

13 March 2025

Our Ref Finance, Audit and Risk Committee 25  
March 2026  
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To: Members of the Committee Councillors: Vijaiya Poopalasingham (Chair), Sarah Lucas (Vice-Chair), Ruth Brown, Dominic Griffiths, Steven Patmore, Paul Ward, Stewart Willoughby and Daniel Wright-Mason

Substitute Councillors: Cathy Brownjohn, Sam Collins, Ralph Muncer, Matt Barnes and David Barnard

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, GERONON  
ROAD, LETCHWORTH, SG6 3JF**

On

**WEDNESDAY, 25TH MARCH, 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**

<b>Item</b>	<b>Page</b>
<p><b>1. APOLOGIES FOR ABSENCE</b> Members are required to notify any substitutions by midday on the day of the meeting.</p> <p>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.</p>	
<p><b>2. MINUTES - 10 FEBRUARY 2026</b> To take as read and approve as a true record the minutes of the meeting of the Committee held on the 10 February 2026.</p>	<p>(Pages 5 - 14)</p>
<p><b>3. NOTIFICATION OF OTHER BUSINESS</b> Members should notify the Chair of other business which they wish to be discussed at the end of either Part I or Part II business set out in the agenda. They must state the circumstances which they consider justify the business being considered as a matter of urgency.</p> <p>The Chair will decide whether any item(s) raised will be considered.</p>	
<p><b>4. CHAIR'S ANNOUNCEMENTS</b> Members are reminded that any declarations of interest in respect of any business set out in the agenda, should be declared as either a Disclosable Pecuniary Interest or Declarable Interest and are required to notify the Chair of the nature of any interest declared at the commencement of the relevant item on the agenda. Members declaring a Disclosable Pecuniary Interest must withdraw from the meeting for the duration of the item. Members declaring a Declarable Interest, wishing to exercise a 'Councillor Speaking Right', must declare this at the same time as the interest, move to the public area before speaking to the item and then must leave the room before the debate and vote.</p>	
<p><b>5. PUBLIC PARTICIPATION</b> To receive petitions, comments and questions from the public.</p>	
<p><b>6. SAFS ANTI-FRAUD PLAN PROGRESS UPDATE 2025/26</b> REPORT OF THE SHARED ANTI-FRAUD SERVICE (SAFS)</p> <p>To review the progress and delivery of the Anti-Fraud plan 2025-26.</p>	<p>(Pages 15 - 20)</p>

7. **SAFS PROPOSED ANTI-FRAUD PLAN 2026/27** (Pages  
REPORT OF THE SHARED ANTI-FRAUD SERVICE (SAFS) 21 - 34)
- To consider the proposed anti-fraud plan 2025/26.
8. **SIAS PROGRESS REPORT 2025/26** (Pages  
REPORT OF THE SHARED INTERNAL AUDIT SERVICE (SIAS) 35 - 52)
- To receive the Internal Audit Service progress report 2025/26 of the SIAS.
9. **SIAS PROPOSED PLAN 2026/27** (Pages  
REPORT OF THE SHARED INTERNAL AUDIT SERVICE (SIAS) 53 - 100)
- To consider the proposed plan for 2026/27.
10. **LOCAL CODE OF CORPORATE GOVERNANCE 2026** (Pages  
THE REPORT OF THE POLICY AND COMMUNITIES MANAGER 101 -  
154)
- For the Finance, Audit & Risk Committee to approve the Local Code of Corporate Governance for 2026.
11. **THIRD QUARTER REVENUE BUDGET MONITORING 2025/26** (Pages  
REPORT OF THE DIRECTOR - RESOURCES 155 -  
170)
- To consider the Third Quarter Revenue Budget Monitoring report for 2025/26.
12. **THIRD QUARTER CAPITAL BUDGET MONITORING REVIEW 2025/26** (Pages  
REPORT OF THE DIRECTOR – RESOURCES 171 -  
186)
- To update Cabinet on progress with delivering the Capital Programme for 2025/26, as at the end of December 2025.
13. **THIRD QUARTER TREASURY MANAGEMENT REVIEW 2025/26** (Pages  
REPORT OF THE DIRECTOR – RESOURCES 187 -  
206)
- To update Cabinet on progress with delivering the Treasury Strategy for 2025/26, as at the end of December 2025.
14. **POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**  
The Chair to lead a discussion regarding possible agenda items for future meetings.

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# Public Document Pack Agenda Item 2

## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### FINANCE, AUDIT AND RISK COMMITTEE

MEETING HELD IN THE COUNCIL CHAMBER, DISTRICT COUNCIL OFFICES, GERONON ROAD, LETCHWORTH, HERTS, SG6 3JF  
ON TUESDAY, 10TH FEBRUARY, 2026 AT 7.30 PM

#### MINUTES

**Present:** *Councillors: Vijaiya Poopalasingham (Chair), Dominic Griffiths, Paul Ward, Stewart Willoughby and Daniel Wright-Mason.*

**In Attendance:** *Georgina Chapman (Policy & Strategy Team Leader), Ian Couper (Director - Resources), Susan Le Dain (Committee, Member and Scrutiny Officer) and James Lovegrove (Committee, Member and Scrutiny Manager).*

**Other Presenters:** *Henry Lau (Public Sector Audit Manager (KPMG)), Marshal Ngwarai (Audit Assistant Manager (KPMG)) and Salma Younis (Engagement Director (KPMG)).*

**Also Present:** *At the commencement of the meeting there were no members of the public present.*

#### 50 APOLOGIES FOR ABSENCE

*Audio recording – 2 minutes 13 seconds*

Apologies for absence were received from Councillors Ruth Brown, Sarah Lucas and Steven Patmore and from Independent Member John Cannon.

#### 51 MINUTES - 7 JANUARY 2026

*Audio Recording – 2 minutes 30 seconds*

Councillor Vijaiya Poopalasingham, as Chair, proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

**RESOLVED:** That the Minutes of the Meeting of the Committee held on 7 January 2026 be approved as a true record of the proceedings and be signed by the Chair.

#### 52 NOTIFICATION OF OTHER BUSINESS

*Audio recording – 3 minutes 13 seconds*

There was no other business notified.

#### 53 CHAIR'S ANNOUNCEMENTS

*Audio recording – 3 minutes 18 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.

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

**RESOLVED:** That the Committee placed on record its sincere thanks and appreciation to Councillor Sean Nolan for his service as Chair of the Finance, Audit and Risk Committee.

## 54 PUBLIC PARTICIPATION

*Audio recording – 4 minutes 35 seconds*

There was no public participation at this meeting.

## 55 ANNUAL GOVERNANCE STATEMENT 2024/25 AND ACTION PLAN FOR 2025/26

*Audio recording – 4 minutes 41 seconds*

The Policy and Strategy Team Leader presented the report entitled 'Annual Governance Statement 2024/25 and Action Plan for 2025/26' and highlighted that:

- The Committee was required to consider the Annual Governance Statement (AGS) ahead of the Statement of Accounts.
- The AGS confirmed that the governance processes required were in place and identified areas for improvement.
- The draft AGS was presented to the Committee in 2025, following which the Action Plan, attached at Appendix A, was produced.
- The AGS had been updated to be more in line with corporate branding.
- However, two paragraphs had been missed from the final version, which related to improvements made to governance processes and a look ahead on governance arrangements. If approved, these paragraphs would be included in the final published version of the AGS.
- There was an update on action 3 on the Action Plan and it had been confirmed that all sub-delegations were up to date and accurate within service areas.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Vijaiya Poopalasingham

In response to questions, the Policy and Strategy Team Leader advised that:

- She was unsure if limits relating to ICO compliance had been breached, but it would likely have been flagged as part of the AGS process if that was the case.
- It was considered that anything less than 100% in terms of mandatory training completion was not good enough. The proposals staggered requirements to ensure that time was allowed to address the shortage in completed mandatory training.
- Mandatory training had been in place for a number of years and therefore comparison data year-on-year could be provided.
- CIPFA were aware of the gap existing between the end of a financial year and the consideration of the AGS, but this was not identified or considered an issue.

- The AGS provided a review of the year, with the Action Plan looking forward, and the points in the Plan would be addressed as soon as possible.

Councillor Paul Ward requested that additional statistical information be provided to the Committee outside of the meeting regarding items included on the Action Plan.

Councillor Poopalasingham noted that it was positive to see the gap between the end of the financial year and the presentation of the AGS and thanked Officers for their work on this.

Councillor Daniel Wright Mason proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

**RESOLVED:**

- (1) That the Committee approved the AGS, as amended, at Appendix A.
- (2) That the Committee noted the current position of the actions within the AGS Action Plan, outlined in Appendix B.

**REASONS FOR DECISION:**

- (1) The AGS must be considered and approved by this Committee before the approval of the Statement of Accounts under Regulation 6(4)(a) of the Accounts and Audit Regulations ('AAR') 2015/234.
- (2) The Committee is the legal body with responsibility for approval of the AGS.
- (3) Reviewing the AGS Action Plan for 2025-26 will provide the Committee with assurances that the Council is examining and where necessary improving its governance arrangements.

**56 STATEMENT OF ACCOUNTS 2024/25**

*Audio recording – 15 minutes 09 seconds*

The Engagement Director (KPMG) introduced the item and advised that:

- The Statement of Accounts item contained three reports from KPMG, the Auditors Annual Report, the ISA260 Report and the Management Representation Letter.
- They had completed the 2024/2025 audit and tested the in year movement of income and expenditure, as well as assessing the liabilities of the Council.
- The audit opinion was 'disclaimed', as KPMG were unable to access appropriate audit evidence, but this was a result of the 'disclaimed' position on previous audits and was an expected part of the backstop arrangements put in place.

The Public Sector Audit Manager (KPMG) presented the appendix entitled 'KPMG Year End Report (ISA260)' and highlighted that:

- There were a number of Outstanding Matters outlined on page 184 of the reports pack, but these did not cause a risk to the audit as they were normally outstanding matters at this stage.
- There were four significant risks identified as part of the audit, which were 'Valuation of Land and Buildings', 'Valuation of investment property', 'Valuation of post-retirement benefit obligations' and 'Management override of controls'.
- There was detail provided on the identified significant risks, including the findings of the auditors, at pages 185-197 of the reports pack.

- The auditors also reviewed the transfer of data as a result of the general ledger migration during that year.
- There was an assessment of Value for Money at pages 199 and 200 of the reports pack, from which improvements were observed and auditors were comfortable that management have implemented previous recommendations.

The following Members asked questions:

- Councillor Daniel Wright-Mason
- Councillor Paul Ward

In response to questions, the Engagement Director (KPMG) advised that it was too early to consider the impact of Local Government Reorganisation (LGR) on accounts, but this was considered as part of the Value for Money assessment. Consideration of the impact of LGR would be more relevant as part of the 2025/26 audit process.

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

- The management responses to issues would be tracked by KMPG going forward, but could be reported to the Finance, Audit and Risk Committee to ensure work was happening.
- There had been responses provided by management to the outstanding items under 'Control Deficiencies'.
- Item 6 was a one off, but spot checks would take place going forward to ensure this did not happen again. It was felt that anything further would be disproportionate to the time required.
- A new applicant tracking system would be implemented and would be better at monitoring contracts to address Item 7.
- To address Item 12, the revaluation of assets would be managed through the finance ledger system, rather than a spreadsheet, which would remove the risk of errors occurring and was due to be implemented before the end of this financial year.

The Audit Assistant Manager (KPMG) presented the appendix entitled 'KPMG Year End Report (ISA260)' and highlighted that:

- There was an uncorrected audit misstatement included on page 29 of the report. However, this was a closing amount and would not affect the audit itself.
- The corrected audit misstatements were included on page 30 of the report.
- The detail on each of the Control Deficiencies identified was provided from page 31 of the report onwards.
- The Control Deficiencies identified were in line with best practice and would require action from the Council to address these and ensure controls were in place.

In response to a question from Councillor Paul Ward, the Director – Resources advised that the cost of implementing recommendations on the identified Control Deficiencies 1 and 2 would not be proportionate to the outcome and therefore would not be implemented. Management would consider what could be done to address the recommendations in Control Deficiency 3.

The Engagement Director (KPMG) presented the appendix entitled 'KPMG Auditors Annual Report' and highlighted that:

- The Auditors Annual Report was included at page 155 of the reports pack onwards and, whilst there had been some updates to the draft version presented to the Committee in November 2025, the recommendations had remained the same.

- The summary of the Value for Money assessments were included at page 167 of the reports pack, however, once assessed, there were no areas of concern identified.
- There was no requirement on the Management Representations beyond the standard responses required.
- A letter was sent by the Ministry of Housing, Communities and Local Government in November which confirmed the timetable to return to the standard audit cycle and for the disclaimer period to come to an end.
- To support this timetable, ahead of the 2025/26 audit, risk assessment work would be carried out on the two disclaimed audit reports, for 2022/23 and 2023/24, to consider whether any further work was required. This would then be considered alongside management to see how this could be delivered for the 2025/26 and 2026/27 audits.

The Director – Resources presented the appendix entitled ‘Statement of Accounts 2024/25’ and highlighted that:

- The reports outlined the audit work carried out by KMPG.
- The Statement of Accounts outlined that although there was a ‘disclaimed’ position provided, there was lots of work which had been carried out by KPMG, supported by the finance team, to ensure that there could be confidence in the systems.
- The Committee was asked to approve the Statement of Accounts, and the Management Representation letter. However, as there was still some work required, a delegation to the Chair of the Committee had been included in case of any minor changes required.
- The appendix included highlighted sections which were to show where there was a difference from the draft Statement of Accounts.
- A minor amendment was required to recommendation 2.3, and it should be the Director – Resources, not the Chair of the Committee, to sign the Management Representation letter.

The Chair highlighted that as the audits had provided ‘disclaimed’ positions, it was important that the Committee provided oversight to ensure the robustness of the processes in place and had confidence that the authority was in a good overall position.

Councillor Stewart Willoughby proposed and Councillor Paul Ward seconded and, following a vote, it was:

**RESOLVED:**

- (1) That the Committee noted the KPMG Annual Report as attached at Appendix B and the KPMG Year End Report (ISA 260) to the Finance, Audit and Risk Committee at Appendix C.
- (2) That the Committee approved the 2024/25 Statement of Accounts as attached at Appendix A (with the Auditors Report to be added), and that they can be signed by the Chair of the Committee.
- (3) That the Committee approved the signing of a Management Representation letter by the Director – Resources, as attached at Appendix D.
- (4) That if there are minor changes required to the Statement of Accounts or the Management Representation letter then these can be approved by the Chair of the Committee.

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

**57 BUDGET 2026/27 (REVENUE AND CAPITAL BUDGETS)**

*Audio recording – 44 minutes 52 seconds*

The Chair invited Councillor Ian Albert, as Executive Member for Resources, to introduce the Budget 2026/27. Councillor Albert thanked the Chair and advised that:

- He wished to thank all the Officers and Members who had been involved in the process.
- The budget had been approached in a pragmatic way, and whilst consideration was given to Local Government Reorganisation (LGR), the budget had to be considered in a way which planned for this Council existing in a few years.
- Budget workshops had been held for Members, which presented the areas of investment prioritised by the administration, such as Careline and IT capacity.
- The provisional settlement provided before Christmas was positive and the introduction of a 3 year settlement was welcomed and provided additional certainty for this period.
- Some reserves would remain and, other than the Business Rates reserves, all of these were for specific purposes.
- There was some consideration given to areas where investment could be made in communities across the district, but this was postponed until the final settlement had been agreed.
- There were investment proposals included in the budget, such as funding for the Royston Learner Pool, digital signage for Hitchin car parks and additional water features at North Herts Leisure Centre.
- As part of the LGR process, the Council was looking to create a £2m reserve.
- It would have been irresponsible not to increase Council Tax by the maximum 2.99% allowed, as this would generate an additional £400k which could be used for vital services and, without this, the resources available would be limited.
- The increase in Council Tax from North Herts Council was below the increases proposed by the Police and Crime Commissioner and Herts County Council.
- This would be a balanced budget across the period and, at the same time, would provide investment in important services and community facilities.

The Director – Resources presented the report entitled 'Budget 2026/27 (Revenue and Capital Budgets)' and highlighted that:

- The provisional settlement received had been confirmed as final as of 9 February 2026 and there were no major changes.
- The report would be fully updated to reflect this final settlement ahead of the Council meeting to consider the budget approval.
- The process followed in terms of setting the budget were outlined in Section 8 of the report and included looking at funding available, assessing risk factors, reviewing balances and reserves available and then considering the required minimum general fund balance.
- The Section 25 report was included at Appendix D and provided commentary from the Chief Financial Officer on liabilities and assumptions, and this included a comparison against other authorities.
- The cumulative impact of the budget was set out in Appendix E and the position of the Council was outlined over the next three financial years, 2 years as the current authority and 1 year post-LGR.
- A recommendation was included to bring forward funding for replacing pool covers at the outdoor pool, so this could be completed before the start of the 2026 season.

The following Members asked questions:

- Councillor Daniel Wright-Mason
- Councillor Paul Ward
- Councillor Dominic Griffiths

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

- The Council used to receive a grant for domestic abuse support, but a specific budget was created for this in 2023/24. There would be no impact on service delivery from the amount included in this report.
- The process of zero rating low value financial risks was a long term practice, but this was reported and monitored in year by this Committee.
- The 20% decrease in Extended Producer Responsibility payments was an assumption, as this was to encourage the reduction of packaging used and it was expected that, over time, companies would look at ways of reducing it.
- Any items included as 'TBC' would have final figures added before consideration by Full Council.

The Chair thanked all those involved in putting together the budgets and bringing proposals forward and noted that there were some welcome items included which had long been required, but not previously addressed.

Councillor Daniel Wright-Mason proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

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

- (1) Notes the position on the Collection Fund and how it will be funded.
- (2) Notes the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.5 million is recommended.
- (3) Notes the Chief Finance Officer's section 25 report (Appendix D) which provides a commentary on the risks and reliability of estimates contained in the budget.
- (4) Approves the revenue savings and investments as detailed in Appendix B.
- (5) Approves the capital programme as detailed in Appendix C.
- (6) Approves a net expenditure budget of £27.321m, as detailed in Appendix E.
- (7) Approves a Council Tax increase of 2.99%, which is in line with the provisions in the Medium Term Financial Strategy.
- (8) Approves bringing forward the capital budget for pool covers at the outdoor pools to 2025/26.

**REASON FOR REFERRAL:** To ensure that all relevant factors are considered in arriving at a budget (revenue and capital) and Council Tax level for 2026/27. To ensure that the budget is aligned to Council priorities for 2024-28 as set out in the Council Plan.

58 INVESTMENT STRATEGY 2026/27

*Audio recording – 1 hour 4 minutes 50 seconds*

*N.B. Councillor Paul Ward declared an interest in this item due to his employment and left the Chamber for this item and did not return.*

The Director – Resources presented the report entitled ‘Investment Strategy 2026/27’ and highlighted that:

- The report provided information on what the Investment Strategy should cover and a number of indicators to monitor throughout the year and was in line with that presented in previous years.
- The main change to the strategy related to addressing the motion titled ‘The Local Government Pension Scheme & Responsible Investment’ passed at Council on 4 December 2025.
- Since this, there had been a meeting with the treasury advisors to the Council to consider how the requirements of the motion could be reasonably addressed whilst not putting the Council at risk. Following this, changes had been made to the strategy which were outlined in the table at paragraph 8.8 of the report.
- There was a proposal to increase the amount allowed to be invested in other Local Authorities to £5m. This was to reflect the low risk nature of these investments, the fewer number of investments through banks available and an increasing number of authorities seeking a minimum £5m investment.
- There was a proposal to reduce the period of longer term investments, which was a reflection of the Local Government Reorganisation process, whereby shorter term investments would be more appropriate.

The following Members asked questions:

- Councillor Daniel Wright-Mason
- Councillor Vijaiya Poopalasingham

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

- The treasury advisors consulted provided a list of Environmental, Social and Governance (ESG) investments available, which the Council would follow.
- Some of the ESG investments available required a large minimum amount, but they would allow for local authorities to pool investments together to reach this amount.
- There would be a focus on maintaining and expanding investments with other authorities and building societies.
- It was always important to have a range of investments, but the motion actions needed to be addresses and in the right way.

In response to questions, the Executive Member for Resources advised that:

- The discussions with the treasury advisors had been clear as to what the Council wanted to achieve and consider the methods in how this could be delivered.
- However, there would be some areas that would be too difficult to achieve, such as changing the bank account of the Council.

Councillor Daniel Wright-Mason proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

**REFERRED TO CABINET:** That Finance, Audit and Risk Committee make recommendations to Cabinet on this Strategy, and in relation to Cabinet's recommendations which are:

That Cabinet recommends to Council that they:

- (1) Approve the adoption of the Investment Strategy (as attached at Appendix A).
- (2) That Council approve the adoption of the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.10 to 8.16).

**REASON FOR REFFERAL:** To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from Government, and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

## 59 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS

*Audio recording – 1 hour 15 minutes 00 seconds*

The Chair led a discussion regarding possible agenda items for future meetings and no items were suggested. The Chair advised Members to contact him outside of the meeting if there were any suggested topics.

The meeting closed at 8.45 pm

Chair

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North Herts Council

Finance Audit & Risk Committee

March 2026

**Anti-Fraud Progress Report 2025/2026**

## Purpose

1. This report provides details of the work undertaken by the Shared Anti-Fraud Service (SAFS) and Council officers to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Plan for 2025/26.
2. A final report covering all anti-fraud work in 2025/26 will be provided to this Committee in the summer of 2026.

## Recommendations

**Members are RECOMMENDED to:**

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

## The Anti-Fraud Plan

3. The Anti-Fraud Plan for the current financial year was approved by this Committee at its March 2025 meeting ([Public Pack](#)) [Agenda Document for Finance, Audit and Risk Committee, 12/03/2025 19:30](#) . The Plan covers all areas recommended by CIPFA and the *Fighting Fraud and Corruption Locally Strategy for the 2020s*. The Plan also provides assurance that the council continues to benefit from a positive return on its investment in the SAFS Partnership.

## Anti-Fraud Prevention

4. The Council has in place Anti-Fraud, Bribery & Corruption Policies and these are kept under constant review to ensure compliance with current best practice and the impact of any changes required by legislation. These policies were last reviewed in 2022 and an officer review, supported by SAFS is ongoing in Q4 of 2025/26.
5. SAFS provided alerts on new and emerging fraud trends through its Board members and directly with officers working in our Partners. These alerts come from a variety of sources including the National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service (CIFAS), National Fraud Intelligence Bureau (NFIB) at the City of London Police, and others.
6. Between April and December 2025 SAFS issued 4 Fraud Alerts including a reminder about fake documents, email spoofing, false ID and guidance on the 'Failure to Prevent Fraud' offence. SAFS also provide regular Fraud Threat Reports that summarise new and emerging risks and provide officers with guidance to assist with prevention and reporting. SAFS has issued 25 such reports this year including areas such as multiple employment, housing applications, blue badge misuse, mandate fraud, purchase cards, discretionary payments, grants and council tax liability.

7. A training plan to build on staff awareness and fraud reporting, along with publicity campaigns to inform the public and encourage fraud reporting has been developed with officers in HR and Comms teams for 2025/26. Five training sessions were delivered by December 2025, including a short session for all staff on the role of SAFS and fraud reporting at the Council 'Town-Hall' session in November, an update on EECTA 2023 to the Councils SMG and training for the HR team on recruitment fraud. Further fraud awareness sessions are being arranged for Q4.
8. Across all partners SAFS provides Executive Reports (ER) to senior management and internal audit where investigations identify that fraud or attempted fraud occurred due to system/process weaknesses, SAFS also provides recommendations for management to consider the removal/reduction/mitigation of any ongoing fraud risk. No ERs have been issued so far this year for North Herts Council.
9. A new offence of 'Failing to Prevent Fraud' introduced by the *Economic Crime and Corporate Transparency Act 2023* took effect from September this year. SAFS published a briefing paper for senior leadership teams across all SAFS Partners to advise on the impact of this legislation and ensure appropriate action plans are in place. We met with senior management at the Council to discuss the Councils compliance with the Act and the new risks this creates in December 2025, a gap analysis and action plan has been implemented alongside the Councils anti-fraud policy review.
10. Earlier this year SAFS Officers worked with the National Anti-Fraud Network to develop a survey for local government to collect data nationally about the counter fraud response across the sector. This survey was then used to deliver the NAFN Counter-Fraud Report 2025- [Counter Fraud Report - National Anti Fraud Network](#)

## Reactive Work

11. Between April and December 2025, 116 allegations of fraud had been received affecting service areas such as housing, council tax, procurement, and Blue Badge misuse- 25 referrals were made by Council officers. We had noted in our previous report to FARC that referrals numbers were low and an expectation that following internal and external awareness campaigns this would improve from Q3 onwards and that has certainly been the case.
12. SAFS currently have 39 cases under investigation, or at referral stage (31), with estimated losses of **£150k** recorded in this caseload. The number of cases at referral stage reflects the increased volume of work from Q3.
13. SAFS have conducted 31 low level reviews/interventions of council tax discounts and this has identified saving's of around **£17k**. Of 9 full investigations closed so far 8 identified fraud with **£20k** in fraud loss/savings recorded.

14. SAFS continues to work closely across with the Councils housing services, working with officers to assist in the review of housing and homelessness applications. SAFS also works with housing providers across the district and this has resulted in the recovery of 8 properties that were being misused by tenants who were not living at those addresses. These homes have all been let to residents from the Councils Housing Register. This work with housing providers could have saved the Council upto **£336k** this year. \*

*\*This assumes the figures used in the 'Lost Homes Lost Report' from FAP 2023 of £42k loss per property misused.*

## Proactive Work

15. SAFS and Council officers ensured that all data required for submission as part of the Cabinet Office 'National Fraud Initiative' (NFI) was uploaded in late 2024. The output from this exercise produced 2,662 general matches, creditors and council tax reports. Officers from SAFS and the Council have been reviewing the various reports/matches prioritising high-risk areas, this work has identified 15 potential frauds, with savings through prevention of **£55k** reported. We have now closed this exercise.
16. The Council is signed up the Herts Fraudhub for 2025/26. The FraudHub works in a similar fashion to the main NFI exercise with data being submitted along with the other SAFS partners to help identify fraud through data-analysis/matching. We suspended activity on the FH until Q3 to focus on clearing the matches from the main NFI exercise. Since Q3 439 matches have been processed with 6 fraud identifying savings of **£26k** in savings.
17. SAFS KPIs were agreed in the Anti-Fraud Plan and progress is reported below.

## Key

Met/ Complete	On Target	Part Met	Not Met
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KPI	Measure	Objectives	Performance for Q1
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. <b>A.</b> Regular meetings to take place with the Councils <b>Service Director Resources</b> , at least quarterly or as required by Council officers. <b>B.</b> <b>Service Director Resources</b> will be the SAFS Board representative for the Council and attend its quarterly meetings.	<b>A.</b> Meetings have been planned with the <b>Service Director Resources</b> . <b>B.</b> <b>Service Director Resources</b> is a member of the SAFS Board and is invited to its quarterly meetings.  SAFS meet with other service leads across the Council as and when required with a focus on the highest risk areas, and is part of the CEF.
2	Provide an investigation service.	<b>A.</b> <b>Target to deliver at least 95% of the funded 298 Days</b> of counter fraud activity including proactive and reactive investigations, data-analytics, staff training and fraud risk management. (Supported by SAFS Intel/Management).	<b>A.</b> To the end of December 2025 SAFS had provided 222 days ( <b>74%</b> ) of those planned for the year. <b>B.</b> SAFS reports agreed for September/ November / March FAR Committee as part of the Fwd Plan.

		B. <b>3 Reports</b> to Finance Audit and Risk Committee. (Annual Report, Updates, 25/26 AF Plan)	
3	Action on reported fraud.	A. All cases to be reviewed within <b>2 Days</b> of receipt, on Average.	A. For Q1-Q3 referrals were triaged within 0.7 days on average.
4	Allegations of fraud received. & Success rates for cases investigated.	A. <b>100%</b> of all reported fraud (referrals) will be logged by type & source. B. <b>100%</b> of all cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.	A. All referrals, from all sources are logged on SAFS CMS. B. All cases investigated are recorded and managed on the SAFS CMS.  <b>Reports on referrals and investigations including status/source/value/outcomes are available.</b>
5	Making better use of data to prevent/identify fraud.	A. Ensure output from NFI 2024/25 is resolved as required by legislation. B. Ensure membership of the Herts FraudHub in 2025/26 and that the ROI from this is reported to Council officers.	A. The NFI reports/matches were reviewed with SAFS support, and this project is now closed. B. The Council has a contract in place for the FHub and data is being uploaded and output commenced in Q3 as planned.
6	Added value of SAFS membership.	A. Membership of NAFN & PNLD for 2025/26 B. <b>5 fraud awareness/prevention sessions</b> for staff/Members in year. (To be agreed with Service leads and HR)	A. NHC is a member of both NAFN and PNLD via SAFS licences. Council officers have access and SAFS provide training/awareness. B. 4 Sessions delivered to December 2025 and one more planned in Q4.

## Further Reading

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

- (a) *Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- (b) *Fighting Fraud and Corruption Locally - A Strategy for the 2020's (CIPFA/CIF9AS/LGA 2020)*
- (c) *Code of Practice - Managing the Risk of Fraud and Corruption (CIPFA 2014)*
- (d) *Lost Homes, Lost Hope (Fraud Advisory Panel 2023)*
- (e) *National Fraud Initiative Report 2022 – 2024 (HMG March 2025)*
- (f) *NAFN Counter Fraud Report 2025 (National Anti-Fraud Network 2025)*

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North Herts Council

Finance Audit & Risk Committee

**Anti-Fraud Plan 2026/27**

## Purpose

- 1 This report provides members with an introduction to the Councils Anti-Fraud Plan for the next 12 months

## Recommendations

- 2 **The Committee is RECOMMENDED to:**
  - I. **Review and approve the Anti-Fraud Plan 2026/27.**

## Background

- 3 The Cabinet Office, Ministry for Housing Communities and Local Government (MHCLG), National Audit Office (NAO), Chartered Institute for Public Finance and Accountancy (CIPFA) have issued advice, and best practice, to support local councils in the fight to reduce the risk of fraud and prevent loss to the public purse. This advice includes the need for vigilance in recognising fraud risks and the investment of sufficient resources in counter fraud activities.

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

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

***CIFAS Annual Fraudscape Report 2025-*** Fraud is as prevalent as ever. It accounts for almost 40% of all crime reported in England and Wales and is estimated to cost the UK economy £219 billion each year, money that is stolen and used to fund other forms of crime. Losses to the public sector are estimated to be as much as £81 billion. This is money that could otherwise be used to fund our public services.

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

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

## Report

### *Anti-Fraud Plan 2026/27*

6. The reports and papers mentioned at section 3 above and guidance from the NAO, CIPFA, MHCLG and the Local Government Association (LGA) recommend that local authorities have effective and robust counter fraud and corruption arrangements in place. These arrangements require the acknowledgement of fraud as a tangible risk, policies, and procedures to deter and prevent fraud occurring and the provision of sufficient resources to investigate and recover losses caused by fraud. Above all local authorities should have a plan to protect themselves and the public funds they administer against fraud.
7. Council officers and SAFS management develop and agree an **Anti-Fraud Plan** each year and the proposed plan for 2026/27 is presented at **Appendix A**

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

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

### *Counter Fraud 2026/27*

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

- 14 SAFS will continue to work closely with Council officers working in those services mentioned in the Plan.
- 15 SAFS has engaged with the Senior Leadership of the Council to ensure compliance with current best practice regarding the *Economic Crime and Corporate Transparency Act 2023*.
- 16 Regular reports will be provided to senior management and this Committee on progress delivering the Plan for 2026/27.

## **Appendices**

**Appendix A** - North Herts Council - Anti-Fraud Plan 2026/27.

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

- (a) ***Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)***
- (b) ***Fighting Fraud and Corruption Locally- A Strategy for the 2020's (CIPFA/CIFAS/LGA 2020)***
- (c) ***Tackling Fraud in the Public Sector (CIPFA 2020)***
- (d) ***NAFN Local Authority Counter Fraud Survey- National Report 2025***
- (e) ***Lost Homes Lost Hope- Fraud Advisory Panel and Tenancy Fraud Forum 2024***

**North Herts Council**

**Anti-Fraud Plan 2026-2027**

**In partnership with**

**The Hertfordshire Shared Anti-Fraud Service**



**North  
Herts**  
Council



**SAFS**  
Shared Anti-Fraud Service  
Fighting Fraud Together

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## **Introduction**

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

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

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

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

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

## **National Context.**

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

In its Delivery Plan for 2024-2025 the Chief Executive of the Public Sector Fraud Authority stated that “*Our estimate, released in the Fraud Landscape Report in March 2024, indicates the challenge for the government in taking action on fraud against the public sector remains significant. Our estimate (including tax and welfare) is that every year between £39.8bn and £58.5bn of public money is subject to fraud and error. The more public bodies can take action on this, the more we can protect the public sector and the more money will be available for the delivery of public services*”. There are no accurate statistics for fraud loss/prevention in local government but, based on SAFS work over 10 years, it safe to say that fraud still presents a significant financial/delivery/reputational risk for all councils.

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

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

**For the Council this includes protecting the public funds it administers and protecting the Council and its residents against fraud and corruption including internal fraud and fraud committed by associated parties.**



## **Anti-Fraud Plan 2026-2027**

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

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

The Anti-Fraud Plan for 2026-2027 follows the guidelines and checklists contained in the *Fighting Fraud and Corruption Locally Strategy* and progress against this will be reported to senior management and the Councils Audit Committee. A break-down of work included in the Plan can be found at **Appendix A** along with the officers with responsibility for ensuring the plan is delivered.

## **Anti-Fraud Arrangements**

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

The SAFS Core Service is made up of 22.5 FTE staff for 2026/27. All staff are trained and accredited specialising in fraud prevention, fraud investigation, fraud awareness, fraud risk assessment as well as proceeds of crime, anti-bribery and anti-money laundering. All staff are required to members of the Counter Fraud Profession- or working toward this via professional qualification or apprenticeships.

In 2025/26 the SAFS Partnership has been nominated for and/or won awards for the services it provides including the **Tackling Economic Crime Awards** (TECAS), the **Institute of Revenue Rating and Valuation Awards** (IRRV), the **Public Finance Awards** (PFA), and **Public Sector Counter Fraud Awards**.

In 2024 SAFS underwent an external Peer Review with a final report provided to the SAFS Board in March 2025. This report commended the service provide to the SAFS Partners and the work of the SAFS Team. In 2025 SAFS underwent an external Peer Review to ensure compliance for its membership of the Local Authority Collective as part of the Governments Counter Fraud Profession.

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

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

## **Budget 2026/2027**

In October 2025 the SAFS Board agreed fees for all Partners from April 2026. The Board also received assurance from financial modelling that the service would remain sustainable, in its current form, until at least 2028.

Fees for North Herts Council for 2026-2027 have been agreed at £102,243+ VAT- this is an increase of 4% from 2025-2026.

## **Staffing**

The full complement for SAFS in 2026-2027 is planned to be 22.5 FTE for its Core Service.

SAFS will provide 288 days of counter fraud work, access to intelligence functions of the service, all data-matching services being offered through the SAFS Data-Hub and Herts *FraudHub* (hosted by Cabinet Office) and can call on SAFS management for liaison meetings, management meetings and three reports per annum to the Audit Committee. An Accredited Financial Investigator is available to assist in money laundering or proceeds of crime investigations.

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

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

## **Workplans & Projects 2026-2027**

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

Service Area	Agreed Projects
<b>Cross Cutting Corporate Initiatives</b>	<p><b>General Support.</b></p> <ul style="list-style-type: none"> <li>• Three Reports to the Finance Audit and Risk Committee. (Incl this AF Plan, regular updates on progress with the Plan, an annual report on AF work in 2026/2027)</li> <li>• SAFS management meetings with Senior Managers and Corp Enforcement Group.</li> <li>• Assist with a review of the Councils existing anti-fraud policies including the impact of the <i>Economic Crime and Corporate Transparency Act 2023</i>.</li> <li>• Money Laundering Reporting Officer (MLRO) role.</li> <li>• Assist with NFI 2026 Upload and 2027 Output, and the Herts FraudHub.</li> <li>• Assisting with Payroll fraud matters including disciplinary investigations.</li> <li>• Identify new fraud risks and fraud alerts across all Council services and providing a resource to support any investigation, reporting or risk assessment required from any emerging fraud or corruption.</li> </ul> <p><b>Training.</b></p> <p>Provide fraud training/awareness events for staff/members in year delivered face to face/virtually/hybrid. This will include review of the new anti-fraud and corruption policies from 2025.</p> <p>Review and re-release of SAFS I-Learn training package on fraud/bribery/money laundering – accessible via the Councils intranet.</p> <p>Review NAFN training and registration for appropriate services/officers as part of the Project Argus roll-out.</p>
<b>Revenues and Benefits</b>	<ul style="list-style-type: none"> <li>• This work will be arranged with the Councils R&amp;B Service (Mgrs from Revenue and Benefits are both engaged with SAFS)</li> <li>• Proactive training and awareness for management and front-line staff.</li> <li>• Reactive investigations for council tax support/discount and business rate fraud.</li> <li>• Deliver a Council Tax Review Framework utilising 3<sup>rd</sup> party framework from the summer of 2026.</li> <li>• Identify systems/processes/new developments to assist in recovery of debt created by fraud.</li> <li>• Use of data-analytics to identify fraud/evasion of business rate liability and collection.</li> <li>• Joint working with DWP where council tax support and other ‘national’ benefits are in payment- where this benefits the Council.</li> <li>• Support the Councils Visiting Officer with Intel and access to data to improve revenue collection.</li> </ul>
<b>Housing Services</b>	<ul style="list-style-type: none"> <li>• This work will be arranged with the Councils housing services and in partnership with housing providers owning stock within the Councils boundaries.</li> <li>• Proactive training and awareness for management and front-line staff.</li> <li>• Reactive investigations for Housing Application or fraud linked to Homelessness/Temporary Accommodation.</li> </ul>
<b>Blue Badge</b>	<ul style="list-style-type: none"> <li>• Proactive training and awareness for front-line staff and SAFS attendance at Corporate Enforcement Group meetings.</li> <li>• Investigation into alleged misuse of Blue Badges on council property/estate/carparks.</li> <li>• Responding to allegations of misuse from the public.</li> <li>• BB Action Days- proactive work with enforcement teams/police in know ‘hot-spots’.</li> <li>• Publicity following campaigns or sanctions to aid deterrence in future.</li> </ul>

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

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

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

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

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

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

# Appendix A. Anti-Fraud Action Plan 2026- 2027

## NHC / SAFS Action Plan 2026/2027

FFCL Pillars	Objectives	Activities	Responsible Officer
Governance	Having robust arrangements and executive support to ensure anti fraud, bribery and corruption measures are embedded throughout the organisation.	Ensure the Councils Anti-Fraud and Corruption Strategy & Fraud Response Plan and associated policies to deter, prevent, investigate and punish acts of fraud or corruption are reviewed against latest best practice including the Economic Crime and Corporate Transparency Act 2023.	Managing Director / Director-Governance / Director-Resources
		The Councils Finance Audit & Risk Committee will receive reports during the year about the arrangements in place to protect the Council against fraud and the effectiveness of these.	Head of SIAS /Head of SAFS
		The Finance Audit & Risk Committee and its Chair, along with the senior management team, will ensure compliance with the latest best practice in the Councils anti-fraud arrangements.	FARC Chair/ Director-Resources / Director-Governance
		System/process weaknesses or risks revealed by instances of actual fraud will be fed back to departments/services with recommendations to manage/mitigate these risks. Reports will be shared with senior management and SIAS.	Head of SIAS / Head of SAFS
		SAFS will assist the Council in providing its Fraud Data for the Transparency Code annually	Head of SAFS
		The Council will make it clear through its policies and codes of conduct for staff and Members that fraud and corruption is not tolerated.	Director-Resources / Director-Resources
ACKNOWLEDGE	<p>Accessing and under-standing fraud risks.</p> <p>Committing the right support .</p> <p>Demonstrating a robust anti-fraud response.</p> <p>Communicating the risks to those charged with Governance.</p>	Inclusion of Fraud Risks and actions to manage/mitigate/reduce these for part of the Councils Annual Governance Statement.	Head of SIAS / Director-Resources/ Director-Governance
		The Councils Communication Team will publicise anti-fraud campaigns and provide internal communications to staff on fraud awareness/prevention	Head of SAFS/ Director-Resources
		The Council and SAFS will provide fraud awareness & specific anti-fraud training across all Council services and monitor mandatory E-Learning modules available for staff.	Director- Resources / Head of SAFS
		The Council is a member of the Hertfordshire Fraud-Hub. Council Officers will ensure that the contract with the Cabinet Office is in place for 2026/27 and the data required uploaded to the FraudHub at least once each quarter.	Director-Resources
		SIAS will take account of known or emerging fraud risks provided by SAFS or others when audit planning takes place. SIAS will share the details of all suspected fraud to senior management and SAFS for review.	Head of SIAS / SIAS Manager
		All SAFS staff will be fully trained and accredited. SAFS will continue to work with the Cabinet Office to support the Government Counter-Fraud Profession.	Head of SIAS
PREVENT	<p>Making the best use of information and technology.</p> <p>Enhancing fraud controls and processes.</p> <p>Developing a more effective anti-fraud culture.</p> <p>Communicating activity and successes.</p>	SAFS will provide alerts of new and emerging fraud threats to be disseminated to appropriate officers/staff/services including the S.151 Officer and Corporate Governance Group.	Head of SAFS
		SAFS will work with all Council services to make best use of 3rd party providers such as NAFN, PNLD & CIFAS.	Head of SAFS
		SAFS will continue to develop the Councils use of the Herts <i>FraudHub</i> and support Council officers with the output from NFI 2026/2027 Exercise	Head of SAFS/ Director-Resources
		The Council and SAFS will work with other organisations, including private sector, to improve access to data and data-services that will assist in the detection or prevention of fraud.	Head of SAFS/ Director-Resources
		The SAFS Mgt will provide reports to the SAFS Board quarterly on anti-fraud activity across the Partnership and any learning to be shared with all Partners	Head of SAFS
		The Council will review data sharing agreements/protocols to ensure compliance with DPA & GDPR(UK) to maximise the use of sharing data with others to help prevent/identify fraud.	Director-Governance
		SAFS will work with the LGA and Cabinet Office to support the work of the Public Sector Fraud Authority and the Fighting Fraud Locally Board.	Head of SAFS
PURSUE	<p>Prioritising fraud recovery and use of civil sanctions.</p> <p>Developing capability and capacity to punish offenders.</p> <p>Collaborating across geographical and sectoral boundaries.</p>	All fraud reported to the Council will be captured by SAFS reporting tools (web/phone/email) for staff, public and elected Members. SAFS will work with officers to promote the reporting of suspected fraud by officers and the public.	Head of SAFS
		All investigations will comply with relevant legislation and Council Policies. Investigations may include civil, criminal and disciplinary disposals dependent on their nature.	Head of SAFS
		SAFS will use its case management system to record and report on all fraud referred, investigated and identified.	Head of SAFS
		Legal Service and debt recovery teams will seek to 'prosecute' offenders, apply sanctions and recover financial losses- supported by relevant policies.	Director-Governance/ Director-Resources
		SAFS and the Councils Revenue and Benefit Service will work with DWP to deliver joint investigations where fraud affects both council tax and housing benefit and/or other 'national' 'benefits'	Head of SAFS/ Director-Resources
		SAFS will use its in-house expertise as well as external partners when considering the use of POCA, NAFN services, Surveillance or IT Forensics.	Head of SAFS
PROTECT	<p>Recognising the harm that fraud can cause in the community.</p> <p>Protecting the Council and residents from fraud.</p>	SAFS will provide reports and data to 'Fraud Champions' on all anti-fraud activity as required by Council officers.	Head of SAFS
		Council officers and SAFS will provide reports for Fibance Audit & Risk Committee on all Counter Fraud activity at the Council 3 times in 2026-2027.	Head of SAFS / Director-Resources
		The Council has in place measures to protect itself against cyber crime, malware and other potential attacks aimed at its IT infrastructure, with training for staff and elected members.	Director- Customers
		SAFS will work with bodies including Ministry of Housing and Local Government/ Local Government Association/ Fighting Fraud Locally Board/Fraud Advisory Board/ Tenancy Fraud Forum/ Fraud Research Group (Aston University)/Public Sector Fraud Authority to develop anti-fraud strategies at a national level that support fraud prevention in local government.	Head of SAFS

## Appendix B. SAFS KPIs 2026-2027

### SAFS KPIs - 2026/ 2027- NHC

KPI	Measure	Objectives	Reason for KPI
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Regular meetings to take place with the Councils <b>Director Resources</b> , at least quarterly or as required by Council officers. B. <b>Director Resources</b> will be the SAFS Board representative for the Council and attend its quarterly meetings.	Transparent evidence to Senior Management that the Council is receiving a service matching its contribution.
2	Provide an investigation service.	A. <b>Target to deliver at least 95% (274) of the funded 288 Days</b> agreed counter fraud activity including proactive and reactive investigations, data-analytics, staff training and fraud risk management. (Supported by SAFS Intel/Management). B. <b>3 Reports</b> to Finance Audit & Risk Committee. (Report/Update/Plan)	Ensure ongoing effectiveness and resilience of the Councils anti-fraud arrangements.
3	Action on reported fraud.	A. <b>95%</b> referrals into SAFS to be reviewed within <b>2 working days</b> of receipt, on Average. B. <b>100%</b> of urgent/high risk referrals to be triaged through SAFS Management Team and details shared with <b>Director Resources</b> .	Ensure that all cases of reported fraud are triaged within agreed timescales.
4	Allegations of fraud received. & Success rates for cases investigated.	A. <b>100%</b> of all reported fraud (referrals) will be logged by type & source. B. <b>100%</b> of all cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers.	This target will measure the effectiveness of the service in promoting the reporting of fraud & measure the effectiveness in identifying cases worthy of investigation.
5	Making better use of data to prevent/identify fraud.	A. Ensure Upload of data for <b>NFI 2026/27</b> and the output from it is resolved as required by legislation. B. Ensure membership of the Herts <b>FraudHub</b> in 2026/27.	Build a data hub that will allow the Council to access and share data to assist in the prevention/detection of fraud.
6	Added value of SAFS membership.	A. Membership of <b>NAFN &amp; PNLD</b> for 2026/27 B. <b>5 fraud awareness/prevention sessions</b> for staff/Members in year. C. <b>To identify an ROI of £102k</b> (SAFS Fee) based on savings through prevention/detection, or financial values for recovery from reactive and proactive work.	Deliver additional services that will assist in the Council in preventing fraud across all services and in the recovery of fraud losses.

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# INTERNAL AUDIT PROGRESS REPORT

## NORTH HERTS COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE

25 MARCH 2026

### RECOMMENDATIONS

- Note the SIAS Progress Report for the period to 13 March 2026.
- Note the implementation status of the reported high priority recommendations.
- Note the plan amendments to the 2025/26 Annual Audit Plan.

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- C Assurance and Finding Definitions 2025/26
  
- D Implementation Status of High Priority Recommendations

# 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 13 March 2026.
  - b) In-Year Audit Plan review and proposed plan amendments.
  - c) An update on performance indicators as at 13 March 2026.
  - 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 final update report for 2025/26 on the delivery of the 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 13 March 2026, 82% of the 2025/26 Audit Plan days had been delivered.
- 2.2 There have been six final internal audit reports issued as part of the approved 2025/26 Internal Audit Plan since the last progress update to FAR Committee in January 2026:

<b>Audit Title</b>	<b>Assurance Opinion</b>	<b>Recommendations</b>
UK Shared Prosperity Fund	Reasonable	5 Low Priority and 2 Advisory Actions
Local Authorities as Charity Trustees	Reasonable	1 Medium and 2 Low Priority; 2 Advisory Actions

Leisure Centre Decarbonisation Scheme (Fourth Interim Report)	N/A	None
Leisure Centre Decarbonisation Scheme (Fifth Interim Report)	N/A	2 Advisory Actions
Purchasing Cards	Reasonable	1 High, 1 Medium and 1 Low
Assurance Mapping	N/A	1 Medium

### 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. The service has advised that remaining actions should be completed by a revised target date of 31 March 2026.
- 2.5 One high priority finding and recommendation made in the Business Continuity Planning audit with an original implementation date of 30 April 2023, remains open and is reported as largely implemented. The service has advised that remaining actions are subject to further review and update following recent test exercises and walkthroughs.
- 2.6 The original findings, recommendations and agreed management actions, along with an update, are included at Appendix D. 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 final draft report has been issued to management. The updates provided are largely sourced from the internal audit work.
- 2.7 One new high priority recommendation has been raised in the Purchasing Cards final internal audit report issued to FAR Committee members in March 2026. The action contained in the management response is reported as complete, and consequently no follow-up will be conducted as part of future progress updates to the FAR Committee.

### Proposed Amendments

- 2.8 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.
- 2.9 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.
- 2.10 There have been no audit plan amendments agreed with management at the date of preparing this report.

### Performance Management: Reporting of Audit Plan Delivery Progress

- 2.11 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 13 March 2026
Draft / Final Report Issued	13 (13/21)	62%	71% (15)
In Fieldwork / Quality Review	7 (7/21)	33%	29% (6)
Terms of Reference Issued / In Planning	1 (1/21)	5%	0% (0)
Not Yet Started	0	0%	0% (0)

- 2.12 Annual performance indicators and associated targets were approved by the SIAS Board in March 2025. At 13 March 2026, 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 13 March 2026	Actual to 13 March 2026
<b>1. Annual Internal Audit Plan Delivery</b> – the percentage of	95%	86% (220 / 255 days)	82% (208 / 255 days)

the Annual Internal Audit Plan delivered (measured in audit days and excluding contingency)			
<b>2. Project Delivery</b>			
Percentage of audit plan projects delivered to draft report stage by 31 March 2026.	90%	71% (15 / 21 projects)	62% (13 / 21 projects)
Percentage of audit plan projects delivered to final report stage as reported within the CAE Annual Assurance and Opinion report.	100%	52% (11 / 21 projects)	43% (9 / 21 projects)
<b>3 Client Satisfaction -</b> Percentage of client satisfaction questionnaires returned at 'satisfactory overall' level (minimum of 39/65 overall)	100%	100%	100% for those returned. (3 returned from 20 issued since 1 April 2025)
<b>4 Number of High Priority Audit Recommendations agreed %</b> Percentage of critical and high priority recommendations accepted by management.	95%	100%	100%

2.13 Current performance remains slightly behind the anticipated profile, although significant progress has been made since concerns raised at the previous two FAR Committee meetings. This is a result of several interacting factors that have had a varying impact on delivery at North Herts Council, including:

- a) Some audits being pushed back at officer request, usually due to capacity challenges, vacancies or ill health, thereby altering the profile of delivery.
- b) An Audit Plan that was originally back ended, meaning that a significant proportion of audits were only due to be commenced in quarters three and four. There was thus an increased risk that any further changes to the timing of audits would impact on delivery according to our performance targets.
- c) 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, but this does not always happen seamlessly and without time lag and may not be optimal for either the Council or SIAS.
- d) Delays in our external co-sourced partner being able to commence some of their allocated audits.

- e) The resignation of an Assistant Client Audit Manager and in-year recruitment to two existing trainee auditor vacancies with both subsequently needing to develop their experience.
  - f) A front-loaded external commission as part of our income generation work that required more resource to be allocated to this during quarter one.
  - g) 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.
- 2.14 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 and four. It was also forecast that that SIAS would have been able to issue at least two more draft and final internal audit reports.
- 2.15 SIAS has allocated specific resource to all agreed projects in the 2025/26 Internal Audit Plan, and all but one audit in the Audit Plan is at least at fieldwork stage. The exception is the EV Charging audit, which is still at planning stage and will be carried forward as part of the 2026/27 Internal Audit Plan. Please see Appendix B for further information.
- 2.16 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.
- 2.17 Three customer satisfaction surveys have been received from 20 issued since 1 April 2025. Although all three were satisfactory or better 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.
- 2.18 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 13 MARCH 2026**

**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				
<b>General Audits (152 days)</b>									
Leisure Centre Decarbonisation Project (Salix Grant)					7	15	SIAS	14.5	Draft Consolidated Report Issued – five final interim audit reports issued.
Churchgate Project Assurance						15	BDO	12	In Fieldwork
LGR – Cyber Risk						15	BDO	14.5	Draft Report Issued
Environmental Protection - Statutory Nuisance						10	BDO	7.5	In Fieldwork
UK Shared Prosperity Fund (UKSPF)	Substantial				7	12	BDO	12	Final Report Issued
Purchasing Cards	Reasonable		1	1	1	8	SIAS	8	Final Report Issued
Corporate Peer Challenge Action Plan	Reasonable			1	2	12	SIAS	12	Final Report Issued
Local Authorities as Charity Trustees	Reasonable			1	3	10	SIAS	10	Final Report Issued
Anderson House						15	SIAS	2.5	In Fieldwork
Waste and Recycling Service Changes						10	SIAS	7	In Fieldwork
Procurement Act 2023						10	BDO	5	In Fieldwork
EV Charging						10	BDO	1	In Planning

**APPENDIX A – PROGRESS AGAINST THE 2025/26 AUDIT PLAN AS AT 13 MARCH 2026**

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 – Accounts Receivable						10	BDO	5	In Fieldwork
<b>IT Audits (22 days)</b>									
Multi-Factor Authentication						12	BDO	11.5	Draft Report Issued
Website Security and Maintenance						10	BDO	5	In Fieldwork
<b>Follow-up (10 days)</b>									
Follow-up of High Priority Recommendations						10		9.5	Draft Report Issued
<b>Consultancy and Advisory (9 days)</b>									
Assurance Mapping Updates and Revisit				1		9	SIAS	9	Final Report Issued
<b>Grant Claims / Charity Certification (4 days)</b>									
King George V Playing Fields	Unqualified					2	SIAS	2	Final Report Issued
Workmans Hall	Unqualified					2	SIAS	2	Final Report Issued
<b>Contingency (5 days)</b>									
Contingency						5		0	
<b>Client Management - Strategic Support (38 days)</b>									
CAE Annual Opinion report						3	SIAS	3	Complete
FAR Committee						8	SIAS	8	Through Year
Plan Monitoring						8	SIAS	8	Through Year
Client Liaison						6	SIAS	6	Through Year

**APPENDIX A – PROGRESS AGAINST THE 2025/26 AUDIT PLAN AS AT 13 MARCH 2026**

AUDITABLE AREA	LEVEL OF ASSURANCE	RECOMMENDATIONS				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS / COMMENTS
		C	H	M	L/A				
Audit Planning 2026/27						8	SIAS	8	Quarter 3/4
SIAS Development						5	SIAS	5	Through Year
<b>2024/25 Carry Forward (20 days)</b>									
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
<b>Total - North Herts D.C.</b>			<b>1</b>	<b>7</b>	<b>24</b>	<b>260*</b>		<b>208</b>	

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**Key / Notes**

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**

	<u>Quarter 1</u>	<u>Quarter 2</u>	<u>Quarter 3</u>	<u>Quarter 4</u>
<b>General</b>			Churchgate (In Fieldwork)	
	Leisure Centre Decarbonisation (through year) (1 <sup>st</sup> interim final report issued)	Leisure Centre Decarbonisation (through year) (2 <sup>nd</sup> interim final report issued)	Leisure Centre Decarbonisation (through year) (3 <sup>rd</sup> interim final report issued)	Leisure Centre Decarbonisation (through year) (Draft Consolidated Report Issued and 4 <sup>th</sup> and 5 <sup>th</sup> interim final reports issued)
	LGA Corporate Peer Challenge – Action Plan (Final Report Issued)	Local Authorities as Charity Trustees (Final Report Issued)	Environmental Protection -Statutory Nuisance (In Fieldwork)	Procurement Act 2023 (In Fieldwork)
		Follow-Up of High Priority Recommendations (Draft Report Issued)	New Finance System (In Fieldwork)	Anderson House (In Fieldwork)
		UK Shared Prosperity Fund (Final Report Issued)	Purchasing Cards (Final Report Issued)	EV Charging (In Planning)
			Waste and Recycling Service Changes (In Fieldwork)	
<b>IT</b>			Website Security and Maintenance (In Fieldwork)	Multi-Factor Authentication (Draft Report Issued)
<b>C</b>		Assurance Mapping Update (Final Report Issued)	LGR Cyber Risk (Draft Report Issued)	
<b>G/C</b>				Workman’s Hall (Final Report Issued)
				King George V Playing Fields (Final Report Issued)
<b>C/F</b>	New Finance System – Accounts Payable (Final Report Issued)			
	Homelessness (Final Report Issued)			

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<u>Key</u>		<u>Key</u>	
<b>General</b>	Closely linked to the Council’s AGS, Delivery Plan and Risk Register	<b>G/C</b>	Grant / charity certification to be completed as part of the audit plan
<b>IT</b>	IT Audits	<b>C/F</b>	Carry Forward Audits from 2024/25
<b>C</b>	Consultancy assignments will be delivered as part of the audit plan		

## APPENDIX C – ASSURANCE AND FINDINGS DEFINITIONS 2025/26

Audit Opinions		
	Assurance Level	Definition
Assurance Opinions	<b>Substantial</b>	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.
	<b>Reasonable</b>	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.
	<b>Limited</b>	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.
	<b>No</b>	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.
	<b>Not Assessed</b>	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	<b>Unqualified</b>	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.
	<b>Qualified</b>	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.
	<b>Disclaimer Opinion</b>	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.
	<b>Adverse Opinion</b>	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	<b>Critical</b>	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.
Service	<b>High</b>	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.
	<b>Medium</b>	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.
	<b>Low</b>	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
<p><b>Estates</b></p>	<p><b>Backlog of Rent Reviews</b></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>	<p>31 December 2024</p>	<p><b>February 2025 FAR Committee Update</b></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><b>September 2025 FAR Committee Update</b></p> <p><b>Largely implemented</b> (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><b>Update from Follow Up of High Priority Recommendations (December 2025)</b></p> <p><b>Largely Implemented.</b> 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> <p><b>March 2026 FAR Committee Update</b></p> <p><b>Largely Implemented.</b> No update received by paper deadline in response to request, but not yet at due date.</p>
<b>Business Continuity Planning</b>	<b>Limited evidence of IT disaster recovery procedures and outdated policies</b>	30 April 2023	<p><b>September 2023 FAR Committee Update</b></p> <p><b>Partially Implemented</b></p>

**APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

Audit Title	Action Description	Original Due Date	Status and Notes
<p><b>(February 2023)</b></p>	<p><u>SIAS Recommendation</u></p> <p>All Business Continuity Plans should be reviewed periodically, with details of when the next review will be undertaken, to remain relevant to the current environment. IT services should have a more detailed IT plan regarding business continuity including all the procedures in place to prevent and recover from an incident and what those procedures depend on. These procedures should be reviewed regularly and made available for all relevant staff to ensure they are aware of their roles.</p> <p><u>Management Response</u></p> <p>Business continuity plans are currently being reviewed (January 2023) and will be updated to reflect the changes to the environment when laptop V3 is finalised. (April 2023)</p> <p>IT are currently engaged with external consultants to review, and further develop the detailed IT plan, to include Business Continuity, Cyber Security and communications.</p>		<p>Rollout of V3 laptops is almost complete. Consultation with external suppliers on the detailed IT plan completed. Documents are being accepted and distributed. The revised forecast completion date is now end of August 2023.</p> <p><b>November 2023 FAR Committee Update</b></p> <p><b>Partially Implemented.</b></p> <p>We have reviewed the current plans and identified the improvements required. We have implemented a new Back-Up procedure (different technology) and are currently documenting the recovery processes from that back-up. The revised completion date for this recommendation is 15 December 2023.</p> <p><b>January 2024 FAR Committee Update</b></p> <p><b>Partially Implemented.</b></p> <p>Good progress towards implementing this recommendation continues to be made. The target date for formalised ICT readiness for business continuity has now been amended to 31 January 2024 to allow us to update relevant controls to reflect lessons learned from the major incident experienced on 11 January 2024.</p> <p><b>Follow Up of High Priority Recommendations (December 2025 and March 2026)</b></p>

**APPENDIX D – IMPLEMENTATION STATUS OF HIGH PRIORITY RECOMMENDATIONS**

Audit Title	Action Description	Original Due Date	Status and Notes
			<p><b>Largely implemented.</b></p> <p>A revised version of the Cyber Resilience Plan has been developed as reported to the Cyber Security Board in November 2025, but it will not be finalised until it has been tested.</p> <p>A simulated desktop incident exercise, originally planned for December 2025, took place with the Councils Leadership Team, IT and the Communications team on 9 March 2026. A wider test is planned involving staff and Councillors. It should also be noted that IT team held an internal tabletop session on 30 January 2026 to walk through the procedures and actions, just from an IT perspective, in the event of a cyber security incident.</p> <p>The Cyber Resilience Plan has not yet been formally ratified and is being subject to further review and update following the respective test exercises and walkthroughs.</p>

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# INTERNAL AUDIT PLAN REPORT 2026/27

## NORTH HERTS COUNCIL

FINANCE, AUDIT AND RISK COMMITTEE  
25 MARCH 2025

### **RECOMMENDATION**

Members are recommended to approve the proposed North Herts Council Internal Audit Plan for 2026/27

Members are requested to note the SIAS Internal Audit Strategy & Service Plan and invited to provide any comments

## **Contents**

### **1. Introduction and Background**

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# 1. Introduction and Background

- 1.1 The purpose of internal audit is to strengthen the Council’s ability to create, protect, and sustain value by providing Members and management with independent, risk-based, and objective assurance, advice, insight, and foresight.
- 1.2 The Global Internal Audit Standards (GIAS), Application Note: Global Internal Audit Standards in the UK Public Sector and CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government, taken together, form the basis of UK public sector internal audit standards, which became effective from 1 April 2025. The Application Note states that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.
- 1.3 The SIAS Board reviewed the SIAS Internal Audit Strategy in December 2025, and this strategy outlines how SIAS will achieve the purpose of internal audit and ensure ongoing compliance with the GIAS (UK public sector). The following report outlines the key principles related to Audit Planning and Resourcing, with the Internal Audit Strategy itself attached as an appendix. The GIAS (UK public sector) includes setting out how SIAS must approach internal audit planning. The specific requirements that SIAS must adhere to are set out below:

Standard	Description
Domain III 6.3	<b>Board and Senior Management Support</b> It is an essential condition for Senior Management and the Audit Committee to approve the internal audit plan.
Domain III 8.1	<b>Board Interaction</b> The Chief Audit Executive (CAE) must provide the Audit Committee with the information needed to conduct its oversight responsibilities. This includes the internal audit plan and subsequent significant revisions.
Domain III 8.2	<b>Resources</b> The CAE, Audit Committee and Senior Management must collaborate to ensure that internal audit has sufficient resources to fulfil the internal audit mandate and achieve the internal audit plan. This should be at least annually, and cover numbers and capability, as well as the impact and remedy of insufficient resources on the internal audit mandate and plan (if applicable).
Domain III 8.3	<b>Quality</b> Amongst the essential conditions in this Standard is a requirement for the Audit Committee to review and approve the internal audit functions performance objectives at least annually. This includes its conformance with the Standards, laws and regulations, ability to meet the internal audit mandate, and progress towards completion of the internal audit plan.

<p>Domain IV 9.3</p>	<p><b>Methodologies</b></p> <p>The CAE must establish methodologies to guide the internal audit function in a systemic and disciplined manner to implement the internal audit strategy, develop the internal audit plan, and conform with the Standards.</p>
<p>Domain IV 9.4</p>	<p><b>Internal Audit Plan</b></p> <p>The CAE must create an internal audit plan that supports the achievement of the council’s objectives. The CAE must base the internal audit plan on a documented assessment of the organisation’s strategies, objectives, and risks. The assessment must be informed by input from the Audit Committee and Senior Management as well as the CAE’s understanding of the organisation’s governance, risk management, and control processes. The assessment must be performed at least annually.</p> <p>The internal audit plan must:</p> <ul style="list-style-type: none"> <li>• Consider the internal audit mandate and the full range of internal audit services.</li> <li>• Specify internal audit services that support the evaluation and improvement of the council’s governance, risk management, and control processes.</li> <li>• Consider coverage of information technology governance, fraud risk, the effectiveness of the council’s compliance and ethics programs and other high-risk areas.</li> <li>• Identify the necessary human, financial, and technological resources necessary to complete the plan.</li> <li>• Be dynamic and updated timely in response to changes in the council’s business, risk operations, programs systems, controls, and organisational culture.</li> </ul> <p>The CAE must review and revise the internal audit plan as necessary and communicate timely to the Audit Committee and Senior Management:</p> <ul style="list-style-type: none"> <li>• The impact of any resource limitations on internal audit coverage.</li> <li>• The rationale for not including an assurance engagement in a high-risk area or activity in the plan.</li> <li>• Conflicting demands for services between major stakeholders, such as high priority requests based upon emerging risks and requests to replace planned assurance engagements with advisory engagements.</li> <li>• Limitations on scope or restrictions on access to information.</li> </ul> <p>The CAE must discuss the internal audit plan, including significant interim changes, with the Audit Committee and</p>

	Senior Management. The plan and significant changes to the plan must be approved by the Audit Committee.
Domain IV 10.1 to 10.3	<p><b>Financial, Human and Technological Resources Management</b></p> <p>The CAE must ensure that financial, human, and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan.</p> <p>The CAE must communicate with the Audit Committee and Senior Management regarding the appropriateness and sufficiency of the internal audit function’s resources. If the function lacks appropriate and sufficient resources to achieve the internal audit plan, the CAE must determine how to obtain the resources or communicate timely to the Audit Committee and Senior Management the impact of the limitations.</p>
Domain V 13.2	<p><b>Engagement Risk Assessment</b></p> <p>To develop an adequate understanding, internal auditors must identify and gather reliable, relevant, and sufficient information regarding the risk assessment supporting the internal audit plan.</p>

- 1.4 Topical Requirements are a mandatory component of the International Professional Practices Framework (IPPF). Topical Requirements enhance the consistency and quality of internal audit services related to specific audit subjects. Each Topical Requirement supports internal auditors performing engagements in a specific risk area. All internal audit functions must apply Topical Requirements in conformance with the Global Internal Audit Standards when providing assurance services on that topic.
- 1.5 The Topical Requirement is applicable when the topic is one of the following:
- The subject of an engagement in the internal audit plan.
  - Identified while performing an engagement.
  - The subject of an engagement request not on the original internal audit plan.
- 1.6 The existence of a topical requirement does not mean that it is mandatory to provide assurance on this risk. The decision to audit the risk is still based on risk assessment of the audit universe for the organisation. Issued Topical Requirements relevant to the 2026/27 planning cycle include Cybersecurity, effective 5 February 2026 and Third-Party, effective 15 September 2026.
- 1.7 The Council’s Internal Audit Plan sets out the programme of internal audit work for the year ahead, and forms part of the Council’s wider assurance framework. It supports the requirement to produce an overall audit opinion or conclusion on the internal control environment of the Council, as well as a

judgement on the robustness of risk management and governance arrangements, contained in the Chief Audit Executive's Annual Opinion Report.

- 1.8 The Shared Internal Audit Service's (SIAS) Internal Audit Charter was presented to the June 2025 meeting of this Committee, and it shows how the Council and SIAS work together to provide a modern and effective internal audit service. This approach conforms with the requirements of the GIAS (UK public sector). An updated version of the SIAS Internal Audit Charter will be brought to the June 2026 Finance, Audit and Risk Committee meeting for Member approval.
- 1.9 Section 2 of this report details how SIAS complies with these requirements.

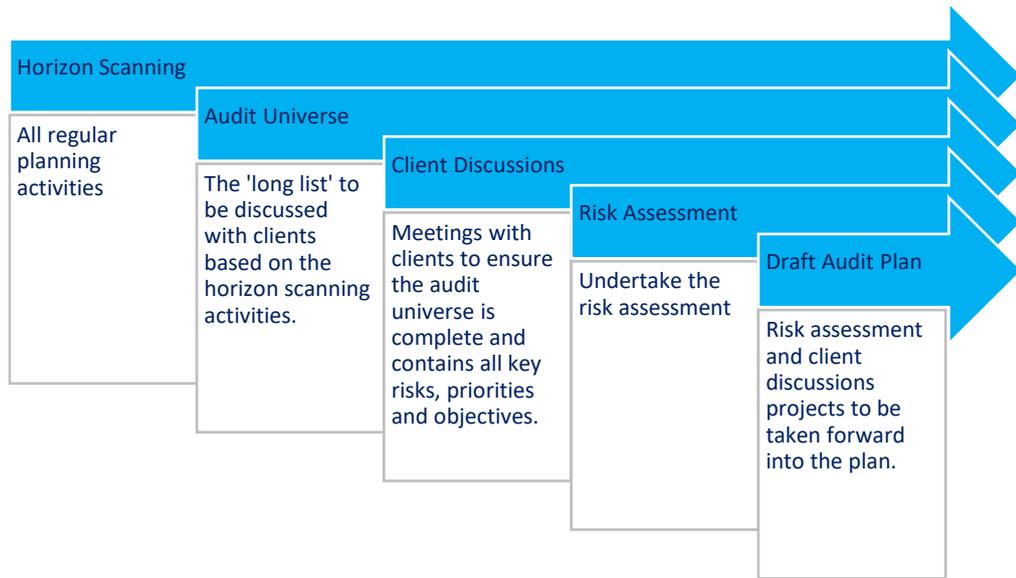
## **2. Audit Planning Process**

### **Planning Principles**

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

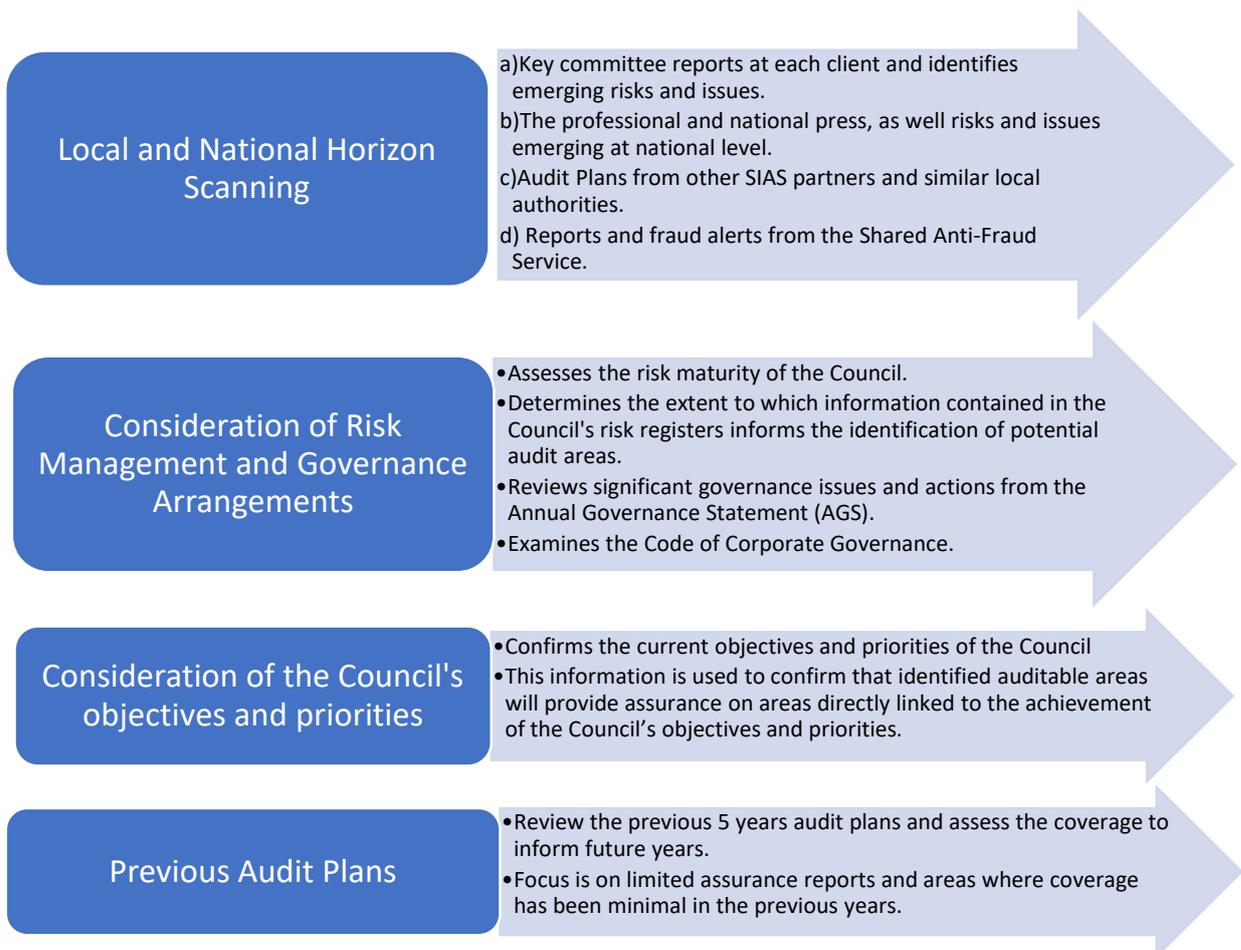
### **Approach to Planning**

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



### Horizon Scanning and Audit Universe

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



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

#### Client Discussions

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

#### *Risk Assessment*

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

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

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

#### *Significance*

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

#### *Timings*

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

#### Risk Assessment

- 2.6 The overarching risk that SIAS bases planning against is the risk that audit work completed does not provide sufficient coverage and significance for SIAS to provide a robust annual assurance opinion. Therefore, SIAS risk assesses each auditable area to ensure that their resources are directed appropriately.
- 2.7 The risk assessment behind the development of the 2026/27 Internal Audit Plan was strongly correlated to the Council's Delivery Plan and associated Council monitoring through risk assessments, KPI's and project progress.
- 2.8 SIAS also include considerations of financial materiality, corporate significance, vulnerability, change and management concerns, as part of the risk assessment, including alternative sources of assurance through assurance mapping and the Three Lines (of Defence) model. This will also incorporate topical requirements considered by the Internal Audit Standards Advisory Board e.g. cyber security and third party. The overall approach provides a baseline for the provision of assurance on identified high risk areas.

## Draft Audit Plan

- 2.9 The results of the risk assessment and discussions with Senior Mangers provides a draft Internal Audit Plan. SIAS has presented this draft plan to the Senior Leadership Team to seek their views on the assessments completed and to provide any further updates or comments. The outcome is now presented to Members as part of this report for their approval of the Draft Internal Audit Plan 2026/27.

## The Planning Context

- 2.10 The context within which local authorities provide their services remains challenging:
- Demand for services is still rising, driven by a range of factors including the growing and ageing population, and challenges in the healthcare system. Combined with the cost of living, local authorities will have to continue to be more innovative and commercially minded.
  - Macro-economic uncertainty continues, driven by factors such as inflation, interest rates, energy costs and a range of geo-political tensions. Resulting significant cost pressures and limited government funding make financial planning a key component of managing local government finance challenges.
  - Cyber and data security remains a consistent threat to organisations and there are a growing number of local authorities that have been subjected to successful cyber-attacks. Continued vigilance and risk management remain key to protecting local authority assets and services.
  - Local authorities are facing significant challenges in relation to human resources and talent management, both in terms of vacancy management, recruitment and retaining staff meaning ability to remain resilient and deliver high quality services may continue to be an increasing concern.
  - The expectation to promote growth that improves people's lives and goes hand in hand with protecting the environment by developing prosperous, sustainable, resilient and green communities for future generations.
  - Proposals around local government reorganisation and devolution provide both significant challenges and opportunities for local authorities.
- 2.11 The resultant efficiency and transformation programme that councils are in the process of implementing and developing continues to profoundly alter each organisation's nature. Such developments are accompanied by potentially significant governance, risk management and internal control change.

2.12 The challenge of giving value in this context, means that Internal Audit needs to:

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

#### **Internal Audit Plan 2026/27**

2.13 The draft plan for 2026/27 is included at Appendix A and contains a high-level proposed outline scope for each audit; Appendix B details the agreed start months. The number of days purchased in 2026/27 is confirmed as 260 days.

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

	<b>2026/27 Days</b>	<b>%</b>
General audits	148	57%
IT Audits	24	9%
Consultancy Assignments / Assurance Mapping	5	2%
Recommendation Follow-Ups	12	5%
Grants or Charity Certification	8	3%
Strategic Support*	38	15%
Contingency	5	2%
Completion of 2025/26 Projects	20	7%
<b>Total allocated days</b>	<b>260</b>	<b>100%</b>

\* This covers supporting the Audit Committee, monitoring delivery of the audit plan, client liaison and planning for 2026/27.

- 2.15 Any significant audit plan changes agreed between Management and SIAS will be brought before this committee for noting through the usual plan update reporting cycle. The postponement or cancellation of any audits will require approval from the Director (Resources). It should be noted that the Internal Audit Plan is intended to be dynamic and responsive to changing risks and matters arising during the year.
- 2.16 Members will note the inclusion of a provision for the completion of projects that relate to 2025/26. The structure of Internal Audit's programme of work is such that full completion of every aspect of the work in an annual plan is not always possible, especially given the high dependence on client officers during a period where local government faces significant resourcing risks.
- 2.17 The nature of assurance work is such that enough activity must have been completed in the financial year, for the Chief Audit Executive to give an overall opinion on the Authority's internal control, governance and risk management framework. In general, the tasks associated with the total completion of the plan, which includes the finalisation of all reports and negotiation of the appropriate level of agreed mitigations, is not something that adversely affects delivery of the overall opinion. The impact of any outstanding work is monitored closely during the final quarter by SIAS in conjunction with the Section 151 Officer / Director (Resources).

#### Resources

- 2.18 Standard 8.2 and 10.1 to 10.3 requires SIAS to ensure that financial, human and technological resources are appropriate, sufficient, and effectively deployed to achieve the approved internal audit plan, as well as any limitations of the adequacy of resources.
- 2.19 Achievement of our role and objectives is predicated on the matching of audit needs to available resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients. SIAS resources are calculated based on the chargeability of each member of the team and the structure was designed to ensure sufficient chargeability to deliver all plans.
- 2.20 SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
- 2.21 SIAS staff are provided training and development across the year to support service delivery at our partners. In addition, SIAS provides funding for professional qualifications and currently has nine team members studying towards their professional qualifications.

- 2.22 The service is adequately resourced to deliver the number of planned internal audit days commissioned by North Herts Council. There are currently no limitations on the adequacy of resources in place to deliver the North Herts Council Internal Audit Plan 2026/27.
- 2.23 The SIAS Internal Audit Strategy at Appendix E contains further information on SIAS resources.

### 3. Performance Management

#### Update Reporting

- 3.1 SIAS is required to report its work to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit provision is fulfilling its statutory obligations. Progress against the agreed plan for 2026/27 and any proposed changes will be reported to this Committee four times in the 2026/27 civic year.
- 3.2 SIAS will report on the implementation of agreed high priority recommendations as part of the update reporting process.

#### Performance Indicators

- 3.3 Annual performance indicators were approved at the SIAS Board and are reviewed annually by the Board. Details of the targets set for 2026/27 are shown in the table below. Actual performance against target will be included in the regular update reports to this Committee.

Performance Indicator	Performance Target	Reporting Frequency
<b>1. Conformance with GIAS (UK public sector)</b> – annual self-assessment or five-yearly external assessment; including areas of non-conformance	Yes	Annually
<b>2. Internal Audit Annual Plan Report</b> – approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet	Yes	Annually
<b>3. Annual Internal Audit Plan Delivery</b> – the percentage of the Annual Internal Audit Plan delivered (measured in audit days, excluding contingency)	95%	Quarterly
<b>4. Project Delivery</b> – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%	Quarterly

<b>5. Project Completion</b> – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%	Quarterly
<b>6. Client Satisfaction*</b> – percentage of client satisfaction questionnaires returned at ‘satisfactory’ level	90%	Quarterly
<b>7. Chief Audit Executive’s Annual Assurance Opinion and Report</b> – presented at the first Audit Committee meeting of the financial year	Yes	Annually
<b>8. Staff and Training</b> – percentage of our staff that are actively studying towards, or have obtained, a relevant professional qualification	Head of Service and Client Audit Managers (Chief Audit Executives) – 100%  All Staff – 80%	Annually
<b>9. Implementation of critical, high, and medium priority (where relevant to partner) recommendations</b>	Yes	Presented as part of regular internal audit progress updates to Audit Committee

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### General Internal Audits (148 days)

These internal audits have been confirmed as part of the current planning process and will proceed unless there are other significant matters or risks that arise during the 2026/27 financial year that are prioritised.

<u>Audit Title</u>	<u>Background and Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
<p>Health and Safety</p> <p>(Source: Director planning meeting and Horizon scanning – statutory duty)</p>	<p>North Herts Council entered into a service level agreement with Hertfordshire County Council’s Health and Safety team to fulfil the statutory requirement to have access to competent health and safety advice, as well as conduct a limited number of H&amp;S services on request. The Council has retained several H&amp;S functions and roles within the authority, most notably centred on the Building and Facilities team. This follows the retirement of the Council’s inhouse Health and Safety Officer.</p> <p>The purpose of this audit is to determine whether there are any gaps in H&amp;S duties, governance, provision and record keeping that are not being delivered due to falling between the respective parties.</p>	Q1	Director – Enterprise
<p>Emergency Homelessness Accommodation Payments</p> <p>(Source: Chief Executive planning meeting / Horizon scanning / Statutory Report at another local authority)</p>	<p>A report, prepared jointly by Peterborough City Council’s monitoring officer and section 151 officer sets how £17m in payments made over almost a decade were incurred without lawful procurement, without written contracts, and without proper governance and decision-making authority.</p> <p>This audit will look at the key findings and recommendations from the statutory report to ensure that the Council are not similarly in breach of Council rules and / or the law and that there is adequate governance, risk management and control in place.</p>	Q1	Director - Regulatory

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<p>Leisure Centre Decarbonisation</p> <p>(Source: Risk Register and Council Delivery Plan, as well current embedded assurance)</p>	<p>The Council is currently conducting the decarbonisation of leisure centres having secured grant funding from the Public Sector Decarbonisation Scheme (Salix Grant). The main activities are replacing end of life gas boilers with air source heat pumps and installing solar PV panels to enable on-site generation of electricity. Replacing gas heating for our leisure centres with low carbon alternatives is the single most effective action we can take towards meeting our target of being carbon neutral by 2030.</p> <p>As in 2024/25 and 2025/26, internal audit will continue to be represented on the project board / steering group to provide ongoing and continuous (embedded) assurance through the project life cycle phases arising this financial year using an embedded approach. Internal audit should also have input into the project closure report and participate in a project board ‘lessons learned or retrospective’ as per the Council’s project methodology.</p>	Q1-3	Director - Environment
<p>Decarbonisation of Council Buildings – Phase 2</p> <p>(Source: Risk Register and Council Delivery Plan, assurance mapping and current embedded assurance)</p>	<p>The Council is finalising plans and completing works to decarbonise further Council buildings - Hitchin Town Hall, North Herts Museum, and the learner pool at North Herts Leisure Centre. 2025/26 is a planning year, with works commencing in 2026/27 and due to complete by 31 March 2028.</p> <p>Internal audit will join the project board / steering group to provide ongoing and continuous assurance through the project life cycle phases arising this financial year using an embedded approach. This has worked successfully on the Leisure Centre Decarbonisation audit in 2024/25 and 2025/26, and this approach will consequently be replicated.</p>	Q1-4	Director - Environment
<p>Museum Collection Facility</p> <p>(Source: Risk Register and Council Delivery</p>	<p>The Council has already commenced a project to resolve current museum collection storage capacity pressures and to secure the long-term future and preservation of the museum collection in an environmentally stable facility.</p>	Q1-4	Director - Enterprise

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<p>Plan, planning meeting with Director)</p>	<p>Internal audit will join the project board / steering group to provide ongoing and continuous assurance through the project life cycle phases arising this financial year using an embedded approach. This has worked successfully on the Leisure Centre Decarbonisation audit in 2024/25 and 2025/26, and this approach will consequently be replicated.</p>		
<p>Fly Tipping  (Source: Horizon Scanning - National Media, Public Interest and Cabinet Papers)</p>	<p>Fly tipping is the illegal dumping of waste on unauthorised land, posing significant environmental, public health, and economic challenges. The media has extensively covered the issue of fly-tipping in the UK, highlighting the scale of the problem and the government's response, with high profile waste dumping on significant scale at sites in Cheshire, Essex (M25) and Oxfordshire obtaining national attention. It is considered important to assess the Council's response as it impacts public health, street scene / rural quality, community confidence, and carbon/wider environmental outcomes.</p> <p>Audit coverage may include:</p> <ol style="list-style-type: none"> <li>1. Governance &amp; Strategy - whether the authority has a coherent, risk-based strategy and governance for fly-tipping that aligns with statutory duties and local priorities.</li> <li>2. Prevention &amp; Education - effectiveness of prevention measures, communications, and community engagement in reducing incidents.</li> <li>3. Operational Response - timeliness, completeness, and consistency of incident logging, categorisation, investigation, clearance, and follow-on actions.</li> <li>4. Enforcement &amp; Legal Outcomes - whether enforcement is lawful, proportionate, evidence-led, and yields effective outcomes (FPNs, prosecutions, cost recovery).</li> <li>5. Data Quality &amp; Insight - accuracy, completeness, and use of data (including hotspot analysis) to inform decision making and performance reporting.</li> <li>6. Partnership Working - coordination with internal services and external partners (e.g., Waste Disposal Authority, Environment Agency, Police, housing providers, parish councils).</li> </ol>	<p>Q2</p>	<p>Director - Regulatory</p>

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	<p>7. Value for Money - whether resources are targeted effectively, costs are understood and controlled, and interventions represent good value.</p> <p>8. Compliance &amp; Information Governance - compliance with relevant legislation, policies, and codes (including CCTV/surveillance, evidence handling, and data protection).</p>		
<p>Asset Disposals</p> <p>(Source: Horizon scanning - Cabinet papers)</p>	<p>To provide assurance that the Council’s processes for the disposal of assets (focusing on property and other high value assets) are efficient, lawful, transparent, properly authorised, achieve value for money, and are supported by adequate controls to prevent loss, fraud, or misuse.</p> <p>Government guidance on ‘Financial decisions before local government reorganisation’ notes that it is essential that decisions regarding ongoing service delivery and the medium-term financial strategy of existing councils do not compromise the future sustainability of new councils. Examples of those decisions include but are not limited to the sale and purchase of significant assets and transfer of local assets.</p> <p>An audit would likely review:</p> <ul style="list-style-type: none"> <li>• Policies and procedures governing asset disposal</li> <li>• Compliance with statutory requirements and local authority financial regulations</li> <li>• Governance, authorisation, and decision-making arrangements</li> <li>• Asset registers and inventory accuracy</li> <li>• Methods of disposal (sale, auction, transfer, recycling, scrapping, donations, trade-ins)</li> <li>• Valuation and value-for-money considerations</li> <li>• Security and safeguarding of assets pending disposal</li> <li>• Recording of disposals and accounting treatments</li> <li>• Fraud risk management, conflicts of interest, transparency, and audit trails</li> </ul>	<p>Q2</p>	<p>Director - Enterprise</p>

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<p>Pay on Exit Parking</p> <p>(Source: Council Delivery Plan and assurance mapping)</p>	<p>This project is to replace existing parking machines and update tariff boards to implement pay on exit in Council car parks. A full implementation programme has been agreed with the contractor, with availability of new parking machines currently dependent on the manufacturer.</p> <p>A standalone project audit would likely cover post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p>	<p>Q3</p>	<p>Director - Place</p>
<p>Applicant Tracking System</p> <p>(Source: Council Delivery Plan (Resourcing Risk))</p>	<p>The Council is introducing the Tribepad Applicant Tracking System (ATS) designed to streamline the recruitment process for organisations. It offers features related to candidate management, screening and interviewing, job offers and onboarding, integration and AI assistance. The system is used by some other Hertfordshire local authorities.</p> <p>The audit is likely to take the form of post implementation review to ensure that the system is meeting its planned objectives and functioning to expected specification to deliver the intended results. There is also opportunity for internal audit to be involved in systems testing prior to implementation.</p>	<p>Q3</p>	<p>Director - Resources</p>
<p>Local Government Reorganisation</p> <p>(Source: Risk Register and Council Delivery Plan)</p>	<p>The English Devolution White Paper published in December 2024 set out Government's intention for all areas of the country to be covered by an elected Mayor and all two-tier areas like Hertfordshire, to be reorganised into single tier unitary authorities. Following the written invitation by the Local Government Minister to all County and District councils in February 2025, including those from Hertfordshire, a submission of initial proposals for local government reorganisation was made by 21 March 2025, and followed by full proposals on 28 November 2025. Government consultation on these proposals commenced on 5 February 2026. The ultimate decision on any proposals will be for the Secretary of State for Housing Communities and Local Government.</p>	<p>Q3-4</p>	<p>Director – Resources or other as directed and relevant</p>

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	<p>While the exact nature of the assurance work has yet to be determined, the SIAS Board recommended at its December 2025 meeting that time is allocated within the respective partner audit plans. Assurance (likely in the form of embedded or continuous assurance to ensure timeliness) and advice across workstreams will be required, especially once the Minister’s decision is known. Multiple potential areas to consider have been identified, including technology assets, procurement and contracts, governance, shared services, workforce and human resource management, finance and local taxation, property assets, and project management. Days not used will be reallocated to audits in the Reserve List below.</p>		
<p>Careline  (Source: Horizon Scanning – Audit Universe. Also planning discussions with the Chief Executive and Director – Customers.</p>	<p>North Herts Council’s Herts Careline service, in partnership with Hertfordshire County Council (HCC), supports more than 13,000 residents with telecare and assistive technology that’s designed to help them live independently in their own homes for longer. This includes emergency pendant alarms, door sensors, fall detectors, smoke detectors, bathmats and smart plugs, which combine to provide both reactive and preventative support to enable greater independent living at home.</p> <p>There are several risk or assurance areas which could be reviewed, but will be confirmed at the time of the audit:</p> <ul style="list-style-type: none"> <li>a) Cyber resilience, disaster recovery and business continuity should services go down or be compromised in some way that impacts this life critical service.</li> <li>b) Compliance with operational procedures.</li> <li>c) Success of the extended partnership with HCC in meeting its objectives.</li> <li>d) Success and cost effectiveness of bringing alarm fitting service inhouse.</li> <li>e) Resourcing and ways of working.</li> </ul>	<p>Q3</p>	<p>Director- Customers</p>

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<p>Churchgate - Project Assurance</p> <p>(Source: Risk Register and Council Delivery Plan)</p>	<p>Three audits were completed on the Churchgate project as part of the 2023/24, 2024/25 and 2025/26 Internal Audit Plans. All provided assurance at specific project milestones or moments in time. This approach will continue in 2026/27, although may be supported by a complementary approach where internal audit will join the project board / steering group to provide an element of ongoing and continuous assurance throughout the next phase of the project life cycle using an embedded approach.</p> <p>Providing a view of how a project is progressing is known as project assurance and is the ultimate responsibility of the project board or steering group. Internal audit will report a view on project governance, risk management and control.</p>	<p>Q4</p>	<p>Director - Enterprise</p>
<p>Renters Rights Act (RRA) 2025</p> <p>(Source: Director planning meeting and Risk and Performance Group)</p>	<p>Under the RRA 2025, local authorities are granted enhanced powers and a mandatory duty to enforce landlord legislation, significantly increasing the Council’s responsibilities in the private rented sector. This audit will seek to ensure that the Council has adequately responded to the new enforcement duties and responsibilities under the RRA 2025. These include:</p> <ul style="list-style-type: none"> <li>a) Rental discrimination - the unfair treatment of people in the private rented sector who have children or receive benefits.</li> <li>b) Rental bidding - potential tenants make bids to rent a property.</li> <li>c) Using powers to enforce the Tenant Fees Act 2019 amended by the Renters’ Rights Act 2025.</li> <li>d) Rent in advance - landlord or letting agent has asked for, encouraged or accepted rent in advance before the tenancy agreement has been signed.</li> <li>e) Using new powers to investigate whether a landlord or an agent letting out private rented housing has broken certain laws.</li> <li>f) Reporting Obligations – reporting enforcement activities to the Secretary of State, ensuring accountability and transparency in how they manage landlord compliance.</li> </ul>	<p>Q4</p>	<p>Director - Regulatory</p>

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

	g) Civil penalties – The RRA allows local authorities to impose civil penalties on landlords and letting agents for breaches of the law. They can retain revenue to support their enforcement activities.		
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### IT Internal Audits (24 days)

<u>Audit Title</u>	<u>Purpose of the Audit</u>	<u>Quarter</u>	<u>Audit Sponsor</u>
Cyber Risk	<p>To provide assurance using the provisions of the Cybersecurity Topical Requirement, as mapped to other appropriate frameworks such as NCSC and COBIT, including:</p> <ul style="list-style-type: none"> <li>a) Governance – clearly defined baseline cybersecurity objectives and strategies that support Council goals, policies, and procedures.</li> <li>b) Risk Management – processes to identify, analyse, manage, and monitor cyber threats, including a process to escalate cyber risks promptly.</li> <li>c) Controls – management-established, periodically evaluated control processes to mitigate cyber risk.</li> </ul>	Q3	Director - Customers
Cyber Resilience	<p>This audit is closely linked to above, and will focus more specifically on incident planning, response and recovery. Questions to be covered include:</p> <ul style="list-style-type: none"> <li>• Does the Council have a well-prepared and tested cyber incident response plan aligned with its risk appetite and business continuity priorities?</li> <li>• Is the plan regularly exercised for likely scenarios and updated for lessons learned?</li> <li>• Does the Council have clarity on the sources of external support (for example, legal, technical, communications) available during a major incident, and are these integrated into the response plan?</li> </ul>	Q4	Director - Customers

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

	<ul style="list-style-type: none"> <li>• Have lessons been learned from past incidents or near misses, and have they informed improvements?</li> <li>• Is there sufficient monitoring and logging in place to identify a potential intruder or attack, and are the warnings promptly acted upon?</li> <li>• Is there an adequate data and asset backup strategy in place?</li> <li>• Are controls in place to protect backups from being compromised or destroyed during an attack?</li> </ul>		
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### Consultancy Assignments and Assurance Mapping (5 days)

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

### Recommendation Follow-Ups (12 days)

<u>Assignment Title</u>	<u>Assignment Background and Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
Follow-up of AGS Actions and External	It is intended that a follow-up is conducted on all actions within the most recent Annual Governance Statement (2024/25), including:	2	Director – Resources / S151 Officer as well as those Directors in whose areas the

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

<p>Audit Recommendations</p> <p>(Global Internal Audit Standards / Good governance and risk management practice)</p>	<ul style="list-style-type: none"> <li>a) Review and increase Annual Declaration Letter return rate to 95%, using internal communications and automatic chasers from the Learning Management System. (HR; Leadership Team)</li> <li>b) Review and improve staff completion rates for all mandatory training, aiming for 85% completion in 25/26, 90% completion in 26/27, and 95% completion in 27/28. (HR; Leadership Team)</li> <li>c) Review sub-delegations post organisational restructure, ensuring a 100% completion rate and updates made where required. (Each Director; the Monitoring Officer)</li> <li>d) Provide training to ensure those deputising for the Emergency Planning Officer are aware of and understand the relevant emergency planning powers which they can or may need to exercise as per the Constitution. (Emergency Planning Officer/ Director – Resources)</li> <li>e) Provide training for those deputising for Statutory Officers and Directors to ensure they understand the relevant Constitutional powers which they can or may need to exercise (Each Director; the Monitoring Officer).</li> <li>f) Provide further training to staff and councillors on cyber security, aiming for a 100% compliance with simulated phishing exercises. (Cyber Security Board; Leadership Team)</li> <li>g) Further develop the Cyber Resilience Plan and test once finalised (Cyber Security Board).</li> <li>h) Continue to implement the Corporate Peer Challenge Action Plan and review progress at the Local Government Association follow-up in autumn 2025. (Leadership Team)</li> <li>i) Develop reporting and internal sharing of best practice for Social Value as outlined in the AGS 2023/24 [actions 6-8] (Procurement Team; Leadership Team).</li> <li>j) Review and update the Gender Pay Gap Action Plan based on the latest pay gap figures. (The Gender Pay Gap Subgroup)</li> </ul>		<p>original audits were undertaken.</p>
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## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

	<p>k) Finish developing and publish the new Sustainability Strategy 2025-2030 and establish a process for monitoring progress. (Director for Environment and relevant teams).</p> <p>l) Review the process for considering and reporting Equality and Environmental Implications (Policy &amp; Strategy; Leadership Team</p> <p>m) Review the 3 Cs (Comments, Compliments, Complaints) Policy to incorporate reporting mechanisms to the Monitoring Officer and two other Statutory Officers (Customer Services; Leadership Team).</p> <p>It is also intended to follow-up on recommendations / control deficiencies raised by the external auditors (KPMG) as follows:</p> <ol style="list-style-type: none"> <li>1. Late submission of accounts</li> <li>2. IT Policies</li> <li>3. Contract Compliance Review</li> <li>4. Member completion of training</li> </ol> <p>This will also assist with the annual assurance opinion (conclusion) on governance, alongside risk management and control.</p>		
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### Grant Claims / Charity Certification (8 days)

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

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

### Contingency (5 days)

Available time for ad hoc work as required.

### Strategic Support (38 days)

<u>Title</u>	<u>Purpose</u>
Chief Audit Executive Annual Opinion Report	To prepare the Chief Audit Executive Opinion 2025/26.
Audit Committee	To provide services linked with the preparation, agreement and presentation of Finance, Audit and Risk Committee reports, as well as any training requirements.
Performance Monitoring	Audit plan monitoring against agree KPIs.
Client Liaison	Meetings with the S151 Officer, preparation and attendance at the Risk Group and other groups or meetings as required.
Audit Planning 2027/28	Provision of services to prepare, agree and report the 2027/28 Annual Audit Plan.
SIAS Development	Included to reflect the Council's contribution to developing the partnership.

### 2025/26 Carry Forward (20 days)

Available time for completion of 2025/26 projects – includes specific projects below which did not commence or complete as scheduled.

<u>Assignment Title</u>	<u>Assignment Purpose</u>	<u>Quarter</u>	<u>Assignment Sponsor</u>
EV Charging	Contract/leases with private sector partner have been finalised to install new EV charging points in the Council's outdoor surface car parks. A	Q1	Director - Place

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

	<p>Government OZEV electric vehicle charge points and infrastructure grant has been secured to deliver the project.</p> <p>This is a standalone project audit covering post implementation review, lessons learned, and benefits / objectives realisation given the current stage of progression with the project. This links to narrative in the LGA CPC Report.</p>		
Anderson House	<p>The Anderson House scheme was established following a successful bid by the Council, OneYMCA and other partners to the MHCLG’s Single Homelessness Accommodation Programme (SHAP) in 2023, which resulted in an award of £3.2 million of capital funding and revenue funding totalling £1.2 million over three years. North Herts Council’s (NHC) Cabinet also approved the allocation of £388.3k of affordable housing commuted sums to OneYMCA to aid their acquisition of Anderson House on 10 September 2024.</p> <p>A Nominations Agreement was signed by OneYMCA and North Herts Council on 12 January 2026. This outlines the procedures for making nominations and the responsibilities of both parties.</p> <p>The purpose of this audit was to review and assess compliance with the Grant Funding Agreements, as well as the Nominations Agreement, to ensure that conditions and underlying objectives are being met, as well as to review ongoing contract monitoring arrangements and KPIs that will ensure that successful delivery can continue in the future.</p>	Q1	Director - Regulatory

### Reserve List

Potential audit topics for elevation into the 2026/27 Internal Audit Plan or future audit plans where cancellations or deferred audits arise.

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

Title	Purpose
<p>IT Service Desk</p> <p>(Source: Horizon scanning – IT audit universe)</p>	<p>The Service Desk acts as a communication centre where employees can request help and receive IT support. IT service desks facilitate communication between other service management and the user community—usually the organisation’s employees and other stakeholders. They also play a role in capturing change requests, maintaining third party contacts, assisting with problem management, and managing software development. This critical role is often unseen but plays an integral part in ensuring the smooth functioning of an organisation's IT landscape. Whether it is assisting with password resets, deploying patches, or handling more complex troubleshooting, the service desk is the first line of support that helps employees navigate their digital resources.</p> <p>Areas of coverage can include:</p> <ul style="list-style-type: none"> <li>a) Objectives and Service Level Agreements,</li> <li>b) Processes and procedures,</li> <li>c) Customer Support,</li> <li>d) User self-service,</li> <li>e) Prevention and monitoring,</li> <li>f) Known error databases,</li> <li>g) Categorisation, prioritisation, and diagnosis,</li> <li>h) Investigation and escalation,</li> <li>i) Closure and resolution satisfaction,</li> <li>j) Reporting and risk management,</li> <li>k) Incident grouping, and</li> <li>l) Service desk allocations.</li> </ul>
<p>Asset Data</p> <p>(Source: Horizon scanning – other SIAS partners)</p>	<p>To provide assurance that asset data is complete, accurate and reliable and controls exist to ensure consistent recording between asset registers held by service areas, e.g., Accounts, Estates and Property Services.</p>

## APPENDIX A – PROPOSED NORTH HERTS COUNCIL AUDIT PLAN 2026/27

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<p>Planning Process – Application to Appeal</p> <p>(Source: Horizon scanning and assurance mapping)</p>	<p>Local Plans, prepared by a local planning authority in consultation with its community, set out a vision and a framework for the future development of an area. Once in place, Local Plans become part of the statutory development plan. The statutory development plan for the area is the starting point for determining local planning applications. Local authority planning is a vital process that shapes the development and growth of communities, ensuring that local needs are met while adhering to national policies and regulations.</p> <p>While avoiding duplication with the scope of a recent Planning Officer Society Review, an end-to-end review of the planning process is proposed covering application, assessment and validation, performance against statutory timeframes, consultation and collaboration, decision making (officer delegated and Planning Committee) and appeals. The audit will support good governance and compliance with legislation, local plans, strategies and guidance.</p>
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## APPENDIX B – AUDIT START DATES AGREED WITH MANAGEMENT

Type	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>General Audit</b>	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	Leisure Centre Decarbonisation (through year)	
	Decarbonisation of Council Buildings – Phase 2 (through year)	Decarbonisation of Council Buildings – Phase 2 (through year)	Decarbonisation of Council Buildings – Phase 2 (through year)	Decarbonisation of Council Buildings – Phase 2 (through year)
	Museum Collection Facility (through year)			
	Health and Safety	Asset Disposals	Careline	Renters Rights Act (RRA) 2025
	Emergency Homelessness Accommodation Payments	Fly Tipping	Applicant Tracking System	Churchgate Project Assurance
			Pay on Exit Parking	
			Local Government Re-organisation	
<b>IT Audit</b>			Cyber Risk	Cyber Resilience
<b>Consultancy &amp; Assurance Mapping</b>		Assurance Mapping Update		
<b>Recommendation Follow-Up</b>		AGS and External Audit Follow-Up of Recommendations		

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

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<b>Grant / Charity</b>				King George V Playing Fields
				Workman's Hall
<b>Carry Forward</b>	2025/26 Carry Forward Audit Completion <ul style="list-style-type: none"> <li>- Anderson House</li> <li>- EV Charging</li> </ul>			

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

Council Delivery Plan and Corporate Risks - Risk Register	Internal Audit Coverage 2021/22 – 2025/26	Internal Audit Coverage 2026/27	Assurance Mapping and Other Assurance
<b>Financial Sustainability (Corporate Risk Current Risk Score Red 9)</b>	Income Generation Integra Automation / Centros Financial System Revenues Discounts and Exemptions / Resilience in Revs and Bens Breathing Space (Debt Recovery) Council Tax Reduction Scheme Financial Resilience of Suppliers Payroll Processing Discretionary Housing Payments New Finance System (Accounts Payable) New Finance System (Accounts Receivable) Purchasing Cards	No	Financial Sustainability formed a key part of the Corporate Peer Challenge in 2024/25 with financial planning and management being one of the five core elements. One recommendation made in this area, with the CPC Action Plan monitored by Cabinet.
<b>Leisure Centre Decarbonisation (Project Summary – Amber / Current Risk Score Red 8)</b>	Public Sector Decarbonisation Scheme (Salix Grant) - Year 1 Leisure Centre Decarbonisation - Year 2 (audit renamed)	Leisure Centre Decarbonisation	See adjacent column.
<b>Churchgate (Project Summary – Green / Current Risk Score Red 8)</b>	Churchgate – Project Governance Framework Churchgate Ongoing Project Assurance Churchgate Landlord Compliance Churchgate Project Assurance (ongoing annually)	Churchgate Project Assurance	See adjacent column.
<b>Cyber Risks (Corporate Risk Current Risk Score Red 8)</b>	Cyber Security – Cyber Governance and Culture	Cyber Risk (including use of Topical Requirement)	See adjacent column.

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

	Cyber Security – Supply Chain Management Critical Applications IT Disaster Recovery / Disaster Recovery Cyber Risk Phishing Website Security and Maintenance Multi-Factor Authentication LGR – Cyber Risk (consultancy) Other Technology audits	Cyber Resilience (including Careline and IT BCP)	
<b>Resourcing (Corporate Risk Current Risk Score Red 9)</b>	Agency Staffing Safer Recruitment Training, Awareness and Induction Crosses numerous risks and audits, e.g. high priority recommendation in Climate Emergency audit	Application Tracking System (incl. pre-employment checks)	See adjacent column.
<b>Local Government Reorganisation and Devolution (Corporate Risk Current Risk Score Red 9)</b>	No	Local Government Reorganisation	See adjacent column.
<b>Decarbonisation of Council Buildings (Project Summary – Green / Current Risk Score Red 7)</b>	None.	Decarbonisation of Council Buildings	See adjacent column.
<b>Local Plan Review (Project Summary - Green / Current Risk Score Red 7)</b>	Development Management Follow-up Planning Applications	Planning Processes – Application to Appeal (Reserve List)	See adjacent column.
<b>Museum Collection Facility (Project Summary – Amber / Current Risk Score Red 7)</b>	Museum Services HTH Museum Operations	Museum Collection Facility	See adjacent column.
<b>Engaging the community on our finances and how we spend our</b>	No	No	Assurance map shows sufficient other forms of assurance.

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

money, via the 'Prioritising our Pounds' Digital Budget Hub (Project Summary - Amber / Current Risk Score Amber 5)			
Digital Transformation (Project Summary - Amber / Current Risk Score Amber 6)	Digital Strategy – advisory and consultancy	No	The approach and delivery of digital transformation formed a key part of the Corporate Peer Challenge in 2024/25. One recommendation made in this area, with the CPC Action Plan to be monitored by Cabinet. See adjacent column. Some projects being reconsidered, paused or cancelled considering LGR and absence of medium to long term benefit – thus lower risk.
Waste and Street Cleansing Contract (Project Summary – Green / Current Risk Score Amber 5)	Waste Contract Follow-up Waste Contract Waste and Recycling Service	No	See adjacent column.
Town Centre Strategies (Project Summary – Green / Current Risk Score Amber 5)	No	No	Assurance map is amber for internal audit coverage and recommended for possible inclusion in the Internal Audit Plan. However, Draft Town Centre Strategy presented to Cabinet in November 2025 prior to public consultation. Then back to Cabinet to be adopted subject to feedback. Nothing to audit and project effectively complete.

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

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

The Corporate Risk Register and Council Delivery Plan are closely connected. The version used above was the most recent in place (January 2026) at the time of internal audit planning and is subject to regular review and update that means both the projects, risks and risk scores will have changed over time.

Assurance mapping from 2024/25 and the subsequent update of the Assurance Map in 2025/26 has assisted in showing both the strength and gaps in alternative assurance within the Four Lines (of Defence) Model.

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

## APPENDIX D – GLOSSARY OF TERMS

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### **Assurance mapping**

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

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

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

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

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

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

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

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

### **Health Check**

## APPENDIX D – GLOSSARY OF TERMS

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

### **Maturity assessment**

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

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

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

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

#### Advantages

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

#### Disadvantages

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

## APPENDIX D – GLOSSARY OF TERMS

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

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

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

### SIAS - Internal Audit Strategy & Service Plan 2026/27

#### Introduction

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

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

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

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

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

*‘Internal auditing enhances the organisations:*

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

## APPENDIX E – SIAS Internal Audit Strategy

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### Our Mission

7. As a shared service, SIAS aims to:

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

8. In delivering this mission statement SIAS will:

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

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

### Our core values

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

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

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

## APPENDIX E – SIAS Internal Audit Strategy

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

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

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

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

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

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

### **Our priorities**

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

### Our role and delivery objectives

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

## APPENDIX E – SIAS Internal Audit Strategy

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effectiveness of the internal audit activity followed by the completion of actions to address opportunities for improvement.

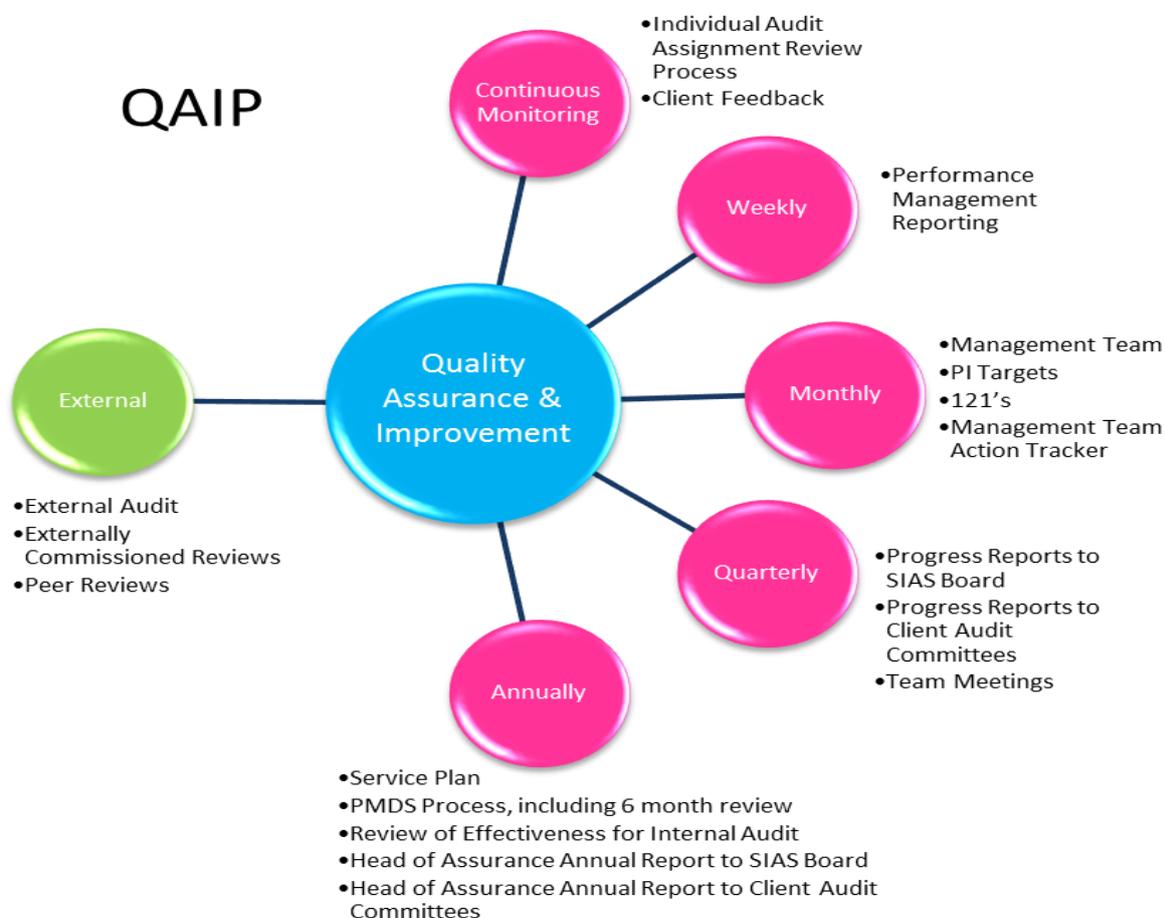
### **Resources**

16. Achievement of our role and objectives is predicated on the matching of audit needs to available human resources through our work allocation processes. This is accomplished through the delivery of internal audit activities by a range of suitably qualified and experienced team members working flexibly in a matrix structure to maximise the value to all our partners and clients.
17. SIAS will utilise our internal audit delivery partner to provide service resilience and access to specialist skills not currently available within the service, or which are not economically viable to recruit and retain on a permanent basis.
18. The service will be adequately resourced to deliver the number of planned internal audit days commissioned through our partners internal audit plans and the requirements of our external clients.
19. Our structure is comprised of 20.45 FTE's; these being aligned to the 3347 internal audit days that SIAS is commissioned to deliver, this split between SIAS Partner commissions of 2955 days, and work delivered to external clients of 392 days.
20. Our internal resources are as follows:
  - 0.4 FTE Head of Assurance
  - 1 FTE Head of Shared Service / Client Audit Manager
  - 2.8 FTE Client Audit Managers
  - 2 FTE Assistant Client Audit Manager
  - 3 FTE Senior Auditors
  - 4.5 FTE Auditors
  - 4 FTE Trainee Auditors
  - 1 FTE Business Support & Development Officer
21. Our equivalent available resource from our delivery partner is as follows:
  - BDO (equivalent of 1.75 FTE)
22. The financial resource management of SIAS is described in the Budget and Medium-Term Financial Plan presented annually to the SIAS Board, and includes funding for training, professional development, conferences and other learning opportunities. This is integral to our 'grow your own' strategy. The SIAS Budget also contains funding for audit software and software licenses (technology) and the SIAS Reserve Strategy includes the potential for investment in further internal audit software, based on business need and subject to approval by the Board. These documents should be consulted for further detail.

## APPENDIX E – SIAS Internal Audit Strategy

### Measuring quality and performance

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



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

Performance Indicator	Performance Target / Reporting
<b>Annual Internal Audit Plan Delivery</b> – the percentage of the Annual Internal Audit Plan delivered (excludes contingency)	95%
<b>Project Delivery</b> – the number of projects delivered to draft report stage against projects in the approved Annual Internal Audit Plan	90%

## APPENDIX E – SIAS Internal Audit Strategy

Performance Indicator	Performance Target / Reporting
<b>Project Completion</b> – delivery of all planned projects to final report stage prior to the publication of the CAE annual assurance statement and opinion.	100%
<b>Client Satisfaction</b> - percentage of client satisfaction questionnaires returned at 'satisfactory' level.	90%
<b>Staff and Training</b> – percentage of our staff that are actively studying towards, or have obtained, a relevant professional qualification.	Head of Service and Client Audit Managers (Chief Audit Executives) – 100%  All Staff – 80%
<b>Internal Audit Annual Plan Report</b>	Approved by the March Audit Committee or the first meeting of the financial year should a March committee not meet.
<b>Chief Audit Executive's Annual Report (incl. Annual Assurance Opinion)</b>	Presented to the first meeting of each Audit Committee in the new financial year.
<b>Implementation of critical, high, and medium priority (where relevant to partner) recommendations</b>	Presented as part of regular internal audit progress updates to Audit Committee
<b>Conformance with GIAS (UK public sector)</b> – annual self-assessment or five-yearly external assessment; including areas of non-conformance.	Reported annually as part of the Chief Audit Executive's Annual Report.

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

## APPENDIX E – SIAS Internal Audit Strategy

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technical and professional developments, benchmarking good practices and ensuring consistency of approach with our peers in the sector.

### SIAS Service Plan 2026/27

#### Purpose

The SIAS Service Plan sets out the key activities that SIAS will be undertaking during 2026/27 to support the delivery of our key strategic objectives, primarily meeting statutory requirements, driving our service growth, and fostering a culture of continuous improvement.

#### Overview of Current Position and Developments

The internal audit landscape continues to evolve, with significant challenges faced by many internal audit teams in securing the appropriate resources, skills, and engagement to provide high quality and robust assurance to our customers.

- The revised Global Internal Audit Standards were launched during 2024/25, with a mandatory implementation date of 1st April 2025 for UK local authorities. SIAS will also be subject to our next External Quality Assessment (under the Global Internal Audit Standards) in 2026/27, thereby meaning that it is critical that SIAS can successfully demonstrate how the revised standards are being applied.
- Internal Audit is a specialist profession and therefore challenges continue across the sector in maintaining a pipeline of sufficiently qualified and experienced staff to fill critical roles such as Audit Managers and Chief Audit Executives.
- The financial landscape for all Local Authorities remains challenging, with these providing pressures in resourcing the Internal Audit function, which in the case of SIAS is the need to generate additional income to reduce financial pressures on our Partners in resourcing the function.
- The above financial pressures are also creating a backdrop of wider challenges for Local Authorities in terms of delivering sustainable critical services, this leading to a landscape of increasing risk, high degrees of transformation and the potential for dilution of governance or internal control arrangements as organisational resources reduce.
- We continue to monitor the progress of Devolution and Local Government Re-organisation within Hertfordshire, particularly considering the role that should be played by SIAS to provide assurance to our Partner Councils during the preparation and transition process, and the future structures for providing Internal Audit services post transition.

The above highlights the need for SIAS to use resources effectively, explore innovative ways of delivering assurance and maintain a full awareness and adherence to key professional standards.

## APPENDIX E – SIAS Internal Audit Strategy

### Our Key Service Plan Priorities for 2026/27

Objective	Key Area of Focus	Lead / Timescale
To ensure that the service has a workforce with sufficient skills to meet professional standards and deliver our core service commitments to our Partners.	To continue to review and enhance our approach to developing internal staff to allow internal candidates to be able to progress to key hard to fill roles such as Senior Auditor, Assistant Audit Manager and Client Audit Manager.	SIAS Management Team – March 2027
To commission, prepare for and participate in our five-yearly External Quality Assessment, as required under the Global Internal Audit Standards.	In line with the requirements of the Global Internal Audit Standards, SIAS are required to commission an External Quality Assessment during 2026/27. Significant work will be required by the SIAS management team to prepare the required evidence to support the assessment and demonstrate how SIAS conforms with the GIASs.	SIAS Management Team – October 2026
To formalise an approach to providing assurance to SIAS Partners in relation to Local Government Re-organisation.	SIAS will continue to work with the SIAS Board and Audit Committees to determine the most appropriate methods for providing assurance on governance, risk management and internal control arrangements during the process of Local Government Re-organisation in Hertfordshire.	SIAS Management Team – Ongoing during 2026/27
To provide clear outputs from assurance activities	Following the successful embedding of the revisions to the SIAS audit report template, we will seek to revisit the format of other key documents and reports such as our Terms of Reference (for audit assignments), Audit Committee progress reports and SIAS Annual Assurance Opinion Reports.	SIAS Management Team and SIAS Team Members – March 2027
To embed the use of data analytics and continuous assurance methodologies to improve the level of insight and depth of assurance provided within our work.	To actively participate within the Local Authority Chief Auditors Network working group on data analytics to identify any potential good practice that can be applied across the service.	SIAS Management Team – March 2027

## APPENDIX E – SIAS Internal Audit Strategy

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<b>Objective</b>	<b>Key Area of Focus</b>	<b>Lead / Timescale</b>
To provide a financially sustainable internal audit shared service partnership.	Deliver key external business income targets for 2026/27.  Continuing to market SIAS as a provider of high-quality internal audit Services.  Developing and refining approaches to identifying and bidding for external business opportunities, using experience gained from successful and unsuccessful bids.	Head of SIAS & Head of Assurance – March 2027

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**FINANCE, AUDIT & RISK COMMITTEE**  
**25th March 2026**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: LOCAL CODE OF CORPORATE GOVERNANCE 2026**

**REPORT OF: POLICY & COMMUNITY MANAGER**

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

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

**1. EXECUTIVE SUMMARY**

1.1. For the Finance, Audit & Risk Committee to approve the Local Code of Corporate Governance for 2026.

**2. RECOMMENDATIONS**

2.1. Approve the Local Code of Corporate Governance 2026 (Appendix A).

**3. REASONS FOR RECOMMENDATIONS**

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

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1. There are no alternative options to be considered as not agreeing the Local Code would impact on the ability to achieve good governance reporting which has wider service, compliance, and reputational implications.

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

5.1 The Leadership Team have reviewed the proposed Local Code for 2026 due to changes to the template and contents compared to previous years.

**6. FORWARD PLAN**

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

**7. BACKGROUND**

7.1 It is recommended good practice for the Local Code of Corporate Governance ('the Local Code') to be reviewed annually. It was last updated in March 2025. It was based on the

(2016) CIPFA/SOLACE Framework Delivering Good Governance in Local Government Framework 2016 Edition principles) This remains the basis for an assessment of governance arrangements for the 2025/26 period.

- 7.2 As defined by CIPFA, governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Local Code 2026 will be used to inform the Annual Governance Statement (AGS) for 2025/26, which demonstrates how effectively our core policies and procedures work in practice.
- 7.3 The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) published an Addendum on the guidance for the framework in May 2025. The aims of the Addendum are to support good governance in the sector, reflect the changes affecting governance in local government bodies since 2016, encourage robust reviews of governance arrangements and improve accountability to stakeholders, including local communities. In line with guidance from CIPFA, the addendum was considered and partially embedded for the AGS compiled in 2024/25. The advice in the addendum will be fully embedded when compiling the AGS for 2025/26 as set out in the Local Code for 2026.
- 7.4 The Framework Principles A and B and their related subprinciples provide the overarching requirements for acting in the public interest. Principles C to G and their related subprinciples focus on the implementation of governance and achievement of outcomes.
- 7.5 When the Code is approved by this Committee, it will be placed on the NHC Corporate Governance webpage. Confirmation of the updated Code shall be provided to Members through the MIS process and to employees via the *Insight* monthly staff briefing. The Code and the CIPFA/SOLACE Framework will then provide the effective scheme against which a review of effectiveness is undertaken and the AGS 2025/26 prepared.

## **8. RELEVANT CONSIDERATIONS**

- 8.1. The Local Code 2026 is at Appendix A and follows a different format from that used in previous years. Following officer training on delivering good governance provided by CIPFA, an amendment to the Local Code template and contents was implemented to align with best practice recommended by CIPFA and SOLACE. The Local Code has previously covered the content of the seven core principles that form the 'Delivering Good Governance in Local Government Framework'. This year's Local Code now includes the specific governance arrangements, policies and procedures that North Herts Council has in place which demonstrate compliance with the principles. This will allow the AGS itself to focus more sharply on reviewing the effectiveness of these arrangements and how they work in practice.
- 8.2. The CIPFA Position Statement on Audit Committees in Local Authorities and Police 2022 outlines that 'Audit committees are a key component of an authority's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance, risk, and control gives greater confidence to all those charged with governance that those arrangements are effective.

## **9. LEGAL IMPLICATIONS**

- 9.1. The Terms of Reference of this Committee under 10.1.5(i) are: “To ensure that an annual review of the effectiveness of internal controls (accounting records, supporting records and financial) systems is undertaken and this review considered before approving the Annual Governance Statement.” Review and approval of the AGS is a non-executive function and falls within the Committee’s remit.
- 9.2 The Accounts and Audit Regulations 2015 require smaller authorities, each financial year, to conduct a review of the effectiveness of the system of internal control and prepare an annual governance statement in accordance with proper practices in relation to accounts. The Local Code provides the framework for the council to comply with these regulations and demonstrates how North Herts Council facilitates the effective exercise of its functions and achievement of its aims.

## **10. FINANCIAL IMPLICATIONS**

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

## **11. RISK IMPLICATIONS**

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

## **12. EQUALITIES IMPLICATIONS**

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2 There are no direct equality implications of this report. Where relevant, the Council’s arrangements have been assessed against the 2016 Framework Principles. In respect of those arrangements, the upcoming Leadership AGS self-assessment identifies the procedures in place and any outcomes and will have considered the draft addendum. Council reports include any equality implications and are assessed by the Policy & Strategy Team. Where appropriate an impact assessment will be undertaken, and mitigation measures identified by the report author and Policy & Strategy team. The Policy & Strategy team undertake an Annual Cumulative Equality Impact Assessment of these and publish it on the Council’s website<sup>1</sup>.

## **13. SOCIAL VALUE IMPLICATIONS**

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

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

#### **14. ENVIRONMENTAL IMPLICATIONS**

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

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

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

#### **16. APPENDICES**

16.1 Local Code of Governance 2026 (Appendix A)

#### **17. CONTACT OFFICERS**

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#### **18. BACKGROUND PAPERS**

18.1 [Delivering Good Governance in Local Government Addendum](#)

# Local Code of Corporate Governance 2026

North Herts Council

March 2026



**North  
Herts**  
Council

# Introduction to Delivering Good Governance

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

## What is Corporate Governance?

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Government Chief Executives (SOLACE) set the standard for local authority governance in the UK through their Framework principles and published this set in April 2016. These principles are themselves derived from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the 'International Framework'). CIPFA and SOLACE recommend that authorities adopt a local code of governance which sets out their governance arrangements, showing how governance principles are put into practice at their authority.

NHDC's Local Code is therefore based on the following principles:



These principles set by CIPFA and SOLACE underpin North Herts Council's:

- planning, priorities and objectives
- decision making
- policies and procedures
- culture, values and ways of working

[Delivering Good Governance in Local Government \(CIPFA and Solace, 2016, addendum 2025\)](#)

The principles A-G in the tables below indicate the core arrangements that North Herts District Council has and the things it does to support the principles. When we complete the required review of effectiveness each year and prepare our Annual Governance Statement, it will be in reference to these principles and how effectively our core arrangements are working in practice.

## Governance Structure and Responsibilities

Council	Made up of 51 elected Councillors. It is the decision-making body for the Authority and determines the overall strategy and policy of the Council, including approval of the Council Plan.
Cabinet	The Cabinet takes decisions on service and management matters, except statutory matters reserved to Council. Cabinet consists of 9 elected members, including the Leader of the Council. An Executive member is assigned for each Council Directorate (7).
Finance, Audit, and Risk Committee (FAR)	Oversees the governance of the Council, making sure the Council has the processes in place to enable it to be run effectively. Carries out the statutory role of approving the Council's accounts and Annual Governance Statement. Keeps track of all the work that is being carried out by Internal Audit, the Anti-Fraud service and the Council's External Auditors- all with a focus on making sure things are done in the right way. Supports Cabinet in reviewing finance reports and ensuring we have processes in place to manage risk.
Overview & Scrutiny Committee (O&S)	Reviews and scrutinises decisions. They examine and make recommendations to Cabinet on service delivery of both Council services and other agencies. The Committee sets its own Work Programme and deals with matters under the Council's call-in procedure. They have the ability to set up Task and Finish Groups on specific issues.
CEO	Head of Paid Service. They co-ordinate discharge of all functions and exercise overall managerial and operational responsibility for staff. Leads the Leadership Team. Represents the Council on partnership and external bodies (as required by statute or the Council) and Strategic Partnerships. Emergency Planning Officer.
Section 151 Officer (S151)	Chief Finance Officer. Ensures lawfulness and financial prudence of decision-making and administration of financial affairs. They contribute to corporate management, providing advice, giving financial information and advising whether decisions of the Cabinet are within the Budget and Policy Framework.
Monitoring Officer	Maintains the Constitution, ensuring lawfulness and fairness of decision-making. Provides advice. Supports the Standards Committee. Receives complaints about Councillors and conducts investigations. Advises whether decisions of the Cabinet are within the Budget and Policy Framework.
Leadership Team	Comprised of the Chief Executive and 7 Directors, one for each directorate: Customers, Enterprise, Environment, Governance, Regulatory, Place, and Resources. They provide strategic leadership and oversight, helping support delivery of the Council Plan and its priorities, statutory services, and other work identified in Service Plans.

Chief Audit Executive–	This role is undertaken by the Shared Internal Audit Service, through the Council's Client Audit Manager. They manage the work to provide an overall opinion on adequacy and effectiveness of the Council's framework of governance, risk management and control.
Policy & Strategy Team	Compile the Local Code annually, to inform the drafting of the Annual Governance Statement, ensuring engagement with relevant teams for input into wording.

## Sources of Assurance

Assurance sources provide evidence of whether the council's governance arrangements are functioning effectively. The table highlights the key sources of assurance, but this is not an exhaustive list.

Self-Assessment	We conduct a self-assessment annually to review how we are complying with the CIPFA and SOLACE principles and how effectively our governance arrangements are operating in practice. This self-assessment is overseen by the Leadership Team, with the Chief Executive and each director producing an assurance statement. The self-assessment informs our Annual Governance Statement and Action Plan.
Internal Audit	Conducted by the Shared Internal Audit Service (SIAS), internal audit provides an annual independent opinion on the council's governance and risk management frameworks and how substantially these comply with the CIPFA/SOLACE best practice guidance on corporate governance.
External Audit	Conducted by external auditors, external audit provides assurance on the accuracy of the year-end Statement of Accounts, the consistency of the Annual Governance Statement, and the adequacy of value for money (VFM) arrangements.
Anti-Fraud	The Shared Anti-Fraud Service (SAFS) provide assurance around anti-fraud work. They are responsible for counter-fraud work and report cases of suspected, actual, or alleged fraud to the Finance, Audit, and Risk Committee.
Risk Management	Our risk management processes and reporting provide assurance in this area. Projects, risks, and performance indicators have been amalgamated into the Council Delivery Plan to ensure a more integrated corporate approach. It is reported to Overview & Scrutiny Committee each quarter.
Scrutiny	Assurance can be gained from scrutiny, particularly the work of the Overview & Scrutiny Committee who review and scrutinise decisions. They examine and make recommendations to Cabinet on service delivery of both Council services and other agencies.
Complaints Outcomes	Assurance can be gained from the outcomes of complaints to the Local Government Ombudsman (LGO); the Information Commissioner's Office (ICO); and to the Monitoring Officer regarding Councillor behaviour.

## Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law

Sub-principles	Council's commitment to achieving good governance in practice
<p>A1: Behaving with integrity</p>	<p><b><i>Ensuring Members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.</i></b></p> <ul style="list-style-type: none"> <li>- Operates Codes of Conduct for Members (refreshed LGA model adopted in April 2021 and effective after the 2021 election) and Employees, maintaining arrangements for sign off of these, awareness of key policies and reporting / investigating any allegations of breaching those Codes. The Codes cover topics such as conflicts of interest, whistleblowing, gifts and hospitality, political restriction, member and officer relations, fraud and corruption, bribery, outside interests, confidentiality, and information security.</li> <li>- As part of staff induction, employees are required to read and confirm they understand the Code of Conduct and other key governance-related policies, and to undertake essential e-learning trainings such as anti-bribery, before the end of their probationary period. Managers are responsible for checking that the required training has been undertaken.</li> <li>- Employees are required to complete an Annual Declaration letter which requires them to confirm that they understand the requirements of the key governance-related policies and to request further training or clarification if they do not. This is done via the e-learning platform (GrowZone) and HR keep a record of who has completed the letter and chase those who have not.</li> <li>- The Council has an Employee and Agency Worker Conflicts of Interest Policy, which lays out the process for declarations to be made. There is also guidance on Managing Organisational Conflicts in Council Roles and Duties. All employees and agency staff should complete a form prior to commencing employment and at least annually regarding conflicts.</li> <li>- Members sign a Declaration of Acceptance of Office upon being elected, and in doing so agree to abide by the Code of Conduct. Code of conduct training prepared by the Legal Team is provided to Councillors.</li> </ul>

- Members are expected to complete their Register of Interest form within 28 days of election. The Council maintains records of Member interests (including Parish Councillors) and publishes these on the website as part of the Localism Act 2011 requirements.
- The Council has a Member Training Protocol which sets out which elements of training are compulsory.
- The Council has a Media relations protocol to provide direction and guidance to council officers and Councillors on issues relating to the media, as well as providing the media with an indication of the service they should expect to receive from the council.
- The Council has a Comments, Compliments, and Complaints Policy which outlines the complaints process.
- The Council has a Complaints Handling Procedure for matters relating to the Councillor Code of Conduct. Complaints are made to and overseen by the Monitoring Officer (MO). The MO determines the course of action in consultation with the Independent Person. The MO reports summaries of the complaints and actions taken to the Standards Committee on a regular basis.
- Party Group Leaders and the Standards Committee Chair are kept informed of Monitoring Officer and standards matters monthly. The MO also holds quarterly meetings with the Independent Person, Reserve Independent Person (IPs) and the Chair and Vice Chair of the Standards Committee to discuss general Code issues/practice and any ongoing matters.
- The IP and Reserve IPs are appointed by Full Council under the Localism Act 2011. They receive internal training. They play a key role in promoting high standards of conduct by elected and co-opted Members. They act as advocate and ambassadors in promoting ethical behaviour, attend relevant training where Member conduct is discussed and are involved in dealing with complaints against Councillors. They are also involved in reviewing Policy and procedure prior to any revisions being presented to Standards Committee.
- Complaints concerning employees are dealt with according to the Managing Misconduct Policy (for relevant officers the process will also potentially involve the Independent Person/ Reserve Independent Person (IPs), Employment Committee and Full Council).
- The Council has a Members Planning Code of Good Practice which can be found at Appendix 1 of Section 8 of the Constitution. It is based on the Lawyers in Local Government 'LLG' model from January 2024.
- The Council has a Whistleblowing Policy which is available on the intranet and the external website. The Policy is promoted online and in our offices via posters. Advice is also available on the intranet for managers on handling Whistleblowing situations.
- There is an overarching Fraud Protection Policy that covers fraud, corruption, money-laundering, and bribery. The council is supported in its anti-fraud work by the Shared Anti-Fraud Service.

***Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).***

- The Council has a Standards Committee which oversees and promotes high standards of Member conduct. The Independent Person and Reserve IPs are invited to attend meetings of the Standards Committee.
- The Chair of Standards Committee provides an annual report to Full Council. This is to help promote shared values with Members, employees, the community, and partners.
- All but the most minor amendments to governance-related policies are approved by Members. Where changes are made through delegated Member or officer delegations, they are published and notified to Members through the Member Information Service (MIS) and on the Council's website.
- Service areas are linked to specific Executive Portfolios. There is also a specific Executive Member for Governance and for Local Government Reorganisation.
- Overview & Scrutiny (O&S) Committee, act as a critical friend Member body and reviews several areas including the 3Cs Full Year Update Report, the Annual Safeguarding Report, and the Annual Report on the Regulation of Investigation Powers Act (RIPA). The Committee consider and recommend action on a range of issues.
- Overview & Scrutiny Committee have a Scrutiny Charter (adopted in September 2024). The charter defines what scrutiny is and helps ensure meetings of the committee are conducted with independence, initiative, and integrity.

***Leading by example and using these standard operating principles or values as a framework for decision making and other actions.***

- The Council Plan and other relevant strategies provide guiding principles for decision-making.
- The Council's scheme of delegation and terms of reference for each of its Committees and decision-making practices are outlined.
- The Council's Constitution is reviewed annually.
- The council has a set report / delegated decision format and guidance on how to complete the report and use of the delegated decision form and process. This includes a section to declare any relevant interests. Records of delegated decisions record any interests noted.
- Member declarations of interest are a standing item on committee meeting agendas. Minutes show declarations of interest were sought, and declarations made.

- A legal adviser attends all Council, Cabinet, Planning and Licensing Sub-Committee meetings to advise on Code and other issues where this is requested or otherwise considered appropriate.
- A legal advisor reviews delegated decisions and other committee reports prior to these being published.
- The Council operates an effective and pro-active Standards Committee as outlined above.
- The O&S Committee sets an agreed work programme for Task and Finish Groups and reviews.
- The O&S Committee can make recommendations to Cabinet which reflect their findings to further inform the decision-making process.

***Demonstrating, communicating, and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.***

- The council's Fraud Prevention Policy covers Fraud, corruption, money laundering and bribery prevention.
- The council participates in a Shared Anti-Fraud Service (SAFS), which has been operational since April 2015. The Council has a Board and Partner role in the Service. SAFS presents an Anti-Fraud action plan, progress reports and Annual Fraud report to FAR Committee.
- Fraud alerts are issued by SAFS to appropriate employees and managers as new threats arise and publish a Fraud & Corruption newsletter for employees.
- The mechanism to report fraud to SAFS is available on the website, with people able to report online or via phone.
- The Council Code of Conduct for Councillors sets out the requirements regarding Member interests, both statutory Disclosable Pecuniary Interests (DPIs), 'Other Registrable Interests' and other 'Non-Registrable Interests.' The Code sets out when and how declarations should be made and is part of the Council's Constitution.
- Members are obliged to declare interests to the Monitoring Officer and at relevant meetings. Records of interests are available on the website.
- Members receive a declaration form as part of their Induction Pack and receive annual reminders from the Monitoring Officer regarding declaration of interests.
- The council's Guidance for Managing Organisational Conflicts applies to Members and officers in the roles they undertake.
- There is a procedure to follow with regards to employee and agency worker conflicts of interest. All employees are required to complete the Register of Interest (ROI) form annually as part of the annual declaration and RPR process. The ROI form should be sent for approval by the Relevant Person (typically their Director). Any conflicts relating to Members will be dealt with by the Monitoring Officer if they arise.

	<ul style="list-style-type: none"> <li>- The Council has a standing item on the agenda for Council meetings for the declaration of interests. This is minuted and recorded, with both available on the Council's website.</li> <li>- The Council has an Employee Handbook which covers code of conduct and refers to the Conflicts of Interests Policy. Employees are obliged to declare personal conflicts under the Policy to their Appropriate Officer and will be retained by those Officers.</li> <li>- The council maintains registers for Employee Gifts &amp; Hospitality for each directorate as per the Employee Gifts and Hospitality Policy; and Members' declarations are retained by the Monitoring Officer as per the Members' Protocol for Gifts and Hospitality.</li> <li>- The Annual Declaration Letter for employees confirms that they are aware of key governance policies.</li> <li>- The Whistleblowing Policy enables Members and those working for the council (employees, agency staff and trainees) to report wrongdoing or potential wrongdoing. It is available on the intranet and the external website. Posters in the council offices remind staff what they can do regarding Whistleblowing. The Policy and webpage highlight the concern and the application of the Policy to services provided by third parties. It provides contact details for the Monitoring Officer, Chief Finance Officer and also the Shared Internal Audit Service (SIAS), SAFS and independent charity, Protect – for those who do not wish to contact the internal Council officers or those connected with the Council.</li> <li>- The council has a Comments, Compliments and Complaints Policy (3 Cs) and summarises the 3Cs and learning outcomes. It reports these to the Leadership Team. Details of the 3 C's are also reported to O&amp;S Committee on a regular basis.</li> <li>- Relevant Council officers attend the County wide customer services benchmarking group, which meets quarterly to discuss/ implement shared good practice.</li> <li>- The Leadership Team oversee a self-assessment of governance arrangements, and development of the Annual Governance Statement (AGS) in line with the CIPFA / Solace Framework Principles. Scoring of effectiveness is based on: Full/ Substantial/ Moderate/ Limited/ No assurance</li> </ul>
A2: Demonstrating strong commitment to ethical values	<p><b><i>Seeking to establish, monitor and maintain the organisation's ethical standards and performance.</i></b></p> <ul style="list-style-type: none"> <li>- Complaints concerning employees are dealt with according to the Managing Misconduct Policy, and/ or Employment Procedure rules for officer (for relevant officers will also potentially involve the Independent Person Panel, Employment Committee and Full Council).</li> <li>- The Council has a Standards Committee which oversees and promotes high standards of Member conduct. It is composed of 12 Councillors and 2 non-voting co-opted Parish Councillors. The Independent Person and Reserve Independent Persons (IPs) are invited to attend the meetings of the Standards Committee. The Committee oversees the Complaints</li> </ul>

- Handling Procedure and Final Determination Hearings through a Sub-Committee. The Chairperson of the Standards Committee provides an annual report to Full Council. This is designed to promote shared values with Members, employees, the community, and partners.
- The O&S Committee and Finance, Audit, and Risk (FAR) Committee also play a role in scrutiny of ethical decision-making. Both Committees present an annual report to Full Council detailing actions, recommendations, and contributions to the council's overall governance.
  - The Monitoring Officer (MO) is responsible for providing advice on ethics and governance to the Standards Committee and to the Members of this Council. The MO or Deputy Monitoring Officer attends Full Council and Cabinet, and Lawyers attend regulatory Committees - such as Planning, Licensing and Standards to be on hand to provide advice. A Finance Officer attends Full Council, Cabinet and FAR Committee. Legal services/The MO maintain records of advice provided.
  - The Leadership Team oversees the review of governance arrangements and production of the AGS as outlined above. The AGS is then presented to FAR Committee for their consideration and approval, both in draft and final form. The AGS includes an action plan to address weaknesses of governance. Progress on this action plan is reported back to FAR Committee.

***Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation.***

- The Council has organisational values which are Adaptable, Inclusive, Learning, Listening, and Together. These values are clearly communicated both via online channels and via posters in the district council offices. Staff must indicate how they demonstrate the values in their Regular Performance Reviews, and Staff Recognition Awards are explicitly tied to the organisational values.
- Training on the Code of Conduct and other key areas is provided to Members as outlined above.
- Specialist training is provided to Members who sit on Planning, Licensing, and FAR Committees.
- Training is provided to staff on key aspects of ethical awareness, including: Equality, Diversity, and Inclusion; and safeguarding vulnerable adults and children.
- The Council has White Ribbon accreditation and is working on delivering an action plan to tackle the root causes of male violence against women and girls. Staff are encouraged to sign-up as Ambassadors or Champions.
- Senior Managers Group (SMG) receives updates and training on ethical awareness-related areas as relevant.

***Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.***

- The Council has policies and procedures for Members and Employees to declare interests, including Organisational ones. Members are obliged to comply with such arrangements under their Code of Conduct and employees sign an Annual Declaration Letter to ensure that they are aware of and will comply with key governance policies. A Register of Interests is kept. Members interests are published on the website.
- The Regular Performance Review (RPR) system incorporates the compulsory Annual Declaration Letter (see A1). The RPR also asks staff to discuss how they are meeting the organisational values and behaviours.
- The Recruitment and Selection Policy promotes a fair selection process to ensure compliance with equality and employment legislation and that the best candidate is offered the job.
- The How We Work document outlines the expectations that employees and managers can have of each other.
- The Contract Procedure Rules (Section 20 of the Constitution) underpin the Council's approach to Procurement. They highlight that the evaluation criteria must adhere to principles of non-discrimination and equality.
- General procurement guides are available on the Council's intranet (the Hub) covering Public Procurement Rules and Legislation, Procurement Processes, Contract Management, and the Social Values Act.

***Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation.***

- An Equality, Diversity, and Inclusion (EDI) Strategy 2022-2027 which outlines the Council's legal duties as well as its broader commitment to EDI.
- A Cabinet Sub-Committee, with oversight of Local Authority Trading Company participation, promoting consistency in shareholder approach.
- A CCTV Joint Committee with remit to agree, for example, strategic, Policy, Code of Practice issues relating to the jointly owned and operated CCTV Control and Monitoring Service.
- The council is part of the North Herts Community Safety Partnership (CSP) that works together to deliver several projects which support community safety and crime and disorder issues. The partnership develops an annual plan which addresses their strategic priorities each year.
- The wholly owned Local-Authority Building Control Company which the council helped set up. The council is one of eight equal shareholders, with other Herts local authorities being the other

shareholders. It continues to be an example of a key collaborative working initiative. Governance arrangements are reviewed regularly.

- The council's Procurement Strategy sets out key aims around how we will maximise value for money and public benefit within procurement.
- Procurement Guidelines for Suppliers / Tendering guidance is available on the Council's website, making it clear that contractors must comply with the Contract Procurement Rules and Financial Regulations, and what is expected from them during the process.
- The council has a "Go Local" policy for procurement under £100,000.
- The Contract Procurement Rules place requirements on employees to incorporate Anti-Bribery and Social Value provisions (the latter where relevant) as part of the contracts with suppliers.
- Contracts should ensure that suppliers are under a contractual obligation to adhere to the requirements of the Bribery Act 2010 and the Councils' requirements as set out in the Councils' Anti-Bribery Policy. Standard Procurement Templates are available covering Invitations to Tender that include standard wording requiring potential suppliers to confirm that the supplier has adequate anti-bribery procedures in place and will adhere to the council's policy.
- The council uses a Social Value Portal which provides a mechanism for maximising social value at the tender stage of procurement. The portal enables us to measure, manage, and report on social value, looking at how the organisation and its suppliers make a difference in communities according to Themes, Outcomes, and Measures (TOMs).
- The council has a comprehensive approach to reviewing its Contract Procurement Procedures. It has a Procurement Officer and Contracts & Procurement Group (CPG) with relevant service area representation on the CPG. The Procurement Officer and a specialist Contracts & Procurement Lawyer lead on any review, with this being considered by the CPG prior to initial consideration by FAR Committee, and then Full Council.

A3: Respecting the rule of law

***Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.***

- The Council has a Monitoring Officer (MO) whose role is to ensure that decisions are taken lawfully, in a fair manner, with procedures followed. After consulting the Chief Executive and Chief Finance Officer (CFO) the MO has a statutory duty/power to report any proposal, decision or omission that he/she considers would give rise to unlawfulness or any decision or omission that has given rise to maladministration ("Section 5 report").
- The Legal Team maintain records of legal advice provided.
- Committee reports must be sent to the Legal Team, the Chief Finance Officer, the Risk Team, the Policy Team, and HR for review and comment, prior to being uploaded.

- The Council's Constitution includes a scheme of delegation and terms of reference for each of the Council's Committees, and decision-making practices are outlined. The Council's Constitution is reviewed annually and often in-year as issues arise.
- The Council's Fraud Prevention Policy, which includes the Anti-Money Laundering, Anti-Bribery, Anti- Fraud and Tax Evasion. In addition, the Whistleblowing Policy, are kept under review and are available on the internet.
- Contract Procurement Rules in Section 20 of the Constitution underpin the Council's approach to Procurement. Standard Contracts include an obligation to adhere to the requirements of the Bribery Act 2010 and the Councils' requirements as set out in the Councils' Fraud Prevention Policy.

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

- See details of training arrangements in A1 and A2.
- The Constitution identifies the key statutory officers (Head of Paid Service – Chief Executive; Chief Finance Officer (CFO) [the Director for Resources], and the Monitoring Officer [(the Director for Governance), and sets out their roles. All are part of the Leadership Team to oversee matters.
- The Council's CFO (s151 Officer) has a duty to the Council's taxpayers to ensure that public money is being appropriately spent and managed and reports directly to the Head of Paid Service. The CFO ensures that appropriate advice is given on all financial matters, is responsible for keeping proper financial records and accounts and for maintaining an effective system of internal control.
- The CFO is a Member of a specified accountancy body (section 113 of the Local Government Finance Act 1988) and has a duty under section 114 of the 1988 Act to consult with the Head of Paid Service and Monitoring Officer on any unlawful expenditure and/or an unbalanced Budget, and to report this to all Members.
- The Council's financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).
- The Council's financial management arrangements are underpinned by a regulatory framework comprising of the Financial Regulations, Contract Procurement Rules, annual audits of key financial systems, audits of other systems undertaken on a risk-based basis and the role of the statutory Section 151 (Chief Finance) officer.

- The Monitoring Officer (MO) is responsible for providing advice on ethics and governance to the Standards Committee and to the Members of this Council. The MO maintains a record of advice provided.
- Terms of Reference for Full Council, Cabinet and Committees are set out in the Constitution. The Constitution reflects the legislative arrangements for defining executive and non-executive functions.
- A Legal advisor attends Full Council, Cabinet and regulatory Committees – such as Planning, Licensing and Standards. They are able to provide legal advice.
- The Chief Finance Officer (CFO) or their Deputy attends Full Council, Cabinet and the Finance Audit and Risk Committee.
- All Committee reports and delegated decision templates have required areas for legal advice (as well as Finance, Risk, Social Value, and Equality and Environmental Implications requirements). Report writers must comment on the implications the report's recommendations will have in these areas. This helps inform decision making. Part 1 reports are published and available for inspection as per the statutory requirements.
- Committee Member Overview & Scrutiny Services provide support to the Council, Councillors and the democratic processes of the Council. The team organise the civic calendar of Committee meetings dates, the Forward Plan of Executive Decisions, prepare and dispatch agendas and reports in advance of the meetings and take and dispatch minutes and decision sheets after the meetings. Delegated decisions are retained by them and are available on-line.

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

- As outlined above, all Committee reports and delegated decision templates have required areas for legal, financial, and other relevant advice and part 1 reports are published and available for inspection as per the statutory requirements.
- Legal services maintains records of advice provided.

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

- As outlined above, the council has a Monitoring Officer appointed by Full Council, with role and remit set out in statute and the Constitution. See above for details.
- The Monitoring Officer has a key reporting role in terms of the Whistleblowing arrangements.

	<ul style="list-style-type: none"> <li>- Any potential illegality that could result from decisions would be reported to the Monitoring Officer by relevant legal officers, having reviewed a report or delegated decision. Any issues would be resolved by the MO.</li> </ul> <p style="text-align: center;"><b><i>Ensuring corruption and misuse of power are dealt with effectively.</i></b></p> <ul style="list-style-type: none"> <li>- Anti-fraud and corruption arrangements as set out in A1.</li> <li>- Complaints made to the MO and reported to the Standards Committee, as set out above.</li> <li>- The Whistleblowing Policy as set out above.</li> <li>- Assurances are provided by the Council's internal audit function that is delivered by SIAS and are a significant source of assurance.</li> <li>- The Shared Anti Fraud Service (SAFS) reviews arrangements and presents reports to FAR Committee on types of fraud, outcomes of closed cases and ongoing investigations.</li> </ul>
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**Principle B: Ensuring openness and comprehensive stakeholder engagement**

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

<b>Sub-principles</b>	<b>Council's commitment to achieving good governance in practice</b>
<p>B1: Openness</p>	<p><b><i>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.</i></b></p> <ul style="list-style-type: none"> <li>- Annual reports are presented to various committees including 3C's, Annual Report on the Regulation of Investigation Powers Act, Risk Management, Overview &amp; Scrutiny, Standards Committee, SAFS and FAR annual report.</li> <li>- Continue to be directed by the Council Plan 2024-2028 the priorities and vision as developed by the Labour administration, assessed by Cabinet members and Leadership Team, and referred to Council from Cabinet, approved in September 2024.</li> <li>- Overview and Scrutiny Committee considers achievement against the key projects as outlined in the Council Delivery Plan.</li> <li>- The relevant documents are made available on the Council's website, including the Medium Term Financial Strategy and Council Delivery plan that is reviewed and updates provided quarterly.</li> </ul>

- An Investment Strategy (which includes the Capital Programme and Treasury Management Strategy) is considered by FAR, Cabinet and approved by Full Council, and sets the treasury management and capital programme operations that are
- associated with the MTFS. It is reviewed each year and monitored quarterly.
- The Council's Corporate business planning programme is used to assess identified projects against criteria including the Council's agreed policy, its priorities, the outcomes of public consultation, demonstration of continuous improvement and changing
- legislative need. Performance figures are reviewed by O & S Committee and relevant recommendations made.
- The Council publishes a report that accompanies the Statement of Accounts, explains any amendments that have been required by the external auditors, and the Letter of Representation, including Signed Audit Opinion of the CFO & Chair of FAR Committee enables the external auditors to form an opinion as to whether the financial statements give a true and fair view of the Council financial position and of its income and expenditure for the year ended, in accordance with CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.
- An Annual Assurance Statement and Internal Audit Report sets out the annual internal audit position and provides an overall assurance level for the Council.
- An External Auditors Audit Results report for year end, reported through to FAR Committee will be compiled annually.
- Projects will be reviewed by O & S Committee/ Task & Finish Groups and recommendations made where necessary or requested.
- The Council has a Freedom of Information (FOI) publication scheme that details information that is routinely made available by the Council and whether there is a charge for this information, FOI annual request figures, information about FOI/ Environmental Information and Data Protection, Review and complaints procedures.
- Open Data is regularly published on the website, and is open to use and re-use, through the terms of the Open Government Licence. This covers: Budgets for the year; contracts register; Constitution; Council meeting dates; agendas and minutes; Councillor allowances; election results; fraud; grants and awards; land and property assets; Organisation structure chart; Parking revenue (on-street and off-street); Pay Policy Statement; Payments to Suppliers; Performance management; Senior employee salaries and job descriptions; Statement of Accounts; Trade Union Facility Time; Waste contracts.
- The 'Council Tax Information' webpage provides information on the Council's performance, expenditure and efficiencies. Business Rates Annual Notification, explanatory notes and background information are also provided via the webpage. NHC provided Published data sets on NNDR, including full list and monthly credit balances.
- NHC publishes an Annual Monitoring Report, containing indicators and targets across the district to aid with future planning decisions and identification of local priorities.

- The North Herts Community Safety Partnership (NHCSP) develops an Annual Strategic Action Plan.
- An Air Quality Annual Status report will be compiled regularly.
- The Council's website complies with the Web Content Accessibility Guidelines (WCAG) AA rating for Local Authorities.

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

- There is an effective Committee administration process in places so that all Council meeting agendas, reports, minutes available for inspection, and these, together with public meeting recordings are made available online.
- Pre-meetings and report deadlines dates are circulated in advance to Members and officers by Committee services. Statutory notice of key executive decisions is provided through the Council's Forward Plan in accordance with Access to Information requirements. Outlook magazine publishes details on how to find future meeting dates including councillor surgeries, circulated twice a year.
- NHC presumes openness and transparency, with reports, or confidential parts of reports, only being exempt for the public so long as statutory exemption requirements apply. Report author will consider matters like these with the designated 'Proper officer' as the Constitution lays out.
- Meetings are open to the public, held both hybrid and virtually via Zoom, streamed live to YouTube and made available on the council's YouTube channel afterwards - unless an exemption applies (and the press and public only required to leave for so long as such items are considered). There is a system to record public meetings and welcomes the ability of the press and public to record meetings under an adopted Protocol - Protocol for Recording of Council Meetings.
- The council keeps up to date a Council and Democracy page on the NHDC website, that links to information about the Council, Councillors, MPs, Council meetings, Council departments, Forward Plan of Key Decisions, Petitions, Notices of Part 2 (exempt) decisions that the Council intends to take in the near future, delegated decisions, recordings/ the right to record Council meetings, Notices of Urgent Decisions.
- The council makes available on the website; Public Registers and Delegated Decisions, Planning applications, and review decisions made in the last 3 years, and Delegated Executive and Non-Executive decisions.
- The Council's Constitution also sets out what information is available to the public and how to engage with the Council in Section 3.

- Community forum meetings are accompanied by notes on recommendations made. Papers of recommendations are uploaded to ModGov in advance of the meeting, and notes uploaded following the forum. Where forums are held in the Council Chamber, meetings will be recorded.

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

- The Council's Constitution sets the basis of decision making delegations/ remit for Council, Cabinet, Committee meetings, Member and officer delegations.
- A calendar of meetings is approved each year at Annual Council in May.
- The Forward Plan, with key decisions is updated and placed on the Council's website, with reminders regularly circulated to officers to ensure it is up to date.
- An Annual Report on Key Decisions and cases of special urgency is provided to Full Council and placed on the Council's website.
- The council has Adopted a standard report, Information note and delegated decision format, with guidance, with the report and delegated decision templates covering: an Executive summary, reasons for the recommendation(s), options considered, consultation, forward plan, background, relevant considerations, legal/ financial/ risk/ equalities/ social value/ environmental and human resource implications. Report templates and guidance notes can be found on the internal Hub for officer use.

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

- North Herts Council reports go through a review process with officers to identify gaps or opportunities in decisions to make amends for the benefit of service users.
- Where necessary, council staff will organise member and staff workshops to develop plans and priorities for key projects such as the Council Plan and Local Plan to ensure wide consultation with relevant service areas and course of action for the authority.
- The Council has a 5 year Consultation Strategy for 2022-2027 that sets out the methods that will be used to consult and practical considerations for doing so. This entails various approaches to consultation and availability through the Council's website.
- The Council has engagement pages using a digital engagement platform linked to the existing website. The pages set up include Climate Change and Environment, The North Herts Climate Hive, as well as pages on the Churchgate Regeneration project and one dedicated to the work of Community Engagement.

	<ul style="list-style-type: none"> <li>- Statement of Community Involvement sets out how the Council will involve the community in preparing the Local Plan and in considering planning applications. A review of the statement is undertaken every 5 years, with the most recent review taking place in 2023.</li> <li>- The Council's Marketing and Communications Strategy 2024-2028 outlines how we will plan and manage our marketing and communications activities.</li> <li>- The Council continues to focus on effective and inclusive consultation between the authority and the service users of North Hertfordshire. Methods of engagement will include Citizens Panels, focus groups, e- letter communication, and online surveys. The report and decision record template prompts authors and documents consultation that has taken place and is part of the retained record for examination. The communications team assist services to carry out and understand the value of consultation in their areas.</li> <li>- Joint Staff Consultative Committee (JSCC) and Staff Consultation Forum (SCF) ensure staff consultation and open involvement in decision making.</li> <li>- The Council uses Microsoft forms for the creation of surveys to consult with residents and stakeholders.</li> <li>- The Council's Member and Officer involvement in outside bodies assists with community engagement and reviewing use of resources to ensure that outcomes are achieved as intended, for example, but not limited to Citizen's Advice North Herts, North Herts Ethnic Forum, Hertfordshire Waste Partnership, Walsworth Community Association, Hertfordshire Climate Change and Sustainability Partnership, and Royston First Advisory Council.</li> </ul>
<p>2: Engaging comprehensively with institutional stakeholders</p>	<p><b><i>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives, and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably.</i></b></p> <ul style="list-style-type: none"> <li>- Our Customer Service Strategy 2021-2027 aims to put people first and ensure accessible services.</li> <li>- As in Section B1, the Council's Marketing and Communications Strategy 2024-2028 outlines how we will plan and manage our marketing and communications activities.</li> <li>- The Council's 'Outlook' Magazine is provided to all households in the District and is available on the Council's <a href="#">website</a>. It contains information about the Council's services and events, distributed biannually (Summer and Winter Edition).</li> <li>- The Consultation Strategy as outlined above in Section B1.</li> <li>- The Councils' Media relations protocol provides direction and guidance to employees and Councillors on issues relating to the media as well as to provide the media with an indication of the service they should expect to receive from the Council.</li> <li>- The Social Media Acceptable Use Policy outlines ways stakeholders can contact NHC via social media and out guidelines for dealing with unacceptable behaviour. Guidance is also provided to Members to comply with this policy as part of Member Development.</li> </ul>

- Social Media sites and text alert service are used to widen communication with local residents.
- The Council has a engagement platforms providing space for council updates and community engagement on the council's budget, Climate and Sustainability and Churchgate Regeneration.

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

- NHC continues to make use of the Citizens Panel.
- NHC remains part of the Hertfordshire Growth Board that is responsible for countywide growth and is made up of leaders and Chief Executives from each council in the county.
- North Hertfordshire continues to be part of the Hertfordshire Climate Change and Sustainability Partnership (HCCSP), which looks to work collaboratively to tackle climate change and environmental degradation across Hertfordshire.
- North Hertfordshire forms part of Hertfordshire Futures, to ensure a prosperous economy for the district's residents and businesses. Officers also attend various cross District equivalents meetings across service areas, for example for Legal, Planning, Corporate Policy and Environmental Services, which aids shared good practice Shared services / partnerships arrangements are explored as and when appropriate to do so.
- The Council's report and record of decision format clearly documents consultation and outcomes as part of the decision making process with any changes suggested and actioned.
- The Council has a list of stakeholders to be consulted with including a Local Plan consultation list and Local interest group list for specific topic areas.
- The Council is part of Hertfordshire Property Partnership (HPP). Legal Services are part of "Herts First" Legal Service provision and the Public Law Partnership (PLP).
- Legal Services (with other authorities in Hertfordshire) have a protocol in place with Hertfordshire Constabulary for the reporting of alleged offences by Councillors.

***Ensuring that partnerships are based on: — trust — a shared commitment to change — a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.***

- NHC continues to work with Town Centres in Partnership to co-ordinate and progress the work in the town and tackle growth and development challenges.
- NHC's work with Shared Service Partnerships for Internal Audit, Anti-Fraud and Insurance, recognise the benefits of partnership working, accepting challenge and a shared commitment to change and improvement of services and practices.
- NHC has a Grants policy that sets out the basis of supporting local groups and partner organisations.

B3: Engaging stakeholders effectively, including individual citizens and service users

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

- The Council hold records on public consultation for the last 4 years on its website.
- The Council has Strategic Policies in place with stakeholders and partner organisations to contribute to the achievement of the intended outcomes. See A2 & B2.

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

- The Council has a Marketing and Communications Strategy, a Consultation Strategy and Media Relations Protocol.
- The Council provides media training for Executive Members/ Chairmen of Committee.
- The Council's Community Engagement team ensure communication with stakeholders, partner organisations and community groups on a local level which is directed by the Annual Service Area Plan.

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

- Hertfordshire County Council host a Joint Strategic Needs Assessment (JSNA) which includes a district breakdown of health, social care needs and areas of inequality, results of these are shared to the relevant teams within the Council to inform decision making.

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

- As covered in Sections B1,2&3.

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

- The Council's Citizen panel is open to all residents and is made up of a cross section of the community in terms of demographic mix of age, gender, education, status and location.

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

- The Council has a multi-media approach to contact – online, in person, by phone, by post, with self-service and social media sites (on Facebook, X (formerly Twitter) and Instagram, dedicated e-mail bulletins and digital magazine). The use of social media sites and text alerts are geared towards engagement with younger residents.
- The Council has access to and uses the Hertfordshire Joint Strategic Needs Assessment which holds district and county-level data on our population.
- The Council assesses needs through evidence-based Strategic needs assessments assisting with planning process and Local Plan Development.
- The Council produces a monitoring report for key indicators: business development, housing, transport, local services, performance of policies in the adopted Local Plan, employment monitoring. It also looks at any deficiencies in the scope of current monitoring and how it can be improved in future. This report and previous ones are available to residents via the Council's website
- The Council engages with different groups through its nominated Members on bodies such as Baldock Community Association, Royston Community Association and Hitchin Educational Foundation.

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

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

**Sub-principles**

**Council's commitment to achieving good governance in practice**

C1: Defining outcomes

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

- The Council has a clearly defined vision and priorities set out in the Council Plan 2024-2028. The Priorities of the plan are Thriving Communities, Accessible Services, Responsible Growth

and Sustainability. These provide the foundations for the Service planning process, and officers are required to indicate on their reports which priority the report relates to. Delivery is monitored through detailed Senior Management, Committee and Executive Member / Member procedures. The Council Delivery Plan supports the delivery of the Council Plan. It is set in March of each year and monitored and reviewed quarterly at the Overview & Scrutiny Committee. It sets out the key projects the Council is looking to carry out during the year and shows key risks and performance indicators.

- The NHC values are intended to define how we work as an organisation, striving to be Adaptable, Inclusive, Learning, Listening and Together.
- The Regular Performance Review process ensures alignment of staff to the council's adopted Values and Priorities set out in the Council Plan.

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

- The Council's Equality, Diversity and Inclusion Strategy 2022-2027 sets out equality objectives and how the authority complies with the Public Sector Equality Duty.
- Equalities implications on service users and stakeholders are monitored through committee reports and an Annual Cumulative Equalities Assessment.
- Joint Staff Consultative Committee (JSCC) and Staff Consultation Forum (SCF) ensure staff consultation and open involvement in decision making.

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

- The Leadership Team reviews key projects, and performance indicator reports including top risks identified through the Performance Management System and Risk Reporting System (Ideagen).
- The NHDC Project Management Framework including the Risk Management Framework Strategy assist in the review, planning and progress deliver of projects in line with the council priorities and encourages evaluation and lessons learnt. The Performance and Risk Management Group oversees the Project Management Framework, and offers support and guidance relating to its application and use.
- Reporting performance figures to O & S; Finance, Audit & Risk and Cabinet.
- Reporting quarterly budget, capital and treasury management information to FAR Committee and Cabinet.
- Reporting Risk Management Information to FAR Committee and Cabinet.

	<ul style="list-style-type: none"> <li>- SIAS and SAFS provide updates on progress as against their Audit/ Service Plans to FAR Committee.</li> </ul> <p><b><i>Identifying and managing risks to the achievement of outcomes.</i></b></p> <ul style="list-style-type: none"> <li>- Processes, resource and dedicated teams for performance management and reporting aim to keep Leadership Team and Members informed of progress in line with priorities.</li> <li>- Officers present reports on Risk Management Governance to the FAR committee twice a year, with a year-end report reported to Full Council.</li> <li>- Risk management protocols in place to identify and manage risks through the Performance and Risk Management Team, Risk and Performance Management Group that meets quarterly, Risk Management Member 'champion' (currently the Executive Member for Finance and IT). These arrangements are underpinned by the Risk Management Framework Strategy, Risk Management Framework Policy and Policy Statement, Risk Management Toolkit and the Ideagen Risk Management System to keep all members and staff informed via a guest log in.</li> <li>- The FAR Committee has the responsibility to monitor risk and Cabinet for awareness and overall management of risk.</li> <li>- Officers present reports on Risk Management Governance to the FAR committee twice a year, with an year-end report reported to Full Council.</li> </ul> <p><b><i>Managing service user's expectations effectively with regard to determining priorities and making the best use of the resources available.</i></b></p> <ul style="list-style-type: none"> <li>- Customer Services Strategy 2021-2027 outlines the aims and actions for customer service for NHC.</li> <li>- Customer care standards that aims to deliver high responsive, high quality, value for money, customer focussed services [Customer Care Standards page].</li> <li>- 3C's Policy 2025-2028</li> <li>- Outlook Magazine produced and delivered twice a year outlining service provision.</li> </ul>
C2: Sustainable economic, social and environmental benefits	<p><b><i>Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision.</i></b></p> <ul style="list-style-type: none"> <li>- The Medium Term Financial Strategy (MTFS) looks five years ahead to ensure the Council's commitment to the delivery of its Objectives. This is accompanied by the Investment Strategy (Integrated Capital and Treasury). Regular Treasury Management reviews will be presented to Finance, Audit and Risk Committee with an end of year report.</li> </ul>

- The Finance Audit & Risk Committee and Cabinet reviews the Council's revenue, capital and treasury management activity on a quarterly basis.
- All reports and records of decisions record the financial, social value, equality and environmental impacts. The Social Value policy and approach is covered in terms of the impact on procurement and the "Go Local" Policy, detailed in the Contract Procurement Rules that are part of the Council Constitution (under Section 20).

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

- NHDC has an established Cabinet and or Full Council decision making process to take account of risk, making decision making transparent, allowing issues to be teased out and further information requested prior to a final decision being made. Where relevant, decision call in by O & S before implementation of Executive Decisions.
- 3-5 year Strategies/ Policies (such as the MTFs) that balance risk and opportunity within the political cycle and financial constraints.
- Member involvement in reviewing, recommending and then approving, Report/ Record of Decision templates.

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

- NHDC will continue to use and update A Consultation Strategy that sets out the methods that will be used to consult.
- The Council launched engagement pages using digital engagement platform for various topics, these are to be used as regularly as possible for engagement with the public.

***Ensuring fair access to services.***

- The Council's Priority of Accessible Services ensures all services are accessible and easy to use by all residents, communities and stakeholders.
- The Council has an Equality, Diversity and Inclusion Strategy 2022-2027 and Customer Service Strategy to ensure needs of all residents and stakeholders are met accordingly.

	<ul style="list-style-type: none"> <li>- The Council carries out review of equality impacts in Committee reports, and where necessary completes and reviews Equality Impact Assessments, including where necessary, consideration of assessment for key decisions. These Assessments are collated to form the Annual Cumulative Equality Impact Assessment, with results reported to Leadership.</li> <li>- The Council has passed a motion around Digital Inclusion which ensures those without access to digital services are supported equally from access to services and engaging in consultation.</li> <li>- Continue to monitor accessible services through the 3C's Policy, while reviewing and updating practice.</li> </ul>
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## Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action Page | 5 is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

<b>Sub-principles</b>	<b>Council's commitment to achieving good governance in practice</b>
<p>D1: Determining interventions</p> <p>30</p>	<p><b><i>Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided.</i></b></p> <ul style="list-style-type: none"> <li>- The Council's constitution outlines delegation and decision-making processes, including annual review, as covered in Section A1. Also outlined previously are alternative options considered and risk analysis included within report and delegated decision templates</li> <li>- A Legal adviser attends all Council, Cabinet, Planning and Licensing Committee meetings to advise on Code and other issues where this is requested or otherwise considered appropriate.</li> <li>- As covered in A3, the Civic Calendar of committee dates are organised, and notification of deadlines and agenda despatch are circulated.</li> <li>- As covered in B3, the calendar of meetings is approved at annual council, with key decisions on the Forward Plan updated on the Council's website.</li> <li>- The Procurement Team monitors the Council's contract register and renewal timescales to ensure the commissioning cycle is applied and relevant officers renew in time / meet the needs of the Council and try to achieve improved outcomes.</li> </ul>

	<p><b><i>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.</i></b></p> <ul style="list-style-type: none"> <li>- Sections B and C outlined our Consultation Strategy, Digital Strategy. Section C outlined project, performance and risk review process from various groups, boards, Leadership Team and Committees, including Council and/or Cabinet. Also the Medium Term Financial Strategy and Financial rules as part of the Constitution.</li> <li>- Statement of Account statutory publishing and inspection process that allows the local government electors to inspect object to the local auditor.</li> </ul>
<p>D2: Planning interventions</p>	<p><b><i>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets.</i></b></p> <ul style="list-style-type: none"> <li>- Processes previously described in Section B1 on Corporate business planning process. Consultation Strategy and Digital Strategy as covered in Sections B and C.</li> <li>- Project Management Framework and guidance and risk review process as outlined in Section C.</li> <li>- A Statement of Community Involvement – Formally adopted in September 2023 at Cabinet, it sets out how the Council will involve the community in the planning process. The current version reflects that the Local Plan 2011-2031 has now been adopted and sets out how the public can be involved in subsequent elements including Supplementary Planning Document, neighbourhood plans, pre-application masterplans, and the review of the Local Plan. The final version reflects amendments made as a result of a six week public consultation period. Government has issued regulations to enact a new plan-making system from the end of March 2026. This includes new requirements around community engagement. These will be incorporated as necessary into the planned review of the Local Plan.</li> <li>- The council's calendar of meetings and Forward Plan process indicates when strategic and operations matters will be considered.</li> </ul> <p><b><i>Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</i></b></p> <ul style="list-style-type: none"> <li>- The Council's Marketing and Communication Strategy sets out our approach for engaging with internal and external stakeholders as mentioned in Section B. The Council also has the Customer Service Strategy 2021-2027, and Digital Strategy 2023-2027.</li> </ul>

- The council works within partner organisations, such as: The Co-operative Councils Innovation Network (CCIN), East of England Local Government Association, East and North Herts NHS Trust – Involvement Committee, Groundwork Hertfordshire East, Herts Leaders’ Group, Hertfordshire Waste Partnership, Letchworth Garden City Heritage Foundation, London Luton Airport Consultative Committee, The Hertfordshire Climate Change and Sustainability Partnership (HCCSP), and Hertfordshire Policy and Partnerships Network.
- The Council notifies yearly the Nominations of Representatives of Outside Bodies.
- The Council funds Citizens Advice North Herts, North Herts Centre for Voluntary Service, and the North Herts Minority Ethnic Forum through more formal contractual arrangements for service delivery.

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

- Service Directors have to identify threats to service delivery/performance in their own work areas, when undertaking projects, letting contracts, formulating or introducing new policies and engaging in partnership working. The Risk Management Group reviews minor changes to the Risk Management Framework regularly.
- Cabinet receives a year-end update on Risk Management Governance
- As included in section C, the Council has a Project Management Framework. Contract Procurement Rules include an initial requirement to carry out a new procurement risk assessment with the Risk Manager and post procurement lessons learnt log.
- Risk Management and control of resources are crucial elements of the Financial Regulations section 19 of the Constitution, to develop, maintain robust management, which are key to delivering services (whether delivered internally externally or in partnership).

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

- Section D2 provides detail on processes, which demonstrate the systems in place.
- Project Management at the council continues to follow the Prince2 Framework, enabling organisation, control and clear outcomes through the project if and when circumstances change.

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

- Appropriate Performance Indicators are agreed and implemented through the processes described in C1 and included in service plans.
- Shared service indicators, such as for SIAS and SAFS are agreed and included in the service plan approved by FAR Committee.

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

- The Council has Performance Indicator Monitoring Reports include results, reasons and any corrective action with reports provided to the Leadership Team.

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

- Quarterly updates are provided on the Council Delivery Plan to ensure a corporate and integrated approach with risk and performance, this is taken to O&S committee.
- As demonstrated in Section B1, the Council Plan is supported by the corporate business planning programme – and the five year Medium Term financial strategy (MTFS) which is reviewed annually.
- The Council considers the delivery of value for money as part of the budget setting process, especially in relation to budget changes.
- Quarterly Revenue Budget & Capital Programme monitoring, & Treasury Management reports to Finance, Audit & Risk Committee and Cabinet.
- SIAS and SAFS progress against Plans reports to Finance, Audit & Risk Committee.

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

- The MTFS, as indicated at B1, is reviewed annually to set an indicative 5 year financial plan for the longer term strategic vision as well as a detailed one year budget. The MTFS and annual budget are prepared in line with the agreed Objectives and Council Plan/ business planning process. The Investment Strategy (Integrated Capital and Treasury also ensures sustainable funding and investment.
- Budget workshops are provided to Political groups in or around November prior to budget setting.

	<ul style="list-style-type: none"> <li>- The Council provides Employee Procedure Guides and Training Manuals on Budgetary matters as well as Learning Management System e-learning modules on: Accounting – An introduction; Financial Regulations Workshop; Procurement for Budget Holders; Contract Management Training; and Closure of Accounts; which are accessible to employees and Members.</li> </ul>
D3: Optimising achievement of intended outcomes	<p><b><i>Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.</i></b></p> <ul style="list-style-type: none"> <li>- The Council’s Project management lessons log and details of the relevant lessons in Corporate Lessons Learnt Log provides details of priorities and ability to deliver within resources.</li> <li>- The council has a 3 C’s Policy to ensure feedback from service users is understood and changes made as a result.</li> <li>- The Council ensures communication of background information for the budget that informs the budget workshop and monitors these as part of the efficiencies.</li> </ul> <p><b><i>Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.</i></b></p> <ul style="list-style-type: none"> <li>- Details of budgeting guidance is demonstrated in D2 above.</li> </ul> <p><b><i>Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.</i></b></p> <ul style="list-style-type: none"> <li>- A MTFS is in place and further detail available in Sections B1, C2, D1 and D2 above.</li> </ul> <p><b><i>Ensuring the achievement of ‘social value’ through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is “the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes”</i></b></p> <ul style="list-style-type: none"> <li>- The Council’s Service Plans reflect the need to consider the Public Services (Social Value) Act 2012, with implications of the authority’s investment into local projects (and where relevant in procurement).</li> <li>- The Council has it’s Procurement Strategy 2025-2028 demonstrating the consideration of social value and maximising public benefit aligned with our Council priorities.</li> </ul>

	<ul style="list-style-type: none"> <li>- All reports and records of decisions require consideration of Social Value Act 2012 implications of a decision. Social Value is also covered in the “Go Local” Policy, detailed in the Contract Procurement Rules see Section 20 on Constitution page (two version pre and post Procurement Act 2023 enactment from February 2025) Social Value and Go Local guidance is provided for procurement on the Hub for employees.</li> <li>- The Council has an Equality, Diversity and inclusion Strategy 2022-2027.</li> </ul>
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**Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

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

<b>Sub-principles</b>	<b>Council’s commitment to achieving good governance in practice</b>
<p>1: Developing the entity’s capacity</p> <p>135</p>	<p><b><i>Reviewing operations, performance, use of assets on a regular basis to ensure their continuing effectiveness.</i></b></p> <ul style="list-style-type: none"> <li>- The council is part of shared services for internal audit and anti-fraud – the Shared Internal Audit Service (SIAS) and (SAFS), with regular performance reviews.</li> <li>- SIAS audit various projects and service areas each year and report on these as part of their annual report to FAR committee. They make recommendations as needed.</li> <li>- Asset Management Group meet regularly and discuss the use and future of council assets.</li> <li>- The council has a Property Acquisition &amp; Development Strategy 2020/21 - 2025/26. This strategy is to be renewed and refreshed, and incorporated into an overarching Asset Management Plan which is in preparation. This will set out how the Council will manage its properties efficiently and effectively so that they are fit for the purpose for which they are held, meeting requirements in terms of function, size, environmental performance, cost, financial return and location, now and in the future.</li> </ul> <p><b><i>Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s</i></b></p>

***resources are allocated so that outcomes are achieved effectively and efficiently.***

- Members and employees engage in various groups and benchmarking initiatives. These assist the Council in analysing/ improving its capability, such as the informal County Benchmarking, LG Inform (local area benchmarking tool from the Local Government Association), HR Salary benchmarking, Sport England's National Benchmarking Scheme (NBS), and Customer Services benchmarking.
- Budget workshops take place each year with Members to help determine how the authority's resources are allocated so that our council priorities and desired outcomes can be achieved effectively and efficiently.
- Weekly Leadership meetings are held where ongoing issues are discussed and during monthly business meetings, Policy, Projects, Performance and Risk are (amongst other things) monitored. The Council encourages close working liaison between Senior Officers and Executive Members.

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

- The Council participates in various partnerships in order to achieve added value and improved outcomes. These include: The Hertfordshire Climate Change and Sustainability Partnership (HCCSP); Shared Service Arrangements for Waste; Internal Audit; Anti-Fraud Service; SADA.
- The Council also considers and participates in Shared Service/ commercial ventures to develop services and resilience, such as the CCTV Partnership, the Local-Authority Building Control Company, Hertfordshire Building Control, and has been a Lead authority developing the Herts Home Improvement Agency and shared Waste service with East Hertfordshire District Council. It has its own private holding company – Broadwater Hundred Limited, set up as a contingency matter.
- The Leader is part of Herts Leaders Group, East of England Leaders Group and County wide Growth board, has weekly Managing Director/ Leader Briefings. Political Liaison Board (PLB) meetings are held, and opposition Member/ shadow Member briefings provided by the Managing Director / Service Directors and other senior officers.

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

- The Council has a Digital Transformation Project which seeks to improve our services to residents using Artificial intelligence and development of self-serve systems. It also seeks to improve Council working and efficiency by automating processes that are currently manually handled.

	<ul style="list-style-type: none"> <li>- The Inclusion Group considers staff experiences and looks to make improvements around equality, diversity, and inclusion through making recommendations to the Leadership Team and implementing actions. The group also receives updates from HR on the gender pay gap. A subgroup of the Inclusion Group has been formed to further consider the drivers of the gender pay gap and develop actions for reducing it. The subgroup reports their progress to the Leadership Team.</li> <li>- Staff Learning and Development sessions have been instituted on the morning of every first Friday of each month. These are a mixture of themed and non-themed sessions. The themed sessions allow the organisation to help staff develop knowledge and skills in priority areas through the provision of guidance or training materials. The non-themed sessions enable teams or individuals to focus on an area of development most useful for them.</li> <li>- Work commenced on a refreshed People Strategy in Autumn 2025, which will be finalised in Spring 2026.</li> <li>- The council has a Recruitment &amp; Selection Policy which highlights selection methods.</li> </ul>
<p>E2: Developing the capability of the entity's leadership and other individuals</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 137</p>	<p><b><i>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.</i></b></p> <ul style="list-style-type: none"> <li>- The Council's Constitution includes descriptions of the roles of the Leader, Executive Members, Chief Executive, and Directors.</li> <li>- Weekly briefings are held between the Chief Executive and the Leader. The Leader also receives briefing on various areas including HR and Policy.</li> <li>- The Leader is part of Herts Leaders Group and East of England Leaders Group.</li> <li>- Political Liaison Board meetings comprise The Cabinet and the Leadership Team and occur monthly.</li> <li>- Regular briefings occur between Executive Members and Officers to discuss projects and issues relevant to their portfolio.</li> <li>- Opposition Member/Shadow Briefings occur between the relevant Members and Officers.</li> <li>- Weekly Leadership Team update meetings are held, with one meeting per month being a Business Meeting for dealing with issues and decision-making.</li> <li>- Robust Recruitment process with appointment at an appropriate level, and job profiles which clearly lay out the responsibilities of the role.</li> <li>- Regular 1:1s between employees and their managers.</li> <li>- Regular Performance Reviews (RPRs) which are a chance for managers and staff to discuss performance and learning needs. The Chief Executive's RPR is conducted by the Group Leaders and Deputy Leader of the Council (elected Members who lead each political party)</li> <li>- Corporate Induction Programme (including various training activities and opportunities to meet relevant colleagues) for both Members and Officers.</li> </ul>

- Corporate Learning and Development activities in areas including: time management, conflict management, dealing with difficult situations, succession planning, and conducting RPRs.
- Essential learning modules are provided on the e-learning platform - GrowZone. The Leadership Team agree which modules constitute essential learning.
- Other types of Professional, Technical, Personal and Managerial Development are organised through the service areas.

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

- The Council's Constitution includes a scheme of delegation.
- The Constitution (which includes Standing orders in the form of Rules) is reviewed annually.
- Sub-delegations are reviewed at appropriate points to check for accuracy. For example, following organisational restructure.

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

- Section 5 of the Council's Constitution includes a description of the role of the Leader. Section 14 of the Constitution provides further details on the scope of the Leader's responsibilities including that it spans all Portfolios. Section 14 states their remit around ensuring co-ordination and a coherent approach to the Council's decision making.
- Section 12 of the Constitution includes a description of the role of the Chief Executive, while Section 14 provides more detail on their functions and responsibilities.
- The respective roles of Members and Officers, and information about how Members and Officers function together, is laid out in Section 18 of the Constitution – Protocol for Member-Officer Working Relationships.

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

- **ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged.**
- **ensuring members and officers have the appropriate skills, knowledge, resources, support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis ensuring members and officers have the appropriate skills, knowledge, resources, and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis.**
- **ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.**

- Learning is one of the Council's organisational values.
- Induction arrangements, and training and development for Members and employees as identified in Principle A.
- Member Champions who seek to increase uptake of key trainings amongst Members.
- Training & development as identified in Principle E above.
- Essential training programme for managers, and succession planning and career development for managers and leaders. Promotion of ILM Leadership, and Management qualifications such as ACAS. Information and opportunities are promoted on the intranet.
- Internal coaching network for workplace coaching. Coaches are ILM qualified.
- The Council supports where possible the pursuit of relevant professional or vocational qualifications. Staff can apply for assistance and to enter into a study agreement.
- Personal Development Mornings on the morning of each first Friday of the month. There are a mixture of themed sessions based around key knowledge or skills that are priorities for the council, and non-themed sessions in which teams and individuals can focus on learning and development areas most pertinent to them.
- Strategic Leadership Team Meetings.
- Specific trainings organised by HR around areas like dealing with difficult situations, managing conflict, Member and Officer relations, Chairing skills, Minute taking, and conducting Regular Performance reviews etc.
- Regular Performance Reviews conducted for staff on an annual basis. These review performance and ascertain training and development needs.
- The Council supports Apprenticeship training programmes, and graduates via the Local Government Graduate Programme.
- Member and Officer attendance at relevant conferences, such as Town and Country Planning Association or APSE Energy.

- Training budgets for Members for external training, are allotted to groups or independent Members on a pro-rata percentage basis.
- The Gender Pay Gap reporting and subsequent Action plan to reduce the gender pay gap. Actions include training and development opportunities.
- Engagement with Leadership Team on the Annual Governance Statement (AGS) and development of the AGS Action Plan provides an opportunity to share information on governance weaknesses and to develop actions to improve these areas.
- Joint Staff Consultative Committee (JSCC), comprising elected councillors and staff representatives (including the Trade Unions), is the regular corporate interface with employees on major human resource issues.

***Ensuring that there are structures in place to encourage public participation***

- The Council has a Citizens Panel who are consulted on a variety of topics related to council business. They play a key role in informing council decisions. Residents can contact the Communications Team if they would like to be a part of the Panel.
- The Council runs Community Forums (whose remit is laid out in Section 9 of the Constitution) for Baldock, Hitchin, Letchworth, Royston, and Southern Rural. Each Forum typically meets 4 times per year, and provides an opportunity to discuss issues pertinent to that particular local community and to hear updates on council activity or the activity of other relevant groups. In addition to the local community, County Councillors, Parish/Town, Community Councillors and other partners such as the Police, are welcomed to the Forum meetings, and to speak on an item.
- Members of the public can attend and register to speak at Committee Meetings.
- Councillor Surgeries are held regularly in each of our four urban areas. Surgeries in Hitchin, Letchworth, and Baldock happen monthly, while Royston Surgeries are held every other month. Surgeries provide an opportunity for the public to meet their Councillors, raise issues, get advice, and make their views known.
- The Cabinet Panel on the Environment provides a forum to engage the public on sustainability issues.
- Online digital engagement platforms on a range of topics: North Herts Communities; The Budget Hub; The Climate Hive; and Churchgate conversations.
- The Community Consultation Strategy highlights why, how, and when we consult, and how we will keep residents updated.
- The Marketing and Communications Strategy highlights our approach to communications, how we will reach residents and how residents can reach us. The Strategy notes a digital-first approach but while maintaining other communication options such as in-person in recognition that online is not best or accessible for everyone. A review of actions arising from the

Communications Service action plan is undertaken every year and incorporates any actions from the Marketing and Communication strategy.

- The Statement of Community Involvement explains how we will involve residents and stakeholders in the planning process.

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

- The Council participates in regular Corporate Peer Challenges which review the effectiveness of leadership (both Members and Officers).
- A general staff survey is conducted every other year. This gives staff the chance to comment anonymously on a range of issues including leadership and culture. An action plan is developed to address the key issues raised. This survey is supplemented with staff surveys on specific topics (e.g. Local Government Reorganisation) as and when needed.
- The individuals in the Leadership Team provide assurance statements for the AGS, which highlight effectiveness of governance across a range of topics within their service areas. This informs the AGS Action Plan.
- A record of Member committee attendance is available on the [website](#).

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

- Staff undertake an annual Regular Performance Review (RPR). These provide the opportunity for managers to discuss performance with the staff member, and for discussion and planning of training and development needs. These performance reviews are returned to HR.

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

- Professional Health and Safety advice provided via Herts County Council.
- Display Screen Equipment (DSE) assessments for staff to ensure their desk and screen equipment is set up and being used in the correct way to prevent health issues.
- Pre-paid Specsavers vouchers are available to all those who use DSE. This entitles them to a full eye examination. If it is identified that glasses are required solely and specifically for DSE use, then the individual can select a pair of glasses from a specified range free of charge.

- An Occupational Health service that can advise on issues such as fitness for work, sickness absence, disability, rehabilitation, ill-health retirement, travel health, health promotion, or indeed any health and work issue. Managers are also invited to refresher courses to raise awareness of the Occupational Health service and can make Occupational Health
- Policies and guidance available on the intranet on a range of topics, including: Health and Safety; Homeworking Health and Safety; Lone Working; Handling Difficult Customers; Bullying and Harassment; Managing Pressure; Mentoring & Coaching; Driving and use of vehicles for work; Personal Protective Equipment; Personal Safety; Smoking and the workplace; Whistleblowing; and Working Time.
- Dedicated staff Wellbeing pages for support on a range of topics including fertility, financial wellbeing, bereavement, miscarriage & still birth, separation and support for carers.
- Mental Health First Aiders who are trained to offer support, listen non-judgementally and signpost officers to further information.
- Key safety and wellbeing issues covered within the Safeguarding trainings and e-learning module, including domestic abuse and modern-day slavery awareness and reporting information.
- An Incident Register to make staff aware of incidents related to health and safety concerns. Managers and those who work with the public have access to the Register and emails are sent to all staff and councillors notifying them when the Incident Register has been updated with a new entry. The Register includes suggested ways to reduce risk.
- Staff are encouraged to get flu vaccines annually and can be reimbursed for the cost.
- Resources for Women's Health and Men's Health are promoted to staff on the intranet.
- The Social Committee organise activities and events for staff to enhance the employee experience and encourage interaction across the council.
- The Inclusion Group aims to drive forward equality and inclusion within the council and provides a space for staff to share their workplace experiences in relation to the protected characteristics outlined under the Equality Act.
- Staff Recognition Awards on a bi-annual basis helps celebrate the excellent work of staff from across the organisation and recognises those who embody the organisational values and behaviours.
- The Council has a confidential Employee Assistance Programme (EAP) which is a free service for all staff (including their partner/spouse and dependent children over 16 still living at home). It gives around the clock access to confidential, independent, professional information and emotional support and also provides individual counselling for employees and couples and family counselling where there is participation by the employee.
- Staff can download the Spectrum.Life app on their smartphone to access all of the North Herts Be-Well features.

- The Council provides staff with access to a 24/7 GP Helpline service. This allows staff to receive a call from a GP who can provide advice, diagnosis and reassurance on a range of medical matters. There is also a private prescription service.

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

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub-principles	Council's commitment to achieving good governance in practice
Page 143 1: Managing risk	<p><b><i>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</i></b></p> <ul style="list-style-type: none"> <li>- Processes for Risk Management as set out above in Principle C.</li> <li>- This Risk Management Framework indicates that risk management is embedded across all service areas and helps to inform decision making.</li> <li>- The council uses the Ideagen software for performance/ risk management monitoring.</li> <li>- Corporate Risks are reviewed regularly by FAR Committee.</li> </ul> <p><b><i>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.</i></b></p> <ul style="list-style-type: none"> <li>- The council has a Risk Management Framework Policy Statement which sets out our commitment to the proactive management of external and internal risks within seven key principles.</li> <li>- The council also has a Risk Management Framework Strategy which highlights the objectives which must be achieved to meet the principles outlined in the Policy Statement. It provides additional detail on how we intend to ensure the objectives are met.</li> <li>- The Risk Management Framework is reviewed regularly and regular risk management updates are provided to FAR Committee.</li> </ul>

	<p><b><i>Ensuring that responsibilities for managing individual risks are clearly allocated.</i></b></p> <ul style="list-style-type: none"> <li>- See details above.</li> <li>- Ideagen assigns ownership of risks to individuals, including who administers the risk, who the risk is managed by, and who it is assigned to. It also highlights who is the Cabinet Owner (the responsible Executive Member).</li> </ul>
F2: Managing Performance	<p><b><i>Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.</i></b></p> <ul style="list-style-type: none"> <li>- The council has a Council Plan including priorities and actions as outlined in Principle A. The priorities inform the Service Planning process for each Directorate, while the actions inform the Council Delivery Plan.</li> <li>- Performance management measures as described in Principle C.</li> <li>- Use of Ideagen for monitoring risks as described above.</li> <li>- Regular Performance Reviews (RPR) as highlighted in Principle A which aid with planning of training and development needs.</li> <li>- Committee involvement regarding review of Annual Safeguarding Performance and 3 Cs monitoring.</li> <li>- The council produces an Authority Monitoring Report (AMR) which reports on a number of things, including: contextual and core output indicators - including business development, housing, transport, local services, flood protection, biodiversity, renewable energy and gypsies and travellers; the performance of policies in the adopted Local Plan; whether we are still on track with regard to the Local Development Scheme; and deficiencies in the scope of current monitoring and how it will be improved in the future. These reports are published on our website.</li> <li>- Hertfordshire County-wide customer services benchmarking group for informal benchmarking.</li> <li>- Informal benchmarking with other local authorities via the East of England Local Government Association (EELGA) and other networks such as Hertfordshire Climate Change and Sustainability Partnership and the Equality, Diversity and Inclusion Practitioners Network.</li> <li>- A calendar of dates for submitting, publishing, and distributing timely reports.</li> <li>- A grants database to enable easier administration and monitoring of grant applications.</li> </ul> <p><b><i>Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook.</i></b></p> <ul style="list-style-type: none"> <li>- Numerous processes have been explained above regarding Reports / Record of decisions, areas covered in the reports as standard for professional advice on financial, social and risk implications of a decision.</li> </ul>

- Publication of agendas/ minutes and timescales also covered above.

***Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible.***

- The council has a Committee Work Programme which is linked to the Forward Plan.
- The council's Overview & Scrutiny (O&S) Committee has a Scrutiny Charter which defined effective scrutiny. O&S establish Task and Finish Groups each year to provide challenge and debate before and during the decision-making process. Once a review is complete, a report is prepared which is approved by the Committee and is then sent to the Cabinet or other relevant partners for consideration.
- The Committee has a presentation on each Executive Member's service portfolio (at each meeting), which includes performance indicators – targets and outcomes for those services.
- The Chairman of Committee presents an annual report to Full Council.
- Agenda, reports, and minutes with recommendation (and the recording of public meetings) are available to inspect on the Council's website.
- The Code of Conduct institutes an obligation for all members to attend compulsory training (as decided by Council, Cabinet or Committee or the Monitoring Officer, Statutory officer, Group Leader or standards sub-committee), in addition to voluntary training opportunities.
- The Shared Anti-Fraud Service (SIAS) conduct internal audits of various service areas or projects each year. These audits are often done after a project completes, but some projects can also be audited in live time to improve decision-making and performance in real-time.

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

- See details on reporting performance to the Leadership Team and Members described above and in Principles A, B, and C.

***Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements).***

- As per Principle A, the Council's financial management arrangements are underpinned by a regulatory framework comprising of the Financial Regulations, Contract Procurement Rules (and other measures).

	<ul style="list-style-type: none"> <li>- Training around finance is provided to Members and officers where needed. This has previously included in-person learning sessions as well as e-learning covering a variety of subjects around accounting, financial regulations, procurement and closure of accounts.</li> <li>- SIAS presents an Annual Assurance Statement and Internal report to FAR Committee. This highlights data around the audits completed as well as recommendations made.</li> </ul>
F3: Robust internal control	<p><b><i>Aligning the risk management strategy and policies on internal control with achieving the objectives.</i></b></p> <ul style="list-style-type: none"> <li>- The Council's Risk Management Strategy, Policy and arrangements are described in various sections, notably Section C1.</li> <li>- The SIAS Internal Audit Plan forms part of the Council's assurance framework. It supports the requirement to produce an audit opinion on the overall internal control environment of the Council, as well as a judgement on the robustness of risk management and governance arrangements, which will be contained in the Head of Internal Audit's (SIAS) annual report.</li> <li>- As per Section A3 and above, the Head of SIAS (Internal Audit) is required to deliver an annual internal audit's opinion and report, covering overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This forms one of the key assurances for the AGS. It is presented to the FAR Committee.</li> <li>- SIAS Audit Plan complies with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013 and revised on 1 April 2017.</li> <li>- The council's Audit Plan and update review reports against the Plan are provided to FAR for approval.</li> <li>- External Auditors provide key timetabling/ stage of audit reports to FAR Committee (Audit Fee Letter, Audit Plan, testing routine procedures, Audit on financial statement and value for money conclusions/ Audit completion certificate and Annual Audit Letter).</li> </ul> <p><b><i>Evaluating and monitoring the authority's risk management and internal control on a regular basis.</i></b></p> <ul style="list-style-type: none"> <li>- The Council's Risk Management Strategy, Policy and arrangements are described in various sections, notably Section C1.</li> </ul> <p><b><i>Ensuring effective counter fraud and anti-corruption arrangements are in place.</i></b></p> <ul style="list-style-type: none"> <li>- As per Section A1 The Council has an overarching Fraud Prevention Policy and this includes the Anti-Money Laundering Policy, Anti-Bribery, Employee Personal Conflicts of Interest, Benefits Anti-Fraud. The Whistleblowing Policies and Fraud Plans all available on the Council's webpage.</li> </ul>

- The Council participates in a Shared Anti-Fraud Service (SAFS) and they present an Anti-Fraud plan and progress reports to FAR Committee. The Council has a Board and Partner role in the Service.
- The Anti-Fraud action plan sets out to comply with the five key principles of the Code of practice on managing the risk of fraud and corruption.

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

- The Leadership Team are responsible for overseeing the preparation and content of the AGS. The Policy & Strategy Team draft the AGS for Leadership consideration and amendment.
- The Council has a Local Code of Corporate governance that it reviews annually, and is the basis of the AGS year on year.
- As per Section A3, Internal Audit arrangements are provided through SIAS. They provide an Audit Plan for approval, prior to the new financial year; progress reports against the Plan and an Annual Assurance.
- The Head of SIAS is required to deliver an annual internal audit's opinion and report, covering overall adequacy and effectiveness of the organisation's framework of governance, risk management and control that can be used by the organisation to inform its AGS.

***Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body:***

- ***provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment***
- ***that its recommendations are listened to and acted upon.***

- FAR is the main governance Committee. The terms of reference of the Committee are set out in Section 10 of the Constitution. The Committee will, when relevant, make recommendations to the Executive, on Executive functions. No Executive Member is a Member of the Committee.
- The FAR Committee provides an Annual report to Full Council.
- SIAS undertake a review of the effectiveness of the FAR Committee.
- The Membership of FAR is offered relevant training.

F4: Managing data

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

- The Council has an Email Encryption system "Mimecast" with features to safeguard against data or access being compromised.
- Certain Service areas have their external emails encrypted by default (Housing, Revenues and Benefits, Systems Technical [Revenues and Benefits], Cashiers and Careline).
- Employees/Members are instructed that encryption must be used when sending sensitive or confidential data. Secure Transmission Layer Security (TLS) email connections to some outside organisations have been set up by IT. This means emails to certain organisations are automatically encrypted when sent.
- The Council has a designated Data Protection Officer (DPO) – this is the Revenues Manager. The Council also has a Data Controller who is the Director – Customers.
- The Council has Data Protection Act (DPA) policies and procedures including; DPA Statement, Subject Access Request form, CCTV Footage Requests and Fair Processing Notice.
- The Council has a Data Sharing Protocol which provides a framework for the Partner Organisations for the regulation working practices between Partner Organisations and is in accordance with the ICO's data sharing code of practice (which includes a pro-forma Data Sharing Agreement/ deletion certificate).
- The Council has a Privacy Impact assessment (PIA scope and full screening) documents process. These assess impacts on privacy in accordance with the ICO PIA Code of recommended practice.

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

- The Council has a Data Sharing Protocol (which includes a pro-forma Data Sharing Agreement).
- A data sharing register is retained by the Freedom of Information (DPA) team.

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

- Ideagen provides a significant checking procedure for data, with this entered and checked by one officer and checked by another from the Performance team. These are used for projects and KPIs.

F5: Strong public financial management

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

	<ul style="list-style-type: none"> <li>- The Council's financial management arrangements conform to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) and the CIPFA Financial Management Code as demonstrated in A3 and F2 above.</li> <li>- The Council's key financial systems are audited by SIAS annually.</li> </ul> <p style="text-align: center;"><b><i>Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.</i></b></p> <ul style="list-style-type: none"> <li>- As outlined in Sections C1 and D2, quarterly budget monitoring of budget, capital and treasury management information is taken to FAR Committee and Cabinet.</li> </ul>
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## Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

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

<b>Sub-principles</b>	<b>Council's commitment to achieving good governance in practice</b>
<p>Sub-principle 1: Implementing good practice in transparency</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 149</p>	<p style="text-align: center;"><b><i>Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate.</i></b></p> <p style="text-align: center;"><b><i>Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.</i></b></p> <ul style="list-style-type: none"> <li>- The Council's 'Outlook' Magazine is provided to all households in the District and is available on the Council's website. It contains information about the Council's services and events, distributed biannually (Summer and Winter Edition).</li> <li>- Report templates with clearly defined headings are available for staff on the intranet and must be used when drafting Committee reports. The defined headings help ensure all relevant information is included and that the report is easy to follow and interrogate. Committee report guidance is also provided on the intranet and highlights the rules that reports must follow. These include: use of the template; use of Arial font size 11; use of plain English and avoidance of technical terms which the public or Members may not be familiar with; avoidance of abbreviations; and being concise.</li> </ul>

	<ul style="list-style-type: none"> <li>- A list of Committees and Panels can be found on the council website, with the public able to view agendas, minutes, and reports for each committee meeting. Public report packs collate all the reports for a particular meeting for easy access by the public.</li> <li>- Staff have access to a web style guide which sets out how content on the website should be written to ensure the needs of website users are met. This is available on the staff Hub (intranet). Staff are advised to review web pages every three months to ensure that information is current and accurate. A web page review checklist is available to staff on the Hub</li> </ul>
G2: Implementing good practices in reporting	<p><b><i>Reporting at least annually on performance, value for money and the stewardship of its resources.</i></b></p> <ul style="list-style-type: none"> <li>- The external auditors annual report to the FAR committee reports on value for money, financial sustainability, governance, and improving effectiveness.</li> </ul> <p><b><i>Ensuring members and senior management own the results.</i></b></p> <ul style="list-style-type: none"> <li>- The AGS and Action Plan is signed by the Leader of the Council and the Chief Executive, ahead of going to FAR Committee for approval.</li> <li>- The AGS Action Plan assigns actions to specific teams or individuals within the Leadership Team for responsibility and progression. Updates on the actions are reported to FAR committee regularly.</li> <li>- Through the scheme of delegation as set out in the Council's Constitution, senior officers are assigned various functions, powers and duties, and have delegated authority to provide reports to various committees. Reports state clearly who the relevant Executive Member is, and Executive Members are expected to present reports to Overview &amp; Scrutiny Committee, Cabinet, and Full Council, with officers supporting in the answering of questions. Delegated decisions are required to state who is the decision taker, and to be approved by the relevant Executive Member. Delegated decisions are available on the council's website.</li> </ul> <p><b><i>Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement).</i></b></p> <p><b><i>Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate.</i></b></p>

- The Council's Local Code of Corporate Governance includes the CIPFA/SOLACE Framework principles (2016) and is the standard against which we complete an assessment of compliance and effectiveness for the Annual Governance Statement (AGS)
- The Policy & Strategy team conduct an initial review of effectiveness for the AGS, assessing the extent to which the principles within the Framework are being applied within the council. The Leadership Team oversee this process, providing assurance from their respective areas, reviewing the self-assessment document and the draft AGS, and developing the Action Plan for improvement. The Shared Internal Audit Service (SIAS), Shared Anti-Fraud Service (SAFS) and the external auditors are given the chance to comment on the draft AGS and action plan. The draft AGS (including Action Plan) is taken to FAR Committee for comment. FAR also approves the final AGS, and notes progress on the Action Plan. These documents are published on the council's website.

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

- The Chief Financial Officer follows the latest CIPFA Code of practice on local authority accounting in the United Kingdom, and the CIPFA Statement on the role of the Chief Financial Officer in Local Government 2016. This includes ensuring that the financial statements are prepared on a timely basis, meet legislative requirements, financial reporting standards and professional standards as reflected in CIPFA's Code of Practice.
- External auditors, who review the financial statements are currently appointed through Public Sector Audit Appointments Ltd, and on terms 'Statement of responsibilities of auditors and audited bodies' (available via [Terms of Appointment from 2023/24 - PSAA](#)) and 'Terms of Appointment' from April 2023. The latter set out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute.

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

- External Auditors present an Annual Report, a Year End Report, and an External Audit Plan and Strategy report to FAR Committee. These reports can make recommendations and follow up on previously made recommendations in line with National Audit Office (NAO) guidance.
- The Shared Internal Audit Service (SIAS) and the Shared Anti-Fraud Service (SAFS) provide plans and progress updates to FAR committee. SIAS and SAFS can provide recommendations, which are reported on.

- SIAS, SAFS, and the external auditors are given the chance to comment on and contribute to the draft AGS and action plan. The AGS and its action plan are approved by FAR committee, and progress on the actions are reported to the committee.

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

- The Shared Internal Audit Service (SIAS) present an Annual Assurance Statement and Internal Audit Annual Report to FAR committee. This report provides an overall assurance opinion on corporate governance and risk management for the council. It also provides an overview of internal audit activity including what proportion of the planned audit days have been delivered; a list of auditable areas and their respective assurance levels; the number of reports receiving the various assurance levels; the number of recommendations at each of the recommendation priority levels; and a description and implementation status for high priority recommendations.
- The Head of Assurance at SIAS makes a statement of conformance with the requirements of the Public Sector Internal Audit Standards (PSIAS), using the results of an annual self-assessment and Quality Assurance and Improvement Plan (QAIP) required by PSIAS. The statement details the nature and reasons for any impairments, qualifications, or restrictions in scope for which the Committee should seek reassurances from management. Any improvement plans arising will be included in the annual report.
- The Chief Audit Executive (CAE) at SIAS must confirm annually that the internal audit function is suitably qualified to carry out the work that informs the assurance opinion. This includes that the CAE maintains and enhance their own qualifications and competences.
- The Global Internal Audit Standards (GIAS) requires that SIAS be subject to an external quality assessment (EQA) at least every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. The latest review was conducted in 2021 and reported to FAR committee. The next EQA is due in 2026/27.

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

- Participates in Corporate Peer Challenge (CPC). CPC is facilitated by the Local Government Association (LGA) and comprises a review by senior local government officers and councillors from other authorities to assess areas like local priorities and outcomes, leadership, governance, and financial management. The report highlights good practice and makes recommendations for improvement. The Council must publish the report within three months of the CPC, and should publish an action plan within five months. A progress review takes place around ten months after

the initial review. The Council's latest CPC took place in 2024. Cabinet approved the action plan in March 2025, and a progress review took place later in 2025.

- Participates in benchmarking exercises.
- The Council is part of shared service arrangements (e.g. SIAS and the Shared Anti-Fraud Service – SAFS), which effectively benchmark the Council against participating authorities for Internal Audit, Anti-Fraud and Insurance.
- Public Service Network accreditation.

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

- Risk management arrangements apply to partnership projects and to procurement.
- The Council Delivery Plan monitors key projects and services including those delivered by contract with third parties. It notes all relevant risks and provides a risk level and score for each project. The Delivery Plan is set in March each year and updated and reported on quarterly to Overview & Scrutiny Committee and Cabinet.
- Risk Management is reviewed by SIAS and is one of the key parts of the assurance provided for the AGS.

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

- The Council has a Council Plan which sets out a vision of 'Working with you for a fairer, greener North Herts' and the following priorities: Thriving Communities; Accessible Services; Responsible Growth; and Sustainability. The Council Delivery Plan is set annually and lays out the key projects that we will carry out to support delivery of the Council Plan.
- The Council has a Community Consultation Strategy which sets out our consultation objectives, when we consult, how we consult and how we keep the public updated.
- As a Local Planning Authority, we must prepare a Statement of Community Involvement (SCI), explaining how we will involve local residents and stakeholders in the planning process. The current North Hertfordshire Statement of Community Involvement was formally adopted by the Council in September 2023.
- The external auditor's External Audit Plan and Strategy (reported to FAR committee) includes performance improvement observations, and can include recommendations as part of this. These recommendations can be, and have previously been, related to partnership arrangements.

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**CABINET**  
**14 April 2026**

**PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: THIRD 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 third quarter. The forecast variance is a £902k decrease in the net working budget of £23.687million, of which £483k is requested to be carried forward to fund specific activities in the next financial year, with an ongoing impact in future years of a £282k decrease. 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, a £902k decrease in net expenditure.
- 2.3. That Cabinet approves the changes to the 2026/27 General Fund budget, as identified in table 3 and paragraph 8.2, a total £201k increase in net expenditure.

**3. REASONS FOR RECOMMENDATIONS**

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

**4. ALTERNATIVE OPTIONS CONSIDERED**

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

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

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

## 6. FORWARD PLAN

- 6.1. The report contains a recommendation on a key decision that was first notified to the public in the Forward Plan on the 19<sup>th</sup> December 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 Three, the working budget has increased to £23.687million. Table 1 below details the approved changes to this budget to get to the current working budget:

**Table 1 - Current Working Budget**

	<b>£k</b>
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
Second Quarter Revenue Budget Monitoring 2025/26 – working budget changes approved by Cabinet (January 2026)	(846)
Decarbonisation of Leisure Centres Contract Award – working budget changes resulting from the extended opening of the lidos (May 2025)	37
<b>Current Working Budget</b>	<b>23,687</b>

- 7.2. The Council is managed under Service Directorates. Table 2 below confirms the current net direct resource allocation of each Service Directorate and how this has changed from the budget allocations published in the Quarter Two revenue monitoring report.

**Table 2 – Service Directorate Budget Allocations**

<b>Service Directorate</b>	<b>Net Direct Working Budget at Quarter Two</b>	<b>Changes approved at Quarter Two</b>	<b>Other Budget Changes / Transfers</b>	<b>Current Net Direct Working Budget</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>	<b>£k</b>
Chief Executive	322	(119)	0	203
Customers	4,133	25	0	4,158
Enterprise	1,365	(7)	0	1,358
Environment	8,743	(97)	37	8,683
Governance	2,536	65	4	2,605
Place	1,351	(559)	0	792
Regulatory Services	2,807	(18)	0	2,789
Resources	3,239	(136)	(4)	3,099
<b>TOTAL</b>	<b>24,496</b>	<b>(846)</b>	<b>37</b>	<b>23,687</b>

## 8. RELEVANT CONSIDERATIONS

- 8.1. Service Managers are responsible for monitoring their expenditure and income against their working budget. Table 3 below highlights those areas where there are forecast to be differences. An explanation is provided for each of the most significant variances, which are generally more than £25k. The final columns detail if there is expected to be an impact on next year's (2026/27) budget:

**Table 3 - Summary of significant variances**

<b>Budget Area</b>	<b>Working Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>	<b>Reason for difference</b>	<b>Carry Forward Request</b>	<b>Estimated Impact on 2026/27</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>		<b>£k</b>	<b>£k</b>
<b>Chief Executive</b> Capital Financing - Minimum Revenue Provision (MRP)	402	0	(402)	The original 2025/26 budget included provision for capital expenditure to be financed through internal borrowing. As there was no capital expenditure in 2024/25 that required funding through borrowing, there is no MRP charge required in this financial year. The MRP estimates for future years were updated when the Budget 2026/27 report was approved by Council in February.	0	0
<b>Customers</b> Directorate Staffing Costs	5,915	5,895	(20)	Forecast underspend is mainly due to various vacancies held this year within the Customer Service Centre and Digital Services team. Most of these vacancies have now been recruited to or recruitment is currently in progress. It is requested to carry forward £5,500 of the unspent budget, which relates to the Shared Prosperity Fund grant amount for the digital inclusion programme. Part of the grant was identified to fund an officer to support the project until June 2026.	6	0
<b>Customers</b> Careline Service Telephony	169	126	(43)	Project to upgrade the current ISDN phone lines to Session Initiation Protocol (SIP) lines has been delayed due to resourcing issues experienced by the supplier, with a lack of engineers available to perform the work. The forecast unspent budget is requested to be carried forward to meet the costs of the project that will now fall in the next financial year.	43	0
<b>Enterprise</b> Churchgate Regeneration Project – Consultants Expenditure	0	163	+163	To complete the due diligence required to progress with this project, the team have appointed relevant consultants to support the work. These consultants have scoped out the possibilities associated with the parking, public realm and market elements. This has allowed the team to financially appraise the scheme to find a viable option for the Council to take forward. While part of the spend in this year will be funded from surplus rent income collected (over and above the cost of capital related to the purchase of the head leasehold) and the balance remaining in the Churchgate Regeneration Project earmarked reserve, the variance indicates that this is not sufficient to fund the forecast level of expenditure. This was identified as a financial risk when the budget was approved in February 2025.	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
<b>Enterprise</b> Churchgate Regeneration Project – Project Manager	120	65	(55)	As recorded in table 1, Council approved £120k of additional funding for the recruitment of a specialist Project Manager in July 2025. The Project Manager was subsequently appointed in September 2025 with a contract through to September 2026. It is therefore requested that the forecast unspent budget is carried forward to finance the costs of the post falling in the next financial year.	55	0
<b>Enterprise</b> Directorate Staffing Expenditure	1,799	1,699	(100)	Forecast underspend is due to vacant posts held in Property Services and the unspent investment budget for the recruitment of a project officer to support the Museum Storage project. The timing of the appointment to the two-year fixed term project officer / curator position will be coordinated with the timetable for the construction work to renovate the facility. Recruitment is currently anticipated in January 2027. It is therefore requested that the unspent budget is carried forward to finance the anticipated expenditure in future years.	100	0
<b>Enterprise</b> Sale of the Snipe, Weston – deposit received	0	(62)	(62)	The Snipe at Weston was sold under a conditional contract dated 1st October 2024, with the the contract providing the purchaser up to 15 months within which to secure planning consent. This period has now expired and, with no live planning application or appeal in progress, the contract has been formally terminated. As the asset has not been sold, the non-refundable deposit received under the terms of the conditional sale contract does not represent a capital receipt and instead is charged as income to the General Fund.	0	0
<b>Enterprise</b> Royston Town Council Annexe Redevelopment	20	0	(20)	This site requires certainty on vehicle access and collaboration with adjoining landowners to facilitate a more comprehensive potential re-development. Progress has been made in respect of the access issue alongside renewal of the car park lease with Herts County Council. Estates officers will also seek for the site to retain its allocation for a mixed-use redevelopment in the new Local Plan. It is therefore requested that this unspent investment budget is carried forward to fund the appointment of an architect in the next financial year.	20	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2026/27
	£k	£k	£k		£k	£k
<b>Enterprise</b> Riverside Walk Hitchin footpath repair and maintenance	24	13	(11)	The final drawings are being prepared for the submission of a planning application and obtaining the necessary Environment Agency and County Council Highways consents. Tenders for the work will be sought in parallel with the progress of the application. This is expected to take place during 2026/27 and therefore the forecast unspent budget is requested to be carried forward to meet the costs of delivering the project next year.	11	0
<b>Environment</b> Climate Change and Sustainability Expenditure	27	10	(17)	The Sustainability Strategy was finalised in Summer 2025 and while progress has been made with some actions, there are others we haven't been able to develop, due to capacity, other priorities and timing. We will be able to make further progress on some of these actions in 26/27, with the carry forward of the unspent budget requested to support these. Examples include developing advice and support on sustainability for local businesses and looking at options for more natural shading in our district.	17	0
<b>Environment</b> Repairs and Maintenance at Ransoms Rec Hitchin	25	0	(25)	This investment budget for repairs to the lighting and footpaths at Ransoms Rec was approved by Council in February 2025. Green Space Officers have since identified other sites requiring lighting works, so a holistic approach is being taken to resolve the lighting issues simultaneously, liaising with Property Services to identify the most effective and efficient means of doing so. The intention is to complete the works required at Ransoms Rec in the new financial year, therefore the carry forward of the investment budget is requested.	25	0
<b>Environment</b> Burial Grounds Income	(359)	(320)	+39	Shortfall in income is attributed to the trend, apparent across the industry, away from full body burials to cremations. The Council only receives income from cremations if the family choose to purchase a grave space or a memorial tree within a North Herts Cemetery. With Hitchin Cemetery now at capacity for burials, the Council may also be losing custom to the new crematorium at Holwell, which offers cremations, cremated remains and full burial grave spaces. Some Hitchin residents may therefore be choosing this option in preference to Wilbury Hills Cemetery.	0	42

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2026/27
	£k	£k	£k		£k	£k
<b>Environment</b> Removal of Combined Heat and Power (CHP) units at North Herts Leisure Centre and Hitchin Fitness and Swimming Centre	757	731	(26)	At its meeting of 11th July 2024, Council approved expenditure of up to £757k for the termination and removal fees of the gas CHP units at North Herts Leisure Centre and Hitchin Fitness and Swimming Centre as part of the delivery of the Leisure Centres Decarbonisation project. The budget provision was based on the financial penalties for early termination with a removal date of 31 <sup>st</sup> March 2025. As the two units were ultimately removed in November 2025 (NHLC) and December 2025 (Hitchin), this has consequently reduced the early termination fees liability.	0	0
<b>Environment</b> Commercial Waste and Recycling Service - Customer Income	(1,267)	(1,237)	+30	Forecast shortfall in income follows the steady decline in the size of the customer base, as has been captured in the corporate financial health indicators included in previous monitoring reports. This may be indicative of a competitive market, where businesses are incentivised to switch provider with introductory pricing for new customers; changes in business behaviours to generate less waste in general, with existing customers reducing the level of service required; a difficult economic climate more generally. A shortfall in income from Commercial Waste services due to an economic downturn was identified as a financial risk when the original budget was approved in February 2025.	0	30
<b>Environment</b> Commercial Waste and Recycling Service – Tipping Charges Expenditure	421	344	(77)	The fall in tipping charges is a direct result of less residual waste tonnage being generated and disposed of by commercial customers. While this will be in part a consequence of the falling customer numbers referenced above, improved recycling provisions, such as the introduction of commercial food waste collections, has also contributed to the fall in residual waste tonnages. The trend may also have been accelerated by the government's 'Simpler Recycling' reforms, with all workplaces in England with 10+ FTEs legally required to separate their waste from 31 March 2025 (with smaller businesses subject to the same requirement from 31 March 2027).	0	(77)

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2026/27
	£k	£k	£k		£k	£k
<b>Environment</b> Income from sale of fibre (paper and cardboard) collected for recycling	(85)	(193)	(108)	Working budget total was based on the sale of paper (only) collected for recycling, in line with recycling service arrangements at the time the original budget was set. Since the domestic waste and recycling service changes were implemented in August 2025, paper and cardboard have been collected together as a single fibre recycling stream. While the grade of the material collected is lower than a paper-only stream, with this reflected in a lower sale price per ton, the additional tonnage collected has more than offset this. The reduction in the frequency of residual waste collections and the provision of a larger container for paper and cardboard as part of the service changes has also facilitated and encouraged resident recycling of paper and cardboard. The ongoing saving value indicates the twelve-month impact on this income stream.	0	(167)
<b>Environment</b> Hertfordshire County Council Recycling Credits Income	(703)	(659)	+44	Recycling credits income working budget includes the planned efficiency of £48k following the waste and recycling service changes from August 2025. The efficiency value was based on the collection of an additional 300 tonnes of soft plastic and 200 tonnes of additional recycling. Part of the income shortfall in 25/26 is therefore that the forecast outturn only includes the part-year impact from the service changes in August, while the efficiency calculation was over a 12-month period. The estimated annual shortfall going forward of £16k is due to the increase in tonnages from the introduction of soft plastics recycling being lower than anticipated.	0	16
<b>Place</b> Car Parking Pay-As-You-Go Fees Income	(1,926)	(2,051)	(125)	Forecast outturn is indicative of higher car parking activity in the first three quarters of the year than expected in the budget. With no apparent increase in the volume of paid tickets sold compared to the prior year, the increase in revenue may indicate that, with the new check in and check out system, users are staying longer in the car parks.	0	(125)
<b>Place</b> Car Parking Machines Repairs & Maintenance	42	3	(39)	With the new parking machines installed in March 2025 under a two-year warranty, maintenance costs in this financial year relate to only those four machines that have not yet been replaced. A maintenance budget of £15k will be required from 2027/28 following the expiry of the warranty.	0	(39)

Budget Area	Working Budget £k	Forecast Outturn £k	Variance £k	Reason for difference	Carry Forward Request £k	Estimated Impact on 2026/27 £k
<b>Place</b> Planning Transport Policy - Consultants Expenditure	124	28	(96)	Forecast outturn is the estimated spend incurred in progressing the Hitchin Rail Station eastern access project in this year. Officers are working together with Hertfordshire County Council to prioritise projects that can be taken forward as part of the Sustainable Travel Town Programme. Work in progressing these projects will commence in the next financial year and it is therefore requested that the unspent budget is carried forward to 2026/27.	96	0
<b>Place</b> London Luton Airport Development Consent Order Application	20	0	(20)	An investment bid for 2024/25 was originally approved by Council to support the work arising from a positive decision from the Planning Inspectorate. The approval from the Planning Inspectorate however was subsequently called in by the Secretary of State. The Secretary of State granted the development consent order (DCO) in April 2025, which was then the subject of a 6-week High Court Judicial Review Challenge. This took place in November 2025 where the High Court ruled in favour of the Secretary of State's decision to permit the DCO application. The Judicial Review however is now the subject of a further legal challenge. Officers are continuing to monitor the legal proceedings and work together with the Hertfordshire Host authorities. It is requested that the unspent investment budget is carried forward to 2026/27 to fund further advice around our role / powers once the legal proceedings are resolved.	20	0
<b>Place</b> Local Plan Development	99	66	(33)	Further reduction in projected spend from that reported at Quarter Two is due to MHCLG delaying new legislation on how authorities should prepare their Local Plan. With no transition period for implementation expected, the Council must wait for the legislation to be published to ensure it fully meets the requirements. The legislation was originally expected in Summer 2025, then MHCLG delayed this until early 2026. Regulations were published at the start of March 2026 to bring the new system into force from the 25 <sup>th</sup> March 2026. This means that work that was planned for 2025/26 will now slip into 2026/27, so it is requested to carry forward the £32k of forecast unspent budget into 2026/27.	33	0

Budget Area	Working Budget	Forecast Outturn	Variance	Reason for difference	Carry Forward Request	Estimated Impact on 2026/27
	£k	£k	£k		£k	£k
<b>Place</b> Planning Control IT Software Expenditure	32	7	(25)	An investment bid was approved for 2025/26 for the procurement of Agile AI software to reduce the manual workload with the checking and validation of planning applications. Having initially anticipated Hertfordshire County Council would lead on a county-wide procurement exercise, discussions are currently ongoing with East Herts and Stevenage regarding a joint procurement but work on this will not commence until 2026/27, with the unspent budget requested to be carried forward.	25	0
<b>Regulatory</b> Housing Stock Condition Survey	40	0	(40)	The service is currently undertaking preliminary market engagement for a tender. It is unlikely work will take place during the 2025/26 financial year and therefore it is requested that the unspent budget is carried forward to fund the activity in the next financial year.	40	0
<b>Resources</b> Directorate Staffing Costs	2,856	2,828	(28)	Forecast variance relates to the Revenues and Benefits service, where vacancies held and flexible working requests have reduced staffing expenditure in this financial year. Recruitment to two full time posts is currently in progress, with interviews taking place in early February, however the successful applicants are unlikely to be in post before the end of March.	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
<b>Resources</b> Net Housing Benefit Expenditure	311	512	+201	Forecast overspend variance relates to historical housing benefit subsidy received that must be paid back to the DWP. The 2021/22 Housing Benefit audit, only recently completed, identified that clients placed in temporary accommodation during that year had not been advised of the amount of rent being charged. As the housing costs were to be met through Housing Benefit payments, the importance of advising the claimants of the rent liability was overlooked by officers. This has meant there is insufficient evidence of rent agreements with the claimants for the Council to be eligible for the corresponding Housing Benefit subsidy it received in that year. Housing Services have since made changes to Housing Benefit claim forms to ensure customers are notified of their rental liabilities. With those changes in place since early 2024, it is anticipated that this issue may also affect Housing Benefit subsidy received for 2022/23 and 2023/24. With the impact not yet fully quantified and the final amounts unknown, a contingent liability will be disclosed in the 2025/26 statement of accounts.	0	0
<b>Total of explained variances</b>	<b>8,863</b>	<b>7,968</b>	<b>(895)</b>		<b>491</b>	<b>(320)</b>
Other minor balances	14,824	14,817	(7)		(8)	38
<b>Overall Total</b>	<b>23,687</b>	<b>22,785</b>	<b>(902)</b>		<b>483</b>	<b>(282)</b>

8.2. Cabinet are asked to approve the differences highlighted in the table above (a £902k decrease in spend), as an adjustment to the working budget (recommendation 2.2). Cabinet are also asked to approve the estimated impact on the 2026/27 budget, a £201k increase in budget, which includes the request to carry forward £483k of unspent budget for specific purposes in the next financial year (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 Two was a net overachievement of £59k. At the end of Quarter Three the forecast is a net overachievement of £38k. The reduction of £21k relates to;

- Recycling credit income from Herts County Council. £44k underachievement, as highlighted and explained in table 3 above.
- Garden waste collection service subscriber income. £23k overachievement of additional income from the changes to subscription fees. The efficiency estimate

calculation was based on the original budget expectation for 2024/25 of £1.029m. The actual income recorded for 2024/25 was almost £70k higher, as highlighted in the Third Quarter 2024/25 revenue budget monitoring report. Therefore, although the level of demand for the service is marginally lower than last year, as shown in table 5 below, the additional income from the pricing changes is forecast to exceed the assumption in the budget (included within 'other minor variances' in table 3 above).

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 Two, it was forecast that £526k of the budget carried forward will not be spent in this year. At the end of Quarter Three it is forecast that £710k of the budget carried forward will not be spent. The increase of £184k, all of which is requested to be carried forward again into 2026/27, relates to:

- Careline telephone lines upgrade. £20k of the £27k carried forward is forecast not to be spent in this year, as highlighted in table three above.
- Royston Town Council Annexe Redevelopment. The £20k carry forward budget will not be spent in this year, as explained in table three above.
- Riverside walk, Hitchin. 11k of the £24k carry forward is forecast to be unspent in this year, as highlighted in table three above.
- Climate change strategy. £11k of the £19k carry forward budget will not be spent in this year, as explained in table three above.
- Supplementary Planning documents. £76k (reduction of £7k from the £83k requested to be carried forward at Quarter Two) of the £135k budget carried forward is forecast to be unspent at the end of the year. The £7k forecast increase in spend in this financial year and the corresponding reduction in the carry forward budget is included in the 'other minor variances' totals in table three above.
- Local Plan review. A total of £67k (£54k requested at Quarter Two) of the £186k carried forward is now forecast not to be spent in this year, as explained in table three above.
- London Luton Airport Development Consent Order application. The £20k carry forward budget will not be spent in this year, as explained in table three above.
- Transport policy projects and initiatives. £56k of the £84k budget carried forward for various schemes is forecast to be unspent this year, as noted in table three above.
- Housing stock condition survey. The £40k carry forward budget will not be spent in this financial year, as highlighted 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 Two, four of the indicators were green, one was amber and one of the indicators was red. At the end of Quarter Three, four of the indicators are green and two are red. The green indicator for car parking fees income at Quarter Three replaces the amber indicator at Quarter Two, with the forecast increase in the income expectation highlighted in table three above. The forecast increase exceeds the estimated income lost from the closure of Princes Mews car park in April, which was the basis for the amber status at the end of the first two quarters of the year. The additional red indicator relates

to the estimated shortfall in income generated from the Commercial waste and recycling service, as highlighted and explained in table three above.

- 8.7. The actual to date exceeding the projected outturn for leisure centres management fee income in table 4 is because the compensation to the leisure service provider for the closure of the leisure centres while the decarbonisation works took place, as reported at Quarter Two, has not yet been settled. The high actual to date total relative to the annual budget / projected outturn for Planning Fees income 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 1<sup>st</sup> April 2024 and 31<sup>st</sup> March 2025), and therefore is not necessarily indicative of the achievement of additional surplus income to the General Fund in this financial year above that projected.

**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)	(872)	(196)	+518
Garden Waste Collection Service Subscriptions	Green	(1,622)	(1,634)	(1,645)	(23)
Commercial Refuse & Recycling Service Income	Red	(1,267)	(968)	(1,237)	+30
Planning Application Fees (including fees for pre-application advice)	Green	(1,188)	(2,284)	(1,458)	(270)
Car Parking Fees	Green	(1,978)	(1,623)	(2,051)	(73)
Parking Penalty Charge Notices (PCNs)	Green	(573)	(399)	(573)	0

- 8.8. 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 Q3 2025/26	Performance to end of Q3 2024/25	Percentage Movement	Direction of Trend
Leisure Centres Management Fee	Number of Leisure Centre visits	1,317,474	1,305,810	+0.9%	
Garden Waste Collection Service	Number of bin subscriptions	32,706	33,860	-3.4%	
Commercial Refuse & Recycling Service	Number of customers	955	1,015	-5.9%	
Car Parking Fees	Car park tickets sold / average ticket price sold	914,819 / £1.74	871,308 / £1.78	+5.0% / -2.2%	
Parking Penalty Charge Notices	Number of PCNs issued	11,309	11,733	+21.9%	

## FUNDING, RISK AND GENERAL FUND BALANCE

- 8.9. 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.
- 8.10. 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.
- 8.11. The Council's share of the Council Tax Collection Fund is forecast to be a surplus balance of £251k at the end of the financial year. A contribution of £251k will be transferred from the Collection Fund to the General Fund in the next financial year and this will therefore increase the amount of Council Tax funding available in 2026/27, as was shown in Appendix E to the Budget 2026/27 report. Any difference between this forecast and the actual position recorded at the end of the financial year will affect the calculation of the surplus / deficit position for 2026/27 and therefore impact the level of Council Tax funding available in 2027/28.
- 8.12. The Council's share of the Business Rates Collection Fund at the end of this year is forecast to be overall surplus position of £2.826m, as declared in the NNDR1 return submitted to Government in January. This will be transferred from the Collection Fund to the General Fund in the next financial year, with the contribution ultimately helping to bridge the funding gap for 2026/27. 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. Any difference between this estimate and the final outturn for 2025/26 will impact the calculated surplus / deficit position for 2026/27 and hence cashflows in 2027/28.
- 8.13. 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.
- 8.14. 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.

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

**Table 7 – General Fund impact**

	<b>Working Budget</b>	<b>Projected Outturn</b>	<b>Difference</b>
	<b>£k</b>	<b>£k</b>	<b>£k</b>
<b>Brought Forward balance (1<sup>st</sup> April 2024)</b>	<b>(16,067)</b>	<b>(16,067)</b>	<b>-</b>
Net Expenditure	23,687	22,785	(902)
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
<b>Carried Forward balance (31<sup>st</sup> March 2025)</b>	<b>(15,606)</b>	<b>(16,508)</b>	<b>(902)</b>

8.16. The minimum level of General Fund balance is determined based on known and unknown risks. Known risks are those things that we think could happen and we can forecast both a potential cost if they happen, and percentage likelihood. The notional amount is based on multiplying the cost by the potential likelihood. The notional amount for unknown risks is based on 5% of net expenditure. There is not an actual budget set aside for either of these risk types so, when they occur, they are reflected as budget variances (see table 3). We monitor the level of known risks that actually happen, as it highlights whether there might be further variances. This would be likely if a number of risks come to fruition during the early part of the year. We also use this monitoring to inform the assessment of risks in future years. The notional amount calculated at the start of the year for known risks was £1,077k, and at the end of the third quarter a total of £1,584k has come to fruition. The identified risks realised in the third quarter relate to:

- Reduction in income from Churchgate means that funds are not available for the external spend required to progress the regeneration project, as highlighted and explained in table 3 above - £163k.
- Income from trade refuse, as highlighted in table 3 above - £30k.
- Specialist advice required with regard to planning applications, included within the 'other minor variances' total in table 3 above - £20k.
- Costs associated with a challenge to a Planning Committee decision, included within the 'other minor variances' total in table 3 above - £6k.

**Table 8 – Known financial risks**

	<b>£'000</b>
<b>Original allowance for known financial risks</b>	<b>1,077</b>
Known financial risks realised in Quarter 3	(1,298)

Known financial risks realised in Quarter 2	(67)
Known financial risks realised in Quarter 3	(219)
<b>Remaining allowance for known financial risks</b>	<b>(507)</b>

## 9. LEGAL IMPLICATIONS

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

## 10. FINANCIAL IMPLICATIONS

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

## 11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. As outlined in the body of the report. The process of quarterly monitoring to Cabinet is a control mechanism to help to mitigate the risk of unplanned overspending of the overall Council budget.

## 12. EQUALITIES IMPLICATIONS

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

## 13. SOCIAL VALUE IMPLICATIONS

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

**14. ENVIRONMENTAL IMPLICATIONS**

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

**15. HUMAN RESOURCE IMPLICATIONS**

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

**16. APPENDICES**

16.1. None.

**17. CONTACT OFFICERS**

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**18. BACKGROUND PAPERS**

18.1. None.

**CABINET  
14 April 2026**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: THIRD 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 December 2025.
- 1.2 To update Cabinet on the impact upon the approved capital programme for 2025/26 – 2035/36. The current estimate is a decrease in spend in 2025/26 of £3.066M and an increase in spend in 2026/27 £3.011M. The most significant individual changes to the forecast spend in 2025/26 for reprofiling into 2026/27: £0.732M Public Sector Decarbonisation Fund Phase 2, £0.315M Oughtonhead Common Weir, £0.278M Cycle Strategy Implementation, £0.250M Transport Plans Implementation, £0.185M Green Infrastructure Implementation, £0.155M Museum and Commercial Storage, £0.146M Parking Machines Replacement. The most significant underspend in 2025/26 is £0.229M Fibre Waste Bins, while there is an increase in forecast expenditure in 2025/26 of £0.160M for S106 funded projects.

**2 RECOMMENDATIONS**

- 2.1 That Cabinet notes the forecast expenditure of £23.350M 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 £3.011M.
- 2.3 That Cabinet approves a change of scope to the Priory Gardens Bandstand project from renovation to rebuild and an increase of the budget in 2026/27 by £0.025M.
- 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 19th December 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 **£23.350M**. This is a decrease of **£3.066M** on the forecast in the 2nd quarter report (reported to Cabinet on 20th January 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
<b>Original Estimates approved by Full Council February 2025</b>	<b>21.063</b>	<b>5.147</b>	<b>18.413</b>
Changes approved by Cabinet in 3rd Qrt 2024/25	0.627		
Public Sector Decarbonisation project	1.143		
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	-1.298	1.773	
Changes approved by Full Council 26/02/2026 - Investment Strategy 2026-36		1.374	4.784
Changes at Q3	-3.066	3.011	
<b>Current Capital Estimates</b>	<b>23.350</b>	<b>12.143</b>	<b>23.085</b>

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)

<b>Scheme</b>	<b>2025/26 Working Budget £'000</b>	<b>2025/26 Forecast £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2026/27 onwards £'000</b>
Public Sector Decarbonisation Fund Phase 2	852	120	-732	The Project Board for the Decarbonisation Phase 2 project agreed at their meeting in September 2025 to a change in delivery approach moving from having a single tier one contractor managing the whole project to directly appointing individual services to produce designs and then a specialist mechanical and electrical contractor to deliver the works. The change in approach will give the council greater control as the project develops and may provide better value for money. This change in approach, followed by the project board agreeing to appoint services for producing designs at their November 2025 meeting, had led to the project programme being adapted with greater emphasis on delivery in 2026/27 and 2027/28. Moving a significant proportion of the 2025-26 project budget into the following years reflects this.	732
Oughtonhead Common Weir	323	8	-315	Waiting for HCC to confirm if the project can be externally funded.	315
Cycle Strategy Implementation	278	0	-278	Due to lack of resources and other projects taking priority these budgets will not be spent in 2025/26. The Transport Officer post has recently been recruited to and is now in post. They will start looking at relevant projects which could be funded from these budgets.	278
Transport Plans Implementation	250	0	-250		250

<b>Scheme</b>	<b>2025/26 Working Budget £'000</b>	<b>2025/26 Forecast £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2026/27 onwards £'000</b>
Green Infrastructure Implementation	185	0	-185	The Ecologist Officer will be looking at projects that are associated with the green management and master planning strategies, due to other priorities this will be done in 2026/27.	185
Museum and Commercial Storage	1,400	1,244	-156	Professional design consultants have produced a finalised fee proposal and indicative project programme which offers greater clarity as to the phasing of design work. This has in turn resulted in the reprofiling of the available budget as officers now have greater technically informed understanding of the phasing of the project.	156
Parking Machines Replacement	151	5	-146	Accrual outstanding, will not pay invoice until hardware issues with the machines are resolved, so may need to accrue again in 2025/26. This budget will also contribute towards funding the new tariff boards for installation in 2026/27 in accordance with the new parking tariffs for 2026/27 to be agreed by Cabinet, request to carry forward into 2026/27.	146
Air conditioning at Hitchin Town Hall	100	0	-100	These works will now be delivered through the decarbonisation works on the Town Hall and Museum facility in 2026/27. However the budgets are still required to cover these elements.	100
Replacement Chiller for the Museum	80	0	-80		80

<b>Scheme</b>	<b>2025/26 Working Budget £'000</b>	<b>2025/26 Forecast £'000</b>	<b>Difference £'000</b>	<b>Reason for Difference</b>	<b>Estimated impact on 2026/27 onwards £'000</b>
Avenue Park Splash Park	70	0	-70	The project is under review while further investigation is undertaken. We are reviewing how splash parks are typically designed/operated and in particular the water source. This current proposal relies on mains water, whereas most modern splash parks are designed to use recycled or recirculated water systems. The funding has not been spent whilst we assess if the project is viable. Will progress these investigations this Spring.	70
Playground Renovation 25/26	180	110	-70	The slippage relates to the Howard Park project - the project will be completed in May 2026 and the full budget used.	70
Charnwood House	71	1	-70	This remains a Council Priority. Options paper has been prepared and agreed plan for remarketing during 2026. Works will be delivered in advance of lettings. Will go back to market to get on long lease.	70
Newark Close Road Replacement	65	9	-56	Undertaken interim repairs pending potential more extensive roadworks in 2026/27.	56
Norton Common Bowls Pavilion	55	0	-55	Awaiting lease agreement with the Bowls club before commencing with this project.	55
NHLC Lift Replacement	90	35	-55	Lift procurement is underway, installation works due to take place 2026/27.	55

Scheme	2025/26 Working Budget £'000	2025/26 Forecast £'000	Difference £'000	Reason for Difference	Estimated impact on 2026/27 onwards £'000
Priory Gardens bandstand	50	0	-50	The original budget was to renovate the Bandstand. The bandstand however needs replacing and the budget needs increasing to allow this project to proceed in 2026/27.	75
Norton Common Tennis Courts	49	0	-49	There has not been the capacity within the team to commence this project in 2025/26.	49
Property Improvements	176	128	-48	Pipework obstruction needs to be removed before undertaking work at the DCO. This cannot be accommodated in 2025/26.	48
Museum Services Development	48	0	-48	We have completed a procurement process and chosen a design for the remaining Terrace works, however this will require a planning application and listed building consent once formal appointment is completed, taking us into the next financial year.	48
Riverside walkway Biggin Lane	53	8	-45	Detailed drawings are being prepared with an expectation to undertake the work in summer/autumn 2026.	45
Upgrade 25 Parking Machines	38	0	-38	This budget will fund the implementation of the tariff boards as part of the overall project associated with the installation of the new parking machines. Requested to be carried forward to 2026/27 to align with the anticipated implementation of changes to parking tariffs for 2026/27.	38
Meltax Offices, Royston	25	0	-25	Proposals for letting the property are planned for later in 2026.	25
<b>Other minor changes</b>			<b>-65</b>		<b>65</b>
<b>Total Revision to Budget Profile</b>			<b>-2,986</b>		<b>3,011</b>

8.5 There are also changes to the overall costs of schemes in 2025/26. These changes total a net decrease of £0.81million 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
S106 Projects	333	493	160	In addition to the £193K Original budget allocated for Funding for Additional Social Housing, to date a total of £300K of S106 funds have been released for community schemes.
SPF Sustainable Communities Grants	51	64	13	Additional funding was requested for the Sustainable Communities Fund (SCF) as the total value of applications significantly exceeded the original allocation. The level of interest and engagement from community groups was substantial, demonstrating a strong demand for support. Once unallocated funding had been identified from within the overall allocation of UKSF monies, it was deemed appropriate to reallocate this from one allocation to another (SCF) to ensure all the funding was spent.
Fibre Waste Bins	1,170	941	-229	The final cost of container purchases came in under budget due to a thorough and well-managed procurement process, which secured prices lower than originally anticipated.
EV charging at the existing Letchworth depot	100	49	-51	All EV chargers have now been installed at a reduced cost, achieved by adapting the delivery model and utilising our waste contractor's EV team rather than commissioning an external provider.
			<b>27</b>	
			<b>-80</b>	

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

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

	<b>2025/26 Balance at start of year £M</b>	<b>2025/26 Forecast Additions £M</b>	<b>2025/26 Forecast Funding Used £M</b>	<b>2025/26 Balance at end of year £M</b>
Useable Capital Receipts and Set-aside Receipts	1.273	0.0	(1.273)	0.000
S106 receipts			(0.493)	
Other third party grants and contributions			(2.020)	
Revenue Contribution			(3.230)	
Borrowing			(16.334)	
<b>Total</b>			<b>(23.350)</b>	

- 8.7 The availability of third-party contributions and grants to fund capital investment is continuously sought in order to reduce pressure on the Council’s available capital receipts and allow for further investment. Additional capital receipts are dependent on selling surplus land and buildings. Ensuring that the Council gets best value from the disposal of land and buildings can take a long time and therefore the amounts that might be received could be subject to change.
- 8.8 The Council’s Capital Financing Requirement (CFR) at 31<sup>st</sup> March 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 £4.6M higher than the budgeted £59.298M.
- 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**

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### **18. BACKGROUND PAPERS**

- 18.1 Investment Strategy (Integrated Capital and Treasury Strategy)

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

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Project	Service Directorate								Funding				Balance funded from Capital Receipts/ Set-aside receipts/ Borrowing
		2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 Funding £	2030/31 Funding £	2031/32 - 2035/36 Funding £	Funded from Other Grants	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	
40 KVA UPS Device or Battery Replacement	Customers	12,000	0	0	0	0	0	0	0	0	0	0	12,000
Air conditioning at Hitchin Town Hall	Enterprise	0	100,000	0	0	0	0	0	0	0	0	0	100,000
Air Handling Humidification	Enterprise	0	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	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	0	30,000	0	0	0	0	60,000
Audio Improvements to Mountford Hall	Enterprise	0	15,000	0	0	0	0	0	0	0	0	0	15,000
Avenue Park Splash Park	Environment	0	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	0	30,000
Bancroft Lighting	Environment	0	0	45,000	0	0	0	0	0	0	0	0	45,000
Broadway Gardens Resurfacing	Environment	0	250,000	0	0	0	0	0	0	0	0	0	250,000
Burials New Management System	Environment	0	55,000	0	0	0	0	0	0	0	0	0	55,000
Burymead Road Transfer Facility	Environment	30,000	0	0	0	0	0	0	0	0	0	30,000	0
CCTV at DCO & Hitchin Town Hall	Customers	700	11,800	0	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	0	85,000
Charnwood House	Enterprise	800	370,000	0	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	0	43,000
Conference Calling Solutions in Large Meeting Rooms at District Council Offices	Customers	900	5,100	0	0	0	0	0	0	0	0	0	6,000
Council property improvements following condition surveys	Enterprise	127,900	98,400	50,000	50,000	50,000	50,000	250,000	0	0	0	0	676,300
Cyber Attacks - Events Monitoring Software Solution	Customers	2,000	0	0	0	0	0	0	0	0	0	0	2,000
Cycle Strategy implementation (GAF)	Place	0	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	0	32,000	0	0	0	0	113,000
Digital and other signage for car parks in Hitchin, to promote better use of car parks	Place	0	200,000	0	0	0	0	0	0	0	0	200,000	0
Email Encryption Software Solution	Customers	17,700	0	0	0	0	0	0	0	0	0	0	17,700
EV Charging at the existing Letchworth Depot	Environment	49,100	0	0	0	0	0	0	0	0	0	0	49,100
Fibre Waste Bins	Environment	941,000	0	0	0	0	0	0	0	0	0	0	941,000
Green Infrastructure implementation (GAF)	Place	0	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	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	0	300,000
Hitchin Swim Centre: Changing Village Refurbishment	Environment	0	0	225,000	0	0	0	0	0	0	0	0	225,000
Hitchin Swim Centre: Pool Cover Replacement	Environment	0	58,000	0	0	0	0	0	0	0	0	0	58,000
Hitchin Swim Centre: Pool Hall Seating Replacement	Environment	0	73,000	0	0	0	0	0	0	0	0	0	73,000
Hitchin Town Hall Kitchen Enhancement	Enterprise	0	25,000	0	0	0	0	0	0	0	0	0	25,000
Howard Park Letchworth Path Resurfacing	Environment	0	23,800	10,000	0	0	0	0	0	0	0	0	33,800
Infrastructure Hardware	Customers	410,800	18,000	18,000	190,000	0	0	0	0	20,000	0	0	616,800
Installation of trial on-street charging (GAF)	Place	0	50,000	0	0	0	0	0	0	50,000	0	0	0
Ivel Springs Footpaths	Environment	0	25,000	0	0	0	0	0	0	0	0	0	25,000
King George V Muga Hitchin	Environment	0	0	55,000	0	0	0	0	0	0	55,000	0	0



Project	Service Directorate								Funding				Balance funded from Capital Receipts/ Set-aside receipts/ Borrowing
		2025/26 Funding £	2026/27 Funding £	2027/28 Funding £	2028/29 Funding £	2029/30 Funding £	2030/31 Funding £	2031/32 - 2035/36 Funding £	Funded from Other Grants	Funded from Government Grant	Funded from s106 contributions	Funded from Revenue / IT Reserve	
RLC Gym Equipment	Environment	349,800	0	0	0	0	0	0	0	0	0	0	349,800
RLC Learner Pool	Environment	0	750,000	4,002,000	0	0	0	0	0	0	0	4,752,000	0
RLC Gym Refurbishment	Environment	452,000	0	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	0	12,800
S106 Projects	Various	300,500	0	0	0	0	0	0	0	0	300,500	0	0
S016 Funding for additional social housing	Place	192,500	0	0	0	0	0	0	0	0	192,500	0	0
Security - Firewalls	Customers	23,600	18,000	0	18,000	0	18,000	36,000	0	0	0	0	113,600
SPF Digital Inclusion Scheme	Customers	10,000	0	0	0	0	0	0	0	10,000	0	0	0
SPF Reveation of Estates Buildings	Enterprise	30,000	0	0	0	0	0	0	0	30,000	0	0	0
SPF Sustainable Communities Grants	Governance	64,200	0	0	0	0	0	0	0	64,200	0	0	0
Swinburne Recreation Ground Hitchin	Environment	0	30,000	0	0	0	0	0	0	0	0	0	30,000
Tablets - Android Devices	Customers	18,000	10,000	4,000	4,000	4,000	4,000	4,000	0	0	0	0	48,000
Thomas Bellamy House, Hitchin	Enterprise	500	5,500	0	0	0	0	0	0	0	0	0	6,000
Transport Plans implementation (GAF)	Place	0	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	0	250,000	0	37,000	0	13,000
Warm Homes	Environment	318,800	478,100	478,100	0	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	0	470,000
Waste and Street Cleansing Vehicles	Environment	4,800,000	0	0	0	0	0	5,500,000	0	0	0	3,200,000	7,100,000
WiFi Upgrade	Customers	0	40,000	0	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	0	30,000
Wilbury Hills Cemetery Improvements	Environment	0	120,000	0	0	0	0	0	0	0	0	0	120,000
		<b>23,350,200</b>	<b>12,142,500</b>	<b>5,787,100</b>	<b>4,488,000</b>	<b>3,798,000</b>	<b>502,000</b>	<b>9,230,000</b>	<b>298,300</b>	<b>4,936,400</b>	<b>613,000</b>	<b>8,382,000</b>	<b>45,068,100</b>

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**CABINET  
14 April 2026**

**\*PART 1 – PUBLIC DOCUMENT**

**TITLE OF REPORT: THIRD 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 December 2025.
- 1.2 To inform Cabinet of the Treasury Management activities in the first nine months of 2025/26. The current forecast is that the amount of investment interest expected to be generated during the year is £2.000M. This is an increase of £0.020M on the estimate reported in the 2nd quarter report.

**2 RECOMMENDATIONS**

- 2.1 That Cabinet notes the position of Treasury Management activity as at the end of December 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 19th December 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 nine months of 2025/26, the Council had an average investment balance of £51.6M and invested this in accordance with the treasury and prudential indicators as set out in the Integrated Capital and Treasury Management Strategy.

- 8.3 The Council has generated £1.869M of interest in 2025/26 from investments already made during the first nine months of the year (and accrued interest from deals made in 2024/25). This includes the interest that will be earned during the remaining three months of the year on investments that have already been made. The average interest rate on all outstanding investments at the 31st December was 4.2%. (30th September was 4.25%). Based on current investments and forecasts of interest rates and cash balances for the remainder of the year, it is forecast that the Council will generate £2.000M of interest over the whole of 2025/26.

8.4 As at 31st December 2025, the split of investments was as shown in the table below.

Banks	11%
Building Societies	0%
Government	7%
Local Authorities	82%

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 31st December 2025. The most risky investment has a historic risk of default of 0.016%. It should also be noted that in general the interest rate received is correlated to the risk, so the interest income received would be less if the Council took on less risk.

<b>Borrower</b>	<b>Principal Invested £M</b>	<b>Interest Rate %</b>	<b>Credit Rating</b>	<b>Days to Maturity at 31 Dec</b>	<b>Historic Risk of Default %</b>
Lloyds Bank	2.5	3.51	AA-	2	0.000
Nat West	1.0	4.15	AA-	2	0.000
Ashford Borough Council	2.0	4.10	AA-	5	0.000
Uttlesford District Council	1.0	4.25	AA-	5	0.000
Wakefield Council	3.0	4.15	AA-	6	0.000
LB of Newham	2.0	4.15	AA-	8	0.000
Medway Council	2.0	4.35	AA-	9	0.001
LB of Barking & Dagenham	2.0	4.05	AA-	14	0.001
DMO	2.0	3.79	AA-	15	0.001
DMO	1.0	3.77	AA-	14	0.001
Blackpool Council	2.0	4.20	AA-	19	0.001
South Cambridgeshire DC	1.0	4.15	AA-	30	0.002
Lancashire County Council	1.0	4.30	AA-	47	0.003
Surrey County Council	2.0	4.20	AA-	47	0.003
South Lanarkshire Council	2.0	4.20	AA-	47	0.003
City of Bradford MDC	1.0	4.25	AA-	56	0.003
South Lanarkshire Council	1.0	4.28	AA-	61	0.004
Wirral MDC	2.0	4.17	AA-	72	0.004
Lancashire County Council	1.0	4.45	AA-	78	0.005
Lancashire County Council	1.0	4.30	AA-	104	0.006
Cheshire East Council	2.0	4.20	AA-	104	0.006
Australia & New Zealand Bank	1.0	4.19	AA-	120	0.007
Leeds City Council	2.0	4.22	AA-	134	0.008
Cheshire East Council	1.0	4.10	AA-	169	0.007
Blackpool Council	1.0	4.15	AA-	238	0.010
Walsall Council	2.0	4.25	AA-	265	0.016
	41.5	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 Councils 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**

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## **18. BACKGROUND PAPERS**

18.1 Investment Strategy (Integrated Capital and Treasury Strategy)

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

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Classification: Confidential

# Treasury Management Update

## Quarterly Report

31<sup>ST</sup> DECEMBER 2025

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# Treasury Management Update

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## Quarter Ended 31<sup>st</sup> December 2025

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

### 1. Economics update

- The third quarter of 2025/26 saw:
  - A -0.1% m/m change in real GDP in October, leaving the economy no bigger than at the start of April.
  - The 3myy rate of average earnings growth excluding bonuses fall to 4.6% in October, having been as high as 5.5% earlier in the financial year.
  - CPI inflation fall sharply from 3.6% to 3.2% in November, with core CPI inflation easing to 3.2%.
  - The Bank of England cut interest rates from 4.00% to 3.75% in December, after holding in November.
  - The 10-year gilt yield fluctuate between 4.4% and 4.7%, ending the quarter at 4.5%.
- 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 (subsequently revised down to 0.2% q/q). Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern (0.1% q/q). October's disappointing -0.1% m/m change in real GDP suggests that growth slowed to around 1.4% in 2025 as a whole.
- Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK rose from 51.2 in November to 52.1 in December, suggesting the economy may be benefitting somewhat from pre-Budget uncertainty fading. This may also reflect a diminishing drag from weak overseas demand. While the services PMI rose from 51.3 to 52.1, the improvement in the manufacturing output balance from 50.3 to 51.8 was larger. Indeed, the manufacturing sector has been more exposed to the recent weakness of external demand and has lagged the services sector since the end of last year.
- Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. Nonetheless, the 0.1% m/m fall in retail sales volumes in November built on the 0.9% m/m drop in October, suggesting the longer-lasting effects of weak employment and slowing wage growth are impacting. Moreover, the decline in the GfK measure of consumer confidence from -17 in October to -19 in November suggests that consumers are not that optimistic at present.
- Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.
- Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the consensus forecast of £25bn. It did downgrade productivity growth by 0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.

- Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2.0m will generate £0.4bn.
- After the Budget, public net sector borrowing of £11.7bn in November was comfortably below last November's figure of £13.6bn and was the lowest November borrowing figure since 2021, mainly due to tax receipts being £5.4bn higher, largely because of the hike in employer NICs in April 2025. Cumulative borrowing in the first eight months of 2025/26 was still £10bn above last year's total. However, lower inflation and a disposal of assets ahead of the Budget should mean borrowing in 2025/26 comes in below last year's total.
- 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, the 38,000 fall in payroll employment in November was the tenth monthly decline in the past 13 months, causing the annual growth rate to slow further, from -0.5% to -0.6%. The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022) but the less reliable Labour Force Survey data showed that employment fell by 16,000 in the three months to October, with the unemployment rate rising further, from 5.0% to 5.1%. All this suggests the labour market continues to loosen, albeit at a slow pace.
- A looser labour market is driving softer wage pressures. The 3myy growth rate of average earnings including bonuses eased from 4.9% in September to 4.7% in October. And excluding bonuses, the 3myy rate slowed from 4.7% to 4.6%. Regular private sector pay growth continued to slow from 4.2% to 3.9%. That left it broadly on track to meet the Bank's end of December prediction of 3.5%.
- CPI inflation fell sharply in November, easing from 3.6% in October to 3.2%. This was the third consecutive softer-than-expected inflation outturn and suggests that disinflation is well underway. There was a widespread easing in price pressures with inflation slowing in 10 of the 12 main categories. Core inflation fell from 3.4% to 3.2% and services inflation dipped from 4.5% to 4.4%. However, a great deal will depend on the adjustments to regulated and indexed prices scheduled for next April. Capital Economics forecast CPI inflation to drop from 3.2% in March to 2.0% in April, thereby leaving inflation on track to settle at the 2.0% target, or below, by the end of 2026.
- An ever-present issue throughout recent 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 a high of c4.8%, before ending June 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 kept yields elevated over 4.70% although, subsequently, gilt yields fell back after the Budget, supported by a tighter fiscal plan, fewer tax hikes required following a smaller-than-expected downgrade to the OBR's fiscal forecast, and a favourable shift in bond issuance away from long-dated debt. Gilt yields hovered around 4.5% at the end of the quarter.
- 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 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further significant jump in value. The stock market hit new record highs above 9,900 in Mid-November, driven by a global rebound on hopes of a US government-shutdown resolution, expectations of a December

rate-cut, and strong corporate earnings. Despite some jitters around Budget time, the FTSE 100 closed Q4 at 9,931, 5% higher than at the end of September and 22% higher since the start of 2025.

### MPC meetings: 8 May, 19 June, 7 August, 18 September, 6 November, 18 December 2025

- There were six Monetary Policy Committee (MPC) meetings held between April and December. 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 was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- 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). Moreover, 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 suggested the Bank still thought interest rates will fall further.
- At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 GDP revised down from 0.3% q/q to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

## 2. Interest rate forecasts

The Authority has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Authority to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts and commentary on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
<b>BANK RATE</b>	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
<b>3 month ave earnings</b>	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
<b>6 month ave earnings</b>	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
<b>12 month ave earnings</b>	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
<b>5 yr PWLB</b>	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
<b>10 yr PWLB</b>	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
<b>25 yr PWLB</b>	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
<b>50 yr PWLB</b>	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

- *Our last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households' income, has provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.*
- *Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most "dissenters" from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.*

- Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a “gradual downward path”, suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be “a closer call”, and Governor Bailey observed there is “limited space as Bank Rate approaches a neutral level”.
- Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.
- As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed’s monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.
- Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a “given”, and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.
- Our revised PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.
- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

### Gilt yields and PWLB rates

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are generally to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

PWLB borrowing	Current borrowing rates as at 22.12.25 p.m. %	Target borrowing rate now (end of Q4 2027) %	Target borrowing rate previous (end of Q4 2027) %
5 years	4.81	4.10	4.20
10 years	5.39	4.70	4.70
25 years	6.01	5.30	5.30
50 years	5.78	5.10	5.10

**Borrowing advice:** Our long-term (beyond 10 years) forecast for the neutral level of Bank Rate remains at 3.5%. As all PWLB certainty rates are still above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve (<5 years PWLB maturity/<10 years PWLB EIP) and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

### 3. Annual Investment Strategy

The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 27/02/25. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council’s investment priorities as being:

- Security of capital
- Liquidity
- Yield

The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity, aligned with the Council’s risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seeking out value available in periods up to 24 months.

As shown by the charts below and the interest rate forecasts in section 2, investment rates have started to taper downwards during the final quarter of 2025 and are expected to fall back further if inflation falls through 2026 and the MPC loosens monetary policy further.

#### Creditworthiness.

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

#### Investment counterparty criteria

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

#### CDS prices

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

#### Investment balances

The average level of funds available for investment purposes during the quarter was **£49.5m**. 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.

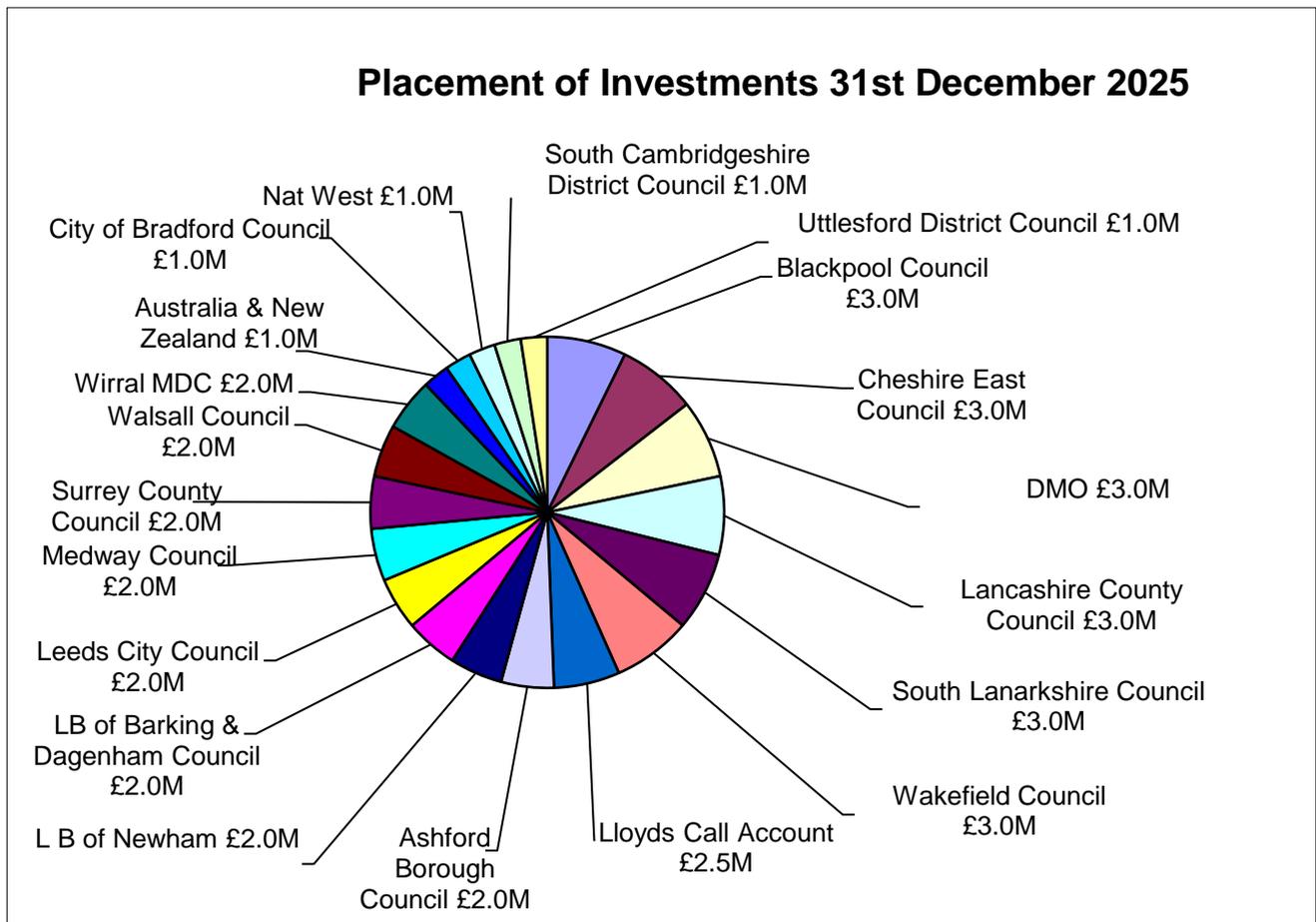
	Amount	Average
	£	Interest Rate %
<b>Managed By NHC</b>		
Banks	4,500,000	4.17
Building Societies	0	0
Local Authorities	34,000,000	4.22
Government	3,000,000	3.78
<b>Total</b>	<b>41,500,000</b>	<b>4.20</b>

In percentage terms, this equates to:

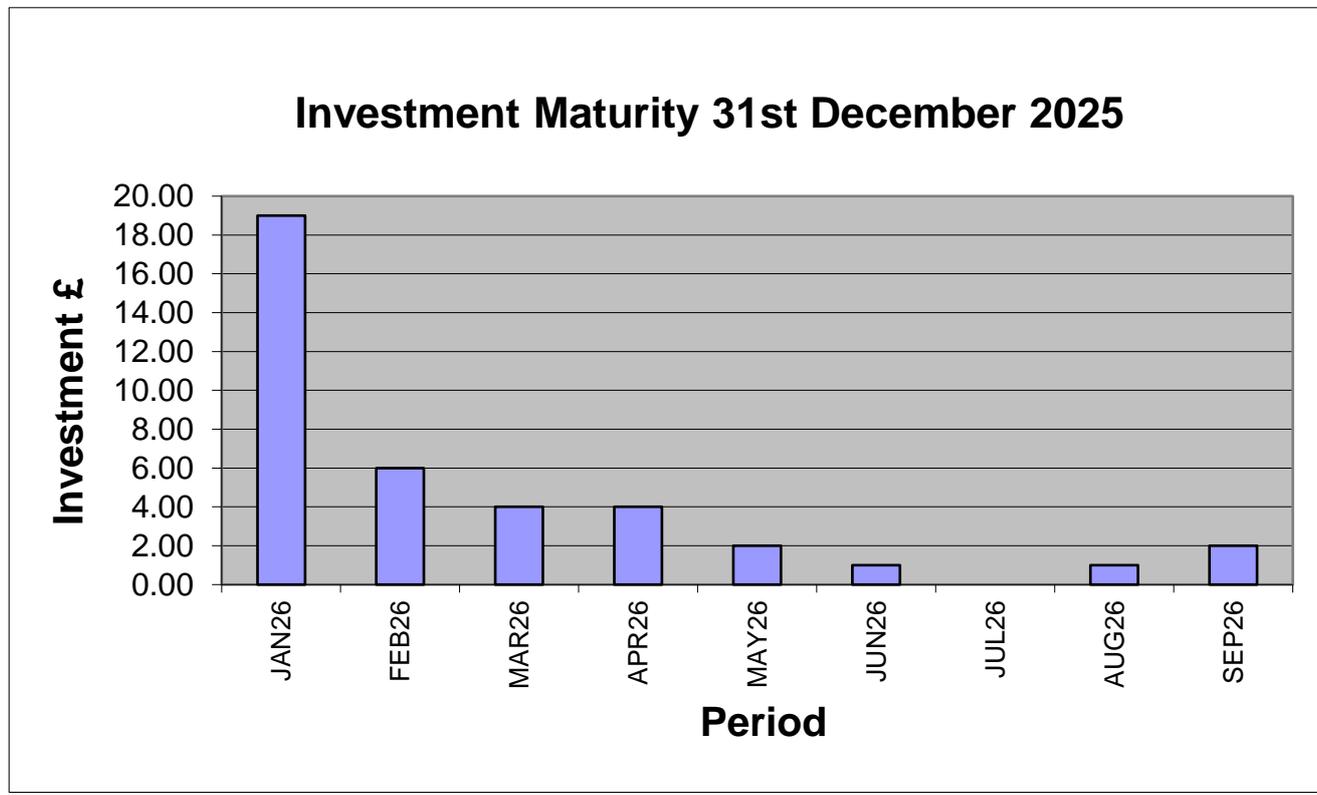
	Percentage
Government	7
Banks	11
Local Authorities	82
Building Societies	0

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 December was zero.

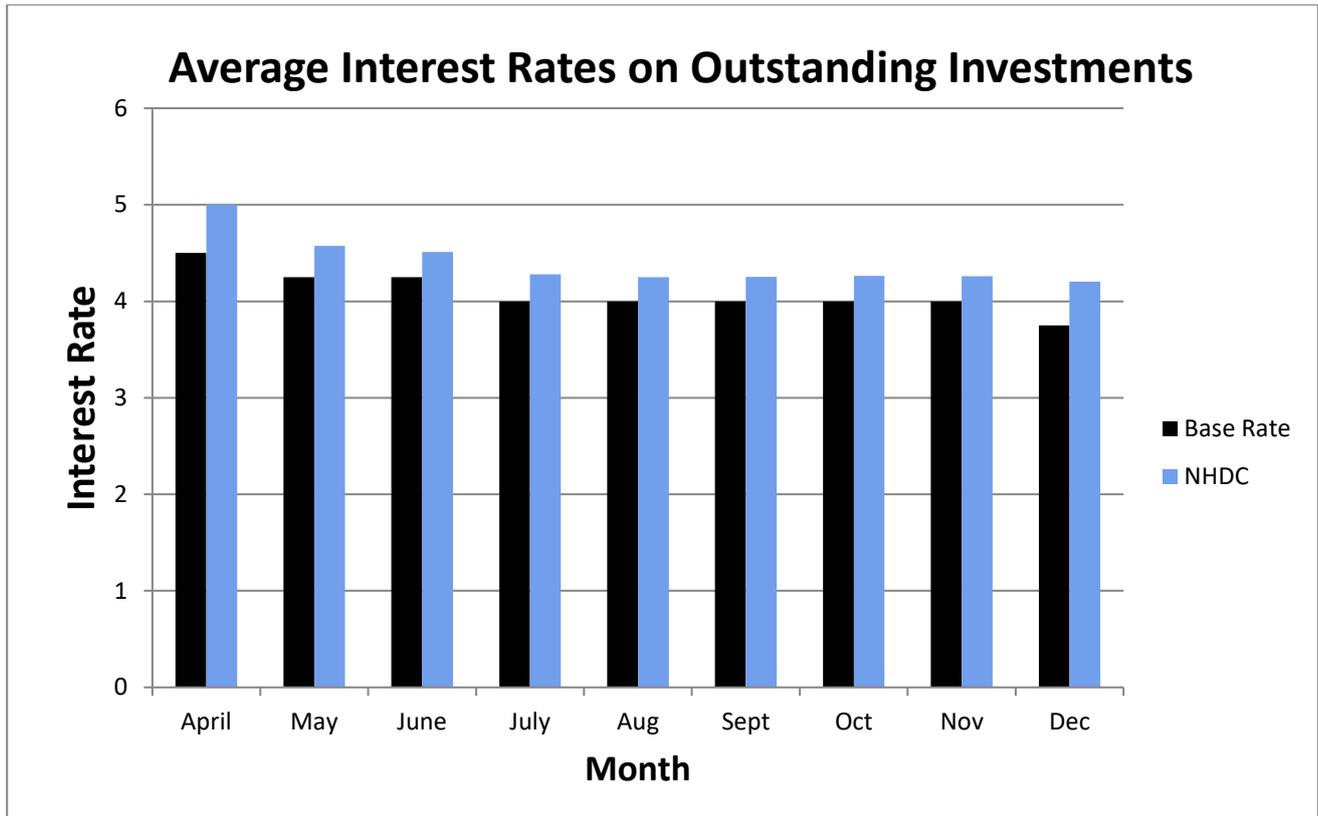
The pie chart below shows the spread of investment balances as at 30 December 2025. This is a snapshot in time that demonstrates the diversification of investments.



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



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



**Approved limits**

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31<sup>st</sup> December 2025.

**4. Borrowing**

No borrowing was undertaken during the quarter ended 31<sup>st</sup> December 2025. It is anticipated that new borrowing will be undertaken during this financial year but this is dependant on the spend in the Capital Programme.

Loans Outstanding at 31 December 2025:

	Amount	Average Interest Rate
	£	%
Public Works Loans Board	£315k	10.85

## Estimated outstanding debt:

Year	Forecast Borrowing £m	Forecast other long-term liabilities £m *	Less: Internal Borrowing £m	Forecast Total External Debt £m	Operational Boundary £m	Authorised Limit £m
31 <sup>st</sup> March 2025 (Forecast)	16.368	0.562	16.334	0.596	2.0	7.0
31 <sup>st</sup> March 2026 (Forecast)	21.735	5.984	21.702	6.017	26.0	31.0
31 <sup>st</sup> March 2027 (Forecast)	22.810	5.122	22.778	5.154	29.0	34.0
31 <sup>st</sup> March 2028 (Forecast)	22.297	4.258	22.266	4.289	29.0	34.0
31 <sup>st</sup> March 2029 (Forecast)	30.094	3.395	30.064	3.425	32.0	37.0

\* Comprises the finance lease relating to Letchworth Multi-storey car park

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

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

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

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

Year	Estimated cost of borrowing £m	Forecast net revenue budget £m	Estimated cost of borrowing as a % of net revenue budget
2025/26	0.034	19.980	0.170
2026/27	1.481	27.321	5.421
2027/28	1.572	26.287	5.980
2028/29	1.485	21.978	6.757

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

Year	Estimated cost of borrowing £m	Less: Forecast of interest earned £m	Net Financing Costs £m	Forecast net revenue budget £m	Estimated cost of borrowing as a % of net revenue budget
2025/26	0.340	2.000	-1.660	19.980	-8.308
2026/27	1.481	0.560	0.921	27.321	3.371
2027/28	1.572	0.379	1.193	26.287	4.538
2028/29	1.485	0.237	1.248	21.978	5.678

## 5. Debt rescheduling

No debt rescheduling was undertaken during the quarter.

## 6. Compliance with Treasury and Prudential Limits

The prudential and treasury Indicators are shown in Appendix 1.

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 31st December 2025, the Council has operated within the treasury and prudential indicators set out in the Council'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.

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

## APPENDIX 1: Prudential and Treasury Indicators for 2025-26 as of 31<sup>st</sup> December 2025

Treasury Indicators	2025/26 Budget £'000	31.12.25 Actual £'000
Authorised limit for external debt	14,000	315
Operational boundary for external debt	9,000	315
Gross external debt	6,289	315
Investments	Ave Yr 22,000	41,500
Net borrowing	-15,711	-41,185
<b>Maturity structure of fixed rate borrowing - upper and lower limits</b>		
Under 12 months	21	21
12 months to 2 years	21	21
2 years to 5 years	40	40
5 years to 10 years	15	15
Over 10 years	250	250
<b>Upper limit for principal sums invested over 365 days</b>	6000	0

Prudential Indicators	2025/26 Budget £'000	31.03.25 Actual £'000
Capital expenditure	26,416	15,182
Capital Financing Requirement (CFR)	20,600	10,013
In year borrowing requirement	16.368	0.315
Ratio of net financing costs to net revenue stream	1.9%	-6.71

