	100,000	0	0	0	0	0	0	0	0	0	100,000
Air Handling Humidification	Enterprise	15,000	0	0	0	0	0	0	0	0	0	15,000
Alternative to safeword tokens for staff/members working remotely	Customers	9,900	0	0	0	0	0	0	0	0	0	9,900
An alternative set of 25 machines that are outside of the Windows Environment for Disaster Recovery	Customers	15,000	0	0	15,000	0	30,000	0	0	0	0	60,000
Audio Improvements to Mountford Hall	Enterprise	15,000	0	0	0	0	0	0	0	0	0	15,000
Avenue Park Splash Park	Environment	70,000	0	0	0	0	0	0	0	0	0	70,000
Baldock Road Recreation Ground Letchworth	Environment	0	0	30,000	0	0	0	0	0	0	0	30,000
Bancroft Lighting	Environment	0	0	45,000	0	0	0	0	0	0	0	45,000
Broadway Gardens Resurfacing	Environment	0	250,000	0	0	0	0	0	0	0	0	250,000
Burymead Road Transfer Facility	Environment	30,000	0	0	0	0	0	0	0	0	30,000	0
Cadcorp Local Knowledge & Notice Board Software	Customers	5,400	0	0	0	0	0	0	0	0	200	5,200
CCTV at DCO & Hitchin Town Hall	Customers	700	11,800	0	0	0	0	0	0	0	0	12,500
CCTV Control Room Upgrade	Resources	40,000	0	0	0	0	45,000	0	0	0	0	85,000
Charnwood House	Enterprise	70,800	300,000	0	0	0	0	0	0	0	0	370,800
Community Centres Flat Roof Safety Barriers	Enterprise	43,000	0	0	0	0	0	0	0	0	0	43,000
Conference Calling Solutions in Large Meeting Rooms at District Council Offices	Customers	6,000	0	0	0	0	0	0	0	0	0	6,000
Council property improvements following condition survey	Enterprise	176,300	50,000	50,000	50,000	50,000	250,000	0	0	0	0	626,300
Cyber Attacks - Events Monitoring Software Solution	Customers	2,000	0	0	0	0	0	0	0	0	0	2,000
Cycle Strategy implementation (GAF)	Growth	278,000	0	0	0	0	0	0	278,000	0	0	0
DR Hardware Refresh Inc UPS Battery Pk (unit 3)	Customers	65,000	0	0	16,000	0	32,000	0	0	0	0	113,000
Email Encryption Software Solution	Customers	17,700	0	0	0	0	0	0	0	0	0	17,700
EV Charging at the existing Letchworth Depot	Environment	100,000	0	0	0	0	0	0	0	0	0	100,000
Fibre Waste Bins	Environment	1,170,000	0	0	0	0	0	0	0	0	0	1,170,000
Green Infrastructure implementation (GAF)	Growth	185,000	0	0	0	0	0	0	185,000	0	0	0
Hitchin Lairage car park - cosmetic coating to four stairwells and replacement windows and doors	Enterprise	0	69,100	0	0	0	0	0	0	0	0	69,100
Hitchin Swim Centre: Archers Member Change and Relaxation Area Refurbishment	Environment	300,000	0	0	0	0	0	0	0	0	0	300,000
Hitchin Swim Centre: Changing Village Refurbishment	Environment	0	225,000	0	0	0	0	0	0	0	0	225,000
Hitchin Town Hall Kitchen Enhancement	Enterprise	0	25,000	0	0	0	0	0	0	0	0	25,000
Howard Park Letchworth Path Resurfacing	Environment	13,800	10,000	10,000	0	0	0	0	0	0	0	33,800
Infrastructure Hardware	Customers	410,800	18,000	18,000	190,000	0	0	0	20,000	0	0	616,800
Installation of trial on-street charging (GAF)	Growth	0	50,000	0	0	0	0	0	50,000	0	0	0
King George V Muga Hitchin	Environment	0	0	55,000	0	0	0	0	55,000	0	0	0
Laptops - Refresh Programme	Customers	339,100	49,000	35,000	40,000	349,000	234,000	0	0	0	0	1,046,100
Match funding for Electric Vehicle charging	Growth	100,000	0	0	0	0	0	0	0	0	0	100,000
Mel Tax Offices, Royston	Enterprise	25,000	0	0	0	0	0	0	0	0	0	25,000
Members Laptops Refresh Programme	Customers	0	30,000	0	0	0	0	0	0	0	0	30,000
Microsoft Enterprise Software Assurance	Customers	679,000	0	0	747,000	0	1,494,000	0	0	0	0	2,920,000

Project	Service Directorate	Funding							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
Museum Storage Facility	Enterprise	1,400,000	2,600,000	0	0	0	0	0	0	0	0	4,000,000
NH Museum & Community Facility	Enterprise	48,300	0	0	0	0	0	48,300	0	0	0	0
NH Museum Chiller	Enterprise	80,000	0	0	0	0	0	0	0	0	0	80,000
NHLC Lift Replacement	Environment	90,000	0	0	0	0	0	0	0	0	0	90,000
NHLC Pool Flume Replacement	Environment	300,000	0	0	0	0	0	0	0	0	0	300,000
Northern Transfer Station	Environment	0	0	0	3,000,000	3,000,000	0	0	0	0	0	6,000,000
Norton Common Bowls Pavilion	Environment	55,000	0	0	0	0	0	0	0	28,000	0	27,000
Norton Common Footpaths	Environment	10,000	0	0	0	0	0	0	0	0	0	10,000
Norton Common Letchworth Tennis Courts	Environment	48,700	0	0	0	0	0	0	0	0	0	48,700
Off Street Car Parks resurfacing and enhancement	Enterprise	36,000	43,000	77,000	0	0	0	0	0	0	0	156,000
Oughtonhead Common Hitchin Weir	Environment	323,400	0	0	0	0	0	0	0	0	0	323,400
Oughtonhead Common Signage and Interpretation	Environment	0	10,000	0	0	0	0	0	0	0	0	10,000
Parking Charging, Payments & Management	Growth	0	235,000	0	0	0	0	0	0	0	0	235,000
Parking Machines Replacement	Growth	151,100	0	0	0	0	0	0	0	0	0	151,100
Parking Machines Upgrade - Contactless Payment Facility Installation	Growth	38,000	0	0	0	0	0	0	24,200	0	0	13,800
PC's Refresh Programme	Customers	11,000	8,000	5,000	8,000	5,000	8,000	0	0	0	0	45,000
Playground Renovation District Wide	Environment	343,400	180,000	180,000	180,000	180,000	900,000	0	0	0	0	1,963,400
Priory Gardens Bandstand	Environment	50,000	0	0	0	0	0	0	0	0	0	50,000
Priory Memorial Gardens MUGA Royston	Environment	55,000	0	0	0	0	0	0	0	0	0	55,000
Priory Memorial Gardens MUGA Fencing Royston	Environment	40,000	0	0	0	0	0	0	0	0	0	40,000
Private Sector Grants	Regulatory	26,400	260,600	60,000	60,000	60,000	300,000	0	0	0	0	767,000
Public Sector Decarbonisation Fund	Environment	10,303,100	0	0	0	0	0	0	1,578,000	0	0	8,725,100
Public Sector Decarbonisation Fund Phase 2	Environment	852,000	2,001,000	423,000	0	0	0	0	1,172,000	0	0	2,104,000
Ransoms Rec Footpaths, Gates and Railing	Environment	0	20,000	0	0	0	0	0	0	0	0	20,000
Refurbishment and improvement of community facilities	Governance	5,000	0	0	0	0	0	0	0	0	0	5,000
Refuse and Recycling Bins	Environment	90,000	90,000	90,000	90,000	90,000	450,000	0	0	0	0	900,000
Remote testing equipment - Emergency Lights and Water Temperature Monitoring	Enterprise	13,000	0	0	0	0	0	0	0	0	0	13,000
Renovate skate park at KGV Hitchin	Environment	228,700	0	0	0	0	0	0	0	0	0	228,700
Replacement of Newark Close, Royston	Enterprise	65,000	0	0	0	0	0	0	0	0	0	65,000
Replacement of the timber access bridge at Norton Common	Environment	1,600	0	0	0	0	0	0	0	0	0	1,600
Resurface Lairage Car Park	Enterprise	0	346,300	0	0	0	0	0	0	0	0	346,300
Riverside walkway, Biggin Lane	Environment	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.	Environment	150,000	0	0	0	0	0	0	0	0	0	150,000
RLC Café	Environment	20,000	0	0	0	0	0	0	0	0	0	20,000
Royston Leisure Centre Dry Side Toilet Refurbishment	Environment	30,000	0	0	0	0	0	0	0	0	0	30,000
RLC Gym Equipment	Environment	349,800	0	0	0	0	0	0	0	0	0	349,800
RLC Gym Refurbishment	Environment	452,000	0	0	0	0	0	0	0	0	0	452,000
Royston Leisure Centre Members Changing Refurbishment	Environment	12,800	0	0	0	0	0	0	0	0	0	12,800
S106 Projects	Various	140,000	0	0	0	0	0	0	140,000	0	0	0

Project	Service Directorate								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
S016 Funding for additional social housing	Growth	192,500	0	0	0	0	0	0	0	192,500	0	0
Security - Firewalls	Customers	23,600	18,000	0	18,000	0	54,000	0	0	0	0	113,600
SPF Digital Inclusion Scheme		10,000	0	0	0	0	0	0	10,000	0	0	0
SPF Revelation of Estates Buildings		30,000	0	0	0	0	0	0	30,000	0	0	0
SPF Sustainable Communities Grants		50,600	0	0	0	0	0	0	50,600	0	0	0
Swinburne Recreation Ground Hitchin	Environment	0	30,000	0	0	0	0	0	0	0	0	30,000
Tablets - Android Devices	Customers	18,000	10,000	4,000	4,000	4,000	8,000	0	0	0	0	48,000
Thomas Bellamy House, Hitchin	Enterprise	6,000	0	0	0	0	0	0	0	0	0	6,000
Transport Plans implementation (GAF)	Growth	250,000	0	0	0	0	0	0	250,000	0	0	0
Walsworth Common Pavilion - contribution to scheme	Environment	0	300,000	0	0	0	0	250,000	0	37,000	0	13,000
Warm Homes	Environment	318,800	478,100	478,100	0	0	0	0	1,275,000	0	0	0
Waste and Street Cleansing Data Mgmt	Environment	470,000	0	0	0	0	0	0	0	0	0	470,000
Waste and Street Cleansing Vehicles	Environment	4,800,000	0	0	0	0	5,500,000	0	0	0	3,200,000	7,100,000
WiFi Upgrade	Customers		40,000	0	0	0	0	0	0	0	0	40,000
Wilbury Hills Cemetery Footpaths	Environment	30,000	0	0	0	0	0	0	0	0	0	30,000

26,366,300	7,757,900	1,560,100	4,418,000	3,738,000	9,305,000	298,300	4,922,800	452,500	3,230,200	44,241,500
------------	-----------	-----------	-----------	-----------	-----------	---------	-----------	---------	-----------	------------

This page is intentionally left blank

CABINET
20 January 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: SECOND QUARTER TREASURY MANAGEMENT REVIEW 2025/26

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: RESOURCES

COUNCIL PRIORITY: SUSTAINABILITY

1 EXECUTIVE SUMMARY

- 1.1 To update Cabinet on progress with delivering the treasury strategy for 2025/26, as at the end of September 2025.
- 1.2 To inform Cabinet of the Treasury Management activities in the first six months of 2025/26. The current forecast is that the amount of investment interest expected to be generated during the year is £1.980M. This is an increase of £0.155M on the estimate reported in the 1st quarter report.

2 RECOMMENDATIONS

- 2.1 That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2025.

3. REASONS FOR RECOMMENDATIONS

- 3.1 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 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 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 21st November 2025.

7. BACKGROUND

7.1 In February 2025, Council approved a Revenue Budget and Investment Strategy for 2025/26 to 2034/35. The reports for Capital and Treasury have been split for the quarterly monitoring updates.

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.

8.2 The Council invests its surplus cash in accordance with the Investment Strategy (see paragraph 4.1). 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 six months of 2025/26, the Council had an average investment balance of £52.7M and invested this in accordance with the treasury and prudential indicators as set out in the Integrated Capital and Treasury Management Strategy. However, during the period ended 30 September 2025 there was an over investment with one counterparty. £4M was invested with Blackpool Council against a limit of £3M. This over-investment was for the period from 22/08/25 to 15/12/25. This was due to a mistake in recording and checking against previous deals that had already been made. This process can be difficult as there are more instances of other Councils looking for forward dated deals. A further checking process (with another Officer involved) has been put in place to help ensure this does not happen again.

8.3 The Council has generated £1.605M of interest in 2025/26 from investments already made during the first six months of the year (and accrued interest from deals made in 2024/25). This includes the interest that will be earned during the remaining six months of the year on investments that have already been made. The average interest rate on all outstanding investments at the 30th September was 4.25%. (30th June was 4.51%). 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 £1.980M of interest over the whole of 2025/26.

8.4 As at 30th September 2025, the split of investments was as shown in the table below.

Banks	13%
Building Societies	4%
Government	17%
Local Authorities	66%

8.5 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 30th September 2025. The most risky investment has a historic risk of default of 0.022%. 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.

Borrower	Principal Invested £M	Interest Rate %	Credit Rating	Days to Maturity at 30 Sept	Historic Risk of Default %
Lloyds Bank	2.0	3.77	AA-	1	0.000
DMO	2.0	4.13	AA-	1	0.000
DMO	1.0	4.11	AA-	1	0.000
DMO	1.0	3.95	AA-	2	0.000
DMO	2.0	4.055	AA-	16	0.001
Medway Council	2.0	4.1	AA-	20	0.001
DMO	1.0	3.965	AA-	23	0.001
DMO	1.0	3.97	AA-	30	0.002
Nat West	2.0	4.22	AA-	32	0.004
Australia & New Zealand Bank	2.0	4.29	AA-	45	0.003
Perth & Kinross Council	2.0	4.05	AA-	45	0.003
Perth & Kinross Council	1.0	4.00	AA-	48	0.003
Eastbourne Borough Council	2.0	4.25	AA-	55	0.003
Blackpool Council	1.0	4.3	AA-	57	0.003
Uttlesford District Council	2.0	4.25	AA-	58	0.004
West Berkshire District Council	2.0	4.28	AA-	62	0.004
Aberdeen City Council	1.0	5.5	AA-	71	0.004
Skipton Bldg Soc	1.0	4.11	A-	76	0.010
Blackpool Council	1.0	4.2	AA-	76	0.005
Suffolk County Council	2.0	4.0	AA-	80	0.005

Borrower	Principal Invested £M	Interest Rate %	Credit Rating	Days to Maturity at 30 Sept	Historic Risk of Default %
Skipton Bldg Soc	1.0	4.09	A-	91	0.012
Nat West	1.0	4.15	AA-	94	0.012
LB of Barking & Dagenham	2.0	4.05	AA-	106	0.006
Blackpool Council	2.0	4.2	AA-	111	0.007
Lancashire County Council	1.0	4.3	AA-	139	0.008
Cheshire East Council	2.0	4.2	AA-	196	0.012
Lancashire County Council	1.0	4.3	AA-	196	0.012
Australia & New Zealand Bank	1.0	4.19	AA-	212	0.013
Leeds City Council	2.0	4.22	AA-	226	0.014
Cheshire East Council	1.0	4.1	AA-	261	0.016
Walsall Council	2.0	4.25	AA-	357	0.022
	47.0	4.25			

DMO credit rating is the UK credit rating.

9. LEGAL IMPLICATIONS

9.1 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. 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. The Chartered Institute of Public Finance and Accountancy's (CIPFA's) 'Code of Practice on Treasury Management 2021' requires that committee to which some treasury management responsibilities are delegated, will receive regular monitoring reports on treasury management activities and risks. This report discharges the Council's statutory and regulatory responsibilities for both the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities.

The Council is required to comply with both Codes through Regulations issued under the Local Government Act 2003

10. FINANCIAL IMPLICATIONS

10.1 The main financial implications are covered in section 8 of the 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 Risks associated with treasury management and procedures to minimise risk are outlined in the Treasury Management Practices document, TMP1, which 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 this report.

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.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1. There are no direct human resource implications.

16. APPENDICES

- 16.1. Appendix A, Treasury Management Update.

17. CONTACT OFFICERS

- 17.1. Report Writer – Dean Fury, Corporate Support Accountant, Tel 474509, Dean.fury@north-herts.gov.uk

Ian Couper, Service Director: Resources, Tel 474243, email Ian.couper@north-herts.gov.uk

Antonio Ciampa, Accountancy Manager, Tel 474566, email, Antonio.ciampa@north-herts.gov.uk

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>

This page is intentionally left blank

Classification: Confidential

2nd Quarter Treasury Management Review

Mid-Year Review Report 2025/26

Contents

1	Background	3
2	Introduction	4
3	Economics and Interest Rates	5
4	Treasury Management Strategy Statement and Annual Investment Strategy Update.....	8
5	The Authority's Capital Position (Prudential Indicators)	8
6	Borrowing	11
7	Debt Rescheduling.....	11
8	Compliance with Treasury and Prudential Limits	11
9	Annual Investment Strategy.....	12

1 Background

1.1 Treasury Management

The Authority operates a balanced revenue budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low-risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning to ensure the Authority can meet its capital spending operations. This management of longer-term cash may involve arranging long or short-term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Authority risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 CIPFA Consultation on Treasury Management and Prudential Codes of Practice

The Chartered Institute of Public Finance and Accountancy is currently consulting local authorities in respect of potential changes to the Codes. At this juncture, the focus seems to primarily be on the Non-Treasury investment aspects of local authority activity. Officers will provide an update on any material developments/changes in due course.

2 Introduction

This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2021).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Authority's treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Authority will seek to achieve those policies and objectives.
3. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year. (Quarterly reports are also required for the periods ending April to June and October to December but may be assigned to a designated committee or panel as deemed appropriate to meet the Treasury Management governance and scrutiny aspects of the Authority.)
4. Delegation by the Authority of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Authority of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Authority, the delegated body is Finance, Audit and Risk Committee.

This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first half of the 2025/26 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Authority's capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Authority's investment portfolio for 2025/26;
- A review of the Authority's borrowing strategy for 2025/26;
- A review of any debt rescheduling undertaken during 2025/26;
- A review of compliance with Treasury and Prudential Limits for 2025/26.

3 Economics and Interest Rates

3.1 Economics Update

- The first half of 2025/26 saw:
 - A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth.
 - The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.8% in July.
 - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.
 - The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
 - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.
- From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July will have caused some concern, with the hikes in taxes for businesses that took place in April this year undoubtedly playing a part in restraining growth. The weak overseas environment is also likely to have contributed to the 1.3% m/m fall in manufacturing output in July. That was the second large fall in three months and left the 3m/3m rate at a 20-month low of -1.1%. The 0.1% m/m rise in services output kept its 3m/3m rate at 0.4%, supported by stronger output in the health and arts/entertainment sectors. Looking ahead, ongoing speculation about further tax rises in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.
- Sticking with future economic sentiment, the composite Purchasing Manager Index for the UK fell from 53.5 in August to 51.0 in September. The decline was mostly driven by a fall in the services PMI, which declined from 54.2 to 51.9. The manufacturing PMI output balance also fell, from 49.3 to 45.4. That was due to both weak overseas demand (the new exports orders balance fell for the fourth month in a row) and the cyber-attack-induced shutdown at Jaguar Land Rover since 1 September reducing car production across the automotive supply chain. The PMIs suggest tepid growth is the best that can be expected when the Q3 GDP numbers are released.
- Turning to retail sales, and the 0.5% m/m rise in volumes in August was the third such rise in a row and was driven by gains in all the major categories except fuel sales, which fell by 2.0% m/m. Sales may have been supported by the warmer-than-usual weather. If sales were just flat in September, then in Q3 sales volumes would be up 0.7% q/q compared to the 0.2% q/q gain in Q2.
- With the November Budget edging nearer, the public finances position looks weak. Public net sector borrowing of £18.0bn in August means that after five months of the financial year, borrowing is already £11.4bn higher than the OBR forecast at the Spring Statement in March. The overshoot in the Chancellor's chosen fiscal mandate of the current budget is even greater with a cumulative deficit of £15.3bn. All this was due to both current receipts in August being lower than the OBR forecast (by £1.8bn) and current expenditure being higher (by £1.0bn). Over the first five months of the financial year, current receipts have fallen short by a total of £6.1bn (partly due to lower-than-expected self-assessment income tax) and current expenditure has overshot by a total of £3.7bn (partly due to social benefits and departmental spending). Furthermore, what very much matters now is the OBR forecasts and their impact on the current budget in 2029/30, which is when the Chancellor's fiscal mandate bites. As a general guide, Capital Economics forecasts a deficit of about £18bn, meaning the Chancellor will have to raise £28bn, mostly through higher taxes, if she wants to keep her buffer against her rule of £10bn.

- The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October Budget. The number of job vacancies in the three months to August stood at 728,000. Vacancies have now fallen by approximately 47% since its peak in April 2022. All this suggests the labour market continues to loosen, albeit at a declining pace.
- A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.8% in July. The rate for the private sector slipped from 5.5% to 4.7%, putting it on track to be in line with the Bank of England's Q3 forecast (4.6% for September).
- CPI inflation fell slightly from 3.5% in April to 3.4% in May, and services inflation dropped from 5.4% to 4.7%, whilst core inflation also softened from 3.8% to 3.5%. More recently, though, inflation pressures have resurfaced, although the recent upward march in CPI inflation did pause for breath in August, with CPI inflation staying at 3.8%. Core inflation eased once more too, from 3.8% to 3.6%, and services inflation dipped from 5.0% to 4.7%. So, we finish the half year in a similar position to where we started, although with food inflation rising to an 18-month high of 5.1% and households' expectations for inflation standing at a six year high, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout the past six months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended Q2 at 4.50%.
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England have kept yields elevated over 4.70%.
- The FTSE 100 fell sharply following the "Liberation Day" tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 closed Q2 at 8,761, around 2% higher than its value at the end of Q1 and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed Q3 at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors' global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings.

MPC meetings: 8 May, 19 June, 7 August, 18 September 2025

- There were four Monetary Policy Committee (MPC) meetings in the first half of the financial year. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.
- In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC will be wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- The Bank of England does not anticipate CPI getting to 2% until early 2027, and with wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction).
- The Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that "a gradual and careful" approach to rate cuts is appropriate suggests the Bank still thinks interest rates will fall further but possibly not until February, which aligns with both our own view and that of the prevailing market sentiment.

3.2 Interest Rate Forecasts

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

MUFG Corporate Markets' latest forecast on 11 August sets out a view that short, medium and long-dated interest rates will fall back over the next year or two, although there are upside risks in respect of the stickiness of inflation and a continuing tight labour market, as well as the size of gilt issuance.

MUFG Corporate Markets Interest Rate View 11.08.25														
	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	
BANK RATE	4.00	4.00	3.75	3.75	3.50	3.50	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	4.00	3.80	3.80	3.50	3.50	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.30	3.40	3.40	3.40	3.40
12 month ave earnings	4.00	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.30	3.40	3.50	3.60	3.60	3.60
5 yr PWLB	4.80	4.70	4.50	4.40	4.30	4.30	4.20	4.20	4.20	4.20	4.20	4.10	4.10	4.10
10 yr PWLB	5.30	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.70	4.60	4.60	4.60
25 yr PWLB	6.10	5.90	5.70	5.70	5.50	5.50	5.40	5.40	5.30	5.30	5.30	5.20	5.20	5.20
50 yr PWLB	5.80	5.60	5.40	5.40	5.30	5.30	5.20	5.20	5.10	5.10	5.00	5.00	5.00	5.00

4 Treasury Management Strategy Statement and Annual Investment Strategy Update

The Treasury Management Strategy Statement, (TMSS), for 2025/26 was approved by this Authority on 27/02/2025

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

5 The Authority's Capital Position (Prudential Indicators)

This part of the report is structured to update:

- The Authority's capital expenditure plans;
- How these plans are being financed;
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow; and
- Compliance with the limits in place for borrowing activity.

5.1 Prudential Indicator for Capital Expenditure

This table shows the revised estimates for capital expenditure and the current spend as at 30 September.

Capital Expenditure by Service	2025/26 Working Estimate £'000	Current Position £'000	2025/26 Revised Estimate £'000
Asset Management	1,591	42	1,291
CCTV	45	0	40
Community Services	5	0	5
Computer Software and Equipment	1,651	808	1,615
Corporate Items	91	8	91
Growth Fund Projects	713	0	713
Leisure Facilities	12,847	1,948	13,291
Museum & Arts	2,258	1,100	1,658
Parking	976	-127	325
Renovation & Reinstatement Grant Expenditure	546	4	345
S106 projects	332	161	332
Waste	6,660	4,028	6,660
Total capital expenditure	27,624	7,972	26,366

5.2 Changes to the Financing of the Capital Programme

The table below draws together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure. The borrowing element of the table increases the underlying indebtedness of the Authority by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This borrowing need may also be supplemented by maturing debt and other treasury requirements.

Capital Expenditure	2025/26 Original Estimate £m	Current Position £m	2025/26 Revised Estimate £m
Total capital expenditure	27,624	7,972	26,366
Financed by:			
Capital receipts and Set Aside Receipts	1,236	-245	1,273
Other third party grants and contributions	2,702	2,007	2,793
S106	360	161	360
Revenue	3,230	2,980	3,230
Total financing	7,528	4,903	7,656
Borrowing requirement	20,069	3,069	18,710

5.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

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

Prudential Indicator – the Operational Boundary for external debt

	2025/26 Original Estimate £m	Current Position £m	2025/26 Revised Estimate £m
Prudential Indicator – Capital Financing Requirement			
Total CFR	20.585	2.002	18.705
Prudential Indicator – the Operational Boundary for external debt			
Internal Borrowing	20.586	2.594	18.824
Other long-term liabilities	0.100	0.100	0.100
Total External Debt (year end position)	6.289	0.305	6.289

5.4 Limits to Borrowing Activity

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and next two financial years. This allows some flexibility for limited early borrowing for future years. The Authority has approved a policy for borrowing in advance of need which will be adhered to if this proves prudent.

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

Limits for external debt	2025/26 Original Indicator £m	Current Position	2025/26 Revised Indicator £m
Authorised Limit	13.0	0.315	13.0
Operational Boundary	8.0	0.315	8.0

6 Borrowing

The Authority's revised capital financing requirement (CFR) for 2025/26 is £18.231M. The CFR denotes the Authority's underlying need to borrow for capital purposes. If the CFR is positive the Authority may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. The table under paragraph 5.4 above shows the Authority has borrowings of £0.315m and has utilised £9.665m of cash flow funds in lieu of borrowing. This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring if gilt yields remain elevated, particularly at the longer-end of the yield curve (25 to 50 years).

No borrowing was undertaken during the quarter ended 30 September 2025 and it is anticipated that further external borrowing will not be undertaken during this financial year. If the Capital Programme is fully spent in 25/26 than internal borrowing will be required.

7 Debt Rescheduling

No debt rescheduling was undertaken during the quarter.

8 Compliance with Treasury and Prudential Limits

It is a statutory duty for the Authority to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2025, the Authority has operated within the treasury and prudential indicators set out in the Authority's Treasury Management Strategy Statement for 2025/26. The Director of Resources reports that no difficulties are envisaged for the current or future years in complying with these indicators.

However, during the period ended 30 September 2025 there was an over investment with one counterparty. £4M was invested with Blackpool Council against a limit of £3M. This over-investment was for the period from 22/08/25 to 15/12/25. This was due to a mistake in recording and checking against previous deals that had already been made. This process can be difficult as there are more instances of other Councils looking for forward dated deals. A further checking process (with another Officer involved) has been put in place to help ensure this does not happen again.

9 Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by the Authority on 27/02/2025. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Authority's investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Authority will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Authority's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months.

Creditworthiness

The UK's sovereign rating has proven robust through the first half of 2025/26. The Government is expected to outline in detail its future fiscal proposals in the Budget scheduled for 26 November 2025.

Investment Counterparty criteria

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

CDS prices

It is noted that sentiment in the current economic climate can easily shift, so 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 first half of the financial year was **£52.7m**. 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.

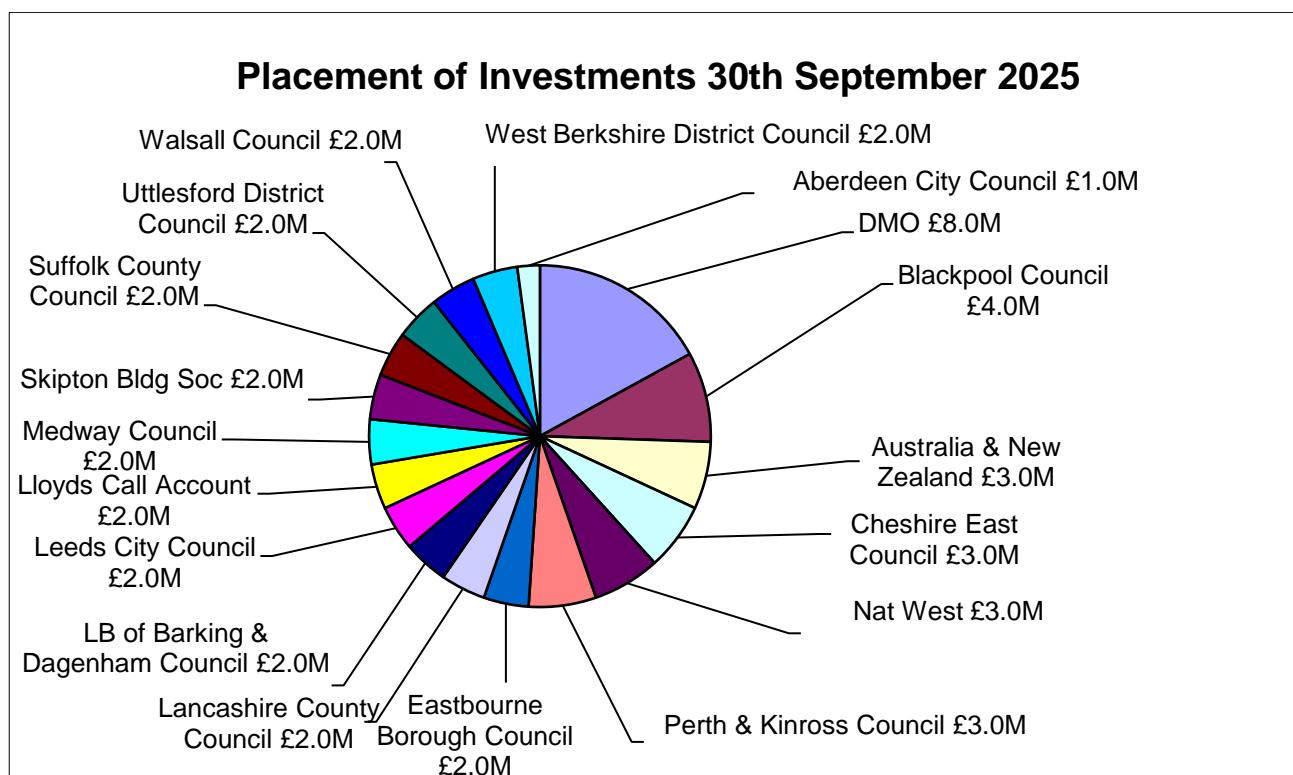
	Amount 30/09/25	Average
	£	Interest Rate %
Managed By NHC		
Banks	8,000,000	4.21
Building Societies	2,000,000	4.10
Local Authorities	29,000,000	4.28
Government	8,000,000	4.07
Total	47,000,000	4.25

In percentage terms, this equates to:

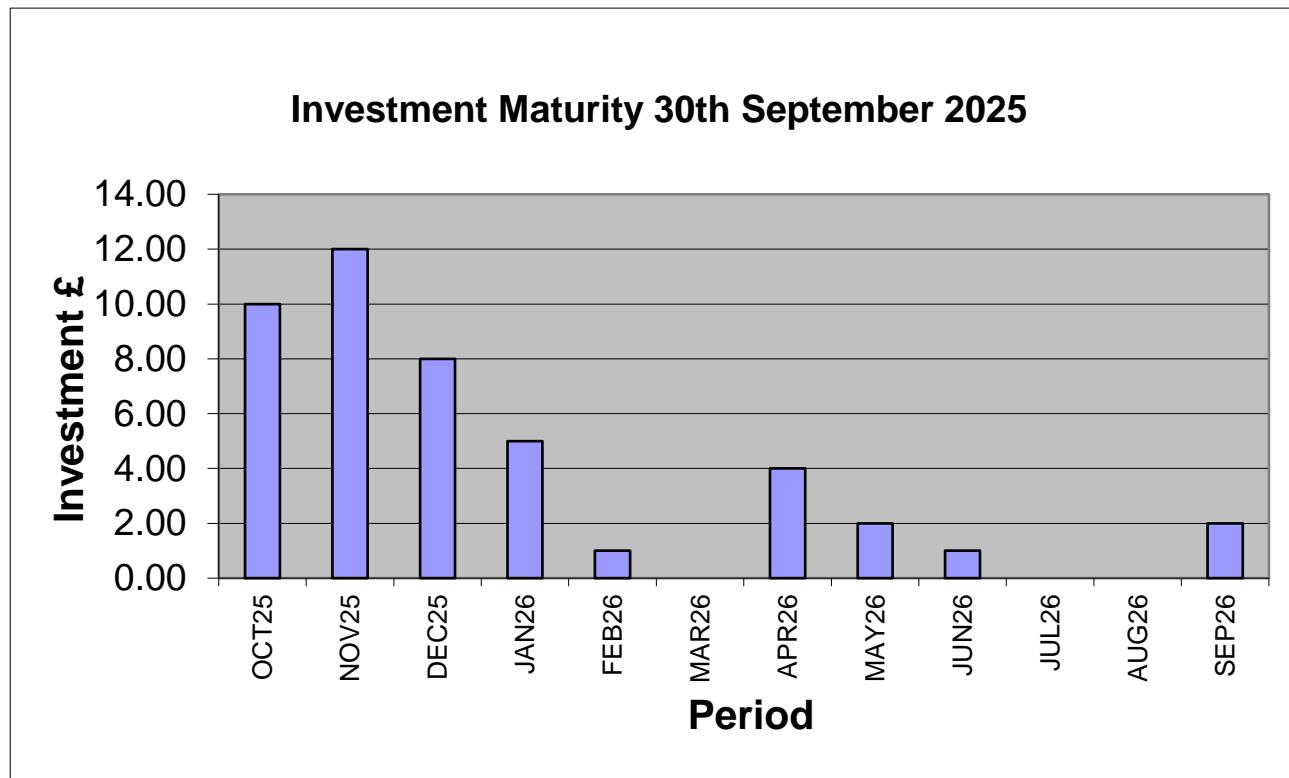
	Percentage
Government	17
Banks	17
Local Authorities	62
Building Societies	4

The approved 25/26 strategy is that no more than 50% of investments should be placed with Building Societies and Property Funds with a maximum value of £11M. The value at 30 September was 4%.

The pie chart below shows the spread of investment balances as at 30 September 2025. This is a snapshot in time that demonstrates the diversification of investments.

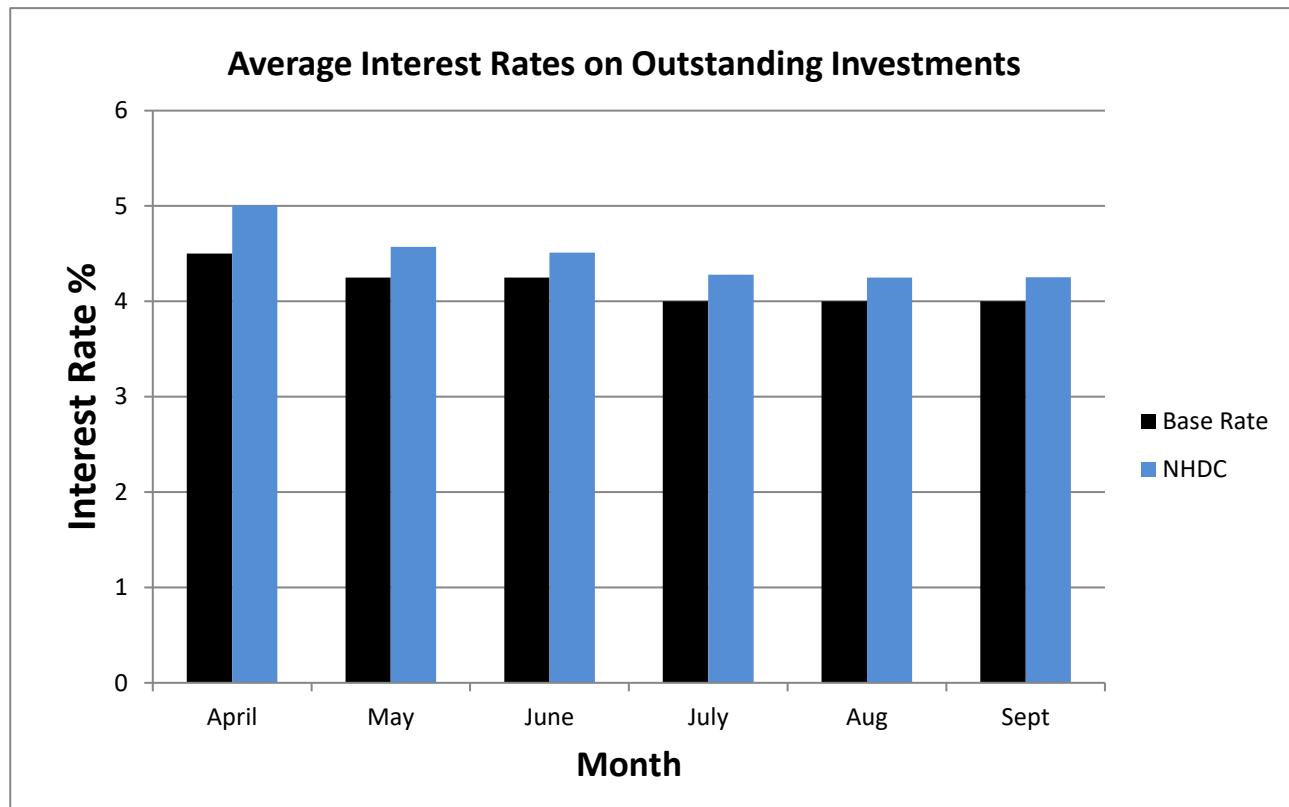


The chart below shows the Council's investment maturity profile.



At the 30 September there was also £2M placed on Lloyds Call account.

The graph below shows the average rate of interest on outstanding investments at 30 September.



Approved limits

Officers can confirm that there was an over investment with one counterparty (Blackpool Council £4M invested with them with a limit of £3M) during the period ended 30 September 2025. Procedures have been put in place to ensure this does not happen again.

This page is intentionally left blank

Agenda Item 9

CABINET
20 January 2026

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: SECOND QUARTER REVENUE BUDGET MONITORING 2025/26

REPORT OF: THE DIRECTOR - RESOURCES

EXECUTIVE MEMBER: RESOURCES

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 2025/26, as at the end of the second quarter. The forecast variance is an £846k decrease in the net working budget of £24.496million, of which £408k is requested to be carried forward to fund specific activities in the next financial year, with an ongoing impact in future years of a £147k increase. 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 2025/26 General Fund budget, as identified in table 3 and paragraph 8.2, an £846k decrease in net expenditure.
- 2.3. That Cabinet notes the changes to the 2026/27 General Fund budget, as identified in table 3 and paragraph 8.2, a total £555k increase in net expenditure. These will be incorporated in the draft revenue budget for 2026/27.

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 21st November 2025.

7. BACKGROUND

7.1. Council approved the revenue budget for 2025/26 of £22.914million in February 2025. As at the end of Quarter Two, the working budget has increased to £24.496million. 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 2025/26 approved by Full Council	22,914
Quarter 3 2024/25 Revenue Budget Monitoring report – 2025/26 budget changes approved by Cabinet (March 2025)	807
2024/25 Revenue Budget Outturn report – 2025/26 budget changes approved by Cabinet (June 2025)	202
Churchgate Viability and Next Steps report – additional funding for a specialist Project Manager approved by Council (July 2025)	120
First Quarter Revenue Budget Monitoring 2025/26 – working budget changes approved by Cabinet (September 2025)	453
Current Working Budget	24,496

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 and Graduate Trainee scheme resource to the relevant service areas.

Table 2 – Service Directorate Budget Allocations

Service Directorate	Net Direct Working Budget at Quarter One	Changes approved at Quarter One	Other Budget Transfers	Current Net Direct Working Budget
	£k	£k	£k	£k
Chief Executive	1,125	(369)	(434)	322
Customers	3,955	(8)	186	4,133
Enterprise	1,402	(73)	36	1,365
Environment	7,821	892	30	8,743
Governance	2,412	43	81	2,536
Place	1,494	(140)	(3)	1,351
Regulatory Services	2,837	(74)	44	2,807
Resources	2,997	182	60	3,239
TOTAL	24,043	453	0	24,496

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 (2026/27) 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 2026/27 £k
Chief Executive Credit & Debit Card Payments Processing Fees	59	95	+36	Following the installation of the new finance system in 2024/25, North Herts transitioned to a new payment processing provider. While the new provider charges a higher fee per transaction, there is a faster transfer of funds than with the previous arrangement, which therefore allows the Council to earn interest on the funds received over a longer period. In addition, there has been a significant increase in the number of card transactions since the administration of garden waste charging was moved back in-house.	0	36
Chief Executive Treasury Investments Interest Income	(1,825)	(1,980)	(155)	Increase in estimated interest income receivable is a combination of both interest rate returns achieved and cash balances available for investment being slightly higher than estimated in the forecast prepared at Quarter One. Estimates for future years will be updated when the next Investment Strategy is finalised in January 2026.	0	0
Customers Expenditure on postage	196	250	+54	Forecast overspend on postage costs is mainly due to increases in prices charged for items sent first class from April 2025 significantly exceeding the inflation assumption included in the budget for this year. The cost of sending an item first class under the hybrid mail contract increased by more than 40% from the prior year, while the charge for franked first class post rose by 58%. Notification of these changes to prices was received in March 2025, after the original budget was approved, which had assumed 5% inflation for postage. In addition, there has been an increase in general postage activity this year with communications sent out to support the transition to the new waste services provision. An exercise is underway to see if more post can be sent digitally.	0	42
Customers IT Services staffing expenditure	872	850	(22)	Forecast underspend is due to the vacant Application Support and Development Officer post. It is requested that the unspent budget is carried forward in order to fund the extension of the fixed term contract of a temporary help desk post for a further 10 months. The post will be critical in maintaining service stability and supporting strategic priorities during a period of significant organisational change.	22	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2026/27 £k
Customers District Wide Survey	18	0	(18)	The adoption of the free Microsoft Forms web-based software tool to conduct online surveys has removed the need to separately procure a digital survey platform from which to run the survey. As the District Wide Survey is a biannual exercise there is no budget allocation earmarked in 2026/27, the impact in future years will instead be captured in the proposed efficiencies presented with the Budget report in February.	0	0
Environment Directorate Staffing Expenditure	1,480	1,403	(77)	It is requested that part of the forecast underspend on staffing for the Directorate, resulting mainly from turnover in staff in Waste Services in this year being greater than anticipated, is carried forward to fund the retention of the current Leisure and Active Communities apprentice for a further six months into the next financial year. This will be crucial to the Community Wellbeing team, who are unlikely to receive confirmation of their 2026/27 grant funding before the summer of 2026. Half of the current team are expected to leave at the end of March 2026 and so, for basic service delivery to continue through April to August, the support of the apprentice role will be crucial. It will ensure that current initiatives such as strength and balance classes, the social hub for older people and food education for targeted groups can continue.	13	0
Environment Leisure Consultants	31	6	(25)	Provision of £25k was carried forward from the prior financial year for specialist consultants to develop a 'Long Term Built Leisure Strategy', with the view to ensuring NHC deliver sufficient leisure provision to meet demand arising over the period of the next Local Plan review. The development of the strategy has however been delayed whilst the facility modelling for the Indoor Sports Facility Strategy is carried out by Sport England. It is therefore requested that the budget unspent in this year is carried forward to finance the strategy work in the next financial year.	25	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2026/27 £k
Governance Directorate Staffing Expenditure	1,679	1,735	+56	Recruitment to certain posts within the Legal Services team has proved challenging, resulting in the need to employ agency staff. In addition, the Director of Governance is currently transitioning back to full-time work following maternity leave. During this period, an agency employee has been providing support by covering aspects of the Director of Governance role, as well as responsibilities associated with the Deputy Monitoring Officer and Legal Manager positions.	0	0
Place Directorate Staffing Expenditure	3,634	3,455	(179)	Forecast underspend is due to various vacancies within the Place Directorate. Recruitment to a number of posts is currently ongoing. It is requested that £34k is carried forward to fund an additional apprentice position starting in April. This will provide additional capacity and ensure that the apprenticeships can complete before Local Government Reorganisation.	34	0
Place Income from the sale of car park season tickets	(187)	(143)	+44	Projected income shortfall follows the decision by a local employer to not renew their car park season tickets.	0	44
Place Electric Vehicle (EV) Charging Points	60	0	(60)	£60k was approved to be carried forward from 2024/25 to fund consultants to assist with phase 2 of the project: to identify and evaluate potential locations for EV charging points across the district in consultation with Hertfordshire County Council. Phase 1 has however been delayed due to on-going discussions regarding the contract and lease agreements with the contractor. These are now near completion, with installation of EV charging points to be delivered in the new year. This means however that Phase 2 will not happen now until the next financial year and so it is requested that the forecast unspent budget is carried forward.	60	0
Place Town Centres Strategy	119	49	(70)	The public consultation on the draft Town Centres Strategy is not scheduled to finish until January 2026, with possible adoption in Spring 2026. This means that work on implementing the Strategy will not commence until the next financial year, hence the projected unspent budget is requested to be carried forward to finance this work.	70	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2026/27 £k
Place Local Plan Review and Development	207	142	(65)	Forecast outturn follows a review and reprofiling of the timescales of procurements and delivery of the various evidence-based projects within the Local Plan. Further expenditure of £251k is anticipated in 2026/27, therefore the carry forward of the remaining unspent budget into the next financial year is requested to meet the cost of those activities anticipated in the next financial year.	65	0
Place Supplementary Planning Documents (SPDs)	94	11	(83)	Work is progressing on the Design Code SPD. Additional staffing resource is being provided through a 1-year fixed term contract post that will extend into the new financial year. The carry forward of the forecast unspent budget is therefore requested for the costs of this post falling in the next financial year and to fund the work associated with the finalisation of this project as a web-based resource (anticipated in Summer 2026).	83	0
Place Planning Control Legal and Consultants Expenditure	98	145	+47	Forecast overspend outturn is due to the appointment of viability consultants for a public inquiry relating to residential development on land east of Rhee Spring Baldock. While officers had recommended that planning permission be granted, the application was refused as the Planning Control Committee did not accept reduced affordable housing on viability grounds. The applicant subsequently appealed against the decision and a public inquiry was held that required further viability appraisals to be undertaken.	0	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2026/27 £k
Place Planning Control Pre-Application Planning Advice Fees Income	(73)	(143)	(70)	Forecast overachievement of income follows a combination of changes made to the Planning fees structure to both facilitate the effective recovery of costs and encourage pre-application engagement. Additional fee categories have been introduced so that the fee charged for pre-application advice better reflects the scale of development, complexity of case and the officer time involved. The planning application fee structure has also been changed to no longer allow free subsequent applications following the withdrawal or refusal of an application, while amendments after validation are not sought or accepted where there have not been pre-application negotiations. The ongoing estimated income impact from these changes is included as an efficiency proposal within the draft budget estimates for 2026/27 and beyond.	0	0
Place Planning Control Planning Applications Fees Income	(1,115)	(1,315)	(200)	The government increased statutory planning fees from the 1st April 2025. The majority were increased in line with general inflation (1.7% as measured by the Consumer Price Index at September 2024), however some householder application fees were doubled. Based on the number of applications in 2024/25 the estimated impact is a £200k increase in income. It is requested that half of the additional income raised is transferred to the Planning earmarked reserve to fund further investment in the service, as the letter from the Ministry for Housing, Communities and Local Government states that the fee increase should be used to both alleviate revenue pressures and invest in the planning service. The ongoing impact from the increase to fees is included within the budget proposals for 2026/27.	0	0
Regulatory Environmental Health Apprentice	18	0	(18)	Due to staffing pressures in the first half of the year, the recruitment to the four-year Environmental Health Apprenticeship post will now take place in 2026/27, in time to start the dedicated course from September 2026. It is therefore requested that the remaining unspent budget is carried forward.	18	0

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2026/27 £k
Resources Directorate Staffing Costs	2,916	2,839	(77)	Forecast variance relates primarily to the Revenues and Benefits service, where vacancies held and flexible working requests have reduced staffing expenditure. The carry forward amount requested relates to the £37k budget carried forward at Outturn 2024/25 for additional one-off temporary staffing resource to help ensure payments were correctly allocated to support recovery of debts and create capacity for further process improvements from the new finance system. The temporary Officer has been recruited on a part-time basis for a period of 18 months, so it is requested that the unspent amount of the carry forward budget is carried forward again to cover those salary costs falling in the next financial year.	17	0
Resources Court Summons Fees Income	(85)	(145)	(60)	The working budget for summons fees income was reduced at Quarter One, with income recovery in the first half of the year affected by the transition to the new finance system. A court hearing that took place in September subsequently resulted in summons fee income raised of £110k. With another court hearing scheduled in January, it is anticipated that the working budget will be overachieved, with the forecast outturn of £145k representing a shortfall of £33k on the original budget estimate.	0	0
Total of explained variances	8,196	7,354	(842)		407	122
Other minor balances	16,300	16,296	(4)		1	25
Overall Total	24,496	23,650	(846)		408	147

8.2. Cabinet are asked to approve the differences highlighted in the table above (a £846k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are also asked to note the estimated impact on the 2026/27 budget, a £555k increase in budget, which includes the request to carry forward £408k of unspent budget for specific purposes next year, which will be incorporated in to the 2026/27 budget setting process (recommendation 2.3).

8.3. The original approved budget for 2025/26 (and therefore working budget) included efficiencies totalling £1.341million, which were agreed by Council in February 2025. 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 the end of Quarter One was a net overachievement of £59k and this remains unchanged at the end of Quarter Two.

8.4. The working budget for 2025/26 includes budgets totalling £1.682million 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 2024/25 but was delayed into 2025/26. At Quarter One, it was forecast that £199k of the budget carried forward will not be spent in this year. At the end of Quarter Two it is forecast that £526k of the budget carried forward will not be spent. The increase of £327k, all of which is requested to be carried forward again into 2026/27, relates to:

- Leisure consultancy. £25k is forecast not to be spent in this year, as highlighted in table three above.
- Electric vehicle charging points. The £60k carry forward budget will not be spent in this year, as explained in table three above.
- Supplementary Planning documents. £83k of the £135k budget carried forward is forecast to be unspent at the end of the year, as highlighted in table three above.
- Local Plan review. £54k of the £186k carried forward is forecast not to be spent in this year, as highlighted in table three above.
- Town centres strategy. £70k of the £119k carry forward budget will not be spent in this year, as explained in table three above.
- Environmental Health four-year apprenticeship. The remaining £18k (£82k requested to be carried forward at Quarter One) of the £100k budget carried forward is forecast to be unspent this year, as noted in table three above.
- Resources staffing. £17k of the £37k carry forward budget is forecast to be unspent at the end of this year, as explained in table three above.

8.5. Six corporate 'financial health' indicators have been identified in relation to key sources of income for the Council in 2025/26. 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 One, four of the indicators were green, one was amber and one of the indicators was red. These indicators are unchanged at the end of Quarter Two. The high actual to date total relative to the annual budget for Planning Fees is due to the reversal in the current year of the accounting adjustment posted at the end of the prior financial year to ensure the income total recorded for 2024/25 only related to activity in 2024/25 (i.e. planning applications resolved between 1st April 2024 and 31st March 2025), and therefore is not necessarily indicative of the achievement of surplus income in this financial year.

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	(714)	(169)	(220)	+494
Garden Waste Collection Service Subscriptions	Green	(1,622)	(1,635)	(1,622)	0
Commercial Refuse & Recycling Service Income	Green	(1,267)	(709)	(1,267)	0
Planning Application Fees (including fees for pre-application advice)	Green	(1,188)	(1,570)	(1,188)	0
Car Parking Fees	Amber	(1,978)	(1,086)	(1,926)	+52
Parking Penalty Charge Notices (PCNs)	Green	(573)	(279)	(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 to end of Q2 2025/26	Performance to end of Q2 2024/25	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits in quarter	906,535	860,742	+5.3%	
Garden Waste Collection Service	Number of bin subscriptions at end of quarter	31,594	33,602	-6.0%	
Commercial Refuse & Recycling Service	Number of customers at end of quarter	938	976	-3.9%	
Car Parking Fees	Car park tickets sold / average ticket price sold during quarter	614,377 / £1.71	578,764 / £1.77	+6.2% / -3.4%	
Parking Penalty Charge Notices	Number of PCNs issued during quarter	10,254	7,864	+30.4%	

FUNDING, RISK AND GENERAL FUND BALANCE

8.8. The Council's revenue budget is funded primarily from Council Tax and Retained Business Rates income. In November 2024, central government guaranteed an amount of Extended Producer Responsibility (EPR) funding in 2025/26. The Council was subsequently notified by Central Government in February 2025 of the amount of New Homes Bonus, Employer National Insurance Contributions Grant and Funding Guarantee Grant it could expect to receive in 2025/26 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 2025. As reported previously, this means a contribution from the Council Tax Collection Fund to the General Fund of £144k and a contribution to the General Fund of £98k from the Business Rates Collection Fund. While the transfer of the Council Tax surplus amount of £144k is included in the funding total in table 7 below, 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 (MTFS) and budget process to assess whether it can be used to support the General Fund budget.

8.10. At Quarter Two an overall surplus position of around £250k on the Council Tax Collection Fund is projected at the end of this financial year, which includes the £12k deterioration in the position for the prior year, compared to the January 2025 estimate, during the final quarter of 2024/25. The current forecast will be updated again in January with information available as at the end of December and this will inform the total Council Tax funding amount available for 2026/27.

8.11. The forecast at Quarter Two for the Council's share of the Business Rates Collection Fund at the end of this year is an overall surplus position of around £2.9m. The size of the surplus is primarily due to the £2.3million increase in surplus between the January 2025 estimate and the final position recorded for 2024/25, which followed the release of provisions at the end of the financial year for the estimated cost of Business Rate appeals as detailed and explained in the Revenue Budget Outturn 2024/25 report. The impact on resources of the surplus position was considered in the latest MTFS (2026-2030) approved by Council in December 2025.

8.12. The Council is also subject to a business rates levy from Central Government where it collects more in business rates than the baseline determined by Central Government. The current forecast for 2025/26 is a business rates levy liability of around £1.2million at the end of the financial year. The final amount payable will however depend on the actual level of business rates income collected during the year. In any case, the business rates levy payable will be funded from the 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 £4.445m for reliefs in 2025/26, which includes an amount of £620k 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 £1.3million will be used to top up the business rates income charged to the General Fund in 2025/26 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 £2.861million from the reserve to the General Fund in 2024/25 to bridge the funding gap anticipated when the budget was set.

8.14. Table 7 below summarises the impact on the General Fund balance of the position at Quarter Two detailed in this report.

Table 7 – General Fund impact

	Working Budget	Projected Outturn	Difference
	£k	£k	£k
Brought Forward balance (1st April 2024)	(16,067)	(16,067)	-
Net Expenditure	24,496	23,650	(846)
Funding (Council Tax, Business Rates, EPR, NHB, ENIC, Funding Guarantee)	(20,365)	(20,365)	0
Funding from Reserves (including Business Rate Relief Grant)	(2,861)	(2,861)	0
Carried Forward balance (31st March 2025)	(14,797)	(15,643)	(846)

8.15. 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 £1,077k, and at the end of the second quarter a total of £1,365k has come to fruition. The identified risks realised in the second quarter relate to:

- Costs associated with a challenge to a decision of the Council. Consultants' fees incurred from a public inquiry held following an appeal against a Planning Committee decision, as highlighted in table 3 above - £47k.
- Failure to meet projected Careline sales income as a result of the loss of a corporate client, included within the 'other minor variances' total in table 3 above - £20k.

Table 8 – Known financial risks

	£'000
Original allowance for known financial risks	1,077
Known financial risks realised in Quarter 1	(1,298)
Known financial risks realised in Quarter 2	(67)
Remaining allowance for known financial risks	(288)

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

- 17.1. Antonio Ciampa, Accountancy Manager
antonio.ciampa@north-herts.gov.uk; ext 4566
- 17.2. Ian Couper, Director – Resources
ian.couper@north-herts.gov.uk; ext 4243

18. BACKGROUND PAPERS

- 18.1. None.

FINANCE, AUDIT AND RISK COMMITTEE
7 January 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: REPORT ON RISK MANAGEMENT GOVERNANCE (MID-YEAR UPDATE)

REPORT OF: DIRECTOR - RESOURCES

EXECUTIVE MEMBER: RESOURCES

COUNCIL PRIORITY: ALL

1. EXECUTIVE SUMMARY

To provide the Committee with an update on the effectiveness of the Risk Management Governance arrangements at the Council. The review is referred on to Cabinet, and the Committee can make recommendations on how we can improve our risk management arrangements.

The highest strategic risks are the four over-arching risks of Cyber, Financial Sustainability, Local Government Reorganisation and Devolution, and Resourcing, as well as project risks for Churchgate, Leisure Centre Decarbonisation, Local Plan Review, and Decarbonisation of Council Buildings - Phase 2. All Corporate Risks were reviewed during the six-month period April 2025 to September 2025, with updates to completed and planned mitigating activities.

During the same six-month period, the risk score for one project risk was increased – Local Plan Review (from 5 to 7) - and two were reduced - Waste and Street Cleansing Contract (from 8 to 5) and Engaging the Community on our Finances (from 7 to 5). A new project risk - Decarbonisation of Council Buildings Phase 2 - was also introduced (approved by Cabinet on 24 June 2025 and first reported as part of the Quarter 1 Council Delivery Plan monitoring report).

2. RECOMMENDATIONS

- 2.1. That Finance, Audit and Risk Committee note and provide recommendations to Cabinet on this mid-year Risk Management Governance update.
- 2.2. That Finance, Audit and Risk Committee comment on the proposed changes to the Risk Management Framework and recommend these changes for approval to Cabinet.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Cabinet has overall responsibility for ensuring the management of risk.

3.2. This Committee has responsibility to monitor the effective development and operation of risk management.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. There are no applicable alternative options.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. Consultation has been undertaken with Leadership Team and the Risk and Performance Management Group (RPMG). The Executive Member for Resources, as Risk Management Member Champion, the Chair of Finance, Audit and Risk Committee, the Chair of Overview and Scrutiny Committee, and members of both committees are invited to quarterly RPMG meetings, as well as key officers. Lead officers discuss risks relating to their service areas with the relevant Executive Member.

6. FORWARD PLAN

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

7. BACKGROUND

7.1. In March 2022, Cabinet agreed that risks impacting delivery of the Council Plan and linked key projects would be reported to the Overview and Scrutiny Committee (O&S), along with key performance indicators. This forms part of the established Council Delivery Plan process and performance monitoring arrangements. The Finance, Audit and Risk Committee (FAR) focuses on its role (as set out in the Constitution) of “monitor[ing] the effective development and operation of risk management”. To achieve this, the Committee receives a mid-year (in December/ January) and end of year (in June) report.

7.2. The Executive Member for Resources, in their role as the Risk Management Member Champion, is a regular attendee at quarterly RPMG meetings. The items discussed at these meetings inform the content of related committee reports.

7.3. The Director – Resources, the Officer Champion for Risk Management, chairs the RPMG and is responsible for the risk management function at a strategic and operational level. The Controls, Risk and Performance team deliver this function, including the provision of training and support to officers and Members.

7.4. Hertfordshire County Council (HCC) delivers the Council’s insurance services and their Risk and Insurance Manager attends RPMG meetings. This enables the Council to obtain an insight into emerging risks and issues at both HCC and other Hertfordshire local authorities. The SIAS Head of Assurance also attends RPMG meetings, helping to inform understanding of wider risk issues.

7.5. This mid-year update report aims to provide a wider commentary on risk, a broader understanding of risks and mitigations, and assurance that risk governance arrangements are working and effective risk management processes are in place.

7.6. In line with a previous request from this Committee, the report includes information on recorded risk mitigations, which is detailed in paragraph 8.2.6.

8. RELEVANT CONSIDERATIONS

8.1. RISK MANAGEMENT GOVERNANCE

8.1.1. The Council's Risk Management Framework requires us to:

- Identify and document key risks in all areas of our business, understand them and seek to proactively manage them.
- Assess each risk, identify existing controls, and identify further actions required to reduce the risk.
- Have Business Continuity Plans in place for each of our service areas, which identify the key functions, what the risks are and how they can be mitigated to allow them to continue operating.
- Develop capacity and skills in identifying, understanding, and managing the risks facing the Council.
- Regularly review the Risk Management Framework and update it in line with statutory and best practice requirements.

8.1.2. Officers have undertaken the annual review of the Risk Management Framework, and the RPMG considered this at its November 2025 meeting. The following changes are recommended:

Framework Document and Section	Proposed Change to Previous Version
Policy Statement	No changes proposed.
Policy (throughout document)	Six minor grammatical changes to improve readability.
Policy (5.6 and 5.7)	Changed previous reference to <i>Operational Risks</i> to <i>Service Risks</i> to ensure consistency of terminology throughout risk management documentation and reports.
Policy (5.7)	Changed previous reference to <i>Service Director</i> to <i>Director</i> to reflect recent changes to job titles.
Policy (6.1)	Now references that the Risk Management Framework consists of four parts rather than four documents, as the Toolkit is available on the intranet (The Hub) and consists of numerous documents.
Policy (7.2)	Added a sentence detailing that the Toolkit is available on the intranet (The Hub).
Strategy (throughout document)	Any references to <i>Service Director(s)</i> changed to <i>Director(s)</i> .
Strategy (throughout document on pages 1, 2, 4, 6, 7, 8, 9, 10, 11, 12, and 15)	36 minor grammatical changes to improve readability.

Framework Document and Section	Proposed Change to Previous Version
Strategy (Page 1, first line)	Added the word <i>Council's</i> , so the sentence now begins, "North Herts <i>Council's</i> Risk Management Framework..."
Strategy (Page 1, second paragraph)	Added the word <i>Framework</i> , so the paragraph now begins, "Part 1 – Risk Management Framework - Policy Statement..."
Strategy (Page 4, first and third paragraph)	Two references to <i>Risk Scoring Matrix</i> changed to <i>Risk Matrix</i> .
Strategy (Page 4, third paragraph)	Added <i>and scored</i> , so the paragraph now begins, "To ensure consistency, risks are assessed <i>and scored</i> using a standard Risk Matrix..."
Strategy (Page 4, bottom table)	Added the title, ASSESSMENT CRITERIA :
Strategy (Page 5, first line)	Added the title, RISK SCORING MECHANISM :
Strategy (Page 7, third paragraph)	Added <i>the</i> and <i>risk entry</i> so the last sentence now reads, "If the proposed change is not accepted, <i>the</i> Ideagen <i>risk entry</i> will be reinstated with the agreed score."
Strategy (Page 7, fifth paragraph)	Changed <i>Operational</i> to <i>Service</i> , so the paragraph now begins, "Risk registers (<i>Service</i> and <i>Corporate</i>)..."
Strategy (Pages 8 and 10, Roles in the Risk Management Process)	Added <i>Policy Statement</i> to the list of Risk Management Framework documents to be reviewed/approved.
Strategy (Page 10, Objective 4, first sentence)	Added <i>Framework</i> , so the sentence now begins, "The Risk Management Framework - Strategy is an essential element..."
Strategy (Page 10, Objective 4, second paragraph)	Updated <i>Local Code of Corporate Governance</i> link to the March 2025 version.
Strategy (Page 10, Objective 4, third paragraph)	Changed <i>Managing Director</i> to <i>Chief Executive</i> .
Strategy (Page 10, Objective 4, Service/Budget Planning)	Deleted <i>Budget</i> so that it now reads Service Planning. Removed reference to Risk Questionnaire and business unit risk registers. Risks should be added to Ideagen.
Strategy (Page 10, Objective 4, Project Management)	Updated <i>Link to: Project Management Guide Final.docx</i> .
Strategy (Page 10, Objective 4, Business Continuity)	Updated <i>Link to: Business Continuity Process intranet page</i> .
Strategy (Page 11, Objective 4, Procurement)	Changed <i>Contract Standing Orders</i> to <i>Section 20 - Contract Procurement Rules of the Constitution</i> . Updated <i>Link to: Council Constitution web page</i> .
Strategy (Page 11, Objective 4, Information Governance)	Added <i>and Freedom of Information</i> , so the last sentence now reads, "There is also mandatory annual refresher training in Data Protection <i>and Freedom of Information</i> ."
Strategy (Page 11, Objective 4, Insurance)	Added <i>Shared Insurance</i> , so the last sentence now begins, "The <i>Shared Insurance Manager</i> presents..."

Framework Document and Section	Proposed Change to Previous Version
Strategy (Page 12, Objective 5, The Risk Register, second paragraph)	<p>Updated the first sentence to clarify that in addition to risks, actions and KPIs are also included in Directorate Overviews.</p> <p>Updated to reflect how Directors will use the Overviews to discuss with their Departmental Management Teams and ensure new risks are considered.</p>
Strategy (Page 13, first paragraph)	<p>Changed <i>Members Risk Management Champion</i> to <i>Risk Management Member Champion</i>.</p>
Strategy (Page 13, Objective 6)	<p>Updated <i>Link to: GROW Zone login screen</i>.</p>
Strategy (Page 13, Objective 6)	<p>Changed <i>Risk Toolkit</i> to <i>Risk Management Toolkit</i>.</p>
Strategy (Page 15, Appendix A)	<p>Now confirms that risks assessed as low (with a score of 1, 2, or 3) should be reviewed at least once a year.</p> <p>Changed <i>register</i> to <i>Risk Register</i>, so the last sentence for low risks now begins, “Archive on <i>Risk Register</i> once agreed by...”</p>
Strategy (Page 15, Appendix B)	<p>Added that the relevant <i>Project Board</i> is also responsible for scrutinising related project risks.</p>

8.1.3. The updated Risk Management Framework documents are attached as Appendices A (Policy Statement), B (Policy), and C (Strategy).

8.2. Risk Identification and Assessment

8.2.1. Leadership Team and Cabinet are responsible for the Corporate Risks, with Cabinet ensuring these risks are managed appropriately and proportionately. These key risks are those that cut across the delivery of all services, relate to key projects, or could significantly affect the delivery of Council objectives. They are likely to require a high-level of resources to manage and need to be monitored at a strategic level.

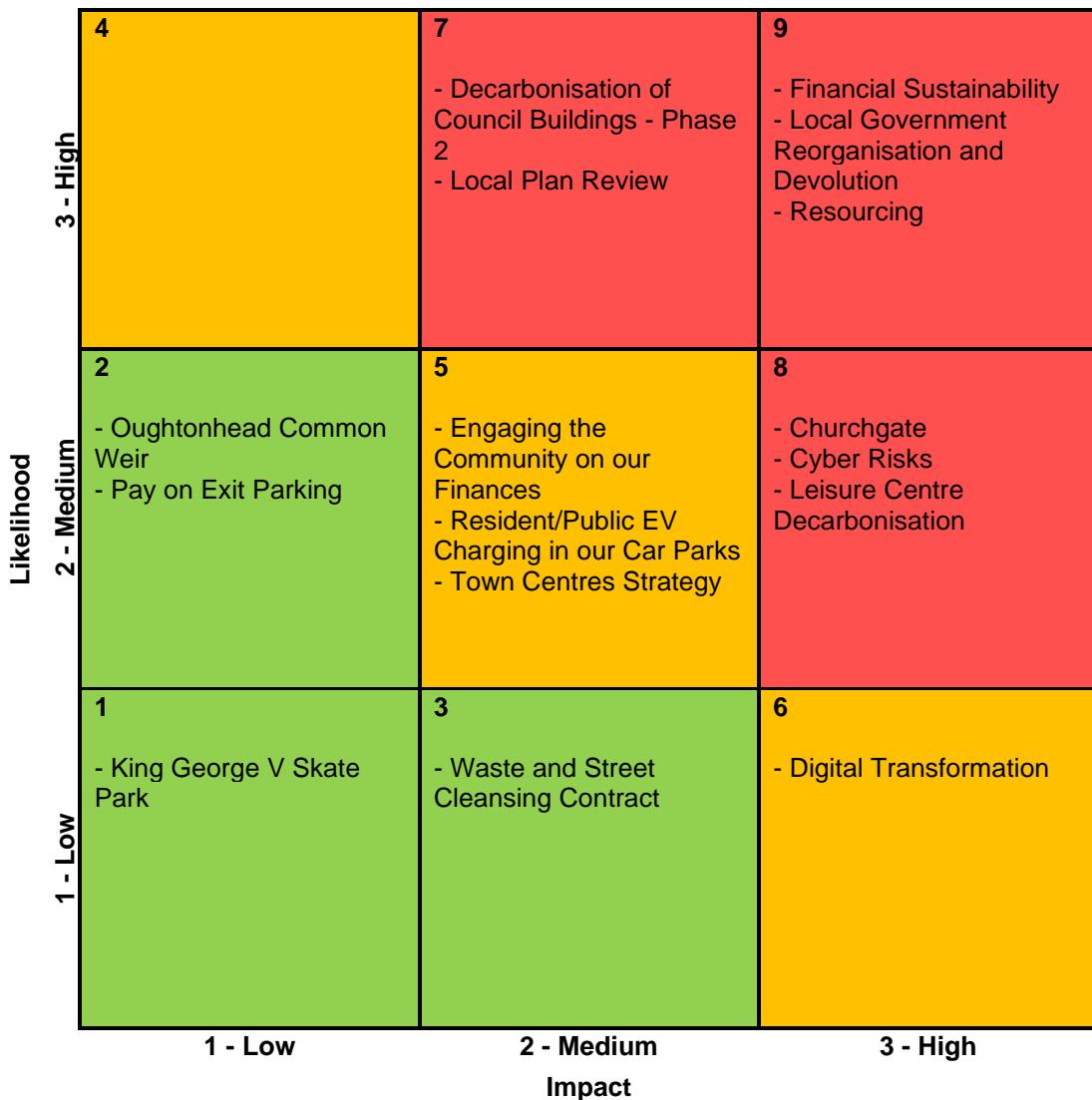
8.2.2. The reporting of Corporate Risks to Cabinet, via quarterly Council Delivery Plan updates, allows details of the top risks facing the Council to be monitored. The half-yearly reports on risk management governance presented to FAR and Cabinet help to provide assurance over the processes that are in place to support risk management.

8.2.3. In June 2025, Cabinet approved the inclusion of 13 projects in the Council Delivery Plan for 2025/26, along with four over-arching Corporate Risks. Each Council Delivery Plan project has a risk assessment in place to determine the major risks to the delivery of the project and the mitigating actions required. The majority of projects and the four Corporate Risks were carried forward from the previous year's Council Delivery Plan. One new project entitled Decarbonisation of Council Buildings - Phase 2 was added in time for the Quarter 1 monitoring report. An initial meeting of the Project Board for the Museum Collection Facility project was held in September 2025, and this project will be added to the Council Delivery Plan in time for the Q3 2025/26 monitoring report.

8.2.4. The following diagram highlights the definitions of likelihood and impact used in the Risk Management Framework:

4 Likelihood High (3) Impact Low (1) Chance of it happening -More than 60% Consequences - Minor	7 Likelihood High (3) Impact Medium (2) Chance of it happening - More than 60% Consequences - Noticeable effect on the Council	9 Likelihood High (3) Impact High (3) Chance of it happening - More than 60% Consequences - Significant impact on the Council
2 Likelihood Medium (2) Impact Low (1) Chance of it happening – between 20 – 60% Consequences - Minor	5 Likelihood Medium (2) Impact Medium (2) Chance of it happening – between 20 – 60% Consequences – Noticeable effect on the Council	8 Likelihood Medium (2) Impact High (3) Chance of it happening – between 20 – 60% Consequences – Significant impact on the Council
1 Likelihood Low (1) Impact Low (1) Chance of it happening – less than 20% Consequences - Minor	3 Likelihood Low (1) Impact Medium (2) Chance of it happening – less than 20% Consequences – Noticeable effect on the Council	6 Likelihood Low (1) Impact High (3) Chance of it happening – less than 20% Consequences – Significant impact on the Council

8.2.5. The most recent Council Delivery Plan monitoring report contains the following risks, which have been plotted on the Corporate Risk Matrix to show a visual risk profile of the Plan:



8.2.6. The risks can also be assessed in the context of mitigating actions, including those that have been completed. When mitigating actions are completed, there is an expectation that the cumulative effect will have a positive impact on the risk score. Detailed below are completed actions and proposed mitigating actions for each of the Council Delivery Plan high-level risks. Actions completed since the previous Risk Management Governance report are in ***bold italics*** to help show how mitigating activity is progressing.

Risk Title/ Risk Score	Completed Mitigating Actions	Ongoing Controls and Mitigating Actions
Churchgate Current: 8 Target: 6	<ul style="list-style-type: none"> - Secured both freehold and leasehold ownership. - Project Board appointed (November 2022). - Lead consultant (Lambert Smith Hampton) appointed (June 2023). LSH supported by design and transport consultants. 	<p>Controls:</p> <ul style="list-style-type: none"> - Communications and consultation plan in place and evolving, which is kept updated. - Decisions explained, including that there will need to be compromises. - Financial and expert consultancy support is in

Risk Title/ Risk Score	Completed Mitigating Actions	Ongoing Controls and Mitigating Actions
	<ul style="list-style-type: none"> - Appointed communications agency support (PLMR). - Detailed project risk log created. Issues log also created. - SIAS audit of Churchgate - Ongoing Project Assurance (reported May 2024). Recommendations implemented. - Engagement plan developed and approved by Project Board (July 2024). - Formal engagement process commenced September 2024 and ended November 2024. - Further SIAS audit of Churchgate - Project Assurance (reported May 2025) provided a reasonable level of assurance. Recommendations implemented. - LSH undertook preliminary exercise to identify key risks and appropriate ways to manage these. Details presented in Appendix M (Risk Assessment) of the Viability and Strategy Report. - Council decision (10 July 2025) to develop a proposal based on the preferred option, endorse the five 'Development Principles', and approve additional 12-month funding for a specialist regeneration project manager. 	<p>place to provide expert advice and help us to move the project forward.</p> <ul style="list-style-type: none"> - Cost effectiveness/value for money is a key part of assessing and developing options. - Committee reports to highlight significant risks associated with recommended decisions under Risk Implications. <p>Project Management Controls:</p> <ul style="list-style-type: none"> - Regular Project Board meetings. - Project risk log and issues log regularly updated and reported to Project Board. - Weekly Project Team meetings with LSH. <p>Actions:</p> <ul style="list-style-type: none"> - Further work required to explore risks identified in the Viability and Strategy Report in greater detail and to develop appropriate mitigation strategies. - Progressing a number of work packages (e.g., car park survey analysis and future proofing) to support fully informed decision making on options/viability.
Leisure Centre Decarbonisation Current: 8 Target: 6	<ul style="list-style-type: none"> - Project Board established. - Dedicated Project Manager appointed, although post-holder has now left. - Detailed Project Risk Log created and reported to Project Board on an ongoing basis. - Appointed Quantity Surveyor to oversee NHC's interests. - Project Board decision to draw down Year 1 grant funding and place early orders for plant and materials including Air Source Heat Pumps and Solar PV, prior to entering the construction contract. - Council decision on 15 January 2025 to proceed with the design and order of larger, bespoke heat pumps and to approve additional forecast capital and ongoing revenue costs, whilst noting the ongoing project risks associated with this decision. - Financial Risk identified and reported as part of the 2025/26 budget setting process. Loss of revenue due to full or partial closures of the Council's leisure centres while the decarbonisation and gym extension (Royston) works take place (High Risk / Risk Value £50k). - Early and continued engagement with Planning. - Implemented recommendations from the 'Leisure Centre Decarbonisation Project (Salix Grant) Embedded Programme 	<ul style="list-style-type: none"> - Weekly Project Team meetings. - Regular Project Board meetings. - Regular communication with Salix regarding grant change requests and meeting grant conditions. Includes Monthly Monitoring Reports (MMRs). - Discussions with DNO and regular updates on applications. - Discussions with relevant parties (LGCHF and Hitchin Cow Commoners Trust) to progress required easements in a timely manner. - Contracts to include required savings guarantees and post-installation verifications. - Clarify grant funding implications if carbon savings are not achieved. - Communicate planned disruption to users, highlighting the wider aims of the project.

Risk Title/ Risk Score	Completed Mitigating Actions	Ongoing Controls and Mitigating Actions
	Assurance' audit reports.	
Local Plan Review Current: 7 Target: 3	<ul style="list-style-type: none"> - Adoption of Local Plan by Full Council on 8 November 2022. - Various budget bids to secure additional staff and significant revenue funding (£780k total) to progress work on evidence studies, IT platforms etc. - Approval in principle of Local Plan Review by Cabinet in line with key milestone in adopted Local Plan. - Cabinet approval of LDS in January 2025. - Temporary appointment to interim Strategic Planning Manager role approved and completed. 	<ul style="list-style-type: none"> - Ongoing engagement with and review of Government announcements and consultations. - Internal Project Board established with monthly meetings to escalate barriers to progress. - Ongoing monitoring of workload and service-wide budgets to ensure sufficient resource to progress. - Up to date development plan that fulfils legislative requirements to determine applications whilst the review is undertaken. - Pending publication of government legislation detailing new arrangements for Local Plan making, progressing work to develop supporting evidence base. - Regular updates to Cabinet via Strategic Planning Matters reports.
Decarbonisation of Council Buildings - Phase 2 Current: 7 Target: 5	<ul style="list-style-type: none"> - Project budget contingency in place. - Allocated internal resource for project management and delivery of project programme. - Allowed for comprehensive planning in year one, with no requirement to drawdown any Salix funding. - Project Risk Log in place. - Informal engagement with Planning prior to funding application, to have confidence that proposed interventions are likely to align with planning guidance. - Project plan allows for a significant period of time to undertake planning process, DNO upgrades and procurement of MEP. - Funding for a Principal Designer and a Quantity Surveyor approved by Cabinet via the Q1 2025/26 Capital Budget Monitoring Review report (23 September 2025). - Reviewed the three audit reports and recommendations relating to 'Leisure Centre Decarbonisation Project (Salix Grant) Embedded Programme Assurance'. 	<p>Actions</p> <ul style="list-style-type: none"> - Decision on preferred project approach and procurement route (13 November 2025). - Appoint independent QS and a Principal Designer to support full project. - Apply for planning permission as early as possible (early 2026/27). - Engage with DNO regarding upgrade requirements as early as possible. - Undertake asbestos surveys across identified sites (timings to be confirmed). <p>Controls</p> <ul style="list-style-type: none"> - Regular Project Board meetings. - Regular dialogue with Salix relationship manager. - Monitoring reports submitted to Salix (quarterly for 2025/26 and monthly for 2026/27 and 2027/28). - Monthly Executive Member briefings.
Resourcing Current: 9 Target: 8	<ul style="list-style-type: none"> - Carry-forward of staffing underspend to help deliver some priorities. - Work on Baldock Fire recovery has subsided. - Council Delivery Plan reviewed for 2024/25 with a reduction in number of projects. - Recruitment website updated to make it more attractive to applicants. - Some success in recruiting to previously hard to fill roles, although still some continuing issues in certain areas. - Pressures identified in the budget setting process for 2025/26 for additional staffing, including training posts. 	<ul style="list-style-type: none"> - Consider getting in additional staffing resource (especially where New Burdens funding available). - Signposting to external resources and support. - Process automation. - Continue HR projects to help make the Council a more attractive place to work and make the recruitment process easier. - Continue to review the Council Delivery Plan to ensure resources are targeted at those projects that are the highest priority and stop/delay work on those that are a low priority.

Risk Title/ Risk Score	Completed Mitigating Actions	Ongoing Controls and Mitigating Actions
	<ul style="list-style-type: none"> - Joined in with the national recruitment campaign for councils led by the LGA. 	
Cyber Risks Current: 8 Target: 8	<ul style="list-style-type: none"> - In-house fully functional Disaster Recovery solution. - SLA from broadband provider in place (although loss of broadband service is out of our control). - Financial Risk identified for 2025/26 to fund services to aid recovery, "Ransomware attack results in the write-off of some IT hardware and infrastructure" (Low Risk/£200K). - 2022/23 SIAS audits of IT Hardware (Reasonable assurance), Phishing (Reasonable assurance) and Cyber Risk (Reasonable assurance). - V3 laptop rollout completed for staff. - Implemented IT Hardware audit recommendations. - Test Immutable Cloud Back-up - Phase 1. - Implemented Immutable Cloud Back-up - Phase 2. - IT Information Team Leader and Technical Operations Manager completed the Certified Information Security Manager course. - Implemented Phishing audit recommendations. - Implemented Cyber Risk audit recommendations. - New email monitoring system Mimecast implemented and live. Backup server for mail routing in the event of attack on Microsoft 365 in place. - Windows 11 operating system with Microsoft Defender now deployed. - Mimecast system now used to conduct more sophisticated Phishing Simulations. - Website Access Control and Monitoring upgrade completed. - 2024/25 SIAS audits: Cyber Security Supply Chain Management (Reasonable assurance), Cyber Governance and Culture (Reasonable assurance). - The Council has introduced a Cyber Resilience Board, which includes key officers and elected Members, and meets quarterly. - The Council will not now appoint a Chief Information Security Officer. IT Manager to undertake the role of principal security officer as Cyber Security Lead. - Data at Rest Encryption purchased. 	<p>Key Controls/Mitigations</p> <ul style="list-style-type: none"> - Technology in place to cover systems being interrupted or damaged, and data being corrupted or erased: Computer virus (Realtime Virus Protection/Defender updated), Malware (Realtime Monitoring), Computer hacking (Firewalls/Admin restrictions). - Internal detailed IT risk register in place, which is continually monitored/updated, as individual ongoing risks are identified. (Ongoing) - Cyber Awareness training for all staff, including new requirement for annual refresh. - Continual evaluation and development of cyber policies and threat analysis. - Implementation of 2024/25 SIAS audit recommendations. - Data at Rest Encryption. <p>Response Options</p> <ul style="list-style-type: none"> - Successful cyber-attack would be managed by a complete disconnect, with no/limited service available until the breach is fixed. IT would have responsibility for initiating this. - Power failure would be managed by the generator/UPS, with a limited service available. - For Ransomware, go to backup and rebuild all devices. Ransomware policy discussed by February 2025 Cyber Board. In line with Government recommendations, no ransom will be paid.
Financial Sustainability Current: 9 Target: 5	<ul style="list-style-type: none"> - MTFS for 2025-30 agreed by Council in September 2024. - Set budget for 2025/26, which identified additional pressures and incorporated revised funding assumptions. - Government confirmation of three-year 	<ul style="list-style-type: none"> - Revise funding projections as a result of formula changes and insight of future direction. - MTFS sets out a strategy for addressing funding gaps, including how difficult service funding decisions will need to be made. - Regular budget monitoring to highlight any

Risk Title/ Risk Score	Completed Mitigating Actions	Ongoing Controls and Mitigating Actions
	<p>settlement from 2026/27 onwards.</p> <p>- Responded to consultation on new funding formula.</p> <p>- Budget consultation carried out.</p>	<p>issues.</p> <p>- Review results from budget consultation and feed into 2026/27 budget planning.</p>
<p>Local Government Reorganisation and Devolution</p> <p>Current: 9 Target: 5</p>	<p>- The Council was part of the county-wide White Paper Working Group, which was working on the initial submission in March 2025.</p> <p>- Staff have been provided with regular updates and chances to ask questions, this has included reassurance that services will still need to be delivered under any structure.</p> <p>- Feedback received from central government on the interim proposal for Hertfordshire (May 2025).</p> <p>- Consultants appointed to support Programme Management Office deliver the agreed work programme to November 2025 submission.</p>	<p>Controls and Further Mitigating Activities:</p> <p>- Continued support for staff.</p> <p>- Engagement and communication with stakeholders to seek views on outcomes and explain outcomes.</p> <p>- Maintain processes for decision making and ensure decisions are taken in the best interests of North Herts (irrespective of future structure).</p> <p>- Continue to work with county-wide groups towards the November 2025 submission deadline (see involvement in the risk description section).</p>

8.2.7. In addition to Corporate Risks, we also document and review service risks. As of 30 September 2025, there were 40 service risks on the Risk Register. Nine of these were rated as high (red) risks, 17 as medium (amber) risks and 14 as low (green) risks. The high risks were:

- Careline - Field Visits to Service Users' Homes
- Delivery of the Waste Collection and Street Cleansing Services Contract
- EV Charging Points
- Increased Levels of Homelessness
- Open Space in Major New Developments
- Sale of Recyclable Materials
- Virgin O2 2G Network Shutdown
- Waste Depots
- Waste Transfer Infrastructure

8.3. Review of Risks

8.3.1. Risk reviews are scheduled within Ideagen (our performance and risk software), with automated reminders sent to assigned officers when risks are due to be reviewed. In line with Risk Management Framework (RMF) requirements, high risks should be reviewed most regularly – every 3 months, with medium risks every 6 months and low risks at least once a year. The Performance and Risk Officer assists service areas to ensure that information is captured in line with the RMF.

8.3.2. As of 30 September 2025, there were a total of 56 risks on the risk register. All of these had risk reviews scheduled in accordance with the RMF. During the six-month period April 2025 to September 2025, which followed the six-month period reported in the previous Risk Management Governance update, 93 risk reviews took place, with 78 (84%) of these taking place in line with strict RMF requirements. Of the 15 reviews that

were late, five were less than one week late. For the 10 reviews that were more than one week late, ranging from 9 to 49 days late, reasons for the delay have been investigated. Reasons for delay include lack of officer availability (e.g., due to higher priority commitments or leave) meant review meetings had to be scheduled after the Next Review Date. Of the 15 late reviews, nine related to Corporate Risks, with all of these being reviewed in time to be included in the relevant quarterly Council Delivery Plan monitoring report.

8.4. **New and Archived Risks**

8.4.1. During the six-month period to 30 September 2025, three new risks were entered on the Risk Register. These were:

- **Decarbonisation of Council Buildings - Phase 2:** New Corporate Risk (included in the Council Delivery Plan) describing key risks to successfully delivering the associated projects and setting out key activities to control/mitigate these.
- **Sustainability Strategy 2025-30 - Delivery of Actions:** New Service Risk relating to the risk of failing to deliver the actions included in the Strategy's actions table and to achieve stated strategic aims and targets in a timely manner.
- **Careline - Field Visits to Service Users' Homes:** New Service Risk relating to the risk of Careline technicians and welfare officers being exposed to hazards when attending the homes of vulnerable adults and children.

All three risks were reviewed by the RPMG on 20 August 2025.

8.4.2. During the six-month period to 30 September 2025, three risks were archived. These were:

- **Help Residents Make Payments at Convenient Locations:** Changes to customers payment options implemented by the related Council Delivery Plan project are now embedded and business-as-usual. Any impact on debt levels continues to be monitored via the Corporate Debt Management Group and we continue to communicate with residents on the ways to pay and the Allpay app. Residual risks assessed as low.
- **Master Planning:** The related project was removed from the Council Delivery Plan, as progress is dependent on third parties, NHC activities are considered business-as-usual, and strategic oversight continues via Project Board and regular Strategic Planning Matters reports to Cabinet. All masterplans for our strategic sites are now approved. Broader related issues are adequately covered by other risk entries e.g., Local Plan Review or by business-as-usual monitoring and managing.
- **Icknield Way Depot, LGC:** This site is still under review, and it is too early to make any long-term decisions. For now, it is important that the authority retains the site, including in view of Local Government Reorganisation. The Council will continue to let it out on short-term lettings, ensuring the site is occupied and produces an income. In view of this, the previously identified risks to the sale of the site are no longer considered relevant. As the longer-term options for the site become clearer, we could introduce a revised risk entry if considered appropriate.

9. Insurance Review

- 9.1. Hertfordshire County Council continues to handle the Council's insurance arrangements under a shared service arrangement. The Council's insurance policies were renewed from 1 April 2025. Unfortunately, once again, due to the rising cost of claims in the insurance market, rates were increased by the liability and motor insurers. The liability insurance arrangements will be tendered in 2025/26.
- 9.2. The Council transfers some financial risks to its insurers. Public liability insurance provides the Council with insurance cover for claims made by the public for personal injury and/or property damage. These types of claims are subject to a £10,000 excess that is charged to the responsible service area. In the first two quarters of 2025/26, no payments were made and so no recharges to service areas were required. Areas that have been subject to a claim are identified and wherever possible, action is taken to prevent future damage to property or personal injury. As of 30 September 2025, there were three outstanding public liability claims against the Council.
- 9.3. The Municipal Mutual Insurance (MMI) Scheme of Arrangement was triggered in 2013, and the Council now pays 25% of any new claims dating back to the period that MMI was the Council's insurer (1974 to 1993). The Council's Financial Risks make provision for any new claims and any further levy demands relating to the period that MMI were the Council's insurers. As of 30 September 2025, there were no outstanding claims with MMI.
- 9.4. The Council is uninsured for public liability claims for asbestos exposure, following the introduction of this as an exclusion in policy wordings from around 2003. Following the court case Bolton – v – MMI it is deemed that injury does not occur at the time of exposure but when the tumour begins to develop. This led to injury in mesothelioma claims being deemed to occur 10 years before diagnosis. As it is now 22 years since the exclusion wording was introduced, any new cases will not have cover. In contrast, employers' liability insurance covers the date the exposure happened so the insurer on cover in the 1970/80's will respond (as any claims are likely to be from this period before stricter health and safety controls were introduced). In North Herts Council's case, and as referenced above in 9.3., this is Municipal Mutual Insurance.

10. Business Continuity and Emergency Planning

- 10.1. In September 2025, through the Local Resilience Forum (LRF), an open day/training session was held at Hertfordshire Constabulary HQ for staff who will need to attend a Tactical or Strategic Coordinating Group.
- 10.2. New hi-vis equipment for Leadership Team and Assistance Centre roles, grab bags for Tactical/Site Liaison Officer roles, and a set of Assistance Centre equipment is now available in a store at the DCO.

- 10.3. The Environment Agency Groundwater Flood Alert for Kimpton remained in place until 15 May 2025. A multi-agency debrief facilitated by HCC Flood Risk Management was held in July 2025. An Assistance Centre kit box is now stored at Kimpton Memorial Hall, and work has continued with Hertfordshire County Council to ensure there are fully developed plans in place in case of future groundwater flooding in Kimpton. Multi-agency updates from HCC Flood Risk Management will resume when groundwater is next observed in the sump.
- 10.4. The Director - Resources provided a position statement to Cabinet on 23 September 2025 regarding the provision of flood defences or funding to residents. Cabinet approved that the Council does not provide flood defence items or funding to residents to protect or reinstate their property against or following flooding and noted that the Council would provide some support to residents including providing information and guidance and supporting anyone who is made homeless.
- 10.5. Following the multi-agency Hertfordshire LRF exercise in February 2025 to test the External Emergency Plan for the Johnson Matthey upper-tier Control of Major Accident Hazards (COMAH) site, the HCC Resilience Team has now issued the post-exercise report.
- 10.6. In June 2025, Cyber Board approved the Cyber Incident Business Continuity Response Plan. This provides guidance on the corporate business continuity response in the event online systems become unavailable. A training exercise linking to the plan will be held in December 2025.
- 10.7. Ongoing areas of focus are updates to the Pandemic Disease Business Continuity Response Plan and development of a Widespread Power Outage Business Continuity Plan and an Adverse Weather Business Continuity Plan.

11. Health and Safety

- 11.1. The Council's Health and Safety Officer (HSO) retired at the end of September 2025. Rather than recruiting a full time HSO, we have appointed Hertfordshire County Council's (HCC) Health and Safety team via a service level agreement to provide specialist health and safety advice when required. HCC will also provide fire risk assessment surveys and will review the required frequency of these based on the size and complexity of the site and the risk level.
- 11.2. Some tasks previously undertaken by the HSO will be retained in-house for the time being. For example, Workstation Assessments required by the Display Screen Equipment (DSE) Regulations. The Council currently has a software package called Cardinus that provides DSE training for staff and records the outcome of self-assessments. This system will continue to be managed in-house. However, where a DSE assessor is required, this piece of work will be picked up by HCC.

- 11.3. First aid will continue as before, with buildings having their own arrangements. The first aid kit arrangements in the District Council Offices (DCO) have been reviewed and new first aid kits are available throughout the building, and first aiders have been updated. A risk assessment of first aider arrangements has been carried out and due to home working arrangements, some further work is required around the provision of first aid cover within the District Council Offices in Letchworth.
- 11.4. A number of documents on The Hub have been amended to reflect changes in arrangements. These amendments mainly focused on changing email contacts and officer titles.
- 11.5. Following a reminder to staff on the DCO security, an email was received from the Safeguarding Support Officer about lone working and what our lockdown process is in case of a security threat. Following direction to related information on The Hub, the Safeguarding Support Officer also highlighted Martyn's Law (Terrorism (Protection of Premises) Act 2025). We contacted HCC for guidance and undertook in-house research, and a key initial activity will be the identification of all premises/events falling within the scope of the legislation. A 24-month implementation period has been set for Martyn's Law, which commenced in April 2025.

12. Actions for 2025/26

- 12.1. The previous Risk Management Governance report detailed the following key actions for 2025/26 to enhance our Risk Management processes:

Action	Due Date	Progress
Undertake the annual review of Risk Management Framework documentation.	31/12/25	Officers have undertaken the review, and this report provides details of relevant updates.
Training exercise linked to the Cyber Incident Business Continuity Response Plan.	31/12/25	In June 2025, Cyber Board approved the Plan. A training exercise linked to the Plan will take place on 19 December 2025.
Senior Managers Group (SMG) review of emerging risks and opportunities.	31/03/26	This is likely to be undertaken in early 2026, to await publication of wider information on emerging risks e.g., Global Risks Report 2026, National Risk Register 2026.
Updates to Emergency and Business Continuity plans.	31/03/26	Updates to existing plans are ongoing and are expected to be signed off prior to the end of March 2026.

13. LEGAL IMPLICATIONS

- 13.1. The Committee's Terms of Reference include "To monitor the effective development and operation of risk management and corporate governance, agree actions (where appropriate) and make recommendations to Cabinet." (Constitution 10.1.5 (t)). This report discharges this requirement.

14. FINANCIAL IMPLICATIONS

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

15. RISK IMPLICATIONS

- 15.1. 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.
- 15.2. The Risk Management Framework requires the Finance, Audit and Risk Committee to consider regular reports on the Council's risk management governance arrangements. Failure to provide the Committee with regular updates would conflict with the agreed Framework and would mean that this Committee could not provide assurance to Cabinet that the Council has appropriate risk management governance arrangements in place to manage risks effectively.
- 15.3. Proposed changes to Risk Management Framework documents aim to enhance the Council's arrangements for managing risks effectively and realising potential opportunities.

16. EQUALITIES IMPLICATIONS

- 16.1. 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.
- 16.2. There are no direct equality implications relating to this report. Reporting on the management of risk provides a means to monitor whether the Council is meeting stated outcomes of district priorities, its targets, and is delivering accessible and appropriate services to the community to meet different people's needs. The Council's risk management approach is holistic, taking account of commercial and physical risks. It should consider the risk of not delivering a service in an equitable and accessible manner, especially to its most vulnerable residents, such as those who are homeless.

17. SOCIAL VALUE IMPLICATIONS

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

18. ENVIRONMENTAL IMPLICATIONS

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

19. HUMAN RESOURCE IMPLICATIONS

- 19.1. The Resourcing Corporate Risk highlights potential impacts on staff relating to delivering new services and projects, responding to emergency planning events, and Local Government Reorganisation and Devolution.

20. APPENDICES

- 20.1. Appendix A – Risk Management Framework Policy Statement
- 20.2. Appendix B – Updated Risk Management Framework Policy
- 20.3. Appendix C – Updated Risk Management Framework Strategy

21. CONTACT OFFICERS

- 21.1. Ian Couper, Director – Resources
Ian.couper@north-herts.gov.uk, ext. 4243
- 21.2. Tim Everitt, Performance and Risk Officer
Tim.everitt@north-herts.gov.uk, ext. 4646
- 21.3. Reuben Ayavoo, Policy and Community Manager
Reuben.ayavoo@north-herts.gov.uk, ext. 4212
- 21.4. Natasha Jindal, Deputy Monitoring Officer
Natasha.jindal@north-herts.gov.uk, ext. 4430

22. BACKGROUND PAPERS

- 22.1. None.

This page is intentionally left blank

**RISK MANAGEMENT FRAMEWORK – PART 1 – POLICY STATEMENT
(The Key Principles)**

North Herts Council will be a risk aware Council that understands the risks that it is taking on. It appreciates that there are going to be risks in everything it does, but these are increased when undertaking projects, changing the way it delivers services and acting more commercially. It will address the risks it faces by adopting a risk aware culture and having strong risk management processes.

The Council will develop processes that allow it to focus on the significant risks it faces and ensure that undue time is not spent on low level risks and risks that have been effectively managed.

This leads to the following key principles:

Principles

1. We will support a culture of well measured risk taking throughout the Council's business.
2. We will not avoid risk but will identify and document key risks in all areas of our business, understand them and seek to proactively manage them. In managing risks, opportunities may present themselves. These will always be considered and acted on where appropriate.
3. We will assess each risk, identify existing controls, and identify if further actions are required to reduce the risk. Where a risk is at a low level or has been managed down to a low level, then the risk will fall into business-as-usual, and the risk entry will be archived. This allows actions and monitoring to be focused on higher level risks.
4. We acknowledge that even with good risk management, things will still sometimes go wrong. Where this happens, we will use lessons learned to try to prevent it from happening again. We will have Business Continuity Plans in place for each of our service areas, which identify the key functions, what the risks are and how they can be mitigated to allow them to continue operating.
5. We will develop capacity and skills in identifying, understanding, and managing the risks facing the Council.
6. We will challenge the Risk Management Process through the use of the Risk and Performance Management Group and the Finance, Audit and Risk Committee.
7. We will regularly review the Risk Management Framework and update it in line with statutory and best practice requirements.

This page is intentionally left blank

RISK MANAGEMENT FRAMEWORK – PART 2 – POLICY (What you must do)

This policy applies to:	
Members	Yes
Officers	Yes
Managers	Yes

Officers / Managers - You Must:

- Consider Risk Management as an integral part of your job.
- Read and follow the guidelines in the Risk Management Framework documents.
- Identify and record any threats relating to service delivery in your own area.

Risk Owners – You Must:

- Record new risks on Ideagen Risk Management.
- Review existing risks in line with the Framework requirements.
- Ensure actions are updated and completed.
- Ensure risks are proposed for archiving/deletion when no longer required.
- Update Business Continuity Plans where relevant.

Members – You Must:

- Support and promote an effective Risk Management culture.
- Constructively review and scrutinise the risks involved in delivering the Council's objectives.
- Ensure the Risk Management objectives are aligned with the objectives and strategies of the Council.

Policy author and further advice from: Rachel Cooper, Controls, Risk and Performance Manager.

Contents:

1. Definitions
2. Purpose of Policy
3. Identification and Assessment of Risk
4. Monitoring and Reviewing Risks
5. Promotion and Scrutiny of the Risk Management Process
6. Linked Policies and Procedures
7. Communication and Training

1. Definitions

Risk - Something that may have an impact on the achievement of our objectives. This could be an opportunity as well as a threat.

Risk Management - The “systematic application of principles, approach and processes to the identification, assessment and monitoring of risks.”

Risk Owner – Responsible Officer to whom a risk is assigned. Provides assurance that the risks for which they are the Risk Owner are being effectively managed, allocating appropriate resources and importance to the process, confirming the existence and effectiveness of existing actions and ensuring further actions are implemented.

2. Purpose of Policy

2.1 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 to new pressures and opportunities. Managers need to consider Risk Management as an integral part of their job, and the Leadership Team (LT) and Cabinet must keep the Corporate Risks faced by North Herts Council under regular strategic review.

2.2 Part 1 of the Risk Management Framework (the Framework) – the Policy Statement - sets out the seven principles underpinning how we will undertake Risk Management at North Herts Council.

2.3 Part 2 – the Policy, aims to ensure that Risk Management is undertaken in a consistent and effective manner through the Council, with risks that are well documented, reported and understood. It highlights responsibilities and roles within the process.

2.4 North Herts Council is committed to the proactive identification and management of key external and internal risks, which may affect the delivery of our objectives. This will allow us to be a “Risk Aware” Council, who understands that risks may increase as services evolve and we undertake more commercial activities. The Framework is designed to ensure consistent management of risk and provides more detailed guidance for users. The Framework will be regularly updated to ensure we are in line with regulatory and best practice requirements.

3. Identification and Assessment of Risk

3.1 It is the responsibility of all Managers and Officers to identify and document key risks within their service areas, which may affect the achievement of the Council’s objectives. This should be done as part of the Service Planning process and updates to the Council Delivery Plan, but also continuously throughout the year.

3.2 When risks have been identified, they must be recorded and assessed using the Council’s Risk Management software, Ideagen Risk Management.

3.3 All risks should be assessed in line with the requirements of the Framework, assigning an initial Risk Score, and taking into account any existing controls which may be in place.

3.4 Each risk must be assigned to a Risk Owner, who takes responsibility for the risk. This should be someone who has the authority to ensure that required actions are carried out.

3.5 A set of mitigating controls or actions must be identified, with timescales for completion. All actions should be SMART (specific, measurable, achievable, realistic and timely). The risk should be assessed for a second time, taking the effect of the actions into account. This will become the Target Risk Score and will form the basis of the ongoing risk monitoring. If the Target Risk Score is still unacceptable then it will be necessary to consider further mitigation actions.

3.6 Whilst assessing and managing the risk, Officers should also consider and act on any opportunities which may present themselves. Further guidance on how to consider opportunities is provided within the Framework Part 4 - Toolkit.

3.7 Officers must ensure that the Business Continuity Plan for the Service area is updated with any new risks, including how they can be mitigated to allow any key functions to continue operating.

4. Monitoring and Reviewing Risks

4.1 Once identified and recorded, risks must be proactively managed by the Risk Owner. It is important that the Risk Register is dynamic – new risks added as they arise, and risks removed when they have been managed down to an appropriate level. It is the Council's Policy to focus its resources on monitoring risks which, because of their likelihood or impact, make them priorities. These are risks which score 4 or above on the Risk Matrix.

4.2 Risk Owners must review their risks in line with the requirements of the Framework. Reminders will be issued automatically from Ideagen Risk Management when reviews of risks are due.

4.3 Actions must be updated once completed, and the risk assessed to see whether the Target Risk Score has been achieved. Further actions should be added if required.

4.4 When deemed appropriate, the Risk Owner should propose the archiving of any low-level risks scoring 3 or below that are no longer relevant and any risks which they consider to have been managed down to "Business as Usual". They must also review the Business Continuity Plan for the Service and update it with any changes that may be required following the archiving/closure of the risk.

5. Promotion and Scrutiny of the Risk Management Process

5.1 The Leadership Team (LT) and Cabinet will support a culture of well measured risk taking throughout the Council's business, by embedding Risk Management in our corporate business processes including strategic planning, corporate business planning, policy making and review, performance management, and key partnerships.

5.2 All Managers and Members must consider risk as an integral part of business planning, service delivery, key decision-making processes, and project and partnership governance.

5.3 Business Continuity Plans must be maintained for each service area, identifying the key functions in a service, what the risks are and how they can be mitigated to allow key functions to continue.

5.4 All committee reports must contain a Risk Implications section. In addition to the standard wording that is included in the committee report template, the report writer should summarise the risks that the decision maker needs to consider to make a fully informed decision. Although overall responsibility for Risk Management lies with LT and Cabinet, it is an integral part of each Managers role and report writers must always identify the risks linked to the decision they are recommending.

5.5 Members must constructively review and scrutinise the risks to ensure they have been adequately considered, to enable delivery of the Council's objectives.

5.6 All new and proposed archiving/closure of Service Risks must be reviewed by the Risk and Performance Management Group (RPMG) and LT prior to the changes to Ideagen Risk Management being accepted.

5.7 Any changes to Corporate Risks (those included in the Council Delivery Plan) must be reviewed by RPMG, LT and Overview and Scrutiny Committee before being approved by Cabinet. Changes to the Risk Management Framework must be reviewed by RPMG, LT and Finance, Audit and Risk Committee (FARC) before being approved by Cabinet. Changes to Service Risks should be discussed with the relevant Director.

5.8 Members of RPMG and Finance, Audit and Risk Committee are responsible for ensuring the Risk Management process is aligned to the Council's objectives, challenging the process where appropriate and making recommendations to Cabinet.

6. Linked Policies and Procedures

6.1 Everyone is required to adhere to all Council policies, procedures and processes. The Risk Management Framework consists of four parts and all Officers, Managers and Members should ensure they have a good understanding of their risk responsibilities.

Risk Management Framework – Part 1 – Policy Statement (The Key Principles)

Risk Management Framework – Part 2 – Policy (What you must do)

Risk Management Framework – Part 3 – Strategy (How we will do it)

Risk Management Framework – Part 4 – Toolkit (Operational guidance)

7. Communication and Training

7.1 The Council is committed to making training available to everyone. We will increase understanding and expertise in Risk Management through targeted training and the sharing of good practice and lessons learned. Training is available via e-learning on GROW Zone, with further training available from the Controls, Risk and Performance Team on request. Some of this training may be deemed mandatory. Managers should identify and arrange any training that their staff require. All Officers should also request training on any areas that they are uncertain about.

7.2 A Toolkit is provided as part of the Risk Management Framework, which provides practical guidance on the use of Ideagen Risk Management and all the associated tasks to be undertaken. The Toolkit is available on the intranet (The Hub).

Mandatory Risk Management training for managers is available on GROW Zone (link to the system below):

[North Hertfordshire District Council](#)

Risk Management page on the Intranet:

[Risk Management](#)

This page is intentionally left blank

RISK MANAGEMENT FRAMEWORK - PART 3 - STRATEGY (How we will do it)

North Herts Council's Risk Management Framework is outlined within four key documents.

Part 1 – Risk Management Framework - Policy Statement sets out the Council's commitment to the proactive management of external and internal risks within seven key principles. In order to ensure we can meet those principles, a number of objectives have to be achieved.

- 1 Maintenance of a robust and consistent Risk Management approach.
- 2 Considering any Opportunities which may present themselves whilst managing Risks.
- 3 Ensuring accountability and roles and responsibility for managing Risks are clearly defined and communicated.
- 4 Considering Risk as an integral part of business planning, service delivery, key decision making and project and partnership governance.
- 5 Communicating Risk information effectively through a clear reporting framework.
- 6 Increasing understanding and expertise in Risk Management through targeted training and the sharing of good practice.

Part 3 – Strategy provides more detail on how the Council intends to ensure these objectives are met.

1 - Maintenance of a robust and consistent Risk Management Approach

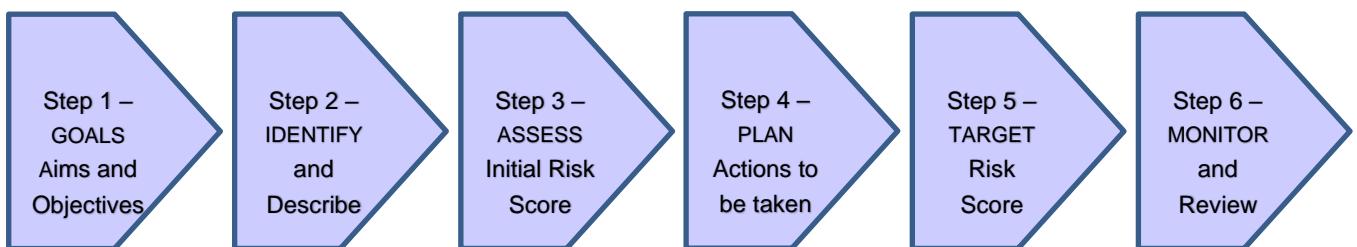
The objectives of the Risk Management Approach are to meet the seven principles outlined in Part 1 – Policy Statement:

- We will support a culture of well measured risk taking throughout the Council's business.
- We will not avoid risk but will identify and document key risks in all areas of our business, understand them and seek to proactively manage them. In managing risks, opportunities may present themselves. These will always be considered and acted on where appropriate.
- We will assess each risk, identify existing controls, and identify if further actions are required to reduce the risk. Where a risk is at a low level or has been managed down to a low level, then the risk will fall into business as usual, and the risk entry will be archived. This allows actions and monitoring to be focused on higher level risks.
- We acknowledge that even with good risk management, things will still sometimes go wrong. Where this happens, we will use lessons learned to try to prevent it from happening again. We will have Business Continuity Plans in place for each of our service areas, which identify the key functions, what the risks are and how they can be mitigated to allow them to continue operating.
- We will develop capacity and skills in identifying, understanding and managing the risks facing the Council.

- We will challenge the Risk Management Process through the use of the Risk and Performance Management Group and the Finance, Audit and Risk Committee.
- We will regularly review the Risk Management Framework and update it in line with statutory and best practice requirements.

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 to new pressures and opportunities. Managers need to consider risk management as an integral part of their job, and the Leadership Team and Cabinet must keep the Corporate Risks faced by the Council under regular strategic review.

The following six steps are used by the Council in managing its risks:



► Step 1 – Identify Council Aims and Objectives

Before we can start to identify risks, we will establish context by looking at **what we are trying to achieve** and what our proposed outcomes are. These objectives will usually be detailed in existing documents, such as:

- The Council Plan
- The Council Delivery Plan
- Service Plans
- Project Initiation Documents
- Partnership Agreements

► Step 2 – Identify and Describe the Risk –What stops us from achieving objectives?

There are many different types of risks that we should consider. There are some examples in the table below. It is not necessary to detail all relevant risks, but the main ones should be considered.

Type of Risk	Example
Strategic	<ul style="list-style-type: none"> - Delivery of the key objectives of the Council - New political arrangements - Changes to Government policy
Operational	<ul style="list-style-type: none"> - Delivery and efficiency of services, specifically around day-to-day work - New initiatives, ways of working and relationships with partners - Monitoring arrangements - Levels of service usage - Day-to-day management of buildings
Information	<ul style="list-style-type: none"> - Accuracy of data, systems or reported information - Appropriate transfer and sharing of data - Security of data and systems - Management and control of knowledge resources, e.g. the retirement of a key member of staff
Reputation	<ul style="list-style-type: none"> - The Council's brand or image - Customer experience - Negative publicity - Levels of complaints - Levels of public confidence and participation
Financial	<ul style="list-style-type: none"> - Acceptance of liabilities - Levels of funding - Levels of income - Losses by fraud / corruption - Adequacy of insurance cover - Availability of funds to deliver services / projects
People	<ul style="list-style-type: none"> - Employees, e.g. recruitment and managing change - Management, e.g. communication / consultation and business continuity / emergency planning arrangements - The public, stakeholders and partners, e.g. changing needs / expectations, inequalities and safeguarding - Delivery of services to minority and disadvantaged groups
Regulatory	<ul style="list-style-type: none"> - Adherence to regulatory environments and compliance regimes - Legislation, e.g. Health & Safety at Work Act, Data Protection, FOI, Human Rights, Equalities Act 2010, Public Sector Equality Duty 2011, Employment Law, TUPE etc. - Grant funding conditions
Environment	<ul style="list-style-type: none"> - Recycling, Green Issues - Impact of planning policies - Climate Change - Management of Open Spaces

It may help to consider the **cause and effect** of each risk. For example, by using the following:

Description of Risk	Cause –Why?	Effect – What will happen?
Risk of ... Failure to ... Lack of Loss of ... Uncertainty of ... Delay in ... Inability to ... Inadequate ... Opportunity to ... Damage to due to ... because leads to ... results in ...

► **Step 3 – Assess Initial level of Risk when identified – How significant is it?**

The Council assesses each risk in terms of its potential likelihood and impact, enabling actions to be prioritised. **We will actively monitor risks scoring 4 or higher on the Risk Matrix.**

Each risk should be assessed twice, to set both Initial and then Target risk levels. The first assessment – the initial risk score - is taken on the “as is” basis—what is the risk if we do nothing further and just maintain any existing controls (the score should reflect whether these are currently operating effectively or not).

To ensure consistency, risks are assessed and scored using a standard Risk Matrix - Likelihood (1-3) and Impact (1-3). The matrix uses a “traffic light” approach to show high (red), medium (amber) and low (green) risks.

RISK MATRIX:

		3	4	7	9
LIKELIHOOD	2	2	5	8	
	1	1	3	6	
		1	2	3	IMPACT

ASSESSMENT CRITERIA:

Likelihood	
1. Low	Less than 20% likelihood
2. Medium	Between 20% and 60% likelihood
3. High	Greater than 60% likelihood
Impact	
1. Low	Consequences will be minor, and associated losses will be small
2. Medium	Will have a noticeable effect on the Council
3. High	Can have a significant impact on the Council

RISK SCORING MECHANISM:

4 Likelihood High (3) Impact Low (1) Chance of it happening -More than 60% Consequences - Minor	7 Likelihood High (3) Impact Medium (2) Chance of it happening - More than 60% Consequences - Noticeable effect on the Council	9 Likelihood High (3) Impact High (3) Chance of it happening - More than 60% Consequences - Significant impact on the Council
2 Likelihood Medium (2) Impact Low (1) Chance of it happening – between 20 – 60% Consequences - Minor	5 Likelihood Medium (2) Impact Medium (2) Chance of it happening – between 20 – 60% Consequences – Noticeable effect on the Council	8 Likelihood Medium (2) Impact High (3) Chance of it happening – between 20 – 60% Consequences – Significant impact on the Council
1 Likelihood Low (1) Impact Low (1) Chance of it happening – less than 20% Consequences - Minor	3 Likelihood Low (1) Impact Medium (2) Chance of it happening – less than 20% Consequences – Noticeable effect on the Council	6 Likelihood Low (1) Impact High (3) Chance of it happening – less than 20% Consequences – Significant impact on the Council

► **Step 4 – Plan actions required to reduce the Likelihood or Impact of a Risk – what can we do about it?**

Not all risks can be eliminated, but they can be reduced and/or plans can be put in place to deal with the effects. The following five general approaches are used by the Council when determining relevant actions to be taken:

Transfer	Use of insurance (to transfer the financial cost), or by contracting out services (this transfers some but not all of the risks and may create different ones).
Tolerate	It may not be practical or cost effective to take effective action against some risks. In this instance, the risk should be monitored to ensure the likelihood or impact does not change.
Treat	Most risks will be in this category. This involves putting in place a series of mitigation actions, bringing the risk score to an acceptable level. It includes contingency planning, describing what action will need to be taken if a risk is realised.
Terminate	Quick and decisive action to eliminate a risk altogether, which would usually be linked to stopping doing the activity completely. It is unlikely that the Council will be in a position to terminate the provision of a service.

Taking an Opportunity	In managing risks, opportunities may sometimes present themselves. For example, where the take up of a new chargeable service is unknown, it might be lower than expected (a threat), or it might be higher (an opportunity).
------------------------------	---

Actions should be **SMART** (specific, measurable, achievable, realistic and timely).

Managers should list existing and additional actions required to manage the risks and set out Contingency Plans to be followed in the event of the threat materialising.

Each action should have a named Officer (the Risk Owner) and a target date for completion.

The cost of the planned actions needs to be established and, wherever possible, should not exceed the cost of the risk they are mitigating. Cost may be identified as additional funding requirements or in redeployment of staff resources. Financial costs linked to a risk or opportunity should be included in the Corporate Business Planning process. The costs associated with dealing with any risk should it materialise should be assessed and provision made on the Council's Financial Risk Register, if appropriate.

When looking at risks, we will **also consider opportunities**. Planned actions to mitigate risk should be examined to see whether they open up new possibilities to help us achieve our objectives.

► Step 5 – Aim – Set a Target Risk Score – what will the actions achieve?

Once the actions have been identified, the risk will be assessed again, using the same Matrix in Step 3, this time taking into consideration the effectiveness of the identified actions in Step 4. This becomes the **Target Risk Score** and reflects the position where the risk is deemed to be **managed to an acceptable level**. If the actions in Step 4 do not manage a risk to an acceptable level, then it will be necessary to reconsider what mitigating actions should be carried out.

The Council uses the Target Risk Score to ensure that:

- Risks are prioritised in terms of their significance;
- Actions are relevant and effectively managing and/or reducing the Likelihood or Impact of the risk;
- Risks are removed when no further actions are required.

► Step 6 – Monitor and Review Risks

Risk management is an ongoing process, and risks will be reviewed regularly to ensure that actions are being completed.

Each Risk Owner is expected to conduct a review of their risks on Ideagen Risk Management in line with the review schedule in Appendix A. These reviews should consider:

- Any new risks which have been identified.
- Whether actions have been completed by their target dates, or revisions required.
- Whether the Target Risk Score has been achieved.
- Whether additional actions are required.
- Whether risks should be proposed for archiving/closure.

Where a risk is assessed at a low level (1, 2 or 3) or has been managed down to a low level, then the risk will fall into business-as-usual and the risk entry should be proposed for archiving.

Where a risk is no longer relevant, the risk should be proposed for archiving.

Any decision to archive/close a risk will be reviewed and agreed by the Risk and Performance Management Group, prior to the change being accepted on Ideagen Risk Management. If the proposed change is not accepted, the Ideagen risk entry will be reinstated with the agreed score.

Regular reporting of Corporate Risks (those included in the Council Delivery Plan) through Risk and Performance Management Group, Leadership Team (LT), Overview and Scrutiny (O&S) and Cabinet enables senior managers and Members to be more fully aware of the extent of the risks and progression of recorded actions, along with any proposed archiving/closures.

Risk registers (Service and Corporate) are maintained on the Council's risk management software Ideagen Risk Management. This enables the Council to monitor and review risks and produce meaningful management reports.

2 - Considering any Opportunities which may present themselves whilst managing Risks

In managing risks, opportunities may present themselves. These will always be considered and acted on where appropriate.

These opportunities may take the following forms:

1. **Absence of Threats** - If the bad thing does not happen, we might be able to take advantage of something good instead. For example, if poor industrial relations do not lead to a strike, we might be able to introduce an incentive scheme and turn the situation round from negative to positive.
2. **Inverse of Threats** - Where a variable exists and there is uncertainty over the eventual outcome, instead of just defining the risk as the downside we will also consider upside potential. For example, where the take up of a new chargeable service is unknown, it might be lower than expected (a threat), or it might be higher (an opportunity).
3. **Secondary Risks** - Sometimes by addressing one risk we can make things worse (the response creates a new threat), but it is also possible for our action to create a new opportunity. Avoiding potential delays to a car journey by taking the train might also allow us to do some useful work during the journey whilst achieving a lower environmental impact.

Opportunities cannot be managed unless they are identified. When looking at risks, we will also ask whether their absence or inverse might present an opportunity. Planned actions to mitigate risk will be examined to see whether they open up new possibilities to help us achieve our objectives.

3 - Ensuring accountability and roles and responsibility for managing Risks are clearly defined and communicated

NHC expects all its officers and councillors to have a level of understanding of how risks and opportunities can affect the performance of the Council, in the achievement of our objectives, and consider the management of risk as part of their everyday activities.

Roles in the Risk Management Process

All Employees	<ul style="list-style-type: none"> Manage day-to-day risks and opportunities and report risk management concerns to their line managers. Identify any new risks relating to their service area. Attend training and awareness sessions, as appropriate.
All Members	<ul style="list-style-type: none"> Support and promote an effective risk management culture. Constructively review and scrutinise the risks involved in delivering the Council's objectives.
Cabinet	<ul style="list-style-type: none"> Risk manage the Council in delivering its objectives. Approve the risk management Policy Statement, Policy, and Strategy. Consider and challenge the risks involved in making any "key decisions." Responsible for oversight of Corporate Risks (with Leadership Team).
Finance, Audit and Risk Committee (FARC)	<ul style="list-style-type: none"> Provide independent assurance to the Council on the overall adequacy of the Risk Management Framework, including review of proposed amendments to the Policy Statement, Policy, and Strategy prior to its presentation to Cabinet.
Overview and Scrutiny Committee (O&S)	<ul style="list-style-type: none"> Review of changes to Corporate Risks and ensure that they are considered in relation to Council performance and the Council Delivery Plan.
Shared Internal Audit Service (SIAS)	<ul style="list-style-type: none"> Provide assurance that risks are being effectively assessed and managed. During all relevant audits, challenge the content of risk registers. Periodically undertake specific audits of the Council's risk management process and provide an independent objective opinion on its operation and effectiveness.
Leadership Team (LT)	<ul style="list-style-type: none"> Champion an effective Council-wide risk management culture. Ensure all reports contain sufficient risk implications. Ensure Members receive relevant risk information. Responsible for oversight of Corporate Risks (with Cabinet). Ensure risks are considered and are part of updates to the Council Delivery Plan. Ensure that Business Continuity Plans are in place for each service area.

Directors	<ul style="list-style-type: none"> • Risk manage their Directorates in delivering the Council's core objectives and outcomes and confirm annually they have done this as part of the Annual Governance Statement process. • Update risks as part of any updates to the Council Delivery Plan. • Constructively review and challenge the risks involved in decision making. • Ensure that appropriate resources and importance are allocated to the process.
Director - Resources	<ul style="list-style-type: none"> • Corporate Champion for Risk Management. • Promote the adequate and proper consideration of risk management to senior managers and more widely within the Council. • Ensure the Internal Audit work plan is focused on the key risks facing the Council.
Controls, Risk and Performance Team	<ul style="list-style-type: none"> • Design and facilitate the implementation of a Risk Management Framework within NHC ensuring it meets the needs of the organisation. • Act as a centre of expertise, providing support and guidance as required. • Collate risk information and prepare reports, as necessary. • Develop, support and promote the Council's risk management software Ideagen Risk Management and provide training where required.
Service Managers / Project Managers	<ul style="list-style-type: none"> • Responsible for the effective leadership and management of risk in their area of responsibility in line with the Council's Risk Management Framework. • Identify, assess and appropriately document significant risks and opportunities. • Clearly identify risk ownership. • Manage risks in line with corporately agreed timescales and policies. • Escalate risks, where appropriate. • Review risks regularly and recommend for archiving where appropriate. • Complete mandatory risk management e-learning.

<p>Risk and Performance Management Group</p>	<ul style="list-style-type: none"> • Maintain the mechanism for risk management to be discussed and disseminated across the Authority. • Review and challenge the content of risk registers. • Ensure that risk is considered alongside performance. • Provide direction and guidance to ensure that a risk-based approach is taken to the development of policies and procedures. • Support the Controls, Risk and Performance Team to implement the Risk Management Framework effectively, including reviews of risk management training. • Review recommendations and amendments to the Risk Management Framework – Policy Statement, Policy, Strategy, and Toolkit.
---	---

4 - Considering Risk as an integral part of business planning, service delivery, key decision making and project and partnership governance

The Risk Management Framework - Strategy is an essential element of strategic planning and sits under the broader umbrella of the Council Plan.

NHC has a [Local Code of Corporate Governance](#), which includes risk management as one of the seven key principles:

“Managing risks and performance through robust internal control and strong public financial management.”

For risk management to be effective and a meaningful management tool, it must be an integral part of key management processes and day-to-day working. The Chief Executive and Leader of the Council must satisfy themselves that NHC has effective corporate governance arrangements in place so that they can sign and publish an Annual Governance Statement with the annual accounts. Risks and the monitoring of associated actions are considered as part of the Council’s significant business processes, including:

- Corporate Decision Making – significant risks associated with policy or action to be taken when making key decisions, are included in appropriate committee reports.
- Service Planning – this annual process should include a consideration of risks that affect service delivery outcomes.
- Project Management – all significant projects should formally consider the risks to delivering the project outcomes, before and throughout the project. This includes risks that could have an effect on service delivery, benefits realisation and engagement with key stakeholders (service users, third parties, partners etc.).Link to: [Project Management Guide Final.docx](#)
- Business Continuity – the Council has a duty to maintain plans to ensure that it can continue to function in the event of an emergency including plans for organisations that carry out services on the Council’s behalf. The process identifies the key functions in a service, what the risks are and how they can be mitigated to allow key functions to continue operating. Link to: [Business Continuity Process intranet page](#)

- Partnership Working – partnerships should establish procedures to record and monitor risks and opportunities that may impact the Council and/or the partnership's aims and objectives.
- Procurement – Section 20 - Contract Procurement Rules of the Constitution clearly specifies that all risks and actions associated with the purchase need to be identified and assessed, kept under review and amended as necessary during the procurement process. Link to: [Council Constitution web page](#)
- Contract Management – all significant risks associated with all stages of contract management are identified and kept under review.
- Information Governance – the Information Security Policy sets out practices and procedures to be adopted for good information management. The Policy is available on The Hub. There is also mandatory annual refresher training in Data Protection and Freedom of Information.
- Insurance – the HCC Insurance team manages NHC's insurable risks and self-insurance arrangements. The Shared Insurance Manager presents regular updates to the RPMG.
- Health and Safety – the Council has a specific risk assessment policy to be followed in relation to health and safety risks. Health and Safety updates are taken to each meeting of the RPMG.

Corporate Governance

NHC's approach to risk management has been developed to support the key requirements of good corporate governance:

Openness and Inclusivity - Our approach to managing risks will be open and transparent and blame will not be attributed if decisions made in good faith turn out to be the wrong decisions. Officers, Members, partners, members of the public and outside organisations have access to information on our current risks and opportunities, including how we are managing them. Risk management supports and enhances our decision making process and all committee reports include information on the risks and opportunities in taking or not taking a recommended course of action.

Integrity - The control environment, which includes risk management, supports the integrity of the Council. The Risk Management Framework is key to taking informed decisions and continued service delivery.

Accountability - There is clear accountability for our risks. This includes the risk section in committee reports; an Annual Governance Statement, approved by the Finance, Audit and Risk Committee and included in the Council's Annual Accounts; an annual report to Council on risk management; and the regular internal and external audit inspections of our risks. The Council's key partners and contractors must have their own risk management plans to suit the particular circumstances of their business and their key stakeholders. The Council has major shared objectives with its partners and the principles of our approach to risk will guide how we seek to tackle these objectives in a joined-up way. Wherever practicable, joint risk registers are put in place with key partners/contractors.

So that it can manage and demonstrate how well it has embedded risk management, the Council undertakes a regular review of the implementation of the Strategy across the organisation.

5 - Communicating Risk information effectively through a clear reporting framework

Appropriate and effective reviews and reporting arrangements reinforce and support the risk management processes. They allow sufficient and accurate performance information to be passed to Risk Owners, Senior Managers, the Leadership Team (LT), and Members.

The Risk Register

The Risk Register entries on the Council's risk management software - Ideagen Risk Management, are the basic building blocks in the Strategy. The system generates reminder emails when the Next Review Date is approaching and generates up to date reports on a weekly basis, available for all to view on the system.

A Directorate Overview of risks (along with actions and Key Performance Indicators) is sent to each Director on a monthly basis. The Director will discuss that overview with their Directorate Management Team, which should include a consideration of any new risks.

The Risk and Performance Management Group reviews all new risks, decisions on not to monitor risks, proposed archiving/closures and any lessons learned when risks are archived (particularly in relation to projects). This includes consideration of the residual risks.

Ideagen Risk Management shows the Original Risk Score, the Target Risk Score and SMART actions, which should include target dates for completion.

The risk matrix is used to plot the risks and to enable Directors to prioritise risk management activities that need to be undertaken to mitigate the risks. This risk information feeds into the Corporate Business Planning process.

The Risk Register also provides an understanding on how managing or capitalising on an opportunity can help achieve the objectives.

Corporate Risks

The Corporate Risks facing the Council are those that cut across the delivery of all services, key projects and those that will affect the delivery of the Council's objectives. They are the responsibility of the Leadership Team and Cabinet. Cabinet ensure the Corporate Risks are managed appropriately.

The Corporate Risks are included in quarterly Council Delivery Plan monitoring reports, which are presented to the Risk and Performance Management Group, Leadership Team, Overview and Scrutiny Committee, and Cabinet.

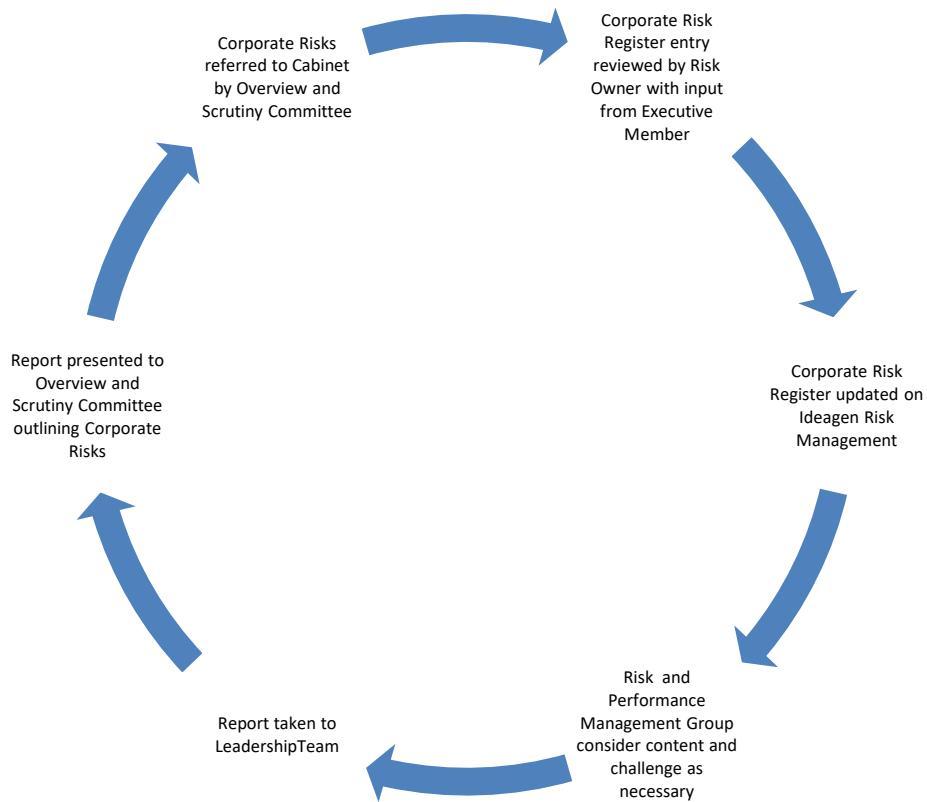
The Overview and Scrutiny Committee refer any changes to Corporate Risks to Cabinet, as part of considering updates to the Council Delivery Plan.

The Finance, Audit and Risk Committee monitor the effective development and operation of risk management governance within the Council. It agrees actions put forward by officers, where appropriate, and makes recommendations to Cabinet.

Updates on risk management governance (including a summary of Corporate Risks) are reported to Finance, Audit and Risk Committee and Cabinet twice a year. Council also receives the year-end annual report from the Risk Management Member Champion.

The Finance, Audit and Risk Committee refer any amendments to the Risk Management Framework Policy Statement, Policy, and Strategy to Cabinet.

Diagram representing the review of Corporate Risks



6 - Increasing understanding and expertise in Risk Management through targeted training and the sharing of good practice

Having developed a robust approach and established clear roles and responsibilities and reporting lines, it is important to provide Members and officers with the knowledge and skills necessary to enable them to manage risk effectively.

NHC uses a range of training methods to meet the needs of the organisation. For managers, mandatory e-learning is provided via GROW Zone. Link to: [GROW Zone login screen](#)

Risk management information is also available on the intranet, including templates and further detailed guidance in the Risk Management Toolkit.

A SIAS representative sits on the Risk and Performance Management Group, along with the HCC Risk and Insurance Manager, who is able to comment on wider risk management experience. This enables the sharing of good practice with others.

Appendix A - Review Timetable			
Risk Score 7 - 9 (RED)	There are significant risks, which may have a serious impact on the Council and the achievement of its objectives if not managed. Immediate management action needs to be taken to reduce the level of risk.	As a minimum – review every 3 months. Individual actions must be reviewed as they become due.	
Risk Score 4 - 6 (AMBER)	Usually accepted, on the basis additional mitigating actions to reduce the likelihood are implemented, if this can be done cost effectively. Reassess to ensure conditions remain the same and existing/new actions are operating effectively.	As a minimum – review every 6 months. Individual actions must be reviewed as they become due.	
Risk Score 1 - 3 (GREEN)	These risks are being effectively managed and any further action to reduce the risk would be inefficient in terms of time and resources. Archive on Risk Register once agreed by Risk and Performance Management Group.	As a minimum – review every 12 months.	

Appendix B – Responsibilities / Oversight			
Task	Corporate Risks	Service Risks	Project Risks
Risks identified by:	Leadership Team Service Directors	Service Managers	Project Team Key Stakeholders
Risks owned by:	Service Directors	Service Managers	As appropriate
Risks reviewed by:	Service Directors Risk Owners	Service Managers Risk Owners	Project Managers Risk Owners
Risks scrutinised by:	Risk and Performance Management Group Leadership Team Overview and Scrutiny Committee Finance Audit and Risk Committee	Service Directors	Project Board Project Team
Risk Register (Ideagen Risk Management) updated by:	Risk Owners with support from Performance and Risk Officer if required.		
Review of Risk Management Framework by:	Director - Resources Controls, Risk and Performance Team Risk and Performance Management Group		

FINANCE, AUDIT AND RISK COMMITTEE

7 JANUARY 2026

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: UPDATED FINANCIAL REGULATIONS

REPORT OF: *Director- Resources*

EXECUTIVE MEMBER: Resources (*Non-Executive*)

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

The last full review of the Council's financial regulations took place in 2018. There have been partial changes made that have resulted from organisational changes. They have also been kept under review for the need for any significant changes over that period, but none have been required.

Given the passage of time, a full review has been undertaken. However the regulations are still generally fit for purpose, and therefore the proposed changes are minor in nature and do not significantly change the workings of the Council.

2. RECOMMENDATIONS

- 2.1. That Finance, Audit and Risk Committee comment on the proposed changes to the Financial Regulations and recommend to Full Council their adoption in the Constitution.

3. REASONS FOR RECOMMENDATIONS

- 3.1. Due to the passage of time since the last major review of the Financial Regulations, it was considered appropriate to carry out a full review. The proposed changes are detailed in Appendix A alongside the reasons for them.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. The alternative would be to keep the current Financial Regulations unchanged, but that was rejected as there are some areas where an update is useful.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Resources team were asked to put forward any proposed changes, as they are the ones that make the most practical use of the financial regulations framework. Leadership Team were consulted on these proposals and also asked if there were any other changes that they would like to see.

- 5.2 The proposed change in relation to purchasing cards arose from an Internal Audit report.
- 5.3 The Executive Member for Resources and Shadow Executive Members were also asked for any comments on the proposed changes.
- 5.4 Finance, Audit and Risk Committee are being asked to review and provide comment on the proposed changes, in advance of them being considered by Council.

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. The Financial Regulations form part of the Constitution, and are therefore an integral part of the Council's governance, decision making framework and control structure. They are kept under regular review by the Director- Resources, with a full review being undertaken when required. The current financial regulations can be found here: <https://www.north-herts.gov.uk/sites/default/files/2025-05/Section%2019-%20Financial%20Regulations.pdf>

8. RELEVANT CONSIDERATIONS

- 8.1. There are no significant changes being proposed. All the proposed changes are detailed in Appendix A, which includes:
 - A table of the changes with a reason given for each one, and:
 - A tracked changes version of the financial regulations.
- 8.2 The Financial Regulations include references to both the Director- Resources and Chief Finance Officer. Whilst these are the same role, for the purposes of delegations during periods of absence it is important to differentiate between the two.

9. LEGAL IMPLICATIONS

- 9.1. The Local Government Act 1972 requires the Council to have a written constitution. Full Council adopts and changes the Constitution and documents such as the Financial Regulations that are appended to the Constitution (Constitution 4.4.1 (p)).
- 9.2. The Finance, Audit and Risk Committee "maintain an overview of the Council's Constitution in respect of Contract Procurement Rules and Financial Regulations, consider any major changes and make recommendations to Council for approval" (Constitution 10.15 (g)).
- 9.3. The Director of Resources and Section 151 officer has statutory duties in relation to the financial administration and stewardship of the council. This statutory responsibility cannot be over-ridden. The duty extends to the proper administration of the council's financial affairs. A key part of the process for ensuring that sounds financial management policies are in place and are adhered to is the establishment of Financial Regulations

9.4 The Chief Finance Officer is responsible for keeping the Financial Regulations under review (Constitution 2.4).

10. FINANCIAL IMPLICATIONS

10.1. There are no direct financial implications arising from the proposed changes to the financial regulations.

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. Adoption of the proposed amendments will contribute to the Council's internal control environment and the management of risk.

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 equalities implications arising from this report.

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 this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1 *There are some minor HR implications arising from this report, which seek to reduce the workload impacts.*

16. APPENDICES

16.1 *Appendix A- Proposed new financial regulations- list of changes and tracked changes version.*

17. CONTACT OFFICERS

17.1 *Ian Couper, Director: Resources ian.couper@north-herts.gov.uk; ext 4243*

17.2 *Natasha Jindal, Deputy Monitoring Officer, natasha.jindal@north-herts.gov.uk*

17.3 Reuben Ayavoo, Policy and Community Manager, reuben.ayavoo@north-herts.gov.uk, ext 4212

18. BACKGROUND PAPERS

18.1 *Current financial regulations* <https://www.north-herts.gov.uk/sites/default/files/2025-05/Section%2019-%20Financial%20Regulations.pdf>

Schedule of Changes

Paragraph	Change made	Reason for change
3.7 and 5.4	Removed 5% threshold.	In practice it is done for all variances over £10k
3.8 and 5.5	Delete process for the Quarter 1 budget report being based on 2 months.	Not used as established that goes to September meetings.
3.8	Add “, and in the opinion of the Chief Finance Officer there is a need to change the overall budget,”	It is not necessary for an overall overspend to be reported on to Council unless it is so significant that it requires (or is likely to require) a change to the overall budget. E.g. where there is a need for an in-year savings exercise.
4.2 and 4.3	Change 4 to 10	Now best practise that capital expenditure covers the next 10 years
5.7	Add “The Executive Member with responsibility for Finance can also approve the continuation of a capital project until it is practical to report an overspend (above the limits in paragraph 5.6) to Cabinet, where the delay from stopping work would have a significantly detrimental impact on the Council.”	The requirement to stop work on a capital project could result in significant costs (e.g. from the construction contractor, from the delay) and this gives provision to continue those works until Cabinet can be convened to make a decision.
5.7	Add “to add new projects”	To make it clear that the Executive Member can only approve new projects up to £100k. Increases in costs of existing projects are covered by the other paragraphs in that section.
9.3	Change from “will only” to “can”, and add “Pay budgets can also be approved for carry-forward to support general staffing pressures that are anticipated in the following year.”	To still allow carry-forwards where the planned action has been delayed, but also to add flexibility in relation to pay budgets,
11.1	Change from Chief Finance Officer to Director: Resources	The responsibility is due to the Director role rather than being Chief Finance Officer.
11.2	Change Executive Member with responsibility for Finance, to Risk	This section relates to Risk so future-proofed, in case there was ever a change to Executive Member roles that separated Finance from Risk.
11.2	Change “the Health and Safety Officer” to “Health and Safety input”	The retirement of the Health and Safety Officer has changed the way that Health and Safety support is provided,
11.4	Various changes to reflect that Finance, Audit and Risk now receive a half-yearly report on risk management processes and improvement, and Overview and Scrutiny receive quarterly reports (when required) on Risk and Performance.	Reflects the change that has been put in place to allow Finance, Audit and Risk to have more of a governance role, and Overview and Scrutiny to focus on their role.
11.4	Change “Risk Management Group” to “Risk and Performance Management Group”	The Group changed its name to reflect the broader focus.
11.7	Delete “carry”	Remove incorrect word
12.2	Replace “should” with “must”	Removes any ambiguity, as important that limits are not breached
12.5	Add “Land and property assets with a value of under £250k can be declared surplus by the Director- Enterprise in consultation with Director- Resources, Executive Member for Enterprise and Executive Member for Resources. Other Directors will be consulted first to ensure that there is no alternative service use for the land or property.”	Currently no process for declaring that land and property can be declared as surplus, except to go to Cabinet. Which seems inconsistent with the levels in the Constitution, which delegate approval for the sale of land and assets where up to £250k.
12.8	Changes to simplify the process so that just two levels for disposals of surplus assets (that are not land and buildings). They are under £5k and over £5k. Remove the blanket requirement to use a public auction over £5k.	Simplify the process as unnecessary to have separate limits to notify and seek approval from the Chief Finance Officer. Experience has shown that there may be instances where a special purchaser may provide better value than using a public auction.
13.4	Delete “and the accounts used”	Unnecessary level of detail for Cabinet.
Section 14	Change multiple references to “SIAS Head of	Now correct terminology under Auditing Standards.

	Assurance" and "SIAS Audit Manager", to "Chief Audit Executive"	
14.8	Change "Leadership Team" to Directors	Directors receive the information individually, rather than via a report to Leadership Team.
14.9	Change "quarterly" to "regular"	Frequency of SIAS reports to reflect that there will be 3 or 4 across the year and that they will reflect the latest information at the time of the report, rather than just the quarter.
15.3	Change Director- Resources to Chief Finance Officer	Responsibility is specific to the Chief Finance Officer,
15.5	Add "The Chief Finance Officer can also approve the write-off of any credit balances, although these will be returned to the payee if they seek repayment."	Need a process where there are credit balances (e.g. from overpayments) after proportionate efforts have been made to return the balance.
15.5	Add "Where discretionary awards are agreed then the revenues system treats them as write-offs (to reduce the amount payable), but as these have been agreed via a separate process they will not be subject to this write-off process."	As the correct process will already have been followed, there is no need for a duplicate approval process.
16.8	Various changes to soften the requirement to use centralised contracts (e.g. stationery).	Impact of using alternative contracts is less significant, so rules should reflect that.
16.13	Delete "(the Financial Management System will provide a warning that there is insufficient budget, but will not prevent orders being raised)".	The warning is not part of the new finance system. Budgets may not be on the same codes that orders are raised against.
Section 17	Renamed to "Cash and Vouchers"	Covers vouchers as they should be similar to cash in terms of the controls applied.
17.1	Add wording to say that pretty cash will only be issued in exceptional circumstances	To reflect that the preference is to use purchasing cards as lower risk.
17.2	Add "Cash floats must not be used for expenditure."	Clarity that a cash float should be treated differently to petty cash. Being clear on the purpose improves the controls.
17.6	Added paragraph to cover controls where vouchers or gift cards are purchased.	Based on an audit recommendation. Reflects that vouchers and gift cards can be very similar to cash, so should have appropriate controls attached.
18.2	Add "or a Director"	Better resilience to have multiple people that can activate the Major Incident and Business Continuity Plans.
18.2	Add "A Senior Officer from another Authority can, under Mutual Aid, be authorised to act on behalf of the Council to support the response to a Major Incident. This can include incurring costs on behalf of the Council."	Mutual Aid may be used for a Major Incident. This can be at a senior level, and this addition makes provision for this.
18.3	Add "(or Nominated Deputy)"	Adds resilience.
19.2	Delete ", in conjunction with the Chief Finance Officer"	The current structure is that the Chief Finance Officer is the Director- Resources so this is unnecessary.
19.8	Change from "broadband and line rental" to "homeworking expenses".	To align with HMRC terminology.
19.8	Changes to allow claims on a monthly, quarterly or annual basis. Remove requirement for evidence.	To be more efficient. HMRC treat it as an allowance and evidence is not required.
19.9	Remove "Mileage claims must be accompanied by a relevant VAT fuel receipt, in order to comply with current VAT regulations".	HMRC rules do not require receipts to specifically match the period being claimed. Unlikely that HMRC would require evidence.
19.13	Change "Chief Finance Officer" to "Director: Resources"	Role can be undertaken in acting as Director: Resources
Section 21	Updates to contact details.	Page 130

SECTION 19

FINANCIAL REGULATIONS

Section 19

Index		
Section		Page
1	Introduction	178
2	Revenue Budget Setting	179
3	Revenue Budget Management	180
4	Capital Budget Setting	182
5	Capital Budget Management	183
6	Leases	185
7	Virements	186
8	Accounting Processes and Records	187
9	Annual Statement of Accounts	189
10	Reserves and Balances	190
11	Risk Management and Insurance	191
12	Assets and Security	193
13	Treasury Management and Banking	196
14	Internal Control and Audit	198
15	Income	200
16	Ordering and paying for goods and services	203
17	Petty Cash Accounts and Change Floats	207
18	Peacetime civil major incidents and business continuity plans	208
19	Payments to Officers and Councillors	209
20	Taxation	212
21	Advice and Support	213

1. Introduction

- 1.1 To conduct its business efficiently the Council needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is the establishment of financial regulations that set out the financial policies of the Council.
- 1.2 These financial regulations apply to every Member and Officer of the Council, although they place specific requirements on certain individuals, including:
 - Cabinet Members
 - Chief Executive (also Head of Paid Service)
 - Chief Finance Officer (also known as Section 151 Officer)
 - Monitoring Officer
 - Directors
 - Budget Holders
 - Cabinet
 - Full Council
 - Finance, Audit and Risk Committee
 - Overview and Scrutiny Committee
 - Leadership Team- comprising of the Chief Executive, and Directors
- 1.3 These Financial Regulations form part of the Constitution of the Council. They have been written to support all Officers and Members of the Council in fulfilling their duties regarding devolved financial responsibility and should be read in conjunction with the Scheme of Delegation in the Constitution.
- 1.4 These Regulations are an integral part of the District Council's control framework. They help ensure that we make financial decisions in a consistent way across the Council. This supports us in our duties to ensure that we are transparent in all our actions and are clearly accountable for all the decisions we make. By ensuring these Regulations are applied, the Council can be confident that economic, efficient and effective financial management supports the achievement of its objectives.
- 1.5 **All Officers** are required to read and be familiar with these Regulations. Contact details are provided at the end if any clarification or advice is required. Training will also be provided when required. Failure to comply with the Regulations can be treated as misconduct under the Council's 'Managing Misconduct' policy.
- 1.6 **All Managers** should ensure that their staff are aware of the existence and content of the Financial Regulations, including any associated documents. They should also ensure that their staff are aware of how the Regulations apply to their role and ensure compliance.
- 1.7 Where applicable, members of the **Leadership Team** should establish a scheme of delegation identifying **Officers** authorised to act on their behalf in respect of responsibilities contained within this document. These arrangements should be contained within a signed scheme of delegation document. Delegated limits and specimen signatures should be supplied to the **Chief Finance Officer**.

2. Revenue Budget Setting

2.1 Budgetary control is the monitoring of financial activity against planned budgets to:

- Ensure that money is spent in accordance with the Council's priorities as expressed in the annual budget;
- Ensure that overall expenditure in achieving those priorities is kept within the budget set; and
- Ensure that planned performance (output) has been achieved and is in line with the planned budget (inputs).

Budgets (spending plans), are needed so that the authority can plan, authorise, monitor and control the way money is allocated and spent. The Council has a legal duty to set a balanced budget.

2.2 The **Chief Finance Officer**, in consultation with the **Leadership Team**, is responsible for producing a Medium Term Financial Strategy. This is produced annually and is a five-year forward assessment of all revenue commitments based on present levels of service and reflects any known commitments, changes in service level or resources. It also details the implications for the level of council tax to be levied. This helps to ensure that the authority is always preparing for events in advance.

2.3 All members of the **Leadership Team** are responsible for ensuring that all reports consider financial implications over the medium term. This includes an estimate of the revenue consequences over as long a period as possible, and at least three years.

2.4 **Directors** are responsible for providing estimates of their revenue spend for the following year, which should include the impact of any growth, pressures, efficiencies and service changes. The **Chief Finance Officer** will approve the detailed content of these estimates, in line with the general directions of the **Cabinet**. Once collated the estimates will be submitted to the **Leadership Team** and then on to **Cabinet** (with any comments from the **Leadership Team**). This will form the draft budget for the following year.

2.5 **All Officers** should consider how to make best use of resources and value for money. The **Leadership Team** will lead on identifying opportunities to improve economy, efficiency and effectiveness. The **Chief Finance Officer** will act as a champion in this area, and promote good practice in relation to the identification and appraisal of options.

2.6 **All Officers** must ensure that copies of all proposed reports are passed to the **Chief Finance Officer** (or delegated Accountancy Services Officer) in sufficient time for them to adequately consider the budget implications of any proposals.

2.7 The Medium Term Financial Strategy and Budget require approval by **Full Council**.

3. Revenue Budget Management

- 3.1 Budget management ensures that once the budget has been approved by **Full Council**, resources allocated are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continuous process enabling the authority to review and adjust its budget targets during the financial year. It also provides the mechanism that makes **Budget Holders** accountable for their budgets.
- 3.2 Budget management is about managing and balancing spending and service delivery. **Budget Holders** should try to deliver the agreed level of service within the agreed budget. Whilst all efforts should be made to not spend more than the allocated budget, service levels should not be reduced without considering the implications of this and seeking appropriate approval. Similarly, if it is possible to deliver the agreed level of service using less than the agreed budget, then the service level should not be increased without appropriate approval.
- 3.3 **Directors** are responsible for ensuring that there is a named **Budget Holder** for all service areas (cost centres). It should be ensured that the **Budget Holder** is only responsible for areas of spend that they can influence.
- 3.4 The **Chief Finance Officer** will ensure that all **Budget Holders** are provided with sufficient information (e.g. spend and income to date, future commitments) and support to enable them to forecast spend for the current year. **Budget Holders** are required to use this and their service knowledge to determine a realistic forecast on a regular basis (at least quarterly).
- 3.5 Where the **Budget Holder** estimates that spend will be different to budget, then this is known as an underspend (where forecast spend is less than budget) or overspend (where forecast spend is more than budget). **Budget Holders** must report forecast underspends and overspends as early as possible in the year.
- 3.6 The **Chief Finance Officer** will determine the divisions of service to be used in budget reporting. This will achieve a balance between transparent reporting and ensuring that there are a manageable number of reporting areas.
- 3.7 Where the underspend or overspend for a reporting area is greater than ~~5% of the budget for that area (subject to a minimum of £10,000)~~ then this will be recorded by **Accountancy Services**, alongside the explanation that is provided by the **Budget Holder**. Where possible they should be addressed by a budget virement (see section 7). Reporting areas will be determined by the **Chief Finance Officer** and will be based on service areas with sub-divisions for larger service areas.
- 3.8 The **Chief Finance Officer** will provide quarterly reports to **Cabinet** (via **Finance, Audit and Risk Committee** for comment) that detail all significant forecast overspends and underspends. This will include all overspends and underspends that are greater than £25,000 in value. The **Chief Finance Officer** will determine whether to report any other overspends and underspends e.g. due to their value, any impacts in future years or service delivery impacts. Where it is not possible to deliver services within the overall budget, ~~and in the opinion of the Chief Finance Officer there is a need to change the overall budget~~, then this will be referred on to **Full Council**. ~~Due to deadlines for the approval of the statement of accounts and the timing of the Finance, Audit and Risk Committee it may be necessary for the first quarter report to be based on the first two months and only updated for any significant events in the third month. Where this is necessary, it will be agreed by~~

~~the Chief Finance Officer, Executive Member with responsibility for Finance and the Chair of Finance, Audit and Risk Committee.~~

- 3.9 Once the quarterly report has been agreed by **Cabinet**, the budget for each service area will be amended in line with the reported overspend or underspend. This is so that they are only reported once and future reports to **Cabinet** will focus on any changes since the previous report.

4. Capital Budget setting

- 4.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings and major items of plant and equipment or vehicles. Capital assets shape the way services are delivered for the long-term and create financial commitments for the future in the form of financing costs and revenue running costs. The financing capacity of the authority is governed by the Prudential Code. This means that capital expenditure should form part of an investment strategy, be affordable and should be carefully prioritised in order to maximise the benefit of scarce resources
- 4.2 The **Chief Finance Officer**, in consultation with the **Leadership Team**, is responsible for producing a Capital Expenditure forecast. This is produced annually and is a **fourteen**-year forward assessment of the forecast spend on existing and new projects. This should also review the expected funding sources for each scheme and any revenue implications. It should be completed alongside the Medium Term Financial Strategy and annual revenue budget so that any revenue implications can be reflected in these documents.
- 4.3 **Directors** are responsible for providing estimates of project spend for the following **fourteen** years. The **Chief Finance Officer** will approve the detailed content of these estimates, in line with the general directions of the Cabinet. Once collated the estimates will be submitted to the **Leadership Team** and then on to **Cabinet** (with any comments from the **Leadership Team**). This will form the draft capital programme for the following year.
- 4.4 The Capital Programme requires approval by **Full Council**.
- 4.5 Once approved the Capital Programme gives approval to proceed with projects in the following year up to the amounts allocated for that year. It does not give authority to proceed with projects that have allocations in the years after that.
- 4.6 Leases may involve capital spend, so there should be a consideration of whether they need to be included in the capital programme (see section 6).

5. Capital Budget Management

- 5.1 **Directors** are responsible for ensuring that there is a named **Budget Holder** for all capital projects.
- 5.2 The **Chief Finance Officer** will ensure that all **Budget Holders** are provided with sufficient information (e.g. spend to date, future commitments) and support to enable them to forecast spend for the current year and future years of the project. **Budget Holders** are required to use this and their project knowledge to determine a realistic forecast on a regular basis (at least quarterly).
- 5.3 Where the **Budget Holder** estimates that spend will be different to budget, then this is known as an underspend (where forecast spend is less than budget) or overspend (where forecast spend is more than budget). **Budget Holders** must report forecast underspends and overspends as early as possible in the year.
- 5.4 Where the underspend or overspend for a project is greater than ~~£25,000 or 10% of the annual budget (whichever is the lower, but subject to a minimum of £10,000)~~ then this will be recorded by **Accountancy Services**, alongside the explanation that is provided by the **Budget Holder**.
- 5.5 The **Chief Finance Officer** will provide quarterly reports to **Cabinet** (via **Finance, Audit and Risk Committee** for comment) that detail all significant forecast overspends and underspends. This will include all underspends and overspends that are greater than £25,000. The **Chief Finance Officer** will determine whether to report any other overspends and underspends e.g. due to their value, any impacts in future years or project delivery impacts. The report will also detail how any increased spend will be financed. ~~Due to deadlines for the approval of the statement of accounts and the timing of the Finance, Audit and Risk Committee it may be necessary for the first quarter report to be based on the first two months and only updated for any significant events in the third month. Where this is necessary, it will be agreed by the Chief Finance Officer, Executive Member with responsibility for Finance and the Chair of Finance, Audit and Risk Committee.~~
- 5.6 If a **Budget Holder** forecasts that a capital scheme will overspend above certain limits, then approval must be sought from Cabinet before continuing. These limits are:

Capital budget	Approval required if overspend is more than:
Up to £60k	£12k
£60k to £250k	20% of budget
£250k to £500k	£50k
£500k to £1,000k	10% of budget
£1,000k to £2,000k	£100k
£2,000k and above	5% of budget

- 5.7 If an urgent or unanticipated capital need arises, this will be dealt with under the urgency powers delegated to the **Chief Executive** and the proposal then referred to the **Cabinet**, and then **Full Council**, at the earliest opportunity. However the **Executive Member with responsibility for Finance** can approve in year

changes to the Capital Programme to add new projects up to a limit of £100,000 per project. Any requests for use of this approval should be made via the **Chief Finance Officer**. The Executive Member with responsibility for Finance can also approve the continuation of a capital project until it is practical to report an overspend (above the limits in paragraph 5.6) to Cabinet, where the delay from stopping work would have a significantly detrimental impact on the Council. -

6. Leases

- 6.1 The Council is able to both lease assets from and lease assets to other organisations and individuals. Depending on the terms of the lease this may need to be treated as a revenue or capital transaction. Any **Officer** considering entering in to a lease arrangement should contact **Accountancy Services** as early as possible. They will be able to provide advice on ensuring value for money and how the transaction will need to be treated. If the transaction involves capital then it will be necessary to make sure that there is sufficient capital budget allocated (see section 4).
- 6.2 All leases for land and buildings should be dealt with by the **Estates Team**.

7. Virements

7.1 A virement is where budget is moved from one area to another. It enables **Directors** and **Budget Holders** to manage budgets with a degree of flexibility within the overall policy framework determined by the **Full Council**, and therefore optimise the use of resources.

7.2 There are key controls and constraints in relation to virements. **Accountancy Services** will review all virement requests to ensure that they are adhered to.

- There must be a match between the timing of the expenditure and the availability of budget. A one-off virement can not be used to fund ongoing expenditure, especially if there was a choice as to whether to incur that expenditure.
- They must be at least £1,000 in value. Amounts less than this should be managed by **Budget Holders** ensuring that they remain within their overall budget.
- They should not be used to fund new areas of spend unless the overall benefits of that spend have been fully assessed, and appropriate approval has been obtained. Where possible any unneeded budget should be returned to the General Fund.
- Some budgets are allocated to **Budget Holders** but are also managed centrally (e.g. repairs and maintenance, training). The virement of these budgets for other purposes is not generally permitted, and would require the approval of the central manager (e.g. Property Services, Learning and Development). If used for the intended purpose, the virement of these budgets can be approved by the central manager, without requiring the approvals set out in 7.3 below.
- Salary budgets can only be moved to cover the costs of vacancies being held (e.g. temporary or agency staff spend). If employees decide not to be part of the pension scheme then the employer contribution savings can not be used for other purposes and must be returned to the General Fund.
- Virements are not allowed on non domestic rates budgets.

7.3 The authorisation required for a budget virement is as follows:

Between budgets that are under their control	Budget Holder
Between budgets within a Service Area	Director after consulting with all affected Budget Holders
Between budget areas that are in different Service Areas	Agreed by the relevant Directors (providing and receiving the budget) after consulting with all affected Budget Holders .

7.4 All requests for virements must be on a properly authorised form and should be passed to **Accountancy Services**. Expenditure should not be incurred until notification has been received that the virement has been agreed and actioned.

7.5 There is separate rules in relation to the carrying forward of unspent budgets at year end. See section 9.

8. Accounting Processes and Records

- 8.1 The **Chief Finance Officer** is responsible for keeping the principal accounting records of the Council, which will be maintained on a central financial system. No other systems will be used for the keeping of accounting or other records relating to the Council's finances without prior agreement by the **Chief Finance Officer**. This ensures that the Council maintains proper accounting records and demonstrates the stewardship of public resources.
- 8.2 The **Chief Finance Officer** in conjunction with **Directors** will ensure that all feeder systems and processes to the principal accounting records of the Council are fully documented with **Officers** trained in their operation. Such systems and processes will incorporate the necessary controls to ensure that the data used to update the principal accounting records is complete, accurate, timely and not duplicated.
- 8.3 **All Officers** must consult the **Chief Finance Officer** before introducing or amending any book, form, record, administrative procedure or system used for the keeping of accounting or other records relating to the finances of the Council and should act on any advice given.
- 8.4 **Budget Managers** are responsible for ensuring that feeder accounting systems and processes include the following. The **Chief Finance Officer** is responsible for ensuring that this is the case, and ensuring that this is in place for the central financial system.
 - Transactions, material commitments and other essential accounting information are recorded completely, accurately and on a timely basis.
 - Separation of duties, which means that different individuals carry out the following tasks:
 - Providing information about sums due to or from the authority and calculating, checking and recording these sums
 - Collecting or disbursing these amounts
 - Examining or checking the accounts of cash transactions
 - Maintain adequate records to provide an audit trail leading from the source of income/ expenditure through to the accounting statements.
 - Regular reconciliations to ensure the integrity of embedded systems to ensure transactions are correctly recorded.
 - Secure and safe storage (including backup) of data and records.
 - Procedures are in place to enable accounting records to be reconstituted in the event of a systems failure.
- 8.5 Expenditure must only be authorised by appropriate **Officers**. **Budget Managers** and **Directors** should provide details of authorised signatories. The **Chief Finance Officer** will ensure that there is a system in place for recording these authorisations, and ensuring compliance.
- 8.6 For specific grants, **Budget Managers** are responsible for ensuring that grant claims are submitted by the due date. Where the receipt of any money is linked to the submission of the grant claim then the claim should be submitted as soon as possible. If the grant claim requires sign off by the **Chief Finance Officer** (or another individual e.g. the Chief Internal Auditor) then the **Budget Manager** should provide sufficient time and information to enable this sign-off to happen.

For any general grants and contributions, the **Chief Finance Officer** will ensure that claims are submitted by the due date.

- 8.7 All **Officers** must ensure that financial records (both physical and electronic) are kept and destroyed in accordance with the data retention schedule and to comply with relevant legislation (e.g. Freedom of Information Act and Data Protection Regulations). **Directors** should ensure that systems are in place to facilitate this and that they are adhered to.
- 8.8 The **Chief Executive** retains the right to authorise an extended retention period for a specific document or documents in the event of a query, investigation or any other requirement.

9. Annual Statement of Accounts

- 9.1 The **Chief Finance Officer** will ensure that the Council prepares its draft Statement of Accounts in accordance with accounting practices by proscribed dates. They will then sign off the draft accounts.
- 9.2 To enable this to happen, the **Chief Finance Officer** will prepare a timetable for the preparation of the statement of the accounts and communicate this to all relevant **Officers**, including **Budget Managers** and **Directors**. All **Officers** must comply with this timetable and provide the required information.
- 9.3 The Council must account for its spend on an accruals basis, which means that goods and services are accounted for in the year in which they are received or provided. For revenue projects or one-off items of expenditure this can lead to a mismatch between the year in which the budget is allocated and when the spend is incurred. **Budget Managers** can make a request for a carry forward of unspent budget. This ~~will can only~~ be granted where there is a clear link between the budget and a particular project or one-off item of spend, and it can be shown that the project or one-off item has been delayed between years. Pay budgets can also be approved for carry-forward to support general staffing pressures that are anticipated in the following year. All requests will initially be reviewed by **Accountancy Services**, and will require approval by **Cabinet**.
- 9.4 The **Chief Finance Officer** will select suitable accounting policies and ensure that they are applied consistently. **All Officers** are required to apply accounting policies, when requested by **Accountancy Services** or the **Chief Finance Officer**.
- 9.5 The **Chief Finance Officer** will make proper arrangements for the audit of the Council's accounts.
- 9.6 Once audited, the **Finance, Audit and Risk Committee** is responsible for approving the Statement of Accounts. The accounts are also signed off by the Chief Finance Officer to confirm that they provide a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March.

10. Reserves and Balances

- 10.1 The Council must decide of an appropriate level of General Fund reserve before it can set the level of Council Tax. This should enable the Council to provide for unexpected events should they occur. The **Chief Finance Officer** will advise **Cabinet** and **Full Council** on the appropriate level of this reserve based on guidance, Codes of Practice and advice from the external auditor.
- 10.2 The Council can also set aside funds in specific reserves. When the reserves are created they should have a clear purpose, and then only be used for that purpose in terms of adding to and spending from the reserve. **Budget Holders** and **Directors** should make requests for the creation of specific reserves from the **Chief Finance Officer**. The creation and movements in reserves need to be formally approved by **Full Council**, which is incorporated in to Revenue Budget Outturn report.

11. Risk Management and Insurance

11.1 Risk management is the management of business risk in a manner consistent with the virtues of economy, efficiency and effectiveness. In essence, it is about making the most of opportunities and achieving objectives once those decisions are made. It is about being risk aware, not risk averse. It is important to have a system in place that allows risks and opportunities to be identified and evaluated. This should mean those that know most about the service area are the ones that are carrying out the risk assessments, which means that **All Officers** need to be engaged in it. The ~~Chief Finance Officer~~**Director: Resources** will ensure that a risk management system is in place and operating effectively.

11.2 The **Risk and Performance Management Group** seeks to focus and co-ordinate risk management activities throughout the Council to facilitate the identification, evaluation and management of all key risks. The group comprises of the **Director- Resources**, key Service representatives, ~~the Health and Safety input~~**Officer**, the **Executive Member with responsibility for Finance Risk** and a standing invite for any member of the **Finance, Audit and Risk Committee / Overview and Scrutiny Committee** that wishes to attend.

11.3 The Council's Risk & Opportunities Management Strategy aims to ensure that for each Council function, activity, operation or service the level of risk is known, recorded, monitored and mitigated. In each case, a conscious decision must be taken on how to manage that risk whether through controlling it, transferring it or living with it. The Strategy is updated on an annual basis. It is initially reviewed by the **Risk and Performance Management Group** which proposes a version to the **Leadership Team**. Once agreed by the **Leadership Team** it is referred on to the **Finance, Audit and Risk Committee**. The Committee make any recommendations they feel appropriate before it is formally adopted by **Cabinet**.

11.4 The **Cabinet** is also responsible for reviewing the effectiveness of the Council's risk management and ensuring that proper insurance exists where appropriate. There are ~~quarterly half-yearly~~ updates on risk management ~~processes and performance~~ that follow the following route: **Risk and Performance Management Group, Leadership Team, Finance, Audit and Risk Committee** and **Cabinet**. The annual risk report is also referred on to **Full Council**. ~~There are also quarterly reports on the Council Delivery Plan that will provide updates on corporate projects, risks and performance indicators; that follow the following route: Risk and Performance Management Group, Leadership Team, Overview and Scrutiny Committee (when requested) and Cabinet.~~ **Cabinet** will also be updated on major changes to risks as soon as possible, even if this is outside the quarterly reporting cycle. These risk reports will focus on what have been determined to be Top Risks.

11.5 The **Director- Resources** will ensure that the above reports are produced. They will also ensure that all **Officers** and **Members** are provided with advice on risk as required.

11.6 The **Leadership Team** are responsible for ensuring that there is risk aware culture throughout the Council, cross-cutting risks are identified and analysed, and determining the Council's risk appetite and priorities for action.

11.7 **Directors** are responsible for ensuring that there is effective risk management within their service area. This includes the risks in relation to elements of the service that have been contracted out and this may require that joint risk reviews are carried out with partners. **Directors** are also required to ~~carry~~ produce an annual assurance statement, at the end of each financial year, of the adequacy of the internal control environment within their service.

11.8

The **Shared Internal Audit Service** also plays an important role in Risk Management. The audits they carry out will focus on areas of risk and make recommendations on areas of improvement. They will also carry out regular reviews of the general Risk Management processes that operate in the Council.

11.9 Certain risks can be transferred or mitigated through insurance cover. The Council can also protect itself by ensuring that its suppliers and contractors have the appropriate level of insurance. The Council receives its insurance advice through the **Insurance Team** at Hertfordshire County Council (HCC). This arrangement is managed by the **Director- Resources**. In general insurance queries should be made directly to HCC.

11.10 The **Director- Resources** will ensure that the following happen (in general through the **Insurance Team**):

- Arrangement of insurance cover for all risks that are not self-insured. This includes making recommendations on levels of excess. Any significant changes in excess level will be referred to **Cabinet** for approval. **Directors** must ensure that the **Insurance Team** are aware of any new risks or assets that should be considered for insurance, as well as any changes to existing risks or assets. This should be done as soon as possible, but the **Insurance Team** will also arrange an annual review with each **Director**. The **Insurance Team** will maintain a record of all policies that are in place.
- Settling insurance claims. **Directors** must ensure that the **Insurance Team** is notified of any loss, liability, damage or other event likely to lead to a claim. In instances which suggest that criminal proceedings may be instigated, the **Chief Finance Officer**, **Monitoring Officer** and the **Shared Internal Audit Service** must also be informed. **Directors** (or any other **Officer** involved) must respond to any information requested by the **Insurance Team**.

11.11 **All Officers** must consult the **Insurance Team** and **Director- Governance** on any terms of indemnity that the Council is requested to give.

11.12 All suppliers of goods and services to the Council must hold public / products and employers liability insurance cover. Where the Council is seeking professional advice and guidance, professional indemnity insurance is also required. **Directors** must ensure that this is stipulated in the specification for the goods or services to be acquired, with the amounts in line with those advised by the **Insurance Team**. **Directors** must ensure that the cover is maintained for the duration of the contract and up to date certificates are obtained as evidence. Valid certificates should be uploaded to the Council's E-Tendering system.

11.13 All employees of the Council are included in suitable fidelity guarantee insurance. For cover under this policy to apply, two suitable written references must be obtained for all new employees. This can be reduced to one reference from an existing employer if the individual has held their existing job for at least three consecutive years. **All Managers** must ensure that suitable references are obtained for all new starters.

12. Assets and Security

12.1 It is important that the Council is aware of what assets it has and the procedures in place to secure those assets.

12.2 **Directors** are responsible for maintaining proper security and safeguarding of all buildings, stocks, stores, furniture, plant, equipment, machinery, cash, etc. under their control. This should include contingency plans for the security of assets and continuity of service in the event of disaster or system failure. Any new arrangements (or changes to existing arrangements) should be discussed and agreed by the **Director- Resources**. There are specific general requirements in relation to the holding of cash, which are:

- The amount of cash held should be kept to a minimum. Limits will be agreed on how much cash can be held (dependent on where it is stored e.g. safe, locked drawer) and **Officers** ~~should~~must not exceed these.
- **Officers** who collect cash on behalf of the Council must take all reasonable precautions to ensure its safe custody, including following any specific agreed arrangements.

12.3 **Directors** are responsible for the maintenance and update of a register of keys for external doors, safes, cash boxes and other secure items. The register should show the list of key holders and an out-of-hours contact number. The register must be kept securely and must not be accessible to unauthorised individuals. All keys must either be with the designated key holder at all times or held in a secure place. Security keys of safes, cash boxes and key cupboards, should not be left on site when the premises are unoccupied by Council Officers, unless expressly approved by **Director- Resources**. The loss of any keys must be reported to the **Director – Resources** as soon as their loss is noticed.

12.4 The **Director- Enterprise** will maintain an inventory of office furniture such as desks, chairs and kitchen contents. The form and extent of the records will be as agreed by the **Chief Finance Officer**. Where possible all assets will also be marked as belonging to the Council.

12.5 The **Director- Enterprise** will maintain a complete inventory of all land and property owned or leased by the Council. The record must include details of the following:

- the purpose for which the land is currently held
- extent and exact plan reference
- purchase details (for acquisitions and where possible for others)
- details of the interest in the property (e.g. freehold, leasehold)
- rents that are payable or receivable, and details of tenancies.

They are also responsible (in conjunction with the **Director- Resources**) for the stewardship of the land and property assets. This means ensuring that they are kept in an appropriate condition, with regular condition and compliance surveys. The extent of utilisation (e.g. determining under use) and suitability for use should also be kept under review. The **Director- Enterprise** will be responsible for any land or property asset that is declared surplus. Land and property assets with a value of under £250k can be declared surplus by the Director- Enterprise in consultation with Director- Resources, Executive Member for Enterprise and Executive Member for Resources. Other Directors will be consulted first to ensure that there is no alternative service use for the land or property.

12.6 **Directors** should maintain a record of all other assets under their control. Appropriate entries must be made at the time of purchase and disposal. They should ensure that an annual check (or more regularly if appropriate) of all items on the inventory with a purchase value in excess of £1,000 is carried out. These

checks should be carried out by someone that is not responsible for the day to day management of these items (if applicable). The **Chief Finance Officer** should be notified of any deficiencies that are found during these annual checks.

- 12.7 For significant stocks or stores of lower value items (i.e. where the total value is greater than £100) there will also be a need to maintain a record. **Directors** should ensure that this record is maintained. The requirements in 12.6 should be followed, with the following variations:
 - An annual check (stock take) should be carried on (or close to) the 31st March. Additional checks during the year should also be carried out if required.
 - Advice from **Accountancy Services** should be sought on how to value the stocks or stores
 - Small variations in the number of items do not need to be notified to the **Chief Finance Officer**, unless this highlights concerns over the security of the stock.
- 12.8 Where assets are no longer required then the relevant **Director** should ensure the following process is followed:
 - Check with other service areas to see if they have a use for the asset.
 - Before disposal, ensure that the asset is owned by the Council.
 - For leased assets, ensure any disposal is agreed with the lessor.
 - Where the estimated value is less than £52,500, the **Chief Finance Officer** should be notified.
 - ~~Where the estimated value is greater than £2,500, approval must be sought be from the **Chief Finance Officer**.~~
 - If the value is estimated to be more than £5,000 then the disposal should be via a public auction (except land assets which are covered by the Contract Procurement Rules) unless the Chief Finance Officer agrees this is not in the best interests of the Council.
 - Income will be accounted for as corporate income (i.e. not service specific income).
- 12.9 **All Officers** and **Councillors** should note that Council assets should only be used for legitimate Council business. They should only be removed from Council premises in line with the ordinary business of the Council. Any variations to this must be agreed by the relevant **Director**.
- 12.10 **All Officers** receiving visitors are responsible for ensuring that their visitor is signed in and wears the appropriate visitor's badge at all times. They must also ensure that visitors are adequately supervised during their visit, do not have access to confidential Council information and that the security of Council assets is maintained.
- 12.11 The **Director- Customers** must ensure adequate arrangements for maintaining proper security and privacy of computer held information and for ensuring compliance with the Data Protection Act, the Freedom of Information Act and any other relevant legislation. **All Officers** and **Councillors** must adhere to guidance issued.
- 12.12 **All Officers** and **Councillors** finding lost property on Council premises should pass it to **Property Services**. They will keep an inventory of such items and ensure their safe keeping. **Officers** and **Councillors** should not accept property for safekeeping by their owner.

12.13 If there is a need for moveable private property to be taken into Council custody, an itemised inventory must be prepared by the **Officer** taking possession. Where practicable, the inventory must describe the condition of the property. The relevant entries should be witnessed by two **Officers** and, where known, the owner of the property. The inventory record of these items must be included within the normal inventory maintained by the appropriate **Service Manager**.

13. Treasury Management and Banking

- 13.1 The **Chief Finance Officer** will ensure that all Council borrowings and investments are conducted in accordance with regulations, guidance and the Council's adopted Treasury Management Strategy. All decisions in respect of borrowing, investment or financing (that comply with the above) are delegated to the **Chief Finance Officer** (or through sub-delegation to an appropriate **Officer** in **Accountancy Services**).
- 13.2 The **Chief Finance Officer** must prepare an annual Treasury Management Strategy for approval by **Full Council** (February). The strategy will cover borrowing, investment and management of cash flow, approved methods of raising finance and approved sources of borrowing. The **Chief Finance Officer** will also provide an annual review to **Full Council** (July), as well as quarterly reports to **Cabinet**.
- 13.3 The **Chief Finance Officer** will ensure that:
 - All borrowings are in the name of the Council.
 - Records are maintained of all monies borrowed by the Council.
 - All trust funds will, wherever possible, be in the name of the Council.
 - All Officers who act as trustees by virtue of their official position, must deposit all securities relating to a trust with the **Director- Governance** unless the deed requires otherwise.
 - All securities which are the property of, or are in the name of the Council, or its nominees and title deeds of all property in its ownership or mortgaged to the Council, must be held in the custody of the **Director- Governance** and a copy of all such securities shall be held off site.
- 13.4 The **Chief Finance Officer** is responsible for all banking arrangements. No other **Officer** is authorised to open or operate a bank account on the Council's behalf. **Cabinet** will approve the Council's bankers ~~and the accounts used~~.
- 13.5 The **Chief Finance Officer** is responsible for the ordering and control of all cheques. They will make sufficient arrangements for the safe custody of blank cheques and the control and reconciliation of those issued. Cheques on the Council's main bank accounts will be stored securely by **Accountancy Services** and may only be signed by **Officers** specifically authorised by the **Chief Finance Officer**. The **Chief Finance Officer** will ensure that the Council's bankers are kept informed of authorised signatories.
- 13.6 Only **Officers** authorised by the **Chief Finance Officer** can certify alterations to cheques. Cheques should only be altered where the value is less than £1,000 and the alterations are limited to the removal of a crossing, to the correction of the date, and the correction of a misspelling of the name of the payee. Where an error has been identified on a cheque valued at more than £1,000, the cheque must be replaced.
- 13.7 Cheques for all payments exceeding £1,000 must be counter-signed by one of the employees authorised to do so.

13.8 The **Chief Finance Officer** is responsible for ensuring that a monthly reconciliation between the Council's bank account and its income and expenditure records is performed.

14. Internal Control and Audit

- 14.1 Internal control refers to the systems of control devised by management to help ensure the Council's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the Council's assets and interests are safeguarded.
- 14.2 The **Chief Finance Officer** is responsible for advising on effective systems of internal control, that are compliant with applicable statutes, regulations, and best practice. This includes the provision of a continuous Internal Audit function.
- 14.3 The Council's Internal Audit function is provided by the Shared Internal Audit Service (SIAS), which is hosted by Hertfordshire County Council. They provide assurance to the Council that:
 - Internal controls are sound, adequate and appropriately applied
 - Assets and interests are safeguarded against losses arising from inefficient management, poor value for money, waste, theft, fraud, or any other cause
 - Financial and other management data is suitable and reliable
 - Rules, regulations, legislation, policy and procedures are being followed
 - Risk management action is appropriately applied.
- 14.4 To assist them in their work, the **Chief Finance Officer** and any approved representative(s) have authority to:
 - Enter at all reasonable times any Council premises or land, subject to any statutory or contractual restrictions that might apply;
 - Access all records, documents, correspondence and data relating to the business of the Council, including those of a contractor acting on the Council's behalf and to remove any such records as is necessary for the purpose of their work;
 - Require and receive such explanations from any **Officer**, **Councillor** or contractor acting as an employee of the Council as are necessary concerning any matter under examination;
 - Require any **Officer** to produce cash, stocks or any other Council property under their control; and
 - Have direct access to the **Chief Executive** and the **Chairs of the Overview & Scrutiny Committee** and the **Finance, Audit & Risk Committee**.
- 14.5 The ~~SIAS Head of Assurance~~**Chief Audit Executive** (in consultation with members of the **Leadership Team** and the External Auditor) is responsible for the preparation and maintenance of an annual risk-based audit plan. This plan is reviewed by the **Chief Finance Officer** and contains details of the work to be undertaken in a financial year and includes a contingency for unseen responsive work. The plan is approved by the **Finance, Audit and Risk Committee**.
- 14.6 The ~~SIAS Audit Manager~~**Chief Audit Executive** is responsible for planning ahead and documenting as many known risks to the Council as possible. This is achieved by maintaining a document which details all auditable areas across the Council along with any relevant risk information. This document is formally updated as part of the annual planning process.
- 14.7 The Shared Internal Audit Service will issue audit reports as a result of work they undertake. These will include an assessment of current control levels and recommendations for improvements (including a prioritisation). The relevant **Officer** must respond to draft audit reports detailing the actions they will take in

response to the recommendations made. This response should be as soon as possible, and in all cases within four weeks. Any failure to do this will be reported to the **Chief Finance Officer** and the **Finance Audit and Risk Committee**.

- 14.8 All **Officers** are required to carry out the actions that they have agreed to in an audit report. The actions should be carried out in accordance with the agreed deadline.
- 14.8 The **Chief Finance Officer** will ensure that ~~Directors the Leadership Team~~ receive regular reports on the progress against high and medium priority recommendations.

The ~~SIAS Head of Assurance or SIAS Audit Manager~~**Chief Audit Executive**
- 14.9 will provide quarterly updates to the **Finance, Audit and Risk Committee** that cover:
 - Progress against the plan and agreed key performance indicators
 - Audits completed during the previous period and any medium (summary explanation) or high (detailed explanation) priority recommendations
 - The status of current and previous high priority recommendations
 - Any other matters that they wish to bring to the attention of the Committee.
- 14.10 The **Chief Finance Officer** will ensure that appropriate actions (including required approval) are undertaken in respect of the appointment of External Auditors.
- 14.11 The **Leadership Team** are responsible for the development and maintenance of anti-fraud, anti-corruption and anti bribery policies. All **Officers** should read and understand these policies.

15. Income

15.1 It is important that the Council has processes in place to ensure that it collects income as efficiently as possible. This should ensure that it is identified, collected, receipted and banked properly.

15.2 **Directors** are responsible for designing the systems for income collection. These systems should be in accordance with the following, and agreed by the **Chief Finance Officer**:

Calculation of charges

- Charges should be set in accordance with legislation and accurately calculated (**Accountancy Services** can provide support with this)
- Charging policies should be reviewed regularly, usually annually
- There should be a separation in duties between the **Officer** calculating the amount due and the **Officer** receiving the payment
- Ensure that VAT is charged as appropriate (**Accountancy Services** can provide advice on this)

Collection of income

- Where possible income should be collected in advance of supplying goods or services
- Sundry invoices should only be raised for amounts exceeding £50. Under this amount payment by debit or credit card should be sought, although payment by cheque can be accepted. Exceptions to this £50 limit must be approved by the **Chief Finance Officer**
- Sundry invoices should be raised within 5 days of the provision of the goods or service. The invoice should clearly state the date of the supply.
- All payments received by cash or cheque should be banked promptly
- Cash should be banked without deduction and must not be used for expenditure, to create or supplement floats or petty cash accounts or to enable the cashing of personal cheques
- To ensure that third party cheques are not accepted in payment for goods or services provided by the Council.
- To ensure that all paying-in slips show a reference to the related debt (such as the receipt number or the name of the debtor) or the origin of the cheque. The name of the relevant Service Area or a reference to the related debt must be written or printed on the reverse of each cheque.
- To ensure income collected on behalf of a third party whether for commission or not, is receipted and banked in the same way as the Council's own money. Payment of any amount due to a third party must be made once the account has been checked and the balances agreed.

Records

- The correct stationery should be used. For raising sundry invoices this is the Council's Financial Management System. Sufficient information needs to be provided to enable the recording and collection of the amount owed.
- Invoices should not be raised after income has been received. A tax receipt can be sent, if requested by the customer
- If requested, to ensure sums received are acknowledged immediately by the issue of an official receipt, ticket, voucher or other document prescribed by the **Chief Finance Officer**. To hold securely receipts,

tickets and other records of income, for the appropriate period stated in the Retention Schedule.

- To order and control all receipt forms, books, tickets and other such items relating to the service. To maintain a register of issues, returns and destructions.

Non-payment

- Should use established performance management systems to monitor recovery of income and flag up areas of concern to the **Chief Finance Officer**.
- To assist the **Chief Finance Officer** in collecting debts by providing any further information requested by the debtor, and in pursuing the matter on the authority's behalf.
- Where appropriate seek approval for debt cancellation or write-off (see sections below)
- Unless mitigating factors are identified, service provision should be cancelled where debts are not paid in accordance with standard payment terms

Refunds

- Where a refund to the customer is due, seek advice from **Accountancy Services** on the appropriate procedure

15.3 The **Chief Finance Officer Director- Resources** has overall responsibility for the collection of all income due to the Council. They will determine whether to institute distress and court proceedings for the recovery of outstanding monies due to the Council.

15.4 Debts can only be cancelled where they have been raised in error. The approval levels for cancelling debts are:

Up to £5,000	Director
£5,000 and above	Director- Resources , in consultation with the relevant Director

15.5 Debts can be written off where they have been raised correctly, have not been paid and it is determined that there is no prospect of collecting the amount owed. The approval levels for writing off debts are:

Up to £500	Budget Holder , in consultation with the relevant Director
£500 to £5,000	Director- Resources
£5,000.01 to £10,000	Director- Resources in consultation with the Executive Member with responsibility for Finance
Above £10,000	Cabinet

The **Director- Resources** will also approve the write off of all debts where the debtor is declared bankrupt, is in liquidation or subject to an Individual Voluntary Arrangement, and where the debtor is deceased and there are insufficient funds in the estate to repay the debt-. **The Chief Finance Officer can also approve the write-off of any credit balances, although these will be returned to the payee if they seek repayment. Where discretionary awards are agreed then the revenues system treats them as write-offs (to reduce the amount payable), but as these have been agreed via a separate process they will not be subject to this write-off process.**

15.6 The **Chief Finance Officer** will ensure that the appropriate accounting adjustments are made following a debt write-off or cancellation.

15.7 The **Chief Finance Officer** will ensure that all **Directors** are provided with details of outstanding debts for their service.

16. Ordering and paying for goods and services

- 16.1 This section should be read in conjunction with the Contract Procurement Rules. Decision notices are required for all Executive decisions and certain non-Executive decisions. A financially materiality threshold is part of the consideration for non-Executive decision and this is set at £75,000.
- 16.2 **All Officers** must declare any links or personal interests which they may have with purchasers, suppliers or contractors if they are engaged in contractual or purchasing decisions on behalf of the council in accordance with the conflicts of interest policy. **Directors** should ensure that these forms are completed.
- 16.3 All orders must be appropriately raised and approved in accordance with authorised signatory limits and delegations. **Directors** should ensure that **Accountancy Services** are provided with details of authorised Officers including limits and specimen signatures. The **Chief Finance Officer** will ensure that the list of authorised signatories is maintained.
- 16.4 **All Officers** should raise and authorise orders promptly as the supplier should not provide works, goods or services until they have received the official order.

Raising Orders

- 16.5 **Budget holders** should ensure that official orders are raised in advance of receipt of works, goods or services. The order should detail exactly what is being supplied and the price to be paid (or estimated price). This is to ensure that there is a mutual understanding between the Council and the supplier. The only exceptions to this are:
 - Supplies of utilities, advertising, periodic payments such as rent or rates, petty cash purchases and purchase card purchases
 - Where a signed agreement or contract detailing the exact works, goods or services to be provided exists between the Council and the supplier, the order can be shortened to only include a brief description of the project and the total contract value
 - Exceptions agreed by the **Chief Finance Officer**
 - Verbal orders may only be issued in situations of true urgency, as authorised by the **Chief Finance Officer** and must be confirmed by an official order within two working days.
- 16.6 The **Chief Finance Officer** will determine (in consultation with the **Director-Governance**) the format of official orders, and this will include standard terms and conditions. Orders will be raised on the Council's Financial Management System which will ensure that it is recorded against the right budget and VAT is accounted for correctly. **Officers** must only agree variations to the standard terms and conditions with prior approval from the **Chief Finance Officer**.
- 16.7 **All Officers** should ensure that official orders are not used for private or personal purchases. Council contracts also must not be used for personal purchases.
- 16.8 Where the Council has entered a contract with a supplier for goods or services the contract mustshould be used in the first instance, and orders for the provision of goods and services in that contract shouldmust not be placed with other suppliers. For example, stationery should only be purchased through the stationery contract. Other suppliers may

be used if the contracted supplier is unable to provide the goods and services required.

16.9 Where there are Council rules on how certain supplies should be obtained then these should be followed. For example, IT hardware and software should only be purchased with approval from the **Director- Customers**.

16.10 **Directors** should ensure that loans, leasing or rental arrangements are not entered into without prior agreement from the **Chief Finance Officer**. This is to protect the Council from entering into unapproved credit arrangements and to ensure value for money is being obtained.

16.11 For construction contracts (including alterations to buildings and civil engineering works), **Directors** must ensure that there are agreed systems and procedures in place for financial aspects including certification of interim/final payments, checking, recording and authorising payments, controlling capital schemes and for validating sub contractor's tax status. The various systems and procedures need to be documented and agreed with the **Chief Finance Officer**.

16.12 Orders must not be split or disaggregated to get them below limits (e.g. in relation to authorisation or procurement).

Authorising Orders

16.13 The **Officer** authorising the order is confirming the following:

- The goods or services are appropriate and needed
- There is adequate budgetary provision (~~the Financial Management System~~)
- ~~will provide a warning that there is insufficient budget, but will not prevent orders being raised~~
- Quotations and tenders have been obtained in line with the Contract Procurement rules

16.14 A variation to works or construction contracts must be accompanied by a variation order, which contains details of the variation and is signed in manuscript by an authorised officer. Variations may only be authorised if sufficient budget provision exists.

Certification for Payment

16.15 **Officers** are required to certify invoices as soon as possible. Arrangements should be made for a substitute during periods of leave (especially extended leave). This is to ensure that the Council does not incur penalties for late payment.

16.16 The **Officer** certifying an invoice for payment must check the following:

- The ordering process has been followed
- The works, goods or services have been received and confirmed to be of appropriate standard and quality
- The invoice received is VAT compliant (if applicable), has been calculated correctly and any discounts and credits have been applied
- The relevant expenditure has been properly incurred and is within the relevant budget provision

- The invoice is correctly coded and that appropriate entries will be made in accounting records. It is not necessary to code the invoice when an order has been raised
- Appropriate entries have been made in inventories, stores records or stock books as required
- The account has not been previously passed for payment and is a proper liability of the Council.
- Extra care should be taken with invoices that are marked as being a copy or have been copied. Payment will only be made on copy invoices if they are endorsed with a statement saying that the invoice has not already been passed for payment and that the expenditure incurred has been approved.
- The invoice submitted is an official supplier invoice (e.g. not a statement, reminder letter or other document). Limited exceptions to this requirement include periodic recurring payments, contract payments and any other exceptions specifically approved by the **Chief Finance Officer**
- Any other instructions provided by the **Chief Finance Officer**

16.17 Payments for Works should be based on the certificate of works that has been approved by the appropriate **Director**, which must include details of the value of work, retention money, amounts previously certified and amounts now certified within authorised limits.

Payment

16.18 In general invoice payments are made via electronic bank transfer. Manual cheques can be used for emergency payments. Reasons for an emergency payment are that the delay would cause hardship to the individual, would result in the suspension of essential services or any other reason agreed by the **Chief Finance Officer**. In all cases, the officer requesting the cheque must document the reason for urgency on or attached to the invoice.

16.19 It is possible to pay invoices via purchasing card, but this should only be used for invoices that do not require an order.

16.20 Payment in advance and/ or without an invoice should be avoided. Where it is required an order should still be raised. An official payment requisition form must be completed and authorised by an appropriate Officer. The payment requisition form and any documents for dispatch with the cheque or BACS remittance should be submitted to **Accountancy Services** for processing.

16.21 The **Chief Finance Officer** will ensure that payment is made for all correctly authorised invoices that are in accordance with these financial regulations. **All Officers** should immediately notify the **Chief Finance Officer** of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision. Where payment is specifically required by statute or is made under a court order, this will be processed even if there is no budgetary provision.

16.22 Direct Debit (DD) mandates can only be authorised by those officers who are authorised bank signatories for that purpose, as determined by the **Chief Finance Officer**.

16.23 All BACS payments must be approved for payment via the Council's BACS processing software, by an officer who is authorised to do so on the authorised signatory listing.

General

16.24 The **Chief Finance Officer** will ensure that there are processes in place to monitor compliance with these regulations and the Contract Procurement Rules. Any non-compliance will be reported to the relevant **Director**.

16.25 Where possible, **Directors** should ensure that there is separation of duties in respect of activities involving payments. There should be at least two authorised officers involved in ordering, receiving and authorising goods, services and works for payment. In all instances the officer authorising the invoice should be different from the officer who checked the invoice and certified it. Where practicable, a different officer from the one who signed the order should authorise the invoice.

Purchase Cards

16.26 Purchase cards will be authorised for certain officers, with an individual transaction threshold specific to the card holder. Purchase cards are generally suitable for low value transactions enabling the Council to shorten the purchase to pay cycle and reduce processing costs. Purchase orders are not required for purchase card transactions.

16.27 Where corporate contracts are in place, purchase cards should not be used to access alternative suppliers.

16.28 Purchase card transactions must be reviewed by the Cardholder within five working days, and receipts uploaded using the online Purchase Card system. Electronic approval of transactions must be carried out by an authorised officer within five working days and must only be completed once receipts have been viewed. All purchase card arrangements and their issue are permitted only on the approval of the **Chief Finance Officer**.

17. Petty Cash Accounts and Change Floats Cash and vouchers

17.1 The **Chief Finance Officer** will provide a petty cash account to cover incidental ~~office~~ expenses, in exceptional circumstances where if the requirement cannot be satisfied by using a purchase card. Petty cash will be issued on receipt of the appropriate application form for use by the petty cash account holder. The maximum limit for transactions is £10 (incl. VAT). A change float can also be provided if required.

17.2 The Officer responsible for the petty cash account/ change float should ensure that:

- The account is kept in credit
- The cash is stored securely
- Wherever possible a VAT receipt must be obtained for items of expenditure. Receipted vouchers, signed by the recipient of the reimbursement must support all expenditure.
- Adequate records to support expenditure are kept in a form approved by the **Chief Finance Officer** to support expenditure. If requested, a certificate as to the state of the account must be provided to the **Chief Finance Officer**.
- Income received by the Council must not be paid in to a petty cash account. Cash floats must not be used for expenditure.
- Should not be used for postage (stamps), unless approved by the **Chief Finance Officer**. Stamps must not be sold to Officers or members of the public.
- Carry out, with another officer, regular checks on the balance of the account or float. A record of such checks should be signed by both officers and maintained.

17.3 The relevant **Director** should ensure that the above happens, and also ensures that there is a periodic (not less than every six months) check by an Officer who is not directly responsible for the operation of the account. There should also be a check if the Officer responsible for the petty cash account/ change float leaves the employment of the Council. Any balances should either be paid back to the main Council account or the account transferred to another Officer.

17.4 The Officer responsible must agree the accuracy of the records and cash held with their Line Manager prior to the transfer of the account (either permanently or during a period of planned leave). A form should be completed by the Officer surrendering the Petty Cash/ Change float, declaring the value of cash to be transferred. The new Officer responsible should countersign the Declaration, confirming the amount of cash received. Once completed, the form should be sent to **Accountancy Services**.

17.5 **Directors** must notify the **Chief Finance Officer** of the cash balances held on any floats or petty cash accounts at the 31st March on a duly signed certificate for each float or account as soon as possible after the 31st March and not later than such date as agreed in the closure of accounts timetable in each year.

17.6 Where Officers purchase vouchers or gift cards then these must be treated in a similar way to cash, and be subject to the following controls:

- Physical vouchers or gift cards must be stored securely.
- Electronic vouchers or gift cards must be stored so that access is restricted to those responsible for administering them.
- A log must be kept of the vouchers or gift cards being held to include new ones being purchased and those being given out. Carry out, with another Officer, a reconciliation of this on a regular basis.
- There should be an audit trail (e.g. physical or e-mail signed confirmation, evidence of e-mail sent) to show that the voucher or gift card was received by the intended recipient.

18. Peacetime civil major incidents and business continuity plans

- 18.1 As part of its emergency planning role, the Council is responsible for a range of activities in the event of a major incident being declared. These activities may require the ordering of works, goods or services. The procuring officers may have little or no advance notice, may not have access to the raise purchase orders and requirements may be above purchase card transaction limits. Therefore the 'reserved order facility' will be put in place.
- 18.2 The **Chief Executive** or a Director is responsible for activating both the Council's Major Incident Plan and Service Business Continuity Plans. Once activated, any orders for the supply of works, goods or services need not be subject to the Council's Contract Procurement Rules. However, during this period the Council's Financial Regulations continue to apply. A Senior Officer from another Authority can, under Mutual Aid, be authorised to act on behalf of the Council to support the response to a Major Incident. This can include incurring costs on behalf of the Council. -
- 18.3 The **Chief Finance Officer** will ensure that **Accountancy Services** operate in a resource allocation role, working closely with the Chief Executive (or Nominated Deputy) in order to advise on and monitor the costs incurred by the Council in response to the major incident. They will also maintain an overview of ordering systems and financial records relating to the incident. This will include authorising the format of temporary order forms and instructing on the financial coding structure to be used. They will also arrange for purchase card limits to be increased if required.
- 18.4 Officers instructed to order works, goods or services must:
 - Maintain a record of all such orders and purchase card transactions
 - As soon as is practicable, transfer all temporary orders to the Council's official ordering system providing best estimate of the cost and coded as instructed by Accountancy Services
 - Ensure that where practicable, documentation is completed to indicate that the goods or services have been received and works undertaken
 - Ensure that an inventory of all remaining goods is compiled following completion of the emergency. The inventory should record what items are to be retained for future Council activities and what items are surplus to the Council's requirements and should be disposed of
 - Ensure that all surplus goods are disposed of at best consideration to the Council.
 - Report to the **Chief Finance Officer** so that actions listed above can be monitored.

19. Payments to Officers and Councillors

- 19.1 Officer costs are the largest item of expenditure for most council services. It is therefore important that payments are accurate, timely, made only where they are due for services to the authority and accord with an individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for, and that Members' allowances are authorised in accordance with the scheme adopted by **Full Council**.
- 19.2 The **Director- Resources** will ensure that:
 - There is a system in place to ensure the timely, secure and reliable payment of salaries, wages, compensation, travel and subsistence claims, and other emoluments
 - Ensure the accurate and timely payment and recording of tax, pension (superannuation) and other deductions. This will include the completion of any required return
 - Ensure that payroll documents are kept, stored and deleted in line with the document retention policy
 - To keep the Employee Handbook under review to ensure it refers to the most up to date policies. **All Officers** (including temporary staff) must adhere to the handbook and linked policies
 - Agree the format of time recording and payroll documents, ~~in conjunction with the Chief Finance Officer~~
 - Arrange for the maintenance of a list of Officers authorised to approve claims, including authorisation levels.. Ensure that Human Resources (HR) staff and the contractor providing payroll services have secure access to this information. At least annually seek confirmation that information contained in the list remains up-to-date. **Directors** should provide HR with updated information on changes of staff as they occur.
- 19.3 **Directors** should ensure that adequate and effective systems and procedures are operated, so that:
 - payments are only authorised to bona fide employees;
 - payments are only made where there is a valid entitlement;
 - conditions and contracts of employment are correctly applied; and
 - employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
 - details of any employee benefits in kind are notified to Human Resources to enable full and complete reporting within the income tax self assessment system

Recruitment

- 19.4 **Directors** should ensure that appointments are made in accordance with the regulations of the Council and approved establishments, grades and scales of pay, and that adequate budget provision is available.
- 19.5 **Directors** should give careful consideration to the employment status of individuals employed as self-employed, under a sub contract or through an intermediary. It may be necessary for the individual to be treated as employed and paid via payroll, with appropriate deductions. There may be penalties for the Council for incorrect treatment. In cases of doubt, advice should be sought from **Human Resources**.

Notification of changes in employee circumstances

19.6 **Directors** must notify HR of the following. This should be done as soon as possible and in particular before the Officer leaves. It should be done using appropriate documentation or electronic systems:

- Appointments, resignations, dismissals, suspension, secondments and transfers of all staff including those of casual staff and consultants;
- Absences from duty for sickness or other reasons, apart from approved leave;
- Changes in remuneration, other than pay awards and other negotiated agreements which apply to staff generally;
- Information necessary to maintain records of service for superannuation, income tax, national insurance etc.;
- Untaken or excessive leave when officers leave the employment of the Council;
- Training expenses recoverable when officers leave the employment of the Council.

Claiming expenses

19.7 Allowances will only be payable against actual expenditure incurred up to the maximum allowed under the current regulations. In exceptional circumstances the **Chief Finance Officer** may approve claims above the maximum usually allowable if it is considered that this is reasonable. Receipts should be obtained and submitted online with a claim. Where it is not possible to obtain a receipt, the claimant should list the items purchased, their cost and the supplier. Payment will then be made at the discretion of their Manager.

19.8 For ~~broadband and line rental~~homeworking expenses (applicable to any Officer that works at home) the claim ~~can be on a monthly, quarterly or annual basis and should provide evidence from one monthly or quarterly bill, but can claim for up to one year at a time~~ (subject to it being in the correct financial year, 1st April to 31st March).

19.9 Mileage will only be reimbursed if it is incurred whilst carrying out official Council duties. ~~Mileage claims must be accompanied by a relevant VAT fuel receipt, in order to comply with current VAT regulations~~. Officers who use their private vehicle for Council business must have insurance that covers business travel and have complied with the vehicle document verification process.

19.10 Officers travelling by rail should where practicable purchase their ticket in advance using the Council's purchase card, or via personal credit card and reclaim via the expenses process.

19.11 Reimbursement of professional subscription fees will only be made on submission of the invoice from the relevant professional body. Alternatively these may be settled by Purchase Card.

19.12 Payments will only be made to Officers and Members who are entitled to claim travelling or other allowances upon submission of a completed and authorised claim form (including electronic forms) as prescribed by the **Chief Finance Officer**.

19.13 Claims for expenditure incurred between April and December inclusive of any financial year must be submitted within three months of the final day of the claim

period. For example, claims made for the period 1st to 30th April must be submitted by 31st July. Claims for expenses submitted after these dates will be paid only with the express approval of the Director: Resources~~Chief Finance Officer~~.

19.14 Claims for expenditure incurred between January and March inclusive of a financial year must be submitted by 30th April.

19.15 The last day for submission of authorised online claims is the 5th of the month for each pay period (i.e. by 5th of April for April payroll). This date relates to the process of monthly payment and are not the deadlines referred to above. The last day for submission of authorised claims varies and exact dates are available on the Intranet.

Authorising expense claims

19.16 Officers who authorise a claim are confirming that they are satisfied that the journeys were authorised, the expenses properly and necessarily incurred and the allowances properly payable by the Council. Authorisation must be via the online system.

19.17 Officers must not authorise their own claims for payment. Claims should generally be authorised by the claimant's manager. The **Chief Executive's** claims should be authorised by the **Director- Resources**.

Documentation authorisation

19.18 Heads of Service/Corporate Managers must provide Human Resources, or an officer nominated by Human Resources, with the names of officers authorised to sign or authorise electronically payroll documents together with specimen signatures and details of limits of authority and must forward amendment details on the occasion of any change.

20. Taxation

- 20.1 The council is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.
- 20.2 **Accountancy Services** will provide **Budget Holders** with relevant information and ensure that they are kept up to date on tax issues that are relevant to their role. **Budget Holders** should use that information to:
 - Ensure that the correct VAT liability is attached to all income due and that all VAT recoverable on purchases complies with HM Revenue and Customs regulations
 - For construction and maintenance works, ensure that the contractor fulfils the necessary Construction Industry Tax Deduction requirements.**Directors** should ensure that the **Budget Holders** in their service comply with the above.
- 20.3 The **Chief Finance Officer** will ensure that:
 - A monthly return of VAT inputs and outputs is provided to HM Revenue and Customs in the required format and within stipulated timescales.
 - HM Revenue and Customs are provided with details regarding the Construction Industry Tax Deduction Scheme in the required format and within stipulated timescales.

21. Advice and Support

21.1 The table below shows contact details for Officers that can provide advice on various elements of these procedures:

Subject Area	Contact Officer(s)	Contact
General Advice and application of these regulations	<u>Head of Finance, Performance and Asset Management</u> <u>Director-Resources</u> Accountancy Manager	Ext 4243 Ext 4566
Revenue Budget Setting and Budget Management <i>Including virements accruals and carry-forwards,</i> <u>Income- calculation of charges</u>	Group Accountant- <u>Customer Services</u> <u>Enterprise and Environment</u> Group Accountant- <u>Finance, Policy & Governance and Planning, Housing and Enterprise</u> <u>Customers and Place</u> <u>Service Accountant- Governance, Regulatory and Resources</u>	Ext 4240 Ext 4332 <u>Ext 4163</u>
Capital budget setting and budget management	Corporate Support Accountant	Ext 4509
Lease accounting	Group Accountant- <u>Customer Services</u> <u>Enterprise and Environment</u>	Ext 4240
Risk management	<u>Head of Finance, Performance and Asset Management</u> <u>Director-Resources</u>	Ext 4243
Insurance	Insurance team at Hertfordshire County Council	Insurance@hertfordshire.gov.uk
Treasury Management	Corporate Support Accountant	Ext 4509
Internal Audit	Shared Internal Audit Service <u>Head of Finance, Performance and Asset Management</u> <u>Director-Resources</u>	sias@hertfordshire.gov.uk Ext 4243
<u>Income- calculation of charges</u>	<u>Group Accountant- Environment, Enterprise</u> <u>Group Accountant- Regulatory, Customers, Place</u> <u>Service Accountant- Resources, Governance</u>	<u>Ext 4240</u> <u>Ext 4332</u> <u>Ext: 4163</u>
Income- processes for invoicing and receiving payment	Controls, Risk and Performance Manager	Ext 4606
Ordering and paying for goods and services	Controls, ^{Page 168} Performance Manager	Ext 4606

Purchase cards	Controls, Risk and Performance Manager	Ext 4606
Petty Cash	Controls, Risk and Performance Manager	Ext 4606
Recruitment and expenses	HR	HRhelp@north-herts.gov.uk
Taxation	Controls, Risk and Performance Manager	Ext 4606

This page is intentionally left blank

FINANCE, AUDIT AND RISK COMMITTEE

7 JANUARY 2026

*PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVENUE AND CAPITAL BUDGETS FOR 2026/27 ONWARDS

REPORT OF: *SERVICE DIRECTOR: RESOURCES*

EXECUTIVE MEMBER: *RESOURCES*

COUNCIL PRIORITY: SUSTAINABILITY

1. EXECUTIVE SUMMARY

Government have committed to a new funding formula (known as Far Funding 2) and providing a 3-year funding settlement to Councils. When Council considered the Medium-Term Financial Strategy in December, a verbal update was provided on the expected funding position following a policy statement from Government in November. On 17 December 2025 the provisional Local Government settlement was released by Government. This provides much greater certainty over our funding for the next 3 years.

The budget workshops at the start of November considered:

- resident feedback from the budget consultation that we carried over the summer,
- budget proposals for 2026/27 onwards,
- setting our budget priorities, and how we would make substantial savings if they were needed to balance our budget.

This report updates on changes to our spend and funding forecasts since the Medium-Term Financial Strategy, and seeks approval from Cabinet on the revenue and capital proposals that should be incorporated into the final budget report in February. It also seeks approval for the level of Council Tax increase to be assumed in that report.

2. RECOMMENDATIONS

That Finance, Audit and Risk Committee comment on the recommendations to Cabinet which are:

- 2.1. That Cabinet notes the Council's expected funding for 2026/27.
- 2.2. That Cabinet confirms (in line with the Medium-Term Financial Strategy) that budget forecasts should be based on increasing Council Tax by 2.99% (the maximum amount allowable without a local referendum). Noting that Government have assumed Council Tax will increase by the maximum allowed in calculating Core Spending Power.
- 2.3. That Cabinet agree which proposals (revenue and capital) should be taken forward as part of the budget-setting process for 2026/27

3. REASONS FOR RECOMMENDATIONS

3.1 To ensure that all relevant factors are considered in arriving at a proposed budget and level of Council Tax for 2026/27, to be considered by Full Council on 26 February 2026.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1 The Medium-Term Financial Strategy (2026-30) set out a range of options that were dependent on the Council's ongoing funding position following the provisional funding settlement.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. Councillors were given an opportunity to comment on specific and general budget proposals at the budget workshops. However, it was agreed that (to facilitate open discussion) any comments would not be fed back to Cabinet.

5.2. This report is the first draft of the budget and a further report to Cabinet will follow in February. Both reports will also be considered by the Finance, Audit and Risk (FAR) Committee. The final budget reports will be approved by Council.

5.3. Residents were consulted over the summer on our general approach to budget setting and priorities. See paragraph 8.1.

5.4. Business Ratepayers will be consulted on the proposals within the February report. This is the only statutory consultation that is required. This consultation will be via the website/ e-mail.

5.5. If any saving proposal is anticipated to have a particular impact on a specific area (or areas) then it can be considered by the relevant Community Forum(s). Any comments could be referred to Cabinet when they are considering the budget to be referred on to Full Council.

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. The Medium-Term Financial Strategy (MTFS), which provides the financial background for the Corporate Business Planning Process, was approved by Full Council in November following recommendation by Cabinet. The budget estimates within the MTFS included several assumptions. These will be updated as better information becomes available and further updates will be made prior to the presentation of the budget to Cabinet in February. The final budget recommended to Council in February will still contain some assumptions, hence monitoring reports are provided to Cabinet on a quarterly basis.

7.2. The MTFS did not set a savings target due to the uncertainty over future funding. However, the broad strategy was that no significant savings would be delivered during 2026/27, and (to the extent necessary) reserves would be used to balance the budget. There would need to be a plan to deliver a balanced budget in the medium-term, although

not all savings would need to have been delivered before April 2028 (current timetable for vesting to new Unitary Council arrangements).

8. RELEVANT CONSIDERATIONS

Resident Budget Survey

- 8.1 The Council ran a budget survey over the summer (6 June to 1 August) which had the following aims:
 - To find out more about which services residents value the most.
 - To gauge resident views on increasing fees and charges, implementing new fees and charges and reducing services in the future.
 - To use the findings to inform our approach to meeting our savings targets and achieving a balanced budget.
- 8.2 Appendix A details the questions that were asked and the responses to those questions. The services included were just those that were a net cost to the Council.
- 8.3 The responses show a correlation between awareness/ use of our services with the importance that is attached to them. There is also some correlation between cost and the importance that is attached to services. The exceptions to this were Community Safety and Environmental Crime (high importance compared with budget and familiarity with the service) and North Herts Museum and Hitchin Town Hall (low importance relative to the usage and awareness). The result for the Museum and Town Hall is likely to reflect that it is more accessible to those in and around Hitchin, compared with those in the rest of the district. This was reflected in some of the comments in the final question which asked for any other thoughts.
- 8.4 The preference was to use reserves as the first step towards balancing the Council's budget (35% of responses). As this can only be a short-term solution, the next preferences were for increasing current charges (25%) or introducing new charges (22%). The two least popular options were reducing the frequency of services (15%) and reducing the quality of services (3%).
- 8.5 The final question was for any final thoughts. The areas that received multiple responses (that have not been covered above) were:
 - Community Safety and Environmental crime should be a police responsibility.
 - Reduce pay, pension and Councillor allowance costs.
 - Look at differential pricing at peak times (e.g. charge more for parking on Saturdays).
 - Go back to more frequent bin collections.
- 8.6 There were also questions as to what our reserves were for. The Council's General Fund reserves, when they are at the minimum level, are to provide a buffer for unexpected costs and risks. When they are above the minimum level, they give time to react to any longer-term reductions in funding, increases in costs or falls in income (fees and charges). If a medium-term balanced budget can be achieved, then some of the excess reserves could be available for investment in the district.

Government funding announcements

8.7 Government published their funding policy statement on 20 November 2025. This included several updates on how Fair Funding 2 would be calculated. This has given enough information for LG Futures, an expert in Local Government funding that we use, to refresh their forecasts. There appeared to be fewer unknowns so the estimates seemed more certain. Those estimates put the Council's funding from Government at around £6-£6.5m, compared to the previous range of £5-7.5m that was included in the MTFS.

8.8 On 4 November 2025, the estimated amount of Extended Producer Responsibility (EPR) payments that the Council would receive in 2026/27 was provided. This was £7.787m, which is higher than the 2025/26 amount of £1.435m. In the MTFS the assumption was that the income from EPR would drop by 20% per year to try and reflect the impact of producers reducing the amount and costs of collection and disposal of packaging. It still seems prudent to assume a drop-off in future years, which will be retained at 20%. For 2025/26 the EPR payments were guaranteed, but this is not the case for 2026/27 onwards.

8.8 On 17 December, Government released the Local Government provisional settlement. As was promised, this covers the period from 2026/27 through to 2028/29. Although the amounts for 2027/28 and 2028/29 are indicative. The results of this for 2026/27 (compared with 2025/26 and previous forecasts) are:

Funding source (£'000)	Comparative Totals 25/26	Provisional Settlement 26/27	Provisional Settlement (Council latest estimates) 26/27	MTFS (Council Estimates) 26/27
Council Tax	13,613	14,122	14,150	14,150
General Funding	6,241	6,728	6,728	5,640 to 6,510
Grants rolled in to CSP*	446	0	0	0
Homelessness, Rough Sleeping and Domestic Abuse Grants	593	871	0	0
Total (CSP)	20,893	21,721	20,878	19,790 to 20,660
Other- Parish support for CTRS	(37)	(37)	(37)	(37)
EPR	1,435	1,787	1,787	1,150
Total (after other items)	22,291	23,471	22,628	20,903 to 21,773
Change	+1,180 (+5.3%)		Compared to highest MTFS estimate +855 (+3.9%)	

Notes:

(1) General Funding for 2025/26 includes Business Rate growth above baseline, which has not previously been part of our base funding.

(2) Homelessness, Rough Sleeping and Domestic Abuse grants shown as zero in Council estimates as will be allocated to specific service areas rather than used to fund general spending.

8.9 The funding estimates for 2027/28 and 2028/29 are:

Funding source (£000)	Provisional Settlement (CSP) 27/28	Provisional Settlement (CSP) 28/29		Council estimated funding 27/28	Council estimated funding 28/29
Council Tax	14,650	15,199		14,650	15,160
General Grant	6,689	6,622		6,689	6,682
Total	21,339	21,821		21,339	21,842
Other- Parish support for CTRS				(37)	(37)
EPR				1,429	1,143
Total (after other items)				22,731	22,948

Changes to cost estimates

8.10 On 24 November 2025 the Council received notification of provisional pension contribution rates for the next 3 years (2026/27 to 2028/29). This was from the latest triennial valuation and reflected the strong performance of the pension fund over the last period. The rates that the Council will need to pay have dropped significantly from 19.5% of pay + a lump sum of £1.03m, to 16.9% of pay and no lump sum. This is estimated to be an annual saving of £1.28 million.

8.11 The Quarter 2 budget monitoring report is also being presented to this meeting. That report identifies ongoing additional costs of £147k, which would need to be reflected in budget estimates.

Budget proposals

8.12 There have been some minor changes to the budget proposals that were presented to the budget workshops. The budget workshops were not asked to provide any formal comments on the proposals. The current revenue and capital budget proposals are attached at Appendix A and B.

8.13 The proposal in relation to Local Government Reorganisation (LGR) is for a transfer to a specific reserve. Funds from the reserve will be spent during 2026/27 and 2027/28, but the exact amounts and timings are uncertain. The intention is that would be used for the following:

- A proportionate contribution towards County-wide set-up and transition costs.
- Additional resource so that the Council has capacity to contribute towards workstreams or specific North Herts preparations for LGR.
- HR and training budgets to support staff through change and provide training to help them through the process.

Current summary and Council Tax proposals

8.14 The table below details the current forecasts of funding and spend. This incorporates all the information above and the previous MTFS estimates. These amounts will be subject to change as Officers go through the detailed budget work.

£000	2026/27	2027/28	2028/29
Estimated spend from MTFS	23,300	24,110	24,100
Savings from pensions	(1,280)	(1,280)	(1,280)
Additional costs from Q2 monitoring	147	147	147
Impact of revenue budget proposals	1,498	1,172	(107)
Revised spend (General Fund impact) estimate	23,665	24,149	22,860
Estimated funding	22,628	22,731	22,948
Surplus/ (deficit)	(1,037)	(1,418)	88

8.15 The table above shows that on current assumptions, the Council can achieve a balanced budget without needing to make any substantial savings. The use of General Fund reserves in 2026/27 and 2027/28 is affordable (total £2.455 million) and most of this (£2 million) relates to allocations for Local Government Reorganisation. Cabinet still needs to indicate whether all the budget proposals should be taken forward to be incorporated into the next stage of the budget process.

8.16 The table above is based on Council Tax being increased in line with Government funding assumptions, i.e. at the maximum increase allowed without a local referendum. That is an annual increase of 2.99%. This is also in line with the assumptions in the agreed MTFS.

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.

9.2 Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. Council's terms of reference include approving or adopting the budget.

9.3 Members are reminded of the duty to set a balanced budget and to maintain a prudent general fund and reserve balances.

9.4 Finance, Audit and Risk Committee's Terms of Reference include to "[a]ssist the Council and the Cabinet in the development of its Budget and Policy Framework process by in-depth analysis of policy issues pertaining to finance, audit and risk" (Constitution section 10, paragraph 10.1.5 (d)).

10. FINANCIAL IMPLICATIONS

10.1 These are mainly covered in the body of the report.

10.2 The Council is now in a position where its available and forecast capital reserves will not be sufficient to fund the capital programme, so it will need to borrow to fund its capital

spend. Guidance from CIPFA (the Chartered Institute of Public Finance and Accountancy) strongly encourages Councils to borrow internally where possible. This involves using the available cash from revenue reserves and provisions to fund the capital spend, rather than bringing in additional cash from external borrowing. The cost of this will be made up of the lost interest from investing that cash and a charge known as a Minimum Revenue Provision (MRP).

- 10.3 Where a Council is in a position where it needs to borrow (technically known as having a positive Capital Financing Requirement) then it must include a MRP charge to its revenue budget. In simple terms this creates an amount over the life of the asset being borrowed for to repay the borrowing.
- 10.4 When Government provides details of funding to Local Government it uses Core Spending Power (CSP). This is a measure of the total resources available to the Council and includes Council Tax, Business Rates and other general Government funding. There are assumptions made in calculating CSP (e.g. Council Tax base) so the actual funding available to the Council is likely to be different.

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 Council's MTFS set out several risks that will need to be considered when setting a budget for 2026/27 and beyond. The next iteration of this report will be presented to Cabinet in early February, and this version will include a full review of the adequacy of estimates that have been made and of reserve balances. This includes a view from the Director- Resources (as the Council's Chief Finance Officer) of the minimum level of General Fund reserves. This is a section 25 report in accordance with the Local Government Act 2003. The margin between actual and the minimum General Fund reserve levels provides a proxy for the level of financial risk that the Council faces, and its ability to deal with changes.

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 proposal that is either significant in value, or affects more than two wards, an equality analysis is required to be carried out. This has either taken place or will take place following agreement of efficiencies or growth.

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 this report.
- 14.2 For any individual proposal that is likely to have significant impacts on the environment, an environmental impact assessment will be carried out, or has already taken place, where necessary.

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 Appendix A- Results from budget consultation
- 16.2 Appendix B - Revenue budget proposals
- 16.2 Appendix C - Capital budget proposals

17. CONTACT OFFICERS

- 17.1 Ian Couper, Service Director: Resources, ian.couper@north-herts.gov.uk; ext 4243
- 17.2 Natasha Jindal, Deputy Monitoring Officer, natasha.jindal@north-herts.gov.uk
- 17.3 Reuben Ayavoo, Policy and Community Manager, reuben.ayavoo@north-herts.gov.uk, ext: 4212

18. BACKGROUND PAPERS

- 18.1 *Medium Term Financial Strategy* <https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=136&MId=3817&Ver=4> agenda item 7

Appendix A: Results from budget consultation survey

Who responded?

Age

16-24	1
25-34	54
35-44	83
45-54	81
55-64	115
65-74	122
75+	85
Prefer not to say	18

Sex

Male	248
Female	271
Prefer not to say	36
Prefer to self-describe	4

Town

Hitchin and surrounding villages	252
Letchworth and surrounding villages	167
Baldock and surrounding villages	60
Royston and surrounding villages	80

Ethnicity

White	480
Mixed or multiple ethnic groups	10
Asian / Asian British	7
Black / African / Caribbean / Black British	3
Other ethnic group	6
Prefer not to say	53

Disability

Yes	88
No	433
Prefer not to say	38

Which services you are aware of and which services you and your household have used in the past year?

I have used this service I haven't used this service but I am aware I am not familiar with this service

Waste collection & recycling - Collecting waste from over 58,000 households, 57% of which is recycled.

Street cleaning - Keeping 560 miles of our streets, roads and paths clean and litter-free every day except Christmas Day.

Parks & greenspaces - Maintaining 100 hectares of parks and greenspaces, including our splash pads.

Community safety & environmental crime - Tackling anti-social behaviour, violence against women & girls and environmental...

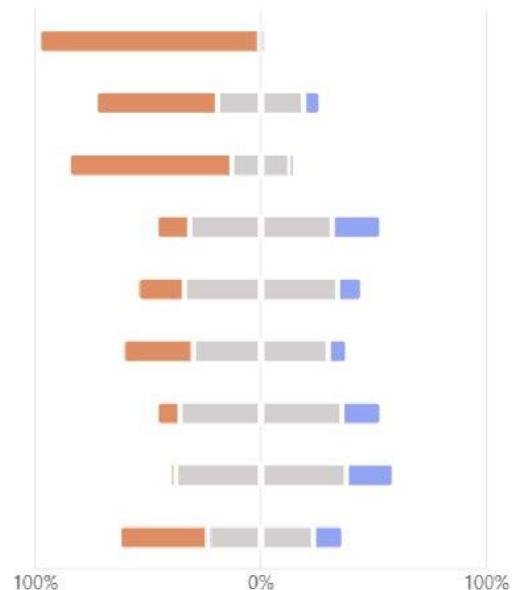
Environment health - Protecting public health, safety (incl food) and our environment through enforcing legislation, investigating...

Planning - Shaping the future of North Herts by managing how land is used and developed.

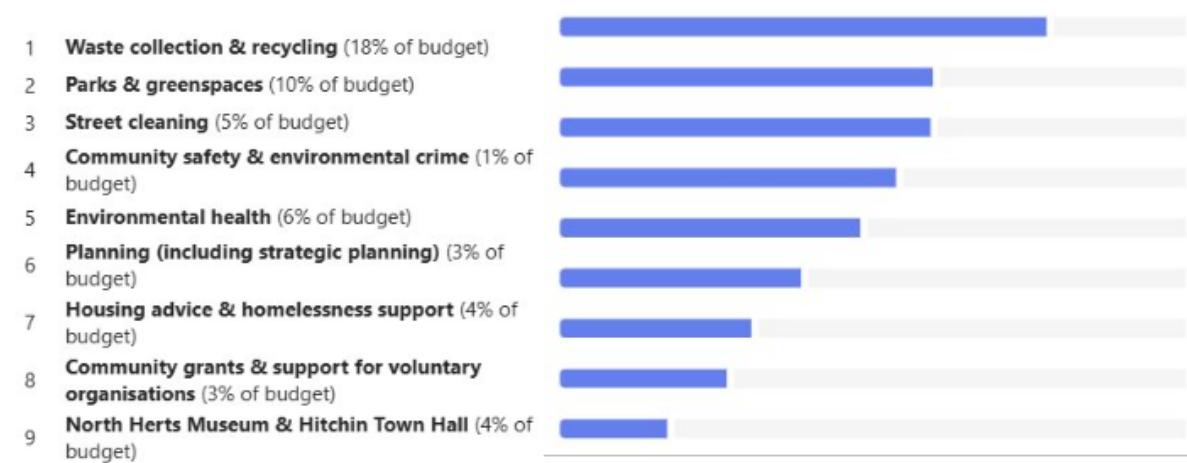
Community grants and support for voluntary organisations - Funding and championing the groups that help our amazing...

Housing advice & homelessness support - Responding to requests for assistance 24 hours a day, 7 days a week.

North Herts Museum & Hitchin Town Hall - Providing year-round exhibitions and events, with free entry to our museum.



Rank the services we support you with in terms of their importance to you. 1 = most important and 9 = least important



Which approach would you take to balance our budget?



REVENUE BUDGET SAVINGS AND INVESTMENTS

New Revenue Efficiency Proposals and Savings Identified

Service Directorate	Description of Proposal	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Customers	Careline service income. Estimated additional income associated with proposals (below) to increase spend on Careline marketing activity, with the appointment of an additional Marketing Officer and use of Google advertising. Efficiency estimate based on an average of 300 new clients per year.	(79)	(151)	(223)	(295)	(367)
Place	Place Directorate staffing costs. Deletion of permanent PA to Director: Place post. Previous postholder retired in August 2025 and some responsibilities have transferred to the Regulatory directorate. A revenue investment bid for an additional full-time post to provide service-wide administrative support was approved by Council in setting the 2024/25 budget. This post is currently out to advert and will absorb the residual duties of the PA post.	(20)	(20)	(20)	(20)	(20)
Place	Planning applications income. Householder Planning Fee increases. Fees are presently set nationally and householder application fees were increased by Government in April 2025. Estimated permanent increase in income based upon activity in preceding years.	(200)	(200)	(200)	(200)	(200)
Place	Planning Pre-applications income. Pre-application charges were reviewed in 2025. This, alongside a revision to the Council's pre-application protocol and changes to Government rules around resubmissions of applications, have led to an increase in income which is expected to be sustained in future years.	(60)	(60)	(60)	(60)	(60)
Enterprise	Additional Estates income- Forecast that the capacity created by the additional Surveyor post below will generate annual income at least equal to the cost of the post. This will be kept under review and is expected that will be greater.	(70)	(70)	(70)	(70)	(70)
Customers	District Wide Survey Expenditure. The successful adoption of the free Microsoft Forms web-based software tool to conduct online surveys has removed the need to separately procure a digital survey platform from which to run the biannual district wide survey.	-	(18)	-	(18)	-
		(429)	(519)	(573)	(663)	(717)

New Revenue Pressures and Investment Proposals

Service Directorate	Description of Proposal	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000
Chief Executive	Transfer to a specific reserve to support the process and impacts of Local Government Reorganisation	1,000	1,000	-	-	-
Customers	Careline Service marketing. Creation of a permanent Marketing Assistant post. Increase in marketing capacity will help to sustain current growth in customers and revenue (as indicated by efficiency proposal above) through enhanced marketing output. Investment value is an estimate as new role would be subject to job evaluation.	43	43	43	43	43
Customers	Careline Service marketing. Permanent budget provision for spend on Google advertising. Families seeking support for vulnerable loved ones, and professionals looking to make referrals, increasingly begin their search online. At present, Careline's visibility on Google is limited, with larger national providers dominating results through higher advertising spend. Increase in budget will allow Careline to maintain consistent daily visibility on Google, strengthening Careline's ability to reach families at the exact point of need, while improving financial sustainability through higher customer acquisition. Estimated corresponding increase in revenue income is included in the efficiency above.	5	5	5	5	5
Customers	Careline Service staffing costs. Increase in management capacity through the creation of two Team Leader positions. The new posts would replace existing Senior Administrative Support Officer roles. The investment will increase service resilience and reduce operational risk, while increasing strategic capacity.	6	6	6	6	6
Customers	Careline Service staffing costs. Temporary additional administrative staffing support (65 weekly hours of bank staff) to manage spike in demand for installations while clients transition to new digital assistive technology equipment. This will involve more than 5,500 installer installation bookings over the next 18-24 months, with current administrative capacity unable to absorb the associated additional workload.	70	70	-	-	-

Service Directorate	Description of Proposal	2026/27	2027/28	2028/29	2029/30	2030/31
		£'000	£'000	£'000	£'000	£'000
Customers	Communications staffing. Budget is requested to offer the current Communications Apprentice a two-year fixed-term full-time contract as a Communications Assistant from when their apprenticeship ends in June 2026 until June 2028. Role is required with the increased workload associated with Local Government Reorganisation (LGR), increased filming requests, our Newsflash redevelopment project and the Museum Storage Project.	29	36	8	-	-
Customers	Process mapping tool. A process mapping tool is required for the Digital Business Analyst and wider team to use to map processes, and to enhance efficiencies across the Council. The tool will be used to create a library of process maps ahead of LGR. The tool will go towards identifying time saving across the organisation.	13	13	-	-	-
Customers	IT Services staffing costs. Due to the significant increase in workload, rapid technology advancements, heightened importance of cybersecurity, and the transition from a virtual environment to laptop end user devices, it is essential to make the current temporary Developer role a permanent position within the IT department. This change will ensure continuity, maintain service quality, and support the department's ability to meet ongoing and future operational demands as well as effective preparedness for the transition to a new unitary authority.	61	61	61	61	61
Enterprise	Recruitment of an additional Estates Surveyor on a fixed term two year contract. There remains a backlog of case work (rent reviews and lease renewals) which require actioning and will deliver back rent and increased revenue going forwards. The proposed role will assist with this and free up existing team members to progress a number of capital projects which require increased resource to progress (including Riverside Walk, Charnwood House, Thomas Bellamy House, former WC building at Royston and bringing forward development sites). This is in addition to overseeing the day to day management of Churchgate Shopping Centre to ensure it is appropriately managed and delivering net income pending the planned re-development, and supporting the Local Government Reorganisation estates workstream across the Hertfordshire authorities.	67	67	-	-	-
Enterprise	Churchgate Project Manager Role. The extension of the dedicated Project Manager to focus on the preparation and delivery of the next phases of the Churchgate Shopping Centre regeneration beyond that approved by Full Council in July 2025.	130	-	-	-	-
Enterprise	Shared Economic Development Officer role. This role is a shared agreement with East Herts to deliver economic development activity across the two Districts. In the next financial year this role will be focusing on both the monitoring of continuing Shared Prosperity Fund projects and delivering elements of the newly adopted Economic Development Strategy such as business partnerships and growth, which is critical to establishing economic development in North Herts.	30	-	-	-	-
Enterprise	Enterprise Team staffing expenditure. The new Economic Development Strategy was approved at Cabinet in September 2025. The strategy sets out the need for a much greater economic footprint within North Herts - more than the current 0.5 ED Officer currently delivers. Cabinet recognised the importance of having a strong Economic Development presence across the Council, and are committed to delivering a large portfolio of projects that will address the following: 1) business and enterprise; 2) people and skills; 3) innovation and economic change; 4) site and premises and 5) investment, position and promotion. Therefore, the Enterprise Team (supported by the Executive Member) will be proposing a team restructure in the coming months to deliver the strategy and its action plan. The team have worked with a consultant to map out the 'most effective' way to structure the team - utilising the current staffing budget (which has been significantly underspent for the past three years) and requesting some financial growth (50K) ongoing. This will ensure the team are experienced and strong, and are set up correctly to deliver on both the Enterprise and Economic Development Strategies. The full restructure proposal will be taken to SLT, Executive Members, Cabinet and Full Council.	50	50	50	50	50
Environment	Creation of fixed term Climate Project Officer post to support the delivery of Sustainability Strategy actions and outcomes related to the Climate Emergency. There are 29 actions in the strategy related to reducing emissions for both the council's own operations and the wider district. The officer would help with delivery of these actions, which could have wider benefits for residents around health related to warmer homes, reduced air pollution related to transition to cleaner vehicles / machinery, and potentially saved costs from energy efficiency measures in council buildings. Investment value is an estimate with the new role subject to job evaluation.	49	49	49	-	-
Environment	Tree maintenance expenditure. Increase to cemetery tree budget to ensure adequate provision for essential tree works. In recent years the budget has either been exceeded or important works deferred.	12	12	12	12	12

Service Directorate	Description of Proposal	2026/27	2027/28	2028/29	2029/30	2030/31
		£'000	£'000	£'000	£'000	£'000
Environment	Planting borders at Bancroft, Hitchin and Priory Memorial Gardens, Royston. Royston Priory Memorial Gardens – planting scheme to address lack of planting and loss of borders. This will enhance biodiversity, seasonal interest visitor enjoyment, and a sense of care, while directly supporting our Green Space Management Strategy for town parks. We will look to use these borders for plants that are sustainable, interesting, colourful, wildlife friendly, drought tolerant and low maintenance. They will be a great example to our residents of sustainable planting and will boost the presentation of the park hugely.	57	-	-	-	-
Environment	Renovations and repairs of paths at Walsworth Common, as outlined in the Greenspace Action Plan for the site.	10	-	-	-	-
Environment	Ash Dieback removal. An increase in the incidence of Ash Die back has occurred over the last few years in the District. In particular, Weston Hills and Norton Common are both sites where a programmed schedule of works over the next 3 years has been planned. Working with Hertfordshire County Council / Countryside Management Service in following the Greenspace Action Plan.	15	15	15	-	-
Environment	Permanent budget provision for the Community Wellbeing Officer at 32 hours a week. This post has been funded for the past two years through external grants to develop and deliver community wellbeing interventions across the district. From April 2026, the external grants are reduced and are sufficient to fund the service delivery but not the coordinating officer role, without which the services will not be delivered. The post will ensure the delivery of; social isolation projects & falls prevention, creative wellbeing for mental health and food poverty interventions district wide. They will also maintain the Community Wellbeing website, social channels and monthly newsletter. The Community Wellbeing team also have funding from Herts County Council to deliver the North Herts Healthy Hub (alongside none other district and borough hubs) with a funded Healthy Hub Coordinator. This post needs a wellbeing colleague to support safe working practices when working with vulnerable individuals, as well as holiday and other absence cover. This post, alongside the Community Wellbeing Team Leader, will ensure continuity of cover for the Healthy Hub. They will also support the Community Wellbeing Team Leader to identify and apply for sources of external funding to tackle health inequalities in North Herts.	42	42	42	42	42
Governance	Recruitment to a fixed-term Policy and Strategy Officer post until March 2028. The team, currently comprising a Team Leader, officer, and apprentice (contract ending early 2026), supports the Policy & Strategy Service Action Plan and various Council and service priorities across multiple directorates. This new role will expand the team's capacity to deliver good governance, transparent decision-making, equality and environmental impact assessments, and administration of Assets of Community Value, while also absorbing increased workload from Local Government Reorganisation. Additionally, the officer will be responsible for leading external grants identification, application, monitoring, and impact reporting in support of Council objectives. The post is career graded, with the investment value representing the maximum cost of the appointment.	46	46	-	-	-
Governance	Increase of hours for the Safeguarding Team Leader from 30 hours to 37 hours per week. The increase in hours is crucial given the growing complexity of safeguarding demands across the Council. The expanded role will provide ongoing support and expertise to officers and councillors, ensuring that safeguarding is fully embedded into Council culture and practice. Key responsibilities will now include delivering bespoke inhouse safeguarding training, hence reducing reliance on external trainers and reducing pressure on corporate training budgets, while ensuring staff are confident and prepared to address safeguarding concerns. The Team Leader must also ensure compliance with new legislation, county-wide protocols, and recommendations from County Boards and Domestic Homicide Reviews (DHRs).	12	12	12	12	12
Place	Planning Control staffing. Permanent budget to increase two part-time posts, including the Team Leader role, to full-time positions to meet both flexible working requests from employees and capacity requirements in this area of the service.	17	17	17	17	17
Place	Creation of a new Conservation Assistant permanent post within Planning Control. North Herts has more than 1,700 Listed Buildings and 400 Conservation Areas. There are presently only two professional Conservation Officers to provide advice on relevant schemes & enforcement activities affecting these historic assets. This post would support professional officers with research required for individual schemes or applications, provide additional capacity to support project work (e.g. undesignated heritage assets, new listings, listed buildings at risk, reviews of conservation area boundaries etc.) and resilience / future-proofing of the service by potentially providing a gateway to the professional posts. The investment value is estimated with the new role subject to job evaluation.	49	49	49	49	49

Service Directorate	Description of Proposal	2026/27	2027/28	2028/29	2029/30	2030/31
		£'000	£'000	£'000	£'000	£'000
Place	Planning Technical Support staffing. Improvement of service resilience with the enhancement of the existing Technical Support Officer (TSO) post and the recruitment to a new, dedicated permanent TSO post for planning appeals. Increasing capacity at the start of the process and providing dedicated TSO support for planning appeals should enable quicker processing of applications, facilitating the timely consideration of applications in line with Government targets.	36	36	36	36	36
Place	Planning Services management. Additional budget is requested to finance additional management capacity and alleviate pressure on service managers through the uplifting of one existing post to a supervisory role. The proposed investment budget will be used in conjunction with the previous ongoing investment of £9k approved by Council for 2025/26 to review management and team arrangements across the Planning Service.	13	13	13	13	13
Place	Planning IT software expenditure. Software to assist with the statutory assessment of Biodiversity Net Gain (BNG) and reporting requirements of the Biodiversity Duty. Consideration to be given to compatibility with potential IT setups leading into and following Local Government Reorganisation. Anticipated introduction from January 2026 with first years' costs funded by residual Government grant for BNG activities.	3	10	10	10	10
Place	Digital Traffic Regulation Orders. Budget to support new statutory requirement for existing and new Traffic Regulation Orders to be produced and made available digitally. Hertfordshire County Council are currently leading an exercise to investigate IT-based solutions and funding on behalf of all authorities. Further information on potential costs anticipated October / November and will be added once known.	8	8	8	-	-
Regulatory	Expenditure on Community Safety projects and initiatives. Increase ongoing Community Safety budget from £10k to £20k. The budget for the current year will be fully spent, while there are so many more initiatives we can deliver to reduce crime and tackle fly-tipping.	10	10	10	10	10
Environment	Radburn Way Habitat Bank. Improve management of the land and provide a habitat bank with improved public access as appropriate. The site to be a potential source of income as a BNG habitat bank. Long term management likely by CMS.	15	-	-	-	-
Environment	Annual software costs for new burial management system.	21	21	21	21	21
Customers	Extend the trial of Co-pilot (AI) to around 50 users (currently 20 licenses). By increasing to 50 users we get the benefit of additional analytics. The licenses will be targetted based on what has been learnt from the initial trial.	8	-	-	-	-
		1,927	1,691	467	387	387

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Directorate	Description of Proposal	Total Project Investment 2026/27 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment in 2029/30	Proposed Investment in 2030/31	Proposed Investment 2031 - 2036	Anticipated Impact of Proposal			
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000				
NEW PROJECTS AND PROPOSED CHANGES TO EXISTING CAPITAL PROGRAM ONLY														
Green Space Developments														
NCP1	Environment	Wilbury Hills cemetery improvements	120	0	120	0	0	0	0	0	To complete the infrastructure to the far end of the site to link up the existing road and to incorporate further footpaths to segregate new areas with drop down kerbs and incorporated drainage from the road etc. Also, to add ring style soak aways, piping all hard landscaping and soft landscaping to reinstate following the works.			
NCP2	Environment	Ivel Springs footpaths	25	0	25	0	0	0	0	0	Pathworks and interpretation as outlined in the Greenspace Action Plan for the site.			
Sub-Total: Green Space Developments			145	-	145	-	-	-	-	-				
IT Schemes:														
NCP3	Environment	New Burials Management System	55	0	55	0	0	0	0	0	Burials management system for NHC burials to provide interactive digital mapping, enables online booking, plot sales, financial management and simplifies task and accurate recording as used by Stevenage, Welwyn etc			
Sub-Total: IT			55	-	55	-	-	-	-	-				
Leisure Related Proposals														
Leisure - Hitchin Swim Centre														
NCP4	Environment	HSC: Pool Cover Replacement	58	0	58	0	0	0	0	0	The pool cover at Hitchin Lido is over 20 years old, delapidated, and requires replacement to ensure it remains efficient at reducing energy consumption and costs.			
NCP5	Environment	HSC: Pool Hall Seating Replacement	73	0	73	0	0	0	0	0	The existing tiered seating system, located on poolside, requires full replacement. The existing structure is in poor condition with heavy corrosion and beyond repair.			
ECP20	Service Director - Place	HSC: Change Village Refurbishment	225	0	0	225	0	0	0	0	The Change village was last refurbished in 2014. To ensure customer satisfaction is maintained, refurbishment is programmed to take place on a 10-15 year cycle. UPDATE CBP 2026/27: Earmarked investment in 2026/27 deferred to 2027/28. To review during 2026/27 to see if it can be pushed back another year, and/or whether it could be a partial refurbishment.			
Sub-Total: Leisure - Hitchin Swim Centre			356	-	131	225	-	-	-	-				
Leisure - Letchworth														

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Directorate	Description of Proposal	Total Project Investment 2026/27 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment in 2029/30	Proposed Investment in 2030/31	Proposed Investment 2031 - 2036	Anticipated Impact of Proposal
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
NCP6	Environment	NHLC: Pool Cover Replacement	58	0	58	0	0	0	0	0	The pool cover at Letchworth Lido is over 20 years old, delapidated, and requires replacement to ensure it remains efficient at reducing energy consumption and costs.
Sub-Total: Leisure - Letchworth			58	-	58	-	-	-	-	-	

CAPITAL INVESTMENT PROPOSALS

Project Reference	Responsible Directorate	Description of Proposal	Total Project Investment 2026/27 onwards	Total Anticipated Funding from Grants or Other Contributions	Proposed Investment in 2026/27	Proposed Investment in 2027/28	Proposed Investment in 2028/29	Proposed Investment in 2029/30	Proposed Investment in 2030/31	Proposed Investment 2031 - 2036	Anticipated Impact of Proposal		
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Parking Related Proposals													
ECP31	Service Director - Resources	Off Street Car Parks resurfacing and enhancement	250	0	43	77	70	60	0	0	Condition surveys have identified the need for a proactive programme of resurfacing for the council's off street car parking. Resurfacing, re-lining and enhancing the lighting enables the car parks to be used safely, reducing insurance claims for trips and falls, and allows the continued enforcement of the relevant traffic regulation orders. A. Planned maintenance programme should enable reduction in reactive repairs. B. No programme of repairs will require additional revenue maintenance funds for responsive repairs, and loss of income as Traffic regulation orders will become unenforceable. UPDATE CBP 2026/27: Additional budget of £130k requested to extend scheme of works to 2029/30. £70k requested in 2028/29 for overlay and resurfacing works at The Warren car park in Royston and £60k requested in 2029/30 for the resurfacing of St Faiths Church Car Park on Woolgrove Road in Hitchin.		
Sub-Total: Parking			250	-	43	77	70	60	-	-			
TOTAL			864	0	432	302	70	60	0	0			

This page is intentionally left blank