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AUDIT COMMITTEE

Date: Wednesday, 16 September 2026
Time: 6.00pm,
Location: Council Chamber
Contact: Gemma O'Donnell
committees@stevenage.gov.uk

Members: Councillors: Forhad Chowdhury (Chair), Dermot Kehoe (Vice-Chair), Jim Brown, Jeff Bullock, Leanne Brady, Coleen DeFreitas, Sarah Mead, Liam Morrell Phillips, Graham Spencer and Peter Wilkins

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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 2 June 2026
3 - 6

3. SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT
To provide Members with the progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2026/27 Internal Audit Plan to 28 August 2026.
7 - 42

4. ADOPTION OF ANTI-FRAUD & CORRUPTION POLICY STATEMENT & STRATEGY / ANTI-MONEY LAUNDERING POLICY / FRAUD SANCTIONS POLICY
To provide the Committee with the Council's revised Anti-Fraud and Corruption Policy and Strategy, Anti-Money Laundering Policy and Fraud Sanctions Policy for review, comments, and formal adoption.
43 - 122

5. EXTERNAL AUDIT PLAN - AZERTS
To consider the Azets External Audit plan.
123 - 186

6. ANNUAL TREASURY MANAGEMENT REVIEW OF 2025/26 INCLUDING PRUDENTIAL INDICATORS
To note the Annual Treasury Management Report for 2025/26 and to approve the actual 2025/26 prudential and treasury indicators in this report.
187 - 206

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

To consider 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 2026/2027.

207 - 238

8. RIPA POLICY AND REPORT

To consider the Council's revised RIPA Policy for review by the Committee and adoption by the Council, to ensure the Council as a public authority meets its obligations under The Regulation of Investigatory Powers Act 2000 (RIPA).

239 - 274

9. URGENT PART 1 BUSINESS

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

10. EXCLUSION OF PUBLIC AND PRESS

To consider the following motions –

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

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

11. PART II MINUTES - AUDIT MARCH & JUNE 2026

To approve as a correct record the Part II Minutes of the meetings held on 24 March & 2 June 2026

275 - 278

12. Q1 CORPORATE RISK REPORT

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

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13. URGENT PART II BUSINESS

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

Agenda Published 08/09/2026

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE
MINUTES

Date: Tuesday, 2 June 2026
Time: 6.30pm
Place: Council Chamber

Present: Councillors: Forhad Chowdhury (Chair), Dermot Kehoe (Vice-Chair), Jeff Bullock, Leanne Brady, Coleen De Freitas, Sarah Mead, Liam Morrell Phillips and Graham Spencer

Start / End Time: Start Time: 18:30
End Time: 19:20

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

Apologies for absence were received from Councillor Peter Wilkins.

There were no declarations of interest.

2 **MINUTES OF PREVIOUS MEETING**

The minutes of the Audit Committee held on 24 March 2026 were approved and signed by the Chair.

3 **EXTERNAL AUDIT PLAN - AZETS**

At this juncture the Chair gave apologies on behalf of AZETS and informed Members that the report would be brought to the next meeting of the Audit Committee.

4 **SIAS ANNUAL ASSURANCE STATEMENT AND INTERNAL AUDIT REPORT 2025/26**

The Committee received the SIAS Annual Assurance Statement and Internal Audit Report for 2025/26, outlining the work of the shared internal audit service, which operated on behalf of eight Hertfordshire councils. The report formed the final stage of the annual audit cycle and summarised audit activity, outcomes and assurance provided during the year.

Members were advised that the overall annual opinion was one of reasonable assurance, reflecting a largely positive control environment and a position consistent with the previous year. Details of individual audit opinions, recommendations and performance against service indicators were included within the report and supporting appendices.

The Committee noted that almost all service performance targets had been achieved

and that the service had secured additional income-generating work outside Hertfordshire. Members were also asked to approve the Internal Audit Charter for 2026/27, which remained substantially unchanged apart from an amendment reflecting new Global Internal Audit Standards introduced in 2025, providing an opportunity for member involvement in oversight of the Internal Audit Manager's role.

During discussion, members sought assurance regarding the effectiveness and robustness of the audit programme, particularly considering there being no audits receiving limited or no assurance opinions and no high-priority recommendations issued during the year. Officers explained that the audit plan was developed using a risk-based approach, informed by the Council's strategic risks, previous audit findings and areas not recently reviewed. While no high-priority recommendations had been raised, 26 medium-priority recommendations had been issued during the year, demonstrating a robust audit approach.

Officers confirmed that all recommendations were subject to management action plans, implementation deadlines and ongoing monitoring through governance processes and future Audit Committee reports. The Committee noted that the 17 outstanding medium-priority recommendations represented a snapshot at year-end and that progress against these actions would be reported through subsequent audit monitoring reports.

It was **RESOLVED** that:

· The Annual Assurance Statement and Internal Audit Annual Report 2025/26 be noted.

· The results of the self-assessment required by the Global Internal Audit Standards (GIAS) and the Quality Assurance and Improvement Programme (QAIP) be noted.

· The SIAS Audit Charter 2026/27 be approved.

· Management assurance be sought that the scope and resources for internal audit were not subject to inappropriate limitations in 2025/26.

5 **2025/26 ANNUAL GOVERNANCE STATEMENT AND LOCAL CODE OF CORPORATE GOVERNANCE**

The Committee received a report presenting the updated Local Code of Corporate Governance and the 2025/26 Annual Governance Statement (AGS). Members were advised that the Local Code had been refreshed to reflect the Council's current governance arrangements and to maintain alignment with the CIPFA governance framework. The AGS, following a review of the effectiveness of governance arrangements throughout the year, concluded that the Council's governance framework remained fit for purpose during 2025/26 and provided a robust basis for the delivery of the Council's objectives.

This conclusion was supported by a range of assurance sources, including service assurance statements, internal audit work and ongoing governance oversight. The

report also identified several improvement actions for 2026/27, including strengthening oversight of Council-owned companies, continuing work on IT resilience, progressing financial assurance recovery work, and preparing for the governance implications of local government reorganisation (LGR).

In response to a question regarding the impact of local government reorganisation on future external audits, the Committee was advised that there would be significant challenges associated with closing the accounts of existing authorities ahead of the establishment of the new unitary authority in April 2028. Members heard that the 2027/28 accounts would need to be completed after staff had transferred to the new authority, creating risks around staff retention and continuity. Further risks related to the completion of the external audit assurance “build-back” programme before reorganisation. Officers confirmed that these risks had been recognised across Hertfordshire and that plans were in place to support the completion of outstanding assurance work and retain key finance staff.

The Committee noted the report and the challenges associated with the transition arrangements.

It was **RESOLVED** that the report be noted.

6 **ANNUAL REPORT OF THE AUDIT COMMITTEE**

The Committee received the Annual Report of the Audit Committee for 2025/26, which provided assurance that the Committee had fulfilled its responsibilities effectively during the year. The report was prepared in line with CIPFA guidance, the Global Internal Audit Standards and recognised best practice, and provided assurance regarding governance, risk management, internal control and financial reporting arrangements.

Members noted that the Committee had continued to oversee the work of internal and external audit, approved the Statement of Accounts, monitored risk management and internal controls, and scrutinised treasury management and financial reporting matters.

The report highlighted the Committee’s key activities during 2025/26. Members noted that the 2024/25 Statement of Accounts had been approved and that the external auditor had issued a disclaimer of opinion due to national audit timing pressures rather than concerns relating to the Council’s financial position. The Committee had approved and monitored the Internal Audit Plan, received a satisfactory annual internal audit opinion, and maintained oversight of counter-fraud arrangements.

Quarterly corporate risk reports, the Annual Governance Statement, cybersecurity, whistleblowing, anti-bribery policies and company governance matters had also been reviewed. An independent effectiveness review had concluded that the Committee was generally effective, with recommendations relating to member training records, self-assessment processes and work programme timelines, all of which were being addressed.

Members further noted the training provided during the year and the updated Terms of Reference, which clarified the Committee's responsibilities across audit, risk, governance, fraud and financial reporting. The Committee concluded that it had provided robust scrutiny and challenge throughout the year and had supported good governance, transparency and accountability across the Council.

It was **RESOLVED** that the report be noted.

7 **URGENT PART 1 BUSINESS**

There was no Urgent Part 1 Business.

8 **EXCLUSION OF PUBLIC AND PRESS**

It was **RESOLVED**:

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

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

9 **STRATEGIC RISK REGISTER**

The Committee considered a Part II report in respect of the Strategic Risk Register.

The Corporate Performance and Improvement Officer presented the report.

Members asked several questions that were answered by Officers

It was **RESOLVED** that the report be noted.

10 **URGENT PART II BUSINESS**

There was no Urgent Part II business.

CHAIR

Stevenage Borough Council
Audit Committee

16 September 2026
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

c) Note the Chief Audit Executive's Briefing Paper on the commissioning of an External Quality Assessment.

d) Approve the proposed revision to the wording of paragraph 7.3 of the Internal Audit Charter.

Contents

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 2026/27 Internal Audit Plan to 28 August 2026.
b) The findings for the period 1 April 2026 to 28 August 2026.
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 28 August 2026.
f) Global Internal Audit Standards – Commissioning of the SIAS External Quality Assessment.
g) Amendment to the Internal Audit Charter.

Background

1.2 Internal Audit's Annual Plan for 2026/27 was approved by the Audit Committee at its meeting on 24 March 2026. The Audit Committee receive periodic updates against the Internal Audit Plan. This is the first update report for 2026/27.

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 28 August 2026, 27% of the 2026/27 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 1 April 2026:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Treasury Management 2025/26	June 2026	Substantial	None
Damp & Mould 2025/26	Aug 2026	Reasonable	Three Medium, Three Low/Advisory
Homes England Grant	July 2026	Unqualified	None
Freehold Garages	Aug 2026	Reasonable	Four Medium, Two Low/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 2026/27 approved projects to 28 August 2026. Appendix A provides a status update on each individual project within the 2026/27 Internal Audit Plan.

Status	No. of Audits at this Stage	% of Total Audits
Final Report Issued	4	15%
Draft Report Issued	2	7%
In Fieldwork/Quality Review	4	15%
In Planning/Terms of Reference Issued	3	11%
Allocated	3	11%
Not Yet Allocated	11	41%
Cancelled/Deferred	0	0%
Total	**27**	**100%**

Internal Audit Plan Changes

2.4 There has not been any Internal Audit Plan changes since it was approved by this Committee on 24 March 2026.

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. Seven new Medium Priority recommendations are shown in the schedule. These recommendations are from the audits of Damp & Mould and Freehold Garages.

Performance Management

2.7 The 2026/27 annual performance indicators were approved at the SIAS Board meeting in March 2026.

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 2027	Profiled Performance 28 Aug 2026	Actual Performance 28 Aug 2026	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed (excludes unused contingency)	95%	30%	27%	81.5 days delivered out of the current 299 days planned
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 March 2027	90%	26%	22%	6 projects to draft or final report from the 27 planned
3. Client Satisfaction – percentage of client satisfaction questionnaires returned at 'satisfactory' level	90%	90%	100%	Based on the results of the 1 completed questionnaire received (from the 4 issued)
4. Staff and Training – percentage of our staff that are actively studying towards, or have obtained, a relevant professional qualification.	Head of Service and Client Audit Managers (Chief Audit Executives) – 100% All Staff – 80%	100% / 80%	HoS / CAMs – 100% All Staff – 89%	Management 6/6 (fully qualified) All Staff 16/18 (6 qualified and 10 studying for professional qualifications)
5. 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 2026/27

* Based on Audit Plan 'deliverables' at draft and final stage, and items carried forward from 2025/26 that were not at draft report stage by 31 March 2026.

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 2026/27 as the

audit plan for the financial year 2026/27 was presented to the Audit Committee in March 2026.

- **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 2026/27 meeting of the Audit Committee. This indicator was achieved for 2026/27 as the Client Audit Manager's Annual Report (for 2025/26) was presented to the June 2026 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 slightly behind the planned profile. In respect of the existing gap between profiled and actual performance, this is largely attributable to delays in completing fieldwork on the Third Party Data Security audit. The audit sponsor for the audit is aware of this position.

Global Internal Audit Standards – Commissioning of SIAS External Quality Assessment

2.11 The Global Internal Audit Standards (GIAS) place a requirement on internal audit teams and services to have a five-yearly external quality assessment (EQA) performed by a qualified independent assessor, this providing an independent assessment on compliance with the Standards. This requirement has been in place since 2013, previously related to an assessment against the Public Sector Internal Audit Standards.

2.12 As part of commissioning the EQA, the GIAS require that the Chief Audit Executive (CAE) must develop a plan for an EQA and discuss this plan with the SIAS Board and our partner Audit Committees.

2.13 To meet the above requirement, we have included a briefing for the Audit Committee within Appendix E of this report that sets out the process followed to determine the EQA approach and scope, the timing of the assessment and the outcomes of the procurement process to appoint an assessor.

Internal Audit Charter

2.14 In June 2026, the Internal Audit Charter was presented to the Committee for approval, this being an appendix within our Annual Assurance Statement and Internal Audit Annual Report. Following a query raised by another SIAS Audit Partner Audit Committee on the definition of the role of the Audit Committee within the Charter, we have noted that the current wording could give a mis-leading view of the responsibilities of the Committee.

2.15 Within the current description of stakeholders in the Internal Audit Charter (paragraph 7.3), the Charter states that 'The Audit Committee is also responsible for the effectiveness of the governance, risk, and control environment within the Council, holding operational managers to account for its delivery'.

2.16 Given the Audit Committee is not responsible for effectiveness of arrangements, more providing an oversight and challenge role, it is proposed to update the wording of the paragraph to 'The Audit Committee is a key element of the Council's governance framework, providing oversight and challenge on the adequacy and effectiveness of the Council's risk management, internal control, and governance arrangements'.

2.17 We believe this provides a more accurate representation of the actual role of the Committee. As this is the only change required to the Charter, we have not looked to re-present the Charter in full to the Committee.

APPENDIX A - PROGRESS AGAINST THE 2026/27 INTERNAL AUDIT PLAN

2026/27 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 – 54 days									
Business Rates (shared with EHC)						54	No	0	Not Yet Allocated
Council Tax (shared with EHC)							No		Not Yet Allocated
Debtors							No		Not Yet Allocated
Creditors							No		Not Yet Allocated
Payroll							No		Not Yet Allocated
Housing Rent Arrears							No		Not Yet Allocated
Operational Services – 81 days									
Anti-Money Laundering						10	Yes	9.5	Draft Report Issued
Events Planning						10	No	0	Not Yet Allocated
Facilities Management – Building Safety						10	No	0	Not Yet Allocated
Freehold Garages	Reasonable	0	0	4	1	10	Yes	10	Final Report Issued
Homelessness						10	Yes	2.5	In Fieldwork
Housing Major Refurbishment Contracts						10	Yes	9.5	Draft Report Issued
Housing Safety Compliance Checks						10	Yes	5	In Fieldwork
Homes England Grant Audit	Unqualified	0	0	0	0	3	Yes	3	Final Report issued
Pre-employment Screening/Agency Staff						8	No	0	Not Yet Allocated
Corporate Services/Themes – 86 days									
Third Party Data Security						10	Yes	8	In Fieldwork
Asset Management						10	Yes	1.5	ToR Issued
Business Change - Governance						10	No	0	Not Yet Allocated
Community Infrastructure Levy						11	Yes	0.5	In Planning
Fraud Risk Assessment						10	Yes	1	In Planning
LGR Provision						15	No	0	Not Yet Allocated

APPENDIX A - PROGRESS AGAINST THE 2026/27 INTERNAL AUDIT PLAN

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *				AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	LA				
Outsourced Services/Supplier Resilience						12	Yes	0	Allocated
Risk Management						8	No	0	Not Yet Allocated
IT Audits – 16 days									
Cyber Security – Reliance on Alternative Assurance						6	Yes	0	Allocated
Accessibility Regulations - Digital						10	Yes	0	Allocated
Audit Follow Up – 6 days									
Follow Up of Prior Year Audits						6	Yes	1.5	In Fieldwork
Completion of 2025/26 Projects – 10 days									
Treasury Management	Substantial	0	0	0	0	3	Yes	3	Final Report Issued
Damp & Mould	Reasonable	0	0	3	3	7	Yes	7	Final Report Issued
Contingency – 1 day									
Contingency						1		0	Through Year
Strategic Support – 46 days									
Chief Audit Executive Annual Opinion						3	Yes	3	Complete
Audit Committee & Recommendation Follow Up						12	Yes	4	Through Year
Client Engagement & Adhoc Advice						8	Yes	2.5	Through Year
2027/28 Audit Planning						6	Yes	0	Allocated
SIAS Service Development						5	Yes	5	Allocated
Plan & Progress Monitoring						12	Yes	5	Through Year
SBC TOTAL		**0**	**0**	**7**	**4**	**300**		**81.5**	

* C = Critical Priority, H = High Priority, M = Medium Priority, LA = Low/Advisory Priority

APPENDIX B: IMPLEMENTATION STATUS OF CRITICAL, 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 (Aug 2026)
1.	**Building Security**	**Medium Priority Recommendation:** To address audit findings that relate to security policy. 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. **Revised to** 31/10/2026.	August 2026. An Estates Building Security Policy has now been developed. This is supported by an Estates Security Framework, Security Manual and a suite of operational documents covering areas including CCTV, commercial property keys, void property management, and body worn cameras. Together, these documents establish the proposed governance arrangements, responsibilities, security controls, and operational processes across corporate, commercial, and void properties. Further stakeholder consultation and formal approval are required before the policy and supporting framework can be fully implemented and communicated across the Council.	Partially implemented.
2.	**Building Security**	**Medium Priority Recommendation:** To address audit findings that relate to buildings inventory. 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	**Responsible Officer:** Facilities & Compliance Manager.	August 2026. A central Estates Portfolio workbook has been compiled, bringing together the Council's Corporate	Partially implemented.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		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.	**Due Date:** 31/05/2026. **Revised Date:** 30/11/2026.	Portfolio, Commercial Portfolio and Neighbourhood Parades. The workbook contains property and building references, names and addresses, postcodes, building types and relevant tenancy information. This provides the central property dataset required by the recommendation. Further work is required to validate and consolidate the information into a consistent building-level inventory and add fields recording relevant security requirements, security risk assessment references, and review dates.	
3.	**Building Security**	**Medium Priority Recommendation:** To address audit findings that relate to security risk assessments. 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 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.	**Responsible Officer:** Facilities & Compliance Manager. **Due Date:** 31/08/2026. **Revised Date:** 31/01/2027.	August 2026. The Estates Building Security Policy, Security Framework and Security Manual establish the proposed risk-based approach to building security assessments. The framework includes provision for a standard security risk assessment template and security risk register, with assessments taking account of building use, public access, occupancy, location, previous incidents, and other	Partially implemented.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2026)
				relevant vulnerabilities. An initial security risk assessment has been developed for Daneshill House. The next stage is to finalise the standard assessment and recording arrangements, assign appropriate risk classifications across the portfolio and establish the rolling programme. Higher-risk and operationally sensitive locations, including Daneshill House and Cavendish Road Depot, will be prioritised before progressing through the remaining portfolio according to assessed risk. Identified actions will be recorded, allocated and monitored through the security risk register.	
4.	**Review of Audit Committee**	**Medium Priority Recommendation:** To address audit findings relating to completing an annual self-assessment. We recommend that the arrangements regarding the annual self-assessment, particularly the retention and accessibility of its results, are reviewed and strengthened to ensure that any risks identified because of the exercise can be monitored and managed appropriately. **Agreed Management Action(s):** The Annual Self-Assessment exercise was not completed due to the departure of the previous Assistant Director of Finance & Deputy S151 Officer. The new postholder will ensure this is incorporated into the work programme going forward so that it is completed each year as	**Responsible Officer:** Director Finance & Deputy S151 Officer. **Due date:** March each year.	August 2026. An Annual Report was provided at the last committee meeting.	Implemented.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		part of our governance and assurance processes.			
5.	**Housing Repairs**	**Medium Priority Recommendation:** To address audit findings relating to segregation of duties. We recommend that: • The contractor portal is configured to prevent the same user completing multiple key stages, ensuring a segregation of duties throughout the ordering and payment process, with exception reporting to management for any overrides. Periodic reviews occur of this until portal controls are proven effective. • Segregation of duties expectations are reinforced in procedural documents for contractor management. **Agreed Management Action(s):** Configuration of the portal itself is not possible, but segregation of duties, approval limits and processes will be reviewed, and changes will be implemented on NEC. Procedural documents will be produced in line with the end-to-end process review in collaboration with the Business Change team. The final timetable is yet to be confirmed but in the interim any/all changes made will be communicated to all once finalised.	**Responsible Officer:** Head of Repairs & Maintenance. **Due date:** 31/08/2026. **Revised to** 31/12/2026.	August 2026. A review of existing approval processes and controls has been completed, with revised workflows and approval arrangements implemented within NEC to strengthen segregation of duties. Procedural guidance is currently being developed as part of the wider end-to-end process review with the Business Change Team. Progress on this element has been slower than anticipated due to resource constraints; however, interim management checks and approval limits remain in place to mitigate risk until the documentation is finalised.	Partially implemented.
6.	**Housing Repairs**	**Medium Priority Recommendation:** To address audit findings relating to evidence of work completed. We recommend that: • A verification & evidence standard is created, applicable to all contractors, tailored where necessary, stating that no payment is made without the defined evidence uploaded to NEC/portal. • Formalise the >£500 evidence rule in procedure and introduce system hard stops so a verification cannot be completed without required evidence attached. **Agreed Management Action(s):** Once all the contractors are on the portal, there will be joint reviews/workshops with the contractors to agree how best works will be delivered. At this stage a Verification and Evidence standard will	**Responsible Officer:** Head of Repairs & Maintenance. **Due date:** 31/08/2026. **Revised to** 31/12/2026.	August 2026. All contractors were onboarded to the contractor portal by July 2026. Work is now focused on embedding a consistent Verification and Evidence Standard across all contractors. Progress has been impacted by the recruitment of a replacement Repairs Manager, which has limited capacity to drive this work forward at the original	Partially implemented.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2026)
		also be agreed and produced and any possible hard stops introduced.		pace. In the interim, existing evidence requirements remain in place, and opportunities to strengthen system controls and validation checks continue to be reviewed as part of the contractor onboarding and assurance process.	
7.	**Housing Repairs**	**Medium Priority Recommendation:** To address audit findings relating to analysing training needs. We recommend that: • A training needs analysis and programme is created, to minimise risk of inconsistent practice and control lapses when processes or systems change. • A further training register is introduced past the induction list by role with expiry / refresh points detailed. **Agreed Management Action(s):** There is a Corporate Project about to commence to undertake training reviews and produce training matrices across various departments. This is expected to be undertaken in Q2. In conjunction with this project, and not to double hand, the training required as in the finding will be incorporated and then budgeted for and delivered.	**Responsible Officer:** Head of Repairs & Maintenance. **Due date:** 31/03/2027.	August 2026. This recommendation remains on track and is not yet due. The action will be delivered through the corporate training review and competency framework project, which will establish a consistent organisational approach to training needs analysis, competency management and training records across the Council. However, locally within the Repairs & Maintenance Service, work has already progressed in advance of the corporate programme. An extensive training and competency matrix is already in place for operational staff, covering mandatory, statutory and role-specific (mostly Health and Safety) requirements. In addition, a training matrix has now been developed for	Not yet due.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
				office-based staff to ensure that training, competence and refresher requirements are clearly defined across all roles within the service. The corporate project will be used to further strengthen and align these arrangements with the wider Council framework, including role-based competencies, refresher training requirements and ongoing maintenance of training records.	
8.	**Procurement Act**	**Medium Priority Recommendation:** To address audit findings relating to training. We recommend that: The service introduces a structured framework to improve procurement training uptake and consistency by: • Making essential courses mandatory for staff in relevant roles, including Contract Management and Intend. • Establishing a formal process for managers to identify and nominate employees who require training. • Enhancing communication and visibility of training opportunities through multiple channels (e.g. intranet, email notifications, team briefings). **Agreed Management Action(s):** Feedback from L&OD is that making courses mandatory doesn't always increase attendance as there are no sanctions for non-attendance or last-minute cancellation. It is not possible to identify who needs to go onto the courses by their job description alone. The intend course needs to be done shortly before users need to use it to be affective. The fact that the courses exist and who should go on them will be further promoted by cascading via SLT to 4th tier managers every six months, promoted to attendees of the contract and procurement group quarterly which is a group of the most prolific	**Responsible Officer:** Procurement Manager. **Due date:** 30/09/2026.	August 2026. Complete.	Implemented.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		procuring officers from a variety of directorates who are expected to be a conduit for procurement best practice in their directorate. For intend the training dates will be added to the booking form used for the other courses. The booking form will be added to the intranet.			
9.	**Procurement Act**	**Medium Priority Recommendation:** To address audit findings relating to capacity. We recommend that: The Council establish a formal monitoring and reporting framework for the Co-operative Procurement Strategy 2025–2028 by: • Defining measurable targets for each Outcome Delivery. • Implementing periodic reviews (e.g. quarterly or biannual) to assess progress against these targets. • Introducing formal reporting to senior management, providing assurance on implementation and achievement of intended outcomes. This will ensure accountability, enable timely corrective actions, and demonstrate that the strategy is delivering its objectives. **Agreed Management Action(s):** The procurement team has had a growth bid approved to enable more resource to be employed from April 26. This will allow us to give more focus on reporting outcomes from the procurement strategy	**Responsible Officer:** Procurement Manager. **Due date:** Once new resource is employed and Trained, so six months from start date: Define targets. One year from start date: Report to senior management and start periodic biannual reporting schedule.	August 2026. Advertising for the new resource during August.	Not yet due.
10.	**Waste Recycling**	**Medium Priority Recommendation:** To address audit findings relating to capacity. We recommend that Management should ensure that periodic contract monitoring meetings are held with external contractors to ensure agreed issues and actions are formally documented and implemented. This measure could help capture strategic decisions, proactive recycling efforts to take current performance to higher levels, even if KPIs are being met.	**Responsible Officer:** Head of Service – Environmental Operations – Stevenage Direct Services.	August 2026. Remains work in progress.	Not yet implemented.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		Agreed Management Action(s): Will engage with the suppliers to arrange quarterly meetings.	**Due date:** 30/06/2026. **Revised to** 31/12/2026.		
11.	**Accounts Payable.**	**Medium Priority Recommendation:** To address audit findings relating to segregation of duties. We recommend that the Council explore whether system controls can be configured to strengthen segregation of duties for supplier addition and amendments. This may include: • Restricting permissions so that higher risk actions (e.g. approving or validating supplier or bank detail changes) sit with the Team Leader, with AP officers responsible for data entry only and/or, • Introducing workflows so that changes, particularly bank detail updates, are sample reviewed by a separate officer. Where such system restrictions are not currently proportionate or feasible, a secondary checker control could instead be applied through periodic spot checks of supplier amendments. However, we note that manual checks are inherently less secure than system enforced controls and should be viewed as a fallback option. **Agreed Management Action(s):** The system does have a notification workflow for when supplier Masterfile records are changed. This includes bank details. This can be configured to go to the AP Team Leader. We will explore systems enforced segregation of duties using the system's authorisation module.	**Responsible Officer:** Accounts Payable Team Leader. **Due date:** 31/05/2026.	August 2026. Complete. New suppliers are entered/changed. AP team leader receives an email notification. These are then checked and signed off by a second person.	Implemented.
12.	**Accounts Payable.**	**Medium Priority Recommendation:** To address audit findings relating to retrospective purchase orders. We recommend that the Council develops a simple, documented policy setting out when retrospective Purchase Orders (POs) are appropriate, such as for genuine urgent or unplanned works, and the controls that should apply in those cases. In addition, the Council should consider introducing proportionate monitoring of retrospective PO activity, such as periodic review of reports or analysing trends to help identify recurring themes, non-compliance, or areas where further guidance or process improvements may be needed.	**Responsible Officer:** Accounts Payable Team Leader. **Due date:** 30/06/2026.	August 2026. Work in Progress.	Not Yet Implemented.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		This will help ensure that spend is authorised in advance wherever possible, support compliance with Financial Regulations, and reduce the risk of unplanned budget commitments. **Agreed Management Action(s):** Agree with the requirement for a policy. We would need to establish the benefits verses the work involved in regularly monitoring retrospective POs.			
13.	**Accounts Payable.**	**Medium Priority Recommendation:** To address audit findings relating to supplier amendments. We recommend that We recommend strengthening the controls and evidence requirements for supplier amendments by: • Ensuring that evidence of independent phone calls to suppliers are retained for supplier bank detail changes. • Implementing a secondary checker control within Accounts Payable for all supplier amendments, or at least for high-risk changes such as bank-detail updates. • Aligning amendment checks to any future system-based workflow or approval route would allow reviews to be triggered automatically. • Investigate the case identified for supplier (00393800), where the bank detail information shown on the supplier form does not match the details currently held on the system. This approach will improve assurance over the accuracy and legitimacy of supplier amendments and reduce the likelihood of errors or inappropriate changes being processed. **Agreed Management Action(s):** 00393800 investigated. The call-back with the suppliers was done, just not recorded. A system-based workflow exists but will need configuration.	**Responsible Officer:** Accounts Payable Team Leader. **Due date:** 30/04/2026.	August 2026. Complete. A workflow email is sent to AP team leader. Any amendment is checked by a second person.	Implemented.
14.	**Social Media.**	**Medium Priority Recommendation:** To address audit findings relating to Policy. We recommend that the Council should update the Social Media Policy to include all social media platforms for which the Marketing and Communications Team holds responsibilities in, including LinkedIn. The Policy should be amended to direct readers to other relevant teams within the Council for social media accounts, such as YouTube, which fall outside the scope of the Communication and	**Responsible Officer:** Head of Communications & Marketing. **Due Date:** 08/05/2026.	August 2026. Work in progress to be finalised end of September 2026.	Not yet implemented.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		Marketing Team's responsibilities. An annual review and approval process should be established to confirm the relevance and appropriateness of each of the Council's social media platforms to support its continued use. The Council should implement a centralised system to record actions and next steps arising from monthly SLT meetings. This system should comprehensively record the responsible individual, associated deadlines, and progress updates for each task, thereby ensuring timely follow-up and completion of actions. **Agreed Management Action(s):** Agreed.	**Revised to** 30/09/2026.		
15.	**Social Media.**	**Medium Priority Recommendation:** To address audit findings relating to record keeping. We recommend that the Council should implement a centralised system to record actions and next steps arising from monthly SLT meetings. This system should comprehensively record the responsible individual, associated deadlines, and progress updates for each task, thereby ensuring timely follow-up and completion of actions. **Agreed Management Action(s):** Agreed.	**Responsible Officer:** Head of Communications & Marketing. **Due Date:** 08/05/2026. **Revised to** 30/09/2026.	August 2026. Work in progress to be finalised end of September 2026.	Not yet implemented.
16.	**Payroll.**	**Medium Priority Recommendation:** To address audit findings relating to procedure documents. We recommend that the Council should consider creating an overarching payroll procedural document that incorporates all individual payroll policies and procedures as well as a clear schedule that outlines the frequency of reviews. **Agreed Management Action(s):** Many of the policies that are out of date are that way as they are no longer used, for example the manual processing of KIT days, the system now does this, so the procedural documents are not in use for this. However we acknowledge that this is not clear and better filing of policy and procedure is required. We will undertake a review of all documents and delete or archive those no longer relevant. Pay policies such as Paternity and Maternity were reviewed while the audit was taking place in line with the statutory changes for April 2026.	**Responsible Officer:** Payroll Lead. **Due Date:** 26/06/2026. **Revised to:** Not known at present.	August 2026. The recommendation is still work in progress. Payroll are currently reviewing the payroll procedure notes and removing or archiving any that are no longer needed due to system changes or changes in the way processes are carried out. This work is also part of a wider IT document storage transition and document clean-up project, so the opportunity is being taken to	Not yet implemented.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2026)
				review and reorganise the payroll documentation. Once complete, we will make sure the remaining procedure notes are up to date and clearly organised. We are still working through the wider document storage project, so we will confirm a revised completion date once we have a clearer timescale.	
17.	**Cyber Security.**	**Medium Priority Recommendation:** To address audit findings relating to cyber risk management policy. It is recommended that the ICT Cyber Risk Management Policy is completed and finalised, including clear guidance on how cyber risks should be identified, assessed and evaluated using the corporate risk matrix. This will provide a structured and consistent approach for staff involved in cyber risk management across the Council. As part of this work, the Council should collaborate to develop and formally approve a cyber risk appetite statement, ensuring it aligns with the broader corporate risk framework. This should set out the level of cyber risk the Council is willing to accept and support consistent prioritisation and escalation of cyber-related issues. Once completed and approved, both the policy and risk appetite should be communicated to relevant staff, supported where necessary by briefings or training, to reinforce consistent application across the shared IT service and strengthen the governance of cyber risk. **Agreed Management Action(s):** The ICT Cyber Risk Management Policy has been formally approved and provides a consistent framework for identifying, assessing and managing cyber risks using the corporate risk matrix. In response to the audit recommendations, the policy will be further refined to strengthen practical guidance, clarity of application and alignment with shared service arrangements. As part of this improvement activity, a shared cyber risk appetite statement will be developed and aligned to the Council's corporate risk framework, and the updated policy and	**Responsible Officer:** Cyber Security Manager. **Due Date:** 31/07/2026.	August 2026. No update provided.	Not yet implemented.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2026)
		risk appetite will be communicated to relevant staff to reinforce consistent application and strengthen cyber risk governance across the Council.			
18.	**Cyber Security.**	**Medium Priority Recommendation:** To address audit findings relating to risk registers. It is recommended that the ICT Operational Risk Register is reinstated into a routine, formally governed review cycle so that risk ratings, action owners and due dates are consistently refreshed. This should include resetting overdue actions with realistic timelines and ensuring there is clear escalation where progress is not made. The Cyber Risk Register should be fully populated using the Councils' approved corporate risk matrix and definitions, ensuring all relevant cyber threats, control gaps and mitigation actions are captured in a consistent and structured format. The completed register should clearly assign accountable owners, target dates and any interdependencies, and should align with the broader IT Operational Risk Register where risks overlap. Both registers should then be embedded into existing shared service governance arrangements, supported by standardised reporting on risk trends, overdue actions and risk acceptance decisions. This will ensure that senior stakeholders receive consistent and reliable assurance over the management of cyber risks across both Councils. **Agreed Management Action(s):** The ICT Operational and Cyber Risk Registers will be reinstated and maintained through a formal, routine governance cycle to ensure risks, ownership and target dates remain current, with clear escalation of overdue actions. Both registers will be aligned, embedded into shared service governance and supported by standardised reporting, providing senior stakeholders with clear and consistent assurance over the management of cyber risk across both Councils.	**Responsible Officer:** IT Ops Team Leads. **Due Date:** 30/10/2026.	August 2026. No update provided.	Not yet due.
19.	**Cyber Security.**	**Medium Priority Recommendation:** To address audit findings relating to sources of alternative assurance. It is recommended that the shared IT service develops a consolidated view of all cyber-related alternative assurance activity, including external audits, regulatory assessments, internal reviews and any other relevant sources. This should include mapping findings, actions,	**Responsible Officer:** Cyber Security Manager. **Due Date:**	August 2026. No update provided.	Not yet due.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		responsible owners, due dates and completion status to provide a single, coherent overview. The consolidated view should be incorporated into routine reporting for the shared governance structure, ensuring that senior stakeholders across both Councils receive regular updates on progress, outstanding issues and any recurring or thematic risks identified through assurance activities. This approach would strengthen transparency, support prioritisation of resources and help ensure that the shared service can clearly demonstrate comprehensive and consistent cyber assurance coverage across both organisations. **Agreed Management Action(s):** We will establish and maintain a consolidated cyber assurance register and supporting dashboard that brings together all cyber related assurance activity across both Councils, including audits, reviews and other assurance sources. This consolidated view will be published via the new Cyber Intranet webpage to improve transparency, provide wider organisational visibility and support consistent oversight of assurance activity and remediation progress.	30/10/2026.		
20.	**Cyber Security.**	**Medium Priority Recommendation:** To address audit findings relating to action tracking. It is recommended that the Council develops a formal action plan to address the findings from the URM Cyber Essentials readiness assessment, ensuring that all remediation tasks are assigned to appropriate owners with clear target dates. The action plan should be routinely monitored through established governance forums to ensure timely completion and consistent progress across the shared service. The Council should also review and incorporate the KPI recommendations into their existing cyber reporting arrangements. This should include metrics such as patching compliance percentages, malware protection coverage and compliance trends over time, enabling improved oversight and a stronger evidence base for decision making. This will support more effective monitoring of cyber risk reduction efforts and improve the Councils' overall readiness for achieving Cyber Essentials certification. **Agreed Management Action(s):** These requirements will be delivered through the Councils' established cyber assurance programme, which provides the	**Responsible Officer:** Cyber Security Manager. **Due Date:** 31/07/2026.	August 2026. No update provided.	Not yet implemented.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		overarching framework for improving Cyber Essentials readiness. A shared action plan will be maintained to ensure remediation activity is prioritised, clearly owned and consistently monitored across the shared service, with progress reported through existing governance arrangements. Cyber performance reporting will be strengthened through the inclusion of Cyber Essentials aligned KPIs, such as patching compliance, malware protection coverage and compliance trends over time, providing senior leadership with clear, evidence-based assurance on cyber risk reduction and organisational readiness for certification.			
21.	**Damp & Mould.**	**Medium Priority Recommendation:** To address audit findings relating to record keeping. We recommend that the service should establish and communicate minimum record-keeping requirements for damp and mould cases, ensuring that key documents and evidence are consistently retained within the Council's primary case management system. This should include, as a minimum: • Inspection and survey reports. • Tenant communications and notifications (including when survey reports are issued to tenants). • Contractor instructions and works orders. • Appointment and attendance records. • Evidence of completed works. • Records supporting compliance with legislative timescales. Management should undertake periodic quality assurance reviews to confirm that case files contain sufficient evidence to support decision-making, performance reporting and regulatory compliance. **Agreed Management Action(s):** The service acknowledges the finding and agrees that consistent evidence retention is essential to demonstrate compliance with Awaab's Law, regulatory expectations and Ombudsman scrutiny. Whilst all damp and mould activity has transitioned onto NEC from June 2026, the Council recognises that system implementation alone will not resolve audit trail weaknesses unless the NEC document management facility is also fully utilised: capturing inspections, resident communications, contractor instructions, attendance records,	**Responsible Officer:** Asif Khan / Repairs Manager (Contracts) **Due Date:** 30/06/2026.	August 2026. This is a new recommendation and therefore the latest position.	Not yet due.

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No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2026)
		survey reports, risk assessments and evidence of completed work. A supporting process and associating minimum standard document will be produced to enable and support the relevant staff top ensure this. The Manager responsible for Damp and Mould (Repairs Manager - Contracts) and the Repairs Management Team will also undertake monthly quality assurance reviews of a sample of cases to verify compliance with record-keeping requirements and identify learning opportunities. Findings and trends will be reported through existing performance and governance arrangements. These measures will provide assurance that the Council can evidence compliance, support effective case management and respond robustly to future regulatory, legal and Ombudsman enquiries.			
22.	**Damp & Mould.**	**Medium Priority Recommendation:** To address audit findings relating to case tracking and data quality. We recommend that the service should review and strengthen its arrangements for monitoring damp and mould cases to ensure that case information, performance data and compliance monitoring are based on a single, accurate and auditable source of information. Consideration should be given to reducing reliance on the current spreadsheet-based tracker and maximising the use of system-based functionality within NEC or implementing an alternative case management solution capable of monitoring case progression, statutory deadlines, actions and outcomes in a controlled and consistent manner. We further recommend the service also: • Define clear ownership and accountability for maintaining case records. • Establish mandatory recording requirements for key case milestones. • Introduce regular reconciliations and data quality reviews to identify discrepancies between systems. • Ensure sufficient supporting evidence is retained for all key actions and decisions. • Implement periodic management validation of KPI data against underlying case records and supporting documentation. **Agreed Management Action(s):** The service accepts the finding and recognises that robust case	**Responsible Officer:** Asif Khan / Repairs Manager (Contracts) **Due Date:** 31/12/2026.	August 2026. This is a new recommendation and therefore the latest position.	Not yet due.

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		management depends on accurate, complete and auditable information. The current use of NEC alongside supplementary tracking arrangements has reflected a period of transition following contractor mobilisation and the establishment of the Damp and Mould service post Awaab's. The Council will review the end-to-end case management process and implement a single source of truth approach wherever possible, reducing duplication and strengthening data integrity. To achieve this it is also looking into alternative case management systems which may support this better. Clear ownership will be established for key case milestones, with mandatory recording requirements introduced for inspections, risk assessments, communications, actions, outcomes and statutory timescales. Monthly data quality reviews and reconciliations will also be undertaken to validate key performance information and identify discrepancies. Findings will be reported through management oversight arrangements and corrective actions tracked to completion. In parallel, the service will continue to work with Housing Asset Management to improve the sharing of stock condition intelligence and support a more holistic understanding of damp and mould risks across the housing stock. These actions will look to strengthen governance, improve confidence in reported performance and provide greater assurance over compliance monitoring.			
23.	**Damp & Mould.**	**Medium Priority Recommendation:** To address audit findings relating to the identification of emergency damp & mould hazards. We recommend the service should strengthen arrangements for the identification and escalation of emergency damp and mould cases to ensure that significant hazards are recognised and acted upon at the earliest opportunity. This should include: • Reviewing and clearly documenting emergency classification criteria and escalation thresholds. • Providing refresher training and awareness sessions for officers involved in identifying, assessing and referring damp and mould	**Responsible Officer:** Asif Khan / Repairs Manager (Contracts) **Due Date:** 30/11/2026.	August 2026. This is a new recommendation and therefore the latest position.	Not yet due.

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No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Aug 2026)
		cases, including relevant council officers, surveyors and other frontline housing staff. • Periodically reviewing escalated cases and near misses to identify learning opportunities and improve consistency of decision making. This will provide greater assurance that emergency hazards are identified promptly, risks to tenants are minimised, and legislative response requirements are met from the earliest point at which a hazard is identified. **Agreed Management Action(s):** The service accepts the finding and recognises the importance of consistently identifying and escalating emergency damp and mould hazards at the earliest opportunity. A review of current triage, risk assessment and escalation arrangements is already underway through a cross-service task and finish group involving Repairs, Damp and Mould, Housing and Customer Services. As part of this review, which is likely to expand to Awaab's Phase 2, a revised risk-based assessment framework will be developed, clearly defining escalation triggers, vulnerability considerations and emergency intervention thresholds. Updated guidance will be supported by staff training and reinforced through regular case reviews. The service will also introduce a formal quality assurance process for higher-risk cases, including management review of emergency classifications, near misses and lessons learnt. Learning outcomes will be shared across relevant teams to improve consistency and decision making. These improvements will strengthen the Council's ability to identify significant hazards promptly; ensure vulnerable residents receive an appropriate response and provide assurance that legislative requirements are being met consistently.			
24.	**Freehold Garages.**	**Medium Priority Recommendation:** To address audit findings relating to payment terms. We acknowledge that the Service have already attempted to increase monthly repayment terms with freeholders without large success. As such we recommend that the Service complete a review of the	**Responsible Officer:** Garages Manager.	August 2026. This is a new recommendation and therefore the latest position.	Not yet due.

APPENDIX B: IMPLEMENTATION STATUS OF 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 (Aug 2026)
		Project Plan for accuracy, with particular attention given to the - Payment Arrangements. - Monthly Payment. Where values calculated differ from terms or monthly payment values confirmed via written letters to the freeholder, the Service should ensure they confirm the correct amounts per month are being received and update records accordingly. **Agreed Management Action(s):** Agreed.	**Due Date:** 13/11/2026.		
25.	**Freehold Garages.**	**Medium Priority Recommendation:** To address audit findings relating to payments received. We recommend that the Service should ensure where possible that they clearly document within communication to the freeholder the: - agreed monthly payment terms with freeholders. - confirmation of terms of payment and expected end date for payments in schedule format. The Service should continue to complete regular checks of customer accounts to ensure payments are received accordingly. **Agreed Management Action(s):** Agreed.	**Responsible Officer:** Garages Manager. **Due Date:** 13/11/2026.	August 2026. This is a new recommendation and therefore the latest position.	Not yet due.
26.	**Freehold Garages.**	**Medium Priority Recommendation:** To address audit findings relating to alternative arrangements. Where alternative arrangements have been informally agreed, we recommend the Service formalise the process by which they approve changes to terms to include: - update to the project plan - copy of communication with the freeholder saved down accordingly. -approval by a secondary Garages team member This ensuring full traceability of decisions agreed after issue of original terms. **Agreed Management Action(s):** Agreed.	**Responsible Officer:** Garages Manager. **Due Date:** 13/11/2026.	August 2026. This is a new recommendation and therefore the latest position.	Not yet due.
27.	**Freehold Garages.**	**Medium Priority Recommendation:** To address audit findings relating to enforcement. We recommend that the Service complete a review of outstanding debtors' invoice to confirm accuracy of total amount payable on	**Responsible Officer:** Garages Manager.	August 2026. This is a new recommendation and therefore the latest position.	Not yet due.

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		invoices in advance of closure of the customer accounts. Should there be discrepancies identified, we recommend the Service should re-confirm the amount payable. **Agreed Management Action(s):** Agreed.	**Due Date:** 13/11/2026.		

APPENDIX C: INTERNAL AUDIT PLAN 2026/27 – PLANNED AUDIT START DATES

Quarter 1			Quarter 2		
Carry Forward 2025/26 **Final Report x 2 Issued**	**Freehold Garages** **Final Report Issued**		**Supplier Resilience** **Allocated**	**Homes England Grant** **Final Report Issued**	
Anti Money Laundering **Draft Report Issued**			**Asset Management** **ToR Issued**	**Housing MRC** **Draft Report Issued**	
Third Party Data Security **In Fieldwork**			**Housing Safety Checks** **In Fieldwork**	**Follow Up (1)** **In Fieldwork**	
			Homelessness **In Fieldwork**		
Quarter 3			**Quarter 4**		
Council Tax **Not Yet Allocated**	**Accessibility Regs** **Not Yet Allocated**		**Payroll** **Not Yet Allocated**	**Business Change** **Not Yet Allocated**	
Business Rates **Not Yet Allocated**	**CIL** **In Planning (c/f from Q1)**		**Accounts Payable** **Not Yet Allocated**	**Follow Up Audit (2)** **Not Yet Allocated**	
Risk Management **Not Yet Allocated**	**Fraud Risk Management** **In Planning (c/f from Q1)**		**Accounts Receivable** **Not Yet Allocated**		
Pre-Employment Checks **Not Yet Allocated**	**FM Building Compliance** **Not Yet Allocated**		**Housing Rent Arrears** **Not Yet 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.
Service	**High**	Audit findings indicate a serious weakness or breakdown in control environment, which, if untreated by management intervention, is highly likely to put achievement of core service objectives at risk. Remedial action is required urgently.
	Medium	Audit findings which, if not treated by appropriate management action, are likely to put achievement of some of the core service objectives at risk. Remedial action is required in a timely manner.
	Low	Audit findings indicate opportunities to implement good or best practice, which, if adopted, will enhance the control environment. The appropriate solution should be implemented as soon as is practically possible.

The Audit Committee is asked to note the Chief Audit Executive's (Client Audit Manager) Briefing Paper for the performance of an External Quality Assessment, including:

a) The requirements of the professional standards enshrined in the Accounts and Audit Regulations 2015,
b) Selection of an external assessor,
c) The rationale for electing to have a validated self-assessment rather than an EQA,
d) The scope and timeframe of the assessment, and
e) The competencies and independence of the external assessor or assessment team.

Summary

1. In accordance with Standard 8.4 of the Global Internal Audit Standards (GIAS) and considering the Public Sector Application Note, which outlines a framework for internal audit practices in the UK public sector alongside GIAS, the Chief Audit Executive (CAE) is required to develop a plan for an External Quality Assessment (EQA). This paper sets out the plan for the EQA.

2. An External Quality Assessment (EQA) is an independent evaluation performed by an external party to assess the effectiveness and quality of an organisation's internal audit function. The objective of an EQA is to determine whether the internal audit function adheres to established professional standards, operates efficiently, and contributes value to the organisation. Consequently, the EQA provides assurance to stakeholders, including senior management and the Audit Committee, that the internal audit function is performing effectively and in line with best practices.

3. The Shared Internal Audit Service's (SIAS) last EQA was conducted and reported to SIAS Board in June 2021, with reporting to partner Audit Committees taking place in the Autumn 2021 committee cycle. SIAS are due its next EQA from June 2026, given the requirement in the GIAS to have one every five years.

Why have an EQA?

4. In all authorities, senior management, audit committees and chief audit executives should seek to obtain high-quality assurance, learning and improvement from the EQA, together with value for money. A statement of conformance against the professional standards is not only a matter of meeting legislative and professional requirements; it provides essential assurance over the conduct of internal audit and its governance and is an opportunity to seek improvement. It enables audit committees and senior managers to place reliance on the work of internal audit. Recommendations from the assessor could support both internal audit and those providing the governance of internal audit.

Requirements of the GIAS in the UK Public Sector (see Appendix 1)

5. The GIAS require that the CAE must develop a plan for an EQA and discuss this plan with the SIAS Board and our partner Audit Committees. The external assessment must be conducted at least once every five years by a qualified, independent assessor or assessment team. The requirement for an EQA may also be met through a self-assessment with independent validation. This requirement has been in place since 2013, with the introduction of the previous Public Sector Internal Audit Standards.

6. The GIAS require receipt of complete results of the EQA or self-assessment with independent validation directly from the external assessor. The SIAS Board and partner Audit Committees must review and approve the CAE's plans to address identified deficiencies and opportunities for improvement, establish a timeline for implementation of actions and monitor progress.

Requirements of CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government (see Appendix 3)

7. The Audit Committee should note senior management's / SIAS Board's role to ensure that:

- Internal audit has an EQA at least once every five years of its conformance against GIAS in the UK Public Sector, including the CIPFA Code.
- They discuss the CAE's plan for the EQA and report the options, suggested timing and their recommendation to the Audit Committee.
- Where the authority is the client of an internal audit provider, (shared service, partnership or outsourced functions), then agreement on the approach to the EQA will need to take account of the broader arrangements. To achieve this, the approach is agreed through the SIAS Board before briefing the respective Audit Committees.

8. The Audit Committee should receive the complete results of the EQA and consider the CAE's action plan to address any recommendations. Progress should be monitored.

CIPFA Bulletin 21 (October 2025) – External quality assessments of internal audit in UK local government

9. CIPFA Bulletin 21 indicates that the EQA can be satisfied by an external peer review, if it meets the other requirements (see GIAS Standard 8.4 and the UK Application Note). Deciding on the approach to the EQA is a matter for discussion between the CAE and senior management (SIAS Board). The proposals should be brought to the Audit Committee for information and discussion. This is a little more nuanced and UK local government specific than stated in the GIAS, which emphasises the role of the Board (meaning the Audit Committee).

10. Where the internal audit function has more than one client that is a principal local authority, then the assessor must be able to reach a conclusion on each local government client. This does not mean that a separate EQA is required for each authority, only that the EQA must be able to conclude and report individually for each principal local authority client.

11. Where the audit function applies a common approach to audit working practices for all their clients (e.g. engagement planning and conduct of audits), then the EQA assessor may sample across the client base to verify those aspects of the standards. Where the audit provider has a large client base, this may mean the conduct of audits at an authority may not be selected for sample testing. If the EQA assessor is satisfied that the provider adopts a common approach across the clients, then the authority can still be satisfied with the assessor's conclusion. This is in common with the SIAS's previous 2016 and 2021 EQAs.

Selection of EQA Providers / Provider Selected (Qualifications, Competencies and Independence)

12. The following table sets out the options the CAE considered to conduct the EQA:

Professional Body / Group / Company	Considerations
CIPFA	• Co-standard setter and advocate • Credibility and profile • Independence • Undertaken by Tilia Solutions Corporate Governance Consultancy on behalf of CIPFA, Director is a qualified ex-Head of IA
Chartered IIA	• Standard setter and advocate • Credibility and profile • Independence • Primary interest in promoting and developing the profession • Qualified and able (Heads / ex-Heads of IA are on panel of qualified assessors)
Peer Review -Team selected from the Audit Together Group, a strategic alliance of similar shared internal audit services Other options possible from Local Authority Chief Auditors Network (LACAN) possible.	• Professional, experienced and qualified current Heads of IA / Assurance • Experience of similar shared services and their challenges / uniqueness • Engaged, challenging and supportive • Established arrangement for rotation of EQA's to maintain independence
Two SME internal audit training and consultancy companies, and one large accountancy firm	• Professional, experienced and qualified ex-Heads of IA / Assurance with good reputation in the EQA market. • Experience of similar shared services in local government and their challenges / uniqueness.

13. The CAE conducted due diligence to understand the market for EQA assessors and the experience and pressures of undertaking an EQA as follows:

    a) Attended presentations at the Local Authority Chief Auditors Network (LACAN), Home Counties Chief Internal Auditors Network (HCCIAG) and Chartered IIA Heads of Internal Audit Forum from CAE's who had recently undertaken EQAs.
    b) Met separately with three CAEs to learn about their very recent experience both of an EQA under the new GIAS and their specific EQA provider.
    c) Held conversations with SIAS's external delivery partner (BDO), given their knowledge of the EQA market.
    d) Attended a session at the Chartered IIA Annual Conference in October 2025 delivered by a panel of EQA assessors and a further session hosted by the Chartered IIA in June 2026.

14. An outline EQA Plan was taken to the SIAS Board in December 2025, with a further update provided in March 2026, setting out the background as outlined in this briefing paper and the results of the due diligence conducted.

15. The SIAS Board approved the commencement of a procurement exercise for an external assessor and established a budget for the procurement. The SIAS Board were also asked to consider the following issues when reaching a decision on the EQA Plan:

No.	Issue / Consideration	Decision
1.	**LGR** • Capacity to support EQA from senior management • Value of an EQA outcome for each of our LA partners given that 2-4 new unitary authorities will be formed in two years' time and existing partners will not exist. • Deferring the EQA by an extended period to post vesting day with self-assessments to continue as normal.	• Proceed as planned for Q3/4 2026. Schedule and conduct EQA, as is the case for the Southern Internal Audit Partnership (best option).
2. .	**Commercial** • Conformance with GIAS and latest EQA results usually required for tender opportunities for new business.	• Proceed as planned for Q3/4 2026, given conformance with the GIAS and a recent EQA outcome are crucial to winning new business and generating income for SIAS.
3.	**Validation of self-assessment or EQA**	• Proceed with validated self-assessment but use

No.	Issue / Consideration	Decision
	EQA (External Quality Assessment) and validated self-assessment are both important processes in internal audit, but they serve different purposes: The full **EQA** is a comprehensive review of an internal audit function's conformance with global standards, typically conducted every five years by an independent assessor. Self-assessment with independent validation (SAIV) allows an internal audit function to conduct a self-assessment and then validate it by an independent assessor, providing a more flexible and less intrusive approach to assessment. Both methods aim to ensure that the internal audit function meets the required standards and provides value to the organisation, but EQA is more structured and comprehensive, while SAIV offers flexibility in the assessment process.	procurement process to achieve a valuable outcome for the service.

16. Procurement followed Hertfordshire County Council's Contract Regulations ('Procurement Rules') and a competitive quotation process was undertaken via the Council's e-Tendering system. Following formal evaluation of the quotes, the Chartered IIA were awarded the contract as our EQA assessors.

Scope of the contract

17. The EQA assessor, or assessment team, have been asked to carry out an independent, objective, examination of SIAS conformance against the GIAS, the Application Note – GIAS in the UK Public Sector, and the CIPFA Code of practice for the Governance of Internal Audit in UK Local Government, as well as considering the function's effectiveness and delivery compared with current and emerging good practice(s). Applicable quality assessment frameworks and criteria will be used, including the Purpose of Internal Auditing, the five Domains, the 15 Principles, the 52 Standards, 'Considerations for Implementation' and the 'Examples of Evidence of Conformance' within the GIAS.

18. Although a validated self-assessment will be undertaken, the Chartered IIA will nonetheless:

    a) Assess how well SIAS conforms to the Global Internal Audit Standards (GIAS) and the UK Public Sector Application Note.

b) Evaluate SIAS performance against our internal audit charter and the expectations of the SIAS Board, the Audit Committees and executive management.
c) Identify opportunities to improve performance and increase the value of internal audit to the organisation, based both on stakeholder feedback and our assessment.
d) Provide insight and a view on our internal audit strategy and how to develop approaches and calibration alongside the maturity of the organisation and how it evolves.
e) Benchmark our activities against best practice.

19. Reporting outcomes will include:

a) An established and recognised external quality assessment rating system,
b) A comprehensive draft report including an opinion of conformance with each Domain and Principle, an action plan and an executive summary.
c) Initial discussion with the Head of Assurance and Head of SIAS to confirm factual accuracy of the draft report, permit appropriate challenge of findings and an understanding of conclusions reached
d) A final report for presentation to the SIAS Board and our partner Audit Committees.
e) The assessor presenting the independent report to the SIAS Board. Our Client Audit Managers (who are your Chief Audit Executive) will present the report to their respective Audit Committees.

20. It is envisaged that the assessment will involve:

a) MS Teams meetings, interviews and / or surveys with the internal audit team and co-sourced delivery partners, as well as key internal audit stakeholders such as Audit Committee Chairs / Members and senior management from all, or a sample of, our eight local authority partners.

b) A review of key documentation such as the Internal Audit Strategy, Internal Audit Charter, Internal Audit Plan, Audit Committee reports, Annual Assurance Opinion / Conclusion, internal audit reports and a sample of working paper files for our eight local authority partners.

21. We specified an independent validated self-assessment and a follow-up reassessment of actions and recommendations where required, should it be determined that we are partially or non-conforming with any of the Standards. The follow-up should provide a revised conclusion as an outcome, should this be applicable or necessary.

22. The EQA will not cover SIAS's external clients but will cover our eight local authority partners.

Timescales

23. Commencement has been set for December 2026, and the outcomes will be reported to our March 2027 SIAS Board and Audit Committees if possible.

Part I – Release to Press

Agenda item: ##

Meeting Audit Committee

Portfolio Area Resources & Performance

Date 16 Sep 2026

ADOPTION OF ANTI-FRAUD & CORRUPTION POLICY STATEMENT & STRATEGY / ANTI-MONEY LAUNDERING POLICY / FRAUD SANCTIONS POLICY

AUTHOR **ATIF IQBAL**

CONTRIBUTORS **SAFS & SENIOR MANAGEMENT**

NON KEY DECISION

1 PURPOSE

1.1 To provide the Committee with the Council's revised Anti-Fraud and Corruption Policy and Strategy, substantially revised and extended in line with CIPFA guidance, the National Audit Office recommendations, and the Fighting Fraud and Corruption Locally framework, incorporating the latest legislative developments and strengthened governance arrangements, for review, comment, and formal adoption.

1.2 To provide the Committee with the Council's revised Anti-Money Laundering Policy, updated in line with CIPFA guidance, evolving legislative expectations, and best practice in the public sector. Whilst local authorities are not directly within the regulated sector, the Policy ensures compliance with the underlying principles of relevant legislation, including the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2017, and establishes robust controls and procedures to mitigate money laundering and terrorist financing risks, for review, comment, and formal adoption.

1.3 To provide the Committee with the Council's revised Fraud Sanctions Policy, updated in line with CIPFA guidance, national counter-fraud strategies, and evolving legislative and regulatory expectations. The Policy sets out a clear, consistent, and proportionate framework for applying sanctions in response to fraud, theft, corruption, and financial irregularity, and is presented for review, comment, and formal adoption.

2 RECOMMENDATIONS

2.1 That the Audit Committee adopts the proposed Anti-Fraud and Corruption Policy Statement & Strategy, as set out at **Appendix A** to the report.

2.2 That the Audit Committee adopts the proposed Anti-Money Laundering Policy, as set out at **Appendix B** to the report.

2.3 That the Audit Committee adopts the proposed Fraud Sanctions Policy, as set out as **Appendix C** to the report.

3 BACKGROUND

Anti-Fraud and Corruption Policy Statement & Strategy

3.1 Fraud remains the most prevalent crime type in the UK, accounting for a significant proportion of all reported offences and presenting a substantial and evolving risk to the public sector. The increasing sophistication of fraud, particularly in areas such as cyber-enabled crime, procurement, and economic crime, continues to place local authorities at heightened risk of financial loss, reputational damage, and service disruption. National estimates have previously indicated that fraud against the public sector costs billions of pounds each year, reinforcing the importance of strong counter-fraud arrangements.

3.2 Research published by the Chartered Institute of Public Finance and Accountancy (CIPFA) highlights that fraud is widely recognised as a significant issue for local government. Reports such as *Perspectives on Fraud – Insights from Local Government* identify that a majority of senior managers consider fraud to be a major challenge, with weaknesses in organisational controls increasing exposure to risk. The findings emphasise that prevention, detection, and a strong anti-fraud culture are critical components of an effective response.

3.3 The Council has a statutory responsibility under Section 151 of the Local Government Act 1972 to ensure the proper administration of its financial affairs and to safeguard public funds. This includes implementing effective arrangements to prevent, detect and respond to fraud and corruption. These responsibilities are further reinforced by the CIPFA *Code of Practice on Managing the Risk of Fraud and Corruption*, which sets out best practice expectations for local authorities.

3.4 Since the previous Anti-Fraud and Corruption Strategy was approved, there have been significant developments in the legislative and regulatory landscape, most notably the introduction of the Economic Crime and

Corporate Transparency Act 2023, including the new corporate offence of "Failure to Prevent Fraud". This legislation places enhanced obligations on organisations, including local authorities, to implement robust and proportionate fraud prevention procedures. Failure to do so may result in corporate criminal liability.

3.5 In response to these changes, as well as evolving fraud risks and national good practice, the Council has undertaken a comprehensive review of its Anti-Fraud and Corruption framework. The revised document has been developed as a combined Policy and Strategy, aligning with the Fighting Fraud and Corruption Locally (FFCL) framework, and incorporating the full Govern, Acknowledge, Prevent, Pursue and Protect principles.

3.6 The updated Policy strengthens the Council's approach by:

- Expanding the legal framework to reflect current legislation, including economic crime, tax evasion, and money laundering requirements
- Embedding a clearer governance and accountability structure across all services
- Enhancing fraud risk assessment, prevention, and control arrangements
- Introducing stronger requirements for fraud awareness, training, and organisational culture
- Supporting collaboration with the Shared Anti-Fraud Service (SAFS) and other enforcement bodies

3.7 The revised Policy and Strategy therefore provides a robust, modern and legally compliant framework to support the Council in protecting public funds, strengthening governance, and responding effectively to the increasing threat of fraud and corruption.

Anti-Money Laundering Policy

3.8 The current legal framework for anti-money laundering is primarily set out in the Proceeds of Crime Act 2002, the Terrorism Act 2000, and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, supported by subsequent amendments and national guidance. Whilst local authorities are not directly within the regulated sector, they are expected to operate in accordance with the underlying principles of this legislation to mitigate the risk of money laundering and terrorist financing.

3.9 CIPFA guidance advises that local authorities adopt a proportionate and risk-based approach to anti-money laundering arrangements. In response, the Council has developed a comprehensive Anti-Money Laundering Policy which establishes clear governance, procedures, and controls to identify, prevent, and respond to suspicious financial activity, in line with best practice across the public sector.

3.10 A key principle of the current framework is the requirement to apply a risk-based approach to customer due diligence and financial transactions. The revised Policy reflects this by strengthening procedures relating to customer

identification, monitoring of transactions, and management of higher-risk activities (such as refunds and third-party payments), ensuring that appropriate and proportionate checks are applied based on the level of risk identified.

Fraud Sanctions Policy

3.11 A core component of the *Fighting Fraud and Corruption Locally (FFCL)* framework is the "Pursue" pillar, which requires local authorities to take a robust and proportionate approach to enforcement. This includes prioritising the recovery of losses, applying a full range of sanctions, and ensuring that those committing fraud are held accountable. The revised Fraud Sanctions Policy reflects this strengthened national direction by embedding a more proactive, prevention-led approach, emphasising recovery of public funds, effective use of both civil and criminal sanctions, and closer working with partner organisations to support enforcement activity.

3.12 National counter-fraud strategies and guidance continue to emphasise the importance of transparency, deterrence, and organisational learning as part of an effective sanctions' framework. The revised Policy incorporates these principles by promoting the routine publicising of successful enforcement outcomes (where appropriate), maintaining comprehensive records of sanctions activity, and ensuring that outcomes inform future risk management and prevention work. It also reinforces the requirement to consider asset recovery and the use of proportionate sanctions in all cases, supporting a consistent and evidence-based approach aligned to current best practice.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 The Anti-Fraud and Corruption Policy Statement and Strategy has been substantially revised and expanded since the previous version approved in 2021 to reflect significant legislative developments, including the Economic Crime and Corporate Transparency Act 2023, emerging fraud risks and current counter-fraud best practice. The Anti-Money Laundering Policy and Fraud Sanctions Policy have also been reviewed and updated to reflect legislative changes, strengthened controls and current national guidance.

4.2 The revised **Anti-Fraud and Corruption Policy Statement and Strategy** has been developed to provide a comprehensive and robust framework to enable the Council to prevent, detect, and respond to fraud and wider economic crime. It forms a key part of the Council's overall governance framework and should not be considered in isolation, operating alongside a suite of supporting policies and procedures including those relating to anti-bribery, anti-money laundering, data protection, and whistleblowing to ensure a coordinated and effective approach to managing fraud risk.

4.3 The new **Anti-Fraud and Corruption Policy Statement and Strategy** will supersede all previous versions of the Council's Anti-Fraud and Corruption Strategy.

4.4 The revised **Anti-Money Laundering Policy** ensures that the Council operates in line with the underlying principles of relevant legislation, including

the Proceeds of Crime Act 2002, the Money Laundering Regulations 2017, and the Terrorism Act 2000. The Policy adopts a risk-based approach, strengthening controls around customer due diligence, monitoring of financial transactions, and the identification and reporting of suspicious activity. It also introduces enhanced operational safeguards, particularly in high-risk areas such as refunds, third-party payments, and customer account verification, ensuring that proportionate and effective measures are in place to mitigate money laundering risks.

4.5 The revised **Anti-Money Laundering Policy** establishes clear governance arrangements, including defined roles and responsibilities for staff, Members, and the Money Laundering Reporting Officer (MLRO), and aligns with the Council's wider governance framework, including Financial Regulations and the Anti-Fraud and Corruption Policy. As a partner authority within the Shared Anti-Fraud Service (SAFS), the Council continues to benefit from specialist oversight and expertise in the fulfilment of the MLRO function and the management of suspicious activity reporting.

4.6 The adoption of the revised **Anti-Money Laundering Policy** will ensure that the Council maintains a consistent, transparent, and proportionate approach to preventing and responding to money laundering and wider financial crime. It reinforces the expectation that all staff act with integrity and vigilance, supports compliance with statutory and best practice requirements, and helps safeguard public funds, the Council's reputation, and the integrity of its services.

4.7 The revised **Fraud Sanctions Policy** reinforces the Council's zero-tolerance approach to fraud and demonstrates how the Council will respond proportionately, consistently, and decisively to fraud, theft, corruption, and financial irregularity. It provides a clear and structured framework for the application of sanctions, including prevention, deterrence, enforcement, and recovery of losses, and sets out the roles, responsibilities, and decision-making arrangements for determining appropriate outcomes in each case.

4.8 The adoption of the revised Policies forms part of the Council's wider counter-fraud and governance framework and supports compliance with national guidance and best practice. Approval of the Policy is a function of the Audit Committee as part of its responsibilities for oversight of anti-fraud and corruption arrangements. Once approved, these policies will be implemented across the Council to strengthen the consistency, transparency, and effectiveness of the Council's response to fraud and related misconduct.

4.9 **Summary of Key Changes to the Policies**

4.10 Table below shows the summary of the key changes to these policies as compared to previous versions:

Policy	Key Changes
Anti-Fraud & Corruption Policy Statement & Strategy	• Substantially revised and expanded since the previous 2021 Strategy, including conversion of the previous Strategy into a comprehensive Policy Statement and Strategy • Updated to reflect the Economic Crime and Corporate Transparency Act 2023 including Failure to Prevent Fraud requirements • Strengthened fraud risk management arrangements • Expanded coverage of fraud, corruption, bribery and money laundering • Enhanced reporting procedures and governance responsibilities.
Anti-Money Laundering Policy	• Updated to reflect current legislation and CIPFA guidance • Strengthened customer due diligence requirements • Introduced enhanced refund and overpayment controls • Reduced the cash acceptance threshold from £3,000 to £1,000 • Clarified reporting arrangements and responsibilities of the MLRO, SAFS and officers.
Fraud Sanctions Policy	• Updated to reflect current legislation and national counter-fraud standards • Introduced greater emphasis on recovery of public funds • Strengthened and clarified available sanctions • Introduced warning notices as a proportionate response where appropriate • Updated enforcement and decision-making guidance.

5 IMPLICATIONS

Financial Implications

5.1 Fraud, corruption, and money laundering present a significant and ongoing risk to the Council's financial position, with potential impacts including direct financial loss, recovery costs, and wider reputational damage. The revised Anti-Fraud and Corruption Policy and Strategy, Anti-Money Laundering Policy, and Fraud Sanctions Policy strengthen the Council's arrangements to mitigate these risks through enhanced prevention, detection, and response controls, alongside improved due diligence, enforcement, and financial recovery processes.

5.2 As a partner authority within the Shared Anti-Fraud Service (SAFS), the Council continues to benefit from specialist expertise, intelligence, and investigative support to combat fraud, bribery, corruption, money laundering, and wider economic crime, thereby helping to protect public funds and improve financial resilience.

Legal Implications

5.3 The revised Anti-Fraud and Corruption Policy and Strategy, Anti-Money Laundering Policy, and Fraud Sanctions Policy reflect the Council's obligations to operate in line with the underlying principles of relevant legislation, including the Proceeds of Crime Act 2002, the Money Laundering Regulations 2017, the Terrorism Act 2000, and other relevant fraud and economic crime legislation.

5.4 While the Council is not part of the regulated sector, failure to maintain appropriate controls, enforcement arrangements, and reporting procedures could expose the Council and its officers to legal and regulatory risk. Collectively, these Policies provide a framework to ensure compliance with these requirements and support the lawful, proportionate, and robust prevention, investigation, and sanctioning of suspected fraud, money laundering, and related financial crime.

Local Government Reorganisation (LGR) Implications

5.5 The revised Anti-Fraud and Corruption Policy and Strategy, Anti-Money Laundering Policy, and Fraud Sanctions Policy provide a consistent and robust framework that will support the Council through Local Government Reorganisation (LGR). In the event of structural changes, including the creation of new unitary authorities or service integration, maintaining strong counter-fraud, anti-money laundering, and sanctions arrangements will be essential to protect public funds, ensure compliance with statutory duties, and manage increased financial crime risks associated with organisational transition and system changes.

5.6 The Policies align with national frameworks, current legislation, and best practice, ensuring they can be adapted and applied across new governance structures. This supports effective due diligence, financial control, risk management, and the establishment of consistent counter-fraud, anti-money laundering, and enforcement controls within any successor authority.

Risk Implications

5.7 The risks of fraud, corruption, and money laundering are recognised within the Council's corporate and service risk registers. Effective mitigation of these risks includes the implementation and regular review of robust anti-fraud, anti-money laundering, and sanctions policies, procedures, and internal controls.

5.8 The revised Anti-Fraud and Corruption Policy and Strategy, Anti-Money Laundering Policy, and Fraud Sanctions Policy strengthen these arrangements by aligning with current legislation, national best practice, and the Fighting Fraud and Corruption Locally framework. Together, they enhance the Council's ability to identify, assess, and manage financial crime risks proactively, including emerging risks associated with economic crime, cyber-enabled fraud, money laundering activity, and organisational change.

5.9 Failure to maintain effective counter-fraud, anti-money laundering, and enforcement arrangements could result in financial loss, legal exposure, and reputational damage to the Council.

Policy Implications

5.10 The adoption of the revised Anti-Fraud and Corruption Policy and Strategy, Anti-Money Laundering Policy, and Fraud Sanctions Policy represents an update to the Council's existing policy framework, superseding all previous versions. Together, these Policies strengthen alignment with current legislation, national guidance, and best practice, and integrate with a range of related corporate policies, including those covering anti-bribery, whistleblowing, data protection, and financial regulations. They provide a consistent corporate approach to managing fraud, money laundering, and wider financial crime risks, and support the Council's wider governance, risk management, compliance, and enforcement arrangements.

Staffing and Accommodation Implications

5.11 There are no direct implications for staffing or accommodation. Existing resources, supported by the Shared Anti-Fraud Service (SAFS), will continue to deliver counter-fraud, anti-money laundering, and sanctions activity. The Policies reinforce staff responsibilities through increased awareness, training, and compliance with due diligence, reporting, and enforcement requirements.

Human Resources Implications

5.12 There are no direct Human Resources implications arising from the Policies. However, they reinforce staff responsibilities in relation to compliance, reporting, and adherence to procedures. Any investigations into suspected fraud or money laundering involving employees, including the application of sanctions where appropriate, will be managed in accordance with the Council's HR policies and procedures.

Equalities and Diversity Implications

5.13 The Policies align with the Council's obligations under the Equality Act 2010 and Public Sector Equality Duty (PSED). They promote fairness, transparency, and equal treatment in the prevention, detection, investigation, and sanctioning

of fraud and money laundering. A combined Equality Impact Assessment has been completed for all three policies and is included as **Appendix D** to this report. The assessment identified no adverse impacts on protected groups and concluded that the policies promote fairness, consistency and equal treatment.

Service Delivery Implications

5.14 Effective implementation of the Policies supports service delivery by protecting financial resources, reducing losses arising from fraud and money laundering, and ensuring that funds are used for their intended purposes. The application of appropriate sanctions also supports the recovery of losses and acts as a deterrent to fraudulent activity. Strong financial controls and due diligence processes help maintain service integrity, public trust, and the efficient delivery of Council services.

Community Safety Implications

5.15 The Policies contribute to community safety by supporting the prevention, investigation, and sanctioning of fraud, money laundering, and related economic crime, which can have wider impacts on residents and vulnerable individuals. Effective controls, enforcement, and the application of appropriate sanctions help to reduce financial harm, deter criminal activity, and protect the integrity of services provided to the community.

Information Technology Implications

5.16 The Policies recognise the importance of data and technology in the prevention, detection, and enforcement of fraud and money laundering, including the use of data analytics, system controls, and appropriate information sharing. The application of sanctions is also supported by effective use of data and systems to monitor activity, evidence cases, and ensure accurate recording of outcomes.

Other Corporate Implications

5.17 The Policies strengthen the Council's corporate governance framework and support compliance with statutory duties, including those relating to financial management and the prevention, detection, and enforcement of fraud, money laundering, and wider economic crime. They reinforce the Council's commitment to high standards of integrity, transparency, and accountability across all services, supporting effective governance, risk management, and the consistent application of sanctions where appropriate.

6 BACKGROUND DOCUMENTS

The detailed References and Resources supporting this report are contained within each of the following documents: Appendix A - The Anti-Fraud and Corruption Policy and Strategy, Appendix B - The Anti-Money Laundering Policy, and Appendix C - The Fraud Sanctions Policy. Readers are advised to refer to the respective "References and Resources" sections within each policy for full details of the legislative framework, guidance, and supporting documentation.

APPENDICES

A The Anti-Fraud and Corruption Policy & Strategy

B The Anti-Money Laundering Policy

C The Fraud Sanctions Policy

D Combined EqIA Form (all policies)

E AML Reporting Form

Anti-Fraud and Corruption Policy Statement & Strategy

Stevenage Borough Council

2026

Date created	June 2026
Approved by	Audit Committee
Owner	Director Finance & Deputy S151 Officer
Version	1.1
Author	Atif Iqbal (Director Finance & Deputy S151 Officer)
Business Unit and Team	Finance
Policy Review Date	June 2028
Equality Impact Assessment Date	June 2026

For translations, braille or large print versions of this document please email equalities@stevenage.gov.uk.

Contents

1. Purpose

1.1 Stevenage Borough Council is committed to a zero tolerance approach to fraud, corruption, bribery, money laundering and related economic crime. This policy sets out the Council's approach to preventing, detecting, investigating and responding to fraud, and defines the responsibilities of Employees, Members, Contractors, Volunteers and Partner Organisations in maintaining strong counter fraud controls.

The Council recognises that fraud can:

- Undermine the standards of public service that the Council is attempting to achieve;
- Reduce the level of resources and service delivery for the residents of Stevenage; and
- Reduce public confidence in the Council

The Council maintains the highest standards of integrity, openness and accountability and will take firm action against any fraudulent or corrupt conduct, whether arising internally or externally. All employees, Members, contractors, partners and service providers play a key role in preventing and detecting fraud and are expected to act with honesty, transparency and professional scepticism.

The Council supports the reporting of genuine concerns in good faith and will not tolerate malicious, vexatious or knowingly false allegations. This policy operates alongside the Members' and Employees' Codes of Conduct, the Whistleblowing Procedure, Financial Regulations, Anti-Bribery Policy and Anti-Money Laundering Policy ensuring strong internal control, good stewardship of public funds and sustained public confidence in the Council's operations.

1.2 The policy aims to:

- Be clear that the Council will not tolerate fraudulent or corrupt acts by anyone that this policy relates to and will take firm action against those whose who defraud the Council, who are corrupt, or engage in financial malpractice.
- Establish a framework for acknowledgement, deterrence, prevention, detection and investigation of fraud and associated financial crime.
- Protect financial and non-financial assets by minimising losses.
- Promote a culture of honesty, integrity, openness and accountability.
- Ensure associated persons including staff, contractors, Members, partners and suppliers understand their responsibilities.
- Demonstrate full compliance with:
  - Fraud Act 2006
  - Bribery Act 2010
  - Money Laundering Regulations 2017
  - Money Laundering & Terrorist Financing (Amendment) Regulations 2026

- Proceeds of Crime Act 2002
- Economic Crime and Corporate Transparency Act 2023
- Criminal Finance Act 2017

- Embed the Govern, Acknowledge, Prevent, Pursue and Protect pillars of Fighting Fraud & Corruption Locally (FFCL) a strategy for the 2020's.
- Assist the Strategic Director (CFO) in the fulfilment of the role as the Council's Section 151 Officer and the Borough Solicitor in the role as the Councils Monitoring Officer.

1.3 This policy statement and strategy replace all previous versions of the Council's Anti-Fraud & Corruption Strategy, most recently updated in January 2025.

2. Scope

2.1 Responsible for administering the policy:

- Strategic Director (CFO) / Section 151 Officer
- Director Finance & Deputy S151 Officer
- Borough Solicitor & Monitoring Officer
- Shared Anti-Fraud Service (SAFS)
- Directors, Service Heads and Managers
- Shared Internal Audit Service (SIAS)
- All Council employees, agency staff, contractors, volunteers and suppliers delivering services on behalf of the Council
- Elected Members

Impacted parties include:

- Employees, Councillors, contractors and consultants
- Suppliers delivering services on behalf of the Council
- Council-funded voluntary and arm's-length bodies
- Residents, tenants, leaseholders and service users

2.2 This is a Council-wide corporate policy that underpins all services and functions and supports the Council's governance framework.

2.3 The Council's employees and elected members have a key role in maintaining an anti-fraud culture. The Council has implemented effective whistleblowing arrangements and employees and Members are encouraged to raise any serious concerns about the Council's work, including any reasonable belief that fraud or corruption is occurring. A clear step-by-step reporting process is provided in Section 9 (References and Resources) to support staff in raising concerns

2.4 Everybody must:

- Read, understand and comply with the policy

- Be aware of the definitions in relation to fraudulent and related activity, including the various criminal offences they include
- Act honestly with integrity at all time
- Comply with the law (both in spirit and in the letter)
- Not commit any of the offences detailed
- Report any suspicions of these offences being committed
- Develop (where applicable to role) and fully comply with policies and processes to reduce the risk of these offences being committed

3. Legal Framework

3.1 This policy outlines how the Council meets its legal duties under the following legislation:

- Fraud Act 2006
- Bribery Act 2010
- Money Laundering Regulations 2017
- Money Laundering & Terrorist Financing (Amendment) Regulations 2026
- Proceeds of Crime Act 2002
- Economic Crime and Corporate Transparency Act 2023 (including Failure to Prevent Fraud)
- Criminal Finances Act 2017
- Local Government Act 1972 (Section 151)
- CIPFA Code of Practice on Managing the Risk of Fraud & Corruption

3.2 This policy sets out how Stevenage Borough Council will comply with the requirements of the following:

- Prevent, detect and respond to fraud in line with statutory obligations under the Fraud Act 2006.
- Maintain adequate procedures to prevent bribery (Bribery Act 2010).
- Maintain adequate procedures to prevent tax evasion (Criminal Finances Act 2017)
- Identify and report suspected money laundering (Money Laundering Regulations 2017).
- Implement reasonable prevention procedures to comply with the Failure to Prevent Fraud offence under the Economic Crime and Corporate Transparency Act 2023.
- Protect public funds and ensure effective stewardship of resources (Section 151 Local Government Act 1972)

3.3 The Council additionally commits to:

- Adopting the national Fighting Fraud and Corruption Locally framework, incorporating the principles of Govern, Acknowledge, Prevent, Pursue and Protect.
- Working proactively with the Hertfordshire Shared Anti-Fraud Service (SAFS) to strengthen local intelligence and detection capability.
- Promoting a strong anti-fraud culture, including proactive fraud awareness and training.
- Responding robustly to any identified fraud through sanctions, recovery, and improvements to internal controls
- Support the UK Governments Fraud Strategy 2026 -2029 and the Anti-Corruption Strategy 2025.

4. Equalities

4.1 Under the Equality Act (2010) the Council has a legal duty to fulfil the requirements of the Public Sector Equality Duty (PSED). Through this duty and in the application of this policy, the council will carry out its functions in a way that:

a. Removes discrimination, harassment, victimisation and any other conduct that is unlawful under the Equality Act (2010)
b. Promotes equal opportunities between people who have a protected characteristic(s) and those who don't
c. Encourages good relations between people who have a protected characteristic(s) and those who don't

Further information on the Council's fulfilment of the Equality Act (2010) is set out in the Equality, Diversity and Inclusion (EDI) Policy (2022) and Reasonable Adjustment Policy (2024).

5. Data Protection

5.1 The Council regards respect for the privacy of individuals and the lawful and careful treatment of personal information as particularly important to delivery of services.

5.2 The Council will ensure that it treats personal information lawfully and proportionately as set out in the General Data Protection Regulation (GDPR) and Data Protection Act (2018). For further information on the Councils approach to handling information please see Data Protection Act (stevenage.gov.uk)

6. Policy & Strategy

6.1 This section includes definitions, anti-fraud strategy narrative, risk management principles, Council intentions, and commitments terms.

6.2 Fraud

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as:

"Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss"

Under the Fraud Act 2006, fraud is committed when a person acts dishonestly with the intent of making a gain, causing a loss, or exposing another to the risk of loss. The Act identifies three primary categories of fraud:

- Fraud by false representation
- Fraud by failing to disclose information
- Fraud by abuse of position

In addition, the Fraud Act 2006 includes a range of related criminal offences, including:

- Possession of articles for use in fraud
- Making or supplying articles for use in fraud
- Participation by a sole trader in a fraudulent business
- Obtaining services dishonestly

Appendix 1 sets out the Council's fraud risks.

6.3 Bribery

The Bribery Act 2010, which came into force on 1 July 2011, provides the UK with a modern and comprehensive legal framework to prevent and combat bribery in both the public and private sectors. The Act applies to all employees, elected members, contractors, agents, volunteers, consultants and any person performing services on behalf of Stevenage Borough Council.

Staff must understand their responsibilities under the Act, as both individuals and the Council can be held criminally liable for bribery-related offences.

Full details of the Council's approach are set out in the Stevenage Borough Council Anti-Bribery Policy, which is available as per the link below:

https://www.stevenage.gov.uk/documents/about-the-council/financial-management/2026-general-files/anti-bribery-policy-october-2025.pdf

Under the Bribery Act 2010, the following offences are established:

- Section 1 Bribing Another Function - Active bribery - offering, promising or giving a financial or other advantage.
- Section 2 Being Bribed - Passive bribery - requesting, agreeing to receive, or accepting a financial or other advantage.
- Section 6 - Bribing a foreign public official.
- Section 7 - Corporate offence: failure of a commercial organisation to prevent bribery by an associated person acting for or on its behalf.

The Act makes clear that organisations can be prosecuted even if senior leaders were not aware of the bribery. A defence exists only where the organisation can demonstrate it had adequate procedures in place to prevent bribery.

The Procurement Act 2023 also sets mandatory exclusion grounds for suppliers convicted of bribery offences, requiring the Council to exclude such suppliers from participating in procurement activity.

A person convicted under the Bribery Act may face:

- An unlimited fine, and/or
- Imprisonment for up to 10 years.
- Organisations, including public bodies, may also receive unlimited financial penalties, incur reputational damage, and face exclusion from public procurement.

6.4 **Corruption**

The Corruption is widely recognised by the UK Government as a corrosive force that undermines public trust, threatens national security, and distorts the fair and lawful operation of public services. It includes the deliberate misuse of a position of trust for direct or indirect personal gain, and covers a broad spectrum of behaviours such bribery, which is considered to be the most common form of corruption, as well as fraud, and other misconduct. This aligns with the definitions used in the UK Anti-Corruption Strategy 2025 – “Corruption is the abuse of entrusted power for private benefit that usually breaches laws, regulations, standards of integrity and/or standards of professional behaviour”

There is no single statutory definition of corruption in UK law, but corrupt behaviours are addressed through a combination of statutory and common law offences. These include the Bribery Act 2010, Fraud Act 2006, Proceeds of Crime Act 2002 and misconduct in Public Office (common law).

The UK Anti-Corruption Strategy 2025, reinforces the requirement for all public bodies to maintain strong internal controls, improve transparency, and deal robustly with corruption, including bribery. It emphasises:

- Strengthening enforcement

- Closing vulnerabilities in public sector systems
- Enhancing integrity in public life
- Using technology and data to identify corrupt behaviour

6.5 **Money Laundering**

Money laundering is the process by which criminals disguise, convert, or "recycle" the proceeds of crime in order to conceal their illegal origin while retaining control and use of the funds. It remains a key enabler of serious and organised crime across the UK.

Local authorities continue to face risks because any service that receives money from an external individual or organisation may be used knowingly or unknowingly to launder illicit funds. Vigilance is essential, and all staff must report any concerns immediately to the Council's Money Laundering Reporting Officer (MLRO).

The Council recognises its obligations under the Proceeds of Crime Act 2002, which sets out offences relating to criminal property, money laundering, disclosures and tipping-off, and the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, forming the core UK AML regime; however, these have been significantly strengthened by the Money Laundering and Terrorist Financing (Amendment) Regulations 2026, introduced in March 2026.

These responsibilities are set out within the Council Anti-Money Laundering Policy as per link below:

https://www.stevenage.gov.uk/documents/audit/appendix-b-anti-money-laundering-policy.pdf

6.6 **Failure to Prevent Tax Evasion**

The Criminal Finance Act 2017 sets out how those organisations categorised as 'relevant bodies' under the Act will be considered criminally liable where they fail to prevent those who act for, or on their behalf from criminally facilitating tax evasion.

The Act introduced new offences that will be committed where a relevant body fails to prevent an associated person criminally facilitating the evasion of a tax, and this will be the case whether the tax evaded is owed in the UK or in a foreign country.

6.7 **Economic Crime and Corporate Transparency Act (ECCTA)**

The ECCTA 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.

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.

Section 199: Introduces the Failure to Prevent Fraud offence for large organisations. Stevenage Borough Council falls within the scope of the legislation as a large company.

The offence will hold organisations liable for failing to prevent fraud committed by “associated persons” where the fraud was committed with the intention of benefiting the organisation or their clients. The intention to benefit the organisation does not have to be the sole or dominant motivation for the fraud. The offence can apply where a fraudster’s primary motivation was to benefit themselves, but where their actions will also benefit the organisation. It does not need to be demonstrated that the organisation’s senior managers or directors ordered or knew about the fraud.

Associated persons include;

- An employee, including agency personnel;
- An elected member;
- A subsidiary and/or arm’s length company;
- Contractors (individuals or organisations) who provide services for or on behalf of the Council while they are providing those services. The term “providing services” does not include providing goods or services to the Council. Thus, persons providing services to the Council (for example, commercial cleaning, external lawyers, valuers, accountants or engineers) are not acting “for or on behalf” of the Council. This means they would not be associated persons for the purposes of the offence.

Relevant organisations will have a defence if they have reasonable procedures in place to prevent fraud, or if they can demonstrate to the satisfaction of the court that it was not reasonable in all the circumstances to expect the organisation to have any prevention procedures in place.

Appendix 2 provides the six principles of reasonable fraud prevention.

6.8 **Anti-Fraud and Corruption Strategy**

The Council will fulfil its responsibility to reduce fraud and corruption and protect our resources with a strategic approach consistent with that outlined in the Fighting Fraud and Corruption Locally Strategy 2020 and CIPFA's Managing the Risk of Fraud and Corruption.

This strategy applies to:

- All Council employees (including volunteers, agency staff), and Elected Members.
- Staff and Board members of council funded voluntary/arm's length/ trading organisations;
- Council's partners;
- Council suppliers, contractors and consultants; and
- All Council service users and residents.

The strategy aims to:

- Ensure that the resources dedicated to counter fraud are sufficient, and those involved are trained to deliver a professional counter fraud service to the highest standards.
- **Protect** the Council's valuable resources by ensuring they are not lost through fraud but, are used for improved services to our residents and local taxpayers.
- Ensure full compliance with the Economic Crime and Corporate Transparency Act by implementing robust measures designed to deter and prevent fraudulent activities undertaken by all individual's that this strategy applies too.
- Provide a counter fraud provision which enhances **governance** from the top, providing recommendations to inform policy, as well as creating and promoting an 'anti-fraud' culture which highlights the council's approach of fraud and corruption.
- Increases the **acknowledgement and understanding** of fraud through the delivery of;
    - Comprehensive fraud training and awareness
    - Fraud risk assessment & control improvements
    - Fraud alerts
- **Prevents and disrupts** the exposure to fraud, bribery and corruption through continuous review of local and national threats, making recommendations to strengthen controls which aim to deter, prevent and detect incidents of fraud.
- **Pursues** incidents of detected and reported fraud through investigations which enables the council to apply appropriate sanctions and recover all losses through court action or by invoicing an individual.
- Learns from any incidences of fraud or corruption and where there have been breakdowns in systems, procedures, or governance arrangements, these will be reviewed and controls put in place to prevent a reoccurrence.
- Create an environment that enables the reporting of any genuine suspicions of fraudulent activity. However, we will not tolerate malicious or vexatious allegations

or those motivated by personal gain and, if proven, we may take disciplinary or legal action; and
- Work with our partners and other investigative bodies to strengthen and continuously improve our arrangements to prevent fraud and corruption.

Appendix 3 sets out the Fraud Response Plan for the Council.

6.9 **Managing the Risk of Fraud and Corruption**

As with any risk faced by the council, it is the responsibility of managers and officers to ensure that the risk of fraud is adequately considered through the preparation of risk assessments, supporting strategic priorities, business plans, project, and programmed objectives In making this assessment of the risk of fraud occurring, it is important to consider who the fraud actor is, how the fraud materialises, what the current controls are, and the weaknesses and limitations within those controls that allow the fraud to occur. The likelihood and impact of the fraud risk can then be scored. Once the fraud risk has been evaluated, a decision should be taken as to whether the risk is tolerated or treated through appropriate actions to mitigate it on an ongoing basis.

Any changes in operations or the business environment must also be assessed to ensure any impact, which might increase or otherwise change the risk of fraud, bribery, and corruption, are considered.

Good corporate governance procedures are a strong safeguard against fraud and corruption. Adequate supervision, recruitment and selection, scrutiny and healthy scepticism should not be viewed as distrust, but as good management practice that shapes attitudes and creating an environment opposed to fraudulent activity.

Whilst all stakeholders in scope have a part to play in reducing the risk fraud, Elected Members, Directors and Management are ideally positioned to influence the ethical tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

7. Consultation

7.1 In keeping with Stevenage Borough Council's Co-operative Council principles, the development of this Anti-Fraud & Corruption Policy Statement and Strategy has been shaped through consultation with key stakeholders to ensure it is robust, practical, and aligned to organisational needs.

Consultation Approach

To ensure wide engagement and transparency, the draft policy underwent:

- Discussions with service leads and Directors to identify operational fraud risks and areas requiring strengthened controls.
- Circulation of draft versions for comment, allowing stakeholders to provide feedback and propose amendments.
- Review of internal audit findings, case experience, and sector-wide best practice to inform improvements.

Stakeholders Consulted
Consultation took place with:

- Strategic Leadership Team (SLT) – ensuring strategic alignment and senior-level ownership.
- Trade Unions – ensuring staff interests and fair-treatment principles are considered.
- Internal stakeholders including Finance, Legal & Democratic Services, Procurement, HR, SIAS and SAFS.

Following this, the draft policy is presented to the:

- Audit Committee – for formal review, challenge, and approval as part of the Council's governance framework.

8. Monitoring and Review

8.1 This policy will be reviewed by the Director Finance & Deputy S151 officer in collaboration with other stake holders every 2 years or earlier if there is a change in legislation. Where more than 10% of the policy content is changed the Director and appropriate portfolio holder will be required to decide if the policy needs to be formally reconsidered by the Executive or appropriate decision-making body.

8.2 Where there is a request for the content of the policy to be reviewed in response to a complaint, the relevant Business Unit's Director will be notified. If the Director agrees that a review of policy is required, this will be discussed with the appropriate Portfolio Holder. The Director Finance & Deputy S151 officer will be responsible for implementing a subsequent policy review.

9. References and Resources

9.1 This policy contains embedded links to associated strategies, policies and guidance documents.

9.2 Further information on fraud and its impact on the Council, together with the Council's response to the risks of fraud, corruption and bribery, can be found on the Council's website under **Reporting Fraud**.

9.3 The Council is a partner of the Hertfordshire Shared Anti-Fraud Service (SAFS). SAFS delivers the Council's counter fraud function via the annual counter fraud plan and provides information about fraud and its impact on local government. SAFS have access to data and information held by the Council to conduct its investigations working with relevant Council officers.

9.4 Staff who suspect fraud should report their concerns to their line manager, Head of Service or Head of Finance and Business Services.

9.5 **How to Report Suspected Fraud or Corruption – Quick Guide**

Step 1 – Identify Concern

⬇

You suspect fraud, corruption, bribery or money laundering

Step 2 – Do not investigate yourself

⬇

Do not confront individuals or gather evidence

Step 3 – Report your concern (choose one route):

- Line Manager
- Head of Service / Director
- Head of Finance & Business Services
- Shared Anti-Fraud Service (SAFS) directly

⬇

Step 4 – Safeguarding & confidentiality

- Your concern will be treated confidentially
- Anonymous reports accepted, although this may limit the ability to investigate fully.

⬇

Step 5 – Initial Assessment by SAFS / Management

- Initial review
- Decision on investigation route

⬇

Step 6 – Investigation

- Conducted professionally and independently
- May involve HR / Internal Audit / Legal

⬇

Step 7 – Outcome & Action

- Disciplinary / Criminal / Civil action
- Recovery of losses
- Control improvements

⬇

Step 8 – Feedback (where possible)

- Reporter updated where appropriate

Any concerns can also be reported under the Whistleblowing Procedure if preferred using the link below:

https://www.stevenage.gov.uk/documents/about-the-council/financial-management/2026-general-files/sbc-whistle-blowing-policy-december-2025.pdf

Alternatively, concerns can be reported directly to the Shared Anti-Fraud Service:

Telephone: 0300 123 4033

Email: Fraud.team@hertfordshire.gov.uk (this is a secure email for all SBC staff)

Webpage: www.hertfordshire.gov.uk/fraud and select the **REPORT FRAUD** button.

10. Acronyms and Definitions

Acronym / Term	Definition
AML	Anti-Money Laundering – laws, regulations and controls to prevent criminals disguising the proceeds of crime.
Bribery Act 2010	UK legislation creates offences of offering, receiving, or failing to prevent bribery.
CIPFA	Chartered Institute of Public Finance and Accountancy – issues professional guidance on managing fraud and corruption.

DPA 2018	Data Protection Act 2018 – UK legislation governing the processing of personal data, incorporating GDPR.
ECCTA	Economic Crime and Corporate Transparency Act 2023 – introduces new corporate criminal offences including Failure to Prevent Fraud.
EDI	Equality, Diversity and Inclusion.
FFCL	Fighting Fraud and Corruption Locally – national framework based on Govern, Acknowledge, Prevent, Pursue and Protect.
FOI	Freedom of Information – legislation giving the public the right to access recorded information held by the Council.
Fraud Act 2006	Defines fraud by false representation, failure to disclose, and abuse of position.
GDPR	General Data Protection Regulation – regulation governing personal data processing and privacy.
HR	Human Resources.
Internal Audit (IA)	Independent assurance function reviewing internal controls, governance and risk management.
MLRO	Money Laundering Reporting Officer – responsible for receiving and acting on disclosures of suspected money laundering.
PSED	Public Sector Equality Duty – duty requiring public bodies to consider equality in all policies and decisions.
POCA 2002	Proceeds of Crime Act 2002 – legislation relating to money laundering, confiscation and recovery of criminal assets.

Procurement Act 2023	UK legislation governing public procurement, including mandatory exclusion for suppliers linked to fraud or bribery.
SAFS	Shared Anti-Fraud Service, provides specialist counter-fraud support and investigations.
SBC	Stevenage Borough Council.
S.151 Officer	Statutory Chief Financial Officer responsible for ensuring proper administration of the Council's financial affairs.
Whistleblowing	Procedure enabling staff or others to confidentially report concerns about wrongdoing, fraud or misconduct.

11. Appendices

Appendix D – EQIA (Separate Document)

Appendix 1 – Stevenage Borough Council Fraud Risks

Local authorities have reported a wide range of fraud risks. The main areas of fraud that were reported in Fighting Fraud & Corruption Locally 2020 continue to feature as significant risks. However, there are also new fraud types emerging. Some examples of fraud risk relevant to the Council are:

Blue Badge Fraud/Misuse – Use of counterfeit/altered badges, use of a Blue Badge when the holder is not in the vehicle, use of a deceased person's Blue Badge, badges issued to institutions being misused by employees.

Grants – Work/Services not carried out or delivered, funds diverted, ineligibility not declared or exaggerated or false applications.

Identity fraud – False identity / fictitious persons applying for services / payments.

Recruitment Fraud – False identity or right to work, false CVs and/or references, and polygamous working, working elsewhere whilst in sick leave.

Internal fraud (Corruption) – Diverting council monies to a personal account, accepting bribes, stealing cash, misallocating social housing for personal gain, selling council property/information for personal gain.

Internal Fraud (Benefiting the Council) – False grant applications, misuse of grant funds, false invoices, Misclassifying IR35, manipulated data to avoid sanctions and penalties, colluding with suppliers to increase revenue into the Council

Payroll – False employees, false overtime, false expenses claim, and payroll diversion.

Council Tax & Housing Benefit – False claims regarding income, capital, rent liability or family makeup to increase discount or exceptions or entitlement to benefit.

Business Rates – Deliberate withholding of information or relevant facts to evade or reduce liability.

Housing/ Tenancy Fraud – providing false information to obtain social housing, illegal sub-letting or parting with occupation, false succession applications and right to buy applications supported by money laundering.

Procurement/Commissioning Services – Bribery, conflict of interests, collusion, bid rigging, bid suppression, rotating pricing, dishonest purchasing outside of a framework.

Supplier Fraud – Exaggerated or duplicate invoices, works/services not delivered, substandard materials used, unauthorised sub-contracting.

Mandate fraud – Invoices from fictious suppliers, false requests to change suppliers' payment details.

Cyber Fraud – Phishing/spear phishing, account takeover (Council and Suppliers).

Immigration, including sham marriages – False entitlement to services and payments.

Insurance Fraud – False claims including slips and trips and claims for damages.

Money laundering – Exposure to suspect transactions.

Licensing – false ID or rights to reside used to obtain licences, impersonation to facilitate false applications.

Appendix 2. Six principles of reasonable fraud prevention – Failure to Prevent Fraud – ECCTA.

Local authorities will have a defence if they can show they had reasonable fraud prevention procedures in place at the time of the offence. Guidance provided by the Home Office provides six principles for organisations to consider when developing their fraud prevention framework:

1. **Top level commitment** – Senior Management should be committed to preventing associated persons from committing fraud (corruption or any form of behaviour that might deliberately mislead). They should foster a culture within the organisation in which fraud is never acceptable.

2. **Risk Assessments** – The organisation should assess the nature and extent of its exposure to the risk of employees, agents and other associated persons from committing fraud. Whole operations review considers where risks of fraud might occur and ensuring suitable controls and mitigations are put in place.

3. **Proportionate risk-based prevention procedures** - An organisation's procedures to prevent fraud by persons associated with it are proportionate to the fraud risks it faces and to the nature, scale and complexity of the organisation's activities. They are also clear, practical, accessible, effectively implemented and enforced.

4. **Due diligence** - The organisation applies due diligence procedures, taking a proportionate and risk-based approach, in respect of persons who perform or will perform services for or on behalf of the organisation, to mitigate identified fraud risks.

5. **Communication (including training)** -The organisation seeks to ensure that its prevention policies and procedures are communicated, embedded and understood throughout the organisation (and by our employees and stakeholders), through internal and external communication; this includes the Whistleblowing arrangements. Training and maintaining training are imperative.

6. **Monitoring and review** - The organisation monitors and reviews its fraud detection and prevention procedures and makes improvements where necessary. This includes learning from investigations and whistleblowing incidents and reviewing information from its own sector.

Appendix 3 - Fraud Response Plan

Immediately that fraud is discovered or suspected, the matter should be reported to a line manager, Head of Service or the Shared Anti-Fraud Service (SAFS), who will decide what further action is appropriate.

SAFS provides the Councils anti-fraud function and has access to data and information held by the Council to conduct its investigations working with relevant Council officers.

Contact details for SAFS can be found below:

Telephone**: 0300 123 4033**

Email: **Fraud.team@hertfordshire.gov.uk** (this is a secure email for all SBC staff)

Webpage: **www.hertfordshire.gov.uk/fraud** and select the **REPORT FRAUD** button.

The aims and objectives of the Fraud Response Plan are to:

- Prevent further losses of funds or other assets where fraud has occurred;
- Minimise the risk of inappropriate action or disclosure taking place which would compromise an investigation;
- Ensure there is a clear understanding over who will lead any investigation and to ensure managers, HR, Internal Audit are involved as appropriate;
- Establish and secure evidence necessary and ensure containment of any information for disciplinary, civil and/or criminal action;
- Maximise recovery of losses;
- Ensure appropriate and timely action is taken against those who are suspected of fraud;
- Identify the perpetrators and take appropriate action with any disciplinary, civil and/or criminal action; and
- Minimise any adverse publicity for the Council

Notifying Suspected Fraud

The Council relies on its employees, its agents and the public to help prevent and detect fraud and corruption. Often employees are the first to realise there is something seriously wrong internally, as they are in positions to be able to spot any possible cases of fraud or corruption at an early stage.

Council employees and Members must report any concerns they may have regarding fraud, bribery and corruption, whether it relates to dishonest behaviours by council employees, Members or by others.

The action taken when a suspected case of fraud, bribery, or corruption is first found might be vital to the success of any investigation that follows, so it is important that employees' actions are in line with the information given in this document. Members, service users,

suppliers, partner organisations and members of the public are encouraged to report concerns about fraud and corruption.

Whilst you can remain anonymous, it does help if your details are provided as concerns expressed anonymously are often much more difficult to investigate. For example, we may need to contact you to obtain further information or verify the information supplied.

Investigation Process

Any suspicion of fraud will be treated seriously and will be reviewed in accordance with legislation, local policy and processes.

Suspected fraud will be investigated in an independent, open-minded and professional manner with the aim of protecting the interests of both the Council and the suspected individual(s).

Fraud investigations will be undertaken using a coordinated approach. The SAFS will lead or coordinate investigations, working closely with Legal Services and Human Resources to ensure compliance with legal requirements, adherence to employment procedures, and appropriate handling of evidence. Roles, responsibilities and reporting arrangements will be agreed at the outset of each case.

Where necessary the Council will work in co-operation with other organisations such as the Police, Department for Work and Pensions, Home Office, Her Majesty's Revenue and Customs, UK Borders Agency, NHS Counter Fraud Authority and other Local Authorities.

Investigations into suspected fraud or corruption will be conducted in a professional manner in accordance with the relevant statutory provisions and local protocols to ensure any actions are carried out both fairly and lawfully.

If sufficient evidence is established, the case will be reviewed to decide on the appropriate course of action to be taken. The Council's fraud sanction policies provide further guidance of what appropriate action will be taken against the persons concerned.

Confidentiality

Details of any investigation are strictly confidential and will not be discussed with anyone other than the relevant management representatives.

If the media becomes aware of an investigation and attempts to contact employees or Members, no disclosure of the alleged fraud and investigation can be given. All matters relating to statements to the media will be dealt with through the Council's communications team.

Summary

This Fraud Response Plan, in conjunction with the Counter Fraud and Corruption Strategy, provides a framework for preventing and investigating fraud, corruption and bribery against the Council. It is imperative that awareness of this plan is promoted both across the Council and externally.

The plan will be reviewed at least annually and following any major fraud or changes in legislation.

Appendix 4 - How the Council evidences its Governance.

Governs	Executive Support	Our Senior Management Team will set the tone for a zero tolerance of fraud and corruption and will ensure that an anti-fraud culture is embedded across the Council and the services it delivers.
	Robust Arrangements	The Council will adopt and apply appropriate policies and procedures that seek to reduce the risk of fraud and corruption and encourage staff to report fraud where they see it.

Acknowledge	Committing Support	The council's commitment to tackling the threat of fraud is clear. We have strong whistleblowing and fraud reporting procedures and support those who come forward to report suspected fraud. All reports will be treated seriously and acted upon. We will not, however, tolerate malicious or vexatious allegations.
	Assessing Risks	We will continuously assess and review those areas most vulnerable to the risk of fraud as part of our risk management arrangements. These risk assessments will inform our internal controls and counter fraud priorities.
	Robust Response	We will strengthen measures to prevent fraud. We will respond positively, taking appropriate action, where fraud is reported or suspected. We will review all incidences of fraud to ensure that any weaknesses in systems or processes that allowed the fraud to occur as removed.

Prevent	Better use of information technology	We will make greater use of data and analytical software to prevent and detect fraudulent activity. We will look for opportunities to share data and fraud intelligence to increase our capability to uncover potential and actual fraud.

	Anti-Fraud culture	We will promote and develop a strong counter fraud culture, raise awareness, provide information on all aspects of our counter fraud work. This will include publicising the results of all proactive work, fraud investigations and any recovery of losses due to fraud.

Pursue	Fraud Recovery	A crucial element of our response to tackling fraud is recovering any monies lost through fraud. This is an important part of our strategy and will be rigorously pursued, where possible.
	Punishing Fraudsters	We will apply realistic and effective sanctions for individuals or organisations where an investigation reveals fraudulent activity. This may include legal action, criminal and/or disciplinary action, where appropriate.
	Enforcement	Appropriately trained investigators will investigate fraud through planned proactive work; cases of suspected fraud referred from internal or external stakeholders or received via the confidential reporting procedure (whistleblowing). We will work with appropriate internal and external partners/ agencies/organisations.

Appendix 5 - Responsibilities

Stakeholder	Specific Responsibilities
Chief Executive	Accountable for the effectiveness of the council's arrangements for countering fraud and corruption.
Borough Solicitor | Lead Lawyer - Shared Legal Service *Monitoring Officer*	Statutory responsibility to ensure that the council operates within the law. Overall responsibility for the Members Code of Conduct and the maintenance and operation of the Confidential Reporting Procedure for Employees (Whistleblowing).
Strategic Director (CFO) *Section 151 Officer*	Ensure the council has adopted and implemented an appropriate Anti-Fraud and Corruption Policy/Strategy and that the council has an adequately resourced and effective "counter fraud" provision.
Audit Committee	Monitor the adequacy and effectiveness of the arrangements in place for combating fraud and corruption.
Members	Comply with the Members Code of Conduct and related council policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns accordingly.
External Audit	Statutory duty to ensure that the Council has adequate arrangements in place for the prevention and detection of fraud, corruption, bribery and theft.
Internal Audit	Provide assurance to senior management and the Audit Committee that the Council adheres to its own policies to deter, prevent and respond to suspected fraud.
The Shared Anti-Fraud Service	Responsible for developing and promoting the requirements of the Anti-Fraud and Corruption Strategy and monitoring and/or undertaking the investigation of any reported issues. To ensure that all suspected or reported irregularities are dealt with promptly and in accordance with this strategy and that action is identified to improve controls and reduce the risk of recurrence. Providing guidance and support to senior management on new and emerging fraud risks and management recommendations where fraud has arisen due to system weaknesses.

	Work collaboratively with Legal Services and Human Resources to manage investigations and ensure appropriate legal and employment processes are followed.
Directors, Service Heads, Service Managers	Promote an anti-fraud and corruption culture. Ensure that there are mechanisms in place within their service areas to assess the risk of fraud, corruption, bribery and theft and to reduce these risks by implementing strong internal controls.
Staff & Members	Comply with council policies and procedures, to be aware of the possibility of fraud, corruption and bribery Maintain high standards of honesty and integrity, demonstrate the Council's key values, and adhere to the Employee and Members' Codes of Conduct. Report any genuine concerts to management or via the Whistleblowing procedure. Undertake all mandatory, relevant or recommended anti-fraud and corruption training.
Public, Service Users, Partners, Suppliers, Contractors and Consultants	Maintain high standards of honesty and integrity when dealing with the Council, and do not engage in any fraudulent or related behaviour that could impact the Council's finances or its ability to deliver quality services. Assist the Council counter fraud by reporting any genuine concerns / suspicions in accordance with the council's reporting procedure

12. Version History

Date	Outlined Amendments	Author
June 2026	New Policy Template	Atif Iqbal

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Anti-Money Laundering Policy

Stevenage Borough Council

2026

Date created	June 2026
Approved by	Audit Committee
Owner	Director Finance & Deputy S151 Officer
Version	V1
Author	Atif Iqbal (Director Finance & Deputy S151 Officer)
Business Unit and Team	Finance
Policy Review Date	June 2029
Equality Impact Assessment Date	June 2026

For translations, braille or large print versions of this document please email equalities@stevenage.gov.uk.

Contents

1. Purpose

1.1 Stevenage Borough Council is committed to the highest possible standards of ethical conduct, governance, and financial integrity. Although local authorities are not directly subject to the Money Laundering Regulations 2017, the Proceeds of Crime Act 2002, or related regulatory regimes in the same way as financial institutions, guidance from CIPFA makes clear that local authorities must comply with the spirit of these requirements and implement effective controls to prevent money laundering, terrorist financing, and the handling of criminal property.

1.2 The purpose of this policy is to:

- Protect the Council, its staff, Members, residents, and partners from exposure to money laundering and terrorist financing risks.
- Set out clear governance, controls, and procedures for identifying, reporting, and responding to suspicious activity.
- Ensure appropriate diligence, record-keeping, and escalation processes are followed.
- Outline the roles and responsibilities of employees and Members, including the statutory responsibilities of the Money Laundering Reporting Officer (MLRO).
- Ensure compliance with the underlying principles of the Proceeds of Crime Act 2002, Terrorism Act 2000, and Money Laundering Regulations 2017.

1.3 This 2026 Policy replaces the previous AML Policy (2021) and incorporates updates associated with national legislation, best practice, and public sector risk assessments.

2. Scope

2.1 This policy applies to:

- All Council employees (permanent, temporary, agency).
- All Elected Members.
- Contractors and consultants working on behalf of the Council.
- Any individual or organisation handling Council funds or acting in a capacity that could expose the Council to money laundering activity.

2.2 The policy aims to ensure that every employee and Member understands their responsibility to:

- Be vigilant to potential money laundering or terrorist financing risks.
- Report any suspicions immediately to the MLRO (in line with the reporting process set out in Section 9).

- A clear step-by-step reporting guide is provided in Section 9 (References and Resources) to support staff in raising concerns.
- Follow all AML procedures without exception.

2.3 Any suspicions arising outside of Council work should be reported directly to the Police.

2.4 This Policy underpins all Council operations where financial transactions or asset transfers may occur, including property sales, debt recovery, benefits, housing transactions, procurement, and customer payments.

2.5 This policy should be read in conjunction with the council's Anti-Fraud and Corruption strategy statement and policy.

https://www.stevenage.gov.uk/about-the-council/access-to-information/national-fraud-initiative/anti-fraud-and-corruption-strategy

3. Legal Framework

3.1 This Policy has been developed in accordance with the requirements and principles of:

- **Proceeds of Crime Act 2002 (POCA)** – defines money laundering offences and establishes the duty to report suspicious activity.
- **Money Laundering Regulations 2017 (as amended)** – sets out identification, reporting, and record-keeping requirements.
- **Terrorism Act 2000** – covers terrorist financing offences.
- **Criminal Finances Act 2017** – enhances investigative powers.
- **CIPFA Anti-Money Laundering Guidance for Local Authorities**

3.2 To comply with AML legislation, the Council must:

- Appoint a Money Laundering Reporting Officer (MLRO).
- Maintain client identification procedures in certain circumstances.
- Implement a procedure to enable the reporting of suspicions of money laundering.
- Maintain record keeping procedures.

3.3 The Council also complies with the Data Protection Act 2018 and UK GDPR.

4. Equalities

4.1 Under the Equality Act (2010) the Council has a legal duty to fulfil the requirements of the Public Sector Equality Duty (PSED). Through this duty and in the application of this policy, the council will carry out its functions in a way that:

a. Removes discrimination, harassment, victimisation, and any other conduct that is unlawful under the Equality Act (2010)
b. Promotes equal opportunities between people who have a protected characteristic(s) and those who do not
c. Encourages good relations between people who have a protected characteristic(s) and those who do not

Further information on the Council's fulfilment of the Equality Act (2010) is set out in the Equality, Diversity and Inclusion (EDI) Policy (2022) and Reasonable Adjustment Policy (2024).

5. Data Protection

5.1 The Council regards respect for the privacy of individuals and the lawful and careful treatment of personal information as particularly important to delivery of services.

5.2 The Council will ensure that it treats personal information lawfully and proportionately as set out in the General Data Protection Regulation (GDPR) and Data Protection Act (2018). For further information on the Councils approach to handling information please see Data Protection Act (stevenage.gov.uk)

6. Policy

6.1 **Definition of Money Laundering**

Money laundering describes offences involving the integration of the proceeds of crime, or terrorist funds, into the mainstream economy. Such offences are defined under the Proceeds of Crime Act 2002 (POCA) as the following prohibited acts:

a) Concealing, disguising, converting, transferring, or removing criminal property from the UK. (s327 POCA).
b) Becoming involved in an arrangement which an individual knows or suspects, facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person. (s328 POCA).
c) Acquiring, using, or possessing criminal property (s329 POCA).
d) Doing something that might prejudice an investigation e.g., falsifying a document (s333 POCA).
e) Failure to disclose one of the offences listed in a) to c) above, where there are reasonable grounds for knowledge or suspicion (s330-332 POCA); and
f) Tipping off a person(s) who is or is suspected of being involved in money

laundering in such a way as to reduce the likelihood of or prejudice an investigation. (s333 POCA).

6.2 Provided the Council does not undertake activities regulated under the Financial Services and Markets Act 2000, the offences of 'failure to disclose' and 'tipping off' do not apply. However, the Council and its employees and Members remain subject to the remainder of the offences and the full provisions of the Terrorism Act 2000.

6.3 The Terrorism Act 2000 made it an offence of money laundering to become concerned in an arrangement relating to the retention or control of property likely to be used for the purposes of terrorism or resulting from acts of terrorism.

6.4 Although the term 'money laundering' is generally used to describe the activities of organised crime, for most people it will involve a suspicion that they or someone they know, or know of, is benefiting financially from dishonest activities.

6.5 Potentially very heavy penalties (unlimited fines and imprisonment up to fourteen years) can be handed down to those who are convicted of one of the offences detailed in 6.1.

6.6 **Money Laundering Reporting Officer (MLRO)**
The Council designates the Head of the Shared Anti-Fraud Service (SAFS) as the MLRO. The SAFS Counter Fraud Managers may act as Deputy MLRO in the absence of Head of SAFS.

MLRO Contact Details:
Hertfordshire County Council
Shared Anti-Fraud Service (SAFS)
1st Floor, Robertson House, Six Hills Road, Stevenage, SG1 2FQ
Email: **MLRO@Hertfordshire.gov.uk**
Tel: **01438 844705**

All staff must report suspicious activity to the MLRO immediately, using the Council's internal disclosure form.**(Appendix E)**

6.7 **How the Council might become involved in Money Laundering**
The council recognises that most customers and contracts are not money launders or terrorist financiers and the systems and controls in place to mitigate the risk should focus on identifying the high-risk customers/contracts/situations and responding to them appropriately.

6.8 Generally, the council's business will pose a low-to-moderate risk of being used as a vehicle for money laundering. The council is involved in relatively few transactions, compared to a bank, building society or law firm, and the nature of the transactions are with participants that have likely come under considerable scrutiny as to their bona

fides and financial status. Opportunities to pass criminal property through the council with relative anonymity are limited.

6.9 The council carries out transactions for a variety of purposes during which it handles money from customers. These transactions include but are not limited to Council Tax and Business Rate payments, social property rent, leaseholders/commercial rent, licence fees, planning applications, and income for the sale/disposal of council assets.

6.10 It is therefore feasible for the council to become unwittingly involved in the money laundering process via customer/businesses who are carrying out apparently normal transactions, if the money used in the transactions are from the proceeds of crime.

6.11 Criminals may seek to exploit local authorities to launder money by making funds appear legitimate, for example where payments are credited from the local authority into a bank account. A particular risk arises where overpayments to customer accounts are subsequently requested to be refunded to a different bank account. To mitigate this risk, officers must carry out appropriate and proportionate due diligence on both the source of the original overpayment and the bank account to which any refund is requested. This is essential to ensure the Council does not inadvertently facilitate money laundering or related financial crime.

6.12 **Refunds Policy**

All staff must ensure that refunds are processed only to the originating bank account from which the payment(s) were made to the Council. This requirement applies to all refund requests unless exceptional circumstances apply.

Exceptional circumstances include situations where the refund cannot be made to the originating bank account, for example where the originating account has been closed. Processing a refund to a different bank account for customer convenience alone is not considered an exceptional circumstance. Where a refund is made to an alternative account, this must be supported by appropriate evidence and subject to the Council's two-stage checking process to ensure accuracy and mitigate risk.

Where a refund is issued to an alternative account, this should normally be restricted to another bank account held by the same customer and registered at the same address. The customer's account must be verified as follows;

- Proof of account held in the customer's name
- Bank account verification via NAFN's BAV service (or another recognised Bank Account verification process)

Where a refund is requested to be paid to a third party, the officer must:

- Record a clear justification for the payment on the customer record (this may include circumstances such as customer deceased);

- Record the name of the third-party account holder and their relationship to the customer.

The third-party account holder must provide appropriate verification to support the refund request. This should include valid photographic identification, proof of address, and evidence of ownership of the bank account to which the refund is to be made. Where attendance in person is not practical, this information may be provided through other secure and verifiable means, subject to appropriate checks in line with the Council's procedures.

No refund shall be paid to a third party until all verification checks have been completed to the Council's satisfaction, and the decision has been authorised by a line manager.

6.13 **Client Identification Process**

'Customer due diligence measures' are derived from the money laundering regulations 2017 section 28 and is used to describe the measures that form adequate customer due diligence, including customer identity, background to the customers business, and source of funds.

6.14 Although not a legal requirement, the Council has developed formal client identification procedures which must be followed when council land or property is being sold. These procedures require individuals and, if appropriate, companies to provide proof of identity and current address.

6.15 The council carries out measures to ensure customer due diligence in all service areas, in accordance with the obligations set out in the money laundering regulations 2017. This typically requires gathering information about a customer or someone acting on behalf of the customer ('beneficial owner') including:

- Name
- Date of birth
- Residential Address
- An official document which confirms the person's identity.

6.16 If satisfactory evidence is not obtained at the outset of a matter, then the transaction must not be progressed, and a disclosure report must be submitted to the Money Laundering Reporting Officer.

6.17 All personal data collected must comply with UK GDPR.

6.18 **Responsibilities of Staff and Others**

Prevention, detection and reporting of fraud, corruption and reporting suspicions of money laundering is the responsibility of all those working for the 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;
- Ensure that policy and procedures of contracted services align with the council's policy and procedures, in relation to money laundering safeguards;
- Ensure that the council's policy and procedures, and service area guidance which cover customer due diligence measures, payments and refunds, have been read, understood, and are complied with;
- Raise concerns as soon as possible if they suspect that this policy has been breached;
- Always act honestly with integrity to safeguard the council's resources for which they are responsible; and
- Comply with the law (both in spirit and in the letter).

The Council will ensure that suspected cases are managed collaboratively between the MLRO, SAFS, Legal Services and Human Resources where appropriate.

6.19 **Reporting Procedure for Suspicions of Money Laundering**

Where you know or suspect that money laundering activity is taking place or as taken place or become concerned that your involvement in a matter may amount to a prohibited act under the Act, you must disclose this as soon as practicable to the MLRO. The disclosure should be within "hours" of the information coming to your attention, not weeks or months later. Your disclosure should be made to the MLRO using the disclosure report, the report must include as much detail as possible including:

- Full details of the people involved.
- Full details of the nature of their/your involvement.
- The types of money laundering activity involved.
- The date(s) of such activities.
- Whether the transactions have happened, are ongoing or are imminent.
- Where they took place.
- How they were undertaken.
- The (likely) amount of money/assets involved; and
- Why, exactly, you are suspicious.

6.20 Along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering, and to enable them to prepare their report to the National Crime Agency (NCA), where appropriate. You should also enclose copies of any relevant supporting documentation.

6.21 If you are concerned that your involvement in the transaction would amount to a prohibited act under sections 327 – 329 of the Act, then your report must include all relevant details, as you will need consent from the NCA, via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given. You should therefore make it

clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g., a completion date or legal deadline.

6.22 Once you have reported the matter to the MLRO you must follow any directions the MLRO may give you. You must NOT make any further enquiries into the matter yourself: any necessary investigation will be undertaken by the NCA. Simply report your suspicions to the MLRO who will refer the matter on to the NCA if appropriate. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

6.23 Similarly, at no time and under no circumstances should you voice any suspicions to the person(s) whom you suspect of money laundering, even if the NCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise, you may commit a criminal offence of "tipping off."

6.24 Do not make any reference on a client file to a report having been made to the MLRO. Should the client exercise their right to see the file, then such a note may tip them off to the report having been made and may render you liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

6.25 **Consideration of the disclosure by the Money Laundering Reporting Officer (MLRO)**

Upon receipt of a disclosure report, the MLRO must note the date of receipt on their section of the report and acknowledge receipt of it. They should also advise you of the timescale within which they expect to respond to you. The MLRO will consider the report and any other available internal information they think relevant, for example:

- reviewing other transaction patterns and volumes.
- the length of any business relationship involved.
- the number of any one-off transactions and linked one-off transactions; and any identification evidence held.

The MLRO will adopt a coordinated approach when managing disclosures. This will include working with the SAFS, Legal Services and Human Resources to ensure that enquiries are conducted lawfully, any employment matters are handled appropriately, and legal advice is obtained where required.

6.26 The MLRO will undertake such other reasonable inquiries they think appropriate in order to ensure that all available information is considered in deciding whether a report to the NCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with you.

6.27 Once the MLRO has evaluated the disclosure report and any other relevant information, they must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case; and
- whether they need to seek consent from the NCA for a particular transaction to proceed.

6.28 Where the MLRO does so conclude, then they must disclose the matter as soon as practicable to the NCA on their standard report form and in the prescribed manner, unless they have a reasonable excuse for non-disclosure to the NCA (for example, if you are a lawyer and you wish to claim legal professional privilege for not disclosing the information).

6.29 Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then they must note the report accordingly; they can then immediately give their consent for any ongoing or imminent transactions to proceed.

6.30 In cases where legal professional privilege may apply, the MLRO must liaise with the Council's Legal Department to decide whether there is a reasonable excuse for not reporting the matter to the NCA.

6.31 Where consent is required from the NCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until the NCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from the NCA.

6.32 Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then they shall mark the report accordingly and give their consent for any ongoing or imminent transaction(s) to proceed.

6.33 All disclosure reports referred to the MLRO, and reports made by them to the NCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

6.34 The MLRO commits a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

6.35 **Training**

Officers considered likely to be exposed to suspicious situations, will be made aware of these by senior management and provided with appropriate training. Additionally, all employees and Members will be familiarised with the legal and regulatory requirements relating to money laundering and how they affect both the Council and them.

6.36 Notwithstanding the paragraphs above, it is the duty of officers and Members to report all suspicious transactions whether they have received their training or not.

6.37 **Financial Regulations**

Although the relevant Regulations relating to money laundering do not, in many cases directly apply to local authorities, guidance from CIPFA states that local authorities should comply with the requirements of these Regulations. All members of staff, and those acting on behalf of the Council, must follow the Council's Anti-Money Laundering Policy, published on the Intranet.

6.38 This Policy sets a limit on payments to the Council in the form of cash; place a duty on members of staff who suspect money laundering activity to report this to the Money Laundering Reporting Officer; and require that officer to make appropriate reports to the National Crime Agency.

6.39 **Statement of Regulated Responsibilities**

A. No payment to the Council will be accepted in cash if it exceeds £1,000 or if the sum offered exceeds the amount due.
B. Any employee who suspects money laundering activity must make a Disclosure Report reporting their suspicion promptly to the Money Laundering Reporting Officer (MLRO), or to the MLRO's deputy if appropriate, using the Money Laundering Reporting Procedure.
C. The employee must follow any subsequent directions of the MLRO or deputy and must not themselves make any further enquiries into the matter.
D. The employee must not disclose or otherwise indicate their suspicions to the person suspected of money laundering.
E. The MLRO or deputy must promptly evaluate any Disclosure Report, to determine whether it should be reported to the National Crime Agency (NCA).
F. The MLRO or deputy must, if they so determine, promptly report the matter to NCA on their standard report form and in the prescribed manner.
G. The MLRO or deputy will commit a criminal offence if they know or suspect, or have reasonable grounds to do so, through a disclosure being made to them, that another person is engaged in money laundering and they do not disclose this as soon as practicable to the NCA.

6.40 Given a local authority's legal position with regard to the legislative requirements governing money laundering, the Council believes that this Policy represents a proportionate response to the level of risk it faces of money laundering offences.

7. Consultation

7.1 This Policy has been developed in consultation with:

- Shared Anti-Fraud Service (SAFS)
- Finance
- Legal Services
- HR
- Corporate Policy
- Relevant Service Areas (e.g., Housing, Revenues)

- Trade Unions

8. Monitoring and Review

8.1 This Policy will be reviewed **every three years** or sooner if legislation changes, by:

- The Money Laundering Reporting Officer
- Section 151 Officer/Deputy S151 Officer
- Monitoring Officer

8.2 Where there is a request for the content of the policy to be reviewed in response to a complaint, the relevant Business Unit's Director will be notified. If the Director agrees that a review of policy is required, this will be discussed with the appropriate Portfolio Holder. The Director Finance will be responsible for implementing a subsequent policy review.

9. References and Resources

- Proceeds of Crime Act 2002
- Terrorism Act 2000
- Money Laundering Regulations 2017
- CIPFA Anti-Money Laundering Guidance
- NCA SAR Reporting Guidance
- SBC Financial Regulations

How to Report Suspected Money Laundering – Quick Guide:
If you suspect money laundering or terrorist financing, you must act immediately:

1. **Identify your concern**
   If something does not feel right (e.g. unusual payments, refund requests, or customer behaviour), report it.

2. **Do not investigate yourself**
   Do not question the customer or attempt to gather further evidence.

3. **Do not alert the individual (no tipping off)**
   You must not inform the person involved, as this may constitute a criminal offence.

4. **Report immediately to the MLRO**
   - Submit a disclosure report using the Council's procedure
   - Contact the MLRO or Deputy MLRO if urgent

5. **Maintain confidentiality**
   Do not discuss the matter with colleagues unless instructed.

6. **MLRO assessment**
   The MLRO will assess the report and determine whether it should be referred to the National Crime Agency (NCA).

7. **Follow instructions**
   You must follow any directions from the MLRO and not take further action unless authorised.

   You may also raise concerns under the Council's Whistleblowing Policy where appropriate using the link below:

   https://www.stevenage.gov.uk/documents/about-the-council/financial-management/2026-general-files/sbc-whistle-blowing-policy-december-2025.pdf

10. Acronyms and Definitions

- EDI Equality, Diversity, and Inclusion
- GDPR General Data Protection Regulation
- SBC Stevenage Brough Council
- AML Anti-Money Laundering
- MLRO Money Laundering Reporting Officer
- POCA Proceeds of Crime Act 2002
- SAR Suspicious Activity Report
- NCA National Crime Agency
- SAFS Shared Anti-Fraud Service

11. Appendices

Appendix D - EQIA

Appendix E - Suspicious Activity Report Form (MLRO Template)

12. Version History

Date	Outlined Amendments	Author
June 2026	Updated policy template	Atif Iqbal (Director Finance & Deputy S151 Officer)

Fraud Sanctions Policy

Stevenage Borough Council

2026

Date created	June 2026
Approved by	Audit Committee
Owner	Director Finance & Deputy S151 Officer
Version	V1
Author	Atif Iqbal (Director Finance & Deputy S151 Officer)
Business Unit and Team	Finance
Policy Review Date	June 2028
Equality Impact Assessment Date	June 2026

For translations, braille or large print versions of this document please email equalities@stevenage.gov.uk.

Contents

1. Purpose

1.1 Stevenage Borough Council (the Council) is committed to protecting public funds and operating to the highest ethical and legal standards. The Fraud Sanctions Policy outlines how the Council responds proportionately, consistently, and decisively to fraud, theft, bribery, corruption, and financial irregularity. This policy replaces the 2025 Fraud Sanctions Policy and reflects significant updates in national counter-fraud standards, emerging fraud risks, and strengthened enforcement frameworks across the UK public sector.

The purpose of this policy is to:

- Set out the sanctions available to the Council when fraud or related misconduct is identified.
- Ensure sanctions are applied fairly, consistently, and transparently.
- Reinforce a zero tolerance stance against fraud and emphasise that the Council will use all lawful measures to prevent, detect, and respond to wrongdoing.
- Reflect updated best practice, including the heightened expectations on public bodies established through recent government counter-fraud strategies and guidance.
- National counter-fraud strategies now require more proactive, prevention-driven work and higher assurance standards across public sector bodies.
- Updated enforcement guidance emphasises greater transparency, proportionate penalties, and faster case resolution across sanctions regimes.

1.2 The Fraud Sanctions Policy aims to ensure that Stevenage Borough Council responds to fraud, corruption, bribery, theft, and financial irregularity in a clear, consistent and proportionate manner. Its objectives are to:

- **Protect public funds** by ensuring that all identified fraud losses are addressed and, wherever possible, recovered. This aligns with strengthened national expectations that public bodies take more decisive action to prevent and recover public sector fraud losses.
- **Deter wrongdoing** through a transparent and structured sanctions framework, reflecting the national shift toward a more proactive, prevention-first approach set out in updated government counter-fraud strategy.
- **Promote consistency and fairness** in sanction decision-making, ensuring all cases are assessed using a clear set of criteria and informed by current enforcement expectations, including the emphasis on proportionality and clarity found in updated OFSI penalty and enforcement guidance.
- **Reinforce a strong anti-fraud culture** across the organisation by demonstrating the Council's zero tolerance approach and commitment to robust action where misconduct occurs. This is consistent with sector-wide findings highlighting the need for stronger organisational fraud resilience across local government.
- **Support improved fraud prevention and risk management**, ensuring sanctions work hand-in-hand with strengthened fraud risk assessment practices, as required

under the updated 2026 Full Fraud Risk Assessment guidance issued by the Government Counter Fraud Profession.

Overall, the policy aims to protect services, uphold public trust, and contribute to a resilient, prevention-led approach to countering fraud.

1.3 This policy replaces the Fraud Sanctions Policy approved in 2025, which set out the previous framework for applying sanctions in response to fraud and related misconduct.

The 2026 version incorporates:

- Updated best practice and strengthened requirements from the Government Counter Fraud Functional Strategy 2025–26, reflecting new standards on prevention, data-driven risk assessment, and cross-government working.
- Enhancements arising from the 2026 OFSI enforcement updates, which introduce improved penalty transparency and expectations around proportionality and cooperation.
- Guidance and expectations from the Public Sector Fraud Authority's 2025/26 Delivery Plan, which emphasises increased recovery of public funds, expanded enforcement use as a core deterrent, and proactive fraud prevention.

The 2026 policy therefore replaces and modernises the 2025 version to reflect current legislative, regulatory, and professional counter fraud standards and to strengthen the Council's sanctions framework accordingly.

2. Scope

2.1 This policy applies to:

- All Council employees (permanent, temporary, agency).
- Elected Members.
- Contractors, consultants, partners, and suppliers acting on behalf of the Council.
- Residents, tenants, leaseholders, and any external individuals or organisations interacting with the Council.

It governs all instances of suspected fraud, bribery, corruption, theft, misappropriation of assets, or financial irregularity involving Council resources. Fraud in social housing, Council Tax, business rates, grants, procurement processes, employment, and digital services all fall within scope. A step-by-step guidance on how to report suspected fraud or corruption is set out in the Council's Anti-Fraud and Corruption Policy.

2.2 This policy supports the Council's wider counter-fraud framework and underpins related policies including Anti-Fraud and Corruption Strategy, Whistleblowing, Anti-Bribery, Financial Regulations, Housing Management, and Data Protection.

3. Legal Framework

3.1 The Council's approach to sanctions is based on relevant legislation and statutory guidance, including but not limited to:

- Fraud Act 2006
- Theft Act 1968
- Bribery Act 2010
- Prevention of Social Housing Fraud Act 2013
- Council Tax Reduction Scheme Regulations 2013
- Proceeds of Crime Act 2002
- Economic Crime and Corporate Transparency Act 2023
- Local Government Finance Act 1992
- Housing Act 1996
- Equality Act 2010 (Public Sector Equality Duty)
- Data Protection Act 2018 and UK GDPR

3.2 This policy also aligns with current national counter-fraud standards, including:

- UK Government Fraud Strategy 2026-2029 – Disrupting crime, supporting economic resilience, and delivering justice.
- Government Counter Fraud Functional Strategy (2024–27) and 2026 Progress Review, which emphasises proactive prevention, stronger partnership working, and the use of data analytics to detect fraud.
- Economic Crime and Corporate Transparency Act 2023, which reflects a shift towards faster, more proportionate, and consistent enforcement, where civil sanctions now sit alongside criminal routes.
- The Government Counter Fraud Profession (GCFP) Counter Fraud Investigator Standard (Version 1.3, 2022), which requires investigators to demonstrate competency in the application of sanctions, redress, and appropriate enforcement outcomes for fraud offences.
- GCFP Full Fraud Risk Assessment (2022) and the full Fraud Risk Assessment guidance issued by the Public Sector Fraud Authority in January 2026 which requiring public bodies to adopt structured, evidence-driven assessment methodologies including consideration of fraud risk controls relating to sanction and redress.
- OFSI's strengthened sanctions enforcement framework (2026), which introduces clearer penalty matrices, expanded enforcement powers, and new transparency requirements for penalty decisions.

3.3 The Council has also committed to exceed minimum standards where appropriate by adopting a robust, proactive fraud culture informed by national local-government research findings.

4. Equalities

4.1 Under the Equality Act (2010) the Council has a legal duty to fulfil the requirements of the Public Sector Equality Duty (PSED). Through this duty and in the application of this policy, the council will carry out its functions in a way that:

a. Removes discrimination, harassment, victimisation, and any other conduct that is unlawful under the Equality Act (2010)
b. Promotes equal opportunities between people who have a protected characteristic(s) and those who do not
c. Encourages good relations between people who have a protected characteristic(s) and those who do not

Further information on the Council's fulfilment of the Equality Act (2010) is set out in the Equality, Diversity and Inclusion (EDI) Policy (2022) and Reasonable Adjustment Policy (2024).

5. Data Protection

5.1 The Council regards respect for the privacy of individuals and the lawful and careful treatment of personal information as especially important to delivery of services.

5.2 The Council will ensure that it treats personal information lawfully and proportionately as set out in the General Data Protection Regulation (GDPR) and Data Protection Act (2018). For further information on the Councils approach to handling information please see Data Protection Act (stevenage.gov.uk)

6. Policy

6.1 **Zero Tolerance Approach**

The Council has zero tolerance for fraud and corruption. All allegations will be investigated by the Shared Anti-Fraud Service (SAFS) or an appropriately authorised officer. Where wrongdoing is proven, the Council will consider all appropriate sanctions. Decisions regarding sanctions will be taken in consultation with the Shared Anti-Fraud Service (SAFS), Legal Services and Human Resources, as appropriate to the nature of the case.

6.2 **Sanction Options**

The Council may apply one or more of the sanctions detailed below, and sanctions may be pursued individually or in parallel:

a) No Further Action

The Council may consider closing the case without taking any further action. This may occur where there is no evidence of fraud or misconduct, or where it is not in the public interest to take formal action.

b) Cease and Desist and Warning Notices

Where there is evidence of fraud or some other failure to comply with legislation, but the matter is minor or one off, and the loss caused is minimal the Council may issue cease and desist notices or warning letters to the persons suspected.

These notices will inform the person that they may have committed an offence but that no further action will be taken, however, should further evidence of repeat offending come to light the Council may then take action.

This type of notice should be reserved for allegations of fraud or theft involving external parties, and in areas where loss to the Council is minimal, and use of more serious sanctions would be ineffective or expensive.

c) Referral to Professional Bodies

Where there is adequate evidence that a person or entity has breached professional duties or responsibilities, the Council will refer the matter to the relevant professional body.

d) Disciplinary Action

If an allegation is made against a Council employee, The Head of the Shared Anti-Fraud Service (SAFS) will consult with the Council's Human Resources Manager and appropriate action will be taken in line with the Disciplinary Policy.

The investigating officer may be a member of SIAS or SAFS or may be provided to the investigating officer appointed through the HR Disciplinary process. Sanctions may include warnings or dismissal and alongside this, additional sanctions may be considered including referral to professional bodies, civil proceedings, and criminal prosecutions.

If during an investigation or disciplinary action an employee suspected of fraud, theft or corruption chooses to resign, the Council will continue to pursue referral to professional bodies, civil proceedings, or criminal prosecution where appropriate.

In the event of an allegation against a Councillor in relation to fraud, theft, or corruption against the Council, this will be reported to the Monitoring Officer, who will agree the action to be taken with the Chief Executive. Depending on the circumstances of the case, criminal proceedings may also be considered.

e) Civil Proceedings

The Council may take civil proceedings where appropriate. Regardless of whether any other sanction action is considered, the Council will seek, where appropriate, to recover any overpaid, misused, stolen, unfairly gained monies or property that Council owns- including social housing stock.

The following measures may be considered in the pursuit of financial recovery:

- Consultation with the Council's Payroll and Pensions Teams to redress financial loss caused by employees. The Council will attempt to recover the loss from the capital value of the individual's accrued benefits in the Pension Scheme if they are a member, which are then reduced as advised by the actuary.
- Recovery of money through appropriate legal proceedings.
- Legal action such as freezing / restraint orders to preserve evidence and assets.

There will be overpayments which are not due to fraud, and the Council will determine appropriate recovery in these cases.

f) Criminal Prosecution

Where the Council considers it 'expedient for the promotion or protection of the interests of the inhabitants of their area; Section 222 of the Local Government Act 1972 empowers the Council to prosecute matters in the courts.

Section 223 of the Local Government Act 1972 allows a 'Local Authority to authorise any member if its staff to prosecute or defend designated matters in magistrates' court'.

In the most serious of cases, the Council will consider the prosecution of those offenders suspected to have committed fraud or theft. Where the Council considers there is sufficient evidence (based on the Code for Crown Prosecutors) to indicate a criminal act has taken place, a decision will be made whether to undertake a criminal prosecution utilising the Council's Legal Services (or contracted legal representatives) the police of another law enforcement partner (such as DWP or HMRC). This decision will be made by the Head of SAFS, the Head of Legal Services, and the relevant Director/Head of Service affected by the alleged offending.

Before a decision is taken whether or not to prosecute, the Council will be guided by the Code for Crown Prosecutors and will only initiate legal action if, following legal advice, it has satisfied the following two tests:

1) Evidential Test – the evidence must be:

- Clear, reliable, and admissible in court; and
- Strong enough for a realistic chance of prosecution. i.e. to prove a case 'beyond reasonable doubt;

2) Public Interest Test – the prosecution is in the public interest, considering:

- Seriousness and / or monetary value of the offence.
- Cost and proportionality of the prosecution.
- Age and health of the suspect.
- Culpability of the suspect.
- Circumstances of and harm caused to the victim; and
- Impact on the community.

Where a case has been referred to the Police to investigate, the final decision as to whether or not to pursue the case will be taken by the Police and the Crown Prosecution Service (CPS).

The Council will conduct the investigations in accordance with the Criminal Procedure and Investigations Act 1996 and the Police and Criminal Evidence Act 1984. Criminal proceedings may be brought for a suspected offence under the following legislation:

- The Theft Act 1968 (as amended);
- The Fraud Act 2006;
- Local Government Finance Act 1992;
- Housing Act 1996;
- Prevention of Social Housing Fraud Act 2013;
- Council Tax Reduction Scheme Regulations
- Proceeds of Crime Act 2002;
- Forgery and Counterfeiting Act 1981;
- Computer Misuse Act 1990;
- Identity Documents Act 2010;
- The Bribery Act 2010;
- Road Traffic Regulation Act 1984;
- Any other relevant provision in law.

Any criminal proceedings can include an attempt to recover money under the Proceeds of Crime Act 2002, Economic Crime and Corporate Transparency Act 2023, Prevention of Social Housing Fraud Act 2013, or Council Tax Reduction Scheme Regulations 2013.

g) Sanctions as Alternatives to Prosecution

The Local Government Finance Act 1992 allows the Council to consider financial penalties as alternatives to prosecution, and these should always be considered. However, in serious cases of fraud or where repeat offending occurs, the option to prosecute offenders will be kept under review.

h) Civil Penalties

Regulation 13. Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 and Schedule 3 Local Government

Finance Act 1992 permit 'billing authorities' to impose financial penalties where a person fails to report a material fact affecting their council tax liability or where a person fails, without good reason, to correct an error.

The Head of the Shared Revenue & Benefit Service will make the decision about the imposition of any Civil Penalties. All penalties will be recovered by adding the debt to a person's Council Tax liability for the current year and recovered only once that annual liability has been settled in full.

i) Administrative Penalties

Regulation 11 Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, provide for Administrative Penalties to be offered to persons as alternatives to prosecution. The legislation allows for Administrative Penalties amounting to 50% of the gross reduction can be offered. In all such cases of fraud the Council will seek to recover the excess award as well as any penalty.

The Head of the Shared Revenue & Benefit Service will make the decision about the offer of any Administrative Penalties on advice from the SAFS. The Head of SAFS will arrange for the administrative penalty to be offered to the person liable for it and any cooling off period required by legislation.

j) Parallel Sanctions

It is preferable for the appropriate sanctions to proceed simultaneously, but it is not necessary for anyone to await the result of another before concluding. However, due consideration must be given to all proceedings to ensure that one does not impact improperly upon another. The decision to run parallel sanctions will be determined on a case-by-case basis.

6.3 **Partnerships**

Where appropriate, the Council will work in partnership with other organisations such as the Police, other Local Authorities, Social Housing Providers, the Department for Work and Pensions, Her Majesty's Revenue and Customs, the UK Borders Agency, and the Home Office, to bring joint proceedings or to assist those organisations in bringing their own proceedings

6.4 **Recording Decisions**

For an effective regime of sanctions to be successful, accurate records of all convictions, penalties and cautions must be maintained. This ensures that appropriate and proportionate decisions can be made, taking full account of the individual's background and any previous history relevant to the case.

All sanctions will be recorded by both the Shared Anti-Fraud Service (SAFS) and the Council. Copies of all documents used to consider and issue the sanction must be retained in accordance with the Council's relevant information retention policies.

In cases of prosecution, all successful convictions will be reported to the Police for recording on the Police National Computer (PNC) central database. Council will consider and of the options and parallel sanctions may be pursued.

6.5 **Publicity**

It is the Council's intention to positively promote this Policy, as well as the outcome of any prosecutions, to deter others from fraudulent activity and to reassure the public that the Council takes firm action against those committing fraudulent or corrupt acts.

Consideration will be given to whether the outcome of any case should be reported to the community through appropriate media channels. Publicity, where appropriate, will help ensure the profile of counter fraud activity remains visible and contributes to achieving the Council's key objective of preventing fraud.

7. Consultation

7.1 The policy has been developed in consultation:

- SAFS
- Finance
- Legal Services
- Human Resources
- Housing & Revenue benefits
- Corporate Policy, and any relevant service areas affected by specific fraud risks
- Sector-wide insights from NAFN (2025) and updated government strategies have informed this updated policy.

8. Monitoring and Review

8.1 This policy will be reviewed every 2 years or earlier if legislation or national guidance changes by the Director Finance (Deputy S151 Officer) and Monitoring Officer.

8.2 Where there is a request for the content of the policy to be reviewed in response to a complaint, the relevant Business Unit's Director will be notified. If the Director agrees that a review of policy is required, this will be discussed with the appropriate Portfolio Holder. The Director Finance will be responsible for implementing a subsequent policy review.

9. References and Resources

- UK Government Fraud Strategy 2026-2029 – Disrupting crime, supporting economic resilience, and delivering justice.

- Government Counter Fraud Functional Strategy (2024–27) and 2026 Progress Review, which emphasises proactive prevention, stronger partnership working, and the use of data analytics to detect fraud.
- Economic Crime and Corporate Transparency Act 2023, which reflects a shift towards faster, more proportionate, and consistent enforcement, where civil sanctions now sit alongside criminal routes.
- The Government Counter Fraud Profession (GCFP) Counter Fraud Investigator Standard (Version 1.3, 2022), which requires investigators to demonstrate competency in the application of sanctions, redress, and appropriate enforcement outcomes for fraud offences.
- GCFP Full Fraud Risk Assessment (2022) and the full Fraud Risk Assessment guidance issued by the Public Sector Fraud Authority in January 2026 which requiring public bodies to adopt structured, evidence driven assessment methodologies including consideration of fraud risk controls relating to sanction and redress.
- OFSI's strengthened sanctions enforcement framework (2026), which introduces clearer penalty matrices, expanded enforcement powers, and new transparency requirements for penalty decisions.

10. Acronyms and Definitions

EDI	Equality, Diversity, and Inclusion
GDPR	General Data Protection Regulation
PSED	Public Sector Equality Duty
SBC	Stevenage Brough Council
SAFS	Shared Anti-Fraud Service
POCA	Proceeds of crime Act 2002
OFSI	Office of Financial Sanctions Implementation
PSFA	Public Sector Fraud Authority

11. Appendices

Appendix D - EQIA

12. Version History

Date	Outlined Amendments	Author
June 2026	Updated legislations	Atif Iqbal (Director Finance & Deputy S151 Officer)

Anti-Fraud & Corruption Policy Statement & Strategy

Fraud Sanctions Policy

Anti-Money Laundering Policy

Equality Impact Assessment (EqIA) Form

June 2026 – June 2028

Date created	June 2026
Approved by	Audit Committee 16 Sep 2026
Owner	Director Finance & Deputy S151 Officer
Version	2
Author	Atif Iqbal (Director Finance & Deputy S151 Officer)
Business Unit and Team	Finance

Please click this link to find the EqIA guidance toolkit for support in completing the following form.

For translations, braille or large print versions of this document please email equalities@stevenage.gov.uk.

First things first:

Does this policy, project, service, or other decision need an EqIA?

Title:	Anti-Fraud & Corruption Policy Statement & Strategy Anti-Money Laundering Policy Fraud Sanctions Policy
Please answer Yes or No to the following questions:	
Does it affect staff, service users or the wider community?	Yes
Has it been identified as being important to particular groups of people?	No
Does it or could it potentially affect different groups of people differently?	Yes
Does it relate to an area where there are known inequalities or exclusion issues?	No
Will it have an impact on how other organisations operate?	Yes
Is there potential for it to cause controversy or affect the council's reputation as a public service provider?	Yes

Where a positive impact is likely, will this help to:	
Remove discrimination and harassment?	Yes
Promote equal opportunities?	Yes
Encourage good relations?	Yes

If you answered 'Yes' to one or more of the above questions you should carry out an EqIA.

Or if you answered 'No' to all of the questions and decide that your activity doesn't need an EqIA you must explain below why it has no relevance to equality and diversity.

You should reference the information you used to support your decision below and seek approval from your Assistant Director before confirming this by sending this page to equalities@stevenage.gov.uk.

I determine that no EqIA is needed to inform the decision on the .

Name of assessor:

Role:

Date:

Decision approved by:

Role: Assistant Director

Date:

Equality Impact Assessment Form

For a policy, project, strategy, staff or service change, or other decision that is new, changing or under review

What is being assessed?	**Anti-Fraud & Corruption Policy Statement & Strategy** **Anti-Money Laundering Policy** **Fraud Sanctions Policy**				
Lead Assessor	Atif Iqbal			Assessment team	Atif Iqbal
Start date	June 2026	End date	June 2028		
When will the EqIA be reviewed? (Typically every 2 years)		June 2028			

Who may be affected by the proposed project?	The policies affect staff, Members, contractors, partners, residents, and service users who interact with the Council. They apply across all services, particularly where financial activity, governance, or service delivery is involved.
What are the key aims of the proposed project?	The key aim is to prevent, detect and respond to fraud, corruption, and money laundering while protecting public funds and Council services. It also seeks to ensure fair, consistent, and lawful processes, promote strong governance, and maintain public trust and confidence.

What **positive measures** are in place (if any) to help **fulfil our legislative duties** to:

Remove discrimination & harassment	The policies embed the Equality Act 2010 and require all actions, decisions, and investigations to be carried out fairly, consistently, and without discrimination.	Promote equal opportunities	Clear, transparent procedures and proportionate decision-making ensure all individuals are treated equally regardless of background or protected characteristics.	Encourage good relations	The policies promote integrity, fairness, and accountability, helping build trust and positive relationships between the Council, staff, and the wider community.

What sources of data / information are you using to inform your assessment?	This assessment is informed by the Anti-Fraud & Corruption Policy, Anti-Money Laundering Policy, and Fraud Sanctions Policy. It also draws on relevant legislation, national guidance, internal consultation with key services (e.g. Finance, Legal, HR), and established Council policies on equality and data protection.

In assessing the potential impact on people, are there any overall comments that you would like to make?	Overall, the policies are designed to have a positive and neutral impact by ensuring fair, consistent, and transparent processes for all individuals. They include appropriate safeguards to prevent discrimination and support equality, with no evidence of adverse impact on any particular group.

Evidence and Impact Assessment

Explain the potential impact and opportunities it could have for people in terms of the following characteristics, where applicable:

Age					
Positive impact		Negative impact		Neutral impact	X
Please evidence the data and information you used to support this assessment	This assessment is based on a review of the Council's Anti-Fraud & Corruption, Anti-Money Laundering, and Fraud Sanctions policies, which apply universally and include safeguards to ensure fair and proportionate decision-making.				
What opportunities are there to promote equality and inclusion?	Opportunities include promoting awareness and training across all age groups to ensure understanding of responsibilities and access to reporting mechanisms.		What do you still need to find out? Include in actions (last page)	N/A	

Disability e.g., physical impairment, mental ill health, learning difficulties, long-standing illness					
Positive impact		Negative impact		Neutral impact	X
Please evidence the data and information you used to support this assessment	The assessment is based on the policies' commitment to fair, proportionate and consistent application, alongside adherence to the Equality Act 2010 and provision of reasonable adjustments where required.				
What opportunities are there to promote	Opportunities include ensuring accessibility of information (e.g. alternative formats),		What do you still need to find out?	N/A	

equality and inclusion?	providing reasonable adjustments, and targeted staff training to support individuals with disabilities.	Include in actions (last page)	

Gender Reassignment					
Positive impact		Negative impact		Neutral impact	X
Please evidence the data and information you used to support this assessment	This assessment is informed by the Council's policies which apply consistently to all individuals and embed principles of fairness, equality, and non-discrimination in line with the Equality Act 2010.				
What opportunities are there to promote equality and inclusion?	Opportunities include promoting inclusive awareness through training, ensuring respectful and confidential handling of cases, and reinforcing a culture that supports equality for individuals of all gender identities.	What do you still need to find out? Include in actions (last page)			

Marriage or Civil Partnership					
Positive impact		Negative impact		Neutral impact	X
Please evidence the data and information	This assessment is based on the policies applying equally to all individuals, with no reference to marital or civil partnership status in decision-making or processes.				

you used to support this assessment			
What opportunities are there to promote equality and inclusion?	Opportunities include reinforcing fair and consistent treatment for all individuals and ensuring policies remain free from bias related to personal or relationship status.	What do you still need to find out? Include in actions (last page)	

Pregnancy & Maternity					
Positive impact	X	Negative impact		Neutral impact	
Please evidence the data and information you used to support this assessment	This assessment is based on the policies' requirement to act fairly, proportionately, and in line with the Equality Act 2010, ensuring individuals are not disadvantaged due to pregnancy or maternity status.				
What opportunities are there to promote equality and inclusion?	Opportunities include ensuring flexibility and reasonable adjustments in processes, promoting awareness among staff, and maintaining fair treatment during investigations or decision-making.	What do you still need to find out? Include in actions (last page)			

Race					
Positive impact	X	Negative impact		Neutral impact	

Please evidence the data and information you used to support this assessment	This assessment is based on the policies' clear commitment to equality, ensuring decisions and actions are applied fairly, consistently, and without discrimination in line with the Equality Act 2010.		
What opportunities are there to promote equality and inclusion?	Opportunities include promoting equality awareness through training, ensuring fair and consistent decision-making, and maintaining transparent processes that support all racial and ethnic groups.	What do you still need to find out? Include in actions (last page)	

Religion or Belief					
Positive impact		Negative impact		Neutral impact	X
Please evidence the data and information you used to support this assessment	The policies apply equally to all individuals regardless of religion or belief, with decisions based on evidence, fairness, and legal requirements.				
What opportunities are there to promote equality and inclusion?	Opportunities include promoting cultural awareness, ensuring respect for different beliefs, and maintaining inclusive and accessible processes for all individuals.	What do you still need to find out? Include in actions (last page)			

Sex					
Positive impact	X	Negative impact		Neutral impact	
Please evidence the data and information you used to support this assessment	This assessment is based on the policies' requirement for fair, consistent, and non-discriminatory application of processes, ensuring equal treatment regardless of sex.				
What opportunities are there to promote equality and inclusion?	Opportunities include reinforcing equality through training, ensuring consistent decision-making, and maintaining transparent processes that support all individuals equally.	What do you still need to find out? Include in actions (last page)			

Sexual Orientation e.g., straight, lesbian / gay, bisexual					
Positive impact		Negative impact		Neutral impact	X
Please evidence the data and information you used to support this assessment	The policies apply equally to all individuals regardless of sexual orientation, with decisions based on fairness, evidence, and legal compliance.				
What opportunities are there to promote equality and inclusion?	Opportunities include promoting inclusive behaviours, ensuring respectful and non-discriminatory treatment, and reinforcing equality awareness through training and communication.	What do you still need to find out? Include in actions (last page)			

Socio-economic[1] **e.g., low income, unemployed, homelessness, caring responsibilities, access to internet, public transport users, social value in procurement**					
Positive impact	X	Negative impact		Neutral impact	
Please evidence the data and information you used to support this assessment	This assessment is based on the policies' focus on protecting public funds, ensuring fair access to services, and applying proportionate and transparent processes that support all individuals, including those in vulnerable socio-economic circumstances.				
What opportunities are there to promote equality and inclusion?	Opportunities include improving accessibility of information, supporting fair access to services, and embedding social value considerations and inclusive practices in procurement and service delivery.		What do you still need to find out? Include in actions (last page)		

Additional Considerations **Please outline any other potential impact on people in any other contexts**					
Positive impact		Negative impact		Neutral impact	

[1]Although non-statutory, the council has chosen to implement the Socio-Economic Duty and so decision-makers should use their discretion to consider the impact on people with a socio-economic disadvantage.

Please evidence the data and information you used to support this assessment			
What opportunities are there to promote equality and inclusion?		What do you still need to find out? Include in actions (last page)	

Consultation Findings

Document any feedback gained from the following groups of people:

Staff?	Trade Unions Consulted and recommendations included in the policy.	Residents?	Not Directly Applicable
Voluntary & community sector?	Not directly applicable.	Partners?	
Other stakeholders?	Various Services Consulted		

Overall Conclusion & Future Activity

Explain the **overall findings** of the assessment and **reasons for outcome (please choose one)**:	
1. No inequality, inclusion issues or opportunities to further improve have been identified	No issues identified.

Negative / neutral impact, barriers to inclusion or improvement opportunities identified	2a. Adjustments made	
	2b. Continue as planned	Continue as planned.
	2c. Stop and remove	

Detail the **actions that are needed** as a result of this assessment and how they will help to **remove discrimination & harassment**, **promote equal opportunities** and / or **encourage good relations**:				
Action	Will this help to remove, promote and / or encourage?	Responsible officer	Deadline	How will this be embedded as business as usual?
Monitoring of outcomes and decisions will be carried out to identify and address any disproportionate impacts, supported by ongoing staff training on equality and counter-fraud responsibilities, and ensuring all information remains accessible; these actions will be led by the Director Finance & Deputy S151 Officer and embedded into business as usual through routine governance, policy reviews, and existing HR and equality frameworks, with implementation on an ongoing basis aligned to policy review cycles.	Through routine monitoring, staff training, policy reviews, and integration with existing governance, HR, and equality frameworks to ensure compliance and continuous improvement.	Atif Iqbal (Director Finance & Deputy S151 Officer)	On-going	This will be embedded into business as usual through ongoing monitoring, regular staff training, and integration within existing governance, HR and equality frameworks, ensuring policies are consistently applied and reviewed as part of routine operations.

Approved by Director Finance & Deputy S151 Officer

Date: 07/05/2026

Please send this EqIA to equalities@stevenage.gov.uk for critical friend feedback and for final submittance with the associated project.

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Appendix E. Report to MLRO - Template

CONFIDENTIAL

To: The Money Laundering Reporting Officer (MLRO)
Hertfordshire County Council
Head of Shared Anti-Fraud Service
Robertson House, Six Hills Road, Stevenage. HERTS. SG1 2FQ

From Officer Reporting Suspected Activity:

Name:	
Position:	
Business Unit:	
Email address:	
Telephone numbers:	

Do not discuss the content of this report with anyone, especially the person you believe to be involved in the suspected money laundering activity you have described. To do so may constitute a tipping off offence.

Details of suspected offence:

Name(s) and address(es) of person(s) involved: (Please also include date of birth, nationality, national insurance numbers- if possible) (If a company please include details of nature of business, type of organisation, registered office address, company registration number, VAT registration number)
Nature, value and timing of activity involved: (Please include full details e.g. what, when, where, how.)
Nature of suspicions regarding such activity:
Has any investigation been undertaken (as far as you are aware), If yes, please include details below: Yes / No
Have you discussed your suspicions with anyone else, if yes, please specify below, explaining why such discussion was necessary: Yes / No
Have you consulted any supervisory body guidance re money laundering? (e.g. the Law Society) If yes, please specify below: Yes / No
Do you feel you have reasonable grounds for not disclosing the matter to the FCA? (e.g. are you a lawyer and wish to claim legal professional privilege?) If yes, please set out full details below: Yes / No

Are you involved in a transaction which might be a prohibited act under the Proceeds of Crime Act and which requires appropriate consent from NCA, If yes, please enclose details below: Yes / No
Please detail below any other information you feel is relevant:

FOR COMPLETION BY THE MONEY LAUNDERING REPORTING OFFICER

Date report received:	
Date receipt of report acknowledged:	

Consideration of Disclosure - Action plan

Are there reasonable grounds for suspecting money-laundering activity?
If there are reasonable grounds for suspicion, will a report be made to NCA? Yes / No
If yes, please confirm date of report to NCA:
Details of liaison with NCA regarding the report:
Is consent required from the NCA for any ongoing or imminent transactions that would otherwise be prohibited acts. If yes, please confirm full details; Yes / No

Date consent received from NCA:	
Date receipt of report acknowledged:	
Date consent given by you to employee:	
Date consent given by you to employee for any prohibited act transactions to proceed:	

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to the NCA, please set out below the reason(s) for non-disclosure:
Other relevant information:
Signed:…… Dated:……

RETENTION PERIOD FIVE YEARS

Stevenage Borough Council

External Audit Plan

Year ended 31 March 2026

September 2026

Your key team members

Laura Hinsley
Partner
Laura.Hinsley@azets.co.uk

Martha Charima
Manager
Martha.Charima@azets.co.uk

Rebecca Lane
In-Charge Auditor
Rebecca.Lane@azets.co.uk

Contents

Adding value through the audit

All of our clients demand of us a positive contribution to meeting their ever-changing business needs. Our aim is to add value to the Council through our external audit work by being constructive and forward looking, by identifying areas of improvement and by recommending and encouraging good practice. In this way, we aim to help the Council promote improved standards of governance, better management and decision making and more effective use of resources.

Management responsibility

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements, as a whole, are free from material misstatement, whether caused by fraud or error.

Introduction and audit scope

Introduction and audit scope

This audit plan highlights the key elements of our proposed audit strategy and provides an overview of the planned scope and timing of the statutory external audit of Stevenage Borough Council ('the Council') and its Group for the year ended 31 March 2026 for those charged with governance (the Audit Committee)

Scope of our audit

The Code of Audit Practice 2024 ('the Code') summarises the responsibilities of auditors and what is expected from the audited body. The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for:

- Financial statements: forming and expressing an opinion on the Councils and Group's financial statements, which have been prepared by management with the oversight of those charged with governance; and
- Value for money: considering whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in its use of resources (our value for money work).

Value for money relates to assessing whether arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

The audit of the financial statements does not relieve management or the Audit Committee of their responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We consider how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk-based.

We will conduct our audit in accordance with International Standards on Auditing (ISAs) (UK), the Local Audit and Accountability Act 2014 (the 'Act') and the National Audit Office Code of Audit Practice 2024. The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Act.

This audit plan has been prepared for the sole use of those charged with governance and management and should not be relied upon by third parties. No responsibility is assumed by Azets Audit Services to third parties.

Introduction and audit scope

Our respective responsibilities

Management responsibilities

Your responsibilities include:

- Preparing financial statements which give a true and fair view, in accordance with the applicable financial reporting framework and relevant legislation;
- Preparing and publishing, along with the financial statements, an annual governance statement and narrative report;
- Maintaining proper accounting records and preparing working papers to an acceptable professional standard that support your financial statements and related disclosures;
- Establishing and maintaining a sound system of internal control;
- Maintaining standards of conduct for the prevention and detection of fraud and other irregularities;
- Maintaining strong corporate governance arrangements and a financial position that is soundly based;
- Establishing and maintaining an effective internal audit function; and
- Ensuring the proper financial stewardship of public funds, complying with relevant legislation and establishing effective arrangements for governance, propriety and regularity.

Auditor responsibilities

Our primary responsibility is to form and express an independent opinion on the Council's and Group's financial statements, stating whether they provide a true and fair view and have been prepared properly in accordance with applicable law and the CIPFA Code of Practice on Local Authority Accounting in the UK (the 'CIPFA Code). We are also required to:

- Report on whether the other information included in the Statement of Accounts (including the Narrative Report and Annual Governance Statement) is consistent with the financial statements;
- Report by exception if the disclosures in the Annual Governance Statement are incomplete or if the Annual Governance Statement is misleading or inconsistent with our knowledge acquired during the audit;
- Report by exception any significant weaknesses identified in arrangements for securing value for money and a summary of associated recommendations;
- Report by exception on the use of our other statutory powers and duties; and
- Certify completion of our audit.

We will issue our Audit Completion Report and an Auditors Annual Report to the Audit Committee setting out the findings from our work. The audit does not relieve management or the Audit Committee of your responsibilities, including those in relation to the preparation of the financial statements.

Statutory powers

Under the Act we have a broad range of reporting responsibilities and powers that are unique to local authorities in the United Kingdom. These include:

- Reporting matters in the public interest;
- Making written recommendations to the Council;
- Making an application to the court for a declaration that an item of account is contrary to law;
- Issuing an advisory notice;
- Making an application for judicial review; and
- Giving electors the opportunity to raise questions about your financial statements and considering and deciding upon any objections received in relation to the financial statements.

Audit approach

Audit approach

General approach

Our objective when performing an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our auditor's opinion.

As part of our risk-based audit approach, we will:

- Perform risk assessment procedures including updating our understanding of the Council and Group, including its environment, the financial reporting framework and its system of internal control;
- Review the design and implementation of key internal controls;
- Identify and assess the risks of material misstatement, whether due to fraud or error, at the financial statement level and the assertion level for classes of transaction, account balances and disclosures;
- Design and perform audit procedures responsive to those risks, to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion; and
- Exercise professional judgment and maintain professional scepticism throughout the audit recognising that circumstances may exist that cause the financial statements to be materially misstated.

We would ordinarily undertake a variety of audit procedures designed to provide us with sufficient evidence to give us reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. However, as your prior years' financial statements have been disclaimed, we will this year undertake specific procedures to build back assurance in accordance with LARRIG06 and in line with our overarching build back plan.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

We include an explanation in the auditor's report of the extent to which the audit was capable of detecting irregularities, including fraud and respective responsibilities for prevention and detection of fraud.

Accounting systems and internal controls

The purpose of an audit is to express an opinion on the financial statements. We will follow a substantive testing approach to gain audit assurance rather than relying on tests of controls. As part of our work, we consider certain internal controls relevant to the preparation of the financial statements such that we are able to design appropriate audit procedures. However, this work does not cover all internal controls and is not designed for the purpose of expressing an opinion on the effectiveness of internal controls. If, as part of our consideration of internal controls, we identify significant deficiencies in controls, we will report these to you in writing.

Audit approach

Other key areas

Going concern: management responsibility

Management is required to make and document an assessment of whether the Council and Group is a going concern when preparing the financial statements. The review period should cover at least 12 months from the date of approval of the financial statements. Management are also required to make balanced, proportionate and clear disclosures about going concern within the financial statements where material uncertainties exist in order to give a true and fair view.

Related party transactions

ISA 550 requires that the audit process starts with the audited body providing a list of related parties to the auditor, including any entities under common control.
During our initial audit planning you have informed us of the individuals and entities that you consider to be related parties. Please advise us of any changes as and when they arise.

Going concern: auditor responsibility

Under ISA (UK) 570, we are required to consider the appropriateness of management's use of the going concern assumption in the preparation of the financial statements and consider whether there are material uncertainties about the Council's or Group's ability to continue as a going concern that need to be disclosed in the financial statements.

In assessing going concern, we will consider the guidance published in the CIPFA/LASAAC Code of Practice 2025/26 (CIPFA Code) and Practice Note 10 (PN10), which focuses on the anticipated future provision of services in the public sector rather than the future existence of the entity itself.

Use of experts

We will use audit specialists to assist us in our audit work in the following areas:

- The audit of actuarial assumptions used in the calculation of the defined benefit pension liability/asset.

Additional procedures required by the National Audit Office

The National Audit Office (the 'NAO') issues group audit instructions which set out additional group audit requirements. We expect the procedures for this year to be similar to previous years.

The NAO audit team for the WGA request us to undertake specific audit procedures in order to provide them with additional assurance over the amounts recorded in the Council's WGA schedules. The extent of these procedures will depend on whether the Council has been selected by the NAO as a sampled component for 2025/26. As at the date of this report, the draft instructions have not yet been issued by the NAO, and the NAO has not yet confirmed which entities will be sampled components. We will comply with the instructions and to report to the NAO in accordance with their requirements once instructions have been issued.

Audit timeline

Audit Timeline

The following timeline indicates the key milestones of the audit.

Planning	Interim	Period end: 31st March	Final accounts	Audit Committee	Completion	Sign off
▸ Identify changes in your business environment ▸ Determine materiality ▸ Scope the audit ▸ Risk assessment ▸ Planning meetings with management ▸ Planning requirements checklist to management ▸ Issue Audit Plan	▸ Document control design and effectiveness ▸ Discuss audit plan with Audit Committee	▸ Management to produce accounts for audit by statutory deadline of 30 June 2026	▸ Regular updates with management ▸ Completion of all audit testing ▸ Review of Narrative Report and Annual Governance Statement ▸ Undertake procedures on significant risk areas ▸ Report observations on other risk areas, management judgements ▸ Draft Audit Completion Report ▸ Share with management for comment	▸ Discuss audit findings with Audit Committee ▸ Issue draft Audit Completion (ISA260) report	▸ Subsequent events procedures ▸ Management representation letter ▸ Receive IAS19 assurance letter from pension fund auditor ▸ Sign financial statements ▸ Issue Auditor's Annual Report	▸ Sign Audit Report ▸ Issue delayed audit certificate

Materiality

Materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements

Judgments about materiality are made in the light of surrounding circumstances and are affected by our perception of the financial information needs of users of the financial statements, and by the size or nature of a misstatement, or a combination of both.

Whilst our audit procedures are designed to identify misstatements which are material to our audit opinion, we also report to those charged with governance and management any uncorrected misstatements of lower value errors to the extent that our audit identifies these.

Under ISA (UK) 260 we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA (UK) 260 defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.

An omission or misstatement is regarded as material if it would reasonably influence the users of the financial statements. The assessment of what is material is a matter of professional judgement and is affected by our assessment of the risk profile of the Council and the needs of the users. When planning, we make professional judgements about the size of misstatements which we consider to be material, based on our knowledge of the Council and Group, considering factors such as financial stability, expectations of readers and stakeholders, sector developments and financial reporting requirements. In determining materiality, we consider the level of misstatement that could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Our determination of materiality:

- Informs the scope of our audit and audit procedures
- Informs the sample sizes required for substantive testing
- Informs our consideration in evaluation the effect of actual and projected misstatements in the financial statements

Materiality is revised as our audit progresses, should we become aware of any information that would have caused us to determine a different amount had we known about it during our planning.

We also consider whether any specific items of account require a separate, lower materiality. We have determined that no specific materiality levels needed to be set for this audit.

Materiality

The table below highlights the levels of materiality determined at the planning stage of the audit

	Group £000	Council £000	Explanation
Overall materiality for the financial statements	2,230	2,050	This is 2% (1.9% for Council) of gross revenue expenditure based on the prior year audited financial statements. This is a common measure for calculating materiality for councils as the primary interest of users of the Council's financial statements is in the cost of providing services, how the Council manages its spending and where the Council has expended its income during the year.
Performance materiality	1,450	1,332	Performance materiality has been set at 65% of overall materiality. This is based on the internal control environment of the Council and reflects our risk assessed knowledge of the potential for errors occurring. It is intended to reduce, to an acceptably low level, the probability that cumulative undetected and uncorrected misstatements exceed materiality for the financial statements as a whole.
Trivial threshold	111	102	This is set at 5% of the overall materiality calculation. Individual errors above this threshold are communicated to those charged with governance.

Clearly trivial: matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria;
Material: an omission or misstatement that would reasonably influence the users of the financial statements.

Significant and other risks of material misstatement

Significant risks of material misstatement

Significant risks are risks that require special audit consideration

Significant risks are defined as risks that require special audit consideration and include risks of material misstatement that are close to the upper range of inherent risk due to their nature and a combination of the likelihood and potential magnitude of misstatement or are required to be treated as significant risks due to requirements of auditing standards.

The table below summarises the significant risks. Detail behind each risk and the work proposed is set out on the subsequent pages.

Significant risk	Financial Statement / Assertion Level Risk	Fraud risk?	Inherent risk of material misstatement
Management override of controls	Financial Statement Level	Yes	Very High
Prior year opinion on the financial statements	Financial Statement Level	No	Very High
Income strip	Financial Statement Level	No	High
Presumption of fraud in revenue recognition	Assertion Level	Rebutted	Low
Presumption of fraud in expenditure recognition	Assertion level	Rebutted	Low
Valuation of council dwellings	Assertion Level	No	High
Valuation of land and buildings	Assertion Level	No	High
Valuation of investment properties	Assertion Level	No	High
Valuation of the defined benefit pension fund net liability / asset (IAS19)	Assertion Level	No	High

Significant risks of material misstatement

Significant risks at the financial statement level

The table below summarises significant risks of material misstatement at the financial statement level. These risks are considered to have a pervasive impact on the financial statements as a whole and potentially affect many assertions for classes of transaction, account balances and disclosures.

Significant risk	Audit approach
Management override of controls (Council and Group) Auditing Standards require auditors to treat management override of controls as a significant risk on all audits. This is because management is in a unique position to perpetrate fraud by manipulating accounting records and overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk is nevertheless present in all entities. Specific areas of potential risk including manual journals, management estimates and judgements and one-off transactions outside the ordinary course of the business. **Risk of material misstatement:** Very high	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Documenting our understanding of the journals posting process and evaluating the design effectiveness and implementation of management controls over journals; • Analysing the journals listing and determining the criteria for selecting high risk and/or unusual journals; • Testing high risk and/or unusual journals posted during the year and after the draft accounts stage back to supporting documentation for appropriateness, corroboration and to ensure approval has been undertaken in line with the Council's and Group's journals policy; • Gaining an understanding of the key accounting estimates and critical judgements made by management. We will also challenge assumptions and consider for reasonableness and indicators of bias which could result in material misstatement due to fraud; and • Evaluating the rationale for any changes in accounting policies, estimate or significant unusual transactions.

Significant risks of material misstatement

Significant risk	Audit approach
Prior year opinion on the financial statements (Council and Group) As a result of the backstop implemented on 27 February 2026, a disclaimer audit opinion was provided on the Council and Group's 2024/25 financial statements. Disclaimed audit opinions have also been provided on the Council's accounts for the 2021/22, 2022/23 and 2023/24 financial years. As a result of prior year disclaimed audit opinion: • There is limited assurance available over the Council's opening balances, including those balances which involve higher levels of management judgement and more complex estimation techniques (e.g. defined benefit pension valuations, land and building, council dwelling and investment property valuations, amongst others); and • Significant transactions, accounting treatment and management judgements may not have been subject to audits for one or more years – or at all. This may include management judgements and accounting treatment in respect of significant or complex schemes or transactions which came into effect during the qualified or disclaimed period/s. The absence of prior year assurance raises a significant risk of material misstatement at the financial statement level that may require additional audit procedures. **Inherent risk of material misstatement:** • Prior year opinion on the financial statements: Very high	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Considering the findings and outcomes of prior year audits and their impact on the 2025/26 audit; • Considering the impact on our audit of qualified or disclaimed audit opinions, particularly regarding opening balances and 'unaudited' transactions and management judgements made in the previous years which continue into 2025/26; • Perform a risk assessment in line with the LARRIG 06 guidance; • Determine an approach to rebuilding assurance in line with the LARRIG06 guidance; and • Considering the impact of any changes in Code requirements for financial reporting in previous and current audit years.

Significant risks of material misstatement

Significant risk	Audit approach
Income strip (Council and Group) The Council has entered a complex and financially significant income strip scheme. This requires the recognition of an asset, a significant finance lease liability and management judgement on accounting for various transactions related to this scheme. The Council will also need to consider the impact of IFRS 16 on the income strip arrangement and how this is accounted for within the financial statements. The accounting transactions of the income strip affect various assertions across multiple items of account in the CIES, Balance Sheet and Movement in Reserves Statement. We have therefore assessed this as a significant risk at the financial statements level. **Inherent risk of material misstatement:** Very high	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Review of management's accounting treatment for the commercial lease, residential lease and associated sublease arrangements, including consideration of lease incentives, lease classification, lease and borrowing components, and the treatment of related revenue streams, assets and liabilities; • Review of the valuation of leased assets at lease inception, including evaluation of the assumptions, methodologies, source data and work performed by management's valuation experts; • Assessment of key lease calculation inputs, including lease payments and discount rates used in measuring lease liabilities; • Verification of supporting documentation and contractual arrangements, including evidence relating to lease incentives and sublease agreements; • Assessment of management's accounting treatment against the requirements of the CIPFA Code and International Financial Reporting Standards (IFRS);and • Review of management's judgements relating to the application of IFRS 16, including the accounting treatment of lease arrangements and the associated income strip transaction.

Significant risks of material misstatement

Significant risks at the assertion level for classes of transaction, account balances and disclosures

The following tables summarise significant risks of material misstatement at the assertion level for classes of transaction, account balances and disclosures

Significant risk	Audit approach
Fraud in revenue recognition (Council and Group) Material misstatement due to fraudulent financial reporting relating to revenue recognition is a rebuttable presumed risk in ISA (UK) 240. Having considered the nature of the revenue streams at the Council, we consider that the risk of fraud in revenue recognition can be rebutted due to the following: • There is little incentive to manipulate revenue recognition; • Opportunities to manipulate revenue recognition are very limited; and • The culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Council and Group **Inherent risk of material misstatement:** • Revenue recognition (Occurrence, Accuracy): Low • Debtors (Existence, Valuation): Low	We do not consider this to be a significant risk for the Council and Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate. Procedures will include: • Documenting our understanding of the Council's systems for income to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; • Evaluating the Council's accounting policies for recognition of income and compliance with the CIPFA Code; and • Performing substantive testing of income and the associated receivables using tests of detail by ensuring they can be traced to appropriate supporting evidence.

Significant risks of material misstatement

Significant risk	Audit approach
Fraud in expenditure recognition (Council and Group) Due to the presumption that there are risks of fraud in expenditure recognition, we are required to evaluate which types of expenditure, expenditure transactions or assertions give rise to such risks. We have considered Practice Note 10, which comments that for certain public bodies, the risk of manipulating expenditure could exceed the risk of manipulating revenue. We have therefore considered the risk of fraud in expenditure at the Council for all expenditure streams and concluded that there is not a significant risk. This is due to the low fraud risk in the nature of the underlying nature of the transactions, the high predictability of certain expenditure streams, such as payroll or interest, or the immaterial nature of the expenditure streams both individually and collectively. Our consideration of expenditure streams also included capital expenditure and similarly concluded that there is not a significant risk. Capital expenditure transactions are likely to be larger and subject to more scrutiny, reducing the risk of improper recognition. **Inherent risk of material misstatement:** • Expenditure recognition (Completeness): Low • Creditors (Existence, Valuation): Low	We do not consider this to be a significant risk for the Council and Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate. Procedures will include: • Documenting our understanding of the Council's systems for expenditure to identify significant classes of transactions, account balances and disclosures with a risk of material misstatement in the financial statements; • Verifying that the operating expenses included within the financial statements are complete by substantively testing post year-end invoices received and cash payments made; • Evaluating the Council's accounting policies for recognition of expenditure and compliance with the CIPFA Code; • Performing substantive testing of expenditure and the associated payables using tests of detail by ensuring they can be traced to appropriate supporting evidence; and • Performing substantive testing of year-end creditors by ensuring they can be traced to appropriate supporting evidence.

Significant risks of material misstatement

Significant risk	Audit approach
Valuation of council dwellings (key accounting estimate) (Council and Group) Revaluation of operational land and buildings should be performed with sufficient regularity so that carrying amounts are not materially misstated. The Council's HRA properties are revalued annually to ensure that the carrying value is not materially different from the fair value. Council dwellings are valued using the beacon method, which aggregates the vacant possession value of each unit of housing stock based on the value of a beacon or sample property. A discount factor is applied to reflect the lower rent yield from social housing compared to market rates. Management engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of council dwellings as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material. **Inherent risk of material misstatement:** • Land and Buildings (valuation): High	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of the valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Testing a sample of Beacon properties in respect of council dwellings, to consider whether their valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group. • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially different to the current value; and • Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.

Significant risks of material misstatement

Significant risk	Audit approach
Valuation of land and buildings (key accounting estimate) (Council and Group) Revaluation of operational land and buildings should be performed in line with the revised revaluation requirements for 2025/26 onwards set out in the CIPFA Code. The Council ensures that all property, plant and equipment required to be measured at current value are revalued at sufficiently regular intervals to ensure that their carrying amounts do not differ materially from their current values at the year end. As a minimum, assets are subject to a full valuation every five years, with appropriate indexation applied in intervening years to ensure compliance with the revised requirements set out in the 2025/26 CIPFA Code. Where no suitable indexation is available, assets are revalued every three years. Management engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake any valuations required as of 31 March 2026. The valuations and index uplifts involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of operational land and buildings as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material. **Inherent risk of material misstatement:** • Land and Buildings (valuation): High	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of the valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; • Evaluating the assumptions made by management for any assets not revalued during the year and how management are satisfied that these are not materially misstated; and • Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.

Significant risks of material misstatement

Significant risk	Audit approach
Valuation of investment properties (key accounting estimate) (Council and Group) The Council undertakes a full revaluation of its investment properties annually, to ensure that the carrying value is not materially different from the fair value. Management engaged the services of a qualified valuer, who is a Regulated Member of the Royal Institute of Chartered Surveyors (RICS) to undertake these valuations as of 31 March 2026. The valuations involve a wide range of assumptions and source data and are therefore sensitive to changes in market conditions. ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external expert valuers and the methods, assumptions and source data underlying the fair value estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of investment properties as a significant risk. We will further pinpoint this risk to specific assets, or asset types, on receipt of the draft financial statements and the year-end updated asset valuations, to those assets where the valuation movement falls outside of our expectations, there are significant changes to any of the key assumptions or the year-end valuation is considered material. **Inherent risk of material misstatement:** • Investment properties (valuation): High	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Evaluating management processes, controls and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work; • Evaluating the competence, capabilities and objectivity of the valuation expert; • Considering the basis on which the valuations are carried out and challenging the key assumptions applied; • Evaluating the reasonableness of the valuation movements for assets revalued during the year, with reference to market data; • For unusual or unexpected valuation movements, testing the information used by the valuer to ensure it is complete and consistent with our understanding; • Ensuring revaluations made during the year have been input correctly to the fixed asset register and the accounting treatment within the financial statements is correct; and • Engaging our own valuations expert, where necessary, to assess any judgemental assumptions used that underpin the final valuations.

Significant risks of material misstatement

Significant risk	Audit approach
Valuation of the defined benefit pension net liability / asset – IAS19 (key accounting estimate) (Council and Group) The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. An actuarial estimate of the net defined benefit pension liability/asset is calculated on an annual basis under IAS 19 'Employee Benefits', and on a triennial funding basis, by an independent firm of actuaries with specialist knowledge and experience. The triennial estimates are based on the most up to date (March 2025) membership data held by the pension fund and a roll forward approach is used in intervening years, as permitted by the CIPFA Code. The calculations involve a number of key assumptions, such as discount rates and inflation and local factors such as mortality rates and expected pay rises. The estimates are highly sensitive to changes in these assumptions and the calculation of any asset ceiling when determining the value of a pension asset (where relevant). ISAs (UK) 500 and 540 require us to undertake audit procedures on the use of external experts (the actuary) and the methods, assumptions and source data underlying the estimates. This represents a key accounting estimate made by management within the financial statements due to the size of the gross asset and liability values involved, the subjectivity of the measurement and the sensitive nature of the estimate to changes in key assumptions. We have therefore identified the valuation of the net pension liability/asset as a significant risk. **Inherent risk of material misstatement:** • Pension fund net liability / asset (valuation): High	Procedures we will perform to mitigate risks of material misstatement in this area will include: • Evaluating managements processes for the calculation of the estimate, the instructions issued to management's expert (the actuary) and the scope of their work; • Evaluating the competence, capabilities and objectivity of the actuary; • Assessing the controls in place to ensure that the data provided to the actuary by the Council and their pension fund was accurate and complete; • Evaluating the methods, assumptions and source data used by the actuary in their valuations, with the support of an auditors' expert; • Testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • If the pension fund is in surplus, ensuring that any asset recorded in the financial statements, and any additional liabilities for secondary contributions have been accounted for correctly in line with the requirements of IFRIC 14; • Obtaining assurances from the pension fund auditor as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements; and • Ensuring pension valuation movements for the year and related disclosures have been correctly reflected in the financial statements.

Group audit scope and risk assessment

Group audit

As group auditors under ISA (UK) 600, we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and regarding the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Risks at the component level

The risks identified at the Council are set out in this external audit plan. There are no additional risks identified in any of the other components in respect of the Group audit.

Note that a component may require a statutory audit under UK or overseas company law irrespective of whether an audit is required for group reporting purposes. Management should therefore satisfy themselves that all UK and overseas company law requirements are adhered to on a component-by-component basis.

The table on the next page sets out the components within the group and our planned audit approach in respect of each component.

Group audit

Component	Risk of material misstatement to the Group?	Scope	Planned audit approach	Risks identified	To be carried out by
Stevenage Borough Council	Yes	Full scope	Full scope statutory audit performed as set out in this report.	As set out in section: "Significant and other risks of material misstatement"	Azets
Queensway Properties (Stevenage) LLP	Yes	Specific scope	Specific procedures to be performed by group auditor relating to income, tangible assets, cash and cash equivalents, interest payable (including other interest), and long-term creditors and borrowings.	Specific procedures to be performed by group auditor relating to income, tangible assets, cash and cash equivalents, interest payable (including other interest), and long-term creditors and borrowings	Azets
Marshgate Ltd	Yes	Specific scope	Specific procedures to be performed by group auditor relating to stock, debtors, cash and cash equivalents	The principal risks relate to the existence and valuation of stock, the recoverability and completeness of debtors, the existence and accuracy of cash and cash equivalents, and the completeness, classification, and disclosure of long-term loans	Azets
Swingate Developments LLP	No	None	Procedures to ensure accurate treatment of the council's share in the joint venture and specific procedures on individually material balances at the component level.	Inappropriate treatment of council's share in the joint venture	N/A

Full scope	Design and perform further audit procedures on the entire financial information of the component;
Specific scope	Design and perform further audit procedures on one or more classes of transactions, account balances or disclosures;
None	Where risk of material misstatement to the Group is not material

IT Audit strategy

IT Audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them.

Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT Application	Audit area	Planned level of IT audit assessment
Centros (Integra)	Financial reporting, expenditure, creditors, income, debtors, journals	ITGC assessment (design and implementation effectiveness only)
Active Directory (network access and authentication)	N/A	ITGC assessment (design and implementation effectiveness only)

Building back assurance

Building back assurance

We have further considered the work we need to carry out to build back assurance from disclaimed years of audit. Our work is planned in accordance with the statutory guidance set out in Local Audit Reset and Recovery Implementation Guidance (LARRIG) 01 to 06

On 30 September 2024, Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" came into force. This legislation imposed annual statutory backstop dates up to and including the 2027/28 year of account for the publication by the Council of its audited financial statements. For 2025/26, the statutory backstop date is 31 January 2027.

The Code of Audit Practice 2024 specifies that auditors are required to issue their auditor's report before these dates, even if planned audit procedures are not fully complete, so that local government bodies can comply with the statutory reporting deadline. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Disclaimed opinions were issued by the predecessor auditor for 2021/22 and 2022/23 and by Azets in 2023/24 and 2024/25. Following the publication of LARRIGs 01 to 06 we have developed an overarching strategy for building back assurance for the Council, which is set out in our Build-back Plan (presented alongside this report), with the aim of recovering assurance by 31 March 2028.

Value for money

Value for money

We are required to consider whether the Council has established proper arrangements to secure economy, efficiency and effectiveness in its use of resources, as set out in the NAO Code of Practice 2024 and the requirements of Auditor Guidance Note 3 ('AGN 03').

NAO Auditor Guidance Note 03 'Auditors' Work on Value for Money Arrangements' ("AGN 03") was updated and issued on 14 November 2024 and requires us to provide an annual commentary on arrangements, which will be published as part of the Auditor's Annual Report. Such commentary will highlight any significant weaknesses in arrangements, along with recommendations for improvements.

When reporting on such arrangements, the Code of Practice requires us to structure our commentary under three specified reporting criteria:

Financial sustainability	How the body plans and manages its resources to ensure it can continue to deliver its services
Governance	How the body ensures it makes informed decisions and properly manages risk
Improving economy, efficiency and effectiveness	How the body uses information about its costs and performance to improve the way it manages and delivers its services

As part of the planning process, we are required to perform procedures to identify potential risks of significant weaknesses in the Council's arrangements to secure VFM through the economic, efficient and effective use of its resources.

We are required to re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. We may make recommendations following the completion of our work.

Value for money

Risks of significant weakness

We have carried out an initial risk assessment to identify any risks of potential significant weakness in the three specific areas of proper arrangements using the guidance contained in AGN 03. We will re-evaluate this risk assessment during the course of the audit and, where appropriate, update our work to reflect emerging risks or findings that may suggest a significant weakness in arrangements. For 2025/26 the National Audit Office's draft updated VFM guidance (AGN03) highlights that the arrangements bodies put in place to manage local government reorganisation (LGR) fit within the scope of VFM arrangements work. There is a risk that significant weaknesses may increase where an entity is involved in, or planning, for LGR. Our VFM work will therefore be extended in 2025/26 to consider the impact of local government reorganisation on the council's VFM arrangements.

We have not identified any risks of significant weaknesses in the Council's arrangements at this stage. The non-significant risks we have identified are detailed in the table on the next page along with the further procedures we will perform.

Value for money

Reporting criteria	2024/25 significant weaknesses reported?	2025/26 planning: risk of significant weakness identified?	Risk based procedures include but are not limited to the following:
Financial sustainability How the body plans and manages its resources to ensure it can continue to deliver its services	No	No	We have not, at this stage, identified any risks of significant weakness. However, there are financial risks present which, if not managed effectively over the short to medium term, could introduce significant weakness in future years. These relate primarily to the financial performance of the income strip scheme. We reported these issues in our Auditor's Annual Report in 2023/24 and 2024/25 and will follow up on the recommendations raised. As part of our review, we will consider the arrangements in place to monitor and mitigate the commercial, economic and other risks relating to the Council's significant income strip scheme.
Governance How the body ensures it makes informed decisions and properly manages risk	No	No	We have not, at this stage, identified any risks of significant weakness that requires specific audit procedures. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Improving economy, efficiency and effectiveness How the body uses information about its costs and performance to improve the way it manages and delivers its services	No	No	We have not, at this stage, identified any risks of significant weakness that requires specific audit procedures. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

Audit team and requirements

Audit team and requirements

Your core audit team

Partner	Manager	Audit senior	Value for money
Laura Hinsley Laura.Hinsley@azets.co.uk Laura is the key contact for senior management and has overall responsibility for audit quality and the audit opinion.	Martha Charima Martha.Charima@azets.co.uk Martha is responsible for the overall management of the audit and quality assurance of audit work. She is the key contact for the finance team management.	Rebecca Lane Rebecca.Lane@azets.co.uk Rebecca leads the on and off-site audit visits. She is the key day-to-day contact for the finance team.	Martha Charima Martha.Charima@azets.co.uk Martha will lead on our value for money work. She is responsible for meeting with Officers and Members and reviewing the arrangements for obtaining value for money.

Our expectations and requirements

For us to be able to deliver the audit in line with the agreed fee and timetable, we require the following:

- Draft financial statements to be produced to a good quality by the deadlines you have agreed with us. These should be complete including all notes, the Narrative Report and the Annual Governance Statement;
- The provision of good quality working papers at the same time as the draft financial statements. These will be discussed with you in advance to ensure clarity over our expectations;
- The provision of agreed data reports at the start of the audit, fully reconciled to the values in the accounts, to facilitate our selection of samples for testing
- Ensuring staff are available and on site (as agreed) during the period of the audit; and
- Prompt and sufficient responses to audit queries within 3 days to minimise delays.

The audit process is underpinned by effective project management to ensure we co-ordinate and apply our resources efficiently to meet your deadlines. It is therefore essential that the audit team and the Council's finance team work closely together to achieve this timetable.

Audit independence, objectivity and other services provided

Independence, objectivity and other services provided

The Ethical Standards and ISA (UK) 260 require us to give you full and fair disclosure of matters relating to our independence. In accordance with our profession's ethical requirements and further to our audit plan issued confirming audit arrangements we confirm that there are no further facts or matters that impact on our integrity, objectivity and independence as auditors that we are required or wish to draw to your attention. We consider an objective, reasonable and informed third party would take the same view.

We confirm that Azets Audit Services and the engagement team complied with the FRC's Ethical Standard. We confirm that all threats to our independence have been properly addressed through appropriate safeguards and that we are independent and able to express an objective opinion on the financial statements. In addition, we have complied with the National Audit Office's Auditor Guidance Note 01, which sets out supplementary guidance on ethical requirements for auditors of public sector bodies.

In particular:

- Non-audit services: We provide assurance services as set out below.
- Contingent fees: No contingent fee arrangements are in place for any services provided
- Gifts and hospitality: We have not identified any gifts or hospitality provided to, or received from, any member of the Council, senior management or staff
- Relationships: We have no other relationships with the Council, its directors, senior managers and affiliates, and we are not aware of any former partners or staff being employed, or holding discussions in anticipation of employment, as a director, or in a senior management role covering financial, accounting or control related areas.

Non-audit service fees

Service	Fee £	Threats identified and safeguards to mitigate threats to independence
Audit related: Certification of Housing Benefit Assurance Process (HBAP) claim	£28,000 plus additional fees for each workbook. Note the 23/24 HBAP claim remains in progress.	**Self-interest**: Given this is likely to be a recurring fee, we consider a threat present. However, the fee is not significant to Azets Audit Services or Stevenage Borough Council. The fee is fixed and is not contingent in nature. **Self-review**: Whilst housing benefit revenue and expenditure streams are within the financial statements, we do not complete the claim form. The focus of our work is solely testing the data in the claim form prepared by the management. **Management:** As above, the claim form is completed by management and any adjustments or amendments identified to the form during the certification work are discussed and agreed by management prior to submission of the certification report. We therefore consider these risks sufficiently mitigated.

Fees

Fees

Our estimated fees for the year ending 31 March 2026 are shown to the right.

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's Ethical Standard (revised 2024). These stipulate the Partner must set a fee sufficient to enable the resourcing of the audit with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA set a fee scale for each audit that assumes the audited body has sound governance arrangements in place, has been operating effectively throughout the year, prepares comprehensive and accurate draft accounts and meets the agreed timetable for audit. This fee scale is reviewed by PSAA each year and adjusted, if necessary, based on auditors' experience, new requirements, or significant changes to the audited body. The fee may be varied above the fee scale to reflect the circumstances and local risks within the audited body.

This fee is estimated based on our understanding at this point in time and may be subject to change. Our planned fee is on the basis that our expectations set out on pages 5, 33 and 37 are met and the group structure is unchanged.

It is our policy to bill for overruns or scope extensions e.g., where we have incurred delays, deliverables have been late or of poor quality, where key personnel have not been available, or we have been asked to do extra work.

The PSAA contract stipulates that fees must be raised upon completion of specific milestones:

- Issue of prior year's draft Auditor's Annual Report or Opinion issued, but not before 1 December
- Issues of the Draft Audit Plan
- Completion of 50% of planned hours
- Completion of 75% of planned hours

Audit fees	Proposed fee £
Scale fee: for the audit of the Council (and Group's) financial statements	226,032
LGPS net asset position (IFRIC 14 Review)	3,000
Value for money: additional work required to meet the NAO's Code requirements in respect of the arrangements for local government reorganisation	TBC
Building back assurance as per the buildback plan	258,471
Total audit fees	**487,503**

MHCLG has announced additional funding to Councils to support the cost of building back assurance. This is subject to draft accounts being published by 30 June 2026 and audit fees being paid.

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here: Fee Variations Overview - PSAA.

Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:

- Actuarial valuation of the defined benefit pension liability
- RICS compliant valuation of land and buildings and investment property

Stevenage Borough Council

Build-back Plan

September 2026

Your key team members

Laura Hinsley
Key Audit Partner
Laura.Hinsley@azets.co.uk

Martha Charima
Manager
Martha.Charima@azets.co.uk

Rebecca Lane
In-Charge Auditor
Rebecaa.Lane@azets.co.uk

Contents

Executive summary

Executive summary

This section summarises, for the benefit of Those Charged with Governance, the build back plan for our audit of Stevenage Borough Council

Purpose of this report

We set out our planned approach to the 2025/26 audit in our Audit Plan, which we have presented alongside this report.

We are responsible for performing the audit in accordance with International Standards on Auditing (UK), the National Audit Office Code of Audit Practice and associated Auditor Guidance Notes, including the Local Audit Reset and Recovery Implementation Guidance (LARRIG).

An audit is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of the Audit Committee. However, as a disclaimed auditor's report has been issued on the financial statements of the Council for the financial years from 2021/22 to 2024/25, the LARRIGs recognise that the auditor may need to issue a further disclaimed audit opinion on the financial statements in 2025/26 due to lack of assurance on opening balances caused by prior year disclaimed audit. They also recognise that additional risk-based audit procedures will need to be carried out by the auditor to rebuild missing assurance from the disclaimed audit period.

We are committed to working with audited bodies to design a programme of work which will enable us to rebuild missing assurance over the disclaimed audit period and have heavily invested in the development of a risk-based audit approach for the required work to achieve a clean opinion prior to Local Government reorganisation on 1 April 2028.

Executive summary

Summary of approach

This report sets out our proposed build back approach for the transactions and balances which occurred during your prior year disclaimed audit period from 1 April 2021 to 31 March 2025 based on our risk assessment of the Council.

The build-back plan provides an overview of the approach and the associated audit fees, which are covered by fee variations, which require review and approval by Public Sector Audit Appointments (PSAA). In setting out our approach we have split the plan across four key elements, which cover:

- Disclaimer planning and reporting;
- Planning and managing delivery of the build-back work;
- Balance sheet/non reserves related testing; and
- CIES/reserves related testing.

This documents sets out the estimated fees; scope of work and anticipated timing of delivery associated with each of these elements of the build back plan.

Your support for the build-back process

Your support for the build-back process

As set out in this document, the full build-back process to recover from the last clean audit opinion being issued for the 31 March 2028 financial year involves a significant amount of audit work. In addition, we will also need to complete our required audit procedures for the 2025/26, 2026/27 and 2027/28 financial years (in line with our audit approach determined for in year work on disclaimed audits) alongside the process of rebuilding assurance on previously disclaimed periods. In total this is likely to require levels of audit input higher than a normal annual audit process and may involve audit work being undertaken at times of the year outside of the normal audit delivery timeframes.

We are committed to working with you to deliver this, and to move to the position of being able to issue an unmodified 'clean' opinion on the Council's financial statements for the 2027/28 financial year. We have set out in this report what we consider to be a realistic plan to accomplish this. However, achieving this will only be possible with the full support and co-operation of the Council.

In particular, in order to achieve this outcome, the Council will need to ensure that:

- The Council's finance function is sufficiently resourced to support both the annual audit process for 2025/26 and future financial years, and to support audit build-back testing of previously disclaimed periods;
- Good quality supporting information and evidence is made available in response to audit queries raised and sample testing requests issued; and
- Key officers are available to deal with audit queries and requests in line with agreed timescales.

To support the Council and its finance team we will ensure that we:

- Provide clear details of the scope of the build-back work required and the planned timescales for delivery;
- Set out clearly our expectations for supporting audit evidence which we will require in response to audit testing; and
- Share details of progress with you on a regular basis throughout the build-back process.

Build-back progress made in 2024/25

Build-back progress made in 2024/25

We commenced work on rebuilding assurance during our 2024/25 audit and reported details of the areas of work we planned to undertake, and the extent to which we were able to complete this work, in our Audit Completion Report (ISA 260 report).

The following sections within this report on build-back testing for balance sheet/non reserves, and CIES/reserves, set out the level of assurance obtained to date in each area, split by previously disclaimed period. This is based on the level of progress we were able to achieve on build-back testing in 2024/25 and forms the basis of the assessment of further work necessary in each area to fully rebuild assurance.

The fees which were charged for this build-back work for 2024/25 are also included on the summary of estimated fees.

Building back assurance – estimated fees

Building back assurance – estimated fees

The estimated fees for completion of the build-back process are set out below. The figures for 2024/25 represent those already agreed and charged as part of the 2024/25 audit; the fees for 2025/26 onwards represent current estimates for completed of further build-back work required.

All fees relating to audit work on build-back and other disclaimer related audit work are raised through the fee variation process and as such are subject to approval by PSAA. These estimates do not cover fee variations for any non-build-back related issues which may be identified during the audit process, and which will be separately reported in our Audit Completion Reports (ISA260s).

	Estimated fees				
	2024/25 (actuals)	2025/26 (estimated)	2026/27 (estimated)	2027/28 (estimated)	Total
Disclaimer planning and reporting	22,095	10,245			
Planning and managing delivery of the build-back work	38,985	94,993			
Balance sheet/non reserves related testing	38,622	129,949			
CIES/reserves related testing.	-	23,285			
Total	99,702	258,471			

Disclaimer planning & reporting

Disclaimer planning & reporting

This element of the fee relates to the additional work necessary on a disclaimed audit to determine the nature of the opinion which it is appropriate for us to issue for each financial year.

A key requirement as we move through the build-back plan is to assess at what stage of the process we are able to move from a disclaimed opinion to a modified opinion, and then to an unmodified opinion. This assessment involves considerable input and consultation with the Technical and Compliance teams within Azets to ensure that we are only doing so when appropriate based on the level of assurance obtained.

Our current anticipated timeline, which underpins the rest of this build-back plan, is set out below. Achievement of this indicative timeline is based on completion of all planned work as set out in this plan, and the continued co-operation and support of the Council's finance team.

	2024/25 (actual)	2025/26 (anticipated)	2026/27 (anticipated)	2027/28 (anticipated)
Anticipated audit opinion	Disclaimed	Disclaimed	Modified/"except for"	Unmodified

KEY:
Unmodified opinion *- Clean audit opinion with no material matters requiring modification*
Modified ('except for') *- Audit opinion qualified for a specific material matter; otherwise, the financial statements are fairly presented*
Disclaimer *- Auditor unable to obtain sufficient evidence to form an opinion on the financial statements*

Planning and managing delivery of the build-back work

Planning and managing delivery of the build-back work

This element of the fee relates to the audit input required to:

- Determine the overall approach required to rebuild assurance in line with relevant NAO Local Audit Reset and Recovery Implementation Guidance (LARRIGs);
- Carry out a detailed risk assessment to support this determination;
- Scope out the work required in each area across the full build-back plan;
- Develop a detailed plan setting out the resource requirements to deliver build-back work;
- Discuss and agreed these requirements and a timescale for delivery with the Council;
- Provide Key Audit Partner and Audit Manager direction and review of the build-back work as it is completed; and
- Carry out an overall assessment of the assurance provided by build-back work completed and the extent to which this supports the recovery of assurance across disclaimed periods.

We will need to regularly revisit and update our approach and plans to deliver it throughout the course of our build-back process.

Planning and managing delivery of the build-back work (continued)

We completed our initial risk assessment in line with the requirements of LARRIG 06 in 2024/25, which is key to determining the overall approach we need to take to build-back assurance on reserves and so the level of detailed substantive testing required on CIES transactions for previously disclaimed periods. We set out for information a summary of the results of this risk assessment

Component	Activity	Outcome
Planning Risk Assessment (LARRIG 06)	We are required by LARRIG 06 to evaluate the inherent risk of material misstatement in the opening reserve balances following prior year disclaimers. We have completed a detailed assessment, and the scope of our review and conclusions are set out below.	
	Qualitative Risk Assessment We have considered a number of qualitative risk factors, as set out in LARRIG 06, including: • Whether the Council has a history of timely production of the financial statements; • The number of years for which disclaimed opinions have been issued; • The level of reserves in place during the disclaimed period and their complexity; • The volume of movements in reserves over the disclaimed period; • The strength of the control environment in place at the Council over the period of disclaimed opinions; • Changes in key personnel, financial reporting systems or key processing activities during the disclaimed period; • Any previous reporting of significant deficiencies in control, significant weaknesses in arrangements to secure VFM or material or other misstatements during the disclaimed period; and • Issues reported by Internal Audit and in the Annual Governance Statements.	Our risk assessment has concluded that the Council is at the lower end of the risk spectrum for build back assurance, with specific risk factors over the Queensway LLP transactions. This means less extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period. The procedures we have identified that we will need to complete to build back sufficient audit assurance over opening balances are set out on pages 18 to 20 of this report. Our risk assessment is regularly revisited and is subject to change based on audit findings.
	Quantitative Risk Assessment (LARRIG 06) We have also completed a detailed analysis of all the Council's useable and unusable reserves movements over the disclaimed period, assessing the internal consistency of the reserve movements with other transactions and disclosures in the Council's financial statements and the completeness of the expected reserve transactions.	

Build-back testing – Balance sheet/non reserves

Building back assurance – balance sheet/non reserves related

In order to build back sufficient assurance over elements of the Balance Sheet, we need to undertake substantive testing of movements in balances back to the last clean opinion date. We commenced this work in 2024/25 and set out below a summary of the level of assurance obtained to date.

We plan to complete all remaining build-back work on balance sheet/non reserves related areas in 2025/26.

	Current status of build-back work – by disclaimed period				Planning timing of remaining buildback work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Property, plant and equipment (PPE) and investment property additions	In progress	In progress	In progress	Completed*	✓		
Right of use asset additions and associated liabilities	n/a	n/a	n/a	In progress	✓		
PPE and investment property disposals	Not started	Not started	Not started	Completed*	✓		
PPE and Investment property opening balances	Not started	Not started	Not started	In progress	✓		
PPE reclassification movements	Not started	Not started	Not started	Completed*	✓		
Infrastructure assets	Not started	Not started	Not started	Not started	✓		
Revaluation and impairment movements	Not started	Not started	Not started	Completed*	✓		
Queensway LLP transactions	In progress	In progress	In progress	In progress	✓		
Grants received in advance	Not started	Not started	Not started	Completed*	✓		
Capital expenditure and financing (CRF/MRP)	Not started	Not started	Not started	In progress	✓		
Journals testing	Not started	Not started	In progress	In progress	✓		
Estimated fees					£129,949	£0	£0

* Subject to ongoing Audit Manager and Key Audit Partner review procedures.

Build-back testing – CIES/reserves

Building back assurance – CIES/reserves related

In order to build back sufficient assurance over reserves where the closing position is directly influenced by the opening position and movements over the disclaimed period, we need to undertake some substantive testing of the CIES transactions over the disclaimed period.

As set out on page 16 our risk assessment has concluded that the Council is at the lower end of the risk spectrum for build back assurance. This means less extensive procedures over the Council's income and expenditure transactions will be required over the disclaimed period. The table below summarises our planned timetable for the completion of prior year CIES testing and any testing completed in full or in part in previous years.

	Current status of build-back work – by disclaimed period				Planning timing of remaining build back work		
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Grant income – Capital grants unapplied	Not started	Not started	Not started	Not started	✓		
Depreciation	Not started	Not started	Not started	Not started	✓		
Revenue funded from capital under statute	Not started	Not started	Not started	Not started	✓		
HRA expenditure classification testing	Not started	Not started	Not started	Not started	✓		
GF/ HRA capital grants classification testing	Not started	Not started	Not started	Not started	✓		
Collection Fund	Not started	Not started	Not started	Not started	✓		
Other testing on reserve movements	Completed*	Completed*	Completed*	Completed*	n/a		
Estimated fees					£23,285		

* Subject to ongoing Audit Manager and Key Audit Partner review procedures.

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Part I – Release to Press

Meeting:	**CABINET / AUDIT COMMITTEE / COUNCIL**	**Agenda Item:**	
Portfolio Area:	Resources and Performance		
Date:	**10 September 2026 / 16 September 2026 / 21 October 2026**		

Annual Treasury Management Review 2025/26 and Prudential Indicators

NON-KEY DECISION

Author – Rhona Bellis
Contributor – Atif Iqbal
Lead Officer – Clare Fletcher
Contact Officer – Clare Fletcher/Atif Iqbal

1 PURPOSE

1.1 Note the annual Treasury Management Report for 2025/26.

1.2 Approve the actual 2025/26 prudential and treasury indicators in this report.

2 RECOMMENDATIONS

2.1 **Cabinet**

That, subject to any comments made by the Audit Committee to the Council, the 2025/26 Annual Treasury Management Review be recommended to Council for approval.

2.2 **Audit Committee**

That, subject to any comments by the Cabinet to the Council, the 2025/26 Annual Treasury Management Review be recommended to Council for approval.

2.3 **Council**

That, subject to any comments from the Audit Committee and the Cabinet, the 2025/26 Annual Treasury Management Review be approved.

3 BACKGROUND

3.1 Regulatory Requirement

3.1.1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2025/26. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management, (the Code), and the CIPFA Prudential Code for Capital Finance in Local Authorities, (the Prudential Code).

3.1.2 During 2025/26 the minimum reporting requirements were that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 26 February 2025)
- a mid-year treasury update report (Council 17 December 2025)
- an annual review following the end of the year describing the activity compared to the strategy (this report).

3.1.3 In December 2017, 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; and
- the implications for future financial sustainability.

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

3.1.4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.

3.1.5 This report summarises:

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement);
- The actual prudential and treasury indicators;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Detailed debt activity; and
- Detailed investment activity.

3.1.6 Officers confirm that they have complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit Committee and the Cabinet before they were reported to the Council.

3.1.7 Member training on treasury management issues was undertaken during the year on 22 January 2026 in order to support members' scrutiny role.

3.2 Executive Summary

3.2.1 During 2025/26, the Council complied with its legislative and regulatory requirements as outlined in paragraph 3.1.1 above. These requirements include:

a. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's minimal risk appetite, providing adequate liquidity initially before considering investment return.

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

3.2.2 The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Table 1

Prudential and treasury indicators £000	31/03/2025 Actual	2025/26 Original Budget	31/03/2026 Actual
Capital expenditure			
GF	13,347	51,821	22,334
HRA	31,074	51,399	30,707
Total	**44,421**	**103,220**	**53,041**
Capital Financing Requirement			
GF	62,119	70,561	69,266
HRA	272,356	286,179	273,845
Total	**334,475**	**356,740**	**343,111**
Gross borrowing[1]	**254,057**	**306,686**	**266,057**
Investments			

[1] Excludes Finance Leases

Prudential and treasury indicators £000	31/03/2025 Actual	2025/26 Original Budget	31/03/2026 Actual
Under 1 year	46,132	30,000	51,865
Net borrowing	**227,057**	**276,686**	**214,192**

3.2.3 There was rephasing of planned capital expenditure from 2025/26 into future years resulting in an overall reduction in the use of borrowing to finance capital expenditure. Not all capital expenditure is funded from borrowing so the reduction in the capital financing requirement (the Councils need to borrow) does not match the reduction in capital expenditure. Details of the slippage are in the quarterly monitoring update reports to Cabinet – see background papers.

3.2.4 Other prudential and treasury indicators are to be found in the main body of this report. The Chief Finance Officer also confirms that borrowing (internal and external) was only undertaken for a capital purpose, and the statutory borrowing limit (the authorised limit) was not breached.

3.2.5 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the year the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2025/26.

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

4 THE COUNCIL'S CAPITAL EXPENDITURE AND FINANCING

4.1.1 Capital expenditure[2] can be financed either from capital resources the Council has on its balance sheet (e.g. capital receipts and capital grants) or by making a revenue contribution to capital. If sufficient capital resources are not available to fund the expenditure the Council would need to borrow to meet the funding gap. This borrowing may be taken externally in new loans or internally from cash balances held by the Council. The need to borrow is measured and reported through the Prudential Indicators.

4.1.2 The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

[2] Council expenditure can be classified as capital when it is used to purchase assets with a life of more than one year, exceeds £10,000 in value and meets the guidelines laid out in CIPFA accounting practices.

Table 2

Capital Expenditure and Financing £000	2024/25 Actual	2025/26 Original Budget	2025/26 Actual
General Fund			
Capital Expenditure:	13,347	51,821	22,334
Financed excluding borrowing	(9,156)	(45,393)	(14,634)
Unfinanced capital expenditure (borrowing)	**4,191**	**6,428**	**7,700**
HRA			
Capital Expenditure:	31,074	51,399	30,707
Financed excluding borrowing	(31,074)	(37,576)	(27,926)
Unfinanced capital expenditure (borrowing)	**-**	**13,823**	**2,781**

4.2 THE COUNCIL'S OVERALL BORROWING NEED

4.2.1 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR). It represents the amount of debt it needs to/has taken out to fund the capital programme (and includes both internal and external borrowing). The CFR is then reduced as debt repayments are made, and Minimum Revenue Provisions are made. A separate CFR is calculated for the General Fund and Housing Revenue Account and any transfers of assets (such as land or buildings) between the two accounts will impact on each fund's CFR. The CFR will go up on the fund "receiving" the assets and go down (by the same amount) on the fund "giving" the asset. There were no transfers of assets in 2025/26.

4.2.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies, (such as the Government, through the Public Works Loan Board [PWLB], or the money markets), or utilising temporary cash resources within the Council.

4.2.3 Reducing the CFR – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision – MRP, to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need, (there is no

statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

4.2.4 The total CFR can also be reduced by:

a. the application of additional capital financing resources, (such as unapplied capital receipts); or

b. charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

4.2.5 The Council's 2025/26 Minimum Revenue Provision Policy (MRP), as required by MHCLG Guidance, was approved as part of the Treasury Management Strategy Report for 2025/26 on 26 February 2025.

The MRP charged to the General Fund in 2025/26 was £815K of which:

- £144K is funded from investment property
- £41K is funded by the new multi storey car park (Railway North)
- £157K is funded by the Garage Improvements Programme
- £131K is a net cost to the General Fund
- £119K charged for improvements to leisure facilities
- £223K housing development (wholly owned company)

4.2.6 The Council's CFR for the year is shown below and represents a key prudential indicator. It includes finance leases included on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract.

Table 3

CFR £000	31/03/2025 Actual	2025/26 Q3 Budget	31/03/2026 Actual
General Fund			
Opening balance	58,643	62,119	62,119
Add: unfinanced capital expenditure (as above)	4,191	8,390	7,700
Increase in finance lease obligations	1,121	-	-
Less:			
Unfinanced capital expenditure from prior years now financed	(11)	(44)	(44)
Repayment of external borrowing	(1,000)	500	500
MRP / VRP	(454)	(591)	(815)

CFR £000	31/03/2025 Actual	2025/26 Q3 Budget	31/03/2026 Actual
Finance lease repayments	(361)	(194)	(194)
Closing balance	**62,119**	**70,180**	**69,266**
Movement CFR 2024/25 to 2025/26			**7,147**
Closing balance excluding finance lease	**44,762**	**52,273**	**52,273**
CFR (£000): HRA			
Opening balance	272,384	272,356	272,356
Add: Unfinanced capital expenditure (as above)	-	6,459	2,781
Less:			
Repayment of external borrowing		(500)	(500)
Unfinanced capital expenditure from prior years now financed		(750)	(750)
Finance lease repayments	(28)	(42)	(42)
Closing balance	**272,356**	**277,523**	**273,845**
Movement CFR 2024/25 to 2025/26			**1,489**
Closing balance excluding finance lease[3]	**271,051**	**276,260**	**272,582**

4.2.7 The movement in the GF CFR between 31 March 2025 and 31 March 2026 is £7 Million, mainly made up of:

a. £7.5 Million relating to borrowing used to finance additional lending to Swingate LLP as part of the joint venture with Mace.
b. Reduction in overall borrowing as a result of the application of MRP £814K.

4.2.8 Borrowing activity is constrained by prudential indicators for gross borrowing and the CFR, and by the authorised limit.

4.3 Limits to Borrowing Activity

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2024/25) plus the estimates of any additional capital financing requirement for the current (2025/26) and next two financial years. This essentially means that

[3] HRA leases 10 residential properties from Marshgate Ltd a wholly owned subsidiary of the Council.

the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2025/26. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Table 4

Limits to Borrowing £000	31/03/2025 Actual	2025/26 Budget	31/03/2026 Actual
Gross borrowing position	254,057	287,516	266,057
Finance Leases	18,540	19,170	18,256
CFR	(334,475)	(356,740)	(343,111)
(Under) / over funding of CFR – Internal Borrowing	**(61,878)**	**(50,054)**	**(58,798)**

4.4 The **authorised limit** - the authorised limit is the "affordable borrowing limit" required by Section 3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2025/26 the Council has maintained gross borrowing within its authorised limit.

4.5 The **operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.

4.6 **Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

Table 5

Authorised limits	Operational Boundary £'000	Authorised Limit £'000	Actual External Debt 31/03/2026 £'000	Financing costs % of net revenue stream	
				GF	HRA
Borrowing	356,740	374,740	284,313		
Less Investments			(51,865)		
Total 2025/26	356,740	374,740	232,448	(2)%	12%

4.6.1 The ratio of financing costs to net revenue stream is equal to General Fund interest costs divided by the General Fund net revenue income from Council tax, Revenue Support Grant and retained business rates. For the HRA the net revenue stream is the income shown in the Council's accounts – rents, service charges and other income.

4.6.2 The ratio of financing costs to net revenue stream reflects the relatively high level of debt as a result of the HRA self-financing deal with the government in 2012 (HRA 2024/25 13%).

4.6.3 The General Fund comparative rates for 2024/25 are (9)%. The movement to (2%) reflects the increased cost of funding through MRP unfunded capital expenditure. Capital receipts expected to be received in 2026/27 and 2027/28 are expected to significantly reduce this funding requirement.

4.6.4 Fluctuations in average external debt during the year include additional PWLB borrowing of £12 Million and repayment of PWLB debt of £0.5 Million. The balance at the end of the year is materially lower than both the operational and authorised limits. The difference between average and maximum debt balances are minimal.

4.7 TREASURY MANAGEMENT ACTIVITIES

TREASURY POSITION AS AT 31 MARCH 2026

4.7.1 The Council's treasury management debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices.

4.7.2 At the end of 2025/26 the Council's treasury position (excluding finance leases), was as follows:

Table 6

Treasury Position (Excludes Finance Leases)	31/03/2025 Principal £000	Rate / Return 2025/26 %	Average Life 2025/26 (Yrs.)	31/03/2026 Principal £000	Rate / Return 2025/26 %	Average Life 2025/26 (Yrs.)
PWLB Borrowing	247,987	3.60	11	259,487	3.28	10
Other Borrowing (LEP)	6,570	-	5	6,570	-	4
Total External Debt	**254,557**	**-**	**-**	**266,057**	**-**	**-**
Capital Financing Requirement	(315,813)	-	-	(317,240)	-	-
Over/(Under) borrowing	**(61,256)**	**-**	**-**	**(51,183)**	**-**	**-**
Total Treasury Investments	44,196	4.95	<1	51,865	4.35	<1
Net Debt	**(17,060)**			**682**		

The maturity structure of the external debt portfolio was as follows:

Table 7

Debt Maturity Structure £000	31.3.25 Actual	2025/26 Authorised Limit	31.3.26 Actual
Within 1 Year	500		8,000
Over 1 not over 2 years	8,000		10,456
Over 2 not over 5 years	30,656		43,200
Over 5 not over 10 years	84,400		91,463
Over 10 not over 20 years	106,431		101,368
Over 20 not over 30 years	18,000		5,000
Total PWLB Debt	**247,987**		**259,487**
LEP Loan:			
Over 1 not over 4 years	6,570		6,570
Total LEP Loan	**6,570**		**6,570**
Total Debt	**254,557**	**374,740**	**266,057**

4.7.3 The General Fund loan from the Local Enterprise Partnership (LEP) is in relation to regeneration activities.

The Councils Investment portfolio (Treasury and non-treasury investments) is as follows:

Table 8

Treasury investments (all managed in house)	31.3.25 Actual £000	31.3.25 Actual %	31.3.26 Actual £000	31.3.26 Actual %
Banks and Building Societies	17,000	38%	5,000	10%
Local authorities	10,000	23%	37,570	72%
Money Market Funds	17,196	39%	9,295	18%
Total treasury investments	**44,196**	**100%**	**51,865**	**100%**
Non-Treasury investments				
Subsidiaries (para 4.8.4)	14,077	97%	23,316	98%
Subsidiary Equity (Marshgate)	418	3%	418	2%
Municipal Bond	10	-	-	-
Total Non-Treasury Investments	**14,505**	**100%**	**23,734**	**100%**
Treasury investments	44,196	75%	51,865	67%
Non-Treasury investments	14,505	25%	23.734	33%
Total of all Investments	**58,701**	**100%**	**75,599**	**100%**

The increased balance of investments with Local authorities (LA's) in the year reflects higher PWLB rates encouraging Local Authorities to look elsewhere for short term funding. The rates offered by Local Authorities during the year have exceeded the rates offered by Bank and Building societies.

The maturity structure of the investment portfolio is as follows:

Table 9

Investment Maturity Structure £000	31.3.25 Actual	31.3.26 Actual
Within 1 Year	56,316	64,862
Longer than 1 year	2,385	10,737
Total Investments	**58,701**	**75,599**

4.7.4 The non-treasury loans to the subsidiaries are made up of:

a. Marshgate LTD (WOC), for the purchase and development of housing within the Borough in 2021/22 and 2022/23 £12,972K – repayable 2026/27

b. Swingate Developments LLP - £10,262K – repayable 2027/28

c. Hertfordshire Building Control Ltd - £82K – repayable over next 4 years

4.7.5 The equity investment in Marshgate Ltd reflects the equity element of member agreed funding that was formalised in 2024/25.

4.7.6 The increase in the treasury investment balances of £8 Million between 31 March 2025 and 31 March 2026 reflects lower than expected capital expenditure in 2025/26 and the replenishment of HRA internal borrowing by £12 Million additional borrowing from PWLB.

4.8 TREASURY MANAGEMENT STRATEGY 2025/26

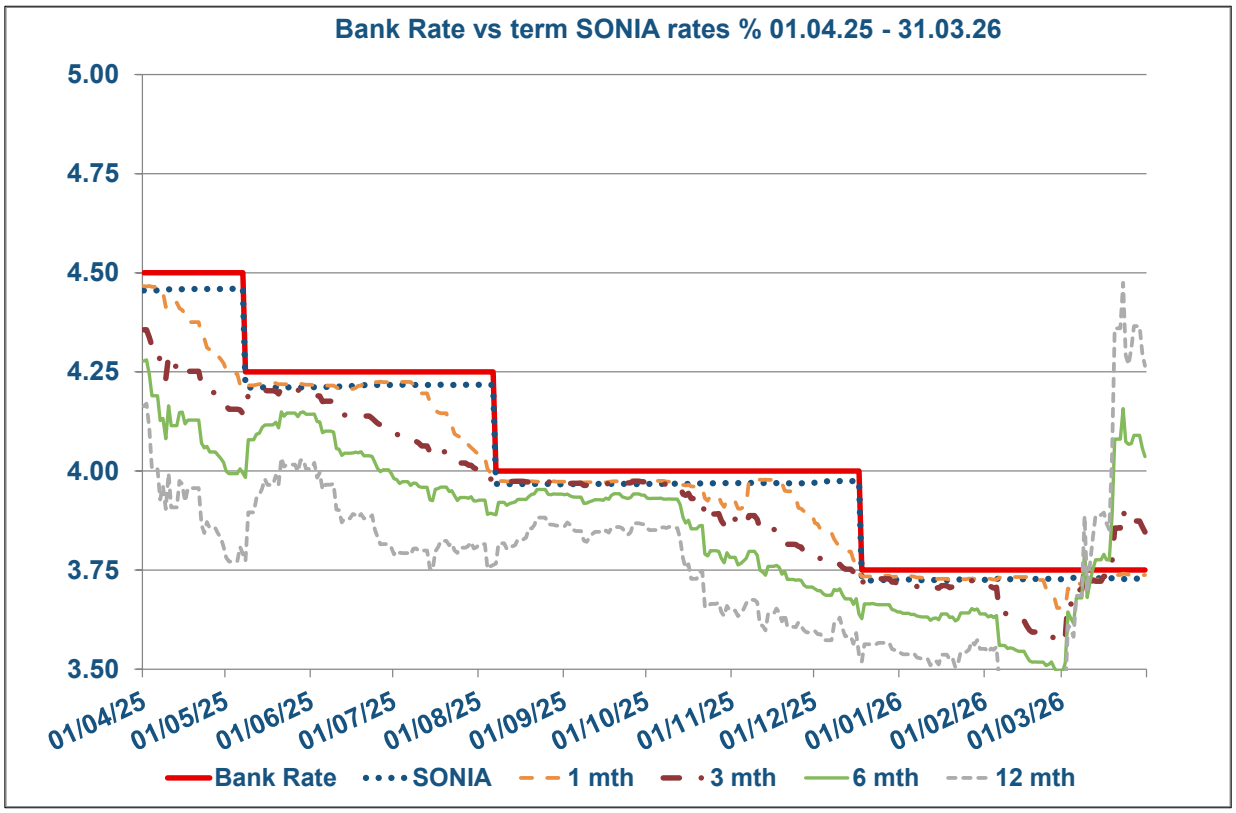
4.8.1 The Treasury Management Strategy was approved by Council on 26 February 2025.

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

4.9 Investment strategy and control of interest rate risk

4.9.1 Investment returns remained robust throughout the course of 2025/26 with the Bank Rate reducing steadily through the course of the financial year from 4.5% to 3.75% as at 31 March 2026. Concerns over the impact of the Middle East conflict on inflation led to further rate reductions anticipated in 2025, not materialising by the end of the year.

4.9.2 Investment Benchmarking Data – Sterling Overnight Index Averages (Term) 2025/26



4.10 Borrowing strategy and control of interest rate risk

4.10.1 During 2025/26, the Council maintained an under-borrowed position. This meant that the capital borrowing need, (the Capital Financing Requirement), was fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This strategy was prudent as although near-term investment rates were equal to, and sometimes higher than, long-term borrowing costs, the latter are expected to fall back through 2026 and 2027 in the light of economic growth concerns and the eventual dampening of inflation. The Council has sought to minimise the taking on of long-term borrowing at elevated levels (>5%) and has focused on a policy of internal borrowing, supplemented by short-dated borrowing (<5 years) as appropriate.

4.10.2 The policy of avoiding new borrowing by running down spare cash balances has served the Council well over the last few years. However, this has been kept under review to avoid incurring higher borrowing costs in the future when the Council may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

4.10.3 The Council has taken some limited borrowing in 2025/26 (£12 Million) to ensure the Council's cashflow position is resilient and to ensure that if interest rates increase, large amounts of borrowing required are not all taken at higher rates.

4.10.4 At the start of April 2026, the market expected Bank Rate to increase over the coming months to 4% or 4.25%, from 3.75%. A significant fall in inflation will be required to underpin any material movement lower in the near future. The latest forecast updated on 25th March 2026 is below:

MUFG Corporate Markets Interest Rate View 25.03.26												
	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.75	3.75	3.75	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	4.00	3.90	3.80	3.80	3.70	3.50	3.50	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	4.20	4.10	4.00	3.90	3.90	3.70	3.70	3.50	3.50	3.50	3.50	3.50
12 month ave earnings	4.60	4.50	4.40	4.20	4.20	4.00	4.00	3.80	3.80	3.80	3.80	3.80
5 yr PWLB	5.00	5.00	4.90	4.80	4.60	4.40	4.20	4.20	4.10	4.10	4.10	4.10
10 yr PWLB	5.50	5.50	5.40	5.30	5.10	4.90	4.70	4.70	4.60	4.60	4.60	4.60
25 yr PWLB	6.00	6.00	5.90	5.80	5.60	5.40	5.20	5.20	5.20	5.20	5.10	5.10
50 yr PWLB	5.80	5.80	5.70	5.50	5.40	5.20	5.00	5.00	5.00	5.00	4.90	4.90

4.10.5 The PWLB certainty rate is gilts plus 80bps. Gilt yields have been volatile through 2025/26. The low point for long-term rates of 25 and 50 years' duration was reached early in April 2025 whilst the low points for short and medium dated rates were reached in early 2026, prior to the outbreak of the Middle East conflict.

4.10.6 At the close of 31 March 2026, the 1-year PWLB Certainty rate was 5.04% whilst the 5, 10, 25 and 50 year rates were 5.28%, 5.72%, 6.29% and 6.08% respectively. For the Council, external borrowing in 2025/26 related to the HRA account where the certainty rate included an additional 0.4% discount.

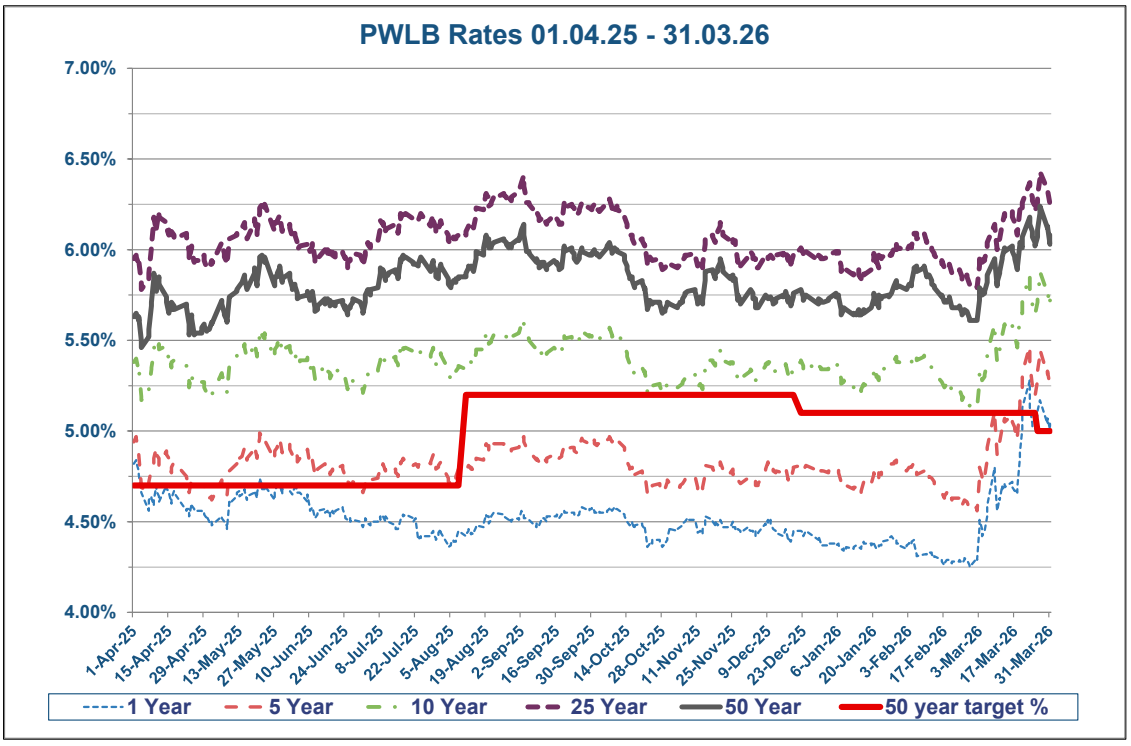
4.10.7 It is expected that rates will remain elevated into 2026/27 as Base rate is expected to remain at 3.75% for the year. Medium to long-dated borrowing rates are expected to remain "expensive".

4.10.8 As a general rule, short-dated gilt yields will reflect expected movements in Bank Rate, whilst medium to long-dated yields are driven primarily by the inflation outlook.

4.10.9 The Chart below shows the volatility of the PWLB borrowing rates from 1 April 2025 to 31 March 2026.

PWLB RATES 2025/26

Chart 1



4.11 BORROWING OUTTURN

4.11.1 One new loan was taken out in the year. This was to refinance HRA internal borrowing, details being:

£12 Million loan taken from 26 January 2026 to 24 January 2031 at an annual interest rate of 4.31%

4.11.2 Interest paid on PWLB borrowing during the year was £ 8.5 Million – Housing Revenue Account (HRA) and £40K - General Fund (GF). This was against an original budget of £8.5 Million.

4.12 INVESTMENT OUTTURN

4.12.1 Investment Policy – the Council's investment policy is governed by MHCLG investment guidance, which has been implemented in the annual investment strategy approved by the Council on 26 February 2025. This policy sets out the

approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data, (such as rating outlooks, credit default swaps, bank share prices etc.).

4.12.2 The investment activity during the year conformed to the approved strategy, and the Authority had no liquidity difficulties.

4.12.3 In accordance with the Treasury Management Strategy, the Council invests its surplus cash balances that are committed for future approved spending. The policy sets out the approach for choosing investment counterparties and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data and counterparty limits dependant on level of cash balances held.

4.13 **Treasury Investment performance year to date as of 31 March 2026**

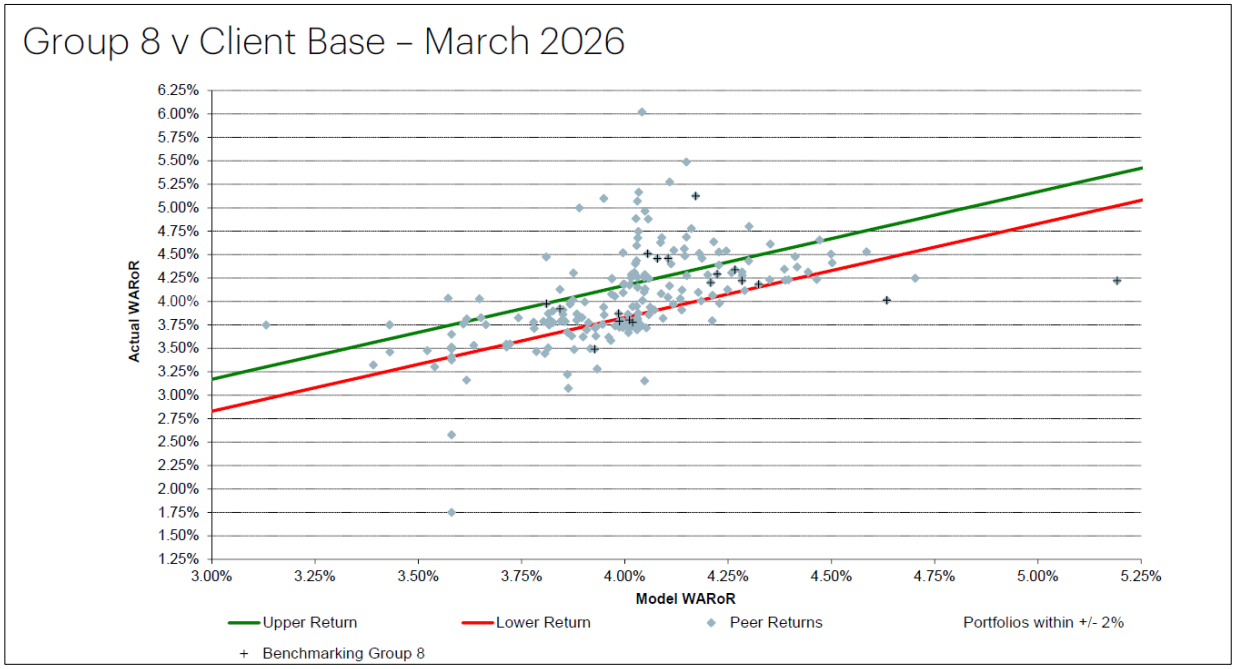
4.13.1 The Council's current treasury investment portfolio consists of "conventional" cash investments: deposits with banks and building societies, Money Market Funds and loans to other Local Authorities. No investments have been made with any of the other approved instruments within the Specified and Non-specified Investment Criteria.

4.13.2 Average level of funding available for investment purposes during the year was £60 Million, earning an average interest rate of 4.35%. Interest earned to 31 March 2026 was £2.6 Million on treasury investments (GF £1.1 Million, HRA £1.5 Million), against the working budget of £2.56 Million (GF £1.04 Million, HRA £1.52 Million).

4.13.3 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 March 2026 report shows performance of the portfolio held at 31 March 2026 exceeding the upper return range against model returns. This performance is consistent across the year. The WARoR[4] for Stevenage was 4.46% against the model WARoR 3.93% to 4.28%.

[4] WARoR = Weighted average rate of return on investments

Chart 2

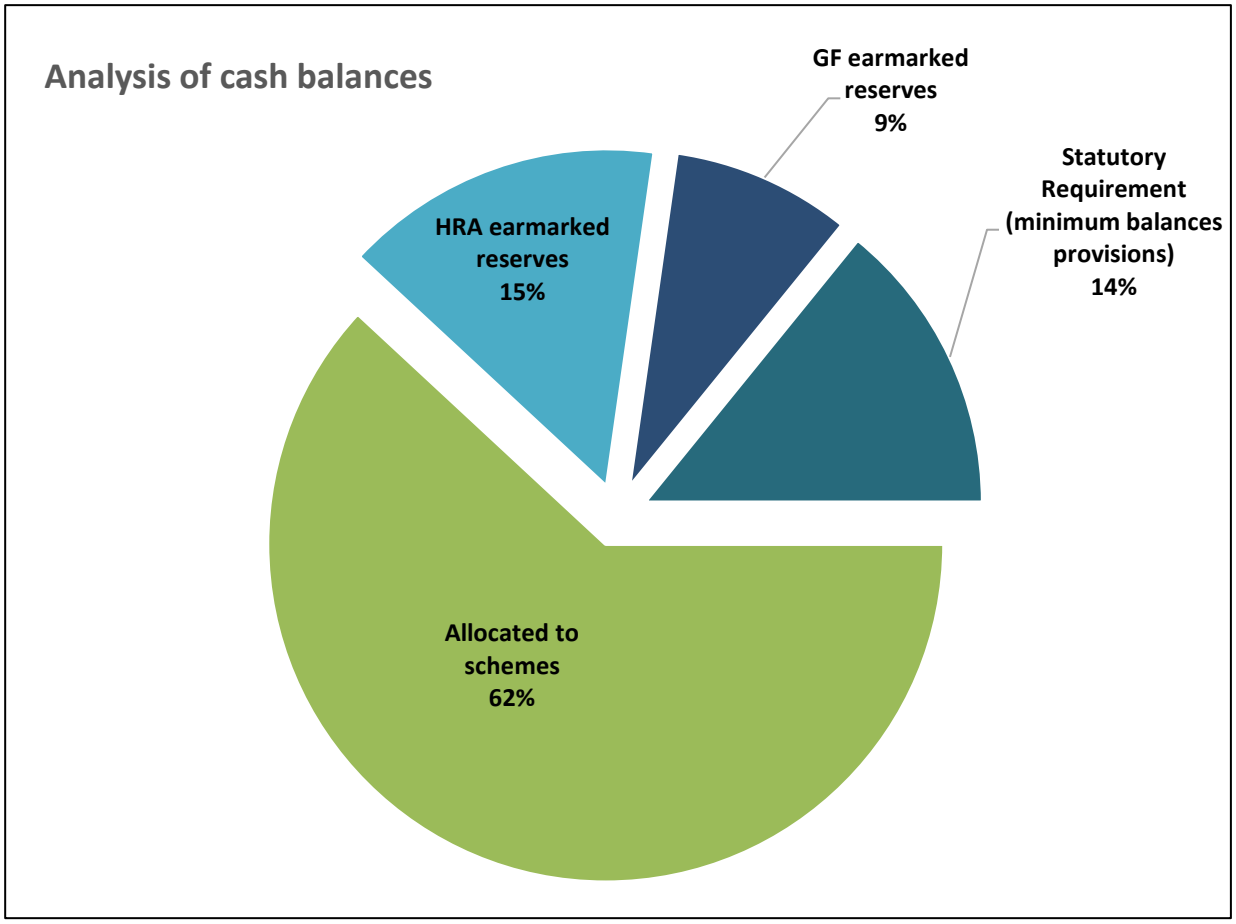


4.13.4 The Council's balances are made up of cash reserves e.g. HRA and General Fund balances, restricted use receipts e.g. right to buy one for one receipts and balances held for provisions such as business rate appeals.

4.13.5 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 5 years and the HRA Business Plan (HRA BP) a planned use of resources over a 30-year period, which means, while not committed in the current year, they are required in future years.

4.13.6 The following chart shows the planned use of cash balances as at 31 March 2026.

Chart 3



4.13.7 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 £52 Million as at 31 March 26 is not available to fund 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. Any consequential financial impacts identified in 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.

5.2.2 There have been no changes to PWLB borrowing arrangements since the last Treasury report. Officers will ensure that any changes to the Prudential and Treasury Management codes from 2026/27 are reflected in treasury operations and reporting requirements**.**

5.3 **Risk Implications**

5.3.1 The current policy of minimising external borrowing through the use of internal borrowing, where appropriate, taking advantage of the benefits differentials between investment income and borrowing rates is kept under ongoing review as these conditions change. This policy only remains financially viable while cash balances are high. Capital investment, not funded by capital receipts and grant funding reduce these balances if not supported by additional borrowing. The risk is that the Council may need to take borrowing at higher rates than budgeted 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 30-year spending plans if interest rates continue at the current high level, although currently it is anticipated that rates will reduce. This will be included in the HRA MTFS forecast in 2026/27.

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.

5.5 Climate Change Implications

There are no specific climate change implications resulting from this report.

BACKGROUND PAPERS

- BD1 Treasury Management Strategy including Prudential Code Indicators 2025/26 (Council 26 February 2025)
- BD2 2025/26 Mid-Year Treasury Management Review and Prudential Indicators (Council 17 December 2025)
- BD3 First Quarter Revenue and Capital Monitoring Report 2025/26 (Cabinet 17 September 2025)
- BD4 Second Quarter Revenue and Capital Monitoring Report 2025/26 (Cabinet 12 November 2025)
- BD5 Final Capital Strategy 2025/26-2029/30 (Council 11 February 2026)
- BD6 Third Quarter Revenue and Capital Monitoring Report 2025/26 (Cabinet 11 March 2026)
- BD7 Fourth Quarter Revenue and Capital Monitoring Report 2025/26 (Cabinet 15 July 2026)

APPENDICES

- Appendix A - Investment Portfolio

Investment Portfolio 31 March 2026 **Appendix A**

Type of Investment / Deposit	Counterparty	Issue Date	Maturity Date	£000	Rate %
Money Market Fund	Aberdeen GBP Liquidity Class L1			7700	3.8
Money Market Fund	CCLA PSDF Desposit Class4			500	3.7
Money Market Fund	Morgan Stanley GBP Liquidity Institutional ZNAG			500	3.7
Money Market Fund	JPM GBP Liquidity LVNAV			500	3.8
Fixed Term Deposit	Landesbank Hessen Thuringen Girozentrale-Frankfurt	14/08/2025	13/08/2026	2000	4.1
Fixed Term Deposit	Cambridgeshire County Council	30/10/2025	29/05/2026	5000	4.4
Fixed Term Deposit	Broxbourne Borough Council-Waltham Cross	16/12/2025	16/09/2026	4570	4.7
Fixed Term Deposit	Suffolk County Council	18/12/2025	18/06/2026	5000	4.5
Fixed Term Deposit	Basildon Borough council	05/01/2026	06/07/2026	5000	4.5
Fixed Term Deposit	Folkestone & Hythe District Council	03/02/2026	03/08/2026	3000	4.5
Fixed Term Deposit	Harlow Council	23/01/2026	22/05/2026	5000	4.7
Fixed Term Deposit	Harlow Council	12/03/2026	12/06/2026	5000	5.4
Fixed Term Deposit	Lancashire County Council	24/03/2026	23/03/2027	5000	4.5
Fixed Term Deposit	Landesbank	27/03/2026	25/03/2027	3000	4.6
Fixed Term Deposit	HSBC	31/03/2026	01/04/2026	95	3.6
	Total			51865	

Stevenage Borough Council

Audit Committee

September 2026

Anti-Fraud Report 2025/26

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 2025, this committee approved the Anti-Fraud Plan for following 12 months which was developed with the Councils senior officers in partnership with SAFS. A copy of the Plan can be found here.

https://democracy.stevenage.gov.uk/ieListDocuments.aspx?CId=138&MId=5707&Ver=4

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 2025/2026.

Recommendations

5. Members are RECOMMENDED to:

a) Note the activity undertaken by the Shared Anti-Fraud Service (SAFS) to deliver the 2025/2026 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.
c) Note the additional Shared Anti-Fraud Service Annual Report (Appendix 1)

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 todate 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 62** of this report.

7. Some of the most significant recent reports include:

Fighting Fraud and Corruption Locally a Strategy for the 2020's. This strategy focuses on the governance and 'ownership' of anti-fraud and corruption arrangements. The Strategy also identifies areas of best practice and includes a 'Checklist' to compare against actions taken by the Council to

deter/prevent/investigate fraud. The Strategy is currently under review in 2026 for a re-launch in the summer.

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

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

Lost Homes, Lost Hope. Published by the Fraud Advisory Panel & Tenancy Fraud Forum in April 2023 this paper uses previous research and current data to estimate the volume and cost of fraud in the social housing sector and the impact on local government. This report remains relevant for the Council due to the immediate pressure on social housing and homelessness.

8. The ***Public Sector Fraud Authority Annual Report 2024-2025*** repeats the importance of the Governments Counter Fraud Functional Standard (GovS 013), which outline the fundamental standards for fraud management that all public bodies should have in place. The PSFA have created a continuous improvement framework for the Standard, and through SAFS the Council has assurance that this standard is being met.

9. The Public Sector Fraud Authority (Cabinet Office), Ministry of Housing, Communities and Local Government (MHCLG), National Audit Office, and CIPFA all continue to issue advice, and best practice to support local councils in the fight to combat fraud and prevent loss to the public purse.

10. It is essential that the Council has in place a framework to recognise and understand its fraud risks and invests sufficient resources to prevent and deter fraud, including effective strategies and policies, and a response to deal with the investigation of suspected fraud when this is required.

11. Stevenage Borough Council is a founding partner of the Shared Anti-Fraud Service (SAFS). Members of this Committee and Senior Management Team have received reports about how the service works closely with the Shared Internal Audit Service (SIAS) and other services at all levels across the Council.

Report Summary

12. This report includes a detailed account of all anti-fraud activity during 2025/26. 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 the Councils robust approach to dealing with fraud committed against the public funds it administers. This includes reactive and proactive activity and the use of technology and current best practice to prevent fraud occurring.

14. The report indicates, in particular in the **Transparency Code Data** from **Section 58** below, high levels of fraud detected in year, this includes both frauds 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 good 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 2025/2026 Anti-Fraud Plan

The Plan

15. The Anti-Fraud Plan for 2025/2026 followed 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 63.**

18. **Appendix 1** is an extract of the SAFS Annual Report for 2025/26 to the Partnership Board.

19. Members will note this Committees role in ensuring that the Council meets its objectives to deter, prevent and pursue fraud.

Staffing & SAFS Performance

20. The SAFS Core Team (in April 2025) was composed of 23 accredited and trained counter fraud staff based at the County Council's offices in Stevenage.

21. Each SAFS Partner receives dedicated support and access to SAFS and for 2025/2026 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 included work on fraud-risk assessment, awareness and 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.

22. For 2025/2026 SAFS planned to provide **521** operational days (KPI target 95%) 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 was only able to deliver 419 (80%) of the agreed days. This under delivery was raised with Council officers in-year and mentioned in previous Audit Committee reports and the reasons for it have been explained.

23. 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 training, fraud risk assessment, investigations, intelligence, data-analytics, and investigation management.

Fraud Awareness and Prevention

24. A key objective is to maintain and develop the Councils existing anti-fraud culture. This is achieved by ensuring senior managers and elected members consider the risk of fraud when developing new 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 (asking for proof of ID or other evidence to support applications/claims) or actions that it has taken (prosecutions or investigations); encouraging all officers to report fraud where it is suspected.

25. The Councils published Anti-Fraud and Corruption Policy (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. A review of these policies has been undertaken in 2025/26 and new policies will be published in 2026.

26. 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.

27. Council officers 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.

28. SAFS delivered **11** training sessions via face-to-face and virtual means during 2025/2026 including general fraud awareness and ID Fraud. SAFS officers also delivered training for the senior leadership team on the Economic Crime and Corporate Transparency Act and the new offences of *Failing to Prevent Fraud,* and training on fraud risk assessment for grant funding from central government. Further training was provided on new Bank Accountant Verification schemes provided by National Anti-Fraud Service, and several team-based training sessions on the National Fraud Initiative were also provided.

29. 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

30. 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. Each ER includes a management action plan detailing recommendations and/or best practice to be adopted.

31. SAFS provided three separate ERs for the Council in 2025/26, two relating to procurement processes and the third for declarations of interest. Council officers accepted and implemented all recommendations. The report was shared with SIAS and may be followed up in the 2026/2027 Audit Plan to ensure the recommendations were all implemented.

Fraud Risk Assessments

32. Fraud Risk Assessment (FRA) constitutes a systematic evaluation of potential fraud risks within a council, designated service area, or particular scheme or process. SAFS worked with the provider for the Councils Warm Homes Grant in 2025 to develop a FRA for that project which was approved by MHCLG prior to the grant being released.

Fraud Alerts

32. SAFS issues regular Fraud Circulars across all the services provided by the Council. These two monthly updates equip officers with national and local intelligence to strengthen controls considering emerging and current fraud trends and threats. SAFS published five circulars in 2025/26 covering areas including a Guide to Identifying Fraudulent Documents, Mandate Fraud & CEO Impersonation, Email Spoofing, ‘Fraud-Free’ Christmas, and Understanding and Preventing Bribery.

33. Complimenting the Fraud Circulars are SAFS ‘real time’ fraud alerts. These reports are circulated as soon as a significant risk is identified. In 2025/26 SAFS circulated 31 real time threat alerts which included internal fraud, phishing fraud, welfare assistance fraud, polygamous working alerts, planning fraud and business rates fraud.

Case Study 1**: **Typical Fraud Alert issued by SAFS.

FRAUD ALERT

Counterfeit Blue Badge

03 July 2025

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 DISTRIBUTION WITHOUT CONSENT FROM SAFS

Incident Summary

A Blue Badge issued by the London Borough of Islington, which is flagged as Replaced (Damaged), has been cloned and used several times within Luton. It is believed that there are several counterfeit copies of this badge being used which presents a risk to all SAFS partner authorities.

Badge Reference: LHECNC

The fraud risk is not isolated to only this badge. Be vigilant to other counterfeit badges being used across the SAFS partnership.

Source: *SAFS*

SAFS Recommendations

- Raise Awareness - Circulate this alert to all relevant staff to heighten awareness of forged/counterfeit blue badges
- Detect - Enforcement officers should be vigilant and report any usage of this badge to SAFS immediately
- Report suspected incidents of fraud to SAFS and Action Fraud (following local policy and procedures)

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

Reactive and Proactive Fraud Investigations

35. During 2025/2026 SAFS received **147** 'referrals' (allegations) of fraud affecting council services (186 in 2024/25). The volume, types and sources of reports are comparable to other SAFS Partners based on data from those councils and are typical for stock-holding district council in England, but show a slight decline based on previous years. Reporting of suspected fraud by Council officers, and the public, 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 (*2024/25*):

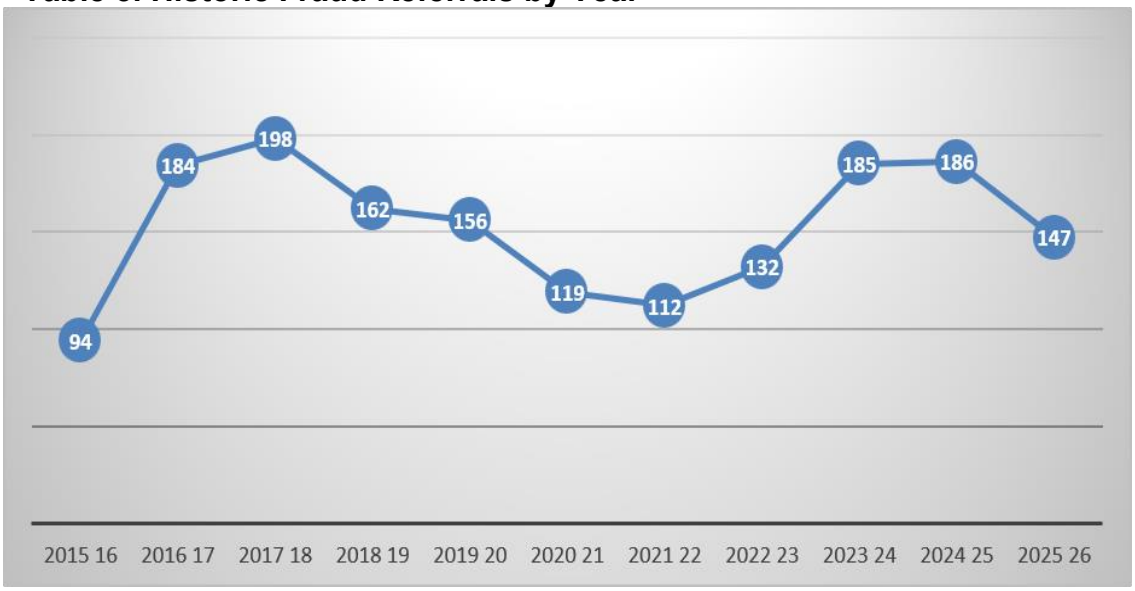
Blue Badge	Housing Benefit/CTax Fraud	Housing	Business Rates	Other	Total
11 (13)	50 (62)	73 (88)	2(2)	5 (21)	147 (186)

**Other includes Mandate & Payment (3)/ Payroll (1)/Procurement (1).*

Table 2. Who is reporting fraud (*2024/25*):

Staff	Public	Proactive	Other Agencies	Total
68 (111)	76 (66)	2 (9)	1 (0)	147 (186)

Table 3. Historic Fraud Referrals by Year



36. Reporting of suspected fraud has fluctuated over the last decade but has generally remained between 100 and 200 referrals each year. We have lower

reporting levels during the Covid pandemic, followed by an increase between 2022 and 2025, and we will continue to monitor these trends.

37. Reporting by officers in the shared Revenue and Benefit (R&B) Service and Housing Services has declined slightly since 2024/25, and we have introduced more awareness/training sessions for officers in Housing during 2026/27 and, if effective, we will replicate this in R&B.

38. 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, **82** allegations received in 2025/2026 were not selected for investigation.

Table 3. 'Failed' Referrals

Failed Sift	No Action Required	Referred to 3rd Party	SAFS Advice	Warning Letter	Total
45	17	1	15	4	82

- '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.

39. In addition to the referrals that did not require an investigation **31** council tax cases were resolved through compliance activity or review. This approach identified/prevented around **£53k** in council tax and housing benefit fraud.

40. 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 2025.

41. At this time many cases raised for investigation last year are still live. However, of the **24** cases investigated and closed in the year, **18** identified fraud - with total recoverable losses/savings, from these and other interventions, combined in excess of **£514k** reported. Council officers have been provided with a detailed breakdown of which services have been affected by fraud and the outcomes from individual investigations.

42. At year end of March 2026, **36** cases remained under investigation with a further potential fraud loss of **£765k** recorded. SAFS monitor these figures to identify trends, such as changing working practices, the cost-of-living crisis, and other national/local factors.

43. 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.

44. 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.

45. SAFS works across all areas of the housing directorate as 'housing fraud' is recognised as one of the Councils biggest risks financially, its impact on service delivery, and on those waiting for social housing. SAFS attend team and management meetings within Housing to discuss risks, awareness and fraud reporting.

Case Study 2: Social Housing Fraud

Category	National Average cost	Explanation
Add: Annual average temporary accommodation cost per family for individual councils	£12,100	Individual councils can establish their own local cost for this element. This can vary considerably, exceeding £20,000 pa in some areas. (The national average figure was derived from the parliamentary briefing paper *Households in temporary accommodation*, as at 31 March 2020.)
Deduct: Individual councils (only) can remove the annual average housing benefit associated with their temporary accommodation costs	Does not apply to the national calculation	Local councils receive housing benefit payments from central government in relation to temporary accommodation costs. These could be deducted from the national figure to reach a net local cost. However, since these benefit payments are from central government they must be part of the calculation of the true cost of tenancy fraud to the national public purse.
Subtotal	£12,100	
Subtotal above multiplied by 3	£36,300	Analysis of tenancy frauds detected by housing providers reveals three years to be a prudent average duration for one of these frauds. (Typical range 3.2 to 3.5 years.)
Add: Average investigation costs	£1,300	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample from other HA's and councils. Individual councils may choose to input their own data here.
Add: Average legal costs	£1,000	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample of other HA's and councils. Individual councils may choose to input their own data here.
Add: Average void costs	£3,140	Average cost derived from investigations by a housing provider; confirmed as prudent by a sample of other HA's and councils. Individual councils may choose to input their own data.
Total costs	£41,740	The average cost of a detected tenancy fraud to the national public purse – **approximated to £42,000.**

46. SAFS investigate all type of fraud affecting housing services including the illegal sub-letting of Council properties, false succession applications and fraudulent right to buy (RTB) applications. In 2025/2026 this work resulted in the recovery of **6** Council properties that were subject to misuse of fraud of some type, saving the Council as much as £250k using the formula in Case Study 3.

47. As part of work with Housing SAFS conducts a review of all RTB applications to the Council receives to identify/prevent fraud and money-laundering. SAFS reviewed 31 applications and were able to prevent 1 fraudulent application proceeding, the financial loss to the Council would have been in excess of £102k**.** SAFS also review all Succession applications received and dealt with 45 applications in year.

Case Study 3: Unlawful Abandonment

The Councils Housing Management Team submitted referral to SAFS regarding suspected tenancy abandonment, where a tenant indicated they had left country but failed to complete formal termination.

A number or enquiries conducted by the SAFS Intelligence Team Checks supported the allegation that the property was no longer occupied and that the tenant had left the UK sometime previously.

The property was secured based on the information provided by SAFS, the Keys were returned by a third party and there was no further contact from the tenant, raising concern the property had been vacated without proper notification.

The case was recorded as proven abandonment, enabling recovery of the property and its re-let to a family from the Councils housing register. The estimated financial value was £42,000, with a positive outcome of property recovery.

48. SAFS work with a number of 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.

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. In 2025/26 SAFS investigations identified more than **£21k** in fraud against national benefit schemes in the Stevenage area.

Case Study 4: Council Tax Fraud.

The case relates to Stevenage Resident who had claimed s Council Tax Reduction (CTR) and Housing Benefit (HB) for a number of years based on a low income with no savings.
A referral was received via the SAFS reporting page indicating that the resident held savings above the permitted threshold for a significant period without disclosure.
Initial checks conducted by SAFS including internal system reviews and CRA checks, did not identify additional accounts, but further intelligence work and financial analysis indicated that the claimant's capital likely exceeded the limit as early as 2019.

A request for bank statements was subsequently submitted to obtain full financial evidence and confirm the timeline of the undeclared capital.

The investigation confirmed that the resident had held significant capital in bank accounts whilst claiming to have no savings on their clams for benefit. A report was submitted to the councils Shared Revenue and Benefit Service detailing the findings from the SAFS review.

The outcome identified a total overpayment of £32,594.71, including Housing Benefit and CTRS over a period of several years.

Proactive Campaigns and Data Analytics

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). 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 and Internal Audit administer access to and reporting for those service areas that are required to provide a response.

52. The Council received **573** 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 and **122** matches with all of the high priority matches cleared. These reviews identified **2** errors/frauds, with reported loss/savings combined of **£6k**, 10 matches were under review at the year end.

Case Study 5: NFI Match Fraud

The referral concerns suspected Council Tax Reduction Scheme (CTRS) fraud involving undeclared income.

The allegation arose from an NFI data match indicating that the individual had been receiving income since 2023 which had not been declared, despite being in receipt of CTR support.

Intelligence checks, including HMRC employment records and partner enquiries, identified earnings from multiple sources and a significant increase in income (over £2,000 per month at points) that should have triggered a change of circumstances but was not reported.

Further investigation confirmed the allegation, with evidence supporting that income had been under-declared throughout the claim period.

A reassessment of entitlement was completed by the Councils Shared Revenue and Benefits Service, resulting in an overpayment of £1,704.93 in CTRS, along with a £140 civil penalty for failure to disclose material changes. The case was closed as proved, with financial recovery and sanction action implemented.

54. Working with the Cabinet Office, SAFS manages 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 2025/2026 this work identified **558** potential matches for review, from these **73** matches were fully reviewed with no fraud/error identified.

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. In 2025/2026 out of 16 reviews **3** discrepancies were identified but no data is available on the financial benefit to the Council of this work.

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/exemptions claimed by residents against their Council Tax liability. The Council made use of the Framework in 2025/26 and 724 discounts were found to be erroneous raising **£306k** in new council tax liability in-year.

57. The Council also used the Framework to review the 315 properties that were recorded as being long-term empty. The review identified 49 properties that were now occupied and, as well as the adjustment to Council Tax liability for these properties, potential revenue through the New Homes Bonus scheme of **£106k** was identified.

Transparency Code – Fraud Data

58. 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.

59. 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

60. The Code requires that Local Authorities publish the following data in relation to Fraud. The response for Stevenage Borough Council for 2025/2026 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.

3 FTE

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

3 FTE

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

£181,000 (SAFS fee) + NAFN/NFI/FraudHub license fees

- Total number of fraud cases investigated.

24 Fraud cases investigated and closed in year/ 31 council tax reviews/195 NFI-FHub matches closed/ 16 SBRR reviews/

61. 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**.**
18 Reactive/ 2 NFI/ 31 Compliance Review/ 3 SBRR/ 773 Council Tax discounts removed .

- Total monetary value of a) the fraud and b) the irregularity that was detected.
Reactive- £514k+ £53 from compliance reviews.
Proactive- £6k of fraud/error identified through NFI.
Council Tax Framework- £412k
Total - £985k of fraud and irregularity identified.

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

- ***Councillors Workbook on Bribery & Fraud Prevention*** *(LGA 2017)*
- ***Fighting Fraud and Corruption Locally - A Strategy for the 2020's*** *(CIPFA/CIFPA/LGA 2020)*
- ***National Anti-Fraud Network- Local Authority Counter Fraud Report 2025***

- ***Code of Practice - Managing the Risk of Fraud and Corruption*** *(CIPFA 2014)*
- ***Lost Homes, Lost Hope*** *(Fraud Advisory Panel 2023)*

63. SAFS KPIs for 2025/2026 and Performance

KPI	Measure	Objectives	Actual Performance
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 **AD Finance**, quarterly. B. **AD Finance** 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 521 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.	A. To the end of December 2025 SAFS had provided 419 days **(80%)** of those planned for the year. 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.	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 D. 10 Training events for staff/Members in year.	A. NAFN and PNLD licences. B. CFIAS/LBFIG/FAP/FFCL memberships C. NAFN and NFI training and awareness part of the SAFS Training Plan for 25/26. D. 11 training sessions delivered.
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. 6 Properties recovered, with a number pending recovery at the time of reporting, +1 RTB application stopped. 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

			commenced in Q3.

Key

Met/ Complete	**On Target**	**Part Met**	**Not Met**

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Stevenage Borough Council

Audit Committee

September 2026

Anti-Fraud Progress Report 2026/2027

Purpose

1. This progress report provides details of the work undertaken by the Shared Anti-Fraud Service (SAFS) and Council Officers to protect the Council against the threat of fraud and the delivery of the Council's Anti-Fraud Action Plan for 2026/27.

2. A final report covering the whole year will be provided to this Committee in the summer 2027 with detailed activity against the Anti-Fraud Plan.

Recommendations

Members are RECOMMENDED to:

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

The Anti-Fraud Plan

3. The Anti-Fraud Plan for the current financial year was approved by this Committee at its March 2026 meeting https://democracy.stevenage.gov.uk/ieListDocuments.aspx?CId=138&MId=5902&Ver=4
The Plan covers all areas recommended by CIPFA and the *Fighting Fraud and Corruption Locally Strategy for the 2020s*, and provides assurance that the council continues to benefit from a positive return on its investment in the SAFS Partnership.

2026/2027 Anti-Fraud Activity

4. The Council has in place Anti-Fraud, Bribery & Corruption Policies and these are kept under constant review to ensure compliance with current best practice and the impact of any changes required by legislation. All CF policies are due to be reviewed in the summer of 2026.

5. SAFS provides alerts about new and emerging fraud trends through its Board members and directly with officers working in all 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 July this year SAFS issued 15 urgent Fraud Alerts including / Mandate Fraud/ Election Fraud/ Impersonation/ Poly-Workers/ Blue Badge abuse. SAFS also provides quarterly Fraud Circulars that summarise new and emerging risks and provide officers with the latest guidance to assist with identification and prevention, the latest of these circulars was issued to all officers in June 2026.

7. A training plan to build on staff awareness and fraud reporting, along with a publicity campaign to inform the public and encourage fraud reporting has been developed with officers in HR and Comms teams. Four training sessions were delivered in Q1 with seven further sessions planned for Q2/Q3.

8. SAFS officers have been working with the Councils HR Team to design and deliver a new E-learning module, including guidance on fraud prevention, anti-bribery and anti-money laundering. This will also assist the Councils compliance with Economic Crime and Corporate Transparency Act 2023.

9. Across all partners SAFS provides Executive Reports (ER) to senior management and internal audit where investigations identify that fraud or attempted fraud occurred due to system/process weaknesses, SAFS also provides recommendations for management to consider the removal/reduction/mitigation of any ongoing fraud risk. No ERs have been issued so far this year.

Reactive Work

10. Between April and June 2026 39 allegations of fraud were received by the Council/SAFS affecting service areas such as housing, council tax, business rates- 20 of these matters were reported by Council staff. We are pleased to see an increase in reporting overall but in particular from staff in Q1.

11. SAFS currently have 32 cases under investigation, or at referral stage (9), with estimated losses of **£693k** recorded in this caseload. SAFS have closed 11 investigations with fraud identified on 10 occasions. Fraud losses of **£24k** have been reported, along with savings of around **£84k**. SAFS have also conducted compliance reviews of 3 alleged council tax frauds, identifying **£7k** in council tax liability.

12. One case was referred to the Councils legal team to consider prosecution in 2025 and this case remains open. These cases often involved high losses and will take time to resolve through the court process.

13. 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. One property was recovered and returned to stock in Q1 and one case is with the Councils legal team pending recovery.

14. As well as working with the Councils Housing services SAFS continues to work with registered housing providers, including Clarion/Settle/Peabody to investigate allegations of ‘tenancy-fraud’ committed against any of the social housing stock within the Councils boundaries.

Proactive Work

15. SAFS have reviewed 18 Right to Buy (RTB) applications and 5 Succession applications to ensure that there were no fraud or money laundering concerns with these. One RTB application has been cancelled following concerns about the source of the funding for the purchase.

16. SAFS and Council officers are working on training and awareness to ensure that all data required for submission as part of the Cabinet Office ‘National Fraud Initiative’ (NFI) 2026/27 is uploaded on time and meets the correct specification.

17. The Council is signed up to the Herts FraudHub for the current year. The FraudHub works in a similar fashion to the main NFI exercise with data being submitted along with the other SAFS partners to help identify fraud through data-analysis/matching. We plan to commence upload of data to the FraudHub shortly but only until Q3 when we will prioritise the main NFI exercise into Q3/Q4.

SAFS Performance

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

Key

Met/ Complete	On Target	Part Met	Not Met

KPI	Measure	Objectives	Performance to July 2026
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 S.151, quarterly. B. S.151 or deputy will attend the quarterly meeting of the SAFS Board.	A. Meetings are being arranged with the S.151 and other senior leaders to discuss delivery of the AF Plan and anything else relevant. B. The S.151 is a member of the SAFS Board and is invited to its quarterly meetings. SAFS meet with other service leads across the Council as and when required with a focus on the highest risk areas, and is part of the CGG
2	Provide an investigation service.	A. **Target to deliver at least 95% (478) of the funded 503 Days** agreed counter fraud activity including proactive and reactive investigations, data-analytics, staff training and fraud risk management. (Supported by SAFS Intel/Management). B. To deliver **3 Reports** to Audit & Governance Committee. (Report/Update/Plan)	A. To the end of June 2025 SAFS provided 135 days **(27%)** of those planned for the year. B. SAFS reports agreed for September/ November/ March Audit Committees as part of the Fwd Plan.
3	Action on reported fraud.	A. **95% referrals** into SAFS to be reviewed within **2 Days** of receipt, on Average. B. **100% urgent/high risk** referrals to be triaged through SAFS Management Team and details shared with S151 Officer.	A. In Q1 100% of referrals within 24 hours on average. B. All urgent/high risk matters are recorded in the SAFS Mgt Tracker for review.
4	Triage of referrals & Outcomes for cases investigated.	A. **100% of reported fraud** (referrals) will be logged by type & source on SAFS case management system (CMS). B. **100%** cases investigated will be recorded and the financial value, including loss/recovery/ savings of each will be reported to officers. C. Recover or secure **6-12 properties** belong to the Council that were subject to fraud/misuse.	A. All referrals and cases are logged on rhe SAFS CMS B. The management and outcomes of all cases are recorded on the SAFS CMS. C. The Council secured 1 property following SAFS investigations in Q1 and 1 more property awaits recovery via legal action.
5	Making better use of data to prevent/identify fraud.	A. Ensure upload of data for **NFI 2026/27** and the output from it is resolved as required by legislation. B. Ensure membership of the **Herts FraudHub** in 2026/27**.** C. That the **ROI** for the FraudHub exceeds it cost.	A. SAFS are working with officers across the Council to meet this requirement by the October deadline. B. The Council is signed up the FHub for 2026/27 C. Data-upload has commenced and we have matches to review.

6	Added value of SAFS membership.	A. Membership of **NAFN, PNLD & CIFAS** (via HCC) B. **10 Training events** for staff/Members in year. A. Identify financial Savings or fraud loss that exceeds the Councils contribution **(£188k)** towards SAFS for 2026/2027.	A. The Council is a member of NAFN and has access to PNLD and CIFAS via SAFS/HCC.. B. A Plan has been agreed with HR and Council officers for this year, with 4 sessions delivered in Q1 and 7 more planned for later in the year. C. Savings through prevention and fraud loss for recovery already exceed **£115k.**

Further Reading

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

I. ***Councillors Workbook on Bribery & Fraud Prevention*** *(LGA 2017)*
II. ***Fighting Fraud and Corruption Locally - A Strategy for the 2020's*** *(CIPFA/CIFPA/LGA 2020)*
III. ***National Anti-Fraud Network- Local Authority Counter Fraud Report 2025***
IV. ***Code of Practice - Managing the Risk of Fraud and Corruption*** *(CIPFA 2014)*
V. ***Lost Homes, Lost Hope*** *(Fraud Advisory Panel 2023)*

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SAFS ANNUAL REPORT 2025 - 26

SAFS
Shared Anti-Fraud Service
Fighting Fraud Together

Contents

Introduction

2026 marks the start of a new decade for the SAFS Partnership following 10 years of success. SAFS has grown from a concept in 2014 to an award-winning service supporting eight councils, over 20 clients, with a team 27 professional staff. This report highlights key achievements from the past 12 months. It does not capture the scale of daily operational work from training more than 10,000 staff, to reviewing fraud referrals, and maintaining the partnerships and frameworks that underpin SAFS.

During 2025/26, we saw very high volumes of referrals and increased fraud detection from our partnership approach. The continued investment in prevention, data analytics, and collaboration ensures SAFS remains at the forefront of managing fraud risk.

Our six core objectives remain central:
· Ensure effective anti-fraud arrangements
· Deliver financial benefits
· Develop the Hertfordshire FraudHub
· Expand into emerging fraud risks
· Grow third-party services
· Maintain our centre of excellence status

SAFS continues to be recognised as a leader in local government counter fraud, receiving awards in 2025 and 2026. We continue to work closely with the Public Sector Fraud Authority and Government Counter Fraud Profession, supporting professional development and contributing to the Local Authority Collective with our recognised learning environment. Investment in professional development was recognised this year through an award at Counter Fraud 2026.

Following the launch of commissioned services in 2024, income growth continued in 2025/26, exceeding all targets. New contracts have strengthened our reputation and resilience, enabling reinvestment across the team to benefit the SAFS Partners.

I remain incredibly proud of the team and my thanks go to the SAFS Board, our SAFS Partners, officers at Hertfordshire County Council, and our commercial partners for your continued support.

Here's to the next decade of SAFS – building on strong foundations and delivering real impact.

Nick Jennings
Head of Shared Anti-Fraud Service
2026

Level of Delivery 2025/26

The Service achieved or exceeded the majority of its KPI's in 2025/26.

Agree and deliver all partner Anti-Fraud Plans	All plans approved Reports provided to all partners
£7.5M savings across partners	£4.4M Reactive £5.7M Proactive
Ensure that SAFS fraud reporting platforms are available 95% of the time	Reporting into SAFS was available 100% throughout the year
2 days to respond to fraud referrals	Average response was 0.7 days
Deliver 95% of Chargeable days across all SAFS Partners (3534)	99% recorded Chargeable days (3700)
Fraudhub NFI 2024/2025 CTAX Framework	Fraudhub Contracts in place NFI 2024/2025 £5.5m CTAX Framework £2.3m
Generate an additional £225k of revenue	SAFS generated £249K of additional revenue
Promote SAFS as a Centre of Excellence	Attendance at national events Calls for assistance National Awards

Special Projects 2025/26

County -Wide Council Tax Framework	SAFS public-private partnership remains cost effective and benefits all parties, helping to identify fraud and error in all aspects of council tax liability. Achieving £2.3 new revenue.
Warmer Homes Grant Fraud Risk Assessment	SAFS produced the Fraud Risk Assessment for both private and social Warmer Homes Grants for WHBC. This was followed up with a bespoke grant fraud training session.
Cabinet Office Fraud Risk Accelerator	SAFS were the only Local Authority to take part in the private Beta test of the Cabinet Offices's Fraud Risk Accelerator and we've used this AI powered tool to assist with FRA's across the partnership.
National Land and Property Gazeteer	SAFS Intel team have access to NLPG for enhanced analysis and mapping data nationally.
Counter Fraud Profession & Apprenticeship	SAFS is recognised as a Learning Organisation with access to the Government Counter Fraud Profession. SAFS provides an accredited training environment with access to Counter Fraud Apprenticeships.

St Albans City & District Council
BB LIVING
Buckinghamshire Council
CLARION HOUSING
Hightown
COTSWOLD DISTRICT COUNCIL
Essex County Council
Safe Suffolk Renters
settle.
ENFIELD Council
LONDON BOROUGH OF HARROW
watford community housing
Peabody
Babergh Mid Suffolk Working Together
Harlow Council Working together for Harlow
Thrive Homes

SAFS Shared Anti-Fraud Service Fighting Fraud Together

Outcomes & Added Benefits

1871 allegations of fraud received

290 Right to Buy Applications reviewed to comply with Anti-Money Laundering

£660K caseload for our Financial Investigators

The Herts Advertiser

Couple get jail terms after defrauding Herts County Council

North Herts Council

Woman sentenced for housing fraud in North Herts

£143K Fraudhub Savings £5.5M NFI Savings

232 low risk council tax reviews identified £345K in new council tax revenue

19K National Fraud Initiative matches reviewed

153 Referrals shared to Law enforcement agencies

HERTFORDSHIRE COUNTY COUNCIL

17/03/2026 | Press release | Distributed by Public on 17/03/2026 13:28

Hertfordshire Shared Anti Fraud Service Takes Centre Stage At The Public Sector Counter Fraud Awards

76 face-to-face or virtual fraud awareness sessions delivered to more than 1000 staff

SAFS Shared Anti-Fraud Service Fighting Fraud Together

SAFS Board Members (2025/26)

The SAFS Board provides strategic direction and oversight for the partnership, bringing a wealth of local government and wider experience and insight to our operations.

Steven Pilsworth	Hertfordshire County Council	Director of Finance
Quentin Baker	Hertfordshire County Council	Director of Law and Governance
Matthew Bunyon	Hertsmere Borough Council	Assistant Director of Finance
Ian Couper	North Hertfordshire District Council	Service Director of Resources
Rebecca Keene	Borough of Broxbourne Council	Assistant Director of Resources
Sarah Marsh (Deputy)	Borough of Broxbourne Council	Head of Internal Audit
Brian Moldon	East Hertfordshire District Council	Director for Finance, Risk and Performance
Clare Fletcher	Stevenage Borough Council	Strategic Director
Atif Iqbal	Stevenage Borough Council	Director of Finance
Dev Gopal	Luton Borough Council	Director – Finance, Revenues and Benefits
Kanchan Vasisht (Deputy)	Luton Borough Council	Audit Manager
Richard Baker	Welwyn Hatfield Borough Council	Executive Director (Finance and Transformation)
Helen O'Keeffe (Deputy)	Welwyn Hatfield Borough Council	Assistant Director (Finance)
Georgina Barnard	Non Executive Board Member	

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Part I – Release to Press

Stevenage BOROUGH COUNCIL

Agenda item: ##

Meeting Audit Committee

Portfolio Area Information Governance – ICT Services

Date 16th September 2026

REGULATION OF INVESTIGATORY POWERS ACT ('RIPA') POLICY

NON-KEY DECISION

1 PURPOSE

1.1 To present the Council's revised RIPA Policy for review by the Committee and adoption by the Council, to ensure the Council as a public authority meets its obligations under The Regulation of Investigatory Powers Act 2000 ("RIPA).

2 RECOMMENDATIONS

2.1. That the content of the report be noted by Committee.

2.2. That the Committee recommends the updated RIPA Policy version be ratified by the Council.

3 BACKGROUND

3.1 RIPA regulates the use of certain surveillance powers by public authorities, including:

- Directed Surveillance (covert surveillance conducted as part of a specific investigation likely to result in obtaining private information about an individual)

- Use of Covert Human Intelligence Sources (CHIS), and
- Access to communications data (e.g. details of subscribers to telephone numbers or email accounts.

3.2 The Council is a rare user of these powers. However, it is important that it has sufficient oversight of its activities to ensure that any considered use is compliant with individuals' human rights and compliance with legislative provisions.

3.3 The Home Office publishes national Codes of Practice on the use of RIPA powers by public authorities. These help public authorities assess and understand whether and in what circumstances it is appropriate to use covert techniques. The codes also provide guidance on what procedures need to be followed in each case. The Council must have regard to the relevant Code of Practice whenever exercising powers covered by RIPA. The Investigatory Powers Commissioner (IPC) conducts regular inspections of all public authorities to ensure compliance with RIPA, and the Codes of Practice

3.4 External Inspections are carried out from time-to-time by the Investigatory Powers Commissioner's Office ('IPCO'), so it is important that all documentation is properly completed and (where relevant) authorised to confirm that any directed surveillance is carried out on a lawful basis. The last inspection was held earlier in April 2026. The Council will be due for a further review on or around 2029 dependent on the IPCO's inspection scheduling requirements.

3.5 The Council is required to have arrangements and a RIPA Policy in place. The current one was approved in 2023/24.

3.6 Members should note the Council last used its surveillance powers in 2021.

3.7 The Shared Anti-Fraud Service ('SAFs') that the Council is a member of, also utilise such powers and these are regulated through Hertfordshire County Council's processes.

3.8 In terms of Communications data, all such applications must be processed through the Nafn (National Anti-Fraud Network), who will consider the application prior to submitting this for approval to the Office for Communications Data Authorisations (OCDA). All applications must be approved before Communications Data is acquired. All applications submitted to NAFN will be overseen by the Council's Borough Solicitor who acts as the Council's single point of contact for such applications. This means there is an experienced person that ensures controls and checks on any applications that are considered by Stevenage Borough Council.

3.9 RIPA training has been provided to Council authorising officers this year with further officer training being arranged for 2026/27.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 From the Council's recent inspection, it was recommended the Council maintain awareness of its RIPA Policy amongst officers and elected members through annual review and ratification of the Policy by the Committee and the Council.

4.2 To help improve understanding of the required procedures for directed surveillance investigations that involve social media, the Policy has been reviewed and updated with sections on Social Media Activities and Council Services Investigation Scenarios. These sections provide practical examples of online and social media activities and investigations performed by officers that may require RIPA authorisation and is located under Appendix A of the Policy.

4.3 The Policy has also been updated with a section regarding the Authorisation of Criminal Conduct of Covert Human Intelligence Sources (CHIS) that informs officers that the Council is not designated to grant a Criminal Conduct Authorisation under RIPA and thus does not have the power to authorise criminal conduct of CHIS. Officers therefore must not task, direct or permit a CHIS to undertake conduct that is expected to be criminal, in accordance with legislation. Such legislative requirements makes it more important for the Council to have a Policy in place that ensures proper procedure is followed.

5 IMPLICATIONS

Financial Implications

5.1 There are no financial implications arising from this Report.

Legal Implications

5.2 The Regulation of Investigatory Powers Act 2000 ("RIPA") enables local authorities to carry out certain types of surveillance activity, as long as specified procedures are followed. The information obtained as a result of surveillance operations can be relied upon in court proceedings providing RIPA is complied with.

5.3 Full details of the RIPA requirements and compliance are set out in the Policy, with relevant documents and guidance document available to relevant officers via the staff intranet should they consider it necessary to use these powers.

Equalities and Diversity Implications

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

5.5 The contents of this report do not directly impact on equality, in that it is not making proposals that will have a direct impact on equality of access or outcomes for diverse groups.

BACKGROUND DOCUMENTS

BD1 Covert surveillance and property interference code of practice.

BD2 CHIS (Criminal Conduct) Act 2021

BD3 Extraction of Information from electronic devices: code of practice (publishing.service.gov.uk)

APPENDICES

A RIPA Policy

RIPA
(The Regulation of Investigatory Powers Act)

CHIS
(Covert Human Intelligence Sources)

COUNCIL POLICY AND GUIDANCE

1. Background

The Regulation of Investigatory Powers Act 2000 (RIPA) provides the legislative framework within which covert surveillance operations must be conducted in order to ensure that investigatory powers are used in accordance with human rights. The Act also regulates the use of confidential human intelligence sources.

The Investigatory Powers Act 2016 sets out the circumstances in which the Council can acquire and use “communications data”.

This guidance based on the Home Office Codes of Practice on covert surveillance, covert human intelligence sources and accessing communications data are intended as a practical reference guide for Council officers who may be involved in or are considering covert operations.

They are not intended to replace the Codes of Practice issued by the Home Office and officers involved in covert operations must familiarise themselves with the content of these Codes in order to ensure that they fully understand their responsibilities.

The Codes are available on the web site:
https://www.gov.uk/government/collections/ripa-codes

2. What is covert surveillance?

Covert surveillance is defined in the Act as any surveillance, which is carried out in a manner calculated to ensure that the persons subject to the surveillance are unaware that it is or may be taking place.

The Act goes on to define two different 'types' of covert surveillance:

a) Directed covert surveillance
b) Intrusive covert surveillance

Intrusive covert surveillance is carried out in relation to anything taking place on any residential premises or in any private vehicle and involves the presence of an individual on the premises or in the vehicle, or is carried out by means of a surveillance device.

The Council has no powers to undertake intrusive covert surveillance operations.

3. What is directed covert surveillance?

Directed covert surveillance is defined in the Act as surveillance, which is covert but not intrusive and is undertaken: for the purposes of a specific operation or investigation in such a manner that it is likely to result in the obtaining of private information about a person (whether or not they are the individual specifically identified for the purposes of the operation) otherwise than by way of an immediate response to events or circumstances the nature of which is such that it would not be reasonably practicable for an authorisation to be sought for carrying out surveillance

4. For what purposes can the Council conduct directed covert surveillance?

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010 specifies that the Council can only use directed covert surveillance for the purpose of preventing or detecting a criminal offence and it meets the conditions set out below:-

The conditions are that the criminal offence which is sought to be prevented or detected is punishable, whether on indictment or summary conviction, by a maximum term of at least six months' imprisonment, or would be an offence under sections;

a) s.146 of the Licensing Act 2003 (sale of alcohol to children);

b) s.147 of the Licensing Act 2003 (allowing the sale of alcohol to children);

c) s.147A of the Licensing Act 2003 (persistently selling alcohol to children);

d) s.7 of the Children and Young Persons Act 1933 (sale of tobacco, etc, to persons under 18)

If a directed covert surveillance operation does not fall within this purpose the Council may be acting unlawfully under the Human Rights Act. Where an officer is contemplating undertaking surveillance that does not appear to fall within this purpose and the new conditions as set out above they **must** take advice from the Borough Solicitor.

5. What falls within the definition of directed covert surveillance?

It is safest to assume that any operation that involves planned covert surveillance of a specific person or persons , of however short duration, falls within the definition of directed covert surveillance and will, therefore, be subject to authorisation under RIPA and the amending legislation.

In some circumstances, legitimate surveillance may fall outside RIPA controls. This will be where the surveillance does not relate to the core function of law enforcement, for example in the course of collecting private information for an employment issue. Nonetheless care needs to be taken and the principles behind RIPA should be respected. The Information Commissioner has issued guidance on workplace monitoring. See https://ico.org.uk/for-organisations/uk-gdpr-guidance-and-resources/employment-information/employment-practices-and-data-protection-monitoring-workers/

The consequence of not obtaining an authorisation will render the surveillance action unlawful under the Human Rights Act, and/or the evidence obtained inadmissible in any Court proceedings.

It is **the Council's requirement** that Council officers seek an authorisation where the surveillance is **likely** to interfere with a person's Article 8 (Human Rights Act) rights to privacy.

Obtaining an authorisation from the authorised officers and a Magistrate will ensure that the surveillance action is carried out in accordance with the law and is subject to stringent safeguards against abuse. Proper authorisation of surveillance should also ensure the admissibility of evidence under the common law, PACE (Section 78) and the Human Rights Act.

Use of overt (public) CCTV for any covert operation is regulated and governed by the Home Office, the Surveillance Commissioner and Information

Commissioner all of which publish detailed information on their websites which should be the source for the latest guidance and best practice.

6. What falls outside of directed covert surveillance?

Anything which constitutes an **immediate response,** e.g. a Council officer with regulatory responsibilities may by chance be present when an individual is potentially infringing the law and it is necessary to observe, follow, or engage in other surveillance tactics as an instant response to the situation to gather further information or evidence. Given the lack of preparation, surveillance in these circumstances is unlikely to be particularly covert.
Once this immediacy has passed, however, any further covert surveillance of the individual should be subject to RIPA authorisation and that of a Magistrate.

7. What is authorisation?

Authorisation is the process by which a directed covert surveillance operation is subject to proper consideration, recording and approval by the officer conducting the investigation and the senior officer authorised to approve it and then obtaining the approval of a Magistrate.
It ensures that all relevant factors have been thoroughly considered and checked. It is also the means by which, in the event of challenge, Council officers can demonstrate that covert surveillance was lawfully conducted and that it is was a fair and reasonable way to proceed, despite the possible intrusion of a person or person's privacy.

Forms in respect of authorisation can be downloaded from the Home Office Website https://www.gov.uk/government/collections/ripa-forms--2 .
Copies of the forms can also be obtained from the RIPA Co-ordinator by emailing dpa@stevenage.gov.uk.

The authorisation forms issued by the Home Office cover all of the necessary aspects. It is important that these forms are correctly and adequately completed for all directed covert surveillance operations.

There is one element of the written application that is of particular importance and is an integral part of a number of the questions contained in the standard application form:

Proportionality - this is a fundamental principle embodied in the Human Rights Act.

Officers must be able to demonstrate that a surveillance operation justifies the level of intrusion of privacy that may occur with regard to the target or targets of the surveillance or any other persons, ***i.e. that it is proportionate set against the outcome.*** We should not use a sledgehammer to crack a nut!

This must be adequately recorded in the application form. It is not enough to simply have a standard phrase saying that the surveillance is proportionate. The rationale for proceeding with covert surveillance needs to be written and explicit. Questions it might be useful to ask to help in framing responses to questions included in the application form are:

- What is the nature of the suspected or alleged offence/infringement?
- What, if any, are the alternatives to covert surveillance, i.e. could the information be reasonably obtained by other means?
- If there are other options why have these been rejected in favour of covert surveillance?
- What is the level of intrusion of privacy likely to be? Minimal? Average? Significant? Interference will not be justified if the means used to achieve the aim are excessive in the circumstances of the case. Further, any proposed interference with a person or people' private, home and family life (HRA Article 8 rights) should be carefully managed and must not be arbitrary or unfair.
- Is legally privileged, personal confidential information or confidential journalistic material likely to be acquired?
- Is the privacy of other persons not connected with the investigation likely to be effected and what steps can be taken to minimise or avoid this? (Collateral intrusion).
- What is the desired outcome?
- What is the anticipated benefit to the Council?

Proportionality in this context has nothing whatsoever to do with whether or not the possible benefit of a covert surveillance operation justifies the time and money expended by the Council.

Authorising Officers are required to further consider the proportionality of any proposed surveillance and may challenge assumptions or statements that do not appear to provide adequate justification.

In making an application, the case for the warrant or authorisation should be presented in a fair and balanced way. In particular, all reasonable efforts should be made to take account of information which support or weakens the case for the warrant or authorisation;

8. Who can authorise surveillance operations and how to complete an application?

The Protection of Freedoms Act 2012 amended the RIPA 2000 Act to make all Local Authority authorisations subject to judicial approval.

The Council has to have all its RIPA surveillance authorisations (that is, use of directed surveillance and covert human intelligence sources) **approved by a designated officer AND a magistrate** before they take effect.

The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010/521specifies the officers who can authorise RIPA applications.

Stevenage Borough Council designates the following officers for authorising RIPA applications: Strategic and Assistant Directors only (**See RIPA management structure at Appendix A)**

There are 4 key steps to making an RIPA application:

i. Apply to the Data Protection Team for a Unique reference number (URN) and to obtain a copy of the RIPA authorisation application form by emailing dpa@stevenage.gov.uk. The form can also be downloaded directly from the Home Office website at https://www.gov.uk/government/collections/ripa-forms--2
ii. Sumit application form to Authorising Officers for approval and signature via the RIPA Co-ordinator
iii. Contact the RIPA Co-ordinator & Borough Solicitor to apply to Magistrate for approval at Stevenage Magistrates Court: https://courttribunalfinder.service.gov.uk/courts/stevenage-magistrates-court

iv. The original signed authorisation and all supporting documents must be passed to the Data Protection Team for filing and recording at dpa@stevenage.gov.uk

9. What is the role of the Authorising Officer?

The Authorising Officer is the officer who takes responsibility for the instigation of the surveillance activity. It is therefore important that:

- The Authorising Officer has undertaken training in relation to their role as an authorising officer under RIPA; and
- The Authorising Officer exercises careful and independent judgment in deciding whether or not to authorise, giving a full statement of their reasons for authorisation. This is not a rubber-stamping exercise and the Authorising Officer may be called upon to defend their decision.

10. Special authorisation requirements for "sensitive" information

Where there is likelihood that legally privileged, personal confidential information or confidential journalistic material will be acquired as a result of a directed covert surveillance operation authorisation must be made by the Chief Executive (or Deputy) as the Senior Responsible Officer (SRO), (see RIPA management structure chart at Annex A below), and then by a Magistrate.

11. What is legally privileged information, private or confidential information or confidential journalistic material?

Definition of legal professional privilege, private information, confidential information and confidential journalistic material

Legal professional privilege

"legal professional privilege" means matters to which the following applies;

(1) communications between a professional legal adviser and-
(a) his client, or (b) any person representing his client,
which are made in connection with the giving of legal advice to the client.
(2) communications-

(a) between a professional legal adviser and his client or any person representing his client, or (b) between a professional legal adviser or his client or any such representative and any other person, which are made in connection with or in contemplation which are made in connection with or in contemplation of legal proceedings and for the purposes of such proceedings.
(3) items enclosed with or referred to in communications of the kind mentioned in (1) or (2) and made-
(a) in connection with the giving of legal advice, or
(b) in connection with or in contemplation of legal proceedings and for the purposes of such proceedings.

Exclusions -
(a) communications and items are not matters subject to legal privilege when they are in the possession of a person who is not entitled to possession of them, and
(b) communications and items held, or oral communications made, with the intention of furthering a criminal purpose are not matters subject to legal privilege.

Private information

“private information” means-

Any information relating to an individual’s private or family life, and should be taken generally to include any aspect of a person’s private or personal relationship with others including family and professional or business relationships

Confidential information

This covers: a) confidential personal information (b) confidential constituent information and (c) confidential journalistic material.

Where such material has been acquired and retained, the matter should be reported to the relevant Commissioner/ Inspector during their next inspection and the material be made available if requested.

Confidential personal information means:

Information held in confidence relating to the physical or mental health or spiritual counselling of a person (whether living or dead) who can be identified from it. Such information, which can include both oral and written communications, is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation. For example a consultation between a doctor and a patient.

Confidential constituent information means:

Information relating to communications between a Member of Parliament and a constituent in respect of constituency matters. Again, such information is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation.

Confidential journalistic material means:

Material acquired or created for the purposes of journalism and held subject to an undertaking to hold it in confidence, as well as communications resulting in information being acquired for the purposes of journalism and held subject to such an undertaking.

Where there is any doubt as to the handling and dissemination of confidential information, advice should be sought from Shared Legal Services before any further dissemination of the material takes place.

12. What is the duration of authorisations?

Authorisation for a directed covert surveillance operation will cease to have effect (unless renewed) at the end of a period of **3 months** beginning with the day on which it took effect.

Authorisation for a directed covert surveillance operation using a human intelligence source will cease to have effect (unless renewed) at the end of a period of **twelve months** beginning with the day on which it took effect. It is good practice to keep authorisations under regular review. Do not simply rely on the passage of time for expiry to take place.

13. How is an operation reviewed, renewed or cancelled?

All covert operations or investigations must be effectively assessed and regularly monitored by the officer conducting the operation and the authorising officer. The authorisation process should be viewed as a useful management tool to help officers to achieve this.

Reviews

Regular reviews of authorisations should be undertaken at least monthly to assess the need for surveillance to continue. Responsibility for assessing the appropriate review period rests with the authorising officer and this should be as frequently as considered necessary and practicable. All reviews should include a re-examination of the **necessity** and **proportionality** of the authorisation, and its impact; e.g. whether there is a greater level of collateral intrusion than anticipated.

There is clear guidance on reviews, renewals and cancellations in the Home Office Codes of Practice and officers should refer to the appropriate sections for further details. The standard review, renewal and cancellation forms issued by the Home Office cover all the necessary aspects with copies of all related forms available from the Data Protection Team. It is important that these forms are correctly and adequately completed.

Renewals

NB. All applications for renewals have be approved by a magistrate

In addition applications for renewal will record:

Whether this is the first renewal, if not, every occasion on which the authorisation has previously been renewed;

The reason why it is necessary to continue with the surveillance;
The content and value to the investigation or operation of the information so far obtained by the surveillance;

The results of regular reviews of the investigation or operation.

Cancellation

An authorising officer who granted or last renewed an authorisation **must** cancel it if he is satisfied that the directed surveillance no longer meets the criteria upon which it was originally authorised.

Even if an authorisation has reached its time limit and has ceased to have effect, it does not lapse and must still be formally cancelled.

14. What is a covert human intelligence source (CHIS)?

A person is a CHIS if:

They establish or maintain a personal or other relationship with a person for the covert purpose of facilitating the doing of anything falling within the two bullet points below;

- They covertly use such a relationship to obtain information or to provide access to information to another person; or

- They covertly disclose information obtained by the use of such a relationship or as a consequence of the existence of such a relationship

15. What is likely to fall within the definition of a CHIS for Council purposes?

The use of CHIS's by the Council is likely to be extremely rare. This type of source of information will be more commonly used by the Police, Security Service, Customs & Excise, other intelligence services etc. where it is normal practice to use agents, informants and officers working undercover.

The "use" of a source involves inducing, asking or assisting a person to engage in the conduct of a source or to obtain information by means of the conduct of such a source.

There are occasions, however, when the Council may use a CHIS to obtain information, e.g.

A CHIS may be used as a source to obtain information in respect of an investigation into housing or Council Tax benefit fraud; this may be a Council officer acting undercover.

A CHIS may be used as a source to obtain information in respect of an investigation into the loss of monies at Council premises where there are cashier activities; this may be a Council officer acting undercover.

This list is clearly not definitive. There is an element of judgement involved in determining when an individual taking some part in an investigation may be acting as a CHIS and the matter is not entirely black and white.

A member of the public volunteering a piece of information to the Council regarding something they have witnessed in their neighbourhood is not a CHIS. They are not passing information obtained as a result of a relationship which has been established or maintained for a covert purpose. However, if the Council asks them to use a relationship to gather further information, then they may need to be treated as a CHIS. An investigating officer conducting covert investigations on social media using a covert identity (i.e.an alias) may become a CHIS if s/he establish a relationship with the account user.

A duty of care to the individual should always be considered and a special caution exercised if the person could be at risk of reprisals if the information is acted on.

In all cases where consideration is given to use of a CHIS, please take advice from Legal Services.

16. Special requirements to observe when using a CHIS?

There are rules about the use of vulnerable adults or juveniles as sources and There are also special requirements with regard to the management, security and welfare of sources. For further details refer to the sections detailed above in the Home Office CHIS Code of Practice.

The same requirements of necessity and proportionality exist for the granting of these authorisations as are set out for directed surveillance.

Additionally, the authorising officer shall not grant an authorisation unless they believe that arrangements exist for the source's care which satisfies the following requirements:-

There will at all times be an officer with day to day responsibility for dealing with the source and the source's security and welfare;
There will be at all times an officer who will have general oversight of the use made of the source;
There will at all times be an officer with responsibility for maintaining a record of the information supplied by the source;
Records which disclose the identity of the source will not be available to persons except to the extent that there is a need for access to them to be made available;
All CHIS authorisations must contain or have attached a risk assessment.

Special safeguards apply to the use or conduct of juvenile sources (i.e. under 18 years of age). On no account can a child under 16 years of age be authorised to give information against his or her parents. Similar safeguards also apply to the use of vulnerable individuals as sources. (A vulnerable individual is a person who is or may be in need of community care services by reason of mental or other disability, age or illness and who is or may be unable to take care of himself or herself, or unable to protect himself or herself against significant harm or exploitation.)

Vulnerable or juvenile CHIS may only be authorised by Assistant Directors or whoever deputises in their absence. Further advice must be sought from Legal Services before using juveniles or vulnerable individuals as sources, to ensure that all necessary legal requirements are complied with.

There are also specific legal rules which must be followed in relation to the management of sources. Details are given in the relevant Home Office Code of Practice, and further advice can be obtained from Legal Services.

Criminal Conduct by a CHIS

A standard CHIS authorisation does not authorise criminal conduct. The Council is not designated to grant a criminal conduct authorisation under RIPA and therefore has no power to authorise, approve or encourage a CHIS to commit a criminal offence. Council officers must not task, direct or permit a CHIS to undertake conduct that is expected to be criminal.

If criminal conduct is proposed, requested, anticipated or occurs unexpectedly, the activity must be stopped where safe and practicable, and the RIPA Co-ordinator and Legal Services must be informed immediately so that appropriate advice, safeguarding, evidential and reporting action can be taken.

This reflects the Covert Human Intelligence Sources (Criminal Conduct) Act 2021 and the current **Revised CHIS Code of Practice**

17. Social Media Investigations

Some investigations that use the internet may meet the criteria of directed surveillance. Especially if a profile is built by processing data about a specific individual or group of individuals without their knowledge. There is a fine line between general observation, systematic observation and research and it is unwise to rely on a perception of a person's reasonable expectations or their ability to control their personal data.

The internet is deemed a surveillance device under RIPA, as surveillance is covert "if, and only if, it is conducted in a manner that is calculated to ensure that persons subject to the surveillance are unaware that it is or may be taking place.

Where information about an individual is placed on a publicly accessible database, for example the telephone directory or Companies House, which is commonly used and known to be accessible to all, they are unlikely to have any reasonable expectation of privacy over the monitoring by public authorities of that information. Individuals who post information on social media networks and other websites whose purpose is to communicate messages to a wide audience are also less likely to hold a reasonable expectation of privacy in relation to that information.

Simple reconnaissance of such sites (i.e. preliminary examination with a view to establishing whether the site or its contents are of interest) is unlikely to interfere

with a person's reasonably held expectation of privacy and therefore is not likely to require a directed surveillance authorisation. But where the Council is systematically collecting and recording information about a particular person or group, a directed surveillance authorisation should be considered.

If an officer strikes up a covert social media relationship for the purpose of an investigation, e.g. by becoming a "friend" on Facebook, they may be acting as a CHIS and this needs to be properly authorised in advance.

Officers using the internet for investigations should refer to paragraphs 3.10 - 3.17 of the Revised Surveillance Code of Practice for specific guidance on determining when RIPA authorisation is required. The Code of Practice can be found at: **Covert surveillance and property interference code of practice**. Officers should also refer to the Social Media Evidence Log Template, Social Media Activities and Council Services Investigation Scenarios under Appendix A, when using social media to obtain evidence.

For further advice on the use of social media and RIPA, please contact the Shared Legal Services team.

18. Accessing Communications Data

In accordance with Part 3 of The Investigatory Powers Act, 2016, local authorities can authorise **the acquisition and disclosure of 'communications data' provided that the acquisition of such data is necessary for the purpose of preventing or detecting crime or preventing disorder**; and proportionate to what is sought to be achieved by acquiring such data.

19. What is 'Communications data'?

Communications data is information relating to the use of a communications service e.g. postal service or telecommunications system. It is defined by Section 261 of the Act and falls into three main categories: **-**

Traffic data – where a communication was made from, to whom and when

Service data – use made of service e.g. Itemised telephone records

Subscriber data – information held or obtained by operator on person they provide a service to.

Local authorities are restricted to subscriber and service use data and only for the purpose of preventing or detecting crime or preventing disorder.

NB. Nothing permits the interception of the content of any communication

20. Who can authorise communication data applications?

Only the Head of the Shared Legal Services (Borough Solicitor or deputy) can apply for and authorise these applications and acts as the Councils' single point of contact (SPOC) for these applications.

The purpose and effect of the procedure is the same i.e. to ensure proper consideration is given to permitting such investigations and as before, final approval has to be given by a Magistrate.

Officers requiring communication data authorisation should consult the Borough Solicitor for advice and assistance.

21. Records, equipment and monitoring

A central record of all authorisations must be held. This register will be securely held by the RIPA Co-ordinator. Register information will be held for **a period of five (5) years**.

Officers should refer to the appropriate sections of the Codes of Practice detailed above for guidance on the maintenance and retention and destruction of authorisation records that are held in addition to the register.
Material obtained through directed or intrusive surveillance, or entry on, or interference with, property or wireless telegraphy, may be used as evidence in criminal proceedings. The admissibility of evidence is governed primarily by the common law, the Criminal Procedure and Investigations Act 1996, the Civil Procedure Rules, section 78 of the Police and Criminal Evidence Act 198470 and the Human Rights Act 1998.

Officers should be particularly mindful of the provisions of the Criminal Procedure and Investigation Act and the Code of Practice issued under it. This Code of Practice provides guidance on the recording, retention and disclosure of material acquired during the course of an investigation. The Code of Practice can be found at: Criminal Procedure and Investigations Act Code of Practice - GOV.UK (www.gov.uk)

Where the product of surveillance or property interference could be relevant to pending or future criminal or civil proceedings, it should be retained in accordance with established disclosure requirements. In the case of the law enforcement agencies, particular attention is drawn to the requirements of the code of practice issued under the Criminal Procedure and Investigations Act 1996, which requires that the investigator retain all material obtained in an investigation which may be relevant to the investigation.

22. Training

Due to the speciality of the training requirements for RIPA and CHIS investigations, external accredited specialist companies should be sourced to provide training to ensure officers, including authorising officers, receive the most up to date requirements, techniques and advice on best practice.

23. General Advice and Oversight

The RIPA Co-ordinator maintains the central register of authorisations and is available to advise generally on questions regarding surveillance, and guidance to senior officers in signing/review of applications. The RIPA Co-ordinator is the Head of IG who can be contacted by emailing dpa@stevenage.gov.uk

The RIPA Co-ordinator will provide assistance and guidance with the application to Magistrates and Court procedure and be responsible for liaison with the Investigatory Powers Commissioner's Office and the implementation of any recommendations.

24. Errors

Errors can have very significant consequences on an affected individual's rights. Proper application of the surveillance and CHIS provisions in the RIPA Codes and this Policy should reduce the scope for making errors. It is important that all staff involved in the RIPA process report any issues, so they can be assessed as to whether it constitutes an error which requires reporting.

There are two types of errors within the Codes which are: "relevant error" and "serious error".

(a) Relevant Error: An error must be reported if it is a 'relevant error'. A relevant error is any error by the Council in complying with any requirements that are imposed on it by any enactment which are subject to review by a Judicial Commissioner. This includes compliance by the Council with RIPA and the content of the Codes. Examples of relevant errors occurring would include circumstances where:

- Surveillance activity has taken place without lawful authorisation
- There has been a failure to adhere to the safeguards set out in the relevant statutory provisions and Chapter 9 of the Surveillance Codes relating to the safeguards of the material

All relevant errors made by the Council must be reported to the Investigatory Powers Commissioner by the Council as soon as reasonably practicable and a full report provided no later than ten working days. The report should include information on the cause of the error; the amount of surveillance conducted, and material obtained or disclosed; any unintended collateral intrusion; any analysis or action taken; whether any material has been retained or destroyed; and a summary of the steps taken to prevent recurrence.

(b) Serious Errors: The Investigatory Powers Commissioner must inform a person of any relevant error relating to that person if the Commissioner considers that the error is a serious error and that it is in the public interest for the person concerned to be informed of the error. The Commissioner may not decide that an error is a serious error unless they consider that the error has caused significant prejudice or harm to the person concerned. The fact that there has been a breach of a person's Convention rights (within the meaning of the HRA) is not sufficient by itself for an error to be a serious error.

25. Complaints

Any person who reasonably believes they have been adversely affected by surveillance activity by or on behalf of the Council may complain to the Council in accordance with the Council's Corporate Complaints Procedure.

Any person may also make a complaint to the official body, which is the Investigatory Powers Tribunal (IPT), about the Council using covert techniques against them. Details explaining how to make a complaint can be found on the IPT's website. The IPT has jurisdiction to investigate and determine complaints against the Council's use of RIPA powers, including those covered by this Policy.

Complaints to the IPT should be emailed to: info@ipt-uk.com or posted to: The Investigatory Powers Tribunal PO Box 33220 London SWIH 9ZQ

26. Legislation and other sources of information and guidance

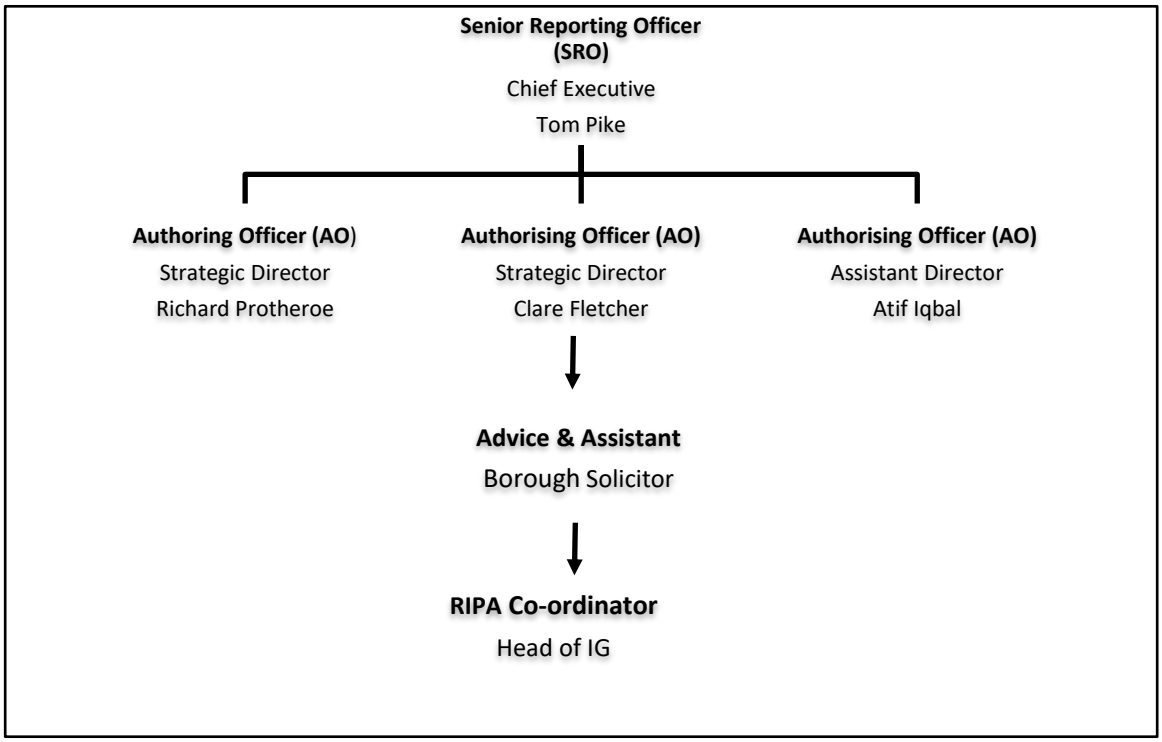
Legislation: http://www.legislation.gov.uk/ukpga/2000/23/contents

a) The Regulation of Investigatory Powers Act 2000 (RIPA);
b) The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) Order 2010, SI 2010/521 (the 2010 order);
c) The Regulation of Investigatory Powers (Directed Surveillance and Covert Human Intelligence Sources) (Amendment) Order 2012, SI 2012/1500 (the 2012 order);
d) The Protection of Freedoms Act 2012.
e) The Investigatory Powers Act 2016

The Home Office - https://www.gov.uk/search?q=ripa

Investigatory Powers Commissioner's Office - IPCO – Investigatory Powers Commissioner's Office

APPENDIX A RIPA MANAGEMENT STRUCTURE



RIPA PROCESS FLOWCHART

Directed Surveillance is considered necessary to assist an investigation

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Applicant officer must:

- Review **RIPA Policy document** to: Determine nature of surveillance & assess whether authorisation will be accordance with the law.
- Complete SBC RIPA Internal Authorisation Form & Judical Authorisation Form **(RIPA Forms)** available from the Data Protection Team.

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Completed RIPA Forms sent to RIPA Co-ordinator for:

Initial review

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Reviewed RIPA Forms sent to Authorising Officer (AO) for:

Council approval

↓

Approved RIPA Forms sent to Borough Solicitor for:

Final review

↓

Council approved and reviewed RIPA Forms lodged with Magistrates Court by applicant officer for:

Judical approval

↓

Judical approved RIPA Forms and all supporting documents sent to RIPA Co-ordinator to:

Retain file copy and update RIPA central register

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Applicant officer to liaise with RIPA Co-ordinator for:

Reviews /Cancellation/Renewal of Directed Surveillance and completion of required forms for sign-off by AO and filing by RIPA Co-ordinator

SOCIAL MEDIA - EVIDENCE LOG TEMPLATE

Investigating officers should use this log template to record all evidence obtained using social media to ensure the Council meets its RIPA Records and Product Management requirements, that covers the retention, review and destruction of any evidence obtained through use of covert powers.

Date Evidence obtained	Media platforms/ sites visited as part of the investigation (e.g. google maps, Meta, X, etc)	What evidence has been obtained?	Is obtained evidence considered necessary and proportionate to achieve objectives of the surveillance? Please provide reasons. (Where obtained evidence is not considered necessary to achieve objectives, it should be securely destroyed/disposed, otherwise evidence to be retained for 5 years from authorisation cancellation date.)	Is evidence to be retained or disposed? (Where evidence is retained, it should be held securely by applicant officer within the relevant service team for the required 5 year retention period. - Where evidence is to be disposed, please confirm method and date of disposal.)

SOCIAL MEDIA ACTIVITIES

Below are examples of online scenarios that may or may not require RIPA authorisations for officers to reference:

Scenarios generally unlikely to require RIPA authorisation	
Single check of openly available information	An officer views a trader's public business page once to confirm an advertised address, opening hours or price as an initial line of enquiry, records the relevant page and does not continue monitoring the person.
Information sent to the Council	A resident supplies a screenshot of a public post with a complaint; the officer assesses the material without covertly following or engaging with the account.
Routine corporate monitoring	The communications team reviews public mentions of the Council to respond to service enquiries or correct misinformation, with no specific investigation of an individual.
Immediate response	An officer sees a public live post indicating an event is occurring at that moment and makes a limited check where it would not be reasonably practicable to obtain authorisation first. Any continued or planned monitoring must then be reassessed promptly.
Overt online contact	An officer uses an official Council account, identifies the Council and the purpose of contact, and asks a business for information without concealing identity or building a relationship.
Search unrelated to private information	An officer checks a public company website, official register or marketplace listing for factual information about a product or premises, without monitoring a person's movements, associations, communications or pattern of life.

Scenarios likely to require consideration of directed surveillance authorisation	
Repeated monitoring of a named person	An officer repeatedly views and records a person's public posts over days or weeks to establish movements, routines, associates or trading activity for a specific investigation.
Systematic intelligence gathering	Staff search across several platforms, link profiles, capture posts and build a chronology or dossier about a person, household or group, even though individual posts are publicly accessible.
Monitoring after an initial check	A one-off public-page check reveals potentially relevant material and officers then plan recurring visits so that changes, new posts, locations or contacts can be tracked.
Viewing a semi-private account covertly	An officer gains access to content available only to approved followers, group members or subscribers and observes it without the subject knowing the Council's purpose.
Using location or event content to follow activity	Officers monitor check-ins, livestreams, stories, photographs or marketplace posts to identify when and where a person will be present, enabling further observation or enforcement activity.
Monitoring third parties	Officers repeatedly examine relatives', friends' or associates' accounts to obtain information about the subject. This may also create significant collateral intrusion into people who are not under investigation.

Scenarios that may involve a covert human intelligence source (CHIS)	
False or covert profile used to establish a relationship	An officer creates or uses a persona to befriend, follow, join or communicate with a subject so that information is obtained through an ongoing relationship concealed from that person.
Covert participation in a closed group	An officer joins a private online group under a disguised identity, participates in discussions and develops relationships to obtain intelligence.
Third party providing information through a relationship	The Council asks, directs or encourages a person to maintain or use a personal or online relationship covertly to obtain and report information about another person.
Repeated direct messaging under cover	An officer uses a disguised identity to exchange messages, gain trust, elicit information or arrange transactions. The activity may amount to CHIS conduct rather than directed surveillance alone.

When considering the above scenarios, officers are reminded to not create a false profile, send a friend or follow request, enter a closed group, direct another person to obtain information through a relationship, or begin repeated monitoring without first consulting the RIPA Co-ordinator and Legal Services.

Where a proposed activity may constitute directed surveillance or CHIS conduct, it must not begin until the appropriate internal authorisation and judicial approval have been obtained. If the activity does not require a RIPA authorisation, officers must still obtain advice on whether the proposed non-RIPA activity has another lawful basis and adequate safeguards.

COUNCIL SERVICES INVESTIGATION SCENARIOS

The following examples below are for officer guidance and reflective of council services that may use online or social media for investigations. “Inside RIPA” means that the proposed activity may amount to directed surveillance or CHIS conduct and must be referred to the RIPA Co-ordinator and Legal Services before it begins. “Outside RIPA” means the proposed activity may not amount to directed surveillance.

This however does not remove the need for officers to comply with other legislation and evidential and service-specific requirements.

Licensing

Investigation scenario	Likely position	Reason and action
Suspected unlicensed event. A public post advertises an event taking place that evening. An officer checks the time and venue once to support an immediate operational response.	May be outside RIPA as an immediate response	A genuinely immediate response may fall outside directed surveillance where prior authorisation is not reasonably practicable. Any later or continuing monitoring must be reassessed.
Closed online group. An officer uses a disguised profile to join a private promoters’ group, participates in discussions and gains trust to identify unlicensed events.	Potentially inside RIPA: CHIS	The officer is covertly establishing or maintaining relationships to obtain information. Do not proceed without prior specialist advice and the required authorisation and approval.

Environmental Health

Investigation scenario	Likely position	Reason and action
Illegal waste activity. A resident sends the Council screenshots of publicly visible posts offering unlawful waste collection. The officer assesses the screenshots but does not task the resident to obtain more information.	Usually outside RIPA	Receipt and assessment of unsolicited information is not normally covert surveillance by the Council. If the resident is directed to cultivate a relationship or gather further intelligence, CHIS issues may arise.
Fly-tipping. Officers deploy a concealed camera at a known site to identify who is repeatedly dumping waste.	Potentially inside RIPA: directed surveillance	Planned covert observation for a specific investigation may obtain private information. Seek advice before deployment and assess necessity, proportionality and collateral intrusion.

Planning

Investigation scenario	Likely position	Reason and action
Unlawful subletting. An officer checks a public short-term letting advert once to compare photographs and the stated address with Council records.	Usually outside RIPA	A one-off factual check is less likely to be directed surveillance. Repeated monitoring of occupants, visitors, movements or online activity may bring the investigation inside RIPA.
Monitoring occupants. Officers repeatedly watch a property from an unmarked vehicle and record who enters and leaves over several days to establish residence.	Potentially inside RIPA: directed surveillance	The activity is planned, covert and likely to reveal private information about the subject and third parties. Refer before surveillance starts.

Anti-Social Behaviour

Investigation scenario	Likely position	Reason and action
Neighbour reporting. A resident voluntarily provides diary entries and recordings already made for their own purposes; the Council does not direct when or how further material should be obtained.	Usually outside CHIS	A person acting as a public volunteer is not automatically a CHIS. If officers task or encourage the resident to use or maintain a relationship covertly to obtain information, seek CHIS advice.
Tasked neighbour. An officer asks a neighbour to befriend the subject, enter a private chat and report conversations back to the Council.	Potentially inside RIPA: CHIS	The Council may be directing a person to use a covert relationship to obtain information. Do not task the person before authorisation advice, risk assessment and safeguarding checks.

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