



Stevenage Borough Council Value for Money Interim Report

Years ended 31 March 2022 and 31 March 2023

14 March 2024

14 March 2024



Stevenage Borough Council
Daneshill House, Danestrete
Stevenage
SG1 1HN

Dear Audit Committee Members

Value for Money Report 2021/22 and 2022/23

We are pleased to attach our interim commentary on the Value for Money (VFM) arrangements for 2021/22 and 2022/23 for Stevenage Borough Council. This commentary explains the work we have undertaken during the year and highlights any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2021/22 and 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. The National Audit Office (NAO) issued a consultation on 8 February 2024 seeking views on changes to the Code of Audit Practice (the Code) to support auditors to meet backstop dates and promote more timely reporting of their work on value for money arrangements. The consultation proposes to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. At this stage, we are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code.

This report is intended solely for the information and use of the Audit Committee and management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Audit Committee meeting on 26 March 2024.

Yours faithfully

Debbie Hanson

Partner

For and on behalf of Ernst & Young LLP

Encl

Contents

01 Executive Summary



02 Value for Money Commentary



03 Appendices



Public Sector Audit Appointments Ltd (PSAA) issued the “Statement of responsibilities of auditors and audited bodies”. It is available from the PSAA website (<https://www.psa.co.uk/auditquality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas. The “Terms of Appointment and further guidance (updated July 2021)” issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature. This report is made solely to Audit Committee and management of Stevenage Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Audit Committee and management of Stevenage Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Audit Committee and management of Stevenage Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



BOARDROOM

01 Executive Summary



Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements published as part of the Auditor's Annual Report. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this interim commentary is to explain the work we have undertaken during the period 1 April 2021 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our interim findings for audit years 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.

The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation states that where auditors have begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report VFM in line with our existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this interim report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and
- Summary of arrangements over the period covered by this report (Appendix A).

We will summarise our final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23.



Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Deputy S151 Officer;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and did not identify any significant weaknesses in the Council's VFM arrangements.

As a result, we have no matters to report by exception at this stage of the audit and we will update our interim reporting as part of issuing the final commentary in the Auditor's Annual Report later in the year.

Executive Summary (continued)

Reporting

Our interim commentary for 2021/22 and 2022/23 is set out over pages 10 to 12. The interim commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2021/22 and 2022/23.

Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Auditor's Annual Report and have been updated for 2021/22 and 2022/23.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this interim report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	No significant risks identified	No significant weakness identified
Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services	No significant risks identified	No significant weakness identified



Executive Summary (continued)

Independence

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2021 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

EY Transparency Report 2023

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year end 30 June 2023:

[EY UK 2023 Transparency Report | EY UK](#)



02

Value for Money Commentary

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

The Council is required to have arrangements in place to ensure proper resource management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code, the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2022 and 2023. In 2021/22 and 2022/23, our risk assessment procedures did not identify any risk of significant weakness in arrangements to secure financial sustainability.

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

The updates to the MTFS and preparation of the budgets for 2021/22, 2022/23 and 2023/24 have been challenging due to the level of uncertainty, along with the continued impact of covid and the impact of inflation. The Council was however able to set a balanced budget for 2021/22, 2022/23 and 2023/24. There was some use of the general fund balance to support the budget for each of these years, with the September 2021 MTFS showing use of £2.7 million of the general fund balance over 2021/22 and 2022/23. This was reduced to £1.4 million in the September 2022 MTFS and the actual outturn position for 2022/23 reduced the use of the general fund by £0.7 million. The 2023/24 budget also includes use of £1.1 million of the general fund balance. The use of reserves to support the general fund budget is not a sustainable strategy and the Council should ensure that the use of reserves in this way is minimised in future budgets. Despite this use of the General Fund to support the budget, overall the Council has been able to protect and maintain the level of general fund balance above the minimum level of £3.65 million recommended by the Chief Financial Officer. The level of the general fund reserve forecast as at 31 March 2023 in the MTFS improved from £3.7 million as at September 2021 to £4.9 million as at September 2022, and the final position, as reported in the 2022/23 outturn, was a balance of £5.9 million.

The budget and MTFS includes a number of savings targets, with the September 2022 MTFS including savings of £3 million over the period 2023/24 to 2025/26. The Council has a good track record and has achieved £11 million of cumulative savings since 2010/11. The delivery of savings is supported by the Make your Money County (MYMC) programme (previously the Financial Security Programme).

Financial plans for the HRA are set out in the HRA Business Plan and supported by the HRA Annual Rent Setting and Budget process. The Council's level of HRA balance is high (£25.6 million at 31 March 2021 and £28.5 million at 31 March 2022). This is in line with the HRA Business Plan and the requirement to repay HRA borrowing.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

No significant weakness identified

The Council is required to have arrangements in place to ensure proper risk management and the primary responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement rests with management. In accordance with the NAO's Code, the focus of our work should be on the arrangements that the Authority is expected to have in place during the year ended 31 March 2022 and 2023. In 2021/22 and 2022/23, we did not identify a risk of significant weakness in arrangements in place to ensure sound governance.

The Council has an effective Internal Audit function. Based on the work performed by internal audit on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, the Council has an adequate and effective framework in place. Internal Audit work has identified further enhancements to ensure that the framework remains adequate and effective.

The Internal Audit report on cyber security provided limited assurance and recommended that *'the Council review its cyber security functions in order to meet an adequate level of security to protect itself from any cyber security threats. Thereafter, the Council should seek appropriate accreditation to provide assurance for their cyber security. When the Council has completed its rollout of Windows 10, it should renew its PSN certification'* This risk is also noted in the strategic risk register, along with mitigations in place to reduce the overall risk rating. As this is an area which can have a significant impact across all areas of the Council's services management need to ensure that they respond to the Internal Audit recommendations as a priority.

A limited assurance report was also received in relation to the Internal Audit Landlord Health and Safety Follow Up. As the provision of housing is a key services provided by the Council responding to the recommendations in this report needs to given a high priority.

The Council published their draft 2021/22 financial statements on 29 July 2022, which is within the deadline in the Audit and Accounts regulations. For 2022/23, the draft financial statements were not published until the 12 February 2024. This was therefore significantly after the deadline of 31 May 2023 in the regulations. Officers have indicated that this is because they did not have the information they required in relation to the valuation of council dwellings and the IAS 19 pension liability to include in the accounts. As part of the finalisation of our value for money assessment, we will consider further the reasons for this and whether this represents a significant weakness in arrangements. We are also yet to complete some of our basic checks on the accounts, such as casting procedures and review of the disclosures checklist.

Conclusion: Based on the work performed, subject to obtaining further information related to the reasons for the delay in the publishing of the draft 2022/23 financial statements, we are satisfied that the Council had proper arrangements in place in 2021/22 and 2022/23 to make informed decisions and properly manage its risks.

Value for Money Commentary (continued)

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

No significant weakness identified

The Council is required to have arrangements in place to ensure economy, efficiency and effectiveness, and the responsibility for these arrangements and reporting on the design and operation of these arrangements via the annual governance statement, rests with management. In accordance with the NAO's Code, the focus of our work should be on the arrangements that the Council is expected to have in place during the year ended 31 March 2022 and 2023. In 2021/22 and 2022/23, we did not identify a risk of significant weakness in arrangements in place to ensure economy, efficiency and effectiveness.

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

- Quarterly financial monitoring reports to Executive Committee
- Quarterly FTFC and corporate performance status reports to Executive Committee
- Annual publication of the Statement of Accounts
- Publication of the Annual Governance Statement
- Publication of the Council's Annual Report

The Council works collaboratively with neighbouring councils in relation to services such as Building Control, Internal Audit, Housing Benefit and Procurement. These partnerships have delivered financial savings in the Council but have also built up additional operational capacity and resilience.

On 21 April 2022, the Regulator of Social Housing received information that raised concerns about health and safety compliance matters in relation to the Council's housing stock. Following meetings with the Council and submission of monthly updates to demonstrate progress towards completing electrical safety certificates and fire risk remedial actions, the Regulator informed the Council on 15 May 2023 that they have not found a breach of standards and therefore will be taking no further action.

In December 2023, the Secretary of State wrote to the Council's Chief Executive following a finding of severe maladministration by the Housing Ombudsman with regards to complaints received from a vulnerable resident which covered a period going back for 18 months. The Council has subsequently taken action to address the issue.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



03

Appendices

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 to 2022/23.

Reporting criteria considerations

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

Arrangements in place

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

Financial pressures affecting the general fund are identified in the MTFS and reflected in the strategic risk register. A review of risks and the MTFS is undertaken regularly through the year, taking into account the current economic environment. The risks are assessed based on the likelihood and impact and prudent projections of financial impact are embedded in the MTFS. During 2021/22 and 2022/23, the MTFS has been updated at least once to consider the impact of the Covid, inflation and identifies the actions that need to be taken by the management.

The updates to the MTFS and preparation of the budgets for 2021/22, 2022/23 and 2023/24 have been challenging due to the level of uncertainty, along with the continued impact of covid and the impact of inflation. The Council was however able to set a balanced budget for 2021/22, 2022/23 and 2023/23. There was some use of the general fund balance to support the budget for each of these years, with the September 2021 MTFS showing use of £2.7 million of the general fund balance over 2021/22 and 2022/23. This was reduced to £1.4 million in the September 2022 MTFS and the actual outturn position for 2022/23 reduced the use of the general fund by £0.7 million. The 2023/24 budget also includes use of £1.1 million of the general fund balance. The use of reserves to support the general fund budget is not a sustainable strategy and the Council should ensure that the use of reserves in this way is minimised in future budgets. Despite this use of the General Fund to support the budget, overall the Council has been able to protect and maintain the level of general fund balance above the minimum level of £3.65 million recommended by the Chief Financial Officer. The level of the general fund reserve forecast as at 31 March 2023 in the MTFS improved from £3.7 million as at September 2021 to £4.9 million as at September 2022, and the final position, as reported in the 2022/23 outturn, was a balance of £5.9 million.

Financial plans for the HRA are set out in the HRA Business Plan and supported by the HRA Annual Rent Setting and Budget process. The Council's level of HRA balance is high (£25.6 million at 31 March 2021 and £28.5 million at 31 March 2022). This is in line with the HRA Business Plan and the requirement to repay HRA borrowing

Appendix A - Summary of arrangements

Financial Sustainability

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 to 2022/23.

Reporting criteria considerations

Arrangements in place

In 2021/22, The Cooperative Plan, Future Town, Future Council (FTFC) has been streamlined from nine programmes to five which include the Making Your Money Count (MYMC) Cooperative Plan. The MYMC Cooperative Plan is the programme used to ensure the Council remains financially resilient, whilst striving to deliver against its service and high-level ambitions across both the General Fund and the HRA. MYMC consists of four streams and will have different areas of focus each year:

- Transformation: improving customer access to services through digital means and improving and streamlining, including implementation of online first and the new customer model to improve the quality, availability and speed of service for customers.
- Co-operative Commercial and insourcing strategy: bringing services in-house if this provides better value for money and ensuring the Council charge appropriately for services. This has included initiatives such as filming rights, trade and bulky waste pricing changes.
- Efficiencies through robust monitoring: savings will be identified where they arise to ensure that Council stays financially resilient.
- Prioritisation of services: if there are not sufficient budget savings achieved from the other three work streams to achieve a balanced budget or new priorities emerge requiring funding.

The budget and MTFS include a number of savings targets, with the September 2022 MTFS including savings of £3 million over the period 2023/24 to 2025/26. The Council has a good track record and has achieved £11 million of cumulative savings since 2010/11. The delivery of savings is supported by the MYMC programme (previously the Financial Security Programme). The MYMC targets included in the MTFS are were £1.9 million for 2021/22 and £0.8 million for 2022/23. The Council has been successful in delivering these savings.

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 to 2022/23.

Reporting criteria considerations	Arrangements in place
How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	<p>The FTFC reflects the Council's ambitions and projects and articulates to the public the Council's key priorities and objectives that support the achievement of the FTFC programme over the next few years.</p> <p>The FTFC consists of programmes that aim to deliver improved outcomes and real change for Stevenage residents. The FTFC programme also serves to enhance governance. The focus and scope of programmes is monitored to ensure that the FTFC Programme continues to deliver the Council's priorities.</p> <p>Where it has been possible and in line with the government's restrictions, key FTFC delivery programmes continued during the Covid-19 pandemic. The regeneration schemes at Queensway and Town Square continued to be progressed, with contractors working in accordance with government guidance. The Housing Development programme also continued on existing sites. A number of critical ICT projects also continued to be progressed as planned.</p> <p>The FTFC was reviewed in 2021/22 and has been streamlined from nine programmes to five which include the following:</p> <ul style="list-style-type: none">• Transforming our Town• More Social and Affordable Homes• Co-Operative Neighbourhoods• Making Your Money Count• A Clean, Green, Safe and Thriving Town <p>Progress against the Council's priorities are assessed on an annual basis and the outcome from this informs key decisions about where to focus the budget. The Annual Report summarises the Council's achievements over the past year and outlines what it plans to do in the next twelve months and is published on the Council's website.</p>

Appendix A - Summary of arrangements

Financial Sustainability (continued)

We set out below the arrangements for the financial sustainability criteria covering the years 2021/22 to 2022/23.

Reporting criteria considerations	Arrangements in place
How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system	<p>The Council has a number of joint arrangements in place with other local councils to deliver the priorities set out in the FTFC programme and support the delivery of good quality services to residents. Finances are planned through the MTFP and budget setting processes. The Senior Leadership Team has been structured to drive the development of a sustainable, customer orientated and commercial operating model. The model is focused on delivering the right services to the right standards, at the right time for the town's residents and businesses, using the most cost/resource effective delivery models</p> <p>The Council's MTFS is presented and approved alongside the budget and updated on a regular basis. The Council's Treasury Management Strategy, HRA Strategy and Capital Strategy are also approved each year. A quarterly monitoring of achievements/corporate performance reports are presented to the Executive Committee meetings.</p>
How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans	<p>The MTFS contains a dedicated section on risk management. It provides a description of inherent risks and their rating from low to very high. Initial risk ratings are based on inherent risks and the likelihood of them occurring. The MTFS is refreshed and updated to take into account changes such as increasing pressures in terms of demand for or costs of services and savings targets. In 2021/22 and 2022/23, the MTFS has been updated at least once to consider the impact of inflation and other pressures.</p> <p>The Audit Committee also receives the Strategic Risk Register at every Committee meeting.</p>

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the years 2021/22 to 2022/23

Reporting criteria considerations

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

Arrangements in place

The Council maintains a Strategic Risk Register. This provides a description of inherent risks and their rating from low to very high. Initial risk ratings are based on inherent risks and the likelihood of the risks occurring. The risk register is monitored and reported to every Audit Committee Meeting.

Delivery of the Council's Internal Audit is carried out by the Shared Internal Audit Service (SIAS) hosted by Hertfordshire County Council and managed by the Head of Assurance. Annual audit coverage is determined through a risk assessment, which is influenced by external regulatory requirements and the strategic and operational risks of the Council. By reviewing the Council's systems of internal control, risk management and governance in accordance with an approved Audit Plan, Internal Audit contribute to the Council's corporate governance framework.

The SIAS operates to defined professional standards, i.e. the Public Sector Internal Audit Standards (PSIAS) and the Head of Assurance reports to the Council's Strategic Director (Chief Finance Officer and Section 151 Officer) providing updates on internal audit progress and issues at regular liaison meetings. The Head of Assurance provides an independent opinion on the adequacy and effectiveness of the system of internal control and this is reported annually to Audit Committee. The main responsibility of SIAS is to provide assurance and advice on the internal control systems of the Council to both Management and Members. The SIAS reviews and appraises the adequacy, reliability and effectiveness of internal control within systems and recommends improvement where necessary.

Internal Audit also supports management in developing systems by providing advice on matters pertaining to risk and control.

In 2021/22 and 2022/23, SIAS issued an overall 'Reasonable assurance' opinion for financial and non-financial systems.

The Council also has a Data Quality Policy which outlines the Council's commitment to ensuring data quality and arrangements are in place to monitor and enhance the quality of performance data.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the years 2021/22 to 2022/23

Reporting criteria considerations

Arrangements in place

How the body approaches and carries out its annual budget setting process

The Council is required to set a balanced budget each year. The Budget and Policy Framework Procedure Rules in the Constitution, prescribe the Budget setting process, which includes a consultation period.

The timescale required to implement this process is outlined below:

- November - Financial Security Report with the three year savings proposals for the General Fund and HRA to be presented to Executive, and Overview and Scrutiny Committees
- December - Draft HRA Budget and rent setting report to be presented to Executive and Overview and Scrutiny Committees
- January - Final HRA Budget and rent setting report and Draft GF Budget /Council Tax/ Council Tax Support to be presented to Executive, Council, and Overview and Scrutiny Committees
- February - Final GF Budget/ Council Tax/ Council Tax Support to be approved by Executive Committee, Council, and Overview and Scrutiny Committee

The Council has evolved its budget strategy to meet the ongoing challenging economic conditions whether because of funding reductions, welfare reforms or inflationary increases as well as to meet the financial impact of Covid. The financial strategy to address these challenges is the 'Making Young Money Count' strand of 'Future Town Future Council'.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council's framework of internal financial control is supported by Financial Regulations and Contract Standing Orders. The regulations provide the framework for managing the Council's financial affairs. They set out the procedures that the Council has adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services. The Council's Financial Regulations and Contract Standing Orders were last reviewed and agreed by Executive in July 2020.

As noted above, the Head of Assurance provides an independent opinion on the adequacy and effectiveness of the system of internal control and this is reported annually to Audit Committee. The main responsibility of SIAS is to provide assurance and advice on the internal control systems of the Council to both Management and Members. The SIAS reviews and appraises the adequacy, reliability and effectiveness of internal control within systems and recommends improvement where necessary. It also supports management in developing systems by providing advice on matters pertaining to risk and control.

Appendix A - Summary of arrangements

Governance

We set out below the arrangements for the governance criteria covering the years 2021/22 to 2022/23

Reporting criteria considerations

Arrangements in place

Whilst the Head of Assurance opinion is only provided on an annual basis, a regular progress report on Internal Audit work is presented to the Audit Committee. This provides an update on the status of the work and any issues that have been noted from the work performed. Implementation of corrective actions based on recommendations are also reported to the Audit Committee. In 2021/22 and 2022/23, SIAS provided satisfactory opinion on the financial and non-financial systems of the Council.

Internal Audit issued two limited assurance reports during 2021/22 and 2022/23, one on cyber security and one on the Landlord Health and Safety Follow Up review. Responding to the recommendations in these reports needs to given a high priority.

In addition to the above, monitoring of budget versus actual are also reported to the Executive Committee meetings on a quarterly basis.

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

The Council has structured its processes and procedures for the Executive and Scrutiny Committees and other Committees, such as the regulatory ones, to minimise the risk of it acting in contravention of its own policies and external laws and regulations.

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

- Quarterly financial monitoring reports to Executive Committee
- Quarterly FTFC and corporate performance status reports to Executive Committee
- Annual publication of Statement of Accounts
- Publication of the Annual Governance Statement
- Publication of the Council's Annual Report

Appendix A - Summary of arrangements

Governance (continued)

We set out below the arrangements for the governance criteria covering the years 2021/22 to 2022/23

Reporting criteria considerations

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

Arrangements in place

The Council's Local Code of Corporate Governance identifies the Nolan Principles (Standards in Public Life) as underpinning all local government activity. The standards of conduct and personal behaviour expected of Members and Officers, its partners and the community are defined and communicated through Codes of Conduct and Protocols and the Council's Constitution. Arrangements are in place to ensure that Members and Officers are aware of their responsibilities under these codes and protocols.

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

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

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

The Council's six organisational Values are underpinned by a behaviour framework for staff. The values are intended to influence the ways in which elected Members and officers think and behave in responding to future challenges. The Values are embedded into Member and Officer Induction, regular officer meetings with their managers, the Modern Member training programme and the management development programmes. A set of desired behaviours associated with each of the Values has been developed and form part of the Council's appraisal process for officers.

The Council has a Whistle-blowing Policy which is based on the Public Interest Disclosure Act 1998 as well as an Anti-Fraud and Corruption Policy, and new Anti-Money Laundering and Anti-Bribery Policies. The Council's website and intranet have options for the public and staff to report suspected fraud that link to the Shared Anti-Fraud Service webpage.

At each start of the Committee meetings, members/officers are required to declare interests.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2021/22 to 2022/23

Reporting criteria considerations

How financial and performance information has been used to assess performance to identify areas for improvement

Arrangements in place

The performance and quality of each FTFC programme is monitored through a monthly Programme Board. The corporate programme is monitored through assessment of progress against target for a set of corporate performance measures aligned to service priorities.

A performance management framework monitors performance measure results associated with the FTFC Programme together with measures to monitor the delivery of effective services (the corporate programme).

A performance and governance system is used to monitor performance and risk and is providing improved insight into corporate priority delivery. The system provides a range of corporate performance monitoring relating to service delivery, finances, staff, and customers, alongside consideration of the risks associated with the delivery of objectives in order to provide strategic insight and facilitate prompt implementation of any necessary improvement plans.

The status of performance for both the FTFC programme and the corporate programme with proposed improvement plans, where necessary, are discussed by senior management prior to Executive on a quarterly basis. In addition the Executive receive separate regular updates on the Council's financial position and quarterly overview reports.

A Performance Guide is available to staff on the Council's intranet. The guide sets out the Council's approach to:

- Identifying appropriate performance measures aligned to corporate and services priorities and resource
- Monitoring and reviewing performance measure results to help identify activity to improve outcomes for the community
- Identifying and celebrating business achievements
- Identifying and managing risk
- Ensuring that the overall governance of the organisation is robust.

All of this information provides business insight that helps to drive improvement and deliver outcomes that benefit the community.

The Council also has a Data Quality Policy which outlines the Council's commitment to ensuring data quality and arrangements are in place to monitor and enhance the quality of performance data.

The report from SIAS is also used in identifying areas of improvement.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2021/22 to 2022/23

Reporting criteria considerations

Arrangements in place

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

- Quarterly financial monitoring reports to Executive Committee
- Quarterly FTFC and corporate performance status reports to Executive Committee
- Annual publication of the Statement of Accounts
- Publication of the Annual Governance Statement
- Publication of the Council's Annual Report

How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve

The Council is part of the following significant partnerships :

1. Reef - related to the redevelopment of Queensway in the town centre
2. Herts Local Enterprise Partnership & Chamber of Commerce and Hertfordshire Growth Board
3. Mace Developments - who are involved in the SG1 regeneration scheme for the Council's offices

The Council is also part of a number of shared service arrangements with other councils, which include legal shared services (shared with Hertfordshire County Council), Building Control, Internal Audit, Housing Benefit and Procurement. These partnerships have delivered financial savings in the Council but have also built up additional operational capacity and resilience.

Internal Audit undertake regular reviews of procurement, contract management and project management. These reviews have included assessment and evaluation of:

- Stevenage bus interchange
- Regeneration - SG1
- Procurement activity
- Partnerships/shared services

Internal Audit provides recommendations and follows up on status of implementation.

In 2020/21, Hertfordshire Growth Board Joint Committee and Hertfordshire Growth Board Scrutiny Committees were established as Joint Committees. In addition, a new Hertfordshire Growth Board Integrated Governance Framework has been adopted and incorporated into the Council's Constitution. A North East and Central Hertfordshire Growth Board has also met to agree a forward plan of work.

Appendix A - Summary of arrangements

Improving economy, efficiency and effectiveness (continued)

We set out below the arrangements for improving economy, efficiency and effectiveness criteria covering the years 2021/22 to 2022/23

Reporting criteria considerations

Arrangements in place

How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits

On 21 April 2022, the Regulator of Social Housing received information that raised concerns about health and safety compliance matters in relation to the Council's housing stock. Following meetings with the Council and submission of monthly updates to demonstrate progress towards completing electrical safety certificates and fire risk remedial actions, the Regulator informed the Council on 15 May 2023 that they have not found a breach of standards and therefore will be taking no further action.

In December 2023, the Secretary of State wrote to the Council's Chief Executive following a finding of severe maladministration by the Housing Ombudsman with regards to complaints received from a vulnerable resident which covered a period going back for 18 months. The Council has subsequently taken action to address the issue.

All contracts entered into by the Council are required to comply with the Contract Standing Orders set out in Part 4 of the Council's Constitution.

As noted above, Internal Audit also undertake regular reviews of procurement, contract management and project management. These have included reviews of:

- Stevenage bus interchange
- Regeneration - SG1
- Procurement activity
- Partnerships/shared services

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