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AUDIT COMMITTEE

Date: Tuesday, 4 November 2025

Time: 6.00pm,

Location: Council Chamber

Contact:

committees@stevenage.gov.uk

Members: Councillors: C Veres (Chair), L Briscoe (Vice-Chair), P Bibby,
R Boyle, L Brady, T Plater, C Roopchand, T Wren and D
Kehoe

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 3 September 2025.

Pages 3 – 6

3. MID-YEAR ANNUAL GOVERNANCE STATEMENT UPDATE

To consider the Mid-Year Annual Governance Statement update.

Pages 7 – 16

4. MID-YEAR TREASURY MANAGEMENT REVIEW 2025/26

To consider the Mid-Year Treasury Management review of 2024/25.

Pages 17 – 38

5. ANTI-BRIBERY POLICY

To consider the Anti-Bribery Policy.

Pages 39 – 44

**6. SHARED ANTI-FRAUD SERVICE (SAFS) YEAR END REPORT AND
PROGRESS UPDATE**

To consider the Shared Anti-Fraud Service (SAFS) Year End Report and Progress update.

Pages 45 – 66

7. SHARED INTERNAL AUDIT SERVICE UPDATE

To consider the Shared Internal Audit Service update.

Pages 67 – 80

8. URGENT PART 1 BUSINESS

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

9. 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 paragraphs 1 – 7 of Part 1 of Schedule 12A of the Act as amended by Local Government (Access to Information) (Variation) Order 2006.

2. That Members 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.

10. Q2 CORPORATE RISK REPORT

To consider the Q2 Corporate Risk Report.

11. UPDATE ON THE COUNCIL'S WHOLLY OWNED COMPANIES

To consider the update on the Council's wholly owned companies which was presented to Cabinet and the Overview and Scrutiny Committee.

12. ICT UPDATE (CYBER SECURITY)

To consider the ICT update for Cyber Security.

13. URGENT PART II BUSINESS

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

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

Date: Wednesday, 3 September 2025

Time: 6.00pm

Place: Council Chamber

Present: Councillors: Carolina Veres (Chair), Lloyd Briscoe (Vice-Chair), Philip Bibby, Mason Humberstone, Ceara Roopchand and Tom Wren

Independent Member: Syed Uddin

Start / End Time: Start Time: 6.00pm
End Time: 6.30pm

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

Apologies for absence were received from Councillors Tom Plater and Anne Wells.

There were no declarations of interest.

2 **MINUTES OF PREVIOUS MEETING**

The minutes of the Audit Committee held on 3 June 2025 were approved as a correct record and signed by the Chair.

3 **SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT**

Simon Martin (SIAS) presented the first internal audit progress report for 2025/26. He summarised work completed between April and August, including three finalised audits with positive assurance levels and two new medium priority recommendations. He confirmed there were no high priority recommendations outstanding and that performance indicators showed no risks to delivering an annual assurance opinion.

Members asked questions regarding the scope of the garages audit, particularly whether cleaning charges and validation of service delivery were included. Simon Martin agreed to confirm details outside of the meeting and provide further information for circulation to all Members.

Further questions concerned audit delivery progress and potential resourcing issues. Simon Martin advised that SIAS was currently at full establishment, and that delivery was scheduled flexibly throughout the year. He confirmed no risks to plan delivery.

It was **RESOLVED** that the Internal Audit Progress Report be noted, along with the status of critical, high and medium priority recommendations.

4 **ANNUAL TREASURY MANAGEMENT REVIEW OF 2024/25 INCLUDING PRUDENTIAL INDICATORS**

The Assistant Director (Finance) presented the report, highlighting that all statutory and regulatory requirements had been met. Capital expenditure was £44.4m, lower than the £88.4m budget due to reprofiling, which also reduced borrowing requirements. General Fund borrowing was £4m and HRA borrowing nil. Investments totalled £46.1m, earning an average return of 4.95% and £2.3m in interest.

Members asked questions on:

- Potential increases in PWLB rates – the Assistant Director confirmed this was possible and would be monitored.
- Minimum Revenue Provision (MRP) for the new multi-storey car park – the Assistant Director would confirm usage income outside of the meeting
- Strong investment performance – attributed to higher returns, reduced borrowing and prudent treasury management.
- Financing of capital expenditure – clarified that £9m of General Fund expenditure was met from grants and contributions rather than borrowing.

It was **RESOLVED** that the 2024/25 Annual Treasury Management Review, including the prudential indicators, be recommended to Cabinet for onward recommendation for approval by Council.

5 **URGENT PART 1 BUSINESS**

There was no Urgent Part I Business.

6 **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.
2. That having considered the reasons for the following items being in Part II, it be determined that maintaining the exemption from disclosure of the information contained therein outweighed the public interest in disclosure.

7 **Q1 CORPORATE RISK REPORT**

The Corporate Performance and Improvement Officer presented the Q1 Corporate Risk Report.

Members asked questions that were responded to by the Corporate Performance and Improvement Officer.

8 **URGENT PART II BUSINESS**

There was no Urgent Part II Business.

At this juncture a Member commented that a number of Audit Committee Members were regularly offering apologies for lateness. The Member requested that consideration be given to starting Audit Committee meetings at a later time. The Chair agreed to consider the request.

CHAIR

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Part I – Release to Press



Agenda item: ###

Meeting Audit Committee
Portfolio Area All Portfolio Areas
Date 4 November 2025



MID-YEAR UPDATE ON ACTIONS ARISING FROM THE ANNUAL GOVERNANCE STATEMENT

AUTHOR – JOE MAGGS
CONTRIBUTORS – ASSISTANT DIRECTORS
LEAD OFFICER – CLARE FLETCHER
CONTACT OFFICER – JOE MAGGS

1 PURPOSE

- 1.1 To update the Audit Committee on progress made against the actions set out in the Council's Annual Governance Statement 2024/25, as reported to the Audit Committee at its meeting on 3 June 2025.

2 RECOMMENDATIONS

- 2.1 That Members of the Audit Committee note the progress to date of the actions identified in the Annual Governance Statement 2024/25.

3 BACKGROUND

- 3.1 In accordance with the CIPFA / Solace 'Delivering Good Governance in Local Government' 2016 Framework and Guidance, the Council is required to publish an Annual Governance Statement (AGS).
- 3.2 The AGS is a statutory document that outlines the systems and processes in place to ensure the Council operates effectively and in accordance with good governance principles. It is produced annually following a comprehensive

review of the Council's governance arrangements and includes an action plan to address any significant issues identified.

- 3.3 To ensure appropriate oversight of progress against these actions, the Council is committed to monitoring their implementation through the next annual review. As part of this commitment, the Corporate Governance Group (CGG) monitors progress at each of its quarterly meetings and a mid-year progress update is provided to the Audit Committee.
- 3.4 Appendix A outlines the year-to-date progress of the governance improvement actions included in the 2024/25 AGS. The full year position will be reported to Audit Committee in June 2026.
- 3.5 In addition to monitoring progress against the actions arising from the AGS, the Corporate Governance Group plays a broader role in overseeing and supporting the Council's governance arrangements. This includes ongoing monitoring of compliance with the principles that form the CIPFA Delivering Good Governance in Local Government Framework, keeping oversight of key developments in strategic risk, and considering the outcome of service-level assurance statements.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 The self-assessment of the Council's corporate governance arrangements, and the identification of significant governance actions to support continued compliance with the CIPFA/Solace Delivering Good Governance in Local Government Framework (2016), forms a key part of the assurance process underpinning the Annual Governance Statement. This process ensures the Council meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015.

5 IMPLICATIONS

Financial Implications

- 5.1 There are no direct financial implications arising from this report (though one of the actions relates to the Balancing the budget programme).

Legal Implications

- 5.2 There are no direct legal implications arising from this report.

Risk Implications

- 5.3 There are no risk implications arising from this report (though a number of the improvement actions are aligned to strategic risks).

BACKGROUND DOCUMENTS

1.1 All documents that have been used in compiling this report, that may be available to the public, i.e. they do not contain exempt information, should be listed here:

- BD1 Stevenage Borough Council AGS 2024-25 (subject to audit)
- BD2 CIPFA / Solace 'Delivering Good Governance in Local Government' 2016 Framework and Guidance

APPENDICES

- A Appendix 1: AGS 2024-25 Action Updates

Appendix 1:

Action	Owner	Target date	Update
<u>Local Government reorganisation / devolution</u> - Review the capacity needed to engage effectively with the local government reorganisation process, - Establish an internal governance structure to oversee the process, - Following due consideration and engagement with local partners, ensure submission of required returns.	Chief Executive	November 2025 (next submission due date)	Resourcing and governance arrangements have been put in place to oversee the production and submission of the proposal by the November deadline, which remains on track to be met. Following this, further consideration will need to be given to the resource required for transition arrangements, though a decision on the proposals is not expected until summer 2026 at the earliest. Engagement with local partners has taken place through a range of mechanisms including direct correspondence, partnership meetings (e.g. Stevenage Together) as well as community engagement and via the LGR survey.

Action	Owner	Target date	Update
<u>HRA Business Plan</u> To ensure that medium to long-term viability of the HRA is sustainable, the following activity is planned: Undertake a full review of the HRA business plan and investigate saving opportunities identified through the MTFS November 2024 update.	Assistant Director for Housing and Neighbourhoods	Review to be published November 2025	The development of a new Business Plan is well underway, with several key components now significantly progressed. This includes analysis of stock investment priorities and alignment with Decent Homes standards and other regulatory requirements. These elements are currently being integrated into the required 30-year financial model. The current focus is on finalising and implementing the model, which is actively in development. The final stage will involve detailed financial modelling to ensure the long-term compliance and sustainability of the plan over the next three decades. This update is particularly complex due to emerging regulatory and financial challenges, and the need to assess their potential impact on the plan. The proposed Business Plan is scheduled to be presented to Cabinet before the end of Q4.

Action	Owner	Target date	Update
<u>IT Resilience</u> To manage risks relating to IT resilience, the following work is planned: a) Build on existing cyber security training for Staff and Members, b) Gain Cyber Essentials certification, c) Gain PSN certification, d) Complete the Cyber Assessment Framework.	Assistant Director for IT	(a) End of March 2026 (b-d) End of March 2027	Training is provided via engaging video content, and compliance is tracked by the IT team to ensure completion and adherence. Although the timeframe for achieving full accreditation is expected to extend beyond the current year, work continues across the various accreditation work programmes. As actions are implemented, the Council's cyber resilience is incrementally strengthened, even ahead of formal accreditation.

Action	Owner	Target date	Update
<u>Balancing the budget</u> 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: - Find Balancing the Budget (BTB) savings and new revenue streams as part of the 2026/27 budget setting process, - Ensure robust budget monitoring and all costs are accurately forecast and profiled in year, providing budget monitoring reports to Cabinet. - Review of Fees and Charges for 2026/27 to contribute to the BTB savings.	Assistant Director Finance	A process has been implemented for the 2026/27 budget and savings will be published for approval in Q3.	- An updated MTFS was considered by the Cabinet at the meeting in September 2025, identifying savings of £1.034Million for 2026/27 (higher than the original 2026/27 target of £900K). A further report will be presented to the November 2025 Cabinet on any other savings options that officers have been working on (including have arisen as part of the officer star chamber process), together with growth proposals. - Potential implications arising from Fair Funding Review 2.0 and LGR remain under consideration. - The Q1 budget monitoring report was provided to Cabinet as scheduled. - The cross party Council's Financial Security Group met in September and reviewed recommended 2026/27 Fees and Charges, subsequently these were approved at the October 2025 Cabinet meeting.

Action	Owner	Target date	Update
<u>Housing Property Services – Contract Compliance</u> To improve contract compliance within Housing Property Services, the following activity is planned: 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. b) Embed improved documentation processes in relation to contract compliance.	Assistant Director Building Safety and Housing Property	a) Support contractors for repairs: Q1, Servicing and maintenance contract for lifting equipment: Q4 b) To be tested through 2024/25 Internal Audit Programme	a) Support contractors for Repairs are now fully mobilised. Voids Lot to be retendered with timescale to be confirmed but it is expected that the procurement process will be launched in early Q3 and contract mobilised early Q4. In the interim, contractors are being appointed on a quoted works basis on a rolling programme basis. The procurement of a maintenance contractor for lifting equipment is still expected to be procured during Q3-Q4 2025/26, with the timescale still to be finalised. b) Internal audit of Repairs (contractor related works) to be carried out in October/November 2025 with scope of audit having been agreed in September 2025.

Action	Owner	Target date	Update
<u>Constitution review</u> 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).	Monitoring officer	Q2 2025/26	Phase 1 of the review completed and approved by Council in May 2025. Phase 2 will be going ahead later in the year.
<u>Regulator of Social Housing Inspection – Provider Improvement Plan</u> Ensure completion of corrective actions identified in the post inspection action plan.	Assistant Director Building Safety and Housing Property and Assistant Director for Housing and Neighbourhoods	Ongoing monitoring throughout the year, as per the Regulator of Social Housing's timetable	The Provider Improvement Plan continues to be progressed and discussed with the Regulator through regular, scheduled meetings. Prior to these meetings, the updates are routinely shared with internal governance groups, including the Executive Housing Working Group and SLT, to ensure alignment and oversight. Certain actions have already been completed but engagement through this process is expected to continue for the foreseeable future.

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**AUDIT COMMITTEE/ CABINET
/ COUNCIL**

Portfolio Area: Resources and Performance

Date: 4 November 2025 /
12 November 2025 /
17 December 2025



**MID YEAR TREASURY MANAGEMENT REVIEW 2025/26 AND PRUDENTIAL
INDICATORS**

NON-KEY DECISION

Author – Rhona Bellis
Lead Officer – Atif Iqbal
Contact Officer – Atif Iqbal

1 PURPOSE

- 1.1 To update Members on the Treasury Management activities in 2025/26 and review effectiveness of the 2025/26 Treasury Management and Investment Strategy including the 2025/26 prudential and treasury indicators.

2 RECOMMENDATIONS

2.1 Audit Committee

That subject to any comments by the Audit Committee to the Cabinet, the 2025/26 Mid-Year Treasury Management Review, revised Minimum Revenue Provision Policy and Prudential indicators reports is recommended to Council for approval.

2.2 Cabinet

That subject to any comments made by the Cabinet, in addition to those made by the Audit Committee, the 2025/26 Mid-Year Treasury Management Review, revised Minimum Revenue Provision Policy and Prudential indicators report is recommended to Council for approval.

2.3 Council

That subject to any comments from the Audit Committee and the Cabinet, 2025/26 Mid-Year Treasury Management Review, revised Minimum Revenue Provision Policy and Prudential indicators report be approved by Council.

3 BACKGROUND

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

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

Accordingly, treasury management is defined as:

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

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

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.

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- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is Audit committee.

3.1.4 In December 2021, CIPFA revised the Code to require, all local authorities to report on:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed;
- the implications for future financial sustainability.

These elements are covered in the annual Capital Strategy reported to Council in February each year.

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

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

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

3.2 Economics and interest rates

3.2.1 Economics update.

3.2.2 The first half of 2025/26 saw:

- A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July.
- CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.6%.
- The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August.
- The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70%.

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3.2.3 Looking ahead on the economy, ongoing speculation about further tax rises in the Autumn Budget on 26 November will remain a drag on GDP growth for a while yet. GDP growth for 2025 is forecast by Capital Economics to be 1.3%.

3.2.4 Yields on Gilts directly impact the councils cost to borrow from PWLB.

- The yield on the 10-year gilt rose from 4.46% to 4.60% in early July. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England have kept yields elevated over 4.70%.

3.2.5 As the council invests excess cash mainly with banks, the impact of changes in the BOE base rate directly impacts the interest earned on those investments over time.

- In August, a further rate cut was implemented by the BOE. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was “finely balanced” and reiterating that future rate cuts would be undertaken “gradually and carefully”. Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC will be wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%. The Bank of England does not anticipate CPI getting to 2% until early 2027.

3.2.6 Interest Rate Forecasts

3.2.7 The Council has appointed MUFG Corporate Markets as its treasury advisors and part of their service is to assist the Council to formulate a view on interest rates. The PWLB rate forecasts below are based on the Certainty Rate* (the standard rate minus 20 bps, calculated as gilts plus 80bps) which has been accessible to most authorities since 1st November 2012.

3.2.8 The latest forecast (MUFG 10 October) sets out a view that short, medium and long-dated interest rates will reduce gradually over the next year or two, as the Bank of England continues to prioritise controlling inflation.

Chart 1

Interest Rate Forecasts								
Bank Rate	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
MUFG CM	4.00%	3.75%	3.75%	3.50%	3.50%	3.50%	3.50%	3.25%
Cap Econ	4.00%	3.75%	3.50%	3.25%	3.00%	3.00%	3.00%	3.00%
5Y PWLB RATE								
MUFG CM	4.70%	4.50%	4.40%	4.30%	4.30%	4.30%	4.20%	4.20%
Cap Econ	5.00%	4.80%	4.70%	4.60%	4.50%	4.50%	4.50%	4.60%
10Y PWLB RATE								
MUFG CM	5.20%	5.00%	4.90%	4.80%	4.80%	4.80%	4.70%	4.70%
Cap Econ	5.60%	5.40%	5.30%	5.20%	5.10%	5.10%	5.20%	5.30%
25Y PWLB RATE								
MUFG CM	5.90%	5.70%	5.70%	5.50%	5.50%	5.50%	5.40%	5.40%
Cap Econ	6.20%	6.00%	5.90%	5.70%	5.50%	5.60%	5.60%	5.70%
50Y PWLB RATE								
MUFG CM	5.60%	5.40%	5.40%	5.30%	5.30%	5.30%	5.20%	5.20%
Cap Econ	5.80%	5.60%	5.50%	5.30%	5.20%	5.20%	5.30%	5.40%

* Certainty Rate reduction HRA – 0.6% is not included above

4 Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1.1 The Treasury Management Strategy was approved by Council on 26 February 2025.

4.1.2 In line with the changes to the MRP regulations and Guidance, Members are asked to authorise the revision to the Council's MRP policy for 2025/26 as it relates to capital loans, as follows -

Capital Loans

Where the Council has issued capital loans that are categorised as **non-commercial**, and have not been subject to a recognised credit loss in the current or any previous financial year, the provision of MRP will not apply on the following basis:

- (a) the loan is treated as capital expenditure in accordance with regulation 25(1)(b),
- (b) the loan is not a commercial loan, and
- (c) the local council has not recognised, in accordance with proper practices(c), any expected or actual credit loss in respect of that loan.

For capital loans which are classed as **commercial** then the Authority will provide MRP over a maximum of the useful life of the assets purchased by the third party.

A commercial loan is defined in regulation 27(5) as a loan from the council to another entity for a purpose which, if the council were to undertake itself, would be primarily for financial return; or, where the loan is itself, capital expenditure undertaken primarily for financial return.

Capital receipts received from the non-commercial and commercial loan repayments in the financial year will be used to reduce the debt liability i.e. the capital receipts will be used in lieu of MRP to reduce the CFR.

For capital loans to third parties granted before 7 May 2024 - Where those loans have been subject to an actual or expected credit loss in the current or any previous financial year then MRP will be provided over the useful life of the assets purchased by the third party.

For capital loans to third parties granted on or after 7 May 2024 - Where those loans are subject to an expected or actual credit loss, then the MRP charge will be at least

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the amount of the recognised credit loss for the financial year, after adjusting for any previous MRP or capital receipts applied to the loan”.

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

4.2 The Council's Capital Position (Prudential Indicators).

4.2.1 This part of the report is structured to update:

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

4.2.2 Prudential Indicator for Capital Expenditure and changes to Financing of the Capital Programme.

4.2.3 The table below shows the revised estimates for capital expenditure and financing and the changes since the capital programme was agreed at the Budget. The borrowing element of the table increases the underlying indebtedness of the Council by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Table 1 Capital Expenditure and Financing			
	Original Capital Strategy (Council February 2025)	Revised Capital Strategy Q2	Movement¹
	£'000	£'000	£'000
Capital Expenditure:			
General Fund Capital Expenditure	51,821	41,433	(10,388)
HRA Capital Expenditure	51,399	39,387	(12,012)
Total Capital Expenditure	103,220	80,820	(22,400)
Financed by:			
Capital Receipts	(16,648)	(13,042)	3,607
Capital Grants /Contributions	(39,464)	(32,022)	7,442
Capital Reserves	(569)	(454)	115
Revenue contributions & Reserves	(617)	(1,011)	(394)

¹ This movement differs from that reported in the quarterly Capital Monitoring reports as that report uses the latest budget rather than the original as a comparator.

Table 1 Capital Expenditure and Financing			
	Original Capital Strategy (Council February 2025)	Revised Capital Strategy Q2	<i>Movement¹</i>
	£'000	£'000	£'000
Major Repairs Reserve	(13,138)	(13,138)	0
Total Financing	(70,436)	(59,666)	10,770
Borrowing requirement	32,784	21,154	11,630

4.2.4 The General Fund net reduction of £10.3Million includes:

- Re-phasing of £8.8Million of 2024/25 budgets into 2025/26 across all services.
- Re-phasing of £(17.5)Million capital budgets in from 2025/26 into future years.
- Removal of budgets no longer required and addition of fully grant funded schemes – £(1.6)Million (net).

Details are included in the quarterly monitoring reports referred to below.

4.2.5 The HRA net reduction of £12Million is due to re-phasing of the Housing Development and investment budgets.

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

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

Prudential Indicator – Capital Financing Requirement

We are on target to be within 3.4% of the original forecast CFR.

Prudential Indicator - the Operational Boundary for external debt.

We are on target to be within the original limit for external borrowing.

Table 2 £000	2025/26 Original Estimate Council February 2025	2025/26 Revised Estimate Mid-Year
Prudential Indicator – Capital Financing Requirement		
CFR – non housing	70,561	61,750
CFR – housing	286,179	283,039
Total CFR	356,740	344,789
Net movement in CFR		(11,951)
Prudential Indicator – the Operational Boundary for external debt		
Borrowing	340,805	335,855
Other long-term liabilities	15,935	15,935
Total debt (year-end position)	356,740	351,790
Net movement in OB		(4,950)

4.4 Limits to Borrowing Activity

- 4.4.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2025/26 and next two financial years.
- 4.4.2 A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Table 3 Authorised limits	Operational Boundary £'000	Authorised Limit £'000	Actual External Debt 30/09/2025 £'000
General Fund	66,751	68,750	24,842
HRA	285,039	294,039	275,250
Total Debt	351,790	362,789	300,092
CFR (projected year-end position)			344,789
Gross debt less than CFR			Yes

4.4.3 A temporary breach of the operational boundary is permissible for short term cash flow purposes however a breach of the authorised limit would require a report to Council. There have been no breaches of either limit in the period for 2025/26.

4.5 Borrowing

4.5.1 The Council's capital financing requirement (CFR) for 2025/26 is £345Million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. Table 3 shows the Council has borrowings of £300Million and if forecast to utilise £45Million of cash flow funds in lieu of borrowing (Forecast CFR less total forecast debt). This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

4.5.2 Capital programme is being kept under regular review due to the effects of inflationary pressures, shortages of materials and labour. The Council borrowing strategy will, therefore, also be regularly reviewed and then revised, if necessary, in order to achieve optimum value and risk exposure in the long-term.

4.5.3 No additional external borrowing has been taken out as at 30 September 2025.

4.5.4 It is anticipated that borrowing will be undertaken during the financial year in line with financing in table 1 above.

4.5.5 Borrowing rates from PWLB are based on Gilt yields through HM Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields and Bank Rate, inflation expectations and movements in US treasury yields.

4.5.6 Gilt yields and PWLB certainty rates have remained relatively volatile throughout the six months under review, but the general trend has been for medium and longer dated parts of the curve to shift higher whilst the 5-year part of the curve finished September close to where it begun in April.

4.5.7 At this juncture, MUFG Corporate Markets (Council's Treasury Advisors) still forecasts rates to fall back over the next two to three years as inflation dampens, although there is upside risk to all forecasts at present. The CPI measure of inflation is expected to fall below 2% in early 2027 but hit a peak of 4% or higher later in 2025.

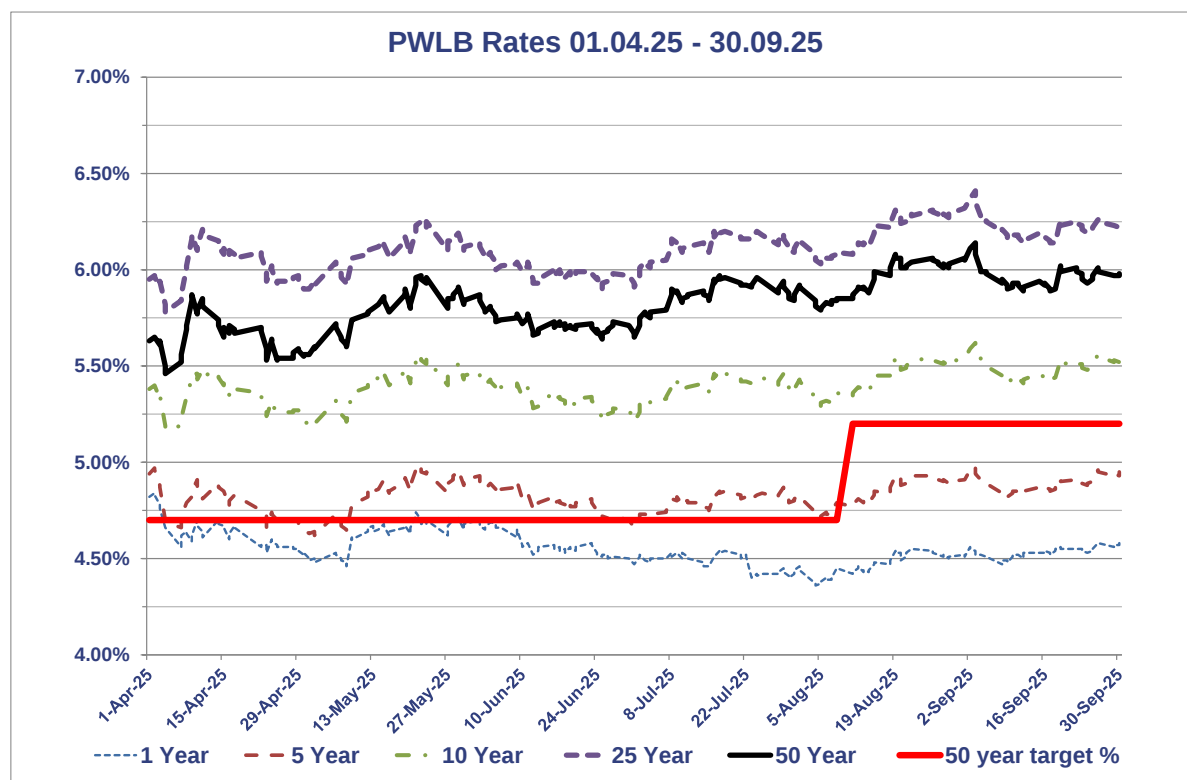
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4.5.8 The Bank of England announced in September that it would be favouring the short and medium part of the curve for the foreseeable future when issuing gilts. Market reaction to national and international events is likely to be the decisive factor in future gilt market attractiveness to investors and their willingness to buy UK sovereign debt.

4.5.9 The Chart below shows the volatility of the PWLB borrowing rates from 2 April 2025 to 30 September 2025.

Chart 2



4.6 Compliance with Treasury and Prudential Limits

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

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

4.7 Annual Investment Strategy

4.7.1 The Treasury Management Strategy Statement (TMSS) for 2025/26, which includes the Annual Investment Strategy, was approved by the Council on 26

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February 2025. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

4.7.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit quality financial institutions, using the MUFG Corporate Markets suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

4.7.3 There were no breaches to this policy in the year to 30 September 2025 with the investment activity conforming to the approved strategy. The Council had no liquidity difficulties and no funds have been placed with the Debt Management Office (DMO), demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds that may be borrowed during 2025/26 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to timing of taking out new loans would breach other counterparty limits.

Creditworthiness

4.7.4 The UK's sovereign rating has proven robust through the first half of 2024/25. The Government is expected to outline in detail its fiscal proposals in the Budget scheduled for 26 November 2025.

Investment Counterparty criteria

4.7.5 The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function. It is noted that sentiment in the current economic climate can easily shift, so it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

4.7.6 Countries included are those where relevant banks are active in Sterling markets.

4.7.7 The Specified and Non-Specified Investment Criteria have been reviewed and updated in the Treasury Management Strategy 2025/26 which was agreed at Full Council in February 2025 and no further amendments are proposed at this stage.

4.8 Investment performance year to date as of 30 September 2025

4.8.1 The Council's current investment portfolio consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities.

4.8.2 The average level of funds available for investment purposes during the first half of the financial year was £55Million, earning an average interest rate of 4.59%. Interest earned to 30 September 2025 was £1.265Million. Projected

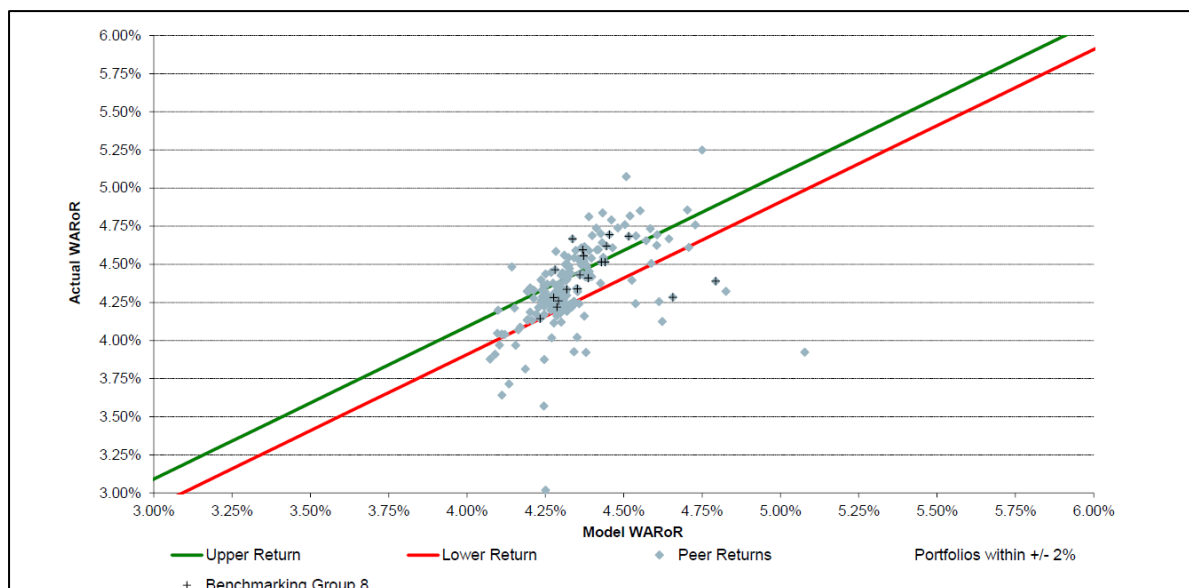
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investment balances at 31 March 2026 are currently £35Million and forecast external interest receivable from investments is currently £2.2Million against a working budget of £2Million.

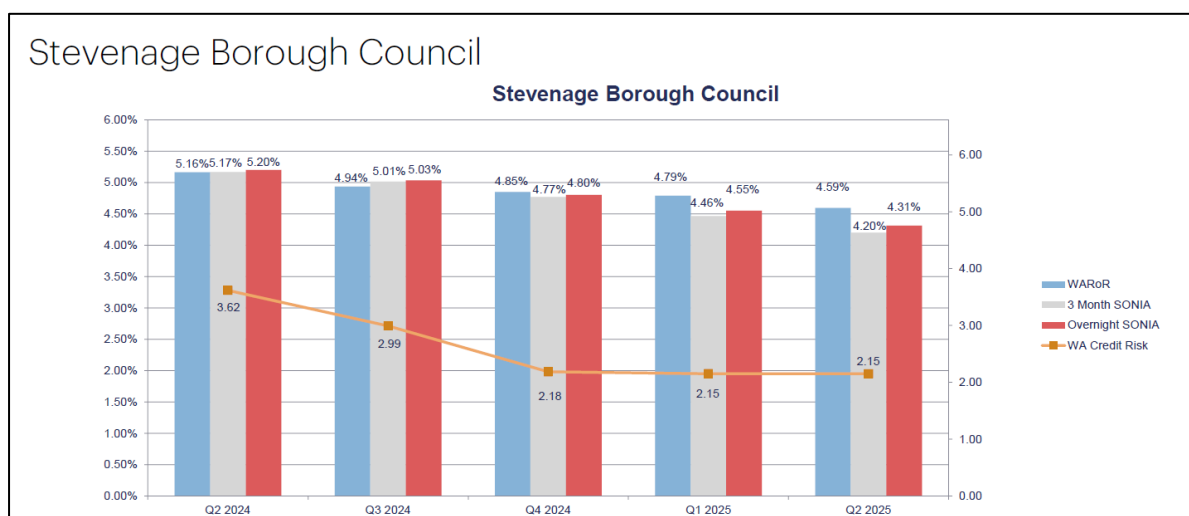
- 4.8.3 The council's treasury advisors (MUFG), provide regular benchmarking analysis of the performance of the council's investments against a group of 20 other local authorities. The September 2025 report shows performance of the portfolio held at 30 September 2025 being in the upper return range against model returns (4.59% return against a target of 4.28%-4.46%)².

Chart 3 Benchmarking Group 8 September 2025



- 4.8.4 Performance against Sonia³, shows an improvement over the period from Q2 2024 partly as a result of an old poorly performing investment maturing and being reinvested at higher interest rates.

Chart 4 Performance against Sonia



² WARoR = Weighted average rate of return on investments

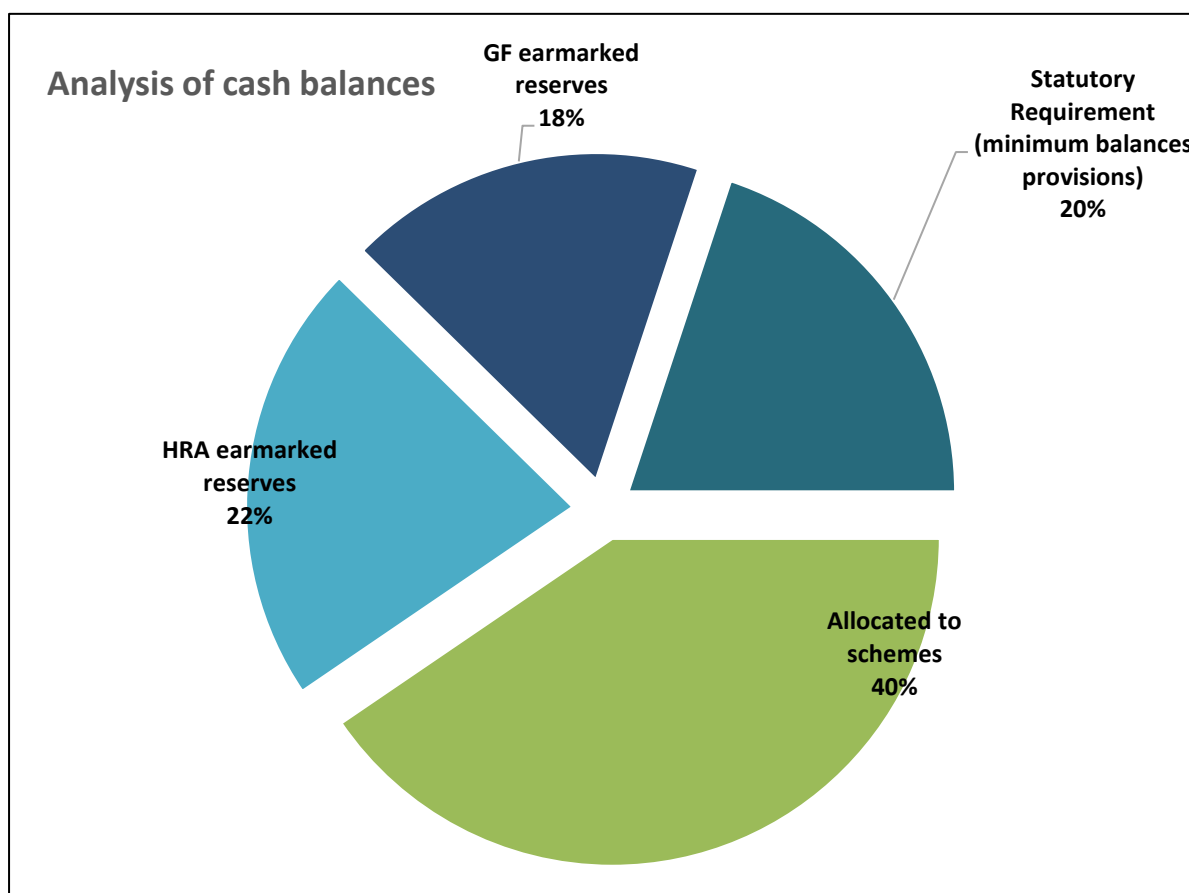
³ Sonia is a benchmarking index administered by the BOE

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- 4.8.5 The Council's balances are made up of cash reserves e.g. HRA and General Fund balances, restricted use receipts e.g. right to buy one for one receipts and balances held for provisions such as business rate appeals and debt repayment.
- 4.8.6 In considering the Council's level of cash balances, Members should note that the General Fund MTFS and Capital Strategy have a planned use of resources over a minimum of five years and the HRA Business Plan (HRA BP) a planned use of resources over a thirty year period, which means, while not committed in the current year; they are required in future years.
- 4.8.7 The following chart shows the planned use of cash balances held as at 30 September 2025.

Chart 5



- 4.8.8 The restrictive use of a proportion of the cash balances set out above, plus the planned use of resources in line with the Council's capital and revenue strategies mean that the investment balance of £57Million as at 30 September 2025 is not available for new expenditure.

5 IMPLICATIONS

5.1 Financial Implications

- 5.1.1 This report is of a financial nature and reviews the treasury management function for 2025/26 to date. Any consequential financial impacts identified in

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the Capital strategy and Revenue budget monitoring reports have been incorporated into this report.

- 5.1.2 During the financial year Officers operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury management practices.

5.2 Legal Implications

- 5.2.1 Approval of the Prudential Code Indicators and the Treasury Management Strategy are intended to ensure that the Council complies with relevant legislation and best practice.

5.3 Risk Implications

- 5.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.
- 5.3.2 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.
- 5.3.3 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.
- 5.3.4 There is a risk to the HRA BP's ability to fund the approved thirty year spending plans if interest rates rise above budgeted rates. Mitigation is included in the revision to the BP since 2023 (2025 revision now underway), including requiring higher levels of reserves to be maintained in the medium term to cover interest rate risks.

5.4 Equalities and Diversity Implications

- 5.4.1 This report is technical in nature and there are no implications associated with equalities and diversity within this report. In addition to remaining within agreed counterparty rules, the council retains the discretion not to invest in countries that meet the minimum rating but where there are concerns over human rights issues. Counterparty rules will also be overlaid by any other ethical considerations from time to time as appropriate.
- 5.4.2 The Treasury Management Policy does not have the potential to discriminate against people on grounds of age; disability; gender; ethnicity; sexual orientation; religion/belief; or by way of financial exclusion. As such a detailed Equality Impact Assessment has not been undertaken.

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5.5 Climate Change Implications

5.5.1 The council's investment portfolio is made up of short to medium term investments held to fund the council's activities. Ensuring these are secure, appropriately liquid and provide a return, aligns with the Council's ambition to attempt to be carbon neutral by 2030.

BACKGROUND PAPERS

- BD1 Annual Treasury Management Strategy including Prudential Code Indicators 2025/26 (Council 26 February 2025)
- BD2 Quarter 1 Revenue and Capital Monitoring Report 2025/26 – General Fund and HRA (Cabinet 17 September 2025)
- BD3 Quarter 2 Revenue and Capital Monitoring Report 2025/26 – General Fund and HRA (Cabinet 12 November 2025)

APPENDICES

- Appendix A Investment Portfolio
- Appendix B Approved Countries for Investments as of 30 September 2025
- Appendix C Minimum Revenue Provision Policy

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Institution	Instrument Type	Start	Maturity	Yield	Principal
Basildon Borough council	Fixed Term Deposit	06-Jan-25	05-Jan-26	5.50%	5,000,000
Lloyds Bank	Fixed Term Deposit	25-Mar-25	23-Dec-25	4.51%	2,000,000
Landesbank	Fixed Term Deposit	07-Apr-25	27-Mar-26	4.25%	3,000,000
Landesbank (Helaba)	Fixed Term Deposit	28-Apr-25	28-Oct-25	4.25%	3,000,000
National Bank of Canada	Fixed Term Deposit	14-Jul-25	14-Oct-25	4.15%	5,000,000
ANZ Bank	Fixed Term Deposit	21-Jul-25	21-Jan-26	4.30%	3,000,000
ANZ Bank (Australia and New Zeland Bank)	Fixed Term Deposit	06-Aug-25	06-Feb-26	4.23%	3,000,000
ANZ Bank	Fixed Term Deposit	13-Aug-25	13-Nov-25	4.20%	1,000,000
Landesbank Hessen Thuringen Girozentrale-Frankfurt	Fixed Term Deposit	14-Aug-25	13-Aug-26	4.12%	2,000,000
Surrey County Council	Fixed Term Deposit	15-Sep-25	05-Jan-26	4.10%	5,000,000
Lancashire County Council	Fixed Term Deposit	24-Sep-25	24-Mar-26	4.50%	5,000,000
					37,000,000
MMF Aberdeen	Money Market Fund				10,000,000
MMF CCLA	Money Market Fund				8,300,000
MMF Morgan Stanley	Money Market Fund				500,000
MMF HSBC	Money Market Fund				1,032,000
					19,832,000
Total					56,832,000

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Approved Countries for Investments

This list is based on those countries which have sovereign ratings of AA- or higher, (shown - the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

Based on lowest available rating (as at 21.10.25)

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- Finland

AA-

- France
- **U.K.**

A+

- Belgium

The UK is exempt from the sovereign rating criteria as recommended by MUFG. The UK sovereign rating is currently AA-.

The above list includes the possible countries the Council may invest with. Not all of these countries are used or will be used in treasury management investments

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Appendix C (November 2025 Update)

Minimum Revenue Provision Policy

Minimum Revenue Provision Policy Statement 2025/26

From 2013/14, the council has not had a fully funded capital programme, and although there has not been a need to borrow in full externally, due to the use of investment balances, it is necessary to make adequate provision for the repayment of debt in the form of Minimum Revenue Provision.

The **preferred method for existing underlying borrowing is Option 3 – the Asset Life Method** (out of 4 allowable options – the council can use a mixture of options), whereby the MRP will be spread over the useful life of the asset which range. Useful life is dependent on the type of asset and was reviewed in 2019/20. Following that review asset lives now ranges from 7 years (ICT equipment) to 50 years (Investment properties, regeneration sites and car parks for example).

In applying the new asset lives historic MRP had been overpaid and in accordance with current MHCLG MRP Guidance can be reclaimed in future years. The council has a policy to ring fence costs and income associated with regeneration assets and as such has shown these MRP changes separately, see table below. The overpayment of £1,057,660.39 results in no MRP needing to be charged to the accounts for the regeneration assets until 2025/26, when a partial charge will be required, utilising the remainder of the overpayment balance.

voluntary MRP made		Use of overpayment	
	Regeneration		Regeneration
2012/13	£46,929.65	2020/21	£193,703.12
2013/14	£140,788.95	2021/22	£193,703.12
2014/15	£163,165.30	2022/23	£193,703.12
2015/16	£141,355.30	2023/24	£193,703.12
2016/17	£141,355.30	2024/25	£193,703.12
2017/18	£141,355.30	2025/26	£89,144.79
2018/19	£141,355.30		
2019/20	£141,355.30		
cumulative total	£1,057,660.39	cumulative total	£1,057,660.39

Capital expenditure financed by borrowing in 2024/25 will not be subject to an MRP charge until 2025/26, or in the financial year following the one which the asset first becomes available for use.

The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

Leases - the adoption of International Financial Reporting Standard 16 has introduced a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is low value.

Regarding MRP in respect of assets acquired either under leases where a right-of-use asset is on the balance sheet or where on-balance sheet PFI contracts are in place, the prudent charge to revenue is measured as being equal to the element of the rent/charge that goes to write down the balance sheet liability.

Investment property - MRP is chargeable in respect of investment properties where acquisition results in an increase to the CFR.

Capital Loans

Where the Council has issued capital loans that are categorised as **non-commercial**, and have not been subject to a recognised credit loss in the current or any previous financial year, the provision of MRP will not apply on the following basis:

- (a) the loan is treated as capital expenditure in accordance with regulation 25(1)(b),
- (b) the loan is not a commercial loan, and
- (c) the local council has not recognised, in accordance with proper practices(c), any expected or actual credit loss in respect of that loan.

For capital loans which are classed as **commercial** then the Authority will provide MRP over a maximum of the useful life of the assets purchased by the third party.

A commercial loan is defined in regulation 27(5) as a loan from the council to another entity for a purpose which, if the council were to undertake itself, would be primarily for financial return; or, where the loan is itself, capital expenditure undertaken primarily for financial return.

Capital receipts received from the non-commercial and commercial loan repayments in the financial year will be used to reduce the debt liability i.e. the capital receipts will be used in lieu of MRP to reduce the CFR.

For capital loans to third parties granted before 7 May 2024 - Where those loans have been subject to an actual or expected credit loss in the current or any previous financial year then MRP will be provided over the useful life of the assets purchased by the third party.

For capital loans to third parties granted on or after 7 May 2024 - Where those loans are subject to an expected or actual credit loss, then the MRP charge will be at least the amount of the recognised credit loss for the financial year, after adjusting for any previous MRP or capital receipts applied to the loan.

The Council has determined that MRP is not required for borrowing or credit arrangements used to finance capital expenditure on housing assets and accounted for within the Housing Revenue Account (HRA) as it has determined, through its duty to charge depreciation and hold a Major Repairs Reserve, that prudent provision has been made.

Capital Receipts - for capital expenditure on loans to third parties where the principal element of the loan has been repaid in annual instalments, the capital receipts arising from the principal loan repayments will be used to reduce the CFR instead of MRP.

Where no principal repayment is made in a given year, MRP will be charged using the Asset Life Method.

Share Capital - where an Council incurs expenditure that is capitalised on or after April 2008, which is financed by borrowing for the acquisition of share capital, Regulation 25(1)(d) Acquisition of share capital sets out the maximum period for an council to provide MRP of 20 years.



Anti-Bribery Policy

Document	Date	Officers
New Policy- v.1	Feb 2024	AD Finance (Brian Moldon)
Revised Version 2	Oct 2025	AD Finance & Deputy S151 (Atif Iqbal) & Monitoring Officer (Victoria Wilders)

Contents

1. Introduction
2. Definition of bribery
3. Objective of the Policy
4. Scope of the Policy
5. Ownership of the Policy
6. Anti-bribery policy
7. Gifts and hospitality
8. Responsibilities of staff and others
9. Reporting procedure
10. Sanctions
11. Monitoring and Review
12. Related policies
13. Quick Reference Guide

1. Introduction

- 1.1. The Bribery Act 2010 ('the Bribery Act'), which came into force on 1 July 2011, aims to promote anti-bribery practices amongst businesses. It applies to both the private and public sectors and so applies to the Local Authorities. An organisation may commit a criminal offence under the Bribery Act if it fails to prevent bribery that is intended to obtain or retain business or an advantage in the conduct of business for the organisation. An individual can also be guilty of an offence under the Bribery Act.
- 1.2. There are four key offences under the Act.
 - Section 1 - Bribing another person.
 - Section 2 - Taking a bribe.
 - Section 6 - Bribing a foreign public official.
 - Section 7 - Failing to prevent bribery.
- 1.3. Before the Bribery Act came into force organisations were only likely to be guilty of a bribery offence if senior management were involved. The Bribery Act applies to all staff in the organisation and now an organisation may be guilty of bribery if only the individual offender knew of the bribery.
- 1.4. An organisation will have a defence to the 'corporate' offence if it can demonstrate that it had adequate procedures in place to prevent bribery by or of persons associated with the organisation.
- 1.5. An individual guilty of an offence under sections 1,2 or 6 is liable:
 - On conviction in a magistrate's court to imprisonment for a maximum term of 12 months, or to a fine not exceeding £5,000 or both.
 - On conviction in a crown court to imprisonment for a maximum term of 10 years or to an unlimited fine or both
- 1.6. Organisations are liable for these fines and if guilty of an offence under section 7 are liable to an unlimited fine.

2. **Economic Crime and Corporate Transparency Act (ECCTA)**

- 2.1. In 2023 the government introduced the Economic Crime and Corporate Transparency Act 2023 (ECCTA) which aims to strengthen the UK's response to economic crime. It introduces new corporate criminal offences and reforms to improve transparency, accountability, and fraud prevention across all sectors.
- 2.2. **Section 196:** Establishes corporate liability where a senior manager commits a relevant offence (e.g., fraud, false accounting, bribery) within the scope of their authority. Where the substantial offence is proven, the organisation is also guilty of that offence, even if it did not benefit from the offence.

A 'senior manager' is defined at Section 196(4) of ECCTA as a person who plays a significant role in:

- the making of decisions about how the whole or a substantial part of the activities of the organisation are to be managed or organised; or
- the actual managing or organising of the whole or a substantial part of those activities.

The definition captures not only an organisation's directors or individuals who perform an executive function but may also include officers that meet the criteria above in service areas such as human resources, Finance, or officers in strategic or regulatory compliance roles.

- 2.3. **Section 199:** Like the failure to prevent bribery offence, ECCTA introduces the Failure to Prevent Fraud offence for large organisations. If an associated person commits a relevant offence (e.g., fraud, false accounting, bribery) intending to benefit the organisation or its clients, and the organisation lacks reasonable prevention procedures, it may be prosecuted.

3. **Definition of Bribery**

- 3.1. Bribery is an inducement or reward offered, promised, or provided to gain personal, commercial, regulatory, or contractual advantage. Examples include cash, gifts, hospitality, or other favours.

4. **Objective of the Policy**

- 4.1. The objective of the policy is to provide a coherent and consistent approach to ensuring compliance with the Bribery Act. It will enable all employees and any person who performs services for and on behalf of Stevenage Borough Council (including contractors, subcontractors, volunteers, consultants, and elected members) to understand their responsibilities and allow them to take the necessary action.
- 4.2. The policy forms part of Stevenage Borough Council's Governance Framework.

5. **Scope of the Policy**

- 5.1. The policy applies to all of the Council's activities including its work with strategic partners, third parties, suppliers, schools, and others. In the case of partnership working, the Council will seek to promote the adoption of this policy by its partners.
- 5.2. The Council will also ensure that suppliers and partners comply with anti-bribery standards through pre-contract compliance checks and inclusion of anti-bribery references in contracts and periodic monitoring and audits.
- 5.3. The policy applies equally to all staff i.e. officers, regardless of grade or whether permanently employed, as well as temporary agency staff, contractors, agents, all elected members, volunteers, and consultants.

6. Ownership of the Policy

- 6.1. The policy has the approval of the Strategic Leadership Team and the Audit Committee.
- 6.2. The Chief Executive, the Chief Financial Officer and the Chief Legal Officer will own the policy, thereby ensuring that there is commitment at the highest level.
- 6.3. All staff receive anti-bribery training part of their online induction.
- 6.4. Contract management training also emphasizes the importance of professionalism in procurement practices. It includes guidance on identifying and avoiding unethical or improper conduct, supported by a linked article that highlights common red flags and best practices to ensure integrity throughout the procurement process.

7. Anti-Bribery Policy

- 7.1. Stevenage Borough Council is committed to preventing bribery and corruption in all forms and will not tolerate either in any of its activities. In particular the Council does not and will not, pay bribes or offer improper inducement to anyone for any purpose. Equally, the Council does not and will not accept any bribes or improper inducements or engage indirectly in or otherwise encourage bribery.
- 7.2. All staff and those working or performing any service on or on behalf of the Council will not accept nor offer bribes.
- 7.3. It is unacceptable to:
 - Give, promise to give, or offer payment, gifts or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given
 - Give, promise to give, or offer payment, gifts or hospitality to a government official, agent or representative to “facilitate” or expedite a routine procedure
 - Accept payment from a third party that is offered with the expectation that it will obtain business advantage for them, whether known or suspected
 - Accept a gift or hospitality from a third party if it is offered or provided with an expectation that a business advantage will be provided by Stevenage Borough Council in return, whether known or suspected
 - Retaliate against or threaten a person who has refused to commit a bribery offence or who has raised concerns under this policy
 - Engage in activity in breach of this policy.

8. Gifts and Hospitality

- 8.1. This policy is not meant to change the requirements of the Council’s gifts and hospitality policy as set out in the Code of Conduct for Officers.

9. Responsibilities of staff and others:

9.1. Prevention detection and reporting of bribery and other forms of corruption are the responsibility of all those working for Stevenage Borough Council or under its control. All staff including third parties working or performing any service on or behalf of the Council are to avoid activity that breaches this policy, and must:

- Ensure that they read, understand, and comply with the policy.
- Raise concerns as soon as possible if they suspect that this policy has been breached.
- Act honestly with integrity at all times to safeguard Stevenage Borough Council's resources for which they are responsible.
- Comply with the law (both in spirit and in the letter)

10. Reporting Procedure

10.1. Where you become concerned about an activity that you suspect involves bribery you should share your concerns with the Councils Monitoring Officer Victoria Wilders who can be contacted as per the details below:

- Address: Stevenage Borough Council, Daneshill House, Denestrete, Stevenage, Herts, SG1 1HN
- Email: Victoria.wilders@stevenage.gov.uk

10.2. In addition, any such concerns can also be reported via the Councils Whistleblowing Policy by using contact details as per below:

- Email: whistleblowing@stevenage.gov.uk.

10.3. Only the Director of Public Prosecutions (DPP) or the National Crime Agency (NCA) can bring criminal sanctions for any alleged/proven offences under the Bribery Act, therefore any allegations received which can be corroborated, if only in part, must be reported to the Police or the NCA by the Monitoring Officer.

11. Sanctions

11.1. Staff who breach this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.

11.2. Under the Procurement Act 2023 mandatory exclusion around direct contracting authorities to exclude a supplier from participation in a procurement where they have determined that a supplier or connected person has been convicted for an offence referred to in Schedule 6 'Mandatory Exclusion Grounds', for which bribery is included.

11.3. Breaches may also result in civil penalties, reputational damage to the Council, and termination of contracts with third parties.

12. Monitoring and Review

- 12.1. The Monitoring Officer and Assistant Director Finance (Deputy S151 officer) will be responsible for reviewing this Policy in every two years to ensure that it remains compliant with good practice and the needs of Stevenage Borough Council.

13. Related Policies

- 13.1. The anti-bribery policy should be considered alongside the following policies which collectively set out Stevenage Borough Council's approach to reducing bribery risks:

- Gifts and Hospitality
- Anti-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy
- Code of Conduct for employees
- Code of Conduct for Members
- Contract Procedure Rules and Regulations and Procurement Regulations
- Recruitment and Disciplinary Procedures

14. Quick Reference Guide

- 14.1. The section below provides a concise overview of the Anti-Bribery Policy to support staff in understanding their responsibilities and ensuring compliance:

- Bribery is strictly prohibited in all forms, whether direct or indirect.
- Staff must not offer, solicit, or accept gifts or hospitality that could improperly influence business decisions or create a perception of bias.
- Any concerns or suspected breaches must be reported to the Monitoring Officer or in accordance with the Whistleblowing Policy.
- All new employees are required to complete the online induction module covering the Anti-Bribery Policy as part of their onboarding process.
- This policy must be read in conjunction with the Employee Code of Conduct, which provides detailed guidance on acceptable and unacceptable practices regarding rewards, gifts, and hospitality.



Stevenage Borough Council

Audit Committee

November 2025

Anti-Fraud Progress Report 2025/2026

Purpose

1. This mid-year report provides details of the work undertaken by the Shared Anti-Fraud Service (SAFS) and Council Officers to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Plan for 2025/26.
2. Further reports will be provided during the current financial year and a final report covering the whole year will be provided to this Committee in the summer of 2026.

Recommendations

Members are asked to:

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

The Anti-Fraud Plan

3. The Anti-Fraud Plan for the current financial year was approved by this Committee at its March 2025 meeting ([Public Pack](#))[Agenda Document for Audit Committee, 25/03/2025 18:00](#) This Plan covers all areas recommended by CIPFA and the *Fighting Fraud and Corruption Locally Strategy for the 2020s*. The Plan also provides assurance that the council continues to benefit from a positive return on its investment in the SAFS Partnership.

2025/2026 Anti-Fraud Activity

4. The Council has in place Anti-Fraud, Bribery & Corruption Policies and these are reviewed routinely to ensure compliance with current best practice and the impact of any changes required by legislation. All CF policies were last reviewed in 2024, and a further review is taking place at present, along with associated policies, by the Councils Assistant Director Finance.
5. SAFS provides alerts of new and emerging fraud trends through its Board members and directly with officers working in our Partners. These alerts come from a variety of sources including the National Anti-Fraud Network (NAFN), Credit Industry Fraud Avoidance Service (CIFAS), National Fraud Intelligence Bureau (NFIB) at the City of London Police, and others.
6. Between April and October 2025 SAFS issued 3 Fraud Alerts including a reminder about fake documents, email spoofing, false ID and guidance on the 'Failure to Prevent Fraud' offence. SAFS also provide regular Fraud Threat Reports that summarise new and emerging risks and provide officers with guidance to assist with prevention and reporting. SAFS has issued 15 such reports this year including areas such as multiple employment, housing applications, blue badges misuse, mandate fraud, purchase cards, discretionary payments, grants and council tax liability.
7. A training plan to build on staff awareness and fraud reporting, along with publicity campaigns to inform the public and encourage fraud reporting has been developed

with officers in HR and Comms teams for 2025/26. 4 training sessions have been delivered in the first half year with 4 more booked in Q3, including a session for Councillors.

8. SAFS provides Executive Reports (ER) to senior management and internal audit where investigations identify that fraud has occurred due to system/process weaknesses, these included recommendations for management to consider the removal/reduction/mitigation of any ongoing fraud risk. We have 3 ERs at draft stage for the Council, two relating to procurement processes and the third for declarations of interest, both are with Council officers to review recommendations made by SAFS.
9. A new offence of 'Failing to Prevent Fraud' introduced by the *Economic Crime and Corporate Transparency Act 2023* took effect from September this year. SAFS have recently issued a briefing paper for all senior leadership teams in each of our Partners to advise on the impact of this legislation and ensure appropriate action plans are in place.

Reactive Work

10. Between April and September this year 86 allegations of fraud had been received affecting service areas such as housing, council tax, procurement, and Blue Badge misuse- 39 referrals were made by Council officers. SAFS currently have 45 cases under investigation, or at referral stage (18), with estimated losses slightly in excess £1m recorded in this caseload.
11. SAFS have closed 10 investigations with fraud identified in eight of these cases. Fraud losses and savings, through prevention, amounting to £209k have been reported. SAFS have also conducted compliance reviews of 15 low value frauds identifying £33k of additional revenue in council tax.

One case is with the Councils shared legal service to consider prosecution for offences contrary to the Fraud Act. The Council makes use of other sanctions as alternatives to prosecutions where these are appropriate, this includes the use of civil penalties for council tax matters, cease and desist notices and disruption activity.

12. SAFS continues to work closely across the Council Housing services, working with officers to assist in the recovery of council properties that are being sub-let or misused, preventing fraudulent right to buy (RTB) applications and identifying fraudulent housing applications. So far this year one property has been secured and re-let to residents from the Councils housing register.
13. As well as working with the Councils housing services SAFS continues to work with registered housing providers to investigate allegations of 'tenancy-fraud' committed against the social housing stock within the Councils boundaries.

Proactive Work

14. SAFS officers have reviewed 19 'right to buy' (RTB) and 21 succession applications to ensure that there were no fraud or money laundering concerns with these. To the end of September two RTB application required further investigation and both were subsequently withdrawn savings around £102k in discount value of the sales had gone ahead.
15. SAFS and Council officers ensured that all data required for submission as part of the Cabinet Office 'National Fraud Initiative' (NFI) was uploaded in late 2024. The output from this exercise produced 572 general matches. Officers from SAFS and the Council are reviewing all matches with the intention to clear and close this work by the end of Q2, however only 116 were cleared and areas such as Housing Tenants and Housing Register did not receive as much attention as planned.
16. The Council is signed up the Herts Fraudhub for 2025/26. The FraudHub works in a similar fashion to the main NFI exercise with data being submitted along with the other SAFS partners to help identify fraud through data-analysis/matching. We suspended activity on the FH until Q3 to focus on clearing the matches from the main NFI exercise.
17. SAFS KPIs were agreed in the Anti-Fraud Plan and progress is shown below.

KPI	Measure	Objectives	Performance to October 2025
1	Return on investment from SAFS Partnership.	Demonstrate that the Council is receiving a financial return on investment from membership of SAFS and that this equates to its financial contribution. A. Meetings to take place with the Councils Deputy S.151, quarterly. B. S.151 or deputy will attend the quarterly meeting of the SAFS Board.	A. Meetings are being arranged with the Assistant Director Finance and other senior leaders to discuss delivery of the AF Plan and anything else relevant. The agenda is agreed by Council Officers B. Assistant Director Finance is a member of the SAFS Board and is invited to its quarterly meetings. SAFS meet with other service leads across the Council as and when required with a focus on the highest risk areas. And takes part in CGG boards.
2	Provide an investigation service.	A. Target to deliver at least 95% of the funded 409 Days of counter fraud activity including proactive and reactive investigations, data-analytics, staff training and fraud risk management. (Supported by SAFS Intel/Management). B. 3 Reports to Audit & Governance Committee. C.	A. To the end of June 2025 SAFS had provided 188 days (36%) of those planned for the year. SAFS have allocated additional resource for Q3 onwards to bring this KPI back on target. B. SAFS reports agreed for September/November/March Audit Committees as part of the Fwd Plan.
3	Action on reported fraud.	90% of all referrals into SAFS to be reviewed within 2 working days on average.	A. In Q1/Q2 100% of referrals within 0.7 days on average.
4	Anti-Fraud Training	A. Membership of NAFN & PNLD B. Membership of CIFAS/LBFIG/FAP/FFCL C. NAFN Access/Training for relevant Council Staff	A. NAFN and PNLD licences in place. B. CFIAS/LBFIG/FAP/FFCL memberships in place C. NAFN and NFI training and awareness part of the SAFS Training Plan for 25/26.

		D. 10 Training events for staff/Members in year.	D. 4 sessions delivered with more planned for Q3.
5	Allegations of fraud. & And outcomes from cases investigated.	A. All reported fraud (referrals) will be logged and reported to officers by type & source. B. All cases investigated will be recorded and the financial value, including loss/recovery/savings of each will be reported to Council officers. C. 6-12 Social homes secured from unlawful use or sub-letting. D. 100% Review of all Right to Buy and 'Succession' applications.	A. Fraud reporting options available for staff and residents on the Council's webpage and intranet- This is linked to SAFS reporting tools. B. All cases with reports/values/outcomes recorded on SAFS CMS. C. 1 property recovered with a number pending recovery at the time of reporting +2 RTB applications rejected. D. 100% review of all RTBs and Succession applications completed.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2025/26 Council services. B. Maintain use of the Herts FraudHub	A. The NFI reports/matches were reviewed with SAFS support. B. The Council has a contract in place for the FHUB, and data is being uploaded and output to commence in Q3.

Further Reading

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

- (a) *Councillors Workbook on Bribery & Fraud Prevention (LGA 2017)*
- (b) *Fighting Fraud and Corruption Locally - A Strategy for the 2020's (CIPFA/CIF9AS/LGA 2020)*
- (c) *Tackling Fraud in the Public Sector (CIPFA 2020)*
- (d) *Code of Practice - Managing the Risk of Fraud and Corruption (CIPFA 2014)*
- (e) *Fighting Fraud - Breaking the Chain (Report of Session 2022-2023 House of Lords)*
- (f) *HMG Fraud Strategy - Stopping Scams, Protecting the Public (May 2023)*
- (g) *Lost Homes, Lost Hope (Fraud Advisory Panel 2023)*

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Stevenage Borough Council

Audit Committee

September 2025

Anti-Fraud Report 2024/25

Purpose

1. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
2. The Chartered Institute for Public Finance and Accountancy publicised its *Code of Practice on Managing the Risk of Fraud and Corruption* in 2014

<https://www.cipfa.org/services/networks/better-governance-forum/counter-fraud-documentation/code-of-practice-on-managing-the-risk-of-fraud-and-corruption>

3. In March 2024, this committee approved the Anti-Fraud Plan for following 12 months which was developed with the Council's senior officers in partnership with SAFS. A copy of the Plan can be found here

<https://democracy.stevenage.gov.uk/documents/g5570/Public%20reports%20pack%20Tuesday%2026-Mar-2024%2018.00%20Audit%20Committee.pdf?T=10>

4. This report provides details of the work undertaken by the Council and the Shared Anti-Fraud Service to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Action Plan for 2024/2025.

Recommendations

5. **Members are asked to:**

- a) **Note the activity undertaken by the Shared Anti-Fraud Service (SAFS) to deliver the 2024/2025 Anti-Fraud Plan for the Council.**
- b) **Note all Anti-fraud activity undertaken by Council Officers and SAFS to protect the Council and the public funds it administers.**

Background

6. National reports and alerts continue to be used by the Shared Anti-Fraud Service (SAFS) to ensure that the Council is kept up to date of all new and emerging fraud threats. This helps to mitigate or manage the Council's fraud risks through a programme of work including the Anti-Fraud Plan. Details of these reports, along with other recommended reading for Members, can be found below and at **Section 61** of this report.

7. Some of the most significant recent reports include:

Fighting Fraud and Corruption Locally a Strategy for the 2020's. The strategy focuses on the governance of anti-fraud and corruption arrangements in local authorities in England and Wales. The Strategy identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to deter/prevent/investigate fraud.

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

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

Lost Homes, Lost Hope. This paper, published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 uses previous research and current data to estimate the volume and cost of fraud in the social housing sector and the impact of this on local government.

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

8. The Public Sector Fraud Authority (Cabinet Office) estimated, in its 2023 ***Cross Government Fraud Landscape Report***, that fraud and error cost the public purse at least £33bn each year. The last time that any effective national fraud measurement took place in local government was in 2017 and at the time fraud loss alone was estimated at 2.4bn annually.
9. The Public Sector Fraud Authority (Cabinet Office), Ministry for Housing Communities and Local Government (MHCLG), National Audit Office, and CIPFA all continue to issue advice, and best practice to support local councils in preventing fraud.
10. It is essential that the Council has in place a framework that recognises its fraud risks and invests sufficient resources prevent and deter fraud, including effective strategies and policies, and a response to deal with alleged fraud when required.
11. Stevenage Borough Council is a founding partner of the Shared Anti-Fraud Service (SAFS) since it was established in 2015, and since then this Committee and Senior Management Team have received reports about how this service works closely with the Shared Internal Audit Service and all service areas across the Council.

Report Summary

12. This report **includes** a detailed account of all anti-fraud activity during 2024/25. It is important to note that Council and SAFS work in close partnership and much of the work reported was undertaken or supported by Council officers.

13. The report reflects a positive and robust approach to dealing with fraud, in its widest context, committed against the public funds the Council administers. This includes reactive and proactive activity, the use of technology and current best practice to prevent fraud occurring.
14. The reports indicates, in particular in the **Transparency Code Data** from **Section 57** below, high levels of fraud detected in year, this includes both fraud prevented/ deterred as well as monies actually lost to fraud. In reality the levels of fraud prevented are much greater than those lost and this should provide high levels of assurance that the Councils investment in counter-fraud is saving public money and delivering an effective return on investment.

Report - Delivery of the 2024/2025 Anti-Fraud Plan

The Plan

15. The Anti-Fraud Plan for 2024/25 was designed to meet the recommendations of the Fighting Fraud and Corruption Locally Strategy (FFCL), adopting the five 'pillars' of Protect, Govern, Acknowledge, Prevent and Pursue.
16. The Plan was designed to meet the Council needs based on known risks and a historic process in responding to these as well as any new and emerging risks. Resources and staffing were based on the Councils contribution to SAFS and an agreed work-plan of activity across the Council including both proactive and reactive projects.
17. The Plan **included** Key Performance Indicators (KPIs) for SAFS which were agreed with senior officers. KPI performance can be found at **Section 62**
18. Members should note this Committees role in ensuring that the Council meets its objectives to deter, prevent and pursue fraud.

Staffing & SAFS Performance

19. The SAFS Team (in April 2024) was composed of 23 accredited and trained counter fraud staff based at the County Council's offices in Stevenage.
20. Each SAFS Partner receives dedicated support and access to SAFS and for 2024/25 this was achieved by allocating a set number of operational days that could be drawn on to deliver all parts of the Anti-Fraud Plan. This might include work on fraud-risk assessment, fraud awareness training, proactive work such as the use of data-analytics or reactive work as part of the Councils fraud response. Providing the service in this manner allows more flexibility and resilience for SAFS in how its officers deliver the different elements of the plan.

21. For 2024/25 SAFS planned to provide **435** operational days to deliver the Councils Anti-Fraud Plan, and as well as the programme of work agreed this was supported by the SAFS management team. SAFS actually delivered significantly more days than planned (**482**) for the Council due to additional support around the National Fraud Initiative and some work for housing services. There was no additional cost for this work as it was provided from an allocation of SAFS 'contingency' days.
22. All SAFS officers are all fully trained and accredited and members of the Government Counter Fraud Profession or working towards this. The Profession is made up of various streams including fraud awareness, risk assessment, investigations, intelligence, data-analytics, and investigation management.

Fraud Awareness and Prevention

23. A key objective for the Council is to maintain and develop its anti-fraud culture. The Council achieves this by ensuring:
- Senior managers and elected members consider the risk of fraud when developing policies or processes.
 - Helping to prevent fraud occurring by having effective controls in place.
 - Deterring potential fraud through external communication and highlighting the checks the Council will undertake or actions that it has taken.
 - Encouraging all officers to report fraud where it is suspected.
24. The Councils published Anti-Fraud and Corruption Strategy (and associated policies) can be found here
<https://www.stevenage.gov.uk/about-the-council/access-to-information/national-fraud-initiative/anti-fraud-and-corruption-strategy>
25. The council's website has links for the public to report fraud by email, telephone or using the SAFS online reporting tool. As well as encouraging the public to report any suspected fraud to the Council:
<https://www.stevenage.gov.uk/benefits/reporting-fraud> or directly to SAFS at www.hertfordshire.gov.uk/fraud.
26. Council staff can use the same methods to report fraud, or they can report fraud directly to SAFS officers working on projects/cases for the Council or at workshops/ surgeries taking place at the Council offices.
27. SAFS delivered **10** training sessions via face-to-face and virtual means during 2024/2025 including general fraud awareness, ID Fraud and AML. Further training was provided on the services provided by National Anti-Fraud Service and National Fraud Initiative.
28. SAFS receives weekly/monthly/ad-hoc updates on new fraud threats or alerts from a variety of sources including National Anti-Fraud Network (NAFN), National Cyber Security Centre (NCSC), City of London Police & National Fraud Intelligence Bureau, Credit Industry Fraud Avoidance Service (CIFAS).

Executive Reports

29. Executive Reports (ER) analyse specific fraud incidents, providing an insight into how the fraud materialised, and making recommendations to strengthen processes and controls to prevent further fraud. These reports evaluate current controls and mitigation measures, pinpointing potential vulnerabilities and limitations that could lead to fraud. SAFS accompanies each ER with a management action plan detailing recommendations and/or best practice to be adopted.
30. SAFS issued one ER for the Council in 2024/25 on the use of agencies to recruit temporary staff. This report included a number of recommendations which have been reviewed/implemented by senior management. We did also share one generic ER shared with all SAFS Partners around the risks associated with the publication of Council bank accounts.

Fraud Risk Assessments

31. Fraud Risk Assessment (FRA) constitutes a systematic evaluation of potential fraud risks within a council, designated service area, or particular scheme or process. SAFS outlined an FRA programme for the 2024/2025. This programme encompasses FRA's focusing on internal fraud risks, fraud risks within the procurement process, and recruitment.

Fraud Alerts

32. SAFS issues regular fraud alerts across all the services provided by the Council. These bimonthly fraud updates equip partners with national and local intelligence to strengthen controls considering emerging and current fraud trends and threats. SAFS published **five** alerts in 2024/25 covering areas such as Outlook account compromise, one time password (OTP) fraud, impersonation fraud and Council Tax refund fraud.
33. Complimenting the bimonthly alerts are SAFS 'real time' fraud risk reports. These reports are circulated as soon as a significant risk is identified. In 2024/25 SAFS circulated **38** real time threat alerts which included internal fraud, email spoofing, CEO fraud, mandate fraud, housing application fraud and more.

Case Study 1: Typical Fraud Alert issued by SAFS



SAFS Fraud Alert – 22 July 2024

Corporate Impersonation Fraud

This report provides SAFS partners with specific and current fraud threats that local authorities have experienced. The purpose of the report is to provide you with the intelligence to allow you to protect, prevent and mitigate against fraud of this type.

NOT FOR WIDER CIRCULATION WITHOUT CONSENT FROM SAFS

Corporate Impersonation Fraud

The impersonation of large construction companies requesting to change bank account details continues, presenting a risk to the SAFS partner authorities.

Fundamental Points

1. Known and Trusted Suppliers are impersonated
2. Legitimate emails are spoofed
3. Multiple emails sent to the target organisation
4. Fraudsters advise of a change of bank details in the emails
5. Copies of seemingly legitimate invoices are sent detailing fraudulent bank account details with the request for large sums of money

Recent Incident

The fraudsters appear to have spoofed the email account of an existing employee of **Wates Construction Ltd**. The fraudsters advised of a change to the bank account details of Wates to: Metro Bank PLC, Sort Code: 230580, Account Number: 50284646

Wates confirmed the request to change bank details was fraudulent and that there have other reported incidents of Wates being impersonated in recent weeks.

SAFS Recommendations to Prevent, Detect, and Deter Fraud

STOP! Regardless of the sender's seniority or the apparent legitimacy of the email, never take action upon receiving an email that notifies a change in bank details.

Think! Remain vigilant. You could be targeted in a mandate fraud.

Call! Always verify any changes to financial details directly with the company using established contact details, not the ones provided in the suspicious email or invoice.

Invoice Verification: Ensure all invoices have a valid purchase order reference that aligns with the supplier who issued it, and confirm the receipt of the services or goods.

Staff Awareness: Regularly educate and update your staff about such fraud threats and the importance of being vigilant.

Report: Ensure all potential fraud is reported [SAFS](#) and adhere local policies and procedures when receiving and reporting emails of a suspicious nature.

Report Fraud

If you have a concern about fraud or wish to discuss these threats in more detail please contact us.



SAFS Hotline: 0300 123 4033

fraud.team@hertfordshire.gov.uk

www.hertfordshire.gov.uk/fraud



34. SAFS maintains a close working relationship with the Shared Internal Audit Service (SIAS) with both services exchanging knowledge and best practice. An excellent relationship has been built with the Council's Legal Team for both civil and criminal litigation matters.

Reactive and Proactive Fraud Investigations

35. During 2024/2025 SAFS received **186** 'referrals' (allegations) of fraud affecting council services (185 in 2023/24), the volume, types and sources of reports are comparable to other SAFS Partners based on data from those councils. Reporting of suspected fraud by staff and the public is increasing and indicates that staff understand their service fraud risks and when/how to report their suspicions, and the public has confidence in reporting matters to the Council using the various routes offered.

Table 1. Types of fraud being reported (in year):

Blue Badge	Housing Benefit/CTax	Housing	Procurement/ Contract	Other	Total
13	62	95	11	5	186

**Other includes Mandate & Payment/ Insurance/ Grants/ Payroll etc.*

Table 2. Who is reporting fraud:

Staff	Public	Proactive	Other Agencies	Total
111	66	9	0	186

36. Reporting of suspected fraud has remained very similar to 2023/24 and we are very pleased by the continued high reporting by staff as this indicates that they are aware of the risk of fraud and confident in reporting it where suspected.
37. Not every referral will need to be investigated as some can be false, misleading, or simply incorrect. Every referral received is risk assessed and sifted by the SAFS Intelligence Team to determine next steps. In total, **87** allegations received in 2024/25 were not selected for investigation.

Table 3. 'Failed' Referrals

Failed Sift	No Action Required	Referred to 3 rd Party	SAFS Advice	Warning Letter	Total
52	15	3	11	6	87

- 'Failed Sift' is used where the allegation cannot be attributed to any service provided by the Council.
- 'No Action Required' are referrals where the subject can be identified but no error/fraud is apparent, or the Council is already aware of the facts reported in the allegation.
- Referrals that are passed to third parties occurs where another agency, such as DWP or HMRC, is best placed to investigate the matter.

- 'SAFS Advice' occurs when guidance/advice/support has been provided to Council officers, but a full investigation is not required to resolve the allegation.
 - 'Warning Letters' are issued where a fraud may have occurred but is minor and/or not current as a reminder about rules/responsibilities.
- 38.** In addition to the referrals that did not require an investigation **32** 'low risk' cases were resolved through compliance activity, warning letters or review. This approach identified/prevented around **£33k** in council tax and housing benefit fraud.
- 39.** We have been working very closely with the Council's communication team both internally to raise awareness of SAFS and externally to encourage local residents and businesses to report fraud and help protect public funds. The Council took part in the International Fraud Awareness Week in November 2024.
- 40.** At this time many cases raised for investigation last year are still live. However, of the **42** cases investigated and closed in the year, **17** identified fraud - with total recoverable losses/savings, from these and other interventions, combined in excess of **£299k** reported. Council officers have been provided with a detailed breakdown of which services have been affected by fraud and the outcomes from individual investigations.
- 41.** At year end of March 2025, **43** cases remained under investigation with a further potential fraud loss of just over **£1m** recorded. SAFS monitor these figures to identify trends, such as changing working practices, the cost-of-living crisis, and other national/local factors.
- 42.** As well as the financial values identified, SAFS works with the council's housing needs and nominations team where allegations of fraud impact on the Councils housing register or homelessness applications. These cases may not deliver an obvious financial value but do assist in preventing fraudulent applications for housing which can deprive those in genuine need.
- 43.** In April 2023 the Fraud Advisory Panel (FAP) published a report 'Lost Homes-Lost Hope' following up from a paper published in 2021 by the Tenancy Fraud Forum 'Calculating Losses from Housing Tenancy Fraud'. The report calculated the average loss of each housing fraud to the public purse to be in the region of £42k, of which £36k is attributable to the cost for local authorities through the provision of temporary accommodation.
- 44.** SAFS has been working across all areas of the housing directorate since April 2023 as 'tenancy fraud' is seen as one of the Councils biggest risks. SAFS attend team and management meetings within Housing to discuss risks, awareness and fraud reporting.

Case Study 2: Social Housing Fraud

A case involving a Council tenancy was referred to SAFS on suspicion that the tenant was not using the property as their principal home and possibly subletting the property. This was reported by a member of the public.

A SAFS investigation identified the tenant had moved to another address to live with their partner. The partner had been traced to a new address in Stevenage. Unannounced visits to the Council property confirmed that the tenant had left that address and was living with their partner.

An interview with the tenant confirmed that they had left the Council property and they agreed to terminate their tenancy with immediate effect. As a result, the tenancy was terminated, the property was recovered and re-let to a family from the Councils housing register.

45. SAFS works closely with the Councils various housing teams to investigate all type of fraud affecting that service area including the illegal sub-letting of Council properties, false succession applications and fraudulent right to buy (RTB) applications. In 2024/25 this work resulted in the recovery of **4** Council properties that were subject to misuse of fraud of some type, saving the Council as much as **£160k**.
46. As part of work with Housing SAFS conducts a review of all 'right to buy' (RTB) applications to the Council receives to identify/prevent fraud and money-laundering. In all SAFS reviewed 143 applications and were able to prevent **1** fraudulent application proceeding with 6 others subject to investigation, the financial loss to the Council would have been more than **£102k**. SAFS also review all Succession Applications received, in 2024/25 from 50 reviews 8 applications were selected for further investigation.
48. SAFS work with several social housing providers, including Clarion, Peabody and Settle, to help identify fraud such as illegal sub-letting, fraudulent right-to-buy applications and other misuse of the social housing stock. In 2024/25 these investigations resulted in two properties being recovered and allocated to residents from the Councils housing register. This work could have saved the Council **£84k** from reduced temporary accommodation costs.

Case Study 3: Housing Fraud- Registered Provider.

An allegation was received from a member of the public alleging that the current occupant of a flat in Stevenage was not on the tenancy and that the property is being sub-let from the real tenant.

Checks conducted by SAFS identified that the property was owned by Clarion Housing who subsequently instructed SAFS to investigate the allegation. In addition, the subject was claiming SPD and CTR from the Council.

The investigation found that subject was heavily linked to an address outside Hertfordshire and data linked them to another person at that address. No evidence of sub-tenants could be identified.

Several attempts to interview the tenant were arranged but the tenant never attended these. They did however contact Clarion Housing and handed back the keys to the property. They also advised the Shared Revenue and Benefit Service that they had moved away from Stevenage.

49. We work operationally with a number of partners locally and regionally to enhance our investigation capacity and outcomes. This includes joint working with the DWP where Housing Benefit (HB) and Council Tax (CTRS) fraud is linked to other national benefits. We also work very closely with the Councils Shared Revenue and Benefit Service hosted by East Herts Council.

Case Study 4: Council Tax Fraud.

An allegation was referred to SAFS from the DWP as it was believed a Stevenage resident had failed to disclose a bank account holding in excess of £50k to the Council whilst in receipt of Council Tax reduction.

Bank account statements already requested by the DWP had not been provided by the subject.

Intelligence checks were conducted by SAFS to ascertain the benefits in payment during the suspected short period of non-disclosure. Bank account statements were obtained by SAFS and supported the allegation.

The subject was interviewed and admitted failing to disclose the bank account and the capital held in it. The subject was issued a repayment plan of £1,054 to be repaid to the Council.

Case Study 5: Council Tax Fraud.

SAFS were made aware by the Shared Revenue and Benefits Service through the NFI data matching service that claimant, who was in receipt of council tax reduction and housing benefit, had failed to declare capital on their applications for benefit.

A SAFS investigation obtained evidence, including Land Registry and banking data, which showed that whilst the claimant was renting private accommodation themselves and claiming council tax reduction and housing benefit, they had bought and sold two properties which they rented privately to tenants of their own.

On reviewing the evidence, it was found the claimant had equity from the properties and rental income deposited into a savings account over two periods between 2008 and 2023.

As a result, an overpayment was raised and the claimant was required to repay £15,000 to the Council in full.

50. The Council is required to submit data every two years as part of the Cabinet Office mandated [National Fraud Initiative - GOV.UK \(www.gov.uk\)](https://www.gov.uk). For the Council datasets such as payroll, pensions, creditor/payments, housing benefit and council tax are provided in October. The data collected from Councils, NHS and others is then analysed to identify discrepancies and potential fraud. The exercise also uses data from sources such as Operation Amberhill, HMRC, DWP and GRO.
51. The output, or 'matches', from NFI is released to Councils between February and March following the October data upload. These matches are shared in various formats for Councils to action. For the Council, SAFS administer access to and reporting for those service areas that are required to provide a response.
52. The Council received **567** matches for review in a number of reports from the 2024/2025 exercise. Many of these matches require administrative review only and will not identify fraud, error, or savings, but it is essential that all are actioned and reported to avoid any fraud being missed and ensure that the Councils data is amended/updated.
53. SAFS and Council officers have reviewed a number of the high priority matches and **63** reviews were conducted identifying loss/savings combined of **£3k**.
54. Working with the Cabinet Office, SAFS have developed a 'Hertfordshire FraudHub' for all SAFS Partners following the same process as the two-yearly NFI exercise, but with data collected and matched more frequently throughout the year. In 2024/2025 SAFS identified just over **1.2k** potential matches for review, from these only **50** high risk matches were fully reviewed with reported fraud of **£4k**. SAFS are working closely with service managers to ensure the Council can provide an improved response to matches from the FraudHub in 2025/26.
55. The Councils Shared Revenue and Benefits Service utilises the County Council funded AnalyseLocal project helping to identify potential fraud and error in the small business rate reduction (SBRR) scheme. However, in 2024/2025 only **2** discrepancies were identified, and none were reviewed.
56. SAFS manages the Hertfordshire Council Tax Framework for all district councils across the County. This framework is funded by the County Council and provides a fully managed service to review discounts claimed by residents against their Council Tax liability. During 2024/25 the Council accessed the Framework to review those accounts with a single person discount (585 being removed and **£244k** of new liability identified) or reported as being empty for a long term (with 328 council tax exemptions/premiums being amended).

57. The Former Department for Communities and Local Government, now Ministry for Housing Communities and Local Government (MHCLG), published a revised Transparency Code in February 2015, which specifies what open data local authorities must publish.
58. The Code also recommends that local authorities follow guidance provided in the following reports/documents:

The National Fraud Strategy: *Fighting Fraud Together*
<https://www.gov.uk/government/publications/nfa-fighting-fraud-together>

CIPFA– *Managing the Risk of Fraud – Actions to Counter Fraud and Corruption*
<https://www.cipfa.org/services/networks/better-governance-forum/counter-fraud-documentation/code-of-practice-on-managing-the-risk-of-fraud-and-corruption>

59. The Code requires that Local Authorities publish the following data in relation to Fraud. The response for Stevenage Borough Council for 2024/25 is in **bold**:

- Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 2014, or similar powers.

Nil. (Stevenage Borough Council is a Partner to the Hertfordshire Shared Anti-Fraud Service and makes use of the National Anti-Fraud Network (NAFN) to conduct such enquiries on their behalf).

- Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud.

2.7 FTE

- Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists.

2.7 FTE

- Total amount spent by the authority on the investigation and prosecution of fraud.

£174,000 (SAFS fee)+ NAFN/NFI/FraudHub license fees- £184,000

- Total number of fraud cases investigated.

16 Fraud cases investigated and closed in year

60. In addition, the Code recommends that local authorities publish the following (for Stevenage Borough Council *Fraud/Irregularity are recorded together and not separated*):

- Total number of cases of irregularity investigated-
See above

- Total number of occasions on which a) fraud and b) irregularity was identified.

17 Reactive, 2 NFI/FraudHub, 25 Compliance Review, 823 SPD/EHR Council Tax Framework.

- Total monetary value of a) the fraud and b) the irregularity that was detected.

Reactive- £299k (with a further £1m estimated)

Compliance - £33k

Working with RSLs- £84k Tenancy Fraud

Proactive- £251k of fraud/error identified through NFI and Council Tax Framework combined

Total - £667k of fraud and irregularity reported in-year.

- Total monetary value of a) the fraud and b) the irregularity that was recovered.

Not recorded separately

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

(b) ***Councillors Workbook on Bribery & Fraud Prevention*** (LGA 2017)

(c) ***Fighting Fraud and Corruption Locally - A Strategy for the 2020's***
(CIPFA/CIF9AS/LGA 2020)

(d) ***Tackling Fraud in the Public Sector*** (CIPFA 2020)

(e) ***Code of Practice - Managing the Risk of Fraud and Corruption*** (CIPFA 2014)

(f) ***Fighting Fraud - Breaking the Chain*** (Report of Session 2022-2023 House of Lords)

(g) ***HMG Fraud Strategy - Stopping Scams, Protecting the Public*** (May 2023)

(h) ***Lost Homes, Lost Hope*** (Fraud Advisory Panel 2023)

62. SAFS KPIs for 2024/2025 and Performance

KPI	Measure	Objectives 2024/25	Performance
1	Return on investment from SAFS Partnership.	A. Meetings to take place with the Assistant Director of Finance quarterly. And reports on all SAFS Activity to Portfolio Leads for Finance and Housing. B. Assistant Director of Finance or deputy will be invited to attend SAFS Board meetings quarterly. C. Regular meetings to take place with Directors/Service Leads to agree and update local work plans. D. 3 Reports to Audit Committee in 2024/25.	A. Meetings took place with the Assistant Director of Finance and other senior leaders to discuss delivery of the AF Plan. B. Assistant Director of Finance is a member of the SAFS Board and attends its quarterly meetings. C. SAFS met with other service leads across the Council as and when required with a focus on the highest risk areas. Plus, SAFS sits on the CGG panels. D. Three reports delivered in 2024/25 September/November/March.
2	Provide an investigation service.	A. Deliver between 90% and 110% of the 435 Days of counter fraud work including proactive and reactive investigation activity, data-analytics, training and fraud risk management.	A. SAFS provided 482 days (111%) of those planned for the year.
3	Action on reported fraud.	A. SAFS response to 95% of referrals received within 2 Days.	A. responded to 100% of referrals within 24 hours (0.7 days) on average.
4	Anti-Fraud Training	A. Deliver 10 anti-fraud/corruption training events for staff/Members in year. (To be agreed with Directors/Service leads and HR)	A. 10 Sessions delivered, including a session with the AC members.
5	Allegations of fraud. & And outcomes from cases investigated.	A. 100% All reported fraud (referrals) received by the Council will be logged and reported by type & source on SAFS CMS. Outcomes of all referrals/cases will be recorded and reported. B. 6-12 Social homes secured from unlawful use or sub-letting or other unlawful activity. C. 100% Review of all Right to Buy and 'Succession' applications to prevent fraud and money laundering. D. SAFS to provide all Fraud Data for 2023/24 as required by the Transparency Code 2015.	A. Fraud reporting options available for staff and residents on the Council's webpage and intranet- This is linked to SAFS reporting tools. All cases with reports/values/outcomes recorded on SAFS CMS. B. 4 properties recovered, with a number pending recovery at the time of reporting. Plus, a number of RTBs securing those properties. C. 100% review of all RTB and Succession applications completed. D. Transparency Data provided in SAFS report to AC in September 2024.
6	Making better use of data to prevent/identify fraud.	A. Support the output from NFI 2024/25 Council services. B. Membership and VFM from the Herts FraudHub in 2024/25.	A. The NFI data-upload was completed in compliance with legislation and officers are now reviewing reports/matches with SAFS support. B. The Council has a contract in place for the FHub, and data is being uploaded and output under review with Council officers.

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Stevenage Borough Council
Audit Committee

4 November 2025
Shared Internal Audit Service –
Progress Report

Recommendations

Members are recommended to:

- a) Note the Internal Audit Progress Report
- b) Note the Status of Critical, High, and Medium Priority Recommendations

Contents

1 Introduction and Background

- 1.1 Purpose
- 1.2 Background

2 Audit Plan Update

- 2.1 Delivery of Internal Audit Plan and Key Findings
- 2.4 Internal Audit Plan Changes
- 2.5 Critical, High and Medium Priority Recommendations
- 2.7 Performance Management

Appendices:

- A Progress against the 2025/26 Internal Audit Plan
- B Implementation Status of Critical, High and Medium Priority Recommendations
- C Internal Audit Plan Items (April 2025 to March 2026) - Indicative start dates agreed with management
- D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2025/26 Internal Audit Plan to 17 October 2025.
 - b) The findings for the period 15 August 2025 to 17 October 2025.
 - c) Details of any changes required to the approved Internal Audit Plan.
 - d) The implementation status of previously agreed audit recommendations.
 - e) An update on performance management information to 17 October 2025.

Background

- 1.2 Internal Audit's Annual Plan for 2025/26 was approved by the Audit Committee at its meeting on 25 March 2025. The Audit Committee receive periodic updates against the Internal Audit Plan. This is the second update report for 2025/26.
- 1.3 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations. It is considered good practice that progress reports also include details of changes to the agreed Annual Internal Audit Plan.

2 Audit Plan Update

Delivery of Internal Audit Plan and Key Audit Findings

- 2.1 As of 17 October 2025, 38% of the 2025/26 Internal Audit Plan days have been delivered (the calculation excludes contingency days that have not yet been allocated).
- 2.2 The following final reports have been issued since 15 August 2025:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
ICT Hardware Inventory 2024/25	Aug 2025	Reasonable	Two Medium Priority
Building Security	Sept 2025	Reasonable	Three Medium and One Low Priority
Ombudsman Referrals	Sept 2025	Substantial	Two Advisory

See definitions for the above assurance levels and recommendation priorities at Appendix D.

- 2.3 The table below summarises the position regarding delivery of the 2025/26 approved projects to 17 October 2025. Appendix A provides a status update on each individual project within the 2025/26 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	6	19%
Draft Report Issued	0	0%
In Fieldwork/Quality Review	7	22%
In Planning/Terms of Reference Issued	8	25%
Allocated	6	19%
Not Yet Allocated	5	15%
Cancelled/Deferred	0	0%
Total	32	100%

Internal Audit Plan Changes

- 2.4 There has not been any Internal Audit Plan changes since it was approved by this Committee on 25 March 2025.

Critical and High Priority Recommendations

- 2.5 Members will be aware that a Final Audit Report is issued when it has been agreed ("signed off") by management; this includes an agreement to implement the recommendations that have been made.
- 2.6 The schedule attached at Appendix B details any outstanding Critical, High, and Medium priority audit recommendations. Five new Medium Priority recommendations are shown in the schedule. These recommendations are from audits of Building Security and ICT Hardware Inventory.

Performance Management

- 2.7 The 2025/26 annual performance indicators were approved at the SIAS Board meeting in March 2025.
- 2.8 The actual performance for Stevenage Borough Council against the targets that can be monitored in year is set out in the table overleaf:

Performance Indicator	Performance Target for 31 March 2026	Profiled Performance 17 Oct 2025	Actual Performance 17 Oct 2025	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	43%	38%	111 days delivered out of the current 295 days planned
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 March 2026	90%	30%	19%	6 projects to draft or final report from the 32 planned
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	90%	100%	100%	Based on the results of the 3 completed questionnaire received (from the 8 issued)
4. Number of High and Critical Priority Audit Recommendations agreed as a percentage	95%	N/A	N/A	No High Priority recommendations have been made during 2025/26

* Based on Audit Plan 'deliverables' at draft and final stage, and items carried forward from 2024/25 that were not at draft report stage by 31 March 2025.

2.9 In addition, the performance targets listed below are annual in nature. Members will be updated on the performance against these targets within a separate Annual Report:

- **5. Annual Plan** – prepared in time to present to the March meeting of each Audit Committee. If there is no March meeting, then the Plan should be prepared for the first meeting of the financial year. This indicator was achieved for 2025/26 as the audit plan for the financial year 2025/26 was presented to the Audit Committee in March 2025.
- **6. Planned Projects** - percentage of actual completed projects to final report stage against planned completed projects.
- **7. Chief Audit Executive's Annual Report** – presented at first 2025/26 meeting of the Audit Committee. This indicator was achieved for 2025/26 as the Client Audit Manager's Annual Report (for 2024/25) was presented to the June 2025 meeting of this committee.

2.10 We currently report no risks to the delivery of a robust annual assurance opinion. However, it should be noted that SBC Plan delivery is currently behind the planned profile. This is a result of the following factors, with the position expected to be largely recovered during quarter three:

- a) Recruitment to two existing trainee auditor vacancies during quarter one, with both not starting until quarter two.
- b) Some audits being pushed back at client request, thereby altering the profile of delivery.
- c) Sickness absence of one of our Client Audit Managers, thereby impacting on the pace of delivery of some audits.
- d) Delays in our external co-sourced partner being able to commence some of their allocated audits.
- e) Some low-level anecdotal evidence of senior staff at partners experiencing capacity challenges linked to LGR. This is a known risk talking to Heads of Internal Audit who have already been through this process.

In respect of the existing gap between profiled and actual performance, this is largely attributable to delays in completing fieldwork on three audits. The audit sponsors for these audits are aware of this position.

APPENDIX A - PROGRESS AGAINST THE 2025/26 INTERNAL AUDIT PLAN

2025/26 Internal Audit Plan

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Key Financial Systems – 74 days									
Business Rates (shared with EHC)						74	Yes	9	ToR Issued
Council Tax (shared with EHC)							Yes		ToR Issued
Housing Benefits (shared with EHC)							Yes		ToR Issued
Treasury Management							No		Allocated
Debtors							No		Not Yet Allocated
Creditors							No		Not Yet Allocated
Payroll							No		Not Yet Allocated
Insurance	Substantial	0	0	0	2		Yes		Final Report Issued
Housing Rents							No		Not Yet Allocated
Cash & Banking							Yes		Allocated
Operational Services – 94 days									
Housing Repairs						12	Yes	4	In Fieldwork
Building Safety Compliance Checks (x2)						12	Yes	1.5	ToR Issued
Recycling						10	Yes	0	Allocated
Park & Open Spaces						10	Yes	3	In Fieldwork
Follow Up Audit Provision (x2)						10	Yes	0	Allocated
Housing Register & Allocations						10	Yes	6.5	In Fieldwork
Building Security	Reasonable	0	0	3	1	10	Yes	10	Final Report Issued
Damp & Mould						10	Yes	3	In Fieldwork
Garages	Reasonable	0	0	2	1	10	Yes	10	Final Report Issued
Corporate Services/Themes – 60 days									
Review of Audit Committee						6	Yes	4.5	In Fieldwork
Transformation/Change Management						6	Yes	0	Allocated

APPENDIX A - PROGRESS AGAINST THE 2025/26 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Risk Management						6	Yes	0.5	In Planning
Corporate Governance						6	No	0	Not Yet Allocated
SHDF Grant Audit	Unqualified	0	0	0	0	6	Yes	6	Final Report Issued
Equality, Diversity & Inclusion						6	Yes	2.5	In Fieldwork
Social Media/Communications						8	Yes	1.5	ToR Issued
Procurement Act						8	Yes	4	In Fieldwork
Ombudsman Referrals	Substantial	0	0	0	2	8	Yes	8	Final Report Issued
IT Audits – 6 days									
Cyber Security – Reliance on Alternative Assurance						6	Yes	1.5	ToR Issued
Completion of 2024/25 Projects – 10 days									
ICT Hardware Inventory	Reasonable	0	0	2	0	10	Yes	10	Final Report Issued
Contingency – 5 days									
Contingency						5		0	Through Year
Strategic Support – 51 days									
Head of Internal Audit Annual Report						3	Yes	3	Complete
Audit Committee & Recommendation Follow Up						12	Yes	6	Through Year
Client Engagement & Adhoc Advice						8	Yes	5.5	Through Year
2026/27 Audit Planning						6	Yes	0	Allocated
SIAS Service Development						10	Yes	5	Through Year
Plan & Progress Monitoring						12	Yes	6	Through Year
SBC TOTAL		0	0	7	6	300		111	
* C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority									

APPENDIX B: IMPLEMENTATION STATUS OF HIGH AND MEDIUM PRIORITY RECOMMENDATIONS

The following appendix provides Audit Committee Members with a summary of the most recent update provided by management in respect of any outstanding critical, high and medium priority recommendations.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Oct 2025)
1.	Garages.	<u>Medium Priority Recommendation:</u> To address audit findings that relate reviewing policies & procedures. We recommend that the Garage Management Services Policies and accompanying internal procedures are reviewed and updated. This should include any documentation that is published on the Council's website so that a consistent approach is accessible to all. We also suggest that this information be reviewed and updated on the Council's website to reflect that it is completed annually. <u>Agreed Management Actions(s):</u> Whilst there is a Garage Management Services policy available it is acknowledged this does not have version control or review dates documented despite being updated regularly.	Responsible Officer: Garage Manager. Due Date: 30/09/2025.	<u>October 2025.</u> Completed and procedures will now be updated on annual basis starting January 2026. Garage policy on website now states a "Review date" and master provides version control	Implemented.
2.	Garages.	<u>Medium Priority Recommendation:</u> To address audit findings that relate to policy and procedures. We recommend that the service develop an Enforcement and Recovery Policy or process document outlining a clearly defined procedure for each stage of enforcement and recovery, ensuring alignment with the Garage Management Services Policy and other relevant Council guidance. This policy should be presented to Senior Management for approval and then reviewed annually. Where feasible, an officer should prioritise the daily or weekly follow-up of outstanding debts to help ensure final bills are issued promptly. <u>Agreed Management Actions(s):</u> The need for this policy is recognised and will enable garage customers to clearly see the enforcement and recovery process when renting a garage. The back log issuing final bills to former tenants has now been cleared as of 31 July 2025. This will now be actioned weekly moving forward.	Responsible Officer: Garage Manager. Due Date: 31/10/2025.	<u>October 2025.</u> <u>Completed -</u> Enforcement Policy has been written and is now with our portfolio holder Cllr Jeanette Thomas for review. This will be made available for customers to view on https://www.stevenage.gov.uk/garages. The back log, of issuing final bills to former garage licence holders has been cleared. These are now issued on a weekly basis, and the Garage Project Officer now undertakes weekly chasing for	Implemented.

APPENDIX B: IMPLEMENTATION STATUS OF HIGH AND MEDIUM PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Oct 2025)
				former tenant debts, following the appointment into this role at the beginning of October.	
3.	ICT Hardware Inventory 2024/25.	Medium Priority Recommendation: <u>To address audit findings that relate to governance.</u> We recommend that the Asset Management and Mobile Development Policy, currently being developed, clearly sets out the roles and responsibilities incumbent on officers managing, disposing of and checking IT assets. Agreed Management Actions(s): Management is committed to developing a comprehensive Asset Management & Mobile Device Policy by March 2026 to ensure secure, consistent, and appropriate use of mobile devices across the organisation. This will involve a phased approach including initial scoping, staff and union engagement, policy drafting, and formal approval. Key areas such as security, use of personal devices, and staff responsibilities will be addressed, including the disposal and compliance of assets. The policy will be developed collaboratively with trade unions and other stakeholders at both councils, ensuring transparency and alignment with organisational standards and regulatory requirements, supported by clear communication and training during rollout.	Responsible Officer: ICT Service Delivery Manager. Due Date: 31/03/2026.	<u>October 2025.</u> New recommendation. The management response opposite is the latest comment.	Not Yet Due.
4.	ICT Hardware Inventory 2024/25.	Medium Priority Recommendation: <u>To address audit findings that relate to record keeping.</u> We recommend that a system of cross-referencing between asset registers and other records, such as inventory lists, purchase orders or delivery notes, is implemented. This should provide the Service with more certainty regarding the location and status of assets. Agreed Management Action(s): A review of current asset management practices will be undertaken, and updated procedures will be rolled out as part of our wider governance and compliance improvements. In particular, bridging the gap between Intune Asset inventory to assets returned for disposal, assets purchased, creating an inventory list within Manage Engine.	Responsible Officer: ICT Service Delivery Manager. Due Date: 31 December 2025.	<u>October 2025.</u> New recommendation. The management response opposite is the latest comment.	Not Yet Due.

APPENDIX B: IMPLEMENTATION STATUS OF HIGH AND MEDIUM PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Oct 2025)
5.	Building Security	Medium Priority Recommendation: <u>To address audit findings that relate to security policy.</u> We recommend that the Council implements a formal, Council wide Security Policy with clear processes and defined roles and responsibilities, supported by a governance structure that ensures accountability, oversight, and continuous staff awareness of security issues across all Council owned buildings. Agreed Management Action(s): A draft Security Policy is already in progress. This will be finalised and reviewed with input from key stakeholders, then presented for approval. The policy will set out governance structures, accountability, and staff responsibilities across all Council owned buildings.	Responsible Officer: Facilities & Compliance Manager. Due Date: 31/03/2026.	<u>October 2025.</u> New recommendation. The management response opposite is the latest comment.	Not Yet Due.
6.	Building Security	Medium Priority Recommendation: <u>To address audit findings that relate to buildings inventory.</u> We recommend that the Council should establish and maintain a comprehensive and detailed inventory of all Council owned buildings. This inventory should include accurate property records and incorporate references to periodic security needs assessments to ensure alignment with risk management practices. Agreed Management Action(s): A central master record will be created in collaboration with Estates and Facilities. This will consolidate property data into one central system (e.g. Estates spreadsheet), with fields for security requirements and risk assessment references.	Responsible Officer: Facilities & Compliance Manager. Due Date: 31/05/2026.	<u>October 2025.</u> New recommendation. The management response opposite is the latest comment.	Not Yet Due.
7.	Building Security	Medium Priority Recommendation: <u>To address audit findings that relate to security risk assessments.</u> The Council should implement a formal process for conducting periodic security risk assessments for all Council owned buildings. The frequency of these assessments should be proportionate to the level of security risk associated with each property (e.g. higher risk sites like Daneshill House should be assessed more frequently than lower risk sites). All assessments should be documented, with clear identification of risks and corresponding action plans. Agreed Management Action(s): A rolling programme of security risk assessments will be	Responsible Officer: Facilities & Compliance Manager. Due Date: 31/08/2026.	<u>October 2025.</u> New recommendation. The management response opposite is the latest comment.	Not Yet Due.

APPENDIX B: IMPLEMENTATION STATUS OF HIGH AND MEDIUM PRIORITY RECOMMENDATIONS

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Oct 2025)
		introduced. High-risk sites (e.g. Daneshill House, Cavendish Road Depot) will be prioritised for early completion, with remaining buildings assessed in line with agreed risk-based frequencies. Results will be logged and monitored against action plans.			

APPENDIX C: INTERNAL AUDIT PLAN 2025/26 – PLANNED AUDIT START DATES

April	May	June	July	August	September
IT Hardware Inventory (c/f from Q4 2024/25) Final Report Issued	Building Security Final Report Issued	SHDF Grant Audit Final Report Issued	Ombudsman Referrals Final Report Issued	Equality, Diversity & Inclusion In Fieldwork	Building Safety Checks (1) ToR Issued
Insurance Final Report Issued	Garages Final Report Issued		Housing Repairs In Fieldwork (c/f from June)	Social Media/Communication ToR Issued	Cyber Security ToR Issued
			Parks & Open Spaces In Fieldwork	Follow Up Audit (1) Allocated	Housing Register & Allocations In Fieldwork
			Review of Audit Committee (c/f from May) In Fieldwork		Damp & Mould In Fieldwork
October	November	December	January	February	March
Transformation/Change Management Allocated	Business Rates ToR Issued	Council Tax ToR Issued	Accounts Receivable Not Yet Allocated	Accounts Payable Not Yet Allocated	Building Safety Checks (2) ToR Issued
Risk Management In Planning	Housing Benefits ToR Issued	Treasury Management Allocated	Payroll Not Yet Allocated	Housing Rents Not Yet Allocated	
Procurement Act (c/f from June) In Fieldwork	Cash & Banking Allocated	Recycling (c/f from September) Allocated	Corporate Governance Not Yet Allocated	Follow Up Audit (2) Allocated	

APPENDIX D - ASSURANCE / RECOMMENDATION PRIORITY LEVELS

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

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