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AUDIT COMMITTEE

Date: Tuesday, 10 November 2026
Time: 6.00pm,
Location: Autun Room - Daneshill House, Danestrete
Contact: Gemma O'Donnell (01438) 242216
committees@stevenage.gov.uk

Members: Councillors: Forhad Chowdhury (Chair), Dermot Kehoe (Vice-Chair), 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 16 September 2026.
3 - 10

3. MID-YEAR ANNUAL GOVERNANCE STATEMENT UPDATE
To update the Audit Committee on progress made against the actions set out in the Council's Annual Governance Statement 2025/26, as reported to the Audit Committee at its meeting on 4 June 2026.
11 - 20

4. MID-YEAR TREASURY MANAGEMENT REVIEW 2026/27
To update Members on the Treasury Management activities in 2026/27 and review effectiveness of the 2026/27 Treasury Management and Investment Strategy including the 2026/27 prudential and treasury indicators.
21 - 44

5. SHARED INTERNAL AUDIT SERVICE UPDATE
To note the Shared Internal Audit Service update.
45 - 66

6. ANTI-FRAUD PROGRESS REPORT 2026/27
To consider 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 the current financial year.
67 - 72

7. URGENT PART 1 BUSINESS
To consider any Part 1 business accepted by the Chair as urgent.

8. 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.

9. Q2 CORPORATE RISK REPORT

To note the latest Strategic Risk Register update for Stevenage Borough Council.
73 - 116

10. URGENT PART II BUSINESS

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

Agenda Published 02/11/2026

STEVENAGE BOROUGH COUNCIL

AUDIT COMMITTEE
MINUTES

Date: Wednesday, 16 September 2026
Time: 6.00pm
Place: Council Chamber

Present: Councillors: Forhad Chowdhury (Chair), Jim Brown, Jeff Bullock, Coleen De Freitas, Sarah Mead, Liam Morrell Phillips, Graham Spencer and Peter Wilkins

Independent Member: Syed Uddin

Start / End Time: Start Time: 6.00pm
End Time: 8.00pm

1 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Dermot Kehoe and Leanne Brady.

Councillor Jim Brown was in attendance as a substitute.

It was noted that the Audit Committee's Independent Member, Syed Uddin, would be extended until 31 March 2028.

2 MINUTES OF PREVIOUS MEETING

The minutes of the Audit Committee held on 2 June 2026 were approved and signed by the Chair.

3 SHARED INTERNAL AUDIT SERVICE - PROGRESS REPORT

The Committee received the first progress report for the financial year on the Shared Internal Audit Service (SIAS), covering work undertaken between April and August 2026.

The report provided an update on completed and ongoing audit work and outstanding recommendations. It also provided an update on the assessment of the internal audit function and a minor amendment to the Audit Charter to clarify the Committee's oversight role.

It was noted that four audits had been finalised, all of which had provided a positive level of assurance, with further audits scheduled to commence during the year. The Committee discussed the outstanding internal audit recommendations, with particular attention given to the cybersecurity recommendations.

Members queried the lack of an update against a recommendation due in July 2026, noting the significance of cybersecurity risks. It was noted that further cybersecurity audit work was planned for Quarter 4, reflecting the rapidly changing nature of the risk. It was also suggested that the Committee would benefit from a further cybersecurity briefing from the Director of ICT, similar to the presentation provided to the Committee in November 2025.

Members also sought clarification on how overdue audit recommendations were monitored and how revised implementation dates were agreed. It was explained that Internal Audit tracked all medium and high-priority recommendations, while responsibility for implementation remained with the relevant managers, and were escalated to senior management where necessary.

Discussions took place regarding the audit findings relating to council garages and damp and mould. Members sought clarification on the assurance ratings and what action would be required to improve them. It was explained that addressing the recommendations and closing identified gaps in the control environment would be expected to improve the level of assurance following any subsequent audit work. Members welcomed the recommendations relating to damp and mould, particularly in light of the requirements under Awaab's Law, and emphasised the importance of ensuring that cases were progressed promptly.

Members also discussed missed appointments for housing-related works. Concerns were raised regarding the effectiveness of communication with tenants and the potential impact of missed appointments on the delivery and cost of services. It was noted that work was already underway to review missed appointments and improve communication with tenants, and that further discussion would take place outside the Committee.

Following the discussion, a further question was raised regarding whether the Council had any direct or indirect exposure to Palantir through its contracts and whether this presented any cybersecurity or data protection risks. It was agreed that this matter would be included within the next cybersecurity presentation to the Committee.

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

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

The Committee considered the revised Anti-Fraud and Corruption Policy Statement and Strategy, Anti-Money Laundering Policy and Fraud Sanctions Policy. It was explained that the three revised policies strengthened the Council's counter-fraud framework and had been updated to reflect current legislation, guidance, frameworks and local government best practice.

The revised Anti-Fraud and Corruption Strategy had been substantially expanded to provide clearer governance arrangements, responsibilities, fraud risk management

and reporting procedures, with wider coverage of bribery, corruption, money laundering, tax evasion and other economic crime.

The Committee was advised that the policies placed greater emphasis on fraud prevention and developing an organisational culture that reduced the risk of fraud occurring. It was noted the cash acceptance limit had been reduced from £3,000 to £1,000, reflecting the relatively low level of cash collected by the Council and practice elsewhere.

It was further noted that the three policies had been presented using a new corporate template to improve consistency and accessibility. Following consultation with stakeholders, flow charts had also been incorporated into each policy to clearly set out how and where suspected fraud, money laundering and related matters should be reported.

It was explained that where an actual financial loss had occurred, such as an incorrect Council Tax reduction, the precise amount could be established and recovery action taken. In tenancy fraud cases, the financial impact could include temporary accommodation costs, costs associated with putting a property back into use and the loss of an opportunity to re-let the property.

Members also queried cases where tenants had left family members living in Council properties. Officers clarified that where a tenant had moved elsewhere and left family members in the property without formally regularising the tenancy, this could constitute a breach of the tenancy.

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

5 **EXTERNAL AUDIT PLAN - AZETS**

The Committee received a presentation on the External Audit Plan for the year ended 31 March 2026. The auditors outlined the materiality thresholds, significant audit risks and Value for Money arrangements.

The Committee was also advised of the proposed audit fee for 2025/26 of £487,503, which included additional work required to rebuild assurance following the previous disclaimer opinions.

The Committee were also presented with the Build Back Assurance Plan, which set out the approach to rebuilding assurance over the previous four years alongside the 2025/26 audit and would be reported to the Committee quarterly, enabling progress and any slippage against the timetable to be monitored.

Members raised questions regarding the proposed timescale for rebuilding audit assurance, particularly whether the target of completing four years' outstanding work within nine months was achievable, and what assurances could be provided that the timetable would not slip further.

It was explained that the timetable had been agreed between the external auditors and the Council's Finance team, with both parties having committed the necessary

resources. The external auditors advised that the Council had been assessed as being towards the lower end of the risk spectrum, allowing a more targeted approach.

It was agreed that further updates would be provided to the Committee on any additional funding made available by MHCLG to support build-back costs when available.

Further questions were raised regarding the potential consequences if the timetable was not achieved. It was explained that there would be no immediate financial penalty, but delays could extend the period for which the Council received a disclaimer opinion and would postpone the return to a clean audit.

Questions were also raised regarding the transparency of the Build Back Plan and how the Committee would be able to understand which areas of work remained outstanding. It was confirmed that progress would be presented using a heat-map format, identifying work not yet undertaken, work in progress and completed work, with further detail and findings provided as the audit progressed.

Members sought clarification on the timetable in relation to other district councils and the forthcoming Local Government Reorganisation (LGR). It was explained that each council would have an individual timetable based on its risk profile and the approach of its external auditor. The auditors confirmed that the current timetable remained ambitious but was considered achievable, with the intention of returning the Council to a clean audit opinion by the proposed date.

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

6 **ANNUAL TREASURY MANAGEMENT REVIEW OF 2025/26 INCLUDING PRUDENTIAL INDICATORS**

The Committee received the Annual Treasury Management Review for 2025/26, which set out the Council's Treasury Management and Prudential Indicators for the year.

It was reported that the Council had operated within all approved Treasury and Prudential Indicators, complied with the relevant Treasury Management and Prudential Codes, and remained within its authorised borrowing limits.

It was explained that the rephasing of the capital programme from 2025/26 into the following financial year had reduced the Council's immediate borrowing requirement. This had enabled the Council to invest funds for a short period before they were required for the committed capital programme.

The Committee was advised that the Council had continued to use internal borrowing where this represented better value than external borrowing. The only new loan taken during the year had been £12 million for the Housing Revenue Account (HRA) to refinance an existing loan, in accordance with the HRA 40-year Business Plan.

In response to a question regarding whether the Council's financial performance could result in reduced Council Tax requirements, Officers clarified that the Council Tax for 2026/27 had already been set and that decisions regarding 2027/28 would form part of the future budget setting process.

The Committee also sought clarification on the Council's overall level of debt, which was approximately £266 million at the end of March 2026. Officers explained that the majority of this related to the approximately £200 million HRA borrowing undertaken in 2012 as part of the transfer of the Council's housing stock.

The HRA borrowing was managed through the HRA 40-year Business Plan, which provided for the borrowing to be repaid over the life of the plan. It was further explained that additional HRA borrowing was linked to the Council's housing regeneration and redevelopment programmes and was required to be supported by the HRA Business Plan and Medium-Term Financial Strategy.

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

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

The Committee received the Shared Anti-Fraud Service (SAFS) Year-End Report, which provided an overview of the work undertaken during 2025/26 to protect the Council against fraud, and to deliver the Council's Anti-Fraud Action Plan.

It was reported that the SAFS partnership comprised eight councils, and that the service worked with senior officers to deliver the agreed programme of Counter-Fraud activity.

Members were advised that work had continued to strengthen the Council's Anti-Fraud culture, including 11 training sessions covering areas such as identity fraud and fraud risk assessments. SAFS had also supported the review and development of the Council's anti-fraud policies and had issued five fraud alerts and 31 real-time threat alerts covering issues including internal fraud, planning fraud and business rates fraud.

It was reported that 31 Council Tax cases had been resolved through compliance activity, preventing approximately £53,000 in Council Tax and Housing Benefit fraud. Of the 24 cases investigated and closed, 18 had identified fraud, with total recoverable losses of approximately £514,000.

In response to a question regarding the cost of recovering the identified losses, SAFS explained that there was no additional fee for individual recoveries, as the service operated on an agreed annual flat fee. The partnership was jointly funded by its eight participating councils, with each Council's contribution determined according to its level of need. It was noted that Stevenage's contribution was higher than some other district councils due to the Council's housing stock generating additional Counter-Fraud activity.

The Committee also received an update on delivery of the Anti-Fraud Action Plan for

April to June 2026. It was reported that all key performance indicators were currently on target and that the plan covered fraud alerts, emerging trends, executive reports and delivery of the training programme.

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

8 **RIPA POLICY AND REPORT**

The Head of Information Governance introduced the report and advised that the Council's Regulation of Investigatory Powers (RIPA) policy had been reviewed following an inspection by the Investigatory Powers Commissioner's Office.

The revised policy addressed recommendations from the inspection and included updated guidance on social media investigations, directed surveillance and the use of covert human intelligence sources.

Practical scenarios had been included to help officers understand when surveillance powers could be used and to provide greater clarity and confidence in applying the procedures.

It was noted that the Council had last used its surveillance powers in 2021, but that appropriate procedures and authorisation arrangements needed to remain in place.

Members thanked officers for the practical scenarios included within the revised RIPA policy, noting that these provided a clearer understanding of when the Council's surveillance powers could appropriately be used. Particular reference was made to the potential application of the powers in circumstances involving the protection of children from harm.

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

9 **URGENT PART 1 BUSINESS**

There was no Urgent Part I report.

10 **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.

11 **PART II MINUTES - AUDIT MARCH & JUNE 2026**

The minutes of the Audit Committee held on 24 March and 2 June 2026 were approved and signed by the Chair.

12 **Q1 CORPORATE RISK REPORT**

The Committee considered the Quarter 1 update on the Strategic Risk Register.

The Corporate Performance and Improvement Officer presented the report.

Members asked several questions that were answered by Officers.

13 **URGENT PART II BUSINESS**

There was no Urgent Part II Business.

CHAIR

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Part I – Release to Press

Agenda item: ##

Meeting	Audit Committee
Portfolio Area	All Portfolio Areas
Date	10 November 2026

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

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

1 PURPOSE

1.1 To update the Audit Committee on progress made against the actions set out in the Council's Annual Governance Statement 2025/26, as reported to the Audit Committee at its meeting on 4 June 2026.

2 RECOMMENDATIONS

2.1 That Members of the Audit Committee note the progress to date of the actions identified in the Annual Governance Statement 2025/26, as outlined in Appendix 1.

3 BACKGROUND

3.1 In accordance with the CIPFA / Solace 'Delivering Good Governance in Local Government' 2016 Framework and Guidance, the Council is required to publish an Annual Governance Statement (AGS).

3.2 The AGS is a statutory document that outlines the systems and processes in place to ensure the Council operates effectively and in accordance with good governance principles. It is produced annually following a comprehensive

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

3.3 To ensure appropriate oversight of progress against these actions, the Council is committed to monitoring their implementation through the next annual review. As part of this commitment, the Corporate Governance Group (CGG) monitors progress at each of its quarterly meetings and a mid-year progress update is provided to the Audit Committee.

3.4 Appendix A outlines the year-to-date progress of the governance improvement actions included in the 2025/26 AGS. The full year position will be reported to Audit Committee in June 2027.

3.5 In addition to monitoring progress against the actions arising from the AGS, the Corporate Governance Group plays a broader role in overseeing and supporting the Council's governance arrangements. This includes matters such as monitoring compliance with the principles set out in the CIPFA Delivering Good Governance in Local Government Framework, oversight of key developments in strategic risk, and consideration of the outcomes of service-level assurance statements.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

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

5 IMPLICATIONS

Financial Implications

5.1 There are no direct financial implications arising from this report.

Legal Implications

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

Risk Implications

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

BACKGROUND DOCUMENTS

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

BD1 Stevenage Borough Council AGS 2025-26 (subject to audit)

BD2 CIPFA / Solace 'Delivering Good Governance in Local Government' 2016 Framework and Guidance

APPENDICES

A Appendix 1: AGS 2025-26 Action Updates

Appendix 1:

Action	Owner	Target date	Update
<u>Identification of 2027/28 onwards HRA savings</u> To ensure that the Council has sufficient resources to fund the HRA Business Plan, the following activity is planned: • Identify savings required as part of the 2027/28 budget setting process. • Ensure robust budget monitoring and all costs are accurately forecast and profiled in year, providing budget monitoring reports to Cabinet.	Director of Housing and Neighbourhoods, Director of Building Safety, Director of Land, Development and Neighbourhood Regeneration	January 2027	Following a recent review of the Medium Term Financial Strategy, work is underway to identify the comprehensive savings required to maintain the long-term sustainability of the HRA. Budget monitoring arrangements continue to provide oversight of financial performance and emerging pressures. Significant challenges remain, particularly in relation to inflationary pressures and the cost of high-rise remediation works. A report on the high-rise remediation options is due to go to Cabinet in November and Council in December and a full review of the HRA Business Plan is planned during 2027/28 to ensure assumptions remain robust and opportunities for further savings and efficiencies are identified.

Action	Owner	Target date	Update
<u>Financial assurance build-back</u> Work with the Council's external auditor to implement a structured programme of audit assurance build-back activity, focusing on high-risk balances and areas where assurance has previously been limited. This will include agreeing and delivering a comprehensive build-back plan, setting out priority areas and sequencing of work to progressively restore assurance. The aim is to re-establish a position where the Council is able to achieve unmodified audit opinions ahead of Local Government Reorganisation vesting, supporting robust financial governance as part of transition.	Director of Finance	Plan to be agreed Q2 2026/27	A detailed build-back plan has been agreed with the Council's external auditor to restore financial assurance following the period of disclaimed audit opinions. Delivery of the plan is underway, with assurance rebuilding work being undertaken alongside the annual audit process. The current timetable anticipates progression to a modified audit opinion in 2026/27 and an unmodified opinion by 2027/28, subject to successful completion of the agreed programme of work. This timetable is supported by the auditor's assessment of the Council's starting position, which was towards the lower end of the risk scale for rebuilding assurance. Progress reports will be presented to the Audit Committee to enable ongoing monitoring of delivery against the plan.

Action	Owner	Target date	Update
<u>Awaab's Law</u> There may be the need for further governance improvement activity once government guidance is known.	Director of Building Safety	Ongoing (timing of phase 2 is not currently known) Note: As per the update, it has now been confirmed that the new requirements will come into force on 30 November 2026).	This action was originally included as a placeholder pending publication of further Government guidance. The detail of Phase 2 of Awaab's Law has now been published and implementation work is underway ahead of the new requirements coming into force on 30 November 2026. The focus of this action now shifts to ensuring adequate assurance and monitoring arrangements are in place to support compliance with Phase 2 requirements, including Hazard Team and Customer Services preparedness and the required screening, triage and case management arrangements.

Action	Owner	Target date	Update
<u>Council-owned Companies</u> Implement and operate the Companies Oversight Board as part of the Council's wider governance and assurance framework, including consistent quarterly reporting, review of risks and mitigations, and clear escalation and intervention arrangements where issues arise.	S151 Officer	Arrangements to be put in place for April 2026 and then to operate quarterly through 2026/27	The Companies Oversight Board has been implemented and is operating as part of the Council's wider governance and assurance framework. Quarterly reporting arrangements have been established to support oversight of company performance, key risks and mitigating actions, with clear escalation and intervention arrangements where concerns arise. This process also reports into Cabinet. These arrangements have strengthened the Council's governance and oversight of its company interests. However, Council-owned companies remains a feature of the Council's strategic risk register, reflecting the ongoing financial and operational challenges within the wider external environment.

Action	Owner	Target date	Update
<u>IT Resilience</u> In agreement with other Hertfordshire local authorities, the Cyber Assessment Framework (CAF) will provide the baseline standard that councils will work towards in preparing for Local Government Reorganisation. During 2026/27, the Council will align its IT resilience improvement activity to CAF requirements, embedding this baseline within its wider IT governance, risk and assurance arrangements. Progress will be reported to the ICT Partnership Board and ICT Joint Committee.	Director of IT	March 2027	The Council recognises the Cyber Assessment Framework (CAF) as the target baseline for cyber resilience and a programme of work has been initiated to deliver the NCSC 10 Steps to Cyber Security, which underpin many of the core CAF principles. A formal CAF assessment is planned for early next year to establish the Council's current maturity position and inform a prioritised improvement roadmap. Progress will be managed through the ICT governance framework and reported regularly to the ICT Partnership Board and ICT Joint Committee.
<u>Workforce Engagement and Change readiness in the context of Local Government Reorganisation</u> Implement and maintain proactive communication and engagement arrangements to support workforce understanding of the Local Government Reorganisation process and its likely impacts, so that staff remain informed, supported and engaged during the transition period. Governance arrangements will support escalation of workforce risks and capacity issues where required.	Service Lead for Local Government Reform and Head of HR	Throughout 2026/27	LGR has been temporarily paused by Government. The Government has announced that Hertfordshire's implementation date is likely to be 1 April 2029, although the unitary configuration is not yet known. Work is continuing on the devolution workstream in the meantime, specifically towards the development of a Mayoral Strategic Authority, as announced in the October 2026 Budget.

Action	Owner	Target date	Update
<u>Contracts and asset readiness for unitarisation</u> Undertake proactive review and management of the Council's contracts register to ensure it is complete, accurate and suitable to support unitarisation, including preparation for Section 24 requirements and contract novation, with appropriate oversight to ensure decision-making remains lawful during the transition.	Director of Finance	Throughout 2026/27	LGR has been temporarily paused by Government as identified above.
<u>Preparation for the aggregation of all services into new unitary authorities</u> Implement and maintain governance and assurance arrangements to support the Council's engagement in the Hertfordshire-wide local government reorganisation programme, ensuring service design for the new unitary authorities is person centred and prevention led in line with the design principles documented within the Hertfordshire LGR submission.	All service leads	Throughout 2026/27	LGR has been temporarily paused by Government as identified above.

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Part I
Release to Press

AUDIT COMMITTEE/ CABINET / COUNCIL

Portfolio Area: Resources and Performance

Date: **10 November 2026 /**
19 November 2026 /
16 December 2026

MID YEAR TREASURY MANAGEMENT REVIEW 2026/27 AND PRUDENTIAL INDICATORS

NON-KEY DECISION

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

1 PURPOSE

1.1 To update Members on the Treasury Management activities in 2026/27 and review effectiveness of the 2026/27 Treasury Management and Investment Strategy including the 2026/27 prudential and treasury indicators.

2 RECOMMENDATIONS

2.1 Audit Committee

That subject to any comments by the Audit Committee to the Cabinet, the 2026/27 Mid-Year Treasury Management Review, revised Minimum Revenue Provision Policy and Prudential indicators report is recommended to Council for approval.

2.2 Cabinet

That subject to any comments made by the Cabinet, in addition to those made by the Audit Committee, the 2026/27 Mid-Year Treasury Management Review, revised Minimum Revenue Provision Policy and Prudential indicators report is recommended to Council for approval.

2.3 **Council**

That subject to any comments from the Audit Committee and the Cabinet, 2026/27 Mid-Year Treasury Management Review, revised Minimum Revenue Provision Policy and Prudential indicators report be approved by Council.

3 BACKGROUND

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

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

Accordingly, treasury management is defined as:

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

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

a. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.

b. Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.

c. Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report, (stewardship report), covering activities during the previous year.

d. Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

e. Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council, the delegated body is the Audit committee.

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

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

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

3.1.5 CIPFA has undertaken consultation on the Prudential Code for Capital Finance and Treasury Management (closed August 2026). At this stage, the outcomes are not yet known. Officers will provide an update on any material developments/changes in due course.

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

a. An economic update for the first half of the 2026/27 financial year.
b. A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
c. The Council's capital expenditure, as set out in the Capital Strategy, and prudential indicators.
d. A review of the Council's investment portfolio for 2026/27.
e. A review of the Council's borrowing strategy for 2026/27.
f. A review of compliance with Treasury and Prudential Limits for 2026/27.

3.2 Economics and interest rates

3.2.1 Economics update.

3.2.2 The first half of 2026/27 saw:

a. Continued resilience in the face of the ongoing energy shock, with real GDP up 0.4% month/month in July, following on from GDP of 0.5% quarter/quarter (1.4% year/year) for the quarter ending 30 June 2026.
b. CPI inflation stuck at 2.8% in May, but is now ticking upwards, standing at 3.5% in September and forecast to rise to 4.3% by January 2027.
c. The Bank of England (BOE) left interest rates unchanged at 3.75% although it intimated in its September meeting that rates will be hiked in November or December if a resolution to the conflict in the Middle East is not forthcoming before then.

d. The 10-year gilt yield fluctuated between 5.43% and 4.69%, ending September at 5.43%.

3.2.3 Looking ahead on the economy, the economy's prolonged resilience is unlikely to last as the drag from rising energy prices (the January energy cap is projected to increase by circa 20%) and borrowing costs will be felt before long.

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

3.2.5 **Interest Rate Forecasts**

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

3.2.7 The latest forecast (MUFG 23 October) sets out a view that short, medium, and long-dated interest rates will reduce gradually over the next year or two, as the Bank of England continues to prioritise controlling inflation.

3.2.8 More details of the Economic outlook from the Councils treasury advisors can be found in Appendix C

Chart 1

Interest Rate Forecasts								
Bank Rate	**Dec-26**	**Mar-27**	**Jun-27**	**Sep-27**	**Dec-27**	**Mar-28**	**Jun-28**	**Sep-28**
MUFG CM	4.00%	4.00%	4.00%	3.75%	3.50%	3.25%	3.25%	3.25%
Cap Econ	4.00%	4.25%	4.25%	4.25%	4.00%	3.75%	3.75%	3.50%
5Y PWLB RATE								
MUFG CM	5.60%	5.60%	5.30%	5.10%	4.70%	4.50%	4.50%	4.40%
Cap Econ	5.20%	5.10%	4.90%	4.80%	4.60%	4.60%	4.60%	4.60%
10Y PWLB RATE								
MUFG CM	6.00%	5.90%	5.60%	5.40%	5.00%	4.80%	4.80%	4.70%
Cap Econ	5.80%	5.70%	5.60%	5.40%	5.30%	5.30%	5.30%	5.30%
25Y PWLB RATE								
MUFG CM	6.50%	6.40%	6.10%	5.90%	5.60%	5.30%	5.30%	5.30%
Cap Econ	6.30%	6.20%	6.00%	5.90%	5.80%	5.80%	5.80%	5.80%
50Y PWLB RATE								
MUFG CM	6.10%	6.10%	5.80%	5.50%	5.30%	5.10%	5.00%	5.00%
Cap Econ	6.00%	5.80%	5.70%	5.60%	5.40%	5.40%	5.40%	5.40%

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

4 Treasury Management Strategy Statement and Annual Investment Strategy Update

4.1.1 The Treasury Management Strategy Statement (TMSS) was approved by Council on 25 February 2026.

4.1.2 Members are asked to approve revisions to the Council's MRP Policy for 2026/27, as set out in Appendix B. These amendments clarify and strengthen the Council's compliance with the revised framework relating to capital loans to third parties and the treatment of capital receipts financing.

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

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

4.2.1 This part of the report is structured to update:

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

4.2.2 Prudential Indicator for Capital Expenditure and changes to Financing

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

Table 1 Capital Expenditure and Financing

	Original Capital Strategy (Council February 2026) £'000	Revised Capital Strategy Q2 £'000	*Movement*[1] £'000
Capital Expenditure:			
General Fund Capital Expenditure	47,461	48,925	1,464
HRA Capital Expenditure	75,634	65,723	(9,911)
Total Capital Expenditure	123,095	114,648	(8,447)
Financed by:			
Capital Receipts	(19,548)	(18,630)	918
Capital Grants /Contributions	(41,180)	(47,446)	(6,492)
Capital Reserves	(338)	(591)	(253)
Revenue contributions & Reserves	(3,290)	(4,314)	(1,709)
Major Repairs Reserve	(13,630)	(13,894)	(264)
Total Financing	(77,985)	(84,875)	(7,800)
Borrowing requirement	45,110	29,773	(15,337)

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

4.2.4 The General Fund net reduction of £1.5 Million includes:

a. Re-phasing of £5 Million of 2025/26 budgets into 2026/27 across all services.

b. Re-phasing of £(4) Million capital budgets in from 2026/27 into future years.

c. Addition of fully funded (Grants / CIL) budgets £765K.

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

4.2.5 The HRA net reduction of £10 Million is mainly due to re-phasing of the Housing Development budgets into future years.

4.2.6 Reduced borrowing requirement of £15 Million is a result of expenditure slippage into future years combined with additional grants and contributions replacing borrowing to fund projects.

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

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

Prudential Indicator – Capital Financing Requirement

The Council is on target to be within 6% of the original forecast CFR.

Prudential Indicator - the Operational Boundary for external debt.

The Treasury Team is on target to be within the original limit for external borrowing. No revision to the limit is proposed.

Table 2 £000	**2026/27 Original Estimate Council February 2026**	**2026/27 Revised Estimate Mid-Year**
Prudential Indicator – Capital Financing Requirement CFR)		
CFR – non housing	66,748	65,110
CFR – housing	310,634	288,673
Total CFR (includes internal borrowing)	**377,382**	**353,783**
Net movement in CFR		**(23,599)**
Prudential Indicator – the Operational Boundary for external debt		
Borrowing	368,728	368,728
Other long-term liabilities[2]	15,654	15,654
Total debt (year-end position)	**384,382**	**384,382**
Net movement in OB		**(0)**

[2] Finance leases

4.4 Limits to Borrowing Activity

4.4.1 The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. **Gross external borrowing** should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2026/27 and next two financial years.

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

Table 3 Authorised limits for external debt	Operational Boundary £'000	Authorised Limit £'000	Actual External Debt 30/09/2026 £'000
General Fund	71,747	78,747	25,019
HRA	312,634	323,634	281,611
Total Debt	**384,381**	**402,381**	**306,630**
CFR (projected year-end position)			**353,783**
Gross external debt less than CFR			**Yes**

4.4.3 A temporary breach of the operational boundary is permissible for short term cash flow purposes however a breach of the authorised limit would require a report to Council. There have been no breaches of either limit in the period for 2026/27.

4.5 Borrowing

4.5.1 The Council's capital financing requirement (CFR) for 2026/27 is forecast to be £354Million. The CFR denotes the Council's underlying need to borrow for capital purposes. If the CFR is positive the Council may borrow from the PWLB or the market (external borrowing), or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions.

4.5.2 Table three shows the Council has forecast borrowings of £306Million and is expected to utilise £57Million of cash flow funds in lieu of borrowing (Forecast CFR less total forecast debt effectively internal borrowing). This is a prudent and cost-effective approach in the current economic climate but will require ongoing monitoring in the event that any upside risk to gilt yields prevails.

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

4.5.4 No additional external borrowing has been taken out as at 30 September 2026.

4.5.5 It is anticipated that borrowing will be undertaken during the financial year in line with financing in table 1 above, this includes external and internal borrowing.

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

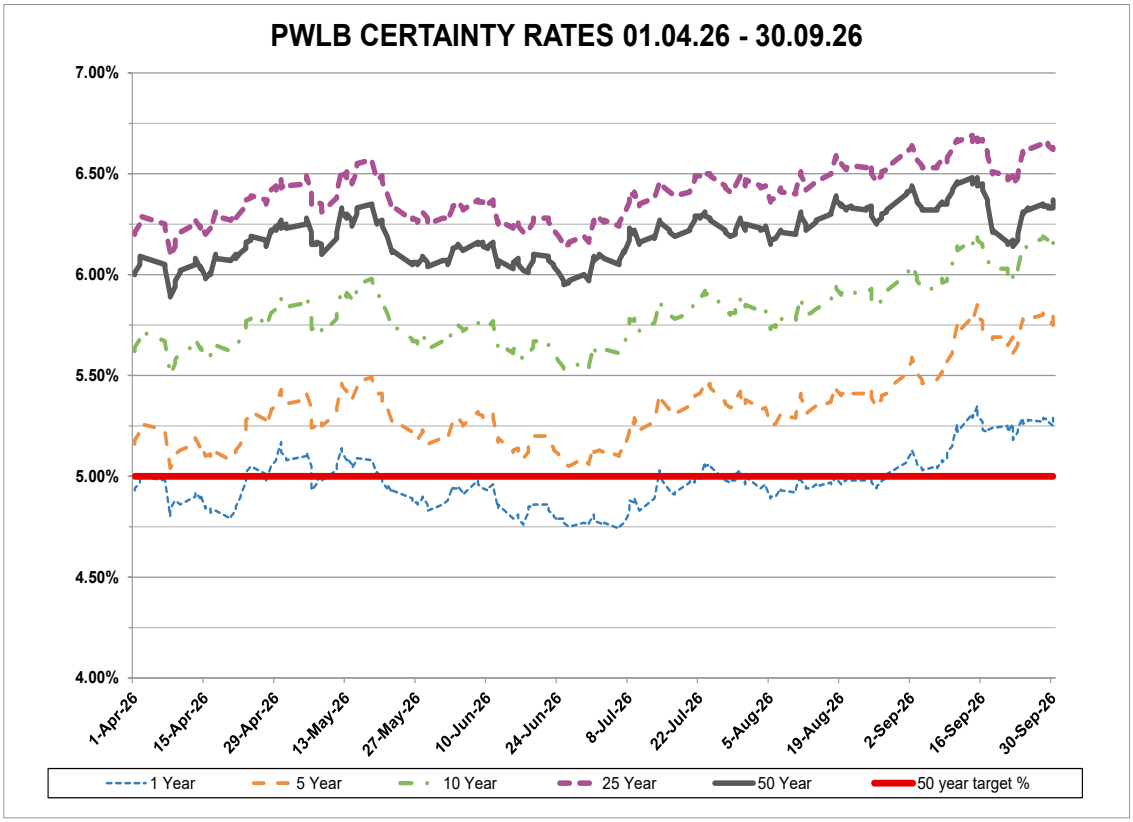
4.5.7 Gilt yields and PWLB certainty rates have remained relatively volatile throughout the six months under review, but the general trend has been for medium and longer dated parts of the curve to shift higher on the back of inflation concerns and a pessimistic outlook for fiscal aspects, both domestically and internationally

4.5.8 At this juncture, MUFG Corporate Markets forecasts rates to fall back over the next one to three years as inflation dampens, but in the near-term there are upside risks should the second-round effects of inflation, primarily from energy price shocks emanating in the Middle East, become embedded. That scenario could lead to wage increases becoming more challenging from an inflation-management perspective, resulting in monetary policy tightening further than currently forecast (one increase in Bank Rate of 0.25% in either November or December 2026).

4.5.9 Conversely, a swift resolution to the conflict in the Middle East could see energy prices fall back swiftly and, therein, an easing in inflation concerns and monetary policy, respectively. Currently, the CPI measure of inflation is expected to hit a high of 4.3% in early 2027 before falling back towards the 2% target rate by 2028.

4.5.10 The Chart below shows the volatility of the PWLB borrowing rates from April 2026 to September 2026.

Chart 2



4.6 Compliance with Treasury and Prudential Limits

4.6.1 It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the half year ended 30 September 2026 the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement for 2026/27. The Chief Finance Officer reports that no difficulties are envisaged for the current or future years in complying with these indicators.

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

4.7 Annual Investment Strategy

4.7.1 The Treasury Management Strategy Statement (TMSS) for 2026/27, which includes the Annual Investment Strategy, was approved by the Council on 25 February 2026. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:

- Security of capital
- Liquidity
- Yield

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

financial institutions, using the MUFG Corporate Markets suggested creditworthiness approach, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information.

4.7.3 There were no breaches to this policy in the year to 30 September 2026 with the investment activity conforming to the approved strategy. The Council had no liquidity difficulties, and no funds have been placed with the Debt Management Office (DMO), demonstrating that counterparty limits and availability for placing funds approved in the TM Strategy were working effectively. It is possible that surplus funds that may be borrowed during 2026/27 will be placed in the DMO temporarily, if PWLB borrowing rates are advantageous and cash balances due to timing of taking out new loans would breach other counterparty limits.

Creditworthiness

4.7.4 The UK's sovereign rating has proven robust through the first half of 2026/27. The Government is expected to outline in detail its fiscal proposals in the Budget scheduled for 28 November 2026.

Investment Counterparty criteria

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

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

4.7.7 No counterparty amendments to the TMSS are proposed at this stage.

4.8 **Investment performance year to date as of 30 September 2026**

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

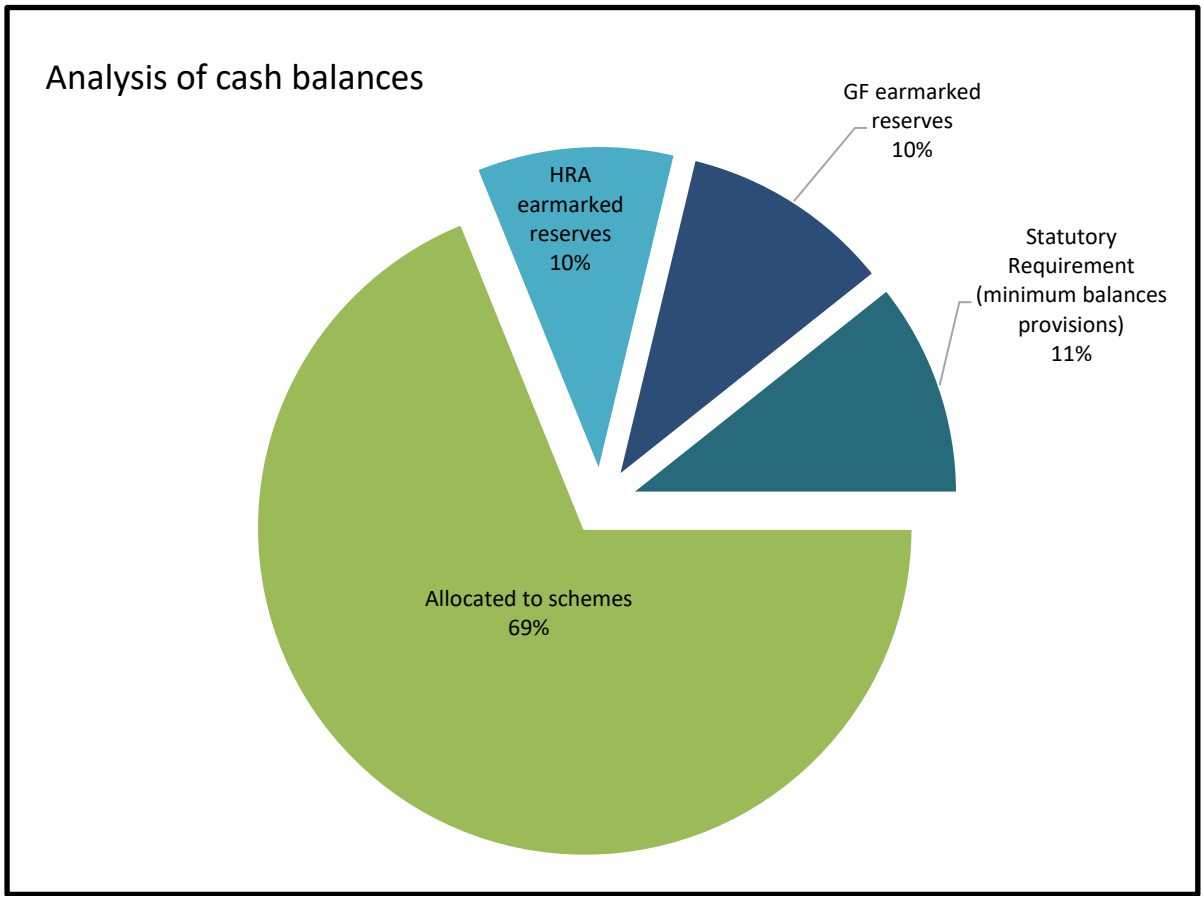
4.8.2 The average level of funds available for investment purposes during the first half of the financial year was £75Million, earning an average interest rate of 4.28%. Interest earned to 30 September 2026 was £1.6Million. Projected investment balances at 31 March 2027 are currently £41Million and forecast external interest receivable from investments is currently £2.8Million against a working budget of £2.8Million.

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

4.8.4 In considering the Council's level of cash balances, Members should note that the General Fund MTFS and Capital Strategy have a planned use of resources over a minimum of five years and the HRA Business Plan (HRA BP) a planned use of resources over a thirty-year period, which means, while not committed in the current year; they are required in future years.

4.8.5 The following chart shows the planned use of cash balances held as at 30 September 2026.

Chart 5



4.8.6 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 £65Million as at 30 September 2026 is not available for new expenditure.

5 IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is of a financial nature and reviews the treasury management function for 2026/27 to date. 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.

5.3 Risk Implications

5.3.1 The current policy of minimising external borrowing only remains financially viable while cash balances are high and the differentials between investment income and borrowing rates remain. As these conditions change the Council may need to take borrowing at higher rates which would increase revenue costs.

5.3.2 The Council's Treasury Management Strategy is based on limits for counterparties to reduce risk of investing with only a small number of institutions.

5.3.3 The thresholds and time limits set for investments in the Strategy are based on the relative ratings of investment vehicles and counter parties. These are designed to take into account the relative risk of investments and also to preclude certain grades of investments and counterparties to prevent loss of income to the Council.

5.3.4 There is a risk to the HRA's ability to fund the approved thirty-year spending plans if interest rates rise above budgeted rates. Mitigation has been incorporated within the revised HRA Business Plan and HRA MTFS, including maintaining higher reserve levels and the continued use of internal borrowing where appropriate.

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

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

Part I
Release to Press

BACKGROUND PAPERS

- BD1 Annual Treasury Management Strategy including Prudential Code Indicators 2026/27 (Council 25 February 2026)
- BD2 Quarter 1 Revenue and Capital Monitoring Report 2026/27 – General Fund and HRA (Cabinet 10 September 2026)
- BD3 Quarter 2 Revenue and Capital Monitoring Report 2026/27 – General Fund and HRA (Cabinet 19 November 2026)

APPENDICES

- Appendix A Investment Portfolio
- Appendix B Minimum Revenue Provision Policy
- Appendix C Economics Update (MUFG)

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Investment Portfolio 30 September 2026					Appendix A	
Institution	**Instrument Type**	**Start**	**Maturity**	**Yield**	**Principal**	
Landesbank Hessen Thuringen Girozentrale-Frankfurt	Fixed Term Deposit	20-May-26	20-Apr-27	4.38%	5,000,000	Banks
Harlow Council	Fixed Term Deposit	24-Sep-26	24-Nov-26	4.85%	2,000,000	LA
Manchester City Council	Fixed Term Deposit	01-Jun-26	27-May-27	4.65%	5,000,000	LA
Bristol City Council	Fixed Term Deposit	01-Jul-26	01-Oct-26	4.15%	5,000,000	LA
Aberdeen City Council	Fixed Term Deposit	14-Aug-26	26-Feb-27	4.25%	5,000,000	LA
ANZ Bank	Fixed Term Deposit	20-May-26	20-Apr-27	4.54%	10,000,000	Banks
Cornwall Council	Fixed Term Deposit	26-Jun-26	14-Dec-26	4.20%	5,000,000	LA
Lancashire County Council	Fixed Term Deposit	24-Mar-26	23-Mar-27	4.50%	5,000,000	LA
Landesbank	Fixed Term Deposit	27-Mar-26	25-Mar-27	4.55%	3,000,000	Banks
GOLDMAN SACHS INTERNATIONAL BANK - LONDON	Fixed Term Deposit	16-Jul-26	18-Jan-27	4.22%	5,000,000	Banks
Cambridgeshire County Council	Fixed Term Deposit	30-Jul-26	29-Jul-27	4.65%	5,000,000	LA
					55,000,000	
MMF Aberdeen	Money Market Fund				1,100,000	MMFs
MMF CCLA	Money Market Fund				100,000	MMFs
MMF JP Morgan	Money Market Fund				8,500,000	MMFs
MMF Morgan Stanley	Money Market Fund				100,000	MMFs
MMF HSBC	Money Market Fund				97,000	Banks
					9,897,000	
Total					**64,897,000**	
					23,097,000	Banks
					32,000,000	LA
					9,800,000	MMFs
					64,897,000	

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Appendix B (November 2026 Update)

Minimum Revenue Provision Policy

Minimum Revenue Provision Policy Statement 2026/27

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

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

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

voluntary MRP made	
	Regeneration
2012/13	£46,929.65
2013/14	£140,788.95
2014/15	£163,165.30
2015/16	£141,355.30
2016/17	£141,355.30
2017/18	£141,355.30
2018/19	£141,355.30
2019/20	£141,355.30
cumulative total	**£1,057,660.39**

Use of overpayment	
	Regeneration
2020/21	£193,703.12
2021/22	£193,703.12
2022/23	£193,703.12
2023/24	£193,703.12
2024/25	£193,703.12
2025/26	£89,144.79
cumulative total	**£1,057,660.39**

Capital expenditure financed by borrowing in 2026/27 will not be subject to an MRP charge until 2027/28, or in the financial year following the one which the asset first becomes available for use.

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

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

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

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

Capital Loans

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

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

For capital loans which are classed as **commercial** then the Authority will provide MRP over a maximum of the useful life of the assets purchased by the third party. MRP will commence in accordance with the Regulations where MRP is required.

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

Capital receipts received from the non-commercial and commercial loan repayments in the financial year will be used to reduce the debt liability i.e. the capital receipts will be used in lieu of MRP to reduce the CFR. This applied only to where receipts are used to repay the principal of amounts borrowed to finance the same loan.

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

For capital loans to third parties granted on or after 7 May 2024 - Where those loans are subject to an expected or actual credit loss, then the MRP charge will be at least the amount of the recognised credit loss for the financial year, after adjusting for any previous MRP or capital receipts applied to the loan. Capital receipts received in respect of that loan during the financial year will not reduce the element of MRP required for an expected or actual credit loss.

The Council will as part of the annual MRP assessment, for each capital loan individually to determine:

- if the loan is capital
- loan purpose and whether it is commercial or non-commercial
- determine what MRP treatment to apply
- how any repayment receipts have been used
- statutory basis is MRP is not charged
- evidence the basis for the conclusions drawn

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

Credit losses – the Council will assess annually, all capital loans for expected or actual credit losses recognised in accordance with proper practices and will document how any identified loss has been reflected in the MRP calculation.

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

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

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

MRP Overpayments - under the MRP guidance, charges made in excess of the statutory MRP can be made and are known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

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- The first half of 2026/27 (April to September) saw:

- Continued resilience in the face of the ongoing energy shock, with real GDP up 0.4% m/m in July, following on from GDP of 0.5% q/q (1.4% y/y) for the quarter ending 30 June 2026.

- The 3myy rate of average earnings growth excluding bonuses remained stable throughout the period under review, initially stagnating at 3.4% in April and more latterly holding steady at 3.5% in July.

- CPI inflation stuck at 2.8% in May, but is now ticking upwards, standing at 3.1% in August and forecast to rise to 4.3% by January 2027.

- The Bank of England left interest rates unchanged at 3.75% although it intimated in its September meeting that rates will be hiked in November or December if a resolution to the conflict in the Middle East is not forthcoming before then.

- The 10-year gilt yield fluctuated between 5.43% and 4.69%, ending September at 5.43%.

- The economy has continued to surprise to the upside, with real GDP growth of 0.6% q/q for the period January to March, followed by a resilient 0.5% q/q rise through to the end of June. That has been followed by another strong monthly increase of 0.4% m/m in July. That marked the biggest rise since the Middle East conflict started and suggests the resilience of the economy in the first half of the year continued into the early stages of the second half. That rise in July was broad-based with services output up by 0.4% m/m, industrial production 0.2% m/m higher and construction output rising by 0.1% m/m. The Office for National Statistics also noted that businesses reported stronger activity related to AI and cloud computing.

- If real GDP were flat in both August and September, a further healthy rise of 0.6% q/q is anticipated. However, the economy's prolonged resilience is unlikely to last as the drag from rising energy prices (the January energy cap is projected to increase by c20%) and borrowing costs will be felt before long.

- The fall in the composite Purchasing Manager Index (PMI) from 49.7 in May to a 14-month low of 49.4 in June was entirely driven by services activity. Indeed, the services activity PMI fell from 49.3 to a 41-month low of 48.7 due to rising costs and political uncertainty weighing on consumer confidence. That weakness was partly offset by a rise in the manufacturing output for a third consecutive month but that was due to fears of shortages causing businesses to build stocks. Overall, the composite PMI suggested the strong start to the year would be followed by tepid growth at best.

- By September, the composite PMI stood at 52.0. While this was still indicative of expanding activity, it was weaker than August's 52.5 and the lowest level in three months, suggesting the latest leap in energy prices and the prospect of another tax-raising Autumn Budget are weighing on activity. Within the composite report, employment contracted (i.e., a reading below 50) for the twenty-fourth consecutive month while higher fuel and payroll costs contributed to the sharpest rise in prices charged since May. The services PMI fell from 52.5 to 52.1, reportedly due to subdued domestic economic conditions and ongoing geopolitical uncertainty. Meanwhile, weak consumer demand constrained production, bringing the manufacturing output subcomponent balance down from 52.1 to a six-month low of 51.5. The press release also noted that weaker consumer demand was partly offset by AI investment and greater defence spending.

- Retail sales volumes were up in every major category except "other stores" and fuel in August, leaving the headline figure up 0.5% m/m. That fully reversed the 0.5% m/m decline in July and left the level of retail sales 2.4% higher than last August. Even if retail sales volumes were flat in September, volumes for the quarter as a whole would still rise by 0.5% q/q, higher than the 0.2% q/q rise in the previous quarter. August's figure suggests that other factors are offsetting the drag on real incomes from higher energy prices and borrowing costs, or that households remain able and willing to reduce their saving rate to sustain recent spending growth. That said, with inflation yet to peak, the biggest drag on households' real income has yet to come.

- The public finances have been challenged for several months now. Public sector net borrowing of £23.3bn in May was above the Office for Budget Responsibility's (OBR's) forecast of £17.7bn and £5.4bn above the corresponding figure last year. The weak performance in May was mainly due to the strength of government spending, as the rise in Retail Prices Index inflation in March meant debt interest payments were £4.1bn higher than in May 2025, £3.3bn higher than the OBR anticipated in March and the highest in any May on record. Tax receipts of £85.5bn were also below OBR predictions.

- More recently, public sector net borrowing of £18.3 billion in August was once again higher than the OBR's forecast of £14.8 billion. It also marked the second highest August borrowing figure since records began in 1993. At £12.4 billion, current borrowing (i.e., excluding investments) which is important for the Chancellor's fiscal mandate, was also above the OBR's forecast of £10.4 billion. Higher central government tax receipts were not enough to offset the effect of higher government spending. Central government expenditure overshot the OBR's forecast by £2.3 billion, partly due to higher inflation pushing up debt interest payments and government spending on public services.

- Regarding employment, the latest PAYE employment figure for August saw a 26,000 fall, leaving employment 95,000 lower than before the start of the Iran War in February and 0.5% lower than a year ago. The number of job vacancies continued to fall, edging down from 706,000 in the three months to July to 702,000 in the three months to August. While alternative measures of employment show a slightly stronger picture, the unemployment rate stayed at 4.9% in July for the fourth consecutive month.

- That recent further weakening of the labour market continues to weigh on pay growth. The 3myy growth rate of average earnings including bonuses eased from 4.2% in June to 3.9% in July entirely off the back of a slowdown in private sector bonus growth. By contrast, a jump in public sector bonus growth meant that total public sector pay growth rose from 6.2% to 6.6%. The timelier HMRC median PAYE measure of pay tells a similar story, with the 3myy growth rate falling from 4.5% in July to a seven-month low of 4.1% in August. That points to a further fall in average earnings growth from 3.9% to around 3.6%.

- The knock-on impact from surging energy prices is now being felt, pushing CPI inflation up from 2.9% in July to 3.1% in August. That increase was entirely due to the 6.9% m/m rise in fuel prices, which lifted annual fuel inflation from 15.3% to 23.0%. Even so, higher energy costs do not yet seem to be boosting other items of the CPI just yet. For example, food and drink inflation stayed at 1.3%. That said, the combination of the current levels of energy prices, with brent crude still around $100pb, and the eventual "first-round" effect of businesses passing on some of their higher energy costs will likely result in CPI inflation rising to around 3.6% in September and to a peak of about 4.3% in January based on forecasts from Capital Economics.

- Regarding Bank Rate, the Bank of England will want to steer clear of allegations of taking too long to act as inflation picks up, and in September intimated that despite a 6-3 vote against increasing Bank Rate to 4%, four of the majority who voted for no change are minded to vote for a rate hike in November or December if the conflict in the Middle East remains unresolved.

- April through to September brought more volatility for the gilt market. For example, after ending March at 4.92%, the 10-year Gilt shot up to 5.18% in mid-May, its highest level since 2008. Its movement since has reflected sentiment in the Middle East, falling back to 4.7% in June but finishing September at 5.43% as US/Iran relations remain sour.

- The FTSE 100 started April below 10,200, below its record high of around 10,900 in late February. Nonetheless, the index surged to just shy of that level in late July. More recently, it has struggled, ending September at 10,606. Moreover, it materially underperformed the broader more domestic-focused FTSE 250 and most other international indices over this period, weighed down by weightings towards energy, mining, financials and pharmaceuticals and lack of exposure to tech stocks which generally outperformed globally.

MPC meetings: 30 April, 18 June, 30 July, 17 September 2026

- There were four Monetary Policy Committee (MPC) meetings held in the first half of the financial year. In April, the Committee voted 8-1 to keep rates at 3.75%, with one dissenter voting for 4%. By June, the split had become 7-2, with concerns that rising energy prices, emanating from the conflict in the Middle East, would lift inflation and potentially give rise to second round inflation effects reflected in higher wages.

- As the year has progressed, the split has grown further. The July and September meetings both recorded a 6-3 split, with Greene, Mann and Pill voting for a hike in rates to 4% at both meetings. As noted, several other members of the committee have intimated that they are likely to vote for an increase in November or December if there is no resolution to the conflict in the Middle East.

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Stevenage Borough Council
Audit Committee

10 November 2026
Shared Internal Audit Service – Progress Report

Recommendations

Members are recommended to:

a) Note the Internal Audit Progress Report

b) Note the Status of Outstanding Critical, High, and Medium Priority Recommendations

Contents

1 Introduction and Background
- 1.1 Purpose
- 1.2 Background

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

Appendices:

A Progress against the 2026/27 Internal Audit Plan
B Implementation Status of Critical, High and Medium Priority Recommendations
C Internal Audit Plan Items (April 2026 to March 2027) - Indicative start dates agreed with management
D Assurance Definitions / Priority Levels

1 Introduction and Background

Purpose of Report

1.1 To provide Members with:
a) The progress made by the Shared Internal Audit Service (SIAS) in delivering the Council's 2026/27 Internal Audit Plan to 23 October 2026.
b) The findings for the period 29 August 2026 to 23 October 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 23 October 2026.

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 second 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 23 October 2026, 42% of the 2026/27 Internal Audit Plan days have been delivered.

2.2 The following final reports have been issued since the previous progress report to the Committee that reported up to the period 29 August 2026:

Audit Title	Date of Issue	Assurance Level	Number of Recommendations
Anti Money Laundering	Sept 2026	Substantial	One Low Priority & Two Advisory Actions
Social Housing Grant Audit	Sept 2026	Unqualified	None
Asset Management	Oct 2026	Reasonable	One Medium & One Low Priority

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 23 October 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	7	26%
Draft Report Issued	2	7%
In Fieldwork/Quality Review	6	22%
In Planning/Terms of Reference Issued	3	11%
Allocated	8	30%
Not Yet Allocated	1	4%
Cancelled/Deferred	0	0%
Total	**27**	**100%**

Internal Audit Plan Changes

2.4 No Internal Audit Plan changes have been proposed in this reporting period.

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. One new Medium Priority recommendation is shown in the schedule. This recommendation is from the audit of Asset Management.

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 below:

Performance Indicator	Performance Target for 31 March 2027	Profiled Performance 23 Oct 2026	Actual Performance 23 Oct 2026	Notes
1. Planned Days – percentage of actual billable days against planned chargeable days completed	95%	47%	42%	125 days delivered out of the current 300 days planned

Performance Indicator	Performance Target for 31 March 2027	Profiled Performance 23 Oct 2026	Actual Performance 23 Oct 2026	Notes
(excludes unused contingency)				
2. Planned Projects * – percentage of actual completed projects to draft report stage against planned completed projects by 31 March 2027	90%	44%	33%	9 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 3 completed questionnaire received (from the 9 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 In respect of the current gap between profile and actuals, this is due to a combination of several factors.

- In a small number of cases, audit start dates have been delayed, recognising and accommodating officer pressures related to balancing LGR with business-as-usual activities.
- From a SIAS work allocation perspective, the overall split of audit plan delivery across the partnership was more front loaded than expected, resulting in audits being moved into quarter three/four for delivery to balance available resources.

2.11 In respect of the above, we are currently satisfied that appropriate resources are available to deliver the agreed plans, in line with agreed performance indicators, during the remainder of the financial year.

APPENDIX A - PROGRESS AGAINST THE 2026/27 INTERNAL AUDIT PLAN AS AT 23 OCTOBER 2026

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	L	A				
Key Financial Systems – 54 days										
Business Rates (shared with EHC)							6	Yes	1.5	In Fieldwork
Council Tax (shared with EHC)							6	Yes	3	In Fieldwork
Debtors							10	Yes	0	Allocated
Creditors							10	Yes	0	Allocated
Payroll							12	Yes	0	Allocated
Housing Rent Arrears							10	Yes	0	Allocated
Operational Services – 82 days										
Anti-Money Laundering	Substantial	0	0	0	1	2	10	Yes	10	Final Report Issued
Events Planning							10	Yes	0	Allocated
Facilities Management – Building Safety							10	Yes	0	Allocated
Freehold Garages	Reasonable	0	0	4	1	1	10	Yes	10	Final Report Issued
Homelessness							10	Yes	6	In Fieldwork
Housing Major Refurbishment Contracts							10	Yes	9.5	Draft Report Issued
Housing Safety Compliance Checks							10	Yes	9	In Fieldwork
Homes England Grant Audit	Unqualified	0	0	0	0	0	2	Yes	2	Final Report issued
Social Housing Grant Audit	Unqualified	0	0	0	0	0	2	Yes	2	Final Report Issued
Pre-employment Screening/Agency Staff							8	Yes	0	Allocated
Corporate Services/Themes – 86 days										
Third Party Data Security							10	Yes	9.5	Draft Report Issued
Asset Management	Reasonable	0	0	1	1	0	10	Yes	10	Final Report Issued
Business Change - Governance							10	Yes	0	Allocated
Community Infrastructure Levy							11	Yes	0.5	In Planning
Fraud Risk Assessment							10	Yes	3	In Fieldwork

APPENDIX A - PROGRESS AGAINST THE 2026/27 INTERNAL AUDIT PLAN AS AT 23 OCTOBER 2026

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS *					AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		C	H	M	L	A				
LGR Provision							15	No	0	Not Yet Allocated
Outsourced Services/Supplier Resilience							12	Yes	6	In Fieldwork
Risk Management							8	Yes	1.5	ToR Issued
IT Audits – 16 days										
Cyber Security – Reliance on Alternative Assurance							6	Yes	0	Allocated
Accessibility Regulations - Digital							10	Yes	1.5	ToR Issued
Audit Follow Up – 6 days										
Follow Up of Prior Year Audits							6	Yes	3.5	In Fieldwork
Completion of 2025/26 Projects – 10 days										
Treasury Management	Substantial	0	0	0	0	0	3	Yes	3	Final Report Issued
Damp & Mould	Reasonable	0	0	3	1	2	7	Yes	7	Final Report Issued
Contingency – 0 day										
Contingency							0		0	Through Year
Strategic Support – 46 days										
Chief Audit Executive Annual Opinion							3	Yes	3	Complete
Audit Committee & Recommendation Follow Up							12	Yes	8	Through Year
Client Engagement & Adhoc Advice							8	Yes	4	Through Year
2027/28 Audit Planning							6	Yes	0	Allocated
SIAS Service Development							5	Yes	5	Allocated
Plan & Progress Monitoring							12	Yes	6.5	Through Year
SBC TOTAL		**0**	**0**	**8**	**4**	**5**	**300**		**125**	
	* C = Critical Priority, H = High Priority, M = Medium Priority, L = Low, A = 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 (Oct 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.	October 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.	October 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 (Oct 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.	October 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,	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 (Oct 2026)
				previous incidents, and other 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.	**Asset Management**	**Medium Priority Recommendation:** To address audit findings relating to the asset management system. Future users of the Monday.com asset management system should be required to complete the relevant training modules within the Monday.com Academy, prior to using the system. The Data Manager should periodically conduct reviews to ensure all and any active users of the Monday.com system have completed the required training. If possible (whereby the Monday.com system has such capabilities), users should only be able to access the full suite of data and asset management information once certain training modules have been completed.	**Responsible Officer:** Data Manager. **Due date:** 31/12/2026.	October 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 (Oct 2026)
		Agreed Management Action(s): Recommendation accepted.			
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.	October 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	**Responsible Officer:** Head of Repairs & Maintenance. **Due date:** 31/08/2026. **Revised to** 31/12/2026.	October 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	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 (Oct 2026)
		be delivered. At this stage a Verification and Evidence standard will also be agreed and produced and any possible hard stops introduced.		work forward at the original 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.	October 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	Not yet due.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Oct 2026)
				has now been developed for 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.	**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. **Agreed Management Action(s):** Will engage with the suppliers to arrange quarterly meetings.	**Responsible Officer:** Head of Service – Environmental Operations – Stevenage Direct Services. **Due date:** 30/06/2026. **Revised to** 31/12/2026.	October 2026. Quarterly meetings will be arranged, on track to meet revised target date.	Not yet due.
9.	**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.	**Responsible Officer:** Payroll Lead. **Due Date:** 31/12/2026.	October 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	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 (Oct 2026)
		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.		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 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.	
10.	**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	**Responsible Officer:** IT Ops Team Leads. **Due Date:** 31/10/2026.	October 2026. The agreed management action is 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 (Oct 2026)
		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.			
11.	**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 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.	**Responsible Officer:** Cyber Security Manager. **Due Date:** 31/10/2026.	October 2026. The agreed management action is 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 (Oct 2026)
12.	**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 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	**Responsible Officer:** Asif Khan / Repairs Manager (Contracts) **Due Date:** 31/12/2026.	October 2026. The agreed management action is the latest position, on track to meet target date.	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 (Oct 2026)
		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.			
13.	**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 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.	**Responsible Officer:** Asif Khan / Repairs Manager (Contracts) **Due Date:** 30/11/2026.	October 2026. The agreed management action is the latest position, on track to meet target date.	Not yet due.

No.	Report Title	Recommendation / Original Management Response	Responsible Officer / Original Due Date	Latest management update (or previous commentary where appropriate)	Status of Progress (Oct 2026)
		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.			
14.	**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 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.	**Responsible Officer:** Garages Manager. **Due Date:** 13/11/2026.	October 2026. Associated correspondence to be sent to freeholders by 3/11/2026. Reliance upon freeholder cooperation in some circumstances. On track.	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 (Oct 2026)
15.	**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.	October 2026. Associated correspondence to be sent to freeholders by 3/11/2026. Reliance upon freeholder cooperation in some circumstances. On track.	Not yet due.
16.	**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.	October 2026. Associated correspondence to be sent to freeholders by 3/11/2026. Reliance upon freeholder cooperation in some circumstances. On track.	Not yet due.
17.	**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 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.	**Responsible Officer:** Garages Manager. **Due Date:** 13/11/2026.	October 2026. Associated correspondence to be sent to freeholders by 3/11/2026. Reliance upon freeholder cooperation in some circumstances. On track.	Not yet due.

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 In Fieldwork	Homes England Grant Final Report Issued	
Anti Money Laundering Final Report Issued			Asset Management Final Report Issued	Housing MRC Draft Report Issued	
Third Party Data Security Draft Report Issued			Housing Safety Checks In Fieldwork	Social Housing Grant Final Report Issued	
			Homelessness In Fieldwork		
Quarter 3			**Quarter 4**		
Council Tax In Fieldwork	Accessibility Regs ToR Issued		Payroll Allocated	Business Change Allocated	
Business Rates In Fieldwork	CIL In Planning (c/f from Q1)		Accounts Payable Allocated	Follow Up Audit In Fieldwork	
Risk Management ToR Issued	Fraud Risk Management In Fieldwork (c/f from Q1)		Accounts Receivable Allocated	Cyber – Reliance on Alternative Assurance Allocated	
Pre-Employment Checks Allocated	FM Building Compliance Allocated		Housing Rent Arrears Allocated	Events Planning 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.

Stevenage Borough Council

Audit Committee

November 2026

Anti-Fraud Progress Report 2026/2027

Purpose

1. This second progress report for 2026/27 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 the current financial year.

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.
A review of the Plan will follow the launch of a revised FFCL Strategy in October 2026.

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 were reviewed in the summer of 2026 and are published on the Councils website.

5. As part of the Councils ongoing work to understand its vulnerability to fraud and in response to the Economic Crime and Corporate Transparency Act officers from the Council and SAFS have developed a full Fraud Risk Assessment (FRA) across all service areas. This work has identified service specific and cross-cutting fraud risks and the Councils response to each of these. The FRA will be used to inform future anti-fraud activity and will be reviewed by the Corporate Governance Group on a regular basis to ensure it is kept up todate and relevant.

6. 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.

7. Between April and September this year SAFS issued 31 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 September 2026.

8. 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. Five training sessions were delivered in the first half year with eight further sessions planned or delivered already in Q3. These sessions included general fraud awareness, identification and verification, fraud in the recruitment process, cyber-enabled fraud, specific fraud risk assessment for a number of teams across housing services, and Blue Badge fraud.

9. SAFS officers are still 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.

10. 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

11. Between April and September this year 88 allegations of fraud were received by the Council/SAFS affecting service areas such as housing, council tax, business rates- 37 of these matters were reported by Council staff. We reported an uptake in reporting by staff in Q1 and this has continued in Q2 driven, possibly, by the training programmes delivered by SAFS.

12. SAFS currently have 53 cases under investigation, or at referral stage (11), with estimated losses of **£1.2m** recorded in this caseload, this has increased significantly in-year.

13. SAFS have closed 13 investigations with fraud identified on 12 occasions. Fraud losses of **£27k** have been reported, along with savings of around **£127k**. SAFS have also conducted compliance reviews of 5 alleged council tax frauds, identifying **£11k** in council tax liability.

14. One case was referred to the Councils legal team to consider prosecution in 2026 and this case remains open. These cases often involve high losses and take time for resolution through the court process.

15. 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. 2 properties have recovered and returned to stock and one case is with the Councils legal team pending recovery. Working with SAFS the Council has also removed two applicants from the Councils Housing Register due to fraudulent activity associated with those applications.

16. 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

17. SAFS have reviewed 25 Right to Buy (RTB) applications and 9 Succession applications to ensure that there were no fraud or money laundering concerns with these.

18. SAFS officers have been conducting intelligence-led reviews of the Councils housing stock to identify a variety of fraud types including benefit fraud, council tax fraud and housing fraud. This has led to several high value frauds being identified and a number of ongoing investigations which will assist the Council to improve its own tenancy audit process and identify these types of fraud more swiftly or prevent their occurrence at all.

19. SAFS worked closely with Council officers to ensure that all data required for submission as part of the 'National Fraud Initiative' (NFI) 2026/27 was uploaded on time, meeting the correct specification. We are very pleased to report that all datasets required, as part of this mandatory exercise, were uploaded prior to the deadline on 21st October.

20. 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 were very pleased to see that in Q2 the Council uploaded its full suite of reports and officers have been working through the 800 matches produced for review. More than 470 matches were cleared by the end of September identifying 6 potential frauds/errors with savings, through prevention, of **£52k** recorded.

SAFS Performance

21. 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 October 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 and EG 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 September 2026 SAFS provided 232 days **(46%)** 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 and Q2 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 2 properties following SAFS investigations in and 1 more property awaits recovery via legal action. 2 applicants were removed from the housing register.
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. The deadline for mandatory data upload was met for all required datasets. B. The Council is signed up the FHub for 2026/27. C. Current savings of **£52k** exceed the Councils fee of **£4k**.
6	Added value of SAFS membership.	A. Membership of **NAFN, PNLD & CIFAS** (via HCC) B. **10 Training events** for staff/Members in year. C. 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 5 sessions delivered and 8 more planned for later in the year. C. Savings through prevention and fraud loss for recovery already exceed **£165k. (Excludes NFI/FHub)**

Further Reading

22. 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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