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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

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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
Financial assurance build-back 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
Contracts and asset readiness for unitarisation 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.
Preparation for the aggregation of all services into new unitary authorities 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.