Public Document Pack

**SteVenage**
**BOROUGH COUNCIL**

# AUDIT COMMITTEE

**Date: Tuesday, 3 June 2025**
**Time: 6.00pm,**
**Location: Council Chamber - Daneshill House, Danestrete**
**Contact: Alex Marsh**
**committees@stevenage.gov.uk**

Members:                    Councillors:   C Veres (Chair), L Briscoe (Vice-Chair), P Bibby, R Boyle,
                           L Brady, M Humberstone, T Plater, C Roopchand, A Wells and T Wren

Independent Member:  Syed Uddin

_____
**AGENDA**

## PART 1

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

**2.      MINUTES OF PREVIOUS MEETING**

To approve as a correct record the minutes of the meeting held on 25 March 2025.

Pages 3 – 6

**3.      EXTERNAL AUDIT PLAN - AZETS**

To consider the Azets External Audit plan 2024/25.

Report to follow

**4.      SIAS ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT REPORT 2024/25**

To consider the Annual Assurance Statement and Internal Audit Annual Report 2024/25.

Pages 7 – 38

**5.      2024/25 ANNUAL GOVERNANCE STATEMENT AND LOCAL CODE OF CORPORATE GOVERNANCE**

To advise Members of the Audit Committee on the content of the Council's Annual Governance Statement for 2024/25 and approve changes to the Council's Local Code of Corporate Governance.

Pages 39 – 84

**6.     URGENT PART 1 BUSINESS**

To consider any Part 1 business accepted by the Chair as urgent.

**7.     EXCLUSION OF PUBLIC AND PRESS**

To consider the following motions –

1.  That under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as described in paragraphs1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2.  That Members consider the reasons for the following reports being in Part II and determine whether or not maintaining the exemption from disclosure of the information contained therein outweighs the public interest in disclosure.

**8.     STRATEGIC RISK REGISTER**

To note the latest Strategic Risk Register update for Stevenage Borough Council.

Pages 85 – 100

**9.     URGENT PART II BUSINESS**

To consider any Part II business accepted by the Chair as urgent.

Agenda Published 23 May 2025

STEVENAGE BOROUGH COUNCIL

**AUDIT COMMITTEE
MINUTES**

Date: Tuesday, 25 March 2025
Time: 6.00pm
Place: Council Chamber - Daneshill House, Danestrete

**Present:**          Councillors: Carolina Veres (Chair), Tom Plater (Vice Chair), Lloyd Briscoe, Philip Bibby CC, Robert Boyle, Lynda Guy, Ceara Roopchand and Anne Wells

Syed Uddin – Independent Co-opted Non-Voting Member

**Start / End Time:**      Start Time:    6.00pm
End Time:    6.35pm

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

Apologies for absence were received from Councillors Mason Humberstone and Tom Wren.

There were no declarations of interest.

2      **MINUTES - 4 FEBRUARY & 11 FEBRUARY**

It was **RESOLVED** that the Minutes of the meetings of the Audit Committee held on 4 February 2025 and 11 February 2025 be agreed as a correct record and signed by the Chair.

3      **SHARED ANTI-FRAUD SERVICE (SAFS) PROPOSED ANTI-FRAUD PLAN 2025/26**

Head of SAFS presented the annual Anti-Fraud Plan for 2025-26, which aligned with the Fighting Fraud and Corruption Locally Strategy 2020. The plan included measures to acknowledge, deter, prevent, and respond to fraud, and outlined roles for officers and members. It also referenced the Economic Crime and Corporate Transparency Act 2023 and included KPIs and standards of service.

Members asked questions that were answered as set out below:

**Increase in service days:** The increase in service days (from 435 to 521) was due to a slight reorganisation within the service, providing an increased level of service for just a 4% fee increase.

**Sufficiency and Capability of Resources:** The shared service allowed for comprehensive risk assessments, fraud investigations, and training. The feedback through executive reports and other reports helped provide the required level of

1

assurance.

It was **RESOLVED** Anti-Fraud Plan for 2025/26 be approved.

4    **PROGRESS ON SAFS ANTI-FRAUD PLAN 2024/2025**

The Head of SAFS presented the report.

**Key Highlights included:**
**Fraud Prevention Work:** Comprehensive review of anti-fraud policies completed in December. Council was well-prepared despite new legislation.

**Fraud Alerts:** 35 urgent fraud alerts issued by December, with significant advice on employment fraud, identity fraud, and money laundering.

**Training & Awareness:** 12 training sessions delivered on high-risk areas. Specialist session with the Competition and Markets Authority for finance and procurement officers.

**Fraud Investigations:** Increase in fraud referrals related to Stevenage Borough Council, leading to financial recoveries.

**Housing Fraud:** Support in recovering properties from tenants engaging in subletting for profit.

**Right to Buy Fraud:** Surge in applications following Autumn Budget changes, with SAFS identifying fraudulent applications.

**National Fraud Initiative (NFI):** Processing data matches from the national anti-fraud data-sharing exercise.

**Cabinet Office Pilot:** Initiative to identify fraudulent occupancy in council housing using third-party data.

**Key Performance Indicators (KPIs):**
**KPI 3A:** All referrals handled within 24 hours despite case management system issues.

**KPI 5C:** Target to recover 12 council properties may not be met, with only eight recoveries by December 2024.

Members asked a number of questions which were answered as set out below:

**Quantifying the Value of SAFS Work:** The SAFS Board agreed on methods to quantify fraud prevention efforts. Financial losses from fraud cases could be recovered, and recognised valuation models were used for cases like housing fraud. For example, the recovery of a misused blue badge was valued at £585, and recovering a council property was estimated at £42,000. The deterrent effect of prosecutions also contributed to overall value.

**Custodial Sentences for Fraud:** Custodial sentences for fraud were rare and usually required significant financial loss.

**Tracking the Success of the Anti-Fraud Plan:** An annual report in Summer 2025 would provide a breakdown of activity, financial values, and service area impacts.

**Details on the Cabinet Office Pilot Using Third-Party Data:** The pilot was part of the Fraud Hub initiative, allowing councils to propose projects using third-party data. The Cabinet Office worked with Synatic Solutions to test the effectiveness of various data sources, including mortality data, credit reference data, Airbnb data, NHS data, and council data integration. The aim was to create a "golden thread" of multiple data sources to identify high-risk cases effectively.

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

5    **SHARED INTERNAL AUDIT SERVICE (SIAS) INTERNAL AUDIT PLAN 2025/26**

The SIAS Client Audit Manager introduced the Internal Audit Work Programme for 2025/26. The plan was developed in alignment with Global Internal Audit Standards, involving discussions with senior managers and mapping to the Council's risk register. It included a list of proposed audits, a reserve list for adjustments, and contingency provisions. Performance indicators would track progress, and audit outcomes would be reported periodically. The internal audit strategy outlined the role and framework within which SIAS operated and highlighted staffing resources as a critical element in delivering effective audit functions.

It was **RESOLVED** that the SIAS Internal Audit Strategy be noted, and the Internal Audit Plan 2025/26 be approved.

6    **CORPORATE GOVERNANCE ARRANGEMENTS**

The Corporate Performance & Improvement Officer provided an update on key governance activities feeding into the Annual Governance Statement (AGS) for June 2025. Updates included self-assessments against governance principles (Appendix A), progress on previous AGS actions (Appendix B), and proposed governance actions for inclusion in the next AGS (Appendix C).

It was **RESOLVED** that the Committee noted:

- The findings of the in-year review of the CIPFA/SOLACE principles of governance, as detailed in Appendix A.

- Progress against actions raised in the previous year's Annual Governance Statement (2023/24), as detailed in Appendix B.

- The corporate governance enhancement activity identified for inclusion in the Council's Annual Governance Statement 2024/25, as detailed in Appendix C.

7       **URGENT PART I BUSINESS**

There was no Urgent Part I Business.

8       **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED**:

1. That, under Section 100(A) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that they involved the likely disclosure of exempt information as described in paragraphs 1 to 7 of Part 1 of Schedule 12A of the Act, as amended by SI 2006 No. 88.

2. That having considered the reasons for the following item being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

9       **STRATEGIC RISK REGISTER**

The Corporate Performance & Improvement Officer provided an update on the Strategic Risk Register.

It was **RESOLVED** that the Strategic Risk Register update be noted.

10      **URGENT PART II BUSINESS**

There was no Urgent Part II Business.


**CHAIR**

SIAS
Shared Internal Audit Service
Hertfordshire in Partnership

# Stevenage Borough Council -
# Annual Assurance Statement and Internal Audit Annual Report 2024/25

## Audit Committee 3 June 2025

## Recommendations

Members are recommended to:

Note the Annual Assurance Statement and Internal Audit Annual Report 2024/25

Note the results of the self-assessment required by the Global Internal Audit Standards (GIAS) and the Quality Assurance and Improvement Programme (QAIP)

Approve the SIAS Audit Charter 2025/26

Seek management assurance that the scope and resources for internal audit were not subject to inappropriate limitations in 2024/25

**Contents**

# 1. Purpose and Background

Purpose of Report

1.1 This report:

a) Details the Shared Internal Audit Service's (SIAS) overall opinion on the adequacy and effectiveness of Stevenage Borough Council's (the Council) framework of governance, risk management and control. Reference is made to significant matters and key themes.
b) Shows the outcomes of the self-assessment against the Global Internal Audit Standards (GIAS) incorporating the requirements of the Quality Assurance and Improvement Programme (QAIP).
c) Summarises the internal audit work that informs this opinion.
d) Shows SIAS performance in respect of delivering the Council's internal audit plan.
e) Presents the 2025/26 Audit Charter for approval.

Background

1.2 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.

1.3 A key duty of the Chief Audit Executive (CAE - the Council's Client Audit Manager) is to provide an annual internal audit opinion, concluding on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion informs the conclusions of the Council's Annual Governance Statement.

1.4 The assurance opinion in this report is based on the 2024/25 internal audit work which was planned and amended to give sufficient assurance on the Council's management of its key risks. Also considered is any relevant work undertaken in 2025/26 before the Audit Committee report deadline.

1.5 The audit plan remained dynamic during the year, with plan changes made to reflect the changing risks of the Council, or pace of transformation and change that would impact on the value of audits originally included in the plan. All plan changes during 2024/25 were communicated to, and approved by, the Audit Committee within the SIAS progress reports.

1.6 The International Professional Practices Framework (IPPF) organises the authoritative body of knowledge for the professional practice of internal auditing. The IPPF includes Global Internal Audit Standards (GIAS), Topical Requirements (designed to enhance the consistency and quality of internal audit services related to specific audit subjects) and Global Guidance. The Public Sector Internal Audit Standards, which encompassed the mandatory elements of the IPPF, have been replaced

3

by the Application Note Global Internal Audit Standards in the UK Public Sector.

1.7    Taken together, the GIAS and the Application Note form the basis of UK public sector internal audit effective from 1 April 2025. The Note states that a professional, independent, and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

1.8    When the Global Institute of Internal Auditors published the GIAS, it recognised that in the public sector, governance structures, other laws or regulations may impact on how the essential conditions can be applied. This is the case in UK local government. The GIAS itself provides for the CAE to reach agreement with those in governance roles and senior management on alternative conditions that still allow for conformance with the GIAS. The CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government provides the route to satisfying the essential conditions in the GIAS in the UK public sector, tailored for UK local government. The Application Note and GIAS in the UK public sector directs the local government sector bodies to apply this Code.

1.9    The GIAS (UK Public Sector) sets out matters that SIAS must report to the Audit Committee. SIAS conform with these requirements through inclusion in the Annual Assurance Statement and Internal Audit Annual Report 2024/25. The summarised requirements that SIAS must adhere to are set out below:

| Standard | Description |
|---|---|
| Domain III 6.1 | **Internal Audit Mandate**<br>The Chief Audit Executive (CAE) must provide the board and senior management with the information necessary to establish the internal audit mandate. The internal audit charter must include the legal requirements of the mandate. |
| Domain III 6.2 | **Internal Audit Charter**<br>The CAE must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:<br>• Purpose of Internal Auditing.<br>• Commitment to adhering to the Global Internal Audit Standards.<br>• Mandate, including scope and types of services to be provided, and the board's responsibilities and expectations regarding management's support of the internal audit function.<br>• Organisational position and reporting relationships. |
| Domain III 7.1 | **Organisational Independence**<br>The CAE must confirm to the board the organisational independence of the internal audit function at least annually. This includes communicating incidents where independence may have been impaired, and the actions or safeguards employed to address the impairment. |

| Domain III 7.2 | **CAE Qualifications**<br>The CAE must maintain and enhance the qualifications and competencies necessary to fulfil the roles and responsibilities expected by the board. |
|---|---|
| Domain III 8.1 | **Board Interaction**<br>The CAE must provide the board with the information needed to conduct its oversight responsibilities. The CAE must report to the board and senior management:<br>• Changes potentially affecting the mandate or charter<br>• Potential impairments to independence.<br>• Results of internal audit services, including conclusions, themes, assurance, advice, insights, and monitoring results.<br>• Results from the quality assurance and improvement program.<br>The CIPFA Code goes further, indicating that the audit committee must review the CAE's annual report, including the annual conclusion on governance, risk management and control, and internal audit's performance against its objectives. |
| Domain III 8.3 | **Quality**<br>The CAE must develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program includes two types of assessments:<br>• External assessments.<br>• Internal assessments.<br>At least annually, the CAE must communicate the results of the internal quality assessment to the board and senior management. The results of the external quality assessments must be reported when completed. In both cases, such communications include:<br>• The internal audit function's conformance with the Standards and achievement of performance objectives.<br>• If applicable, compliance with laws and/or regulations relevant to internal auditing.<br>• If applicable, plans to address the internal audit function's deficiencies and opportunities for improvement. |
| Domain III 8.4 | **External Quality Assessment**<br>The CAE must develop a plan for an external quality assessment and discuss the plan with the board. The external assessment must be performed at least once every five years by a qualified, independent assessor or assessment team. |
| Domain IV 9.3 | **Methodologies**<br>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. |

| Domain IV 11.3 | **Communicating Results** |
|---|---|
| | The CAE must communicate the results of internal audit services to the board and senior management periodically and for each engagement as appropriate. The CAE must understand the expectations of the board and senior management regarding the nature and timing of communications. The results of internal audit services can include: |
| | • Engagement conclusions. |
| | • Themes such as effective practices or root causes. |
| | • Conclusions at the level of the business unit or organisation. |
| Domain IV 12.1 | **Internal Quality Assessment** |
| | The CAE must develop and conduct internal assessments of the internal audit function's conformance with the Global Internal Audit Standards and progress toward performance objectives. The CAE must establish a methodology for internal assessments that includes: |
| | • Ongoing monitoring of the internal audit function's conformance with the Standards and progress toward performance objectives. |
| | • Periodic self-assessments or assessments by other persons within the organization with sufficient knowledge of internal audit practices to evaluate conformance with the Standards. |
| | • Communication with the board and senior management about the results of internal assessments. |
| Domain IV 15.2 | **Confirming the Implementation of Recommendations or Action Plans** |
| | Internal auditors must confirm that management has implemented internal auditors' recommendations or management's action plans following an established methodology, which includes: |
| | • Inquiring about progress on the implementation. |
| | • Performing follow-up assessments using a risk-based approach. |
| | • Updating the status of management's actions in a tracking system. |

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

1.11 SIAS is grateful for the co-operation and support it has received from client officers during 2024/25.

## 2. Annual Assurance Statement 2024/25

<u>Assurance opinion on internal control</u>

2.1 Based on the internal audit work undertaken at the Council in 2024/25, SIAS can provide the following opinion on the adequacy and effectiveness of the Council's control environment.

> Our overall opinion is **Reasonable Assurance** - 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.

We have provided further context on our assurance opinion, including the internal control design and operation elements, at paragraphs 3.3 to 3.6 below as part of our Overview of Internal Audit Activity at the Council in 2024/25.

<u>Context</u>

*Scope of responsibility*

2.2 Council managers are responsible for ensuring Council business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. They are also responsible for ensuring internal controls are robust and risk management arrangements are appropriate.

*Control environment*

2.3 The control environment comprises three key areas: governance, risk management, and internal control. Together these aim to manage risk to an acceptable level, but it is accepted that it is not possible to eliminate it. A robust control environment helps ensure that the Council's policies, priorities, and objectives are achieved.

*Review of effectiveness*

2.4 The CAE 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. SIAS can confirm that the service is suitably resourced and qualified to undertake its work, including the qualifications and competences of the CAE.

2.5    As part of our Quality Assurance and Improvement Programme, an internal quality self-assessment was conducted to review our conformance with the Global Internal Audit Standards (GIAS).

2.6    The GIAS also requires that the SIAS be subject to an external quality assessment (EQA) at least once every five years. This should be conducted by a qualified, independent assessor or assessment team from outside the organisation. This review was completed in June 2021 (the previous review being undertaken in 2015/16), with the result of the assessment reported to the Audit Committee in November 2021. The next EQA is due in 2026/27 and SIAS will shortly being seeking to appoint assessors to undertake the future review.

2.7    Based on the results of the 2024/25 GIAS self-assessment, the CAE has concluded that SIAS 'generally conforms' with the GIAS (UK Public Sector).

2.8    The self-assessment identified one area of continued agreed non-conformance in relation to the role of the Board (Audit Committee) in relation to the appointment, removal, performance management and renumeration of the CAE, this reflecting the unique nature of a shared service or partnership arrangement. A further five areas were also highlighted within the self-assessment where, whilst we assessed SIAS as conforming to the GIAS, we will undertake further work during 2025/26 to improve the evidence held to demonstrate compliance.

2.9    A summary of the outcomes of the GIAS self-assessment are detailed in Appendix C. There are no significant deviations from these Standards, or the Public Sector Internal Audit Standards that were in place during 2024/25, which warrant inclusion in the Council's Annual Governance Statement.

2.10   The SIAS QAIP includes both internal and external monitoring and reporting to assess the efficiency and effectiveness of internal audit activity and identify opportunities for improvement. The diagram below details the methods used to monitor and report on these. Detailed information outlining activity in each area is contained in the SIAS Audit Manual.
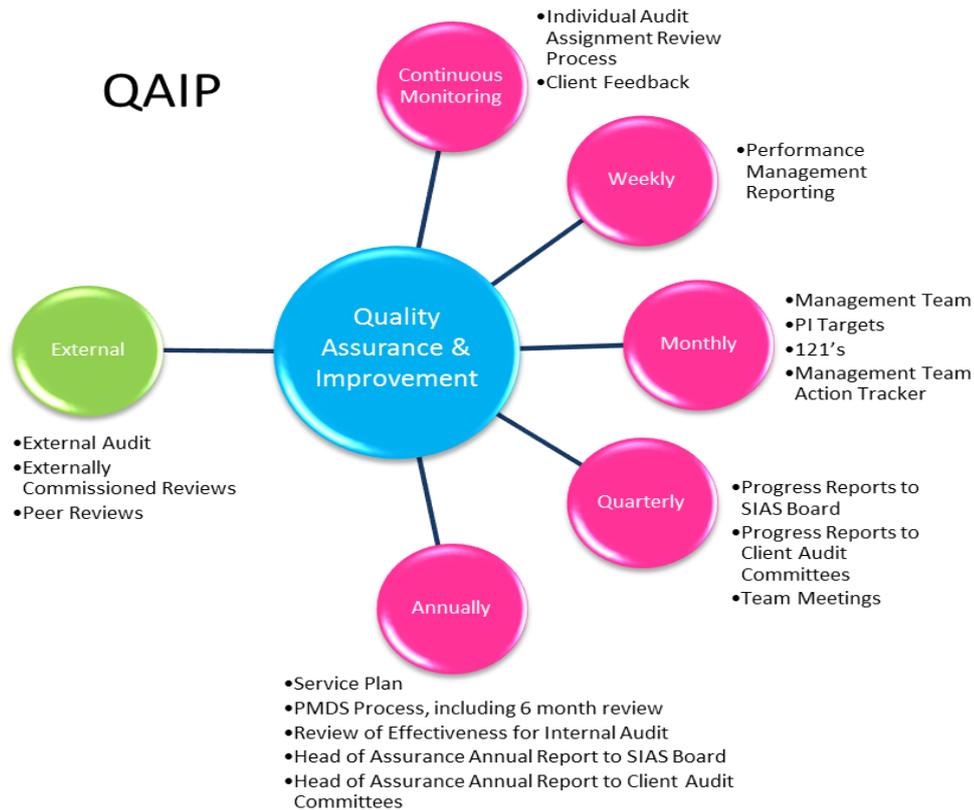
2.11   The Head of Assurance confirms that during 2024/25 SIAS operated according to its QAIP with evidence available within the service to support the achievement of each QAIP element.

2.12   The CAE confirms that during the year:

   a)   No matters threatened SIAS's independence; and
   b)   SIAS was not subject to any inappropriate scope or resource limitations.

2.13   SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement for 2024/25, and the specific reviews of Risk Management and Corporate Governance carried out by SIAS during the year.

**Client Audit Manager**
**May 2025**

9

## 3. Overview of Internal Audit Activity at the Council in 2024/25

3.1 This section summarises work undertaken at the Council by SIAS in 2024/25. It highlights any significant internal control matters and opportunities for improvement.

3.2 Appendix A shows the final position against the agreed revised audit plan, assurance levels and the number of recommendations made. A summary of assurance levels and recommendation priorities is shown in the tables below (2023/24 data in brackets).

| Assurance Level | Number of reports 2024/25 (2023/24 data in brackets) | Percentage of reports 2024/25 (2023/24 data in brackets) |
|---|---|---|
| Substantial | 15 (14) | 56% (56%) |
| Reasonable | 6 (7) | 22% (28%) |
| Limited | 1 (2) | 4% (8%) |
| No | 0 (0) | 0% (0%) |
| Not Assessed | 2 (1) | 7% (4%) |
| Unqualified | 1 (0) | 4% (0%) |
| Qualified | 0 (0) | 0% (0%) |
| Not Yet Complete | 2 (1) | 7% (4%) |
| Total | **27 (25)** | **100% (100%)** |

| Recommendation Priority Level | Number of recommendations 2024/25 (2023/24 data in brackets) | Percentage of recommendations made 2024/25 (2023/24 data in brackets) |
|---|---|---|
| Critical | 0 (0) | 0% (0%) |
| High | 1 (8) | 2% (19%) |
| Medium | 9 (13) | 18% (30%) |
| Low/Advisory | 40 (22) | 80% (51%) |
| Total | **50 (43)** | **100% (100%)** |

3.3 **The Reasonable assurance opinion overall on the Council's systems** (Reasonable assurance provided in 2023/24) has been concluded from the 24 audits undertaken during 2024/25. In addition, 1 grant certification received an unqualified opinion. In respect of assurance reviews, 15 received a Substantial Assurance opinion, 6 received Reasonable Assurance opinions and 1 received a Limited Assurance opinion.

| Overall Assurance Opinion | Element | Opinion | Definition of Opinion |
|---|---|---|---|
| **Reasonable Assurance** | Design of Control | Reasonable Assurance | 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. |
| | Operation of Control | Reasonable Assurance | 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. |

3.4 In respect of the one audit receiving Limited assurance (Facilities Management), we concluded that this did not materially impact on our overall opinion as the related audit findings were specific to the individual area subject to audit, as opposed to suggesting wider control issues across the Council as a whole.

Audit Recommendations

3.5 Through the recommendations follow up process for 2024/25, the CAE can confirm that no high priority recommendations remain outstanding.

Communicating Results

3.6 Throughout the year the CAE communicated the results of internal audit services to the Audit Committee. The results included the progress of audit service against the agreed plan, performance against targets and the engagement conclusions.

## 4. Performance of the Internal Audit Service in 2024/25

<u>Performance indicators</u>

4.1 The table below compares SIAS performance at the Council against the 2024/25 targets set by the SIAS Board.

| Indicator | Target 2024/25 | Actual to 31 March 2025 | Notes |
|---|---|---|---|
| **1. Planned Days** – percentage of actual billable days against planned chargeable days completed (excludes unused contingency) | 95% | 95% | 265 days delivered out of the 278 days planned |
| **2. Planned Projects** – percentage of actual completed projects to draft report stage against planned completed projects by 31st March 2025 | 90% | 93% | 25 projects to draft or final report from the 27 projects planned |
| **3. Planned Projects** – percentage of actual completed projects to final report stage against planned completed projects by the production of the Annual Report | 100% | 93% | 25 projects to final report from the 27 projects planned (see Appendix A) |
| **4. Client Satisfaction** – percentage of client satisfaction questionnaires returned at 'satisfactory' level | 100% | 100% | Based on 9 questionnaires received in the year |
| **5. Number of High and Critical Priority Audit Recommendations** – agreed as a percentage | 95% | 100% | 1 High priority recommendation made and agreed |
| **6. Annual Plan** – prepared in time to present to the March meeting of Audit Committee. If there is no March meeting, then the Plan should be prepared for the first meeting of the financial year. | Achieved | Achieved | Presented in March 2025 |
| **7. Head of Assurance's Annual Report** – presented at the first Audit Committee meeting of the financial year. | Deadline met | Met | The 2023/24 Annual Report was presented to the June 2024 Audit Committee |

Service Developments

4.2 During 2024/25 the main service and development activities for SIAS included:

a) **Recruitment** – Despite operating in a challenging recruitment market, SIAS have achieved some success in filling our vacancies. Two Trainee Auditors were recruited in January 2025, and three Trainee Auditors were promoted to Auditor positions in November 2024 (two) and January 2025 (one) respectively.

b) **Training & Development** – We continue to adopt our 'grow your own strategy' to provide the future talent for the Service and improve succession planning, in what remains a challenging recruitment market. Several members of the team have had a successful year in respect of progressing their professional qualifications. Two Auditors have recently completed their level 4 internal audit apprenticeship. A further four Auditors have passed their IA practitioner qualification. In addition to the professional training above, the SIAS management team continued to deliver a programme of lite bite training sessions linked to modern professional practice.

c) **Commercial Strategy** – In 2023/24 the SIAS Partnership Board agreed to plans for growing the service through new business, this was driven by the need to minimise inflationary pressures for existing partners. SIAS secured their first new customer during 2024/25, with a further two new customers also secured for the 2025/26 financial year. Income generation targets are on track to be achieved. A key principle within the SIAS strategy is to ensure that growth is undertaken on an incremental basis to protect both the capacity and capabilities of SIAS to deliver our core assurance services to SIAS partners. This was achieved during 2024/25 with key performance indicators for SIAS partners being met. In respect of governance, clear delegation structures have been agreed in relation to decision making for assessing new opportunities and a suite of key performance indicators have been agreed which are reported to the SIAS Partnership Board on a quarterly basis to support oversight and challenge of delivery and rates of return.

d) **Audit Practice** – as part of our continued work to adopt best practice from across the profession and to implement the new GIAS, our audit plans for 2024/25 included time allocations for the rolling out of new approaches to obtaining and providing assurance. This included assurance mapping and embedded (or continuous) assurance. A new audit report template was also developed and rolled out, including the new GIAS requirement to analyse the Root Cause of findings.

## 5.　Audit Charter 2025/26

5.1　The GIAS require a local authority to formally adopt an Audit Charter which covers the authority and responsibility for an internal audit function.

5.2　The SIAS Audit Charter sets out the framework within which it discharges its internal audit responsibilities to those charged with governance in the partner councils. It details the permanent arrangements for internal audit and key governance roles and responsibilities to ensure the effectiveness of internal audit provision.

5.3　The Audit Charter is reviewed annually. Amendments were made in May 2024 to align the Audit Charter with the GIAS (Public Sector). The review in May 2025 resulted in amendments to paragraphs 6.1 and 6.3. The 2025/26 Charter is attached at Appendix D.

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL'S 2024/25 AUDIT PLAN**

**Stevenage Borough Council Audit Plan – 2024/25**

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS ** | | | | AUDIT PLAN DAYS | STATUS/COMMENT |
|---|---|---|---|---|---|---|---|
| | | C | H | M | LA | | |
| **Key Financial Systems** | | | | | | | |
| Council Tax (Shared Services Plan) | Substantial | 0 | 0 | 0 | 4 | 7 | Final Report Issued |
| Business Rates | Substantial | 0 | 0 | 0 | 1 | 7 | Final Report Issued |
| Payroll | Substantial | 0 | 0 | 0 | 1 | 2 | Final Report Issued |
| Housing Benefits | Substantial | 0 | 0 | 0 | 4 | 7 | Final Report Issued |
| Creditors | Substantial | 0 | 0 | 0 | 3 | 10 | Final Report Issued |
| Debtors | Substantial | 0 | 0 | 0 | 1 | 10 | Final Report Issued * |
| Treasury Management | Substantial | 0 | 0 | 0 | 5 | 13 | Final Report Issued |
| Housing Rents | Reasonable | 0 | 0 | 0 | 5 | 10 | Final Report Issued * |
| Cash & Banking | Substantial | 0 | 0 | 0 | 0 | 2 | Final Report Issued |
| **Operational Services** | | | | | | | |
| Property Compliance Checks | Reasonable | 0 | 0 | 1 | 0 | 10 | Final Report Issued |
| Estates | - | - | - | - | - | 10 | Work in Progress |
| Vehicle Workshop | Reasonable | 0 | 0 | 1 | 1 | 10 | Final Report Issued |

**APPENDIX A – FINAL POSITION AGAINST THE COUNCIL'S 2024/25 AUDIT PLAN**

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS ** | | | | AUDIT PLAN DAYS | STATUS/COMMENT |
|---|---|---|---|---|---|---|---|
| | | C | H | M | LA | | |
| Follow Up of Limited Assurance Reports (1) | Not Assessed | 0 | 0 | 0 | 0 | 5 | Final Report Issued |
| Follow Up of Limited Assurance Reports (2) | Not Assessed | 0 | 0 | 0 | 0 | 5 | Final Report Issued |
| Facilities Management | Limited | 0 | 1 | 2 | 3 | 12 | Final Report Issued |
| **Corporate Services/Themes** | | | | | | | |
| Review of Audit Committee | Reasonable | 0 | 0 | 1 | 1 | 10 | Final Report Issued |
| Confidential Reporting Procedures | Substantial | 0 | 0 | 0 | 2 | 10 | Final Report Issued |
| Contract Management | Substantial | 0 | 0 | 0 | 2 | 12 | Final Report Issued |
| Climate Data & Reporting | Substantial | 0 | 0 | 0 | 2 | 11 | Final Report Issued |
| Risk Management | Substantial | 0 | 0 | 0 | 0 | 3 | Final Report Issued |
| Freedom of Information | Reasonable | 0 | 0 | 2 | 0 | 10 | Final Report Issued |
| Commercialisation | Substantial | 0 | 0 | 0 | 1 | 12 | Final Report Issued |
| Corporate Governance | Substantial | 0 | 0 | 0 | 0 | 10 | Final Report Issued |
| On Demand Grant Audits | Unqualified | 0 | 0 | 0 | 0 | 6 | Final Report Issued |
| **IT Audits** | | | | | | | |
| Data Breach Incidents & Response | Reasonable | 0 | 0 | 2 | 4 | 10 | Final Report Issued |

## APPENDIX A – FINAL POSITION AGAINST THE COUNCIL'S 2024/25 AUDIT PLAN

| AUDITABLE AREA | LEVEL OF ASSURANCE | RECS ** | | | | AUDIT PLAN DAYS | STATUS/COMMENT |
|---|---|---|---|---|---|---|---|
| | | C | H | M | LA | | |
| IT Hardware Inventory | - | - | - | - | - | 6 | Work in Progress |
| **Contingency** | | | | | | | |
| Unused Contingency | - | - | - | - | - | 22 | - |
| **Strategic Support** | | | | | | | |
| 2025/26 Audit Planning | - | - | - | - | - | 5 | Complete |
| Audit Committee | - | - | - | - | - | 10 | Complete |
| Head of Internal Audit Opinion | - | - | - | - | - | 3 | Complete |
| Plan & Progress Monitoring | - | - | - | - | - | 12 | Complete |
| Client Liaison, Adhoc Advice | - | - | - | - | - | 10 | Complete |
| SIAS Development & Global Internal Audit Standards | - | - | - | - | - | 5 | Complete |
| Assurance Mapping | - | - | - | - | - | 5 | Complete |
| 2024/25 Project Requiring Completion | Substantial | 0 | 0 | 0 | 0 | 8 | Final Report Issued |
| **SBC TOTAL** | | **0** | **1** | **9** | **40** | **300** | |

\* At Draft Report stage 31 March 2025, Final Report issued after year end.

\*\* Key to Recommendation Priority Levels: C = Critical priority recommendations; H = High priority recommendations; M = Medium priority recommendations; LA = Low/Advisory priority recommendations.

# APPENDIX B – DEFINITIONS OF ASSURANCE AND RECOMMENDATION PRIORITY LEVELS 2024/25

| Audit Opinions | |
|---|---|
| **Assurance Level** | **Definition** |
| *Assurance Reviews* | |
| **Substantial** | A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. |
| **Reasonable** | There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited. |
| **Limited** | Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited. |
| **No** | Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited. |
| **Not Assessed** | This opinion is used in relation to consultancy or embedded assurance activities, where the nature of the work is to provide support and advice to management and is not of a sufficient depth to provide an opinion on the adequacy of governance or internal control arrangements. Recommendations will however be made where required to support system or process improvements. |
| *Grant / Funding Certification Reviews* | |
| **Unqualified** | No material matters have been identified in relation the eligibility, accounting and expenditure associated with the funding received that would cause SIAS to believe that the related funding conditions have not been met. |
| **Qualified** | Except for the matters identified within the audit report, the eligibility, accounting and expenditure associated with the funding received meets the requirements of the funding conditions. |
| **Disclaimer Opinion** | Based on the limitations indicated within the report, SIAS are unable to provide an opinion in relation to the Council's compliance with the eligibility, accounting and expenditure requirements contained within the funding conditions. |
| **Adverse Opinion** | Based on the significance of the matters included within the report, the Council have not complied with the funding conditions associated with the funding received. |
| *Recommendation Priority Levels* | |

| Priority Level | | Definition |
|---|---|---|
| **Corporate** | **Critical** | Audit findings which, in the present state, represent a serious risk to the organisation as a whole, i.e. reputation, financial resources and / or compliance with regulations. Management action to implement the appropriate controls is required immediately. |
| **Service** | **High** | Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently. |
| | **Medium** | Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner. |
| | **Low** | Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible. |

**APPENDIX C – POSITION AGAINST GLOBAL INTERNAL AUDIT STANDARDS AT MAY 2025 – ACTION PLAN**

During 2024/25 all areas apart from those identified below were conforming.

| Domain | Standard | Requirement (Summary or relevant extract) | Self-Assessment Outcome | Commentary | Action Proposed | Target Date |
|---|---|---|---|---|---|---|
| II | 2.1 – Individual Objectivity | Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases. | Improvement in documentation to evidence conformance | All SIAS staff complete annual conflicts of interest declarations, those team members completing professional studies have exposure to objectivity requirements and our Internal Audit Charter has the required section on objectivity.<br><br>However further training could be provided to staff to increase awareness of wider impairments to objectivity. In addition, assessments to review any potential impairments at the outset of an audit basis could be improved. | A specific training session on impairments to objectivity will be included within the SIAS Lite Bite training schedule for team members.<br><br>Audit working papers will be updated to include a requirement for the auditor assigned to confirm that they do not have any conflicts of interest or impairments in relation to the area of audit. | August 2025 |
| II | 5.2 – Protection of Information | Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships. | Improvement in documentation to evidence conformance | SIAS team members are made aware of the importance of protecting the confidentiality and privacy of information throughout induction and during training sessions. Whilst all SIAS staff are required to follow the host authority's Code of Conduct and Data Protection guidance, the introduction of a declaration for completion at the outset of employment would add further strength to existing arrangements. Our Internal Audit Charter has the required section on confidentiality. | All existing SIAS staff and any new employees will be required to complete a declaration to confirm that they understand their responsibilities for protecting information and maintaining confidentiality. | August 2025 |

| Domain | Standard | Requirement (Summary or relevant extract) | Self-Assessment Outcome | Commentary | Action Proposed | Target Date |
|---|---|---|---|---|---|---|
| III | 7.1 – Organisational Independence | Board<br>Authorise the appointment and removal of the chief audit executive.<br>Provide input to senior management to support the performance evaluation and remuneration of the chief audit executive.<br><br>Senior Management<br>• Provide input to the board on the appointment and removal of the chief audit executive.<br>• Solicit input from the board on the performance evaluation and remuneration of the chief audit executive. | Current Intentional Non-Conformance | The Head of SIAS, Hertfordshire County Council (HCC), in consultation with the Board of the Shared Internal Audit Services approves decisions relating to the appointment and removal of the CAE in compliance with human resources policies and procedures of HCC as host authority for the shared service.<br><br>This is as provided for in the governance of the Shared Internal Audit Service.<br><br>The performance appraisal of the CAE is carried out by the Head of SIAS (HCC). | As part of the Client Audit Manager's annual performance appraisal, the Chief Executive and Chair of the Audit Committee will be invited to provide input to the process. | March 2026 |
| III | 8.4 – External Quality Assessment (EQA) | Board<br>• Discuss with the CAE the plans to have an EQA of the Internal audit function conducted by an independent, qualified assessor or assessment team.<br>• Collaborate with senior management and the chief audit executive to determine the scope and frequency of the EQA.<br>• Review and approve the CAE's | Not assessed as not yet due - seeking further guidance and clarification. | Currently, the arrangements for the oversight of the required five-yearly EQA, including all approvals, commissioning, outcomes and completion of resulting actions are managed by SIAS and overseen by the SIAS Board, as the best way of managing the process within our shared services arrangements. There were brief updates to all our individual partner Audit Committees on the pending 2021 EQA, as well as reporting on the outcomes of the last | Alongside applying the new GIAS and Application Note: GIAS in the UK Public Sector within our shared service arrangements, we are cognisant of CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government.<br><br>Subject to any clarification | To be confirmed |

Page 26

| Domain | Standard | Requirement (Summary or relevant extract) | Self-Assessment Outcome | Commentary | Action Proposed | Target Date |
|---|---|---|---|---|---|---|
| | | plan for the performance of an EQA.<br>• Require receipt of the complete results of the EQA or self-assessment with independent validation directly from the assessor.<br>• Review and approve the CAE's action plans to address identified deficiencies and opportunities for improvement.<br>• Approve a timeline for completion of the action plans and monitor the CAE's progress. | | EQA within the SIAS progress reports. | from CIPFA, we will look to share the plan for the next EQA due in 2026 with our partner Audit Committees, including the scope, options and suggested timing, as well as the SIAS Board's agreement on assessor and method of assessment.<br><br>We will also share the results of the assessment, the chief audit executives action plan to address any recommendations and updates on implementation of recommendations. The SIAS Board will continue to provide the overarching monitoring and oversight of these. | |
| V | 15 - Communicate Engagement Results and Monitor Action Plans | If the engagement is not conducted in conformance with the Standards, the final engagement communication must disclose the following details about the non-conformance:<br>• Standard(s) with which conformance was not achieved. | Improvement in documentation to evidence conformance | Internal audit reports currently include references to issues that may have impacted on coverage, where these limit the ability to provide an assurance opinion on areas included within the Terms of Reference. However, the existing audit report template would benefit from an optional section to include should any engagement not be conducted in conformance with the GIAS. | A standard section, to provide details where engagements are not conducted in accordance with standards, will be created and made available for inserting into the SIAS audit report template in the exceptional instances where it is required. | August 2025 |

| Domain | Standard | Requirement (Summary or relevant extract) | Self-Assessment Outcome | Commentary | Action Proposed | Target Date |
|---|---|---|---|---|---|---|
| | | • Reason(s) for non-conformance.<br>• Impact of nonconformance on the engagement findings and conclusions. | | | | |
| II to V | General | Audit Manual | Improvement in documentation to evidence conformance | The GIAS reference key requirements in relation to the structure, approach and documentation of the audit function and process. Whilst we are satisfied that the key elements are followed in practice, the SIAS Audit Manual requires updating to ensure that these are fully referenced. | During 2025/26, the SIAS Audit Manual will be updated to ensure that it fully details the structures, systems and processes that SIAS has in place to comply with the GIASs. | March 2026 |

# SIAS Audit Charter 2025/2026

1. <u>Introduction and Purpose</u>

1.1. Internal auditing is an independent and objective assurance and consulting activity. It is guided by a philosophy of adding value to the operations of an organisation. It assists a council in achieving its objectives and ultimately provides assurance to the public by systematically evaluating and improving the effectiveness and efficiency of risk management, control, and governance processes.

1.2. The purpose of the Shared Internal Audit Service (SIAS) is to provide independent, objective assurance and consulting services designed to add value and improve client operations. The mission of internal audit is to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight. SIAS helps clients accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

2. <u>Statutory Basis of Internal Audit</u>

2.1. Local government is statutorily required to have an internal audit function. The Accounts and Audit Regulations 2015 require that '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'.

2.2. In addition, a council's Chief Finance Officer has a statutory duty under Section 151 of the Local Government Act 1972 to establish a clear framework for the proper administration of the authority's financial affairs. To fulfil this requirement, the S151 Officer relies, amongst other sources, upon the work of internal audit.

2.3. The above provides the mandate for the provision of an Internal Audit function within each SIAS partner in accordance with the Global Internal Audit Standards.

3. <u>Role</u>

3.1. SIAS internal audit activity is overseen by Stevenage Borough Council's Audit Committee. It is charged with fulfilling audit committee responsibilities and is herewith referred to as the Audit Committee. As part of its oversight role, the Audit Committee is responsible for defining the responsibilities of SIAS via this Charter.

3.2. SIAS may undertake additional consultancy activity requested by management. The Client Audit Manager will determine such activity on a case-by-case basis, assessing the skills and resources available. Significant additional consultancy activity not

already included in the Internal Audit Plan will only be accepted and carried out following consultation with the Audit Committee.

4. Professionalism

4.1. SIAS commits to adhering to the Global Internal Audit Standards (GIAS). They set out the fundamental requirements for the professional practice of internal auditing and include the Purpose of Internal Auditing, Ethics & Professionalism, Governing the Internal Audit Function, Managing the Internal Audit Function and Performing Internal Audit Services.

4.2. SIAS also recognises the Mission of Internal Audit as identified within the IPPF, 'To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight' and the Core Principles for the Professional Practice of Internal Auditing, which demonstrate an effective internal audit function, achieving internal audit's mission.

4.3. SIAS operations are guided by its operating procedures manual as well as applicable, Chartered Institute of Internal Auditors (CIIA) and Chartered Institute of Public Finance and Accountancy (CIPFA) Position Papers, Practice Advisories and Guides, and relevant council policies and procedures, including compliance with the Bribery Act 2010.

4.4. Should non-conformance with the GIAS be identified, the Head of SIAS will investigate and disclose, in advance, if possible, the exact nature of the non-conformance, the reasons for it and, if applicable, its impact on a specific engagement or engagement outcome.

5. Authority and Confidentiality

5.1. Internal auditors are authorised full, free, and unrestricted access to all a client's records, physical property, and personnel as necessary to fulfil the internal audit mandate. All client employees are requested to assist SIAS in fulfilling its roles and responsibilities. Information obtained during an engagement is safeguarded and confidentiality respected in accordance with the Council's GDPR and information security policies.

5.2. Internal auditors will only use information obtained to complete an engagement. It will not be used in a manner that would be contrary to the law, for personal gain, or detrimental to the legitimate and ethical objectives of the client organisation(s). Internal auditors will disclose all material facts known, which if not disclosed could distort a report or conceal unlawful practice.

6. Organisation

6.1. The Client Audit Manager and their representatives have free and unrestricted direct access to the S151 Officer; the Monitoring Officer; the Chief Executive; the Audit Committee Chair; the Leader of the Council and the Council's External Auditor. The Client Audit Manager will communicate with all the above parties at both committee meetings and between meetings as appropriate.

6.2. The Chair of the Audit Committee has free and unrestricted direct access to the Client Audit Manager.

**APPENDIX D – AUDIT CHARTER 2025/26**

6.3. The Client Audit Manager is line managed by the Head of SIAS who approves all decisions regarding the performance evaluation, appointment, or removal of the Client Audit Manager, in consultation with the Head of Assurance and SIAS Board. Decisions regarding the performance review, and the appointment/removal of the Client Audit Manager will be made following appropriate consultation with Member representatives from each of relevant partner audit committees.

7. Stakeholders

The following groups are defined as stakeholders of SIAS:

7.1. The Head of SIAS, working with the Client Audit Manager, both suitably experienced and qualified (CCAB and / or CMIIA), is responsible for:

- hiring, remunerating, appraising, and developing SIAS staff in accordance with the host authority's HR guidance

- maintaining up-to-date job descriptions which reflect the roles, responsibilities, skills, qualifications, and attributes required of SIAS staff

- ensuring that SIAS staff possess or obtain the skills, knowledge, and competencies (including ethical practice) needed to effectively perform SIAS engagements

- seeking approval from the SIAS Board for the level of human resources and finance required for SIAS to deliver services in accordance with its mandate

7.2. The Audit Committee is responsible for overseeing the effectiveness of SIAS and holding the Client Audit Manager to account for delivery. This is achieved through the approval of the annual audit plan, approval of performance targets set by the SIAS Board and receipt of regular reports. The Committee should champion the internal audit function to enable it to fulfil the purpose of internal auditing and pursue its strategy and objectives.

7.3. The Audit Committee is also responsible for the effectiveness of the governance, risk, and control environment within the Council, holding operational managers to account for its delivery.

7.4. Where stated in its Terms of Reference, the Audit Committee provides an annual report to the Council detailing the Committee's activities through the year. In addition, and as required, the Committee ensures that there is appropriate communication of, and involvement in, internal audit matters from the wider publicly elected Member body.

7.5. The Client Audit Manager is responsible for ensuring that the outcome of all final Internal Audit reports is reported to all members of the Audit Committee, in a format agreed with these relevant parties.

7.6. Senior Management, defined as the Head of Paid Service, Chief Officers, and their direct reports, are responsible for helping shape the programme of assurance work. This is achieved through analysis and review of key risks to achieving the Council's objectives and priorities. Senior Management should also support recognition of the internal audit function throughout the organisation, and in providing full, free, and unrestricted access to all a client's records, physical property, and personnel as necessary to fulfil the internal audit mandate.

25

7.7. The SIAS Board is the governance group charged with monitoring and reviewing the overall operation of SIAS, with SIAS reporting key information to the Audit Committee within progress and annual reports, including:

- resourcing and financial performance.
- operational effectiveness through the monitoring performance indicators.
- any restrictions on internal audit scope, access, authority, or resources limiting the ability to carry out its responsibilities effectively.
- the overall strategic direction of the shared service.

8. Independence and Objectivity

8.1. No element in the organisation should interfere with audit selection, scope, procedures, frequency, timing, or report content. This is necessary to ensure that internal audit maintains the necessary level of independence and objectivity.

8.2. As well as being impartial and unbiased, internal auditors will have no direct operational responsibility or authority over any activity audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that might impair their judgment.

8.3. When asked to undertake any additional roles/responsibilities outside internal auditing, the Client Audit Manager will highlight to the Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the GIAS Code of Ethics as well as any relevant requirements set out in other professional bodies to which the Client Audit Manager may belong. The Audit Committee will approve and periodically review any safeguards put in place to limit any impairments to independence and objectivity.

8.4. Where SIAS has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, the Client Audit Manager and Head of SIAS will ensure that the risks of doing so are managed effectively, having regard to the Head of SIAS's primary responsibility to the management of the partners for which they are engaged to provide internal audit services.

8.5. The Client Audit Manager will confirm to the Audit Committee, at least annually, the organisational independence of SIAS.

9. Conflicts of Interest

9.1. Internal auditors will exhibit clear professional objectivity when gathering, evaluating, and communicating engagement information. When forming judgments, they will make a balanced assessment of all relevant circumstances and not be influenced by their own interests or the views and interests of others.

9.2. Each auditor will comply with the ethical requirements of his/her professional body and proactively declare any potential conflict of interest, whether actual or apparent, prior to the start of an engagement.

9.3. All auditors sign an annual declaration of interest to ensure that the allocation of work avoids conflict of interest. Auditors who undertake consultancy work or are new to the team will be prohibited from auditing in those areas where they have worked in the past year. Audits are rotated within the team to avoid over-familiarity and complacency.

9.4.  SIAS procures an arrangement with an external delivery partner to provide service resilience, i.e., additional internal audit days on request. The external delivery partner will be used to deliver engagements as directed by the Client Audit Manager in particular providing advice and assistance where SIAS staff lack the required skills or knowledge. The external delivery partner will also be used to assist with management of potential and actual conflicts of interest in internal audit engagements, providing appropriate independence and objectivity as required.

9.5.  In the event of a real or apparent impairment of independence or objectivity, (acceptance of gifts, hospitality, inducements, or other benefits) the Client Audit Manager will investigate and report on the matter to appropriate parties.

9.6.  Hertfordshire County Council's Head of Assurance not only leads and has overall management responsibility for SIAS, but also the similarly constituted Shared Anti-Fraud Service (SAFS).

9.7.  Given that SIAS will potentially undertake internal audit activity in relation to SAFS, this relationship is formally disclosed, and appropriate safeguards will be put in place against any potential impairment to independence. The Head of SIAS will manage the internal audit engagement of this service and report findings directly to the Head of Finance in their capacity as S151 Officer.

10.  Responsibility and Scope

10.1.  The scope of SIAS encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of the organisation's governance, risk management, and internal control processes (as they relate to the organisation's priorities and objectives) and the promotion of appropriate ethics and values.

10.2.  Internal control and risk management objectives considered by internal audit extend to the organisation's entire control and risk management environment and include:
- consistency of operations or programs with established objectives and goals, and effective performance
- effectiveness and efficiency of governance, operations, and employment of resources
- compliance with significant policies, plans, procedures, laws, and regulations
- design, reliability and integrity of management and financial information processes, including the means to identify, measure, classify, and report such information
- safeguarding of assets

10.3.  SIAS is well placed to provide advice and support on emerging risks and controls and will, if requested, deliver consulting and advisory services, or evaluate specific operations.

10.4.  SIAS is responsible for reporting to the Audit Committee and senior management, significant risk exposures (including those to fraud addressed in conjunction with the SAFS), control and governance issues and other matters that emerge from an engagement.

10.5.  Engagements are allocated to (an) internal auditor(s) with the appropriate skills, experience, and competence. The auditor is then responsible for carrying out the work in accordance with the SIAS Operating Procedures Manual, and must consider

the relevant elements of internal control, the needs and expectations of clients, the extent of work required to meet the engagement's objectives, its cost effectiveness, and the probability of significant error or non-compliance.

11. Role in Anti-Fraud

11.1. The SIAS work programme, designed in consultation with Senior Management and the Audit Committee seeks to provide assurance on how the Council manages the fraud risks to which it is exposed.

11.2. SIAS must have sufficient knowledge to evaluate the risk of fraud and the way it is managed by the Council but are not expected to have the expertise of a person or team whose primary responsibility is detecting and investigating fraud.

11.3. SIAS will exercise due professional care by considering the probability of significant errors, fraud, or non-compliance when developing audit scopes and objectives.

11.4. SBC is a partner of both SIAS and SAFS and benefits from collaboration and intelligence sharing between the teams. This informs both horizon scanning as part of the internal audit planning process and individual audit engagements.

11.5. The Client Audit Manager should be notified of all suspected or detected fraud, corruption, or impropriety so that the impact upon control arrangements can be evaluated.

12. Internal Audit Plan

12.1. Following discussion with appropriate senior management, the Client Audit Manager will submit a risk-based plan to the Audit Committee for review and approval. This will occur at least annually. The plan sets out the engagements agreed by the Section 151 Officer and Senior Leadership Team and demonstrates the priorities of both SIAS (the need to produce an annual internal audit opinion) and those of the organisation. Also included will be any relevant declarations of interest.

12.2. The plan will be accompanied by details of the risk assessment approach used and other assurance considered during the planning process. Also shown will be the timing of an engagement, its budget in days, details of any contingency for new or changed risks, time for planning and reporting and a contribution to the development of SIAS.

12.3. The plan will be subject to regular review in year and may be modified in response to changes in the organisation's business, risks, operations, programmes, systems, and controls. All significant changes to the approved internal audit plan will be communicated in the quarterly update reports.

13. Reporting and Monitoring

13.1. A draft written Terms of Reference will be prepared and issued to appropriate personnel at the start of an engagement. It will cover the intended objectives, scope and reporting mechanism and will be agreed with the client. Changes to the terms of reference during the engagement may occur and will be agreed following consultation with the client.

13.2. A report will be issued to management on completion of an engagement. It will include a reasoned opinion, details of the time and scope within which it was

28

prepared, management's responses to specific risk prioritised findings and recommendations made and a timescale within which corrective action will be / has been taken. If recommended action is not to be taken, an explanation for this will also be included.

13.3.   SIAS will follow-up the implementation of agreed recommendations in line with the protocol at each client. As appropriate, the outcomes of this work will be reported to the audit committee and may be used to inform the risk-based planning of future audit work. Should follow-up activity identify any significant error or omission, this will be communicated by the Client Audit Manager to all relevant parties.

13.4.   In consultation with senior management, the Client Audit Manager will consider, on a risk-basis, any request made by external stakeholders for sight of an internal audit report.

13.5.   Quarterly update reports to the Audit Committee will detail the results of each engagement, including significant risk exposures and control issues. In addition, an annual report will be produced giving an opinion on the overall control, governance, and risk management environment (and any other issues judged relevant to the preparation of the Annual Governance Statement) with a summary of the work that supports the opinion. Hertfordshire County Council's Head of Assurance will also make a statement of conformance with GIAS, using the results of the annual self-assessment and Quality Assurance and Improvement Plan (QAIP) required by the GIAS. The statement will detail 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.

14.   Periodic Assessment

14.1.   GIAS require Hertfordshire County Council's Head of Assurance and the SIAS Board to arrange for an independent review of the effectiveness of internal audit undertaken by a suitably knowledgeable, qualified, and competent individual or organisation. This should occur at least every five years.

14.2.   Hertfordshire County Council's Head of Assurance will ensure that continuous efforts are made to improve the efficiency, effectiveness, and quality of SIAS. These will include the Quality Assurance and Improvement Programme, client feedback, appraisals, and shared learning with the external audit partner as well as coaching, supervision, and documented review.

14.3.   A single review will be carried out to provide assurance to all SIAS partners with the outcomes included in the partner's Annual Report.

15.   Review of the Audit Charter

15.1.   The Client Audit Manager will review this charter annually and will present to the first audit committee meeting of each financial year, any changes for approval.

15.2.   The Client Audit Manager reviewed this Audit Charter in May 2025. It will next be reviewed in April 2026.

**APPENDIX D – AUDIT CHARTER 2025/26**

**Glossary of Terms**

| | |
|---|---|
| Audit Committee | The GIAS defines the Audit Committee as "The governance group charged with independent assurance of the adequacy of the risk management framework, the internal control environment and the integrity of financial reporting."<br><br>The Audit Committee operates in accordance with its terms of reference contained in Stevenage Borough Council's Constitution.<br><br>CIPFA's *Audit Committees Practical Guidance for Local Authorities and Police 2022 Edition* indicates that for a local authority, it is best practice for the audit committee to report directly to full council rather than to another committee, as the council itself most closely matches the body of 'those charged with governance'. This is the case at SBC. |
| Audit Plan | The programme of risk-based work carried out by the Shared Internal Audit Service (SIAS) on behalf of its clients. |
| Board | The GIAS defines the 'Board' as "The highest-level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organisation's activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word "board" in the Standards refers to a group or person charged with governance of the organisation. Furthermore, "board" in the Standards may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an Audit Committee).<br><br>For the purposes of the SIAS Audit Charter, the Board as referred to in the GIAS shall be Stevenage Borough Council's Audit Committee. All references to the Audit Committee in the SIAS Audit Charter should be read in this context. |
| Chief Audit Executive (CAE) | The GIAS describes the role of CAE as "a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The CAE or others reporting to the CAE will have appropriate |

| | |
|---|---|
| | professional certifications and qualifications. The specific job title and/or responsibilities of the CAE may vary across organisations." |
| | The CAE is fundamental to the success of the service and to the extent to which it complies with the Standards. Regular reference is made to this role throughout the GIAS, including some specific requirements relating to whoever is designated the role. |
| | For the purposes of the SIAS Audit Charter, the CAE as referred to in the GIAS shall be SBC's Client Audit Manager. All references to the Client Audit Manager in the SIAS Audit Charter should be read in this context. |
| Global Internal Audit Standards | The Standards guide the worldwide professional practice of internal auditing and serve as a basis for evaluating and elevating the quality of the internal audit function. At the heart of the Standards are 15 guiding principles that enable effective internal auditing. |
| Management | Operational officers of the Council responsible for creating corporate policy and organising, planning, controlling, and directing resources to achieve the objectives of that policy. Senior management is defined as the Head of Paid Service, Chief Officers, and their direct reports. |
| Shared Internal Audit Service (SIAS) | SIAS is a local authority partnership comprising Hertfordshire County Council (HCC) and seven Hertfordshire district and borough councils. SIAS also provides internal audit services to a limited number of external clients. HCC is the host authority for the partnership and provides support services such as HR, technology, and accommodation. |
| SIAS Board | The Board that comprises officer representatives from the partner authorities and is responsible for the governance of the SIAS partnership. |

Note:

For readability, the term 'internal audit activity' as used in the GIAS guidance has been replaced with 'SIAS' in this Charter.

This page is intentionally left blank

Part I – Release to Press

**Stevenage**
BOROUGH COUNCIL

Agenda item: ##

| | |
|---|---|
| **Meeting** | Audit Committee |
| **Portfolio Area** | All |
| **Date** | 3 June 2025 |

**2024/25 ANNUAL GOVERNANCE STATEMENT AND LOCAL CODE OF CORPORATE GOVERNANCE**

Author – Joe Maggs
Contributors – Assistant Directors, Shared Internal Audit Service
Lead Officer – Clare Fletcher
Contact Officer – Joe Maggs

**1      PURPOSE**

1.1     To advise Members of the Audit Committee on the content of the Council's Annual Governance Statement for 2024/25 and approve changes to the Council's Local Code of Corporate Governance.

**2      RECOMMENDATIONS**

2.1     That Members of the Audit Committee approve the changes to the Council's Local Code of Corporate Governance (Appendix 1).

2.2     That Members of the Audit Committee recommend the Council's 2024/25 Annual Governance Statement (Appendix 2) for approval by the Statement of Accounts Committee.

**3      BACKGROUND**

<u>CIPFA/SOLACE Framework and Guidance</u>

3.1     In 2006, CIPFA/SOLACE published the Delivering Good Governance in Local Government: Framework and Guidance. In April 2016, CIPFA/SOLACE published a reviewed Framework and Guidance that reflects the International Framework: 'Good Governance in the Public Sector'. The purpose of the

Framework is to support each local authority in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

3.2 The 2016 CIPFA/SOLACE Framework identifies seven core principles:

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

B. Ensuring openness and comprehensive stakeholder engagement.

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

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

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

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

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

Local Code of Corporate Governance

3.3 The Local Code of Corporate Governance is a public statement of the ways in which the Council achieves good corporate governance. This is based on the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government: Framework (2016)' and focusses on the above mentioned seven core principles.

3.4 The arrangements set out in the Local Code of Corporate Governance and the Annual Governance Statement provide the framework within which the Council can:

• Establish and monitor its vision and objectives,

• Facilitate policy and decision making,

• Ensure compliance with policies, procedures, laws and regulations,

• Ensure the economic, efficient use of resources and secure continuous improvement,

• Support delivery of high-quality services and effective performance management,

• Identify and manage its risks.

3.5 The Council's Local Code of Corporate Governance was last reported to this Committee on 4 June 2024. The code has been reviewed and is attached for reference at Appendix 1. Most of the changes made as a result of this year's review are to reflect the new Corporate Plan (Making Stevenage Even Better). There are also some minor language / grammar changes.

<u>Annual Governance Statement</u>

3.6 The Annual Governance Statement, at Appendix 2, is a statutory document which explains the processes and procedures in place to enable the Council to carry out its functions effectively. The statement is produced annually following a review of the Council's governance arrangements and includes an action plan to address any significant governance issues identified.

3.7 The Council has a local framework for compiling the Annual Governance Statement. Arrangements for governance in 2024/25 have been reviewed in accordance with this local framework, as outlined below:

- Review existing governance arrangements against the CIPFA/SOLACE Framework.

- Update the Council's Local Code of Governance in accordance with this review.

- Identify systems, processes and documentation that provide evidence of compliance.

- Identify the issues that have not been addressed adequately in the Council and consider how they should be addressed.

- Identify the individuals who will be responsible for undertaking the actions required and plan accordingly.

- Prepare the 2024/25 Annual Governance Statement.

- Consideration of the Annual Governance Statement by senior management prior to consideration by Audit Committee. The Annual Governance Statement was considered at the Senior Leadership Team meeting on 13th May 2025.

- In-year monitoring of the Council's status of corporate governance is carried out by Corporate Governance Group which is chaired by the Strategic Director (Chief Finance Officer).

3.8 A draft version of the actions to enhance governance arrangements as a result of the above review were reported to Audit Committee at its meeting on 25th March 2025.

3.9 Actions identified which are recommended for inclusion in the Annual Governance Statement by the Shared Internal Audit Service or are considered important in the management of certain strategic risks, are set out in the Annual Governance Statement. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and associated delivery of priority outcomes should be addressed.

3.10 The Annual Governance Statement actions for 2024/25 are outlined on pages 22-24 of the Annual Governance Statement.

3.11 Corporate Governance Group will monitor the delivery of governance actions, including the actions mentioned above and a six-month progress update will be reported to Audit Committee in November.

3.12    It is the intention to produce a one- or two-page summary document with relevant infographics by the time that the AGS is presented to the Statement of Accounts Committee in September, to help make the content accessible to a wider audience.

3.13    The signatories to the Annual Governance Statement (The Leader of the Council and the Chief Executive) must be satisfied that the Council's governance arrangements continue to be fit for purpose and that significant actions identified to enhance governance arrangements are being addressed.

2024/25 Audit Opinion

3.14    From the internal audit work undertaken in 2024/25, the Shared Internal Audit Service (SIAS) has provided the following opinion:

'Our overall opinion is Reasonable Assurance; meaning 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.'

Service Assurance Statements

3.15    All Assistant Directors complete a Service Assurance Statement each year. The Service Assurance Statement provides assurance that governance arrangements operated effectively during the year in respect of the business units for which the Assistant Director has responsibility.


4       **REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

4.1     The Council's Local Code of Corporate Governance (Appendix 1) has been updated to reflect changes to the Council's governance arrangements since its last review in June 2024 and Audit Committee is required to agree the revised Local Code of Corporate Governance.

4.2     The Annual Governance Statement (Appendix 2) must be considered by the Audit Committee before accompanying the Statement of Accounts.

4.3     The Annual Governance Statement is intended to provide public assurance that the Council has sound governance arrangements, including a sound system of internal control, designed to help manage and control business risk. The document is an important public expression of the arrangements the Council applies to achieve good business practice, high standards of conduct and sound governance.


5       **IMPLICATIONS**

        **Financial Implications**

5.1     Robust scrutiny of the Council's Annual Governance Statement and Framework applied in line with best practice will further strengthen the Council's sound base of strong financial management and assist in reducing risk.

### Legal Implications

5.2     It is a requirement of the Accounts and Audit (England) Regulations 2015 that the council publishes an Annual Governance Statement.

### Risk Implications

5.3     A strong internal control environment contributes to the overall effective management of the Council and will minimise the risks of the Council failing to achieve its ambitions and priorities, and service improvements.

5.4     Without robust governance arrangements, there are potential service continuity and reputation risk implications.

### Equalities and Diversity Implications

5.5     Officers responsible for the delivery of any improvement actions identified will also be responsible for completion of any relevant Equality Impact Assessments.

### Other Implications

5.6     All aspects of the work of the Council are affected by its corporate governance arrangements, as well as the Council's partners in service delivery and other agencies with which the Council shares information. External bodies in particular, need to have confidence in the way the Council operates and this can be achieved by demonstrating robust governance arrangements that are fully embedded.


### BACKGROUND DOCUMENTS

BD1     CIPFA/SOLACE, 'Delivering Good Governance in Local Government (2016 Framework and Guidance)

BD2     CIPFA/IFAC International Framework 'Good Governance in the Public Sector (published August 2014)


### APPENDICES

• Appendix One – Local Code of Corporate Governance (June 2025)

• Appendix Two – 2024/25 Annual Governance Statement

This page is intentionally left blank

# Stevenage Borough Council
# Local Code of Corporate Governance

| | |
|---|---|
| **Version:** | Audit Committee June 2025 |
| **Status:** | For Audit Committee June 2025 |
| **Last update to Guide** | May 2025 |
| **Next review of Guide due:** | May 2026 |

# Stevenage Borough Council
## Local Code of Corporate Governance

This Local Code is underpinned by the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework: 2016* and summarises policies, procedures, behaviours and values by which the council is controlled and governed.

The CIPFA/SOLACE *Delivering Good Governance in Local Government Framework* sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The purpose of the Framework is to assist authorities in individually reviewing and accounting for their own unique approach with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities
- There is sound and inclusive decision making
- There is clear accountability for the use of these resources in order to achieve desired outcomes for service users and communities.

Good governance enables the Council to effectively achieve its intended outcomes, whilst acting in the public interest at all times.

The CIPFA/SOLACE *Delivering Good Governance in Local Government Framework: 2016,* sets out seven core principles of governance as detailed in the diagram below. Stevenage Borough Council confirms its commitment through the adoption, monitoring and development of this Local Code of Corporate Governance.
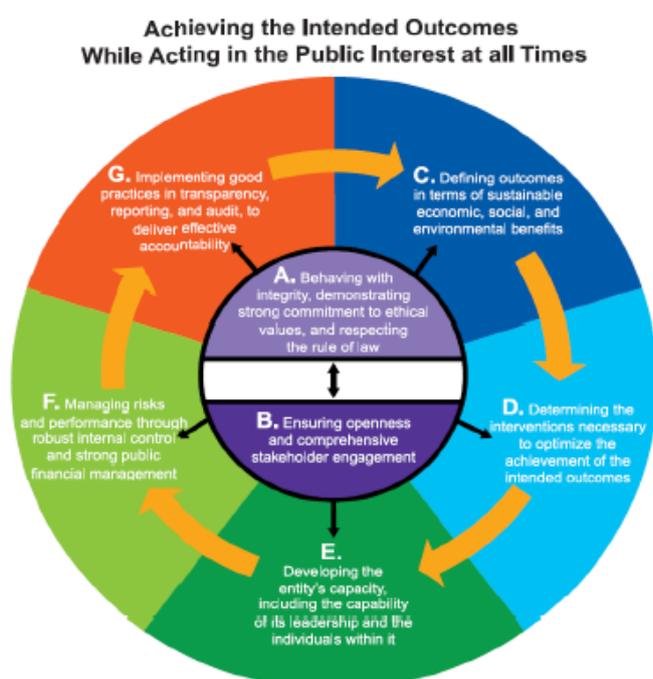


This diagram illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B permeate the implementation of Principles C to G

2

# Local Code of Corporate Governance

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

**Member and Officer Codes and Protocols**
The standards of conduct and personal behaviour expected of Members and Officers of the Council, its partners and the community, are defined and communicated through codes of conduct and protocols, such as Member/Officer Protocols, Officers' Code of Conduct and Members' Code of Conduct.

There is an expectation that Members will have regard for the seven principles of public life (the Nolan Principles), as set out in Section 26 of the Localism Act 2011. The seven principles of public life are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These principles are readily accepted by the Council as underpinning all local government activity.

**Organisational values and behaviours**
The Council has adopted a set of organisational values and these are underpinned by a behaviour framework for staff. The values are included in our strategic plan (Making Stevenage Even Better 2024-27), all staff development programmes and in the Appraisal and Personal Development process.

**Complaints regarding Member Conduct**
Complaints about Members and allegations that a Member has breached the Code of Conduct would be dealt with by the Standards Committee and the Borough Solicitor (Monitoring Officer) under the Localism Act 2011. In addition, the Council has appointed an Independent Person, to consult on alleged breaches to the Member Code of Conduct.

**Complaints regarding Officer conduct**
Allegations that an officer has breached the Employee Code of Conduct are dealt with by the officer's Line Manager in the first instance, and, if escalation is required, the council's Disciplinary Policy and procedures would be instigated.

**Constitution**
The Council has an approved Constitution which details how the Council operates, how decisions are made, including delegation of decisions and the procedures that are to be followed to ensure that these are efficient, transparent, lawful and accountable to local people. Each of the Council's member committees have terms of reference and these are reviewed and updated to reflect any changes to legislative and regulatory requirements.

**Standards Committee**
The Council has a Standards Committee to ensure the promotion and maintenance of high standards of conduct by members and co-opted members of the Council. The terms of the reference for this committee are contained in the Council's Constitution.

**Information needs of Members**
Pre-committee briefings are held with Committee Chairs prior to committee meetings (as required). The Leader and Chief Executive have regular one to one meetings. The leaders of opposition groups also have regular meetings with the Chief Executive. Strategic Directors and Assistant Directors meet with their relevant Portfolio Holders on a regular basis to brief them on all aspects within their remit.

### Regulation Guidance

The Council has developed policies and procedures to ensure that its officers act in accordance with relevant legislation in the performance of its functions, e.g.

- Anti-fraud and Corruption Policy
- Register of Interests
- Register of Gifts and Hospitality
- Whistle-Blowing Policy
- Contract Procedure Rules
- Financial Regulations
- Corporate Procurement Strategy
- Anti-Bribery Policy
- Fraud Sanctions Policy
- Anti-Money Laundering Policy

### Member and Officer Training

Member and Officer Induction and training ensures Members and Officers are aware of their legal and ethical responsibilities.

### Chief Financial Officer

The role of the Chief Financial Officer conforms to that set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).

### Monitoring Officer

The role of the council's Monitoring Officer (Borough Solicitor) conforms to Section 5(1) of the Local Government and Housing Act 1989.

### Customer Feedback

A customer feedback system is in place to record feedback and complaints – learning from feedback & complaints facilitates effective monitoring of information provided by customers to review service quality. The Council uses Gov-metric to identify customer satisfaction with council services.

### Regulation of Investigatory Powers Act 2000

The Council ensures the requirements of the above Act are followed for any direct covert surveillance which is carried out and any such activity is reported quarterly to Corporate Governance Group and is reflected in the Annual Governance Statement. All authorising officers receive training in accordance with the Act.

## Principle B: Ensuring openness and comprehensive stakeholder engagement

### Partnership Arrangements

The Council has the following key Partnerships:
- Stevenage Together (and its subcommittees: SoSafe Community Safety Partnership, Social Inclusion Partnership, Healthy Stevenage Partnership, Stevenage Works Strategic Partnership)
- Everyone Active
- Stevenage Development Board

4

**Annual Report**
An Annual Report is published that sets out the Council's achievements against the outcomes and priorities in the Corporate Plan, reporting progress over the last year against planned objectives and setting out future plans.

**Communication and Engagement**
The Council has a Co-operative Neighbourhoods Strategy as well as a Resident Engagement Strategy which provides a clear overview of ways in which the Council engages with residents.

Stevenage Chronicle, which is the Council's quarterly magazine for residents, provides the latest information about Council initiatives and services, community news and events.

The Council uses a variety of response methods, including its website, social media and traditional methods such as surveys and focus groups to communicate with its residents and stakeholders.

A Residents' Survey is carried out every three years inviting residents to share their views on the town and Council services. The results are used to inform future service priorities and resource allocation, including budget setting. Housing Tenant surveys are also carried out as required.

The Chief Executive has a programme of staff communications, which includes regular staff briefings to brief and involve staff in the decisions that affect the future direction of the Council.

The Council's intranet also provides staff with updates, news, blogs and information.

**Co-operative Inclusive Economy Charter**
The Council has a Co-operative Inclusive Economy Charter to encourage residents and businesses to work together to help protect Stevenage's economy and support the Council's approach to Community Wealth Building.

**Social Value Portal**
The Council uses a social value portal to monitor, measure and manage the tendering and delivery of social value through contracts and other business-related activities. The aim of this is to understand what value business brings to society, according to the principles of the Public Services (Social Value) Act 2012. The Social Value Portal uses the National Social Value Measurement Framework, also known as the National TOMs (Themes, Outcomes Measures), to measure social value. The National TOMS framework was developed by the National Social Value Taskforce and was the result of extensive consultation across its members and is endorsed by the Local Government Association.

**Stakeholder attendance at Council meetings**
The press and public are admitted to all Council, Cabinet and Committee meetings, subject to the Access to Information Rules in Part 4 of the Council's Constitution. Cabinet, Council and Overview and Scrutiny meetings continue to be recorded and are available via YouTube which means that members and the public can view meetings at a time convenient to them. Where there is a possibility that business may be considered in private (Part 2), the Monitoring Officer will review the justification and advise on whether there is a legitimate reason to exclude the public.

**Decision making practices**
Reports are produced on a standard template to prompt officers to take a structured approach to report writing, to help facilitate understanding and ensure they are supported by a comprehensive assessment of the legal, financial, risk and other implications of any proposed recommendations. All reports with legal or financial implications are checked by the Borough Solicitor/Chief Financial Officer prior to consideration at committee. Other professional advice (where sought) is referred to in the report.

5

The Council complies with its responsibilities as set out in the Constitution in relation to notice of meetings, publication of agendas and reports and access to information reflect the Local Authorities (Executive Arrangements) (Meetings and Access Information) (England) Regulations 2012.

**Publication Scheme**
The Council aims to make as much information available on its website through its Publication Scheme. Exceptions to this are in relation to information that is subject to the exemptions set out in the Freedom of Information Act.

**Statement of Community Involvement**
The Planning and Compulsory Purchase Act 2004 requires all local authorities to prepare a Statement of Community Involvement (SCI). The Council's SCI sets out a framework to ensure that comprehensive and effective public engagement takes place throughout all stages of the planning process.

**Shared Service arrangements**
The council has established shared service arrangements in order to provide service delivery benefits and added value, with other Hertfordshire local authorities as outlined below

- Internal Audit
- Housing Benefits and Local Taxation
- ICT
- Anti-Fraud
- Building Control
- Legal
- Hertfordshire Home Improvement Agency
- Procurement
- Payroll

Shared service arrangements for all the above shared services involve both Member and senior management oversight from all participating partners.

**Research and benchmarking**
The Housing Service is a member of HouseMark which delivers a robust and sophisticated data analysis and benchmarking service.

A number of other services use research and benchmarking to inform service delivery.

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

**Corporate Plan:**
The council's Corporate Plan: Making Stevenage Even Better, sets out the Council's vision and the outcomes and objectives the Council aims to achieve over the Plan's lifespan (2024-2027). It guides the strategic policy framework for the Council, ensuring that services consider the council's key priorities in service planning and resource allocation.

**Equality Impact Assessments**
Equality Impact Assessments are completed prior to the development and delivery of policy, strategy, projects and services or prior to making decisions that could impact on people.

6

### EDI Policy

The Council has an agreed set of objectives to promote equality, diversity and inclusion across its services, communities and workforce in-line with the Public Sector Equality Duty (PSED) of the Equality Act (2010).

Alongside those objectives, the Council has an Equality, Diversity and Inclusion (EDI) Strategy (2022-2026) which sets out its approach to advancing equality, diversity and inclusion, including a commitment to the development and publication of an EDI Action Plan. The delivery and monitoring of EDI activity is the responsibility of the Equality and Diversity Governance Group (EDGG), the Officer Equality Group (OEG) and Senior Leadership Team Equality Champion.

### Local Plan

The Local Plan sets out how Stevenage will develop in the future and guide development within the town until 2031. The Plan sets the planning policies up until 2031.

### Local Development Scheme

An updated Local Development Scheme was agreed in 2020. The Scheme sets out milestones for the examination of the Local Plan and its adoption. It also sets out timeframes for the adoption of the Community Infrastructure Levy and a new Area Action Plan relating to the Railway Station area.

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

### Medium Term Financial Strategy

The Medium Term Financial Strategy (MTFS) is the Council's key General Fund financial planning document and sets out the Council's strategic approach to the management of the General Fund including council tax levels, capital funding and treasury management. This strategy underpins the Council's key priorities for Stevenage as set out in the Corporate Plan and other strategic documents of the Council. The key aim of the Strategy is to facilitate the Council in achieving the outcomes set out in those documents by adhering to the MTFS principles, which generates the need for Financial Security targets, identifies financial pressures and any additional resources for priorities to ensure the Council has a financially sustainable plan.

### Assets and Capital Group

The Officer's Assets and Capital Group ensures effective arrangements are in place for the design and delivery of capital projects and resources.

### Financial Management

Financial management arrangements conform to the governance requirements of the CIPFA Statement. The Council consults with local residents, partners and other stakeholders to seek their views on planning, prioritising and monitoring of services and the feedback has been used to inform budget setting and the council's Medium Term Financial Strategy.

### Housing Revenue Account Business Plan

The Housing Revenue Account (HRA) Business Plan is the council's strategic plan for managing and maintaining its housing stock. It sets out the council's short-to-medium term plans and priorities for its housing management services and provides a long-term perspective on stock investment and financial plan. The Council's HRA Medium Term Financial Strategy looks at these plans over a five-year horizon in greater detail setting out the principles which generates the need

for Financial Security targets. Monthly meetings focus on the monitoring and delivery of the HRA Business Plan.

The HRA Medium Term Financial Strategy underpins the Council's key housing priorities for Stevenage. The Council continues to work co-operatively with housing customers to help shape these priorities and associated programmes.

**Council's Financial Security Group**
The Council's Financial Security Group reviews the MTFS, savings and growth options prior to approval by the Cabinet and Council.

**Capital Programme and Strategy**
The Council has a five-year Capital Strategy. The purpose of the Capital Strategy is to show how the Council determines its priorities for capital investment, how much it can afford to borrow and sets out any associated risks. All capital schemes are regularly reviewed and prioritised to determine whether they should be included in the Capital Strategy. The Officers' Capital Group ensures that effective arrangements are in place for the design and delivery of capital projects.

**Housing Asset Management Strategy**
The Council also has a Housing Asset Management Strategy and action plan for implementation of the strategy over the next five years. The Strategy sets out the underlying principles which sit behind excellent asset management and the key strategic projects and programmes to ensure the council derives maximum value for its assets whilst providing high quality homes for its tenants. The Strategy will allow the Council to meet its strategic goals of having fit for purpose, safe, well maintained and well-presented housing stock, with a view to optimising housing development opportunities where appropriate.

**General Fund Asset Management Strategy**
The General Fund Asset Management Strategy and rolling five-year action plan guides the Council's future strategic property decisions to make sure the estate is managed sustainably and efficiently so it can adapt and remain fit for the future, and help the Council meet its strategic aims. The Strategy sets out clear financial targets to achieve during the period of the strategy to meet the Council's financial challenges.

**Co-operative Commercial and Insourcing Strategy**
The Council's Commercial and Insourcing Strategy 2023-2026 outlines the Council's approach to operating more commercially. This will be achieved through maximising opportunities to insource services, the delivery of business process improvements and the generation of new or enhanced sources of revenue. The Commercialisation and Investment Executive Committee provides strategic direction to enable, oversee and support the development of co-operative commercial and insourcing programmes of work.

**Budget Monitoring**
Key Financial Indicators are reported to senior management. The Council undertakes a complete review of all revenue and associated budgets on a quarterly basis and any budget changes are reported quarterly to Cabinet. Assistant Directors receive regular budget monitoring reports and meet regularly with their Finance Business Partners.

**Member Financial Training**
Statement of Accounts and Treasury Management training is carried out as required for Audit Committee and Statement of Accounts Committee members.

**Service Planning**
All the Council's key services have an annual Service Plan which set out the objectives of the service for the forthcoming year. The plan contains information about the service's performance

targets and corporate priorities programme and milestones. It considers the risks, staff development activities, equality, budgetary and workforce considerations that will inform and influence service delivery throughout the year.

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

**Developing Member and Officer Capacity and Capability**
The Council uses a Human Resources Management system to support workforce planning, training, development and the implementation of the Council's competency framework structure. The Council's Competency Framework provides a map of behaviours, as well as the skills, that are valued and recognised by the Council.

The Council has a number of measures and workstreams in place to ensure member and officer capacity and capability. These include:

- A workforce planning process
- An HR Business Partnering service which supports the development and implementation of workforce plans
- A member development programme and a member induction programme
- Corporate Learning and Development Programmes
- A dynamic real time Appraisal Policy and Procedure (REAL Conversations)
- An Apprenticeship programme
- E-learning for new and existing staff
- Induction training via e-learning and targeted induction training.

**Job Descriptions**
Job descriptions for senior management roles specify that they must support the Council's Cabinet in its strategic leadership role, providing clear, timely and effective advice and support as appropriate on strategic issues and initiatives.

**Member/Officer Protocols**
The Council has a 'Protocol for Relationships between Members and Officers' which has been approved by the Council's Standards Committee who monitor its operation.

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

**Risk Management Policy and Guide**
The council has a Risk Management Policy and Guide. Member and Officer risk training is provided as required.

**Corporate Risk Group**
A Risk Management Group meets quarterly to oversee and review the reporting process and the development of the Council's approach to risk. The Chair of Audit Committee and the Members' Risk Champion are members of this group.

9

**Strategic Risk Management**

Strategic risks are linked to the Council's ambitions and priorities. The Strategic Risk Register is monitored, on a quarterly basis, by senior management to ensure levels assigned and mitigation proposed is appropriate and being delivered, then considered at Audit Committee. The Resources Portfolio Holder is the Council's nominated Member Risk Management Champion and assists with embedding risk management in the business of the Council.

**Operational Risk Management**

Operational risk registers are developed and monitored by the relevant Assistant Director. Action plans are developed to mitigate key risks and delivery monitored. In addition, a process of operational risk peer challenge helps to embed and enhance the quality of operational risk management. Any risks identified for escalation to strategic level are added to the quarterly review of the Strategic Risk Register.

**Programme Risk Management**

Governance arrangements are in place to oversee risks associated with significant programmes and capital schemes. Risks are added to the Operational or Strategic Risk Register where appropriate.

**Corporate Governance Group**

A Corporate Governance Group meets four times a year to consider the governance framework from the perspective of the seven core principles of corporate governance. Corporate Governance Group reviews the Council's compliance with the behaviours that make up the seven core principles of corporate governance and monitors any actions identified in order to maintain compliance.

**Service Assurance**

At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. Progress against service governance actions identified as a result of this review are monitored and the findings inform the Annual Governance Statement.

**Performance monitoring**

The Council's approach to performance management demonstrates a clear link between service delivery and the strategic objectives in the Making Stevenage Even Better Corporate Plan. By aligning performance measures and milestones under the 5 strategic priorities a 'golden thread' linking what the Council delivers, to the fulfilment of its strategic outcomes can be clearly seen. Senior management and Cabinet receive a quarterly corporate performance report. Improvement activity for the measures that are not achieving or forecast not to achieve target are discussed by senior management quarterly prior to Cabinet.

**Data Quality**

The Council has a Data Quality Policy which outlines the Council's commitment to ensuring data quality and arrangements that are in place to monitor the data quality of performance data. Each performance measure has a data quality checklist to ensure the integrity of the data being reported.

**Data Sharing**

Data processing protocols and agreement exist for Council services which are required to share data with other bodies.

**Overview and Scrutiny**

The Council has an Overview and Scrutiny Committee and two Select Committees. The terms of reference of the Scrutiny committees meets statutory regulations.  All Cabinet decisions are

subject to call-in by the Overview and Scrutiny Committee unless there is an overriding reason for urgency.

**Audit Committee**
Audit Committee, constituted in line with CIPFA best practice, considers internal and external audit matters, as set out in the Council's Constitution. The Committee is supported by an independent representative. The Committee receives training on the Statement of Accounts and Treasury Management processes as required.

**Anti-Fraud and Corruption**
A Shared Anti-Fraud service provides a robust and resilient fraud prevention, detection, and investigation service in relation to non-benefit and corporate fraud. The service updates Audit Committee every quarter on the work it has carried out.

The Council's Anti-Fraud and Corruption and Whistle-Blowing Policies as well as Anti-Bribery, Anti-Money Laundering and Fraud Sanctions policies are all available on the Council's intranet.

**Information and Records Governance**
Overall responsibility for information management at the Council has been assigned to the Council's Records Governance Manager, who is also the Council's Data Protection Officer.

Information governance matters are reported to the Council's Technical Design Authority and Corporate Governance Group. Data protection breaches are reported quarterly to the latter.

The Council has a suite of information governance related policies which are reviewed on a regular basis to ensure they are compliant with the regulations and good practice.

The Council has a Senior Information Risk Officer who is a senior officer with individual responsibility for managing departmental information risks.

**Health and Safety**
To ensure and maintain corporate wide oversight and clarity on health and safety compliance and performance across the Council, a corporate health and safety governance structure is in place that provides assurance to senior management that health and safety assessments and activity across the Council are being effectively managed. Embedding of the Health and Safety framework is being achieved by a process of internal and external audits, peer reviews, shadow health and safety inspections, risk assessment reviews, training to upskill managers, health and safety group meetings, hazard monitoring and action plans.

**Business Continuity**
The Council has business continuity plans for all of its key services and a Corporate Business Continuity Plan is in place to manage the corporate response to an incident.

**Financial Regulations and Contract Procedure Rules**
Financial Regulations and Contract Procedure Rules are reviewed as required, with any proposed amendments put forward to Council for approval.

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

**Annual Report**
An Annual Report is published that sets out the Council's achievements against the outcomes and priorities in the Corporate Plan, reporting progress over the previous year against planned objectives and setting out future plans.

**Annual Governance Statement**
The Council produces an Annual Governance Statement, which is reported to Audit Committee and approved by the Statement of Accounts Committee. The Annual Governance Statement contains information regarding the effectiveness of the Council's governance, risk management arrangements and internal control, including an opinion provided by the internal auditor.

The Council monitors governance arrangements for shared services and this is reflected in the Annual Governance Statement.

**Data Transparency Code**
Information required for publication in Part 2 of the Code is where possible published on the Council's website and updated in line with publication guidelines.

**Publication Scheme**
The Council aims to make as much information available on its website through its Publication Scheme as possible. Exceptions to this will be information that is subject to the exemptions set out in the Freedom of Information Act.

**Internal Audit**
The Council's internal audit provision is delivered by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council. The service complies with CIPFA's Statement on the role of the Head of Internal Audit and operates to Public Sector Internal Audit Standards.

The Head of Assurance confirms to Audit Committee the 'Fitness for Purpose' of internal audit to carry out the work that informs the assurance opinion each year.

For each audit, SIAS issues a Final Audit Report and this is signed off by management together with an agreement to implement the recommendations that have been made. Progress regarding implementation of audit recommendations is monitored by the Performance and Improvement Team and areas of concern are escalated to Corporate Governance Group/Corporate Risk Group.

SIAS reports to Audit Committee quarterly regarding progress against the Audit Plan and the implementation status of medium and high priority recommendations.

**Website**
The Council's website follows common web standards and government guidelines to the World Wide Web Consortium Web Accessibility Initiative's 'Double A' standard.

**Statement of Accounts**
The Statement of Accounts, which are available to the public, contains the Council's final accounts for the year and gives financial information on all the services, including shared services, provided by the Council during the year, as well as the Council's financial position at the year end. The Statement of Accounts is reported to Members at the Statement of Accounts Committee meeting and published annually as per statutory deadlines/requirements.

**Annual Audit Letter**
Each year the Council's external auditors, in their Annual Audit letter advise whether they consider the council's financial statement gives a true and fair view of the financial position of its expenditure and income for the year.

This page is intentionally left blank

**Stevenage Borough Council's Annual Governance Statement 2024/25**

**What is Corporate Governance?**

In a local government context, corporate governance is the framework of policies and procedures in place and the values and behaviours that are needed to help ensure the organisation runs effectively, can be held to account for its actions and delivers the best possible outcomes for the community it serves with the resources available. Good governance enables the Council to effectively achieve its intended outcomes, whilst always acting in the public interest.

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework sets the standard for local authority governance in the UK. The concept underpinning the framework is to support local government in developing and shaping an informed approach to governance, aimed at achieving the highest standards of governance in a measured and proportionate way.

The Framework is designed to assist authorities with the review of the unique local governance arrangements in place with the overall aim to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities.
- There is sound and inclusive decision making.
- There is clear accountability for the use of these resources to achieve desired outcomes for service users and communities.

**The Council's responsibility in relation to Corporate Governance**

Stevenage Borough Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively. The Council also has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, Stevenage Borough Council is also responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

Stevenage Borough Council has adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements in place to enable the Council to monitor the achievement of its strategic objectives, to consider whether those objectives have enhanced delivery of appropriate cost-effective services and outlines the activities through which it accounts to and engages with its communities. The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'.

The Council's Local Code of Corporate Governance is reviewed and approved by the Audit Committee each year. It was last approved by Audit Committee at its meeting on 4th June

2024 and has been reviewed and the revised Local Code is being presented to Audit Committee at its meeting in June 2025 for approval.

This Annual Governance Statement explains how the Council has complied with the Local Code, summarises the review of its governance arrangements and identifies areas of governance to be strengthened and associated actions. The Statement also meets the statutory requirements in section 6 of the 2015 Accounts and Audit (England) Regulations, which requires all relevant bodies to prepare an Annual Governance Statement.

**SBC Governance Framework**

The Local Governance Framework outlines the process the Council applies to review corporate governance arrangements. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they materialise, and to manage them efficiently, effectively, and economically.

Stevenage Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of local governance arrangements including the system of internal control.

The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Assurance's Annual Report, and by comments made by external auditors and other review agencies and inspectorates.

To monitor and maintain the effectiveness of the Council's governance arrangements and drive continuous improvement:

- A Corporate Governance Group is in place which meets four times a year to consider governance arrangements from the perspective of the seven core principles of corporate governance in the CIPFA/SOLACE Framework. Key issues are escalated to the Senior Leadership Team.
- In addition to this proactive in-year review, an annual review of compliance with the behaviours that make up the seven core principles of corporate governance in the CIPFA/SOLACE Framework is carried out through the AGS.
- At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year.
- Corporate Governance Group also consider whether any recommendations as a result of external or internal audit activity (and other review agencies and inspectorates), and the Head of Internal Audit Annual Report, require inclusion in the Annual Governance Statement and monitors progress against actions included in the previous year's statement.
- The Audit Committee reviews and, if agreed, endorses the Local Code of Governance and Annual Governance Statement.

2

All these mechanisms of review contribute to overall assurance for the 2024/25 Annual Governance Statement.

The preparation and publication of the Annual Governance Statement in accordance with the requirements set out in the 'Delivering Good Governance in Local Governance' Framework (2016) fulfils the statutory requirement for the annual review of the effectiveness of systems of internal control.

The Governance Framework summarised in this Statement has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

**Internal Audit Arrangements**

**Annual Audit Coverage**

The Council's Internal Audit coverage is planned and delivered by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council. It is managed by the Client Audit Manager. Internal audit coverage is determined through an established annual planning approach, which is influenced by external regulatory requirements and the strategic and operational risks of the Council. By reviewing the Council's systems of internal control, risk management and governance in accordance with an approved Internal Audit Plan, the SIAS contribute to the Council's corporate governance framework.

The SIAS operates to defined professional standards, i.e. the Internal Audit Standards and the Client Audit Manager reports to the Council's Strategic Director (S151 Officer) providing updates on internal audit matters at regular liaison meetings. The Client Audit Manager provides an independent opinion on the adequacy and effectiveness of the system of internal control, and this is reported annually to Audit Committee. The main responsibility of the SIAS is to provide assurance and advice on the internal control systems of the Council to both Management and Members. The SIAS reviews and appraises the adequacy, reliability, and effectiveness of internal control within systems and recommends improvement where necessary. It also supports management in developing systems by providing advice on matters pertaining to risk and control.

**2024/25 Audit Report**

The Client Audit Manager's Annual Internal Audit Report and Assurance Statement is being reported to the Audit Committee in June 2025. From the internal audit work undertaken in 2024/25, the SIAS can provide the following assurance on the adequacy and effectiveness of the Council's control environment:

**OVERALL ASSURANCE OPINION:**

**Our overall opinion is Reasonable Assurance; meaning 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.**

**Review of Effectiveness of Systems of Internal Audit**

The Accounts and Audit Regulations 2015 came into force from 1 April 2015; Paragraph 5 (1) states, "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".

As part of demonstrating the efficiency and effectiveness of the internal audit activity and identifying opportunities for improvement, the Head of SIAS must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. This includes an annual self-assessment undertaken by the Head of SIAS against the Internal Audit Standards for Internal Audit in Local Government in the UK. The self-assessment concluded that the system of Internal Audit employed at Stevenage Borough Council is effective.

In addition, the Standards require that an external assessment or peer review is undertaken at least once every five years. An independent peer review was undertaken in 2021/22, which concluded that SIAS 'partially conforms' to the Standards, including the Definition of Internal Auditing, the Code of Ethics and Standards. Key recommendations made in the peer review were addressed in year, permitting SIAS to 'generally conform' to the Standards. 'Generally conforms' is the highest opinion within the scale of three ratings, and the peer review also identified areas of good practice and high standards.

The annual performance indicators for the SIAS are set by the SIAS Board which is comprised of the Chief Finance Officers from the client authorities within the partnership. The table below sets out the SIAS performance against the performance indicator relating to planned days delivery and planned projects delivery.

| Indicator | Target 2024/25 | Actual to 31 March 2025 | Notes |
|---|---|---|---|
| 1. **Planned Days** – percentage of actual billable days against planned chargeable days completed (excludes unused contingency) | 95% | 95% | 262 days delivered out of the 276 days planned |
| 2. **Planned Projects** – percentage of actual completed projects to draft report stage against planned completed projects by 31st March 2025 | 90% | 93% | 25 projects to draft or final report from the 27 planned |

The assurance arrangements conformed with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010), as demonstrated through the assessment in the SIAS Annual Assurance Statement and Internal Audit Annual Report being reported to Audit Committee in June 2025.

**CIPFA / SOLACE Governance Principles Reviews**

This section outlines the seven governance principles established in the CIPFA/SOLACE framework, Delivering Good Governance in Local Government, and details the arrangements in place that demonstrate the Council's compliance with these principles and the Council's own Local Code of Corporate Governance.

<div style="background-color:#e6007e; color:white; padding:8px; font-weight:bold;">Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</div>

*The sub-principles underpinning this principle are:*

- *Behaving with integrity*
- *Demonstrating strong commitment to ethical values*
- *Respecting the rule of law*

The standards of conduct and personal behaviour expected of Members and Officers, partners and the community are defined and communicated through Codes of Conduct and Protocols and the Council's Constitution. Induction arrangements are in place to ensure that Members and Officers are aware of their responsibilities under these codes and protocols.

The Council's Local Code of Corporate Governance is reviewed annually and sets out the expectation that Members will have regard for the seven principles of public life (the Nolan Principles), as set out in Section 26 of the Localism Act 2011. The seven principles of public life are selflessness, integrity, objectivity, accountability, openness, honesty and leadership. These principles are readily accepted by the Council as underpinning all local government activity.

All Members make declarations of interest on appointment and are reminded to review and update their declarations if circumstances change. Minutes of meetings demonstrate that declarations of interest are sought and appropriately handled at each meeting.

The Council's website outlines the arrangements for making a complaint that a member of the authority has failed to comply with the Code of Conduct and sets out how the authority will deal with such allegations. Complaints about Members and allegations that a Member has breached the Code of Conduct would be dealt with by the Standards Committee and the Borough Solicitor (Monitoring Officer) under the Localism Act 2011. The Council has appointed an Independent Person, to be consulted on any alleged breaches to the Member Code of Conduct.

The Council has a Standards Committee to promote and maintain high standards of conduct by Members of the Council and deal with any allegations that a member is in breach of the Council's Code of Conduct and to consider changes to the Code as required.

The Council's Constitution sets out the employment procedures for the Head of the Paid Service, Strategic and Assistant Directors, Monitoring Officer and Chief Finance Officer.

The Council's three statutory officers – the Head of Paid Service, the Monitoring Officer, and the Chief Finance (Section 151) Officer – meet regularly to ensure they are able to fulfil their

statutory responsibilities effectively and that governance arrangements continue to support lawful and ethical decision-making.

The Council's has agreed six organisational values, which guide and inform the work of the Council. The values are underpinned by a behaviour framework for staff.



The Values are embedded into Member and Officer induction, regular officer meetings with their managers (REAL conversations), the Modern Member training programme, and management development programmes. A set of desired behaviours associated with each of the Values has been developed and forms part of the Council's appraisal process for officers.

The Council has a Whistleblowing Policy which is based on the Public Interest Disclosure Act 1998 as well as an Anti-Fraud and Corruption, Anti-Money Laundering, Anti-Bribery and Fraud Sanctions policies. The policies are available on the Council's website and intranet, with details on how to report suspected fraud.

One identified enhancement action relates to the Council's Constitution. The annual update was delayed in 2024–25 and should be completed at the earliest opportunity to ensure that decision-making continues to be based on the most up-to-date and robust governance framework.

**Principle B: Ensuring openness and comprehensive stakeholder engagement**

*The sub-principles are:*

- *Openness*
- *Engaging comprehensively with institutional stakeholders*
- *Engaging with individual citizens and service users effectively*

Stevenage Borough Council is committed to finding better ways of working for, and with, local people for the benefit of the local community whilst operating in an open and transparent manner.

The Council regularly provides local residents, partners, and other interested parties with opportunities to influence the planning, prioritisation, and monitoring of services. A variety of methods are used to engage the local community, such as: surveys and questionnaires, community roadshows, focus and action groups and stakeholder conferences.

Through the development of the Cooperative Neighbourhoods programme which commenced in 2020, Stevenage Borough Council has formed partnerships between elected members, Council officers, stakeholders, and community groups which focus on the needs of the local

7

community. Six cooperative neighbourhood areas each have a dedicated team that concentrates specifically on the development and improvement of their area through community engagement and direct delivery. Each team functions in the following ways:

- Connecting staff from different departments who work in the same part of Stevenage so they can provide better services to residents.
- Responding more quickly to matters that residents are concerned about.
- Making it easier for residents to shape the services and projects in their neighbourhood by continuous engagement using a variety of opportunities including face to face, digital and email/telephone options.
- Supporting the activities of residents and communities who want to improve their neighbourhoods and create new opportunities for themselves.

These teams also work together on the co-production of a variety of projects, initiatives, and developments across the town. Focusing on community collaboration and engagement, community wealth building and supporting local community groups and organisations, the Cooperative Neighbourhoods programme ensures healthy community relationships across the town.

The Resident Engagement Strategy 2024-2027, published in July 2024, outlines how the Council will engage with its tenants and leaseholders who live in properties owned by Stevenage Borough Council to ensure they have the opportunity to scrutinise, influence, and contribute to the services they receive. This Strategy reflects the Council's commitment to ensuring that 'tenant voice' is embedded across the Council landlord service.

The Equality, Diversity, and Inclusion (EDI) Action Plan for 2024/25 sets out 18 actions across six key objectives to ensure fair access to services and support the diverse needs of the local population. The Council has an internal governance structure to oversee EDI activity which includes a dedicated SLT Equality Champion. The Council continues to champion diversity through internal initiatives, including regular Equality Impact Assessments (EqIAs) and hosting or participating in a variety of events on important social issues. A particular highlight was the 'Stevenage Equalities Commission: Beyond Barriers Conference' held at the Gordon Craig Theatre and attended by approximately 90 residents, staff, partners and councillors.

The Stevenage Together partnership is a collaborative initiative designed to bring together a wide range of local stakeholders, including public sector bodies, businesses, and voluntary organisations, to work on the town's most significant strategic issues. Its ethos is to foster innovative ways of working together, in order to improve the lives of people who live work and visit Stevenage. Stevenage Together is supported by four themed sub-groups:

- SoSafe Community Safety Partnership
- Social Inclusion Partnership
- Healthy Stevenage Partnership
- Stevenage Works Strategic Partnership

This partnership ensures that a diverse range of perspectives and expertise is considered by the Council.

In addition, the Council has established shared service arrangements in order to provide service delivery benefits and added value with other Hertfordshire local authorities across a

range of areas including IT, payroll, legal and internal audit. Governance arrangements vary to some extent based on the nature of the service and structure of the shared service but involve Member and senior management oversight from all participating partners. The shared services are also considered for inclusion in the annual internal audit programme.

The Council maintains a commitment to openness and transparency in all its processes. Council meetings are open to the public, and relevant papers are published in advance to ensure that residents and other interested parties can access information about key decisions, unless there are specific legal or operational reasons for withholding them. In addition, Cabinet, Overview and Scrutiny and Council meetings are available to watch online. This approach helps foster accountability and trust, allowing residents to engage with and scrutinise the decision-making processes that affect them.

The Resident Survey, last conducted in 2021/22, provided valuable insight into residents' perceptions of Council services. The next survey, scheduled for 2025, will continue to gather feedback to ensure that service priorities are aligned with the community's needs.

Through these initiatives, the Council maintains a strong commitment to openness and accountability, ensuring that decisions are informed by a broad range of voices and that residents are involved in shaping the services they receive.

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

*The sub-principles are:*

- *Defining outcomes*
- *Sustainable economic, social and environmental benefits*
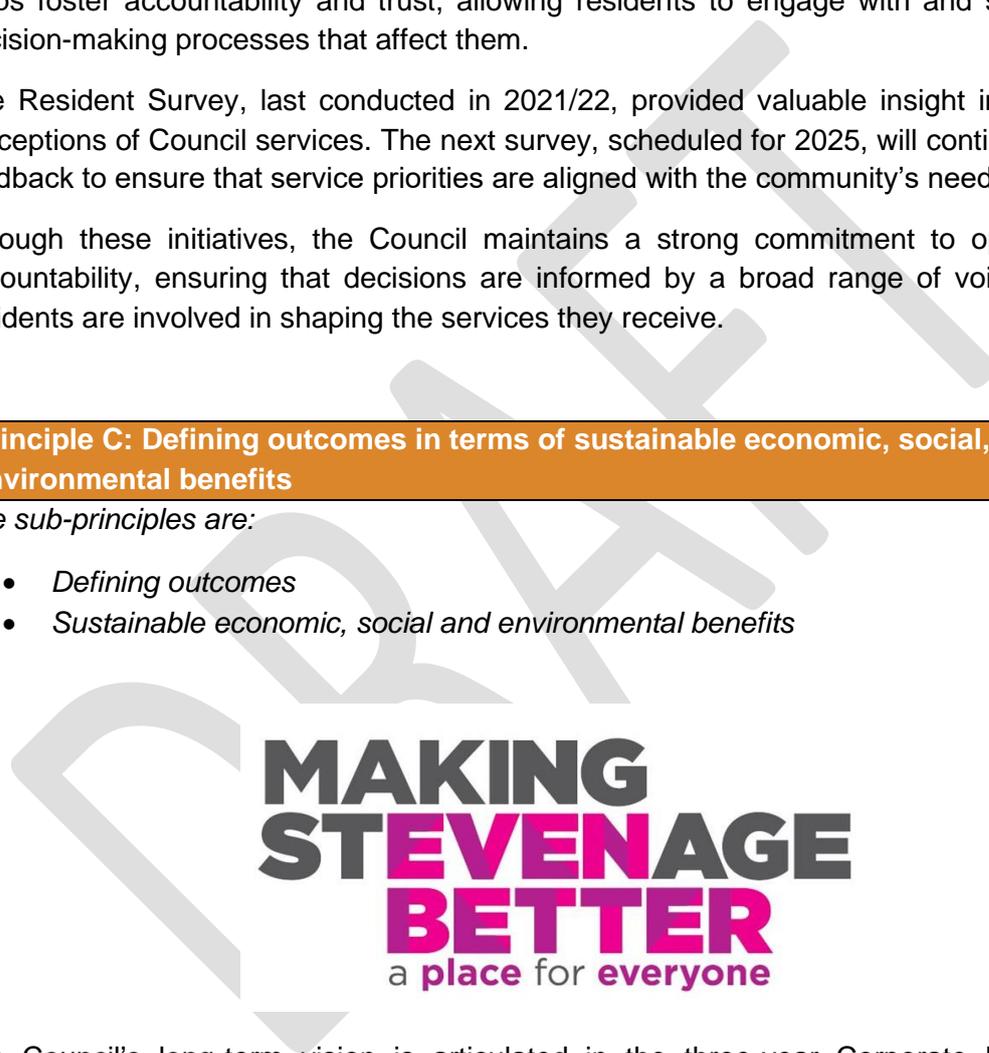


The Council's long-term vision is articulated in the three-year Corporate Plan: Making Stevenage Even Better, which was approved in February 2024 and implemented April 2024. The plan outlines the Council's strategic priorities and intended outcomes, shaped by feedback from residents and local partners and taking account of local demographic trends. It builds upon the previous Future Town, Future Council programme and is supported by key enabling strategies, including the Medium-Term Financial Strategy (MTFS) and Capital Strategy, to ensure delivery is financially sustainable.

9

The Corporate Plan sets out five strategic priorities:

- Tackling Climate Change
- More Social, Affordable and Good Quality Homes
- Balancing the Budget
- Thriving Neighbourhoods
- Transforming Our Town

Each strategic priority is accompanied by a "Plan on a Page", which summarises the intended outcomes, key performance indicators, and milestones. This format provides a structured framework to track progress and ensure accountability. The plans are published online and reviewed annually to ensure that progress is being made, actions remain relevant and achievable.

Three cross-cutting themes — Equality, Diversity and Inclusion; Health and Wellbeing; and Technology and Innovation — are embedded across all priority areas. The inclusion of cross cutting themes represents the need to raise awareness of these areas when designing and delivering services.

The Council's Climate Change Strategy sets out the commitment to achieving net zero carbon emissions by 2030 and outlines actions to support both organisational and district-wide decarbonisation. Progress is monitored through regular reporting and a public-facing dashboard, with governance oversight maintained by senior leadership and Cabinet.

Social value is also embedded within the Council's commissioning and procurement activity. The Social Value Portal, underpinned by the National TOMs (Themes, Outcomes, Measures) framework, is used to assess and monitor the wider economic, social and environmental benefits delivered through contracts. This approach ensures that procurement decisions contribute meaningfully to the Council's broader strategic aims.

Taken together, these arrangements provide assurance that the Council's outcomes are clearly defined and that there is an integrated governance framework in place to support their achievement in a sustainable, accountable and inclusive manner.

10

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

*The sub-principles are:*

- *Determining interventions*
- *Planning interventions*
- *Optimising achievement of intended outcomes*

The Council's report template is designed to help officers take a structured approach to report writing including a comprehensive assessment of the legal, financial, risk and other implications of any proposed recommendations. All reports with legal or financial implications are checked by the Monitoring Officer or Chief Financial Officer as appropriate prior to consideration at committee.

The progress of each corporate priority is monitored via a set of performance measures and reported to Cabinet each quarter. In addition to tracking progress against the delivery of the corporate plan, performance across all Council services is monitored through the year to highlight achievements and identify areas for improvement and this is also reported to the Cabinet each quarter.

The Balancing the Budget programme continues to enhance the financial resilience of the Council by ensuring resources are being used effectively and efficiently and through the development of commercial and entrepreneurial skills and services.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the separation of duties, management supervision, appropriate staffing structure including appropriately skilled, trained and qualified staff, and a system of delegation and accountability.

The Medium-Term Financial Strategy (MTFS) and HRA 30 year Business Plan provides the framework for the Council's financial planning, ensuring that resources are aligned with strategic priorities. It is reviewed at least annually (more often if financial risks are heightened) with the projected funding needs and financial pressures identified to support long-term sustainability.

Overall, the Council's governance arrangements ensure that decisions are made based on thorough analysis and are subject to ongoing scrutiny and challenge, both at an officer and Member level, contributing to the achievement of intended outcomes.

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

*The sub-principles are:*

- *Developing the entity's capacity*
- *Developing the capability of the entity's leadership and other individuals*

The Council supports both Members and Officers to develop the skills, knowledge and

capacity required to deliver effective governance and high-quality services. Newly elected Members undertake an induction programme, including briefings with key officers, to support their understanding of the Council's functions and responsibilities. Ongoing development is provided through the Modern Members Programme, which offers training tailored to Members' roles, including budget management, legislative updates and topical briefings. The programme is reviewed and developed in response to Member feedback.

For officers, the Council's Workforce Strategy – People, Even Better – sets out a framework for building a modern, skilled, and inclusive workforce aligned with the Council's Corporate Plan. It focuses on five key priorities: ways of working, attracting and retaining the best people, engagement and communication, inclusion and wellbeing, and organisational development.

The Council uses a HR Management system to support workforce planning (aligned with annual service and financial planning), training, development and the implementation of the Council's competency framework structure. The Council's Competency Framework provides a map of the behaviours, as well as the skills, that are valued and recognised by the Council.

Performance management is supported through a suite of HR policies and the REAL Conversations approach – a rolling programme of one-to-one meetings between managers and staff covering objectives, development, wellbeing and engagement.

Staff feedback informs ongoing improvement. For example, the 2024 staff survey identified a need to further embed an inclusive culture, which led to specific actions incorporated into the EDI Action Plan and monitored by the Officer Equality Group. The 2025 staff survey has been conducted across April and May 2025, and its findings will similarly inform future action.

The Chief Executive and Leader meet regularly to maintain a collaborative relationship whilst recognising their distinct leadership roles. Prior to the government's Local Government Reorganisation initiative which will see new unitary authorities replace the current two tier system of local government in Hertfordshire by April 2028, the Council was planning for a LGA Peer Review in 2025/26. This is now under review.

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

*The sub-principles are:*

- *Managing risk*
- *Managing performance*
- *Robust internal control*
- *Managing data*
- *Strong public financial management*

Risk management and corporate governance have been subject to internal audit during 2024/25, with both receiving positive audit outcomes. The Council's Risk Management Policy is supported by a guide available to all staff and training is provided periodically. Strategic risks are linked to the Council's priorities and recorded on a Strategic Risk Register, which is reviewed quarterly by senior officers and reported to the Audit Committee. Operational risk

registers are also maintained at service level. Each risk is assigned to a designated risk owner. Report templates prompt officers to consider risks, including financial, social and environmental implications, in decision making. The Corporate Risk Group meets quarterly to oversee the development of the Council's risk management arrangements.

Service planning takes place on an annual basis. This year the process has been adjusted in response to feedback from services to ensure better alignment with budget setting and the end of the financial year.

At business unit level, assurance of compliance with the principles of good governance requires all Assistant Directors to complete, certify and return a Service Assurance Statement each year. This process is usually undertaken across April and May. Whilst some improvement actions have been identified, none of these constitute a significant governance concern. The improvement actions will be monitored via the Corporate Governance Group.

The Council's internal financial control is supported by documented Contract Procedure Rules (formerly Contract Standing Orders) and Financial Regulations, which are regularly reviewed. They set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services. The Contract Procedure Rules have recently been updated to reflect the requirements of the Procurement Act 2023 and Financial Regulations are due to be reviewed in 2025.

Balancing the budget remains a high strategic risk for the council given the uncertainty around the medium to longer term financial position and is thus captured as a governance improvement action later in this document.

The Council is a member of the Hertfordshire Shared Anti-Fraud Service, which provides a fraud prevention and investigation function and supports training, awareness and policy development in line with best practice. The service reports quarterly to the Audit Committee. The Council expects the highest standards of conduct from all those it works with and is currently updating its anti-fraud and whistleblowing policies with the help of the Shared Anti-Fraud Service.

Information governance is overseen by the Council's Information and Records Governance Manager (who is also the designated Data Protection Officer). Monitoring is carried out through the Corporate Governance Group, with any significant issues escalated to senior management. A suite of policies is in place to ensure the safe and lawful collection, storage and use of data. Data protection e-learning is available through the Council's digital training platform.

Cyber security is recognised as an increasing area of risk for the sector. The risk is monitored through the Strategic Risk Register and highlighted as an area for further improvement activity within this AGS.

The Housing Revenue Account (HRA) Business Plan is the Council's strategic plan for managing and maintaining its housing stock. It sets out the Council's short-to-medium term plans and priorities for its housing management services and provides a long-term perspective on stock investment and financial planning. The Business Plan is reviewed regularly to reflect changing circumstances and local priorities. The HRA Business Plan was reviewed in 2023/24 and the HRA MTFS in 2024/25 in response to increasing financial pressures. This intervention enabled the Council to set a financially sustainable budget for the HRA for 2025/26, but with

13

an increased savings target for the next three years of circa £6Million in total. It will be necessary to complete the actions as set out in the 2025/26 HRA Budget report for the 2025/26 Business Plan revision, to ensure that current spending plans are sustainable over the medium and longer term. The business plan is due to be published in November 2025 (this forms an enhancement activity as detailed later in this report).

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

*The sub-principles are:*

- *Implementing good practice in transparency*
- *Implementing good practice in reporting*
- *Assurance and effective accountability*

Reporting on performance, value for money, the stewardship of resources and the assessment of robust corporate governance arrangements are provided throughout the year through:

- Quarterly financial monitoring reports to Cabinet
- Quarterly corporate performance reports to Cabinet
- Annual publication of Statement of Accounts
- Publication of the Annual Governance Statement
- Publication of the Council's Annual Report
- Internal reporting of Financial KPI's to the Council's Senior Leadership Team quarterly

Compliance with regards to the publications commitments detailed in the Local Government Transparency Code 2015 is monitored throughout the year by Corporate Governance Group.

The Council's internal audit provision is delivered by the Shared Internal Audit Service hosted by Hertfordshire County Council. A summary of 2024/25 arrangements and the Head of Internal Audit opinion is set out in an earlier section of this Statement. Medium and high priority actions arising from internal audits are monitored to completion by the Audit Committee.

To support service delivery improvements, the Council welcomes constructive challenge as a result of scrutiny from internal/external audit activity as well as the work programme of Overview and Scrutiny Committee and other external review agencies and inspectorates.

The Council was subject to an RSH inspection in 2024/25 and achieved a C2 grading. This is a positive outcome (the second highest available) but some points to address were identified. A Provider Improvement Plan has been developed and will be reviewed with the regulator at regular meetings. This has been identified as a key governance action for 2025/26.

The Council has two wholly owned subsidiary companies, Queensway Properties LLP and Marshgate Ltd, both of which operate under their own internal governance structures but remain accountable within the Council's overall governance framework. The Council is also a shareholder in Hertfordshire CCTV Partnership Ltd (CCTV) and is a member of Swingate LLP, which has been established as a joint venture.

At the time of writing, the external audit for 2024/25 was underway.

With the exception of the action identified under Principle A, above, the review has found that arrangements reflect those summarised in the Council's Local Code of Corporate Governance.

**Governance Improvement Actions 2023/24**

Following the review of governance in 2023/24, the previous AGS identified some key areas where work would be undertaken to strengthen governance arrangements. Progress against those actions is set out below.

General Fund Asset Management

Work is ongoing to strengthen the Council's asset management arrangements. Progress has been made in clarifying service responsibilities, improving contract management, and preparing procurement activity to secure key compliance and maintenance services.

A Facilities Management Strategy is under review to define service standards and responsibilities, and a more formalised training plan is being developed for both the Facilities and Estates teams.

A programme of remedial works will be established once procurement is complete, ensuring statutory and compliance actions are addressed.

The Estates Commercial Review remains active, alongside a departmental restructure to ensure the service is adequately resourced.

Key actions currently underway include:

- Continuation of the Estates Commercial Review
- Review of the Facilities Management Strategy
- Development of a formal training plan for Facilities and Estates teams
- Procurement of key electrical, fire, mechanical, and soft services contracts
- Completion of the Estates department restructure
- Strengthening corporate landlord and occupier responsibilities framework

General Fund asset management arrangements continue to be monitored through the strategic risk register and statutory officers receive regular reports regarding compliance.

Balancing the Budget: To ensure that the Council has sufficient resources to fund its medium and long-term service plans and corporate priorities

2025/26 savings have been identified and approved by Council in February 2025 and 99% of savings identified for 2024/25 have been delivered.

<u>Commercialisation: To ensure that the Council's ambitious Co-operative Commercial and Insourcing Strategy can be achieved</u>

Teams across the Council continue to support the development of commercial workstreams, with a range of teams presenting proposals at the working group meetings, showing the extent to which a commercial culture has established. A number of insourcing opportunities have been explored and business cases submitted where appropriate. Fees and charges for 2025/26 for both the General Fund and Housing Revenue Account have been approved. Contract management training has been provided and was well received.

<u>Responding to socio-economic impacts:</u>

Action taken includes:

- Continued use of UKSPF funds to support projects within the town and use of Social Value Portal to provide funding for local skills development and key local investment priorities.
- Household support funding is being used to fund community cafes which act as warm and cool spaces.
- Development of strong networks with young people's services, education providers, businesses, and organisations across Stevenage. The Council also continues to work with partners to increase access to funding, share learning and best practice and to co-ordinate activity where appropriate (e.g. Mission44).
- The Cost of Living information hub on the Council's website has continued to be updated and work is ongoing with partners including Citizen's Advice and the Money Advice Unit to offer residents a comprehensive advice and support service
- The Terms of Reference for Stevenage Together partnership have been reviewed. The partnership and subgroups continue to take a strategic approach to issues that influence the quality of life of those who live and work in Stevenage.
- A successful application has been made for the Warm Homes: Social Housing Fund to retrofit and decarbonise a portion of the Council's housing stock. Additionally, an expression of interest has been submitted in relation to the Warm Homes: Local Grant to retrofit private homes across the town. These initiatives will help to reduce Council, tenant and resident costs.

<u>IT Resilience and Cyber Security: to continue to implement the IT Strategy and Action Plan to enhance IT infrastructure, cyber security and IT resilience</u>

The Council has invested in additional resources for the Shared ICT service and the restructure to improve resilience and capacity will be completed in 2025/26. Work to achieve PSN certification and Cyber Assessment Framework Accreditation remains ongoing but overall cyber resilience continues to grow incrementally in the meantime as individual measures within the frameworks are achieved. The Cyber Treatment Plan produced for the Council by the National Cyber Security Department has been completed. The cyber security policies have also been reviewed.

<u>Health and Safety: Continue to enhance and embed health and safety compliance and performance</u>

Internally conducted audits have been completed and action plans agreed and monitored. The health and safety risks continue to be monitored by the H&S strategic group and key issues escalated. There are currently three high risks, which are also components of risks detailed in the Strategic Risk Register, all of which have mitigating actions planned and underway.

<u>Council Housebuilding and Acquisitions Programme: To ensure the Council can deliver new council owned homes as programmed</u>

There has been good progress on schemes and new schemes are progressing in early design stages and will be assessed for viability as the design develops. There has also been successful receipt of a first tranche of grant funding from Homes England and exploration of other bid opportunities.

<u>Repairs and Voids</u>

An improvement plan for the Repairs service is being implemented following an independent review and a Community Select Committee scrutiny carried out in 2023/24. Good progress is being made on the workstreams – a review of staffing resources has been completed and recruitment to key management roles concluded in Q4 of 2024/25. Policies and procedures are being worked on including a protocol between the Repairs and Maintenance and Housing Asset Management teams to ensure repair requests are managed efficiently. The procurement of support contractors is in progress with contract mobilisation expected during 2025/26. Having good quality, cost effective and well managed contractors alongside the core in-house trades will help ensure the service can carry out repairs in a timely manner. In 2025/26 there will also be a focus on ensuring clear and effective processes are in place to ensure consistency and efficiency of service delivery. In the longer-term, delivery of improvements to housing systems will enable more efficient ways of working which in turn will support increased productivity of the workforce.

Progress has also been made with the Voids Improvement Plan in 2024/25 with the future delivery model having been agreed in principle and a new Voids Policy and Lettable Standard approved. In 2025/26 a mobilisation plan for an in-house Voids team will be worked up to enable a small team established during the year to enable completion of void works supported by external contractors for which the procurement process commenced in 2024/25 will be concluded in early 2025/26.

<u>Corporate Capacity: To ensure the Council has the capacity to carry out all of its priorities as well as provide its core services and implement new government requirements as they arise</u>

The Workforce Strategy was approved by Cabinet in September 2024. The HR team continue to work with service leadership teams to prioritise recruitment and associated support plans.

<u>Social Housing Regulation Act: To deliver the proposals set out in the Social Housing Regulation Act</u>

The Regulator of Social Housing inspection took place in September 2024 and the Council achieved a C2 rating. A post inspection plan has been developed and will be monitored through to completion (this is identified as a governance improvement action in this year's Annual Governance Statement).

<u>Building and Fire Safety Acts: To deliver the proposals set out in the new Building Safety/Fire Safety Acts which have established new legal duties for landlord and building owners of higher-risk residential buildings to keep their buildings safe</u>

Contractors have been appointed and remedial works continue to be identified and progressed. Fire risk remedial numbers are reported to Cabinet via the Performance Scorecard and show an improving position. Monitoring of compliance also takes place via Corporate Compliance Group, SLT and reports provided to the statutory officers. Overall there has been positive progress.

<u>Climate Change: To ensure Stevenage can meet the government's net zero target for the town by 2050</u>

Action taken includes:

- The Climate Change Annual Update has been presented to SLT, Cabinet and Environment & Economy Select Committee, and the Council emissions annual report is in progress. The Climate Action Plan Tracker remains available online and has been updated throughout the year.
- The Council has successfully applied for funding from the Warm Homes: Social Housing Fund to retrofit and decarbonise housing stock. Additionally, an expression of interest has been submitted in relation to the Warm Homes: Local Grant to retrofit private homes across the town.
- The Climate Change Risk Assessment has been completed and approved by SLT but the team are working in amendments and complements and are aiming to produce a new CCRA during 2025. The team are also coordinating efforts for the production of a Climate Change Adaption Plan.
- Regarding the SBC Local Plan, the Regulation 19 consultation opened in November 2024 and the Planning Policy and Climate Action teams have been working closely in each consultation round to provide a response and update, if required.
- Social Value considerations for procurement processes have continued to be implemented, as well as a Stevenage Green Business Grant which has been awarded to local businesses to implement greener solutions by purchasing and installing new products and equipment to reduce their carbon footprint.

<u>Digital Switchover: To ensure that there is no disruption as a result of the changeover from analogue to digital lines</u>

This remains a strategic risk but the national deadline for switching from analogue to digital lines has been delayed to January 2027 and progress has begun to be made in the meantime, so the overall risk has reduced. There are broadly three main workstreams: Independent Living Schemes, Housing, and other non-housing lines. The testing of the first independent living scheme careline transfer was successful and it is the target to complete the transfer for all independent living sites in 2025. IT are managing non-housing conversion of lines and are also targeting completion in 2025, ahead of the new deadline. A working group has been set up comprised of Housing Management, Asset Management and IT to ensure that the approach for other (non careline) Housing lines is aligned with the activity taking place for non-housing elements of the wider estate.

<u>Court Cost Management: To enhance arrangements for managing court costs</u>

A process is being established between finance and shared legal services to ensure collection and recording of court costs takes place.

In addition to the actions referred to above, the 2023/24 AGS also referred to improvement activity that was planned in relation to a self-assessment against the seven 'characteristics of a well-functioning authority' as set out in the (at the time) draft Best Value Duty guidance to build on existing good practice. Progress against those improvement actions is detailed below.

**Best Value Self Assessment Actions**

| Action | Update |
|---|---|
| *Continuous Improvement* | |
| i. In response to the Office for Local Government's (OfLoG) publication of local authority data, the OfLoG District Council Metrics will be added to the Council's Performance Management System in 2024/25 for quarterly monitoring and review by the Senior Leadership Team (SLT)<br><br>ii. The Council will undertake a review of its approach to coordination of Government Single Data List returns to ensure that there is a central log of comparative data for key services<br><br>iii. To enhance the Council's existing approach to using data to inform business insight, an assessment of all existing business insight tools will be undertaken<br><br>iv. The SLT will continue to retain priority focus on workforce matters through its Workforce Strategy with specific focus on promoting the link between individual staff objectives (as captured through REALs) and the council's wider MSEB strategic priorities i.e. 'the golden thread'<br><br>v. Audit of Service Assurance Statements to be added to the 2025/26 SIAS programme of work. | All applicable OfLoG measures have been incorporated into the Performance Management System (inPhase), however it was announced in December 2024 that OfLoG would be closed. Other benchmarking measures will be explored (e.g. LG Inform) as part of the work to explore other performance reporting systems and greater use of PowerBI as a primary business insight tool.<br><br>The Workforce Strategy was approved in September 2024 and the use of REALs continues to support the cascading of the council's wider MSEB strategic priorities through to individual staff objectives.<br><br>Service Assurance Statement template reviewed and updated April 2024. Possible future external / independent review remains under consideration. |
| *Leadership* | |
| i. The Council will implement a budget process development model for 2025/26 which is aligned with key outcomes identified in Service Plans<br><br>ii. All Service Plans (currently held corporately) will be made accessible online to the SLT throughout the year via Microsoft Teams | Budget planning for 2025/26 has now concluded. A new process for budget development has been set out and is underway for 2026/27.<br>Service plans are being made accessible to SLT and will continue to be going forward. |

| *Governance* | |
|---|---|
| i. To enhance Member knowledge and insight of Council matters, the Council will review the scrutiny subject topics for 2024/25 and identify opportunities for future Select Committees covering a range of subjects (including site visits and external visitors were appropriate)<br><br>ii. Through the new Member training programme, a session on the importance of scrutiny and existing scrutiny functions will be arranged<br><br>iii. Introduce a single annual performance and forecast review report for Stevenage Borough Council companies<br><br>iv. Introduce a twice yearly SLT Complaints Report on key complaints themes identified through the Annual Complaints and Service Improvement Report | Scrutiny topics for 2024/25 were developed to ensure that they covered a range of subjects, supported by the Scrutiny Officer.<br><br>A session with the Centre for Governance and Scrutiny provided a session for our newly elected Members on the essentials of scrutiny on 18 July 2024.<br><br>This is currently reported in the end of year Monitoring Report General Fund, Housing Revenue Account, Capital, and Group Companies. Financial reporting and performance reporting has been aligned to be reviewed together.<br><br>Complaints information is now being reported alongside the Corporate Performance Quarterly Reports. |
| *Use of Resources* | |
| Undertake a review of the Council's approach to project management to ensure that the Council's ability to check the intended outcome of projects is assured and this is communicated to key stakeholders | Various project governance processes are in place. These will be tested further through the service level assurance process. |

The Council remains committed to upholding the principles of Best Value, ensuring continuous improvement in the delivery of services while balancing quality, cost, and community outcomes. As governance requirements evolve, the Council continues to adapt its actions, ensuring they remain aligned with the core intent of the duty and guidance.

**Planned Improvement Activity for 2025/26**

Significant internal control and governance issues identified as part of the 2024/25 review of governance are set out in the following Action Plan.

Enhancement activity is deemed significant if recommended for reflection in the Annual Governance Statement by the Shared Internal Audit Service following reviews of control arrangements to meet the Audit Plan, or if identified as key to the management of 'very high/high level' strategic risks or based on the findings of the review of compliance with the CIPFA/SOLACE governance principles. By adopting this approach, any concerns over key controls that have a material effect on corporate governance arrangements and the associated delivery of priority outcomes should be addressed.

| Issue | Action (and target dates) | Owner |
|---|---|---|
| Local Government reorganisation / devolution *(strategic risk)* | • Review the capacity needed to engage effectively with the local government reorganisation process,<br>• Establish an internal governance structure to oversee the process,<br>• Following due consideration and engagement with local partners, ensure submission of required returns.<br><br>*Target date:*<br>*Next submission due November 2025* | Chief Executive |
| HRA Business Plan *(strategic risk)* | To ensure that medium to long-term viability of the HRA is sustainable, the following activity is planned:<br>• Undertake a full review of the HRA business plan and investigate saving opportunities identified through the MTFS November 2024 update.<br><br>*Target date:*<br>*Review to be published November 2025* | Assistant Director for Housing and Neighbourhoods |
| IT resilience *(strategic risk)* | To manage risks relating to IT resilience, the following work is planned:<br>(a) Build on existing cyber security training for Staff and Members,<br>(b) Gain Cyber Essentials certification.<br>(c) Gain PSN certification,<br>(d) Complete the Cyber Assessment Framework.<br><br>*Target date:*<br>*(a) End of March 2026*<br>*(b) End of March 2027* | Assistant Director for IT |

| Issue | Action (and target dates) | Owner |
|---|---|---|
| Balancing the budget *(strategic risk)* | To ensure that the Council has sufficient resources to fund its medium and long-term service plans and corporate priorities, the following activity is planned:<br>• Find Balancing the Budget (BTB) savings and new revenue streams as part of the 2026/27 budget setting process,<br>• Ensure robust budget monitoring and all costs are accurately forecast and profiled in year, providing budget monitoring reports to Cabinet.<br>• Review of Fees and Charges for 2026/27 to contribute to the BTB savings.<br><br>*Target date:*<br>*A process has been implemented for the 2026/27 budget and savings will be published for approval in Q3.* | Assistant Director Finance |
| Housing Property Services – Contract Compliance *(internal audit programme)* | To improve contract compliance within Housing Property Services, the following activity is planned:<br>(a) Appoint repairs and maintenance contractors to support the in-house Repairs team and a lift servicing and maintenance contractor for stairlifts, through floor lifts and hoists, etc installed in council properties following a robust procurement / appointment process, held in accordance with the Contract Procedure Rules and supported by the Corporate Procurement team.<br>(b) Embed improved documentation processes in relation to contract compliance.<br><br>*Target date:*<br>*(a) Support contractors for repairs: Q1, Servicing and maintenance contract for lifting equipment: Q4*<br>*(b) To be tested through 2024/25 internal audit programme* | Assistant Director Building Safety and Housing Property |
| Constitution review *(review of governance principles)* | Ensure a high-level targeted review of the constitution takes place and that a process is in place for this to happen on an annual basis (recognising that future reviews may be influenced by forthcoming local government reorganisation developments).<br><br>*Target date:*<br>*Q2 2025/26* | Monitoring officer |

23

| Issue | Action (and target dates) | Owner |
|---|---|---|
| Regulator of Social Housing Inspection – Provider Improvement Plan *(inspection outcome)* | Ensure completion of corrective actions identified in the post inspection action plan.<br><br>*Target date:*<br>*Ongoing monitoring throughout the year, as per the Regulator of Social Housing's timetable* | Assistant Director Building Safety and Housing Property and Assistant Director for Housing and Neighbourhoods |

The Council is committed to monitoring implementation of these actions as part of the next annual review.

**Approval of Statement**

**Approval of Statement by Chief Executive and Leader of the Council**

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Strategic Leadership Team, relevant officers and the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Areas to enhance the governance framework already addressed are summarised in this Annual Governance Statement. Areas to be addressed and ensure continuous improvement are set out in the table above on pages 22-24.

We propose over the coming year to take steps to address the above matters, to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed …………………………………

Date …………………………………

Cllr Richard Henry
Leader of Stevenage Borough Council

Signed …………………………………

Date …………………………………

Tom Pike
Chief Executive of Stevenage Borough Council

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank