

Agenda

Audit and Governance Committee

Date: **Tuesday 15 July 2025**

Time: **2.00 pm**

Place: **Conference Room 1, Herefordshire Council Offices,
Plough Lane, Hereford, HR4 0LE**

Notes: Please note the time, date and venue of the meeting.

For any further information please contact:

Jen Preece, Democratic Services Officer

Tel: 01432 261699

Email: jennypreece@herefordshire.gov.uk

If you would like help to understand this document, or would like it in another format, please call Jen Preece, Democratic Services Officer on 01432 261699 or e-mail jennypreece@herefordshire.gov.uk in advance of the meeting.

Agenda for the meeting of the Audit and Governance Committee

Membership

Chairperson **Councillor David Hitchiner**

Vice-chairperson **Councillor Mark Woodall**

Councillor Chris Bartrum

Councillor Frank Cornthwaite

Councillor Peter Hamblin

Councillor Robert Highfield

Councillor Aubrey Oliver

Councillor Richard Thomas

Kerry Diamond Independent Expert

Agenda

	Pages
1. APOLOGIES FOR ABSENCE To receive apologies for absence.	
2. NAMED SUBSTITUTES (IF ANY) To receive details of any councillor nominated to attend the meeting in place of a member of the committee.	
3. DECLARATIONS OF INTEREST To receive declarations of interest in respect of items on the agenda.	
4. MINUTES To approve and sign the minutes of the meeting held on Tuesday 10 June 2025.	11 - 18
HOW TO SUBMIT QUESTIONS Deadline for receipt of questions is 5pm on Wednesday 9 July 2025. Questions must be submitted to councillorservices@herefordshire.gov.uk . Questions sent to any other address may not be accepted. Accepted questions and the response to them will be published as a supplement to the agenda papers prior to the meeting. Further information and guidance is available at www.herefordshire.gov.uk/getinvolved	
5. QUESTIONS FROM MEMBERS OF THE PUBLIC To receive any questions from members of the public.	
6. QUESTIONS FROM COUNCILLORS To receive any questions from councillors.	
7. CODE OF CONDUCT FOR COUNCILLORS - SIX MONTHLY REVIEW To enable the committee to be assured that high standards of conduct continue to be promoted and maintained. To provide an overview of how the arrangements for dealing with complaints are working together.	19 - 48
8. ANTI-FRAUD, BRIBERY AND CORRUPTION POLICY AND FRAUD RESPONSE PLAN For the Audit and Governance Committee to review and approve the updated Anti-Fraud, Bribery and Corruption Policy, the new Fraud Response Plan and Flowchart.	49 - 84
9. INTERNAL AUDIT UPDATE REPORT QUARTER 1 2025/26 To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed.	85 - 104

	<p>To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored through acceptance of agreed management actions and progress updates in implementing the action plans. In addition, occasions where audit actions not accepted by management are documented if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.</p>	
10.	2024/25 FINANCIAL STATEMENT AUDIT PROGRESS <p>To report progress on the external audit of the council's 2024/25 draft financial statements.</p>	105 - 130
11.	WORK PROGRAMME <p>To consider the work programme for the committee.</p>	131 - 134
12.	DATE OF NEXT MEETING <p>Thursday 25 September 2025, 10am.</p>	

The public's rights to information and attendance at meetings

Please take time to read the latest guidance on the council website by following the link at www.herefordshire.gov.uk/meetings and support us in promoting a safe environment for everyone. If you have any queries please contact the governance support team on 01432 261699 or at governancesupportteam@herefordshire.gov.uk

We will review and update this guidance in line with Government advice and restrictions. Thank you for your help in keeping Herefordshire Council meetings safe.

You have a right to:

- Attend all council, cabinet, committee and sub-committee meetings unless the business to be transacted would disclose 'confidential' or 'exempt' information.
- Inspect agenda and public reports at least five clear days before the date of the meeting. Agenda and reports (relating to items to be considered in public) are available at www.herefordshire.gov.uk/meetings
- Inspect minutes of the council and all committees and sub-committees and written statements of decisions taken by the cabinet or individual cabinet members for up to six years following a meeting.
- Inspect background papers used in the preparation of public reports for a period of up to four years from the date of the meeting (a list of the background papers to a report is given at the end of each report). A background paper is a document on which the officer has relied in writing the report and which otherwise is not available to the public.
- Access to a public register stating the names, addresses and wards of all councillors with details of the membership of cabinet and of all committees and sub-committees. Information about councillors is available at www.herefordshire.gov.uk/councillors
- Have access to a list specifying those powers on which the council have delegated decision making to their officers identifying the officers concerned by title. The council's constitution is available at www.herefordshire.gov.uk/constitution
- Access to this summary of your rights as members of the public to attend meetings of the council, cabinet, committees and sub-committees and to inspect documents.

Recording of meetings

Please note that filming, photography and recording of this meeting is permitted provided that it does not disrupt the business of the meeting.

Members of the public are advised that if you do not wish to be filmed or photographed you should let the governance services team know before the meeting starts so that anyone who intends filming or photographing the meeting can be made aware.

The reporting of meetings is subject to the law and it is the responsibility of those doing the reporting to ensure that they comply.

The council may make a recording of this public meeting or stream it live to the council's website. Such recordings form part of the record of the meeting and are made available for members of the public via the council's YouTube channel.

Public transport links

The Herefordshire Council office at Plough Lane is located off Whitecross Road in Hereford, approximately 1 kilometre from the City Bus Station.

The location of the office and details of city bus services can be viewed at:

www.herefordshire.gov.uk/downloads/file/1597/hereford-city-bus-map-local-services-

**The Seven Principles of Public Life
(Nolan Principles)**

1. Selflessness

Holders of public office should act solely in terms of the public interest.

2. Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

3. Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

4. Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

5. Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

6. Honesty

Holders of public office should be truthful.

7. Leadership

Holders of public office should exhibit these principles in their own behaviour and treat others with respect. They should actively promote and robustly support the principles and challenge poor behaviour wherever it occurs.

Guide to the Audit and Governance Committee

The Audit and Governance Committee comprises seven members of the council and may also include an independent person who is not a councillor but is appointed by council.

Councillor David Hitchiner (Chairperson)	Independents for Herefordshire
Councillor Mark Woodall (Vice Chairperson)	The Green Party
Councillor Chris Bartrum	Liberal Democrats
Councillor Frank Cornthwaite	Conservative Party
Councillor Peter Hamblin	Conservative Party
Councillor Robert Highfield	Conservative Party
Councillor Aubrey Oliver	Liberal Democrats
K Diamond	Independent Person

The Audit and Governance Committee oversees the audit and corporate governance arrangements of the Council including the annual audit plans and reports of the internal and external auditors, the Council's system of internal control, risk management framework and prevention and detection of fraud and corruption. In particular, the Committee has responsibility for considering and approving the annual statement of accounts. Further details about the committees function can be found [here](#).

Minutes of the meeting of the Audit and Governance Committee held in Conference Room 1, Herefordshire Council Offices, Plough Lane, Hereford, HR4 0LE on Tuesday 10 June 2025 at 2.00 pm

Committee members present in person and voting: Councillors: David Hitchiner (Chairperson), Mark Woodall (Vice-Chairperson), Chris Bartrum, Frank Cornthwaite, Peter Hamblin, Robert Highfield and Aubrey Oliver

Non-Voting Committee Person: K Diamond

[Note: Committee members participating via remote attendance, i.e. through video conferencing facilities, may not vote on any decisions taken.]

Others in attendance:

L Cater	Assistant Director, South West Audit Partnership
G Hawkins	Public Sector Audit Director, Grant Thornton
S O'Connor	Head of Legal Services and Deputy Monitoring Officer
J Preece	Democratic Services Officer
A Probert	Head of Internal Audit, South West Audit Partnership
Cllr P Stoddart	Cabinet Member Finance and Corporate Services
R Sanders	Director of Finance
J Tranmer	Chief Accountant

56. APOLOGIES FOR ABSENCE

There were no apologies for absence.

57. NAMED SUBSTITUTES (IF ANY)

There were no named substitutes.

58. DECLARATIONS OF INTEREST

Councillor Bartrum declared a non-pecuniary interest on item 8 due to his close personal relationship with the Parish/Town Council representative as recommended by HALC and abstained from voting.

59. MINUTES

RESOLVED:

That the minutes of the meeting held on 25 March 2025 be confirmed as a correct record and signed by the chairman.

60. QUESTIONS FROM MEMBERS OF THE PUBLIC

No questions had been received from members of the public.

61. QUESTIONS FROM COUNCILLORS

No questions had been received from councillors.

62. DRAFT ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE

The Democratic Services Officer introduced the report which was introduced last year as a recommendation from the LGA (Local Government Association) with committees' agreement. The document summarised the work of the committee during the last municipal year and provided a visible demonstration of how the committee is fulfilling its role and compliments the council's objectives of being open and transparent.

The committee were invited to agree the draft report and highlight any adjustments they wished to make before it were published on the council's website.

RESOLVED:

The Committee agreed the report be published on the Councils website.

63. APPOINTMENT TO STANDARDS PANEL

The Head of Legal Services (HLS) introduced the report the main purpose of which was to appoint two members from the Audit and Governance Committee as standing members on the Standards Panel and two substitute members.

Resolved that the Committee:

- a) Noted the appointment of the Chair of Audit & Governance as Chair of the Standards Panel.**
- b) Appointed Sam Potts as the Parish Council representative under recommendation by HALC;**
- c) Appointed Councillors Highfield and Woodall as standing members; and**
- d) Appointed Councillors Cornthwaite and Oliver as substitute members.**

64. EXEMPTIONS FROM CONTRACT PROCEDURE RULES – 1 APRIL 2024 TO 31 MARCH 2025

The Director of Finance (DOF) introduced the report which presented the exemptions to the Council's contract procedure rules (CPR) for the financial year ended 31st of March 2025.

The following principal points were noted:

- The report had been introduced following an improvement recommendation from external auditors, Grant Thornton, and with Committees' agreement, in September 2024.
- For an exemption to be granted, a request had to be made in writing to the section 151 officer by the relevant director, service director or the chief executive.
- Once an exemption has been granted, a record is maintained by the Commercial Services team.
- There were five instances where exemptions to the CPR were granted, against a total number of 417 contracts which commenced during that period. That highlighted and provided assurance that the ability to grant an exemption is taken only in exceptional circumstances and the controls in place through the CPR are effective. It was recommended on that basis that an annual report was

satisfactory moving forward. unless monitoring in year of the frequency of exemptions started to increase.

In response to committee questions, it was noted.

1. The DOF confirmed that the value of the five exemption contracts in proportion to the value of all contracts during that period only equated to around 1%.
2. It was explained that the role of commercial services was to explore other options, ensuring that the exemption route was the last resort.
3. Exemptions are only granted as a last resort and as a practical measure for example, repair works to a school where there should not be any hold up from delivering on what is required to benefit residents and communities because of a procurement timeline that does not support the urgency involved.
4. The DOF explained that there is a good control framework in place which is tested through internal and external audit and that if there were any unknown circumstances where waivers were in use that this would be evidenced through budget monitoring as generally doing emergency procurement did not achieve best value for money.
5. The Head of Legal services provided further assurance that when contracts are executed, legal services ensure the proper governance is in place and that officers have followed the correct decision-making route whilst consulting the constitution to ensure that they also have the powers. It was also noted that the constitution only allowed seven types of exemptions in seven circumstances, and which are all legally permissible.

RESOLVED

The committee noted the report and agreed the annual reporting frequency going forward.

65. DRAFT ANNUAL GOVERNANCE STATEMENT 2024/25

The Director of Finance (DOF) introduced the report, the key points included:

- The Annual Governance Statement (AGS) is a document that the Council is required to publish as part of the council's statutory accounts and is a retrospective document which reports on the effectiveness of the governance arrangements and the internal controls that have been in place during the year ended 31st of March 2025.
- The report is prepared by reference to the seven core principles of good governance as identified by CIPFA, and the statement identifies the arrangements and activities that have been in place during the year, as well as areas where the council's arrangements could be strengthened.
- In January, the committee were provided with an update on the actions identified from the previous year's AGS as part of a midyear progress update.
- The report is informed by director Assurance statements, a review of compliance with laws and regulations and the work and opinion of both internal and external audit.
- The document will be tested by Grant Thornton, as part of their audit work and the final version will be brought to this committee at the meeting in September.

In response to committee questions, it was noted.

1. Previously consultation with residents and stakeholders was conducted through market town events, but this proved costly with very little engagement. The online budget simulator tool had been developed and widely promoted through social media, to increase and enable more residents and other stakeholders to consider funding choices and the impact of changes in income and expenditure on the

- delivery of services. More work would be done to strengthen promotion and raise awareness of this tool through the 2026/ 27 budget setting process.
2. Public and member questions and answers are published on the council's website but not explicitly mentioned within the AGS under the "Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability".
 3. In terms of accessibility there is a hard balance to strike in presenting technical content and using plain english. Any suggestions that could be made to improve presentation could still be made and the team was still working on strengthening ahead of the final accounts being published. The council's internal sculpt team had contributed and the requirements of the CIPFA code and external audit were being met.
 4. The council has an AI ethics and governance board comprised of membership across different areas of the council who have oversight to ensure ethical use and accountability, to evaluate the risks and harms associated with AI. The board will evolve as this technology develops and the council's reliance on it increases or the way it is used changes. The board is thought to be a valuable source of assurance in terms of the council's testing of this new technology moving forward.
 5. The DOF was committed to investigating opportunities presented by AI but highlighted the dangers of using it for documents such as the AGS which is technically prescribed by the CIPFA code and could risk losing technical aspects by oversimplifying. It was highlighted that no element of the AGS or the statutory accounts had been AI generated.
 6. In terms of the Improvements in Children's Services, although committee was not actively involved in its journey, they could take assurance from key mechanisms such as in their wider roles as councillors, having received dedicated member updates on the progress, all statutory and Ofsted reports are in the public domain, in terms of governance arrangements, the children's scrutiny committee hold improvements and the cabinet member and director to account and additionally it is included as a key risk on the corporate risk register, which will come to the committee after cabinet have agreed and reviewed it on a quarterly basis to update mitigations and controls against each corporate risks.

The committee noted the report.

Actions

2023/24-053 The DOF to increase activity around the promotion and raising awareness of the online budget simulator tool to increase public engagement.

2023/24-054 Public and member questions and answers to be included within the statement alongside decision notices, agendas and minutes as detailed in Core Principle G:

2023/24-055 Disclaimer to be added to indicate there had been no AI contribution in the creation of the document.

66. 2024/25 DRAFT STATEMENT OF ACCOUNTS

The Director of Finance (DOF) expressed her personal thanks to her teams for their hard work and dedication.

The Chief Accountant (CA) introduced the draft unaudited statement of accounts for the year ended 31st of March 2025.

The following principal points were noted.

- The document included the narrative statement, the annual governance statement, the group accounts and the supplementary accounts of the collection fund statement.
- All documents had been reviewed by the internal sculpt team, who checked for accessibility and readability online.
- Herefordshire was 1 of 3% of local authorities that published on 30th of May one month ahead of the statutory deadline determined by the Accounts and Audit Regulations 2015.
- The accounts would now be subject to external audit testing. It was noted that additional resource had been identified by the external auditors and the audit had started earlier than anticipated and would hopefully support a timely audit opinion to be brought to this committee in September, in advance of the statutory deadline of 27 February 2026.
- The net deficit on the provision of services presented in the comprehensive income and expenditure statement was £11.1 million; this represented the accounting deficit after financial accounting adjustments including pension actuarial costs and capital costs allowable under International Financial Reporting Standards (IFRS).
- The financial outturn position reported for 2024/25 was an underspend of £0.5m against a budget of £212.8m.
- Net assets measured £614.9m
- The general fund balance had increased by £0.5m to £10.1m and earmarked reserves had increased from £73.2m to £80.7m.

In response to committee questions.

1. It was explained the amounts corresponding to council tax and business rates on pages [69](#) (revenue summary) included the expenditure to Herefordshire Council and page [161](#) (collection fund statement) included the total amounts the council collected to include tax collected on behalf of billing authorities such as the police and fire.
2. The Council tax debt on page [119](#) showed a balance broadly consistent with the previous financial year. Collection rates are high and is a key performance indicator in the service level agreement with Hoople. Income and debt are monitored very closely.
3. It was explained that cash balances declined due to liquidity of cash balances around the year end because not as much council tax or business rates were collected in February and March.
4. "Trading and investment income" (Page [97](#)) had halved from the previous year due to valuations on the investment properties. A detailed response would be circulated to the committee.
5. There had been a significant loss on "disposal of non-current assets" (Page [97](#)) due to Academy transfers during the year.
6. A breakdown of "other non-ring fenced grants" (page [101](#)) would be circulated to the committee.
7. A breakdown of additions in property, plant and equipment movements (page [111](#)) would be circulated to the committee.
8. It was highlighted that the repayment of loan debt was set out in the technical annex on page [149](#).
9. The council owned 100% share capital in Midlands Centre for Cyber Security in Skylon Park. Opportunities for the centre were being explored and directed through the shareholder committee. It was noted that the DOF was previously the director of Cyber Quarter Limited as the Council's representative.
10. The dedicated schools grant, a key financial risk as highlighted in the annual governance statement was discussed The council was committed to identify actions to mitigate the DSG deficit, through monitoring of the impact of actions in the DSG Deficit Management Plan, and by reviewing opportunities to increase

- sufficiency and reduce the use and cost of out-of-county and independent provision, through the council's capital programme in 2025/26 and 2026/27.
11. It was explained that the budget amendment, approved in February 2024, allocated additional budget of £2.3 million to the Children & Young People Directorate to mitigate against non-delivery of savings in 2024/25. As savings had been delivered in full, the additional budget had not been used and was presented as an underspend which contributed to the overall underspend position for the year.

On behalf of the committee, the Chairperson thanked and congratulated the officers involved for the efficient preparation of the Draft Statement of Accounts.

The committee noted the draft, unaudited Statement of Accounts for 2024/25.

2023/24-056 A detailed response on "Trading and investment income" (Page [97](#)) having halved from the previous year to be circulated to the committee.

2023/24-057 A breakdown of "other non-ring fenced grants" (page [101](#)) and additions in property, plant and equipment movements (page [111](#)) would be circulated to the committee.

67. INTERNAL AUDIT ANNUAL REPORT AND OPINION 2024/25

The Head of Internal Audit (HIA) introduced the report, the following key points were noted:

- Overall opinion on the governance, risk management and internal control environment in place at Herefordshire Council is Reasonable.
- There were no 'High' residual organisational risks that had been identified throughout the year. or instances of material risks throughout the year where management did not accept the need for mitigating action.
- 82% of reports received either substantial or reasonable assurance, and there were three audits that were given a limited assurance.
- The Council recently updated the Risk Management Strategy and Corporate Risk Register, SWAP would align the programme of internal audit work with the authority's strategic risk register to provide coverage and assurance over these risks.
- A significant number of actions (94) had been completed in 24/25 which felt reflected the commitment from management to implement agreed actions.
- Feedback scores remained strong, especially in relation to SWAP's professionalism and conduct, but return rates had fallen from the previous year. SWAP would work with the S151 Officer and other officers across the Council to seek an increase in 2025/26.
- The HIA informed the committee that this would be her last meeting with Herefordshire and introduced her replacement. She expressed her enjoyment of having worked with the Council, both committee and officers, and thanked everyone for their continued support of the internal audit function.

In response to committee questions, it was noted:

1. The HIA did not feel it was a particular directorate that was resistant in providing feedback and offered for feedback by Directorate to be included within future reports to the committee. It was explained that where an audit was cross cutting, two surveys would be sent to the relevant officers (normally director level).
2. At quarter 4, 15 audits had been outstanding with the anticipation of 13 being completed by the annual opinion. It was thought that 12 audits had been completed, but this would be confirmed by written response.

The chairperson offered his sincere thanks to the HIA for her contributions over the last ten years in particular her assistance with the implementation of Auditboard.

The committee noted the report.

Actions

2023/24-058 The HIA to confirm the number of audits completed since the Quarter 4 report.

68. WORK PROGRAMME

The committee's updated work programme was presented. Following the exemptions to CPR's paper discussed earlier in the meeting being agreed to come to committee on an annual basis, the item would be removed from the work programme for September 2025 and added to June 2026.

The updated work programme was noted.

69. DATES OF FUTURE MEETINGS

The meeting dates for the remainder of 2025/26 were noted and agreed as follows:

Tuesday, 15 July 2025 2pm
Thursday, 25 September 2025 10am
Tuesday, 28 October 2025 2pm
Tuesday, 27 January 2026, 2pm
Tuesday, 24 March 2026, 2pm
Tuesday, 9 June 2026, 2pm

The meeting ended at 3.51 pm

Chairperson



Title of report: Code of Conduct for Councillors – 2024/25

Meeting: Audit and Governance committee

Meeting date: 15 July 2025

Report by: Head of Legal Services and Deputy Monitoring Officer

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards)

Purpose

To enable the committee to be assured that high standards of conduct continue to be promoted and maintained. To provide an overview of how the arrangements for dealing with complaints are working together.

Recommendation(s)

That the Committee:

- a) notes the update on the Code of Conduct complaints arrangements in respect to the year-end period of 2024/25 to April 2025;
- b) notes the concept of more standardised informal resolution as set out in the draft proposals in Appendix 2;
- c) determines whether this proposed Informal Resolution Protocol (IRP) should be developed further as a possible first stage in any complaint (being a precondition of formally accepting a complaint under the Arrangements for dealing with a Code of Conduct Complaint against members); and

- d) if c) is adopted then to delegate to the Monitoring Officer (in consultation with the Chair of Committee) to bring a preferred option proposal back to this committee

Alternative options

1. There are no alternative options, the constitution requires the committee to annually review overall figures and trends from code of conduct complaints. This committee agreed that this should be 6 monthly and the committee's recommendation was approved by Council in March 2024. This report provides a summary of the work undertaken during the 2024/25 administrative year ('the review period').

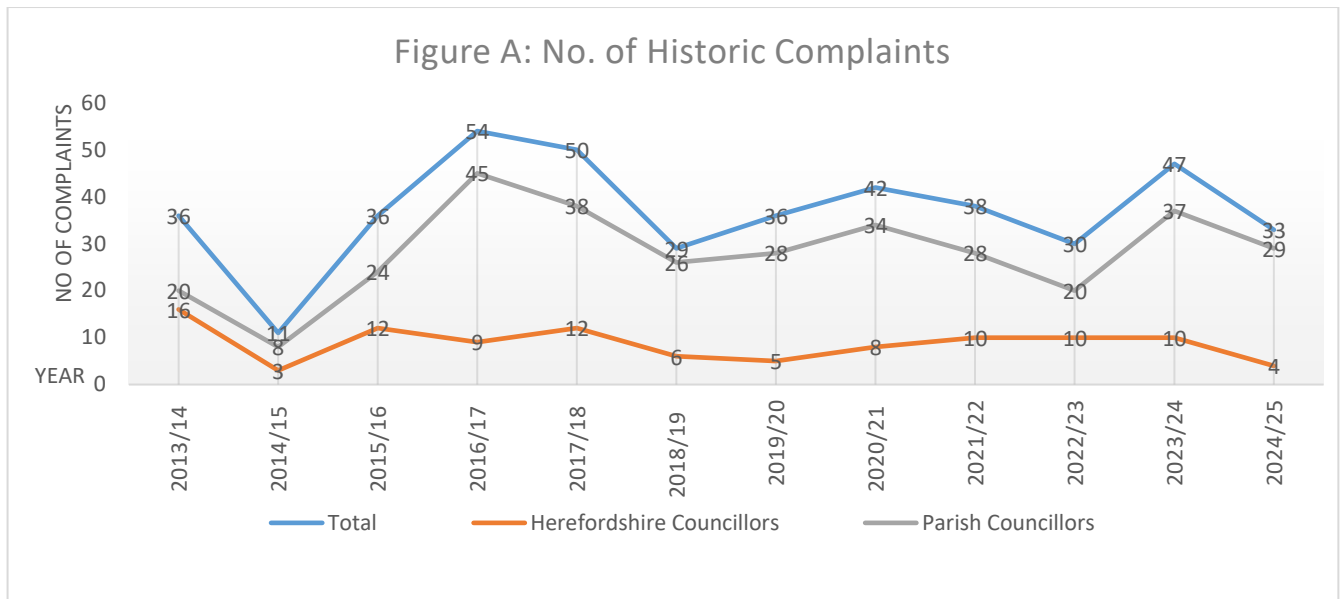
Key considerations

2. Herefordshire Council, and all parish, city and town councils in the county, have a statutory duty under the Localism Act 2011 to 'promote and maintain high standards of conduct by members and co-opted members of the authority'.
3. The Monitoring Officer is responsible for dealing with allegations that councillors have failed to comply with the members' code of conduct and for administering the local standards framework. The Committee is responsible for receiving an annual review by the Monitoring Officer.

Code of Conduct Complaints to September 2024

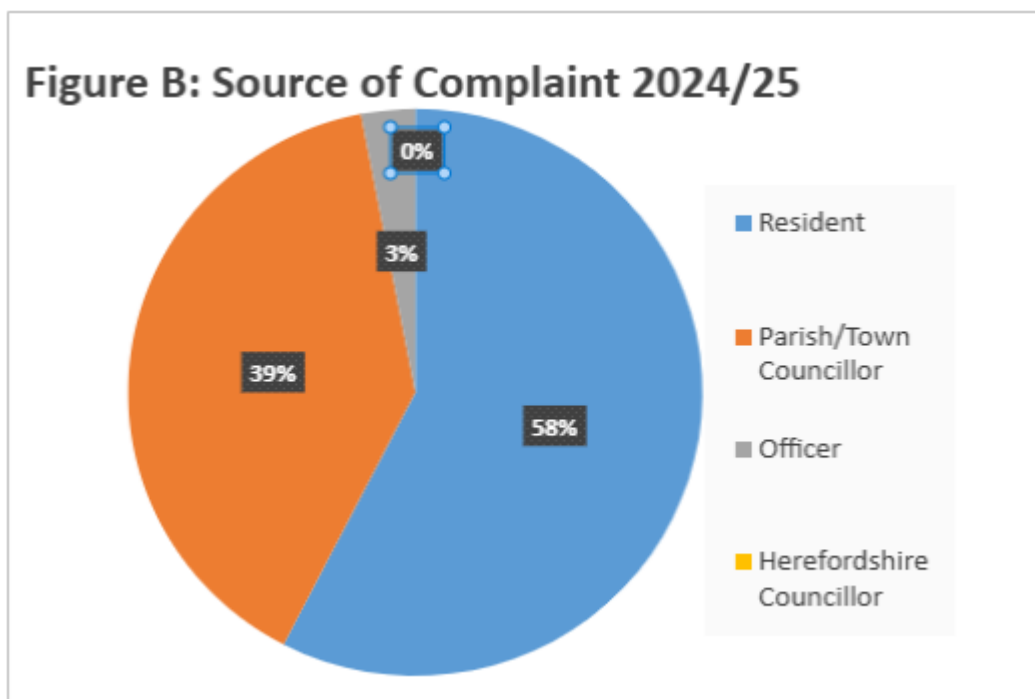
Number of Complaints

4. Since the introduction of the Localism Act 2011, the number of complaints handled by Herefordshire Council has been tracked. There are 53 Herefordshire councillors and approximately 1,300 parish councillors each of whom is subject to a councillor code of conduct.
5. Since the last update to this Committee, from 1 October 2024 the Council received a further 7 complaints over the last 6 months. The total for the year is 33 Code of Conduct complaints.
6. Figure A below shows the number of complaints received since 2013. The numbers had been reducing since 2021 but the year ending 31 March 2024 saw a significant increase in complaints. In the current administrative year, we have seen a fall in numbers. There has been a marked decrease in complaints against Herefordshire Council councillors (4). The remainder being against Parish/Town Councillors.



Source of Complaints

7. Figure B shows that the source of complaints are residents and Parish/Town Councillors. Complaints from Parish/Town Councillors are higher than last year (22% of all complaints). No complaints have been received from members of Herefordshire Council. One complaint was received from a council officer (in respect to a Parish/Town council).



8. Almost 4 in every 10 complaints received is raised by a Parish/Town Councillor about another Parish/Town Councillor. The view is that issues between Parish/Town Councillors are being 'resolved' using the Code of Conduct process. Anecdotally (from comments and correspondence), the reason appears to be that the local council is unable to resolve matters locally but sometimes it is evident that a referral to the Council is seen to be the automatic preferred option. The inability to resolve matters is sometimes due to the individuals and facts.

However, we are also aware that some informal resolution by the local council has made matters worse. The outcomes generated by the complaints are a poor use of resources when considering the substance of the complaints (see below). The trend appears to indicate that some Parish/Town Councillors use the Code of Conduct process to resolve differences of opinion or behaviours rather than matters being resolved by the Councils themselves. Local views continue to appear, that disputes and differences between Councillors should be dealt as a Code matter rather than the Councils having sufficient processes and resources to settle disputes within each council themselves. We are of course aware that there may be many instances where local disputes have been resolved informally and we are simply not aware of this.

9. Currently the Code of Conduct allows anyone to raise a complaint, and the local arrangements require the Council to receive and treat the complaint as valid under our local assessment and jurisdiction criteria. Although the process allows the Monitoring Officer to screen out any 'tit for tat' complaints, this still means that no local resolution may have been attempted and the screening process itself is time intensive and a poor use of resources.
10. At the meeting in January, it was reported that the majority of these complaints relate to respect. It was reported that some Parish/Town councils have signed up to the Society of Local Council Clerks (SLCC), Country Associations, National Association of Local Councils (NALC) and others [civility and respect pledge](#) which requires training for councillors and staff and to have good governance arrangements in place. Examples include Ross on Wye TC (June 2023), Leominster TC ([Sept 2022](#)), Hereford City Council and Ledbury [TC](#). Part of this requires each Parish/Town councils to have a local resolution process that needs to be followed. The intention appears to be to try and resolve any issue as early and quickly as possible.
11. Information provided by NALC had indicated that only 7 Parish/Town Councils have signed up to the pledge (4.6%) in Herefordshire. This is extremely low even compared to the national average of 17% nationally signed by Local Councils.
12. After the January meeting, the Monitoring Officer wrote to all Parish/Town Councils recommending that each local council adopts the pledge or some other form that includes a local resolution process and providing further advice about respect. Since that NALC has confirmed that 5 further other councils have adopted one, so far as they are aware. This includes Pixley & District PC, Ewyas Harold Group PC, Ocle Pychard Group PC, Stretton Grandison Group PC and Bosbury & Coddington PC.
13. The table Fig B1 below shows the outcome of 10 Parish/Town Councillor **sourced complaints** (where a Parish/Town Councillor raised a complaint) in 2023/24 and 13 Parish/Town Councillor sourced complaints in 2024/25.

Fig B1: Parish/Town Councillor complaints - outcomes 2023/24

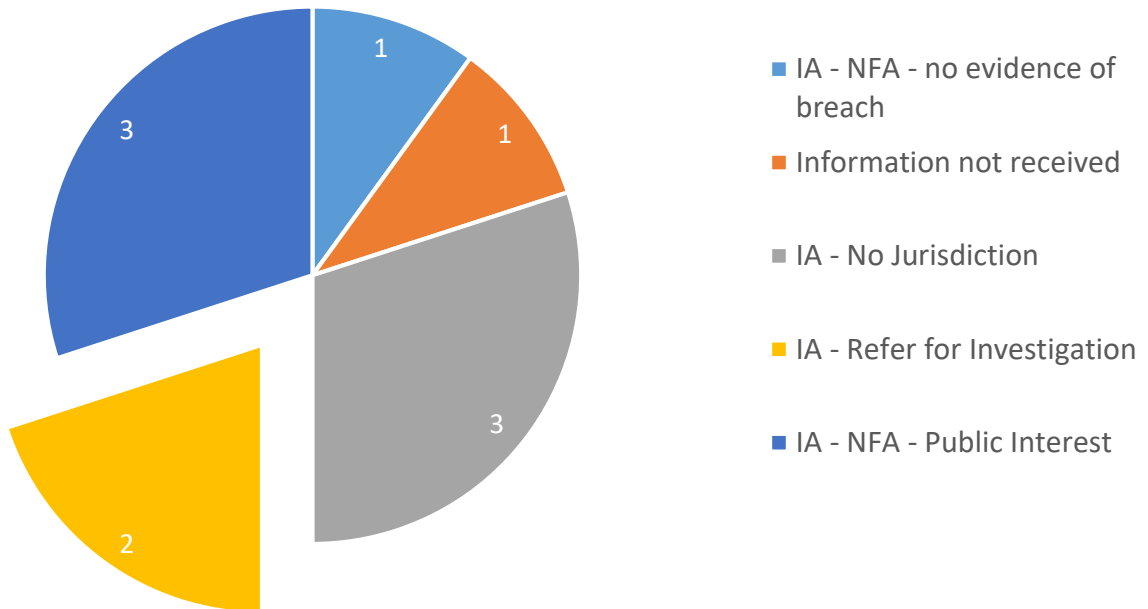
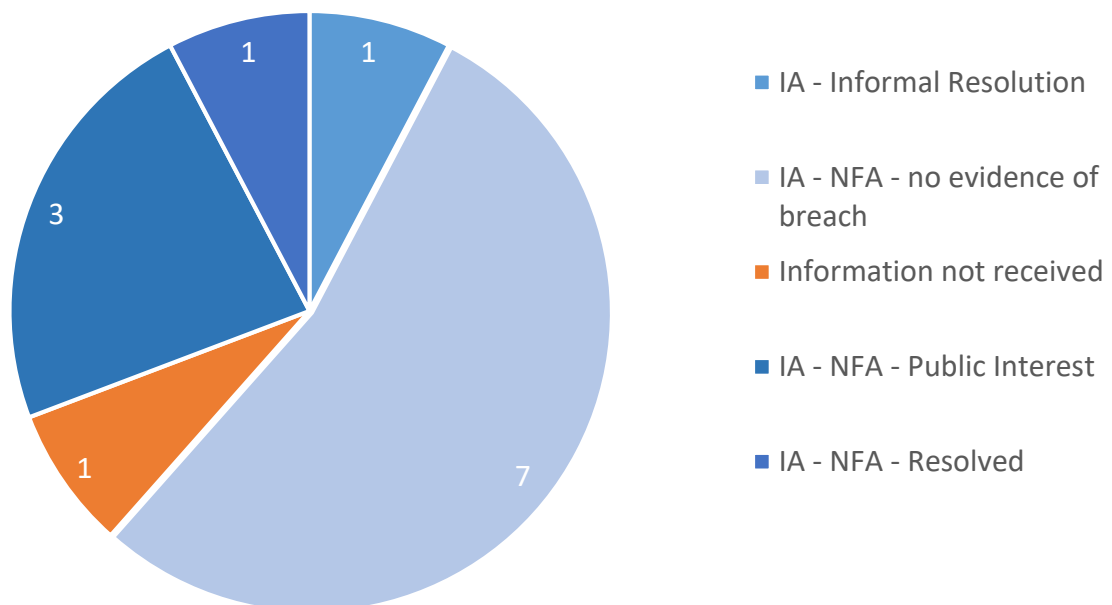


Fig B1: Parish/Town Councillor complaints - outcomes 2024/25



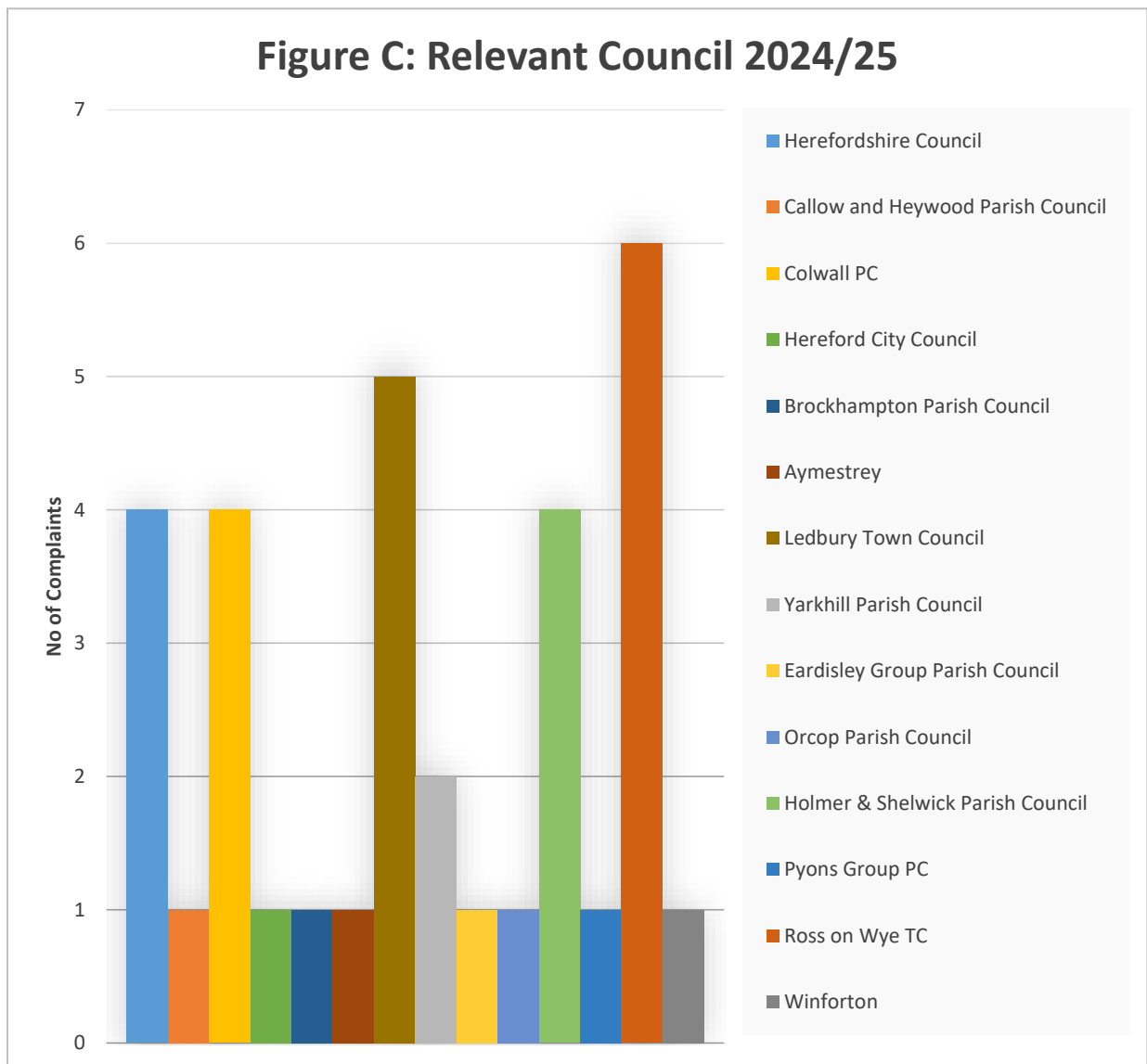
14. Only in **2** instances was a matter referred to investigation (meaning a potential breach) and no further action was taken at the initial investigation stage for **21** complaints due to no information being provided, the complaint being of minor affect, there not being evidence of a breach or the Councillor having already taken the remedial action to resolve the issue.
15. Although the number of complaints has fallen this year, almost 40% of all complaints in the review period relate to Parish/Town Councillor **sourced complaints** and all have been

discontinued at Initial Assessment stage. The numbers of Parish/Town Councillors sourced complaints that have attempted some form of local resolution first appears to be low.

16. The result is that 40% of all complaints are by Parish / Town Councillors about other Parish / Town Councillors. Of these, 21 of 23 were dealt with through an Initial Assessment. These are the complaints which could be dealt with informally by each Parish / Town Council.
17. In the last two years 6 complaints relate to Colwall PC, 3 complaints for Bartestree (but none in 2024/25), 3 complaints for Ledbury, 2 complaints for Belmont Rural and 4 for Holmer & Shelwick (4 complaints).

Relevant Council

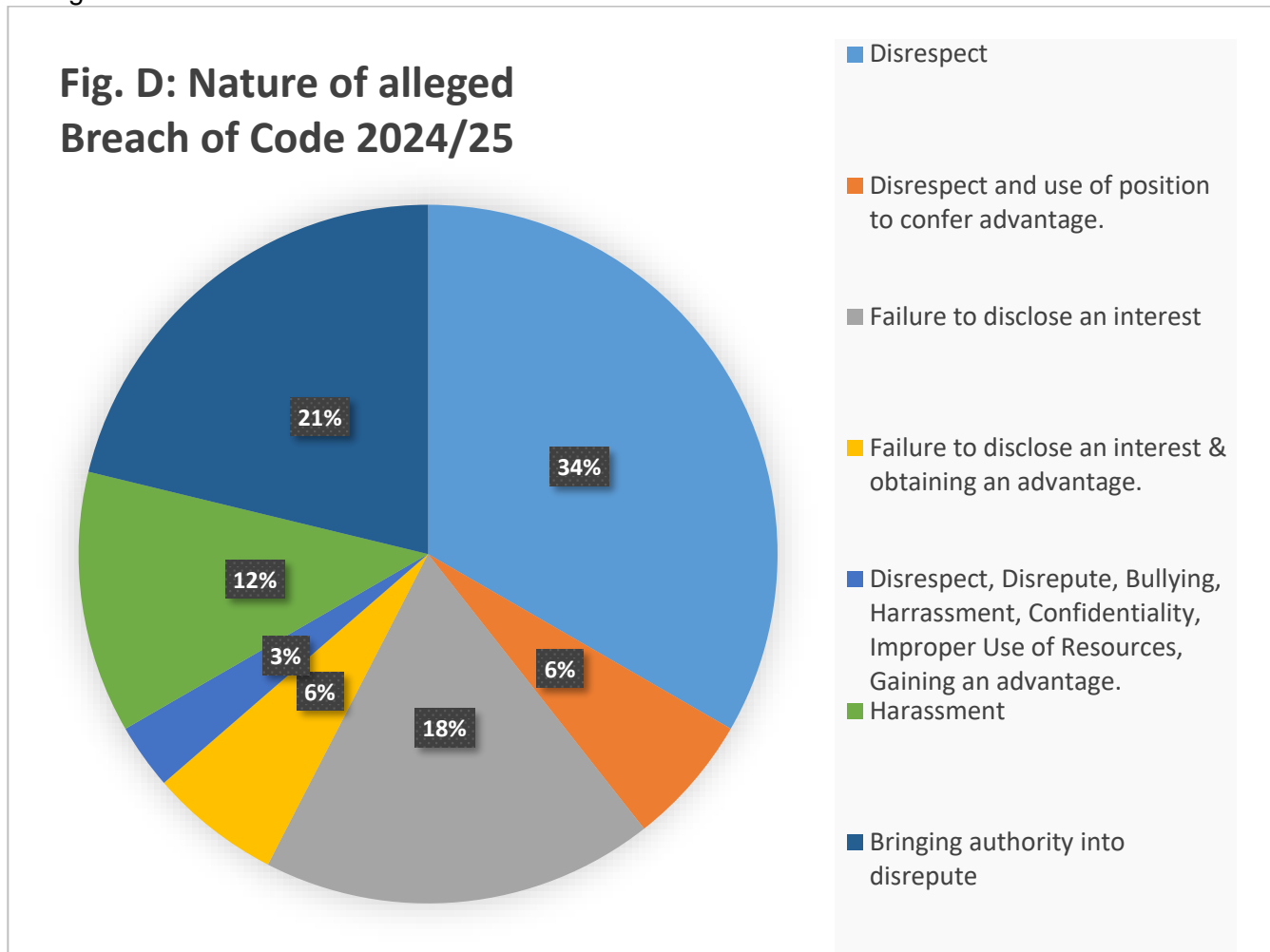
18. Figure C shows the council in which the complained about Councillor is located. The majority of complaints by number relates to members of Parish/Town Councils. Complaints were received in respect of 4 Councillors of Herefordshire Council.



19. It is noted that no complaints have been received in the review period in respect to Bartestree with Lugwardine where 14 complaints had been received in 2023/24. The highest proportion of complaints relate to Ledbury TC, Colwall PC, Holmer & Shelwick PC and Ross on Wye TC.

Nature of Complaints

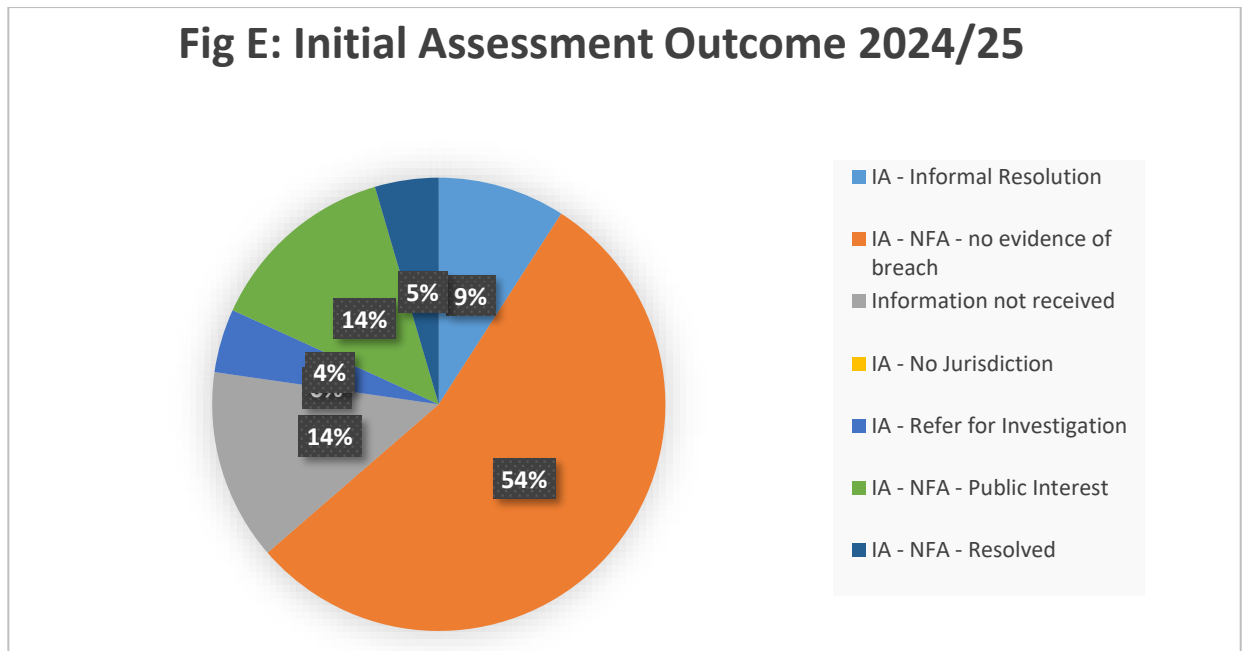
20. A complaint requires a potential breach of the relevant Code of Conduct. Although this has been recorded by officers, due to the fact there is not a standard Code of Conduct (not all Parish/Town Councils have adopted the Herefordshire Code), this means that there is overlap in the recorded potential breaches. As such there are wide ranging descriptions of potential breaches of the Code of Conduct of the relevant council.
21. Figure D shows the range of allegations raised. It is clear that the majority of complaints relate to 'disrespect' (sometimes in combinations with other allegations) and a failure to disclose an interest, typically in the context of representations about planning applications. This has not changed from that observed in 2023/24.



22. Guidance on disrespect was produced by officers and circulated to the Parish/Town Clerks in April 2024 in an effort to raise awareness of councillors' commitment under the Code of Conduct to treat others with respect. Further, the Monitoring Officer again wrote at the request of this committee on 1 May 2025 about lack of respect.

Outcome of Complaints

23. Figure E shows the outcomes of complaints at the first stage of the complaint process (initial assessment) during the review period.



24. Out of the 33 complaints received, 2 matters were referred for investigation. 2 others are on hold as they are being considered by other statutory bodies under their own compliance codes.
25. 29 complaints that have been closed during the review period because a complaint was withdrawn or resolved at the initial assessment stage and after the subsequent full investigation stage. Resolved includes where there is a finding of a breach, no breach or where there is no further action taken. NFA includes where the member has already taken remedial action to correct the matters in the complaint.

Historic Complaints

26. Appendix 1 to this report contains the number of complaints received against Herefordshire and each Parish/Town Council since 2019/20.
27. Over that period, although almost 50% of all complaints against Parish/Town Councils have been generated by 4 Parish/Town Councils, however Llangarron, Bartestree with Lugwardine PC and Walford PC have not received any complaints during 2024/25.
28. It should be noted that out of the 137 Parish/Town councils in Herefordshire, only 9 have generated more than 5 complaints over the entire 6 years.

Sanctions

29. Our arrangements are that where there has been a breach of the Code of Conduct and recommendations are made by the Monitoring Officer, the subject member is asked to comply. In the event it is a parish councillor, then the report and recommendations are sent to the Parish Council for them to implement. Under our procedures, they are not able to substitute their own sanction but there is currently no ability for Herefordshire Council to enforce any recommendation.

30. Both subject members (for Herefordshire Council) and the Parish Council are asked to confirm whether or not sanctions have been complied with.
31. Decision notices for all breaches are made public on the Council's [website](#).
32. Where a complaint is resolved without a formal investigation, no finding of breach can be made. This committee has agreed that the Standards Panel will receive a copy of all decision notices made following initial assessment, no matter what the outcome is. In this instance, the decision notice is provided to the Complainant and Subject Member, as well as the Clerk as Proper Officer, but it is not published, save in cases where the Monitoring Officer may, under the Transparency arrangements, use her discretion to publish.

Standards Panel

33. The Standards Hearings Panel was convened twice during the review period.

Councillor Sinclair – Ledbury Town Council

34. Cllr Sinclair was found to have breached the Code of Conduct of Ledbury Town Council by a [decision](#) issued on 4 February 2025. Cllr Sinclair elected not to attend the hearing, and the Standards Panel made 4 sanction recommendations. It has been reported back to the Council by Ledbury Town Council on 24 April and 9 May 2025 that the Councillor does not intend to apologise or undertake the training recommended.

Councillor Bradford – Ledbury Town Council

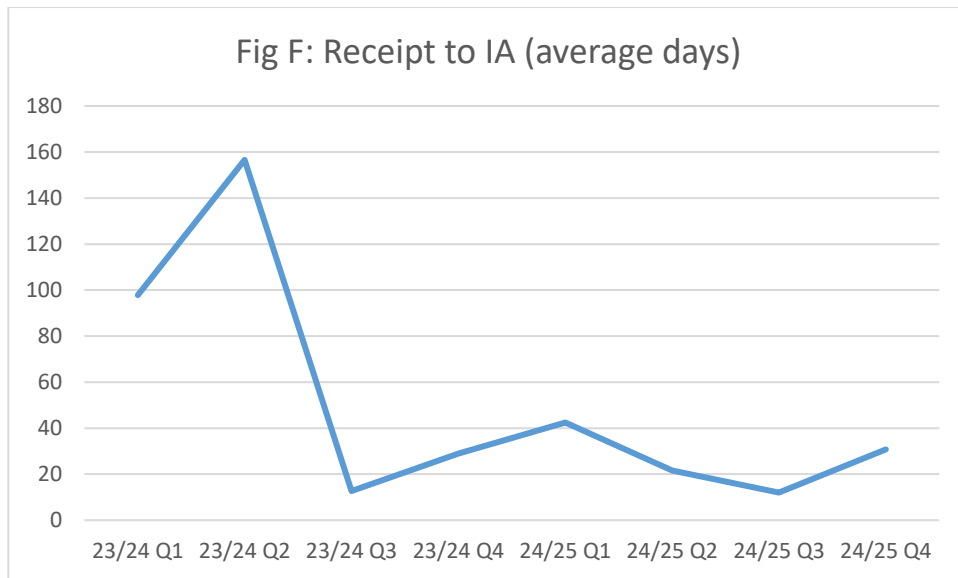
35. Cllr Bradford was found to have breached the Code of Conduct of Ledbury Town Council by a [decision](#) issued on 8 April 2025. Cllr Bradford did attend his hearing, and the Standards Panel made 3 sanction recommendations. It has been reported back to the Council by Ledbury Town Council on 13 May 2025 that Cllr Bradford does not intend to apologise, undertake the training recommended or work to try and build trust and confidence with the Town Council and complainant. The Standards Panel is awaiting Ledbury Town Council to confirm what measures it wishes to adopt to attempt to build trust and confidence.

Key Performance Indicators

36. These are currently in an early form as data captured before the current administrative year was incomplete. Data is robustly captured currently and demonstrates the following key indicators.

Time for Initial Assessment

37. This is the average time taken in days from receipt of the complaint to the initial decision of the Monitoring Officer. This date is not a pure measure as it is dependent on a number of factors, including the subject member's response who may request an extension of time to respond, particularly if a complaint is complex.



38. This reduced from an average of 98 days in Q1 2023 to 31 days in Q4 2024/25. During the year 2024/25 the average of 26 days.

Time for Independent Person Response

39. This is the response time for the Independent Persons to provide their views on matters before a decision is made by the Monitoring Officer (as required by the Localism Act 2011). This is currently an average of 1 day which is considered to be exceptional.

40. Time between Initial Assessment and Outcome

This is the time taken from Initial Assessment decision when a matter is proceeding to formal investigation, to outcome following that investigation. During the review period, only 2 cases have been subject to investigation and both were referred to the Standards Hearing Panel.

41. This first relates to Councillor Sinclair (Ledbury Town Council) and the case concluded its initial assessment on 17 October 2024. This case took 15 days from receipt to Initial Assessment decision that the matter was proceeding to formal investigation. The formal investigation concluded on 19 December and took 39 days. The hearing was 4 February 2025 which was 37 days after the outcome of investigation was known.
42. This second relates to Councillor Bradford (Ledbury Town Council) and the case concluded its initial assessment on 2 December. This case took 10 days from receipt to Initial Assessment decision that the matter was proceeding to formal investigation. The formal investigation concluded on 17 February and took 53 days. The hearing was 2 April 2025 which was 32 days after the outcome of investigation was known.

Comments from the Council's Independent Persons on Arrangements

43. Comments received included that it is very disappointing that the sanction recommendations of the Standards Panel were not complied with by either town councillor. However, on a more positive theme, it is noted that no Herefordshire councillor received a complaint from officers or other councillors.

Conclusions

44. The data represents a review period of 12 months but demonstrates the following trends and observations, particularly when the review period is considered in the context of the historic data that is included in the report:
- a. There is a downward trend (33 complaints) in complaints which appears to be settling at the 'normal' levels of approximately 30 per year.
 - b. There has been a marked reduction in complaints concerning Herefordshire Councillors (4 as opposed to the 'normal' of 10 per year)
 - c. Almost 40% all complainants during the 2024/25 period were generated by Parish/Town Councillors. In the period 2023/24 and 2024/25, 23 complaints were generated by Parish/Town Councillors against other councillors. Only 2 complaints moved to investigation (in 23/24) and did not proceed past the initial assessment stage due to lack of information, of minor importance or the matter being considered as being resolved
 - d. An extremely low number of Parish/Town councils have signed up to the NALC/SLCC civility and respect pledge which ordinarily requires a local resolution process as part of good governance arrangements and best practice. Obviously, Parish/Town councils may have adopted their own local resolution process independently. There have been 5 additional councils that have signed up to this since January according to NALC.
 - e. Although there has been a reduction of numbers of complaints in 2024/25, this reduction is only down to the historic normal range of approximately 30 per year.
 - f. A large amount of time and resources was utilised for the investigation interviews and reporting, decision making and convening the two Standards Panel hearings. The Panel considered both were in breach of the code and recommended sanctions but neither town councillor would accept such and neither the Council nor Town Council were able to impose the recommended sanctions. It is questionable whether either complainant is satisfied with the outcome or the response to the councillors to the recommended sanctions. Under the current standards regime there is no ability to sanction any Councillor who does not comply with a decision.

Informal Resolution Process

45. It is noted that much of the complaints referred to the Monitoring Officer are complaints from a member against another member. Many of these complaints relates to behaviours principally around a lack of respect.
46. The members of the Standards Panel have expressed concern that for such complaints, a lack of coherent informal resolution manifests itself as, at best a missed attempt to resolve issues at an early stage to achieve better outcomes for both complainant and the member and at worst, an incoherent approach to resolution could make matters worse.
47. The Monitoring Officer has received a number of complaints centring around a parish council where all complaints have been generated by and against councillors. All are broadly about respect and have been dismissed as requiring no further action. However, the poor relations

between members continued and the Monitoring Officer, with support of the Independent Persons, strongly recommended that mediation was performed to try and improve the relations. This failed principally as some members chose not to engage in a meaningful way and complaints have again resumed. The purpose of an IRP could be to ensure that some form of resolution must be attempted before complaints will be accepted by the Monitoring Officer.

48. The government is currently consulting on a revised standards regime in England and this committee has responded to this on behalf of the Council. It is possible that the standards regime could be significantly different to what it is currently. However, it is not expected that any change is imminent, and it is likely that the current position will continue for 12 months or more.
49. It is considered that the use and adoption of an Informal Resolution Procedure (IRP) would:
 - a) Enable Parish/Town councils to have more ownership and say over the conduct of councillors
 - b) Allow minor complaints to be resolved at the appropriate level by the council affected by the complaints;
 - c) Generate a quicker outcome;
 - d) Generate better outcomes where those with direct influence and involvement can quickly evaluate whether the issue is minor and should be better addressed locally;
 - e) Require complainants to engage to try and resolve matters early;
 - f) Prevent tit for tat or unnecessary politically motivated complaints; and
 - g) Avoid unnecessary and costly referrals to the Council;
50. It is entirely possible that any new standards regime may include national arrangements which could mean local arrangements are no longer required and therefore changes at this point would be a waste of resources. However, we consider that the current arrangements will continue for at least 12 months and that any national arrangements will have a place for early resolution for the council concerned. It is noted that in Wales, the national standards regime and arrangements was not abolished by the Localism Act 2011. This has a national body for standards determination and independence of investigation via a local government ombudsman. The ombudsman guidance for both [local councils](#) and [principal authorities](#) includes a role for local resolution for minor complaints even though the serious complaints are considered either by the Council standards panel or adjudication tribunal.
51. Accordingly, to encourage the use of a Local Resolution Protocol, the recommendation is that this committee could investigate whether the Arrangements for dealing with a Code of Conduct Complaint against members is changed so that that complaints against a member of Herefordshire Council and/or a parish/town council are not accepted by Herefordshire Council unless an Informal Resolution Protocol (IRP) has been followed. This would not include any legal requirements (such as a failure to declare an interest) – principally around complaints around a lack of respect.
52. A first draft of the IRP is attached in Appendix 2. If the concept of an IRP is approved by this committee, then it is recommended that the Monitoring Officer brings a proposal back to this committee as soon as possible.
53. It is recommended that those that could be impacted by this decision should have a say because even if the concept an IRP is supported there are different options. For example, the IRP could be:

- a) applied only to member-on-member complaints rather than all complaints;
- b) applied only where a threshold of complaints have been reached (for example, more than 5 complaints in previous 5 years);
- c) applied only to Parish/Town Councils as there is a very low incidence of complaints at Herefordshire Council; and
- d) applied to Herefordshire Council as the low level of complaints could be explained due to good behaviours shown by current members/current arrangements between/within groups but this may not be the case in future.

Comments from the Council's Independent Persons on IRP

54. The Council has received comments from the IRP on this proposal. Although recognising that this is at concept stage at this time, the comments raised are summarised as:
- a) The IRP should not be used where a complaint relates to a legal requirement (such as disclosure of interests) or where it is serious (bullying and harassment);
 - b) The IRP should be managed and run by the Parish/Town Council's themselves;
 - c) There should be clear boundary or end point where informal resolution is not considered to have worked and matters should be dealt with under the established procedure; and
 - d) Although recognising the intention behind this proposal, should we await the national proposals just in case this work is obsolete and replaced shortly?
 - e) The high levels of councillor-on-councillor complaints at Parish/Town council is frustrating and cost disproportionate when considering the minor/political nature of the complaint.

Standards Hearing Procedure

55. The Arrangements for dealing with a Code of Conduct Complaint against members have been updated in relation to the Standards Panel Hearing itself and the question of whether the hearing was to be conducted in public or not.
56. The current procedure required the publicity decision to be made in the meeting itself. This meant that even if the hearing was conducted in public, there was no obvious means for the public to be aware of this until the actual meeting.
57. The revised process requires that the Monitoring Officer would consult with the Standards Panel members at the time the agenda is published to decide whether the agenda is to be published in an open or private (or part private) format.
58. The decision whether the meeting itself is conducted privately remains with the Standards Panel.

Community Impact

59. This report provides information about the council's performance in relation to the Code of Conduct.
60. Having an effective process for dealing with Code of Conduct complaints upholds principles A and G of the code of corporate governance by ensuring that councillors behave with integrity and are accountable for their actions. This should provide reassurance to the community that councillors are behaving in the best interests of their constituents.

Environmental impact

61. There are no environmental impacts arising from this report.

Equality duty

62. The [Public Sector Equality Duty](#) requires the Council to consider how it can positively contribute to:
- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
63. The Council must demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services to secure this general duty.
64. The model Code of Conduct requires that Councillors do not discriminate unlawfully against a person, and should any complaint be received alleging this as a breach, then we would investigate accordingly and report such within this report. The EIA has been completed in respect to the revised procedure and has no impacts. In practice, should a person involved with the process have a protected characteristic which is impacted by the process itself, then those involved should be able to take that into account when operating the Arrangements.

Resource implications

63. There are no resource implications arising directly from this report which is for information. The Council has a statutory duty in the Local Government and Housing Act 1989 to provide the monitoring officer with sufficient resources to allow them to perform their duties.

Legal implications

64. There is no statute that specifically requires the Monitoring Officer to produce an annual report. However, the report evidences that the council complies with the duties required under the Localism Act 2011 and the requirements of the Council's constitution.

Risk management

65. There are no risks arising directly from this report which is for information. Maintaining high standards of conduct mitigates risks to the reputation of the Council. The fact that the Monitoring Officer is only able to make recommendations regarding a breach of the code of conduct exposes the Council and Monitoring Officer to risk of criticism, which was recognised by The Committee on Standards in Public Life.

Consultees

66. Independent Persons for Standards

Appendices

Appendix 1 – Historic Complaints per Parish Council

Appendix 2 – Proposed draft IRP

Appendix 3 - Equality Impact Assessment

Background papers

None identified.

Report Reviewers Used for appraising this report:

Governance	Jen Preece	Date 01/07/2025
Finance	N/A	
Legal	Sean O'Connor	Date 18/06/2025
Communications	Luenne Featherstone	Date 01/07/2025
Equality Duty	Harriet Yellin	Date /2024
Procurement	N/A	
Risk	N/A	

Approved by	Claire Porter	Date /2024
-------------	---------------	------------



Appendix 1: Historic Complaints per Parish Council

Parish Council	19/20	20/21	21/22	22/23	23/24	24/25	Total Per Council
Total	28	34	30	19	47	33	191
Herefordshire Council					10	4	14
Ledbury Town Council	4	3	6	4	5	5	27
Bartestree Parish Council		4	1	3	14	0	22
Walford Parish Council	6	7	4		3	0	20
Llangarron Parish Council	6	5	2			0	13
Belmont Rural Parish Council		3	1	2	2	0	8
Colwall PC					3	4	7
Upton Bishop Parish Council			3	3		0	6
Holmer & Shelwick Parish Council			1	1		4	6
Ross on Wye Town Council						6	6
Callow Parish Council		1	1	2		1	5
Lyonshall Parish Council		4				0	4
Orcop Parish Council		1			2	1	4
Yarkhill Parish Council					2	2	4
Bromyard and Winslow Town Council	2				1	0	3
Tarrington Parish Council	3					0	3
Ballingham, Bolstone & Hentland Parish Council		2				0	2
Cusop PC					2	0	2
Eardisland Parish Council			1		1	1	3
Stoke Lacy Parish Council		1		1		0	2
Wigmore Parish Council			2			0	2
Ashton Ingram Parish Council		1				0	1
Bishopstone Parish Council			1			0	1
Bodenham Parish Council	1					0	1
Bridstow Parish Council			1			0	1

Brimfield and Little Hfd Parish Council				1		0	1
Burghill Parish Council				1		0	1
Cradley Parish Council				1		0	1
Clifford Parish Council	1					0	1
Cleghonger PC					1	0	1
Dilwyn Parish Council		1				0	1
Dorstone Parish Council			1			0	1
Edwyn Ralph Parish Council	1					0	1
Leintwardine Group					1	0	1
Leominster Town Council			1			0	1
Linton Parish Council	1					0	1
Little Birch Parish Council			1			0	1
Madley Parish Council			1			0	1
Orleton Parish Council			1			0	1
Pencombe Parish Council		1				0	1
Pixley and District Parish Council	1					0	1
Vowchurch Parish Council	1					0	1
Welsh Newton & Llanrothal Group Parish Council	1					0	1
Weston-Under-Penyard Parish Council			1			0	1
Aymestrey Parish Council						1	1
Brockhampton Parish Council						1	1
Hereford City Council						1	1
Pyons Group PC						1	1
Winforton						1	1

Appendix 2 IRP - Herefordshire Council

Informal Resolution Protocol (IRP) for Herefordshire Council

Herefordshire Council wishes to use this IRP as a first step in trying to resolve any disputes or disagreements between Members which may amount to a breach of the Code of Conduct.

The Council has determined that any complaint by member against a Member of Herefordshire Council under the Code of Conduct shall not be accepted by the Council until the terms of this IRP has been complied with.

The Audit & Governance Committee of the Council has delegated authority to determine and vary the IRP. The Monitoring Officer (MO) is delegated by Audit & Governance Committee with all decision making as required by the operation of the IRP.

The Scope of the IRP

Issues which should be considered under this process

Low level minor complaints about Members, including:

- Minor complaints from Members about other Members ('the accused Member');
- Minor complaints from the public about accused Members, where Herefordshire Council has received a complaint from the public and such member of the public has agreed to use this protocol; and
- Minor complaints from council Officers about accused Members (where the Officer has agreed to use this IRP).

Minor complaints are not prescriptive but includes where accused Members are alleged to have not shown respect and consideration for others – either verbally or in writing – or where the outcome or sanction would be as described in the paragraph 'Possible results of the process'.

Issues which should not be considered under this process

Complaints which must be directed to the MO, including:

- Complaints *of a significant nature* (not a minor complaint) instigated by a member of the public;
- Serious complaints/breaches of the Code of Conduct/failure to disclose interests at meetings/bullying/abuse of position or trust/repeated breaches of the Code of Conduct;
- Vexatious, malicious or frivolous complaints (such will also be rejected by the MO)
- Members' complaints about officers which should be dealt with using the Council's internal complaints process
- Repetitive low-level complaints

Any matter received by the MO which is considered to be a minor complaint will be referred to the appropriate Group Leaders.

The Process

The complaint

The complaint would need to be sent to the appropriate Group Leaders of the respective parties involved to undertake a first sift to ensure that the complaint is a minor complaint and should not be dealt with by way of a complaint to the MO.

If appropriate, therefore, the Group Leaders should firstly seek an early resolution of any such dispute by liaising informally with the individuals concerned. It is vitally important that the accused member is given full details of the complaint against them so that in the interests of natural justice they are in a position to prepare their response to the accusation.

If the complaint involves a member who is not part of a group, the complaint would be sent directly to them (if they are the accused Member).

Resolution Process

The involvement of the Group Leaders of the Council in the following process is not to adjudicate on the complaint, but to attempt to get the members/officers/member of the public involved to come to an agreement as to how the issue(s) could be resolved on an amicable basis. The outcome of any resolution is therefore by agreement.

The Group Leaders will act as a facilitator for the resolution process below. If the complaint involves a member, who is not part of a group, they may nominate another member to facilitate the resolution process.

If the complaint is between Members other than the Group Leaders the appropriate Group Leaders from each respective group will meet individually with the complainant and the accused Member to seek an agreed resolution.

If the complaint is between Members, one of whom is a Group Leader, an alternative member of their group may be nominated and will meet with the complainant and accused Member to seek an agreed resolution.

If the complaint has been made by an officer/employee against a Member other than a Group Leader the appropriate Group Leader will meet with the officer and the Member subject of the complaint to seek an agreed resolution.

If the complaint has been made by an officer/employee, against a Group Leader, an alternative member of their group may be nominated and will meet with the officer and the Group Leader to seek an agreed resolution.

In respect to the resolution process, 'meet' shall be as determined appropriate by the Group Leaders and could include a meeting in person, by phone, electronic meeting or exchange of correspondence.

Possible results of the process

If an agreement is reached by Members and/or officers, then no further action is required.

If agreement cannot be reached or the agreed outcome not performed, then the aggrieved Member/officer would always have the opportunity of referring the matter to the MO.

Examples of agreements might include:

- issue of a letter of apology,
- a written undertaking or commitment not to breach the Code of Conduct in the future,
- a commitment to undertake training or
- an agreement that on the basis of the evidence that no further action should be taken and the matter be closed.

Time for the process

It is the intention that all of the processes can be completed as quickly as possible to resolve the issue. However exact timing will depend on the availability of individuals to attend the meetings.

Important Points to Note in preparing a process for use by Group Leaders.

The Group Leaders of Herefordshire Council should consider receiving appropriate training in facilitation and mediation to be in a position to maximise the benefit of this process.

It is suggested that any meetings held with a view to discussing the issues of complaints and/or resolving matters are at the very least minuted, if not recorded. This is to ensure that agreements are captured. This will also be useful in the event that matters break down or escalate and need to be referred to the MO. It may also be useful as evidence in the event of further similar breaches of the conduct and future conduct.

Group Leaders powers in respect of code of conduct matters.

It would not be appropriate for Group Leaders or a nominees to formally investigate a Code of Conduct complaint or decide that there has been a breach or to consider the issue of sanction/censure. They are there to offer support and guidance to the relevant Members only.

Herefordshire's Code of Conduct arrangements

No complaint under Herefordshire Council's Code of Conduct arrangements will be accepted from a complainant about an accused Member unless this IRP has been followed.

Where this IRP has been unsuccessful (where no agreement between the complainant and accused member has been reached), the Group Leaders should direct the complainant to the MO. No referral shall be made or accepted by Herefordshire Council if the complainant has refused to engage with the IRP.

Appendix 2 - draft IRP - Town/Parish Council

Model Informal Resolution Protocol (IRP) for Town and Parish Councils in Herefordshire

Herefordshire Council wishes local councils to use this IRP as a first step in trying to resolve any disputes or disagreements between Members which may amount to a breach of the Code of Conduct.

Herefordshire Council has determined that any complaint by member against a Member of a local council under the Code of Conduct shall not be accepted by the Herefordshire Council until the terms of this IRP has been complied with (or a locally adopted protocol that substantially includes all the elements of this model protocol). The Audit & Governance Committee of the Council has delegated authority to determine and vary the model IRP. The Monitoring Officer (MO) is delegated by Audit & Governance Committee with all decision making as required by the operation of the IRP.

This model protocol is meant as a starting point for Town and Parish councils. Individual councils may wish to add or amend this model to suit their particular needs. Councils wishing to use this process should first be clear about its purpose and intention, formally adopt it in its current or in a revised form and ensure that all Councillors are provided with a copy.

It will be important for Councils to document what will happen if there is a lack of cooperation shown by the Member concerned or a breakdown occurring during the operation of the process. Complaints under the Code of Conduct will only be accepted by Herefordshire Council where (i) the accused member has not engaged with the protocol, (ii) the protocol has concluded without an agreement or (iii) any agreed outcome has not been performed by member who is subject to the complaint ('the accused member').

The Scope of the IRP

Issues which should be considered under this process

Low level minor complaints about Members, including:

- Minor complaints from Members about Members (the accused Member);
- Minor complaints from the public about accused Members where Herefordshire Council or the council has received from the public and such member of the public has agreed to use this protocol; and
- Minor complaints from council Officers about accused Members (where the Officer has agreed to use this IRP).

Minor complaints are not prescriptive but includes where accused Members are alleged to have not shown respect and consideration for others – either verbally or in writing – or where the outcome or sanction would be as described in the paragraph '*Possible results of the process*'.

Issues which should not be considered under this process

Complaints which must be directed to the MO, including:

- Complaints of a *significant nature* (not a minor complaint) instigated by a member of the public
- Serious complaints/breaches of the Code of Conduct/failure to disclose interests at meetings/bullying/abuse of position or trust/repeated breaches of the Code of Conduct).
- Complaints made by the Clerk/Proper Officer
- Vexatious, malicious or frivolous complaints (such will also be rejected by the MO)
- Members' complaints about officers which should be dealt with using the Council's internal complaints process
- Repetitive low-level complaints

Any matter referred to the MO which is considered to be a minor complaint will be referred to the Clerk/Proper Officer.

The Process

The complaint

The complaint would need to be sent to the Clerk/Proper Officer of the Town or Parish Council to undertake a first sift to ensure that the complaint is a minor complaint and should not be dealt with by way of a complaint to the MO. If the complaint is raised by the Clerk/Proper Officer then it should be directed to the Chair or Vice Chair).

If appropriate, therefore, the Clerk/Proper Officer (or Chair/Vice Chair) should firstly seek an early resolution of any such dispute by liaising informally with the individuals concerned. It is vitally important that the accused Member is given full details of the complaint against them so that in the interests of natural justice they are in a position to prepare their response to the accusation.

Resolution Process

The involvement of the Clerk/Proper Officer (or Chair/Vice Chair) of the Council in the following process is not to adjudicate on the complaint, but to attempt to get the members/officers/member of the public involved to come to an agreement as to how the issue(s) could be resolved on an amicable basis. The outcome of any resolution is therefore by agreement.

The Clerk/Proper Officer (or Chair/Vice Chair) will act as a facilitator for the resolution process below.

If the complaint is between Members other than the Chair of the Council, the Clerk/Proper Officer and the Chair will meet individually with the complainant and accused Member to seek an agreed resolution.

If the complaint is between Members, one of whom is the Chair of Council, but not the Vice Chair, the Clerk/Proper Officer and the Vice Chair will meet with the complainant and accused Member to seek an agreed resolution.

If the complaint has been made by an officer/employee, but not the Clerk/Proper Officer, against a Member other than the Chair of Council, the Clerk/Proper Officer and the Chair of Council will meet with the officer and the accused Member to seek an agreed resolution.

If the complaint has been made by an officer/employee, but not the Clerk/Proper Officer, against the Chair of Council, the Clerk/Proper Officer and the Vice Chair of Council will meet with the officer and the Chair to seek an agreed resolution.

In respect to the resolution process, 'meet' shall be as determined appropriate by the Clerk/Proper Officer and could include a meeting in person, by phone, electronic meeting or exchange of correspondence.

If the complaint has been made by the Clerk/Proper Officer, then it is likely to be best practice that this complaint is forwarded by way of a complaint to the MO.

Possible results of the process

If an agreement is reached by Members and/or officers, then no further action is required.

If agreement cannot be reached or the agreed outcome not performed, the aggrieved Member/officer would always have the opportunity of referring the matter to the MO.

Examples of agreements might include:

- issue of a letter of apology,
- a written undertaking or commitment not to breach the Code of Conduct in the future,
- a commitment to undertake training or
- an agreement that on the basis of the evidence that no further action should be taken and the matter be closed.

Time for the process

It is the intention that all of the processes can be completed as quickly as possible to resolve the issue. However exact timing will depend on the availability of individuals to attend the meetings.

Important Points to Note in preparing a process for use by the Town or Parish Council

The Clerk/Proper officer, Chair and Vice Chairs of Councils should consider receiving appropriate training in facilitation and mediation to be in a position to maximise the benefit of this process.

Councils wishing to pursue this route should contact [Herefordshire Association of Local Councils](#) for guidance.

Councils might want to include some guidance where complaints, which are most appropriately dealt with under this process, are referred back to the Council by the MO.

It is suggested that any meetings held with a view to discussing the issues of complaints and/or resolving matters are at the very least minuted, if not recorded. This is to ensure that agreements are captured. This will also be useful in the event that matters break down or escalate and need to be referred to the MO. It may also be useful as evidence in the event of further similar breaches of the conduct and future conduct.

Town/Parish Councils need to be clear on their powers in respect of code of conduct matters.

It would not be appropriate for Town or Parish Councils to formally investigate a code of conduct complaint, decide that there has been a breach or to consider the issue of sanction/censure.

Formal investigations of possible breaches of the Code of conduct, findings of a breach of the Code of Conduct and imposing of sanctions/censure as a result of breaches of the code of conduct are decisions that should only be reached by a MO and/or Standards Panel.

Herefordshire's Code of Conduct arrangements

No complaint under Herefordshire Council's Code of Conduct arrangements will be accepted from a complainant about an accused Member unless this IRP for the accused Member has been followed (or a locally adopted protocol that substantially includes all the elements of this model protocol).

Where this IRP has been unsuccessful (in the no agreement between the complainant and accused member has been reached), the Clerk/Proper officer (or Chair) should direct the complainant to Herefordshire Council. No referral shall be made or accepted by Herefordshire Council if the complainant has refused to engage with the IRP.

Equality Impact Assessment (EIA) Form

1. Service Area/Directorate

Name of Head of Service for activity being assessed: Claire Porter

Directorate: Legal and Democratic Services

Name of lead person for this activity: Sean O'Connor ..

Individual(s) completing this assessment: Sean O'Connor

Date assessment completed:

2. What is being assessed

Activity being assessed (eg. policy, procedure, budget, service redesign, strategy etc.)

Arrangements for Dealing with Complaints about the Code of Conduct for Members

What is the aim, purpose, or intended outcome of this activity?

To consider impacts of policy and changes in relation to publicity and transparency for meetings

Who will be affected by the development and implementation of this activity?

- | | |
|---|--|
| <input checked="" type="checkbox"/> Service users | <input type="checkbox"/> Visitors to the county |
| <input type="checkbox"/> Communities | <input type="checkbox"/> Carers |
| <input type="checkbox"/> Children | <input type="checkbox"/> Patients |
| <input checked="" type="checkbox"/> All staff | <input type="checkbox"/> All part-time staff |
| <input type="checkbox"/> Staff at a particular location | <input checked="" type="checkbox"/> Other: Members |

Is this:

- ☒ Review of an existing activity/policy
- ☐ New activity/policy
- ☐ Planning to withdraw or reduce a service, activity or presence?

3. Background information and findings

What information and evidence have you reviewed to help inform this assessment? (name your sources, eg. demographic information, usage data, Census data, feedback, complaints, audits, research)

Demographic information as apparent from councillor complaints and declarations of interests. Code of Conduct reports and metrics collected by Herefordshire as part of the Arrangements.

Summary of engagement or consultation undertaken (eg. who you've engaged with, and how, or why do you believe this is not required)

Local Government Association, full Council 2022 for adoptions, Audit & Governance committee in respect to new policy and Chair of Audit & Governance in relation to changes to process in respect to procedure

Summary of relevant findings (it is possible that you will have gaps in your evidence. You must decide whether you need to fill in the gaps now, and if it is feasible to do so. It might be that collecting robust information forms part of your action plan below)

This relates to the operation of the EIA only. There are no actions other than for those operating the arrangements to be responsive and reasonable when made aware of a person is placed at substantial disadvantage due to the operation of the procedure.

4. The Public Sector Equality Duty

Will this activity have a positive, neutral or negative impact on our duty to:

Equality Duty	Positive	Neutral	Negative
Eliminate unlawful discrimination, harassment, victimisation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advance equality of opportunity between different groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Foster good relations between different groups?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Explain your rationale here, and include any ways in which you could strengthen the capacity of this activity to promote equality (remember to add anything relevant into your action planning below)

These arrangements are to supplement the Council's Code of Conduct. They provide a clear and transparent mechanism where allegations of breaches can be investigated. They enable a complainant where allegations of discrimination, harassment and victimisation by a member of a council within Herefordshire can be investigated. However, as there are no national sanctions, even though a member could be found in breach, there are no effective sanctions that can be imposed by the Council other than to declare that the member in breach. In relation to the operation of the policy, those officers tasked with its operation are aware of the Council's duty and can consider adjustments as necessary.

5. The impact of this activity

Consider the potential impact of this activity on each of the equality groups outlined below and explain your rationale. Please note it is possible for the potential impact to be both positive and negative within the same equality group. Remember to consider the impact on staff and service users (current and potential) and partner organisations. It may be useful to include data within these sections if you know the diversity make-up of the people likely to be affected.

Equality Group	Potential positive impact	Potential neutral impact	Potential negative impact	Rationale
Age (include safeguarding, consent and child welfare)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Although the demographic of councillors is generally older, the process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Disability (consider attitudinal, physical, financial and social barriers, neuro-diversity, learning disability, physical and sensory impairment)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Gender Reassignment (include gender identity, and consider privacy of data and harassment)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Marriage & Civil Partnerships	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).

Equality Group	Potential <u>positive</u> impact	Potential <u>neutral</u> impact	Potential <u>negative</u> impact	Rationale
Pregnancy & Maternity (consider working arrangements, part-time working, infant caring responsibilities)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Race (including Travelling Communities and people of other nationalities)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Religion & Belief	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Sex (consider issues of safety and sexual violence, part-time work)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Sexual Orientation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Others: carers, care leavers, homeless, social/ economic deprivation (consider shift-patterns, caring responsibilities)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).
Health Inequalities (any preventable, unfair & unjust differences in health status between groups, populations or individuals that arise from unequal distribution of social, environmental & economic conditions)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	This process does not include anything which is ordinarily wider than as part of the individuals ordinary duties as a councillor or as part of everyday usage (internet access, email etc).

Where a negative impact on any of the equality groups is realised after the implementation of the activity, the activity lead will seek to minimise the impact and carry out a full review of this EIA.

6. Action planning

What actions will you take as a result of this impact assessment? (you will need to include actions to mitigate any potential negative impacts)

Potential negative impact	What action will be taken	Who will lead	Timeframe
Difficulties in using the process.	Reasonable adjustments and allowances may be made on a case by case basis if a person has difficulty in using the process. The adjustment will need to be reasonable in all the circumstances balancing the needs of member, complainant and the public.	Head of Legal Services	As required.

7. Monitoring and review

How will you monitor these actions?

Feedback from users of the process.

When will you review this EIA?

Annually or earlier on change of process.

8. Equality Statement

- All public bodies have a statutory duty under the Equality Act 2010 to give due regard to how they can improve society and promote equality in every aspect of their day-to-day business. This means that they must consider, and keep reviewing, how they are promoting equality in decision-making, policies, services, procurement, staff recruitment and management.
- Herefordshire Council will challenge discrimination, promote equality, respect human rights, and design and implement services, policies and measures that meet the diverse needs of our population, ensuring that none are placed at a disadvantage over others.

Signature of person completing EIA

Sean O'Connor

Date signed

15 June 2025

•

Title of report: Anti-Fraud, Bribery & Corruption Policy and Fraud Response Plan

Meeting: Audit and Governance Committee

Meeting date: 15 July 2025

Report by: Counter Fraud Manager

Classification

Open

Decision Type

This is not an executive decision

Wards Affected

(All Wards);

Purpose

For the Audit and Governance Committee to review and approve the updated Anti-Fraud, Bribery and Corruption Policy, the new Fraud Response Plan and Flowchart.

Recommendation

That;

- a) **The updated Anti-Fraud, Bribery and Corruption Policy attached at appendix A, the new Fraud Response Plan attached at appendix B, and Fraud Response Flowchart attached at appendix C, be reviewed and the committee determine any recommendations it wishes to make to ensure its effectiveness; and**
- b) **The updated Anti-Fraud, Bribery and Corruption Policy is approved by the committee and recommended for adoption by the cabinet member for finance**

1. Alternative Options

- 1.1 There are no alternative recommendations. The report provides a factual annual report in accordance with the functions of the committee.

2. Key Considerations

- 2.1 This report recommends an updated Anti-Fraud, Bribery and Corruption Policy, which is a detailed procedural document. The Audit and Governance committee has the remit 'To maintain an overview and agree changes to the council policy on 'Anti-Fraud, Bribery and Corruption'.
- 2.2 Activity to review and update the council's Anti-Fraud, Bribery & Corruption Policy and Fraud Response Plan was undertaken in 2024/25 to update to reflect new legislation and strengthen the framework to prevent and respond to fraud. The policy now includes new legislation detailed under the 'Failure to Prevent Fraud' offence being introduced by the government on 1 September 2025 in the Economic Crime and Corporate Transparency Act 2023.
- 2.3 A standalone Fraud Response Plan has been created to ensure that the council's procedures for responding to fraud are clear and effective. This plan is supported by the Fraud Response Flowchart.
- 2.4 The Anti-Fraud, Bribery and Corruption Policy provides a clear framework alongside the council's Fraud Response Plan, for the council to undertake necessary, legal and proportionate actions wherever the evidence supports an investigation into an allegation of fraud, and to seek recovery of defrauded monies through all possible legal means.
- 2.5 Minimisation of losses to fraud and corruption is essential for ensuring that public resources are used for their intended purpose of providing services to its residents. The council is therefore ensuring that structured and up to date guidance on policy framework is available to all staff, councillors, contractors, the council's partners and to the public.

3. Community impact

- 3.1 The policy and response plan will assist in protecting public resources and support the code of corporate governance principle which states that:
- a) Implementing good practices in transparency, reporting, and audit to deliver effective accountability. Herefordshire Council must ensure that those making decisions and delivering services are accountable for them. To support effective accountability the council is committed to reporting on actions completed and outcomes achieved, and ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in a transparent manner. External and internal audit contribute to effective accountability.

4. Environmental Impact

- 4.1 The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
- 4.2 Whilst this is a factual policy update so will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy, for example by utilising energy efficient methods of communication.

5. Equality duty

- 5.1 The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
- 5.2 The mandatory equality impact screening checklist has been completed for this activity, and it has been found to have a low impact for equality. Local authorities are responsible for tackling fraud in areas such as (but not limited to) benefits, council tax, and social care. In doing so, the Council applies the Equality Duty, meaning that anti-fraud investigations and enforcement does not discriminate against any individual or group based on protected characteristics. Additionally, decisions about investigations, sanctions, or prosecutions are evidence based.

Resource implications

- 6.1 The policy supports the best use of council services. An effective policy is essential for the responsible management of public finances and to ensure best practice procedures are in place to prevent, deter and respond to fraud.

7. Legal implications

- 7.1 The Anti-Fraud, Bribery & Corruption Policy now includes new legislation detailed under the 'Failure to Prevent Fraud' offence being introduced by the government on the 1st September 2025 in the Economic Crime and Corporate Transparency Act 2023.

8. Risk Management

- 8.1 Through the provision of an up to date and informative Anti-Fraud, Bribery and Corruption Policy, the Council is providing internal staff, associated organisations and members of the public with the essential information needed, to understand and report instances of alleged fraud.
- 8.2 The policy also sets out clear guidance in managing the organisation's risk to fraud, bribery, tax evasion and corruption, which further supports the Council's counter fraud risk assessment.

9. Consultees

- 9.1 The Trade Unions have been consulted on the 3rd July 2025 in relation to Appendix B – Fraud Response Plan. This consultation is ongoing, and the Council is awaiting further comment.

10. Appendices

- 10.1 Appendix A – Anti-fraud, Bribery and Corruption Policy
Appendix B – Fraud Response Plan
Appendix C – Fraud Response Flowchart
Appendix D – Equality impact screening checklist

11. Background papers

- 11.1 None identified

Report Reviewers Used for appraising this report:

Governance	Jen Preece	Date 01/07/2025
Finance	Wendy Pickering	Date 30/06/2025
Legal	Sean O'Connor	Date 25/06/2025
Communications	Luenne Featherstone	Date 27/06/2025
Human Resources	Tracey Sampson	Date 01/07/2025
Equality Duty	Harriet Yellin	Date 30/06/2025
Procurement	Nena Beric	Date 02/07/2025
Risk	Paige McInerney	Date 01/07/2025

Approved by	Rachael Sanders	Date 07/07/2025
-------------	-----------------	-----------------

Anti-fraud, Bribery and Corruption Policy

Approved by	Audit and Governance Committee
Date approved	
Version	5.0
Category	Corporate Governance
Policy Owner	Chief Finance Officer [Section 151 Officer]
Policy Author	Counter Fraud Manager
Applies to	All council staff, councillors, contractors, the council's partners and the public
Last reviewed	27 th June 2022
Review date	15 th July 2025
Next Review date	15 July 2028

CONTENTS

Title (click the title link to navigate to section)	Section(s)	Page(s)
Introduction	1	3
Aims and Objectives	2	3
Scope, Roles & Responsibilities	3	4, 5, 6
Definitions	4	7,8
Fraud Indicators	5	8
Fraud Types	6	8,9
Counter Fraud Strategy	7	10
Anti-Fraud Culture	8	11, 12
Training & Awareness	9	12
Fraud Risk Management	10	12
Corporate Offences	11, 12, 13	13, 14
Governance	14	14
Investigation, Reporting, Data Matching	15, 16, 17	14, 15
Intelligence & Collaboration	18	15
Supporting Policies and Procedures	19	16
Data Protection	20	16

1. INTRODUCTION

- 1.1 This policy provides a clear framework alongside the council's Fraud Response Plan, for the council to undertake necessary, legal and proportionate actions wherever the evidence supports an investigation into an allegation of fraud, and to seek recovery of defrauded monies through all possible legal means.
- 1.2 The council maintains high standards of probity and has a good reputation with the residents which it serves, for protecting public finances. Sound systems of public accountability are vital to effective management and in maintaining public confidence. The minimisation of losses to fraud and corruption is essential for ensuring that public resources are used for their intended purpose of providing services to its residents.
- 1.3 The council takes its responsibilities to protect the public purse very seriously and is committed to the highest ethical standards, to ensure the proper use and protection of public funds and assets. The public rightfully expects the council to conduct its business with integrity, honesty, transparency and demand the highest standards of conduct from those working for it, aligned to the seven Nolan Principles for Standards in Public Life.
- 1.4 The council will not tolerate fraud or corruption and will take all necessary steps to investigate all allegations recognising that the impacts can:
 - Undermine the standards of public service that the council is attempting to achieve.
 - Reduce the level of resources and services available for our residents.
 - Result in major consequences which reduce public confidence in the council.
- 1.5 Appropriate sanctions and redress will be pursued against anyone perpetrating or attempting to commit fraud, and every effort will be made to recover any losses incurred by the council.

2. AIMS AND OBJECTIVES

- 2.1 The aims and objectives of this policy are to:
 - Protect the council's valuable resources by ensuring they are not lost through fraud but are used to provide quality services to Herefordshire residents and visitors.
 - Promote a robust anti-fraud culture which highlights the council's zero tolerance of fraud, theft, bribery, tax evasion and corruption.

Have in place a Counter Fraud Service which:

- Proactively and strategically investigates allegations of corporate fraud.
- Applies appropriate sanctions and recovers corporate fraud losses.
- Provides recommendations to inform policy, risk and control improvements, thereby reducing the council's exposure to fraudulent activity.
- Creates an environment that encourages the timely reporting of suspicious fraudulent activity, ensuring that the rights of people raising legitimate concerns are properly protected.
- Works with partners and other investigative bodies to strengthen and continuously improve our arrangements for preventing fraud and sharing intelligence.

3. SCOPE, ROLES & RESPONSIBILITIES

- 3.1 The council will not tolerate fraud, bribery, corruption or other forms of financial irregularity by anyone. This policy therefore applies to:
- All council employees (including volunteers, temporary staff and agency staff);
 - Elected members;
 - Staff and Committee members of council funded voluntary organisations;
 - Council partners;
 - Council suppliers, contractors and consultants (whether engaged directly or indirectly through partnership working);
 - Service users; and
 - Members of the Public.
- 3.2 Section 151 of the Local Government Act (1972) sets out that every local authority in England & Wales should: “make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs”. This role is designated to the council’s Section 151 Officer.
- 3.3 Section 114 of the Local Government Finance Act (LGFA) 1988 requires the Chief Financial Officer (to report to the Council if the authority, one of its committees, the Leader and Cabinet Executive or one of its officers:
- Has made – or is about to make – a decision which has or would result in unlawful expenditure;
 - Has taken, or is about to take, an unlawful action which has or would result in a loss or deficient to the authority; or
 - Is about to make an unlawful entry in the council’s accounts.
- 3.4 It is important that everyone within the council, or associated with the local authority, understands what their specific responsibilities are in relation to fraud prevention and reporting requirements. These roles and broad responsibilities are outlined in the following table;

Stakeholder	Specific Responsibilities
Audit and Governance Committee	To monitor the effectiveness and approve relevant counter fraud policies such as the Whistleblowing Policy and the Anti-fraud, Bribery and Corruption Policy. The committee also oversees progress detailed within the annual fraud report.
Chief Executive	The Chief Executive is ultimately accountable for the effectiveness of the council's appetite and arrangements for countering fraud and corruption.
Finance Portfolio Holder	The Finance Portfolio Holder is the cabinet member responsible for Finance and Corporate services and has the responsibility of the council's Counter Fraud Strategic framework.
Councillors	To promote and support the council's stance on fraud, corruption and bribery. To promote and uphold the Nolan Principles.
Chief Financial Officer/ (Section 151 Officer)	Has the statutory obligation under section 151 of the Local Government Act 1972 to ensure the protection of public funds and to have an effective system of prevention and detection of fraud and corruption. To oversee that the council has effective arrangements to meet these obligations and that there is an effective audit service to provide an objective view on the council's counter fraud maturity.
Monitoring Officer	To help ensure that the council does not act unlawfully and to monitor the whistleblowing function. The Monitoring Officer undertakes an initial assessment on any referrals made through this reporting method, to determine the type of allegation.
Counter Fraud Service (CFS)	To raise fraud awareness internally within the council and externally to the public. To train and educate employees about fraud and create / implement an effective strategic response. To work with services to assess the risk of fraud across the organisation. To act of the authorised point of contact for corporate fraud investigations. To function effectively with all stakeholders in the counter fraud process.
Internal Audit	To provide advice and assurance to the council on the effectiveness of internal controls which are designed to reduce the risk of fraud, corruption, bribery and theft. To undertake risk assessments across the organisation and work with the council's internal Counter Fraud Service to help mitigate fraud risk.
External Audit	Providing an independent assessment of the organization's arrangements for preventing and detecting fraud. Reporting on whether the organization has adequate arrangements in place.

Stakeholder	Specific Responsibilities
Economy and Environment [SOD]	The Economy and Environment Scheme of Delegation (SOD) gives authority to the Counter Fraud Service to act as necessary, in accordance with counter fraud officers' legislative remit.
Trading Standards	To support the Counter Fraud Service by sharing intelligence and resources, where applicable.
Parking Enforcement Services	To proactively review correct use of disability parking permits and where necessary, take appropriate actions when identifying blue badge misuse and fraud.
Information Security (Cyber)	To promoting safe online behaviour and to train staff to recognise and respond appropriately to cyber threats. To Integrate and monitor the effectiveness of controls in the prevention and detection of cyber fraud.
Human Resources	To function effectively with the Counter Fraud Service by working together in relation to any internal fraud, corruption, theft or bribery investigations.
Heads of Service and Service Managers	To assist in promoting staff awareness and ensuring that all suspected irregularities are immediately referred following the Councils Counter Fraud Policy and Fraud Response Plan. Responsible for ensuring strong internal controls and risk assessments are embedded within departments to prevent and detect fraud.
Staff	To comply with the council's counter fraud policies and procedures, to be aware of the possibility of fraud, corruption, bribery and theft, and to report any genuine concerns through appropriate channels.
Partners, Suppliers, Contractors and Consultants	To be aware of the possibility of fraud, theft, bribery and corruption against the council and report any genuine concerns or suspicions through appropriate channels.

4. DEFINITIONS

4.1 Fraud

Put simply, fraud is an act of deliberate deception intended for personal gain or to cause a loss to another party.

The Fraud Act 2006 identifies fraud as a criminal offence which can be committed in a number of separate ways, such as but not limited to the following categories:

- False representation
- Failure to disclose information where there is a legal duty to do so
- Abuse of position

4.2 Theft

When someone dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it.

The Theft Act 1968 defines “a person is guilty of theft if he dishonestly appropriates property belonging to another with the intention of permanently depriving the other of it”.

4.3 Bribery

Giving, receiving or promising someone a financial or other advantage, to encourage that person to perform their functions or activities improperly, or to reward that person for having already done so.

The key offences under the Bribery Act 2010 are:

- Active bribery: promising or giving a financial or other advantage; Passive bribery: agreeing to receive or accepting a financial or other advantage;
- Bribing of foreign public officials;
- The failure of commercial organisations to prevent bribery by an associated person (corporate offence).

4.4 Corruption

Unlawful behaviour through the abuse of entrusted power or position of authority, for personal gain or other advantage.

The Bribery Act 2010 makes it possible for individuals to be convicted where they are deemed to have given their consent or approval in giving or receiving a bribe.

4.5 Deception

An act or statement which misleads, hides the truth, or promotes a belief, concept, idea or identity that is not true. It is often done for personal gain or other advantage.

4.6 Tax Evasion

The non-payment or under-payment of taxes, usually resulting from making a false declaration or no declaration at all of taxes due to the relevant tax authorities, resulting in legal penalties (which may be civil or criminal) if the perpetrator of tax evasion is caught.

4.7 Tax Avoidance

Seeking to minimise a tax bill without deliberate deception (which would be tax evasion) but contrary to the spirit of the law. It therefore involves the exploitation of loopholes and gaps in the tax and other legislation in ways not anticipated by the law.

4.8 Relevant Body

A 'relevant body' means only incorporated bodies (which includes the council) and partnerships, not individuals.

5. FRAUD INDICATORS

- 5.1 Fraud incidents can come to light in multiple ways but can also be due to suspicions aroused by, for example, the behaviour of certain individuals. It is impossible to give a definitive list of fraud indications or warning signs. However, the following are indicators that may, cumulatively / repeatedly with other factors, suggest the possibility of fraud and may therefore require reporting.

- Unusual employee behaviour
- Financial Irregularities
- Poor procurement practice
- Control inadequacies
- Inadequate supervision
- Lax corporate culture
- Poor work practices

6. TYPES OF FRAUD

- 6.1 Local authorities have reported a wide range of fraud types and some of these are more prevalent in particular areas of the country or as a result of specific services offered by an authority, therefore the use of risk assessments and employee training, are used across the organisation to help identify service specific types of fraud. A broad example (not an exhaustive list) of the types of fraud faced by public sectors is displayed in the table below.

Adult Social Care	Misuse of direct payments/ budgets intended for the care of vulnerable individuals. Social care workers claiming hours for care not provided.
Blue Badge	Use of counterfeit or altered badges. Use when a disabled person is not present or is deceased. Badges issued to institutions, being misused by employees.
Business Rates	Fraudulent applications for false occupation, exemptions and reliefs, unlisted properties, rating agent and third-party refund fraud
Council Tax	Discounts and exemptions, council tax support.
Cyber Crime	Enables a diverse and wide range of fraud.
Disabled Facility Grants	Fraudulent applications for adaptations to homes aimed at the disabled.
Grants	Fraudulent occupation or representation of a premises to obtain a grant. Work not carried out, funds diverted, ineligibility not declared.
Identity Fraud	False Identity, fictitious persons applying for services or payments.
Insurance	False or exaggerated claims, including slips and trips.
Internal Fraud	Diverting council monies to a personal account. Accepting bribes, stealing cash, misallocating social housing for personal gain, working elsewhere while claiming to be off sick, false overtime claims, selling council property for personal gain, wrongfully claiming benefit whilst working. Undeclared employment (polygamous working).
Enterprise Partnerships	Voluntary partnerships between local authorities and businesses, procurement and grant fraud.
Money Laundering	Exposure to subject transactions.
Payroll	False employees, overtime claims, expenses.
Personal Budgets	Deceased pension claims, overpayments, entitlements being overstated.
Pensions	Deceased pension claims, overpayments, entitlements being overstated.
Public Funds	Fraudulent claims of eligibility across a variety of sectors.
Procurement	Tendering issues, split contracts, double invoicing.
Schools	Procurement fraud in schools, payroll fraud, internal fraud.
Travel schemes	Use of concession of by ineligible person.

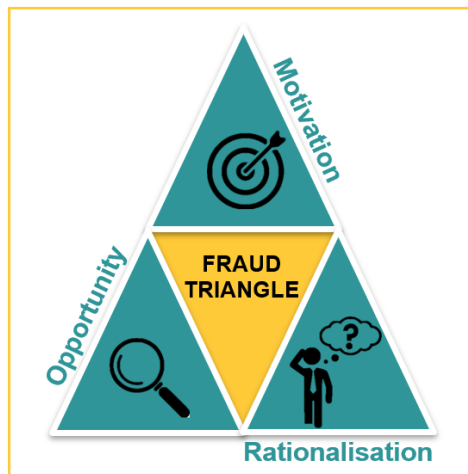
7. COUNTER FRAUD STRATEGY

- 7.1 It is essential that the council tackles the risk of fraud using a strategic approach. Therefore, the council has integrated six core strategic pillars, which accompanies this policy and the Fraud Response Plan. These pillars are aligned to nationally recognised standards and underpin the council's strategic approach to support the management of fraud risk and counter fraud activity.
- 7.2 The six pillars that form the council's strategic response to countering the risk of fraud are listed below and conform of the following.
- Deterrence
 - Governance
 - Acknowledgment
 - Prevention
 - Pursuit
 - Protection



8. ANTI-FRAUD CULTURE

- 8.1 It is first important to understand the psychology of why an opportunistic fraudster may choose to commit fraud. This can be best explained by the 'Fraud Triangle' theory outlined below.



Motivation – The first step in the theory is motivation and it is sometimes also referred to as 'Pressure'. A person who commits fraud may be pressured to or needs to be willing to commit fraud. This can be separated into the following:

- 'Fraud for need' - It might be due to a financial need such as living beyond their means, debts, or to feed an addiction.
- 'Fraud for greed' – committing fraud simply as a desire for more status, or a desire for material goods. The sense of 'beating the system' may also act as a further motivator.

Rationalisation - A fraudster will often justify to themselves why they have committed fraud. They may see their act as revenge for inadequate pay or excessive workload. They may convince themselves that they will pay the money back one day; or that the organisation is so big it won't miss the small amount taken.

Opportunity - The fraudster will usually look for opportunities to commit fraud. They may have heard stories from others who have cheated an organisation in a certain way before and may seek to copy this. Detailed knowledge of internal systems may make it easier for fraud to occur, particularly if the fraudster is aware of its weaknesses or has excessive control responsibility. Weak internal controls make it easier for fraud to be successful and reduce the likelihood of it being identified.

- 8.2 The council's members, employees, partners, and volunteers play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud, theft, bribery and corruption, regardless of seniority, rank or status, confident in the knowledge that such concerns will be investigated and wherever possible be treated with confidentiality. Suppliers/ contractors to the council and the public also have roles to play in this process and should inform the council if they feel that fraud, theft, bribery or corruption may have occurred.

- 8.3 The prevention and detection of fraud, theft, bribery or corruption and the protection of the public purse are responsibilities of everyone, both internal and external to the organisation.
- 8.4 Through the use of fraud awareness training, regular communication, comprehensive assessments and ongoing support from all responsible parties, the council will continue to have robust processes in place to help embed arrangements across council services.

9. TRAINING AND AWARENESS

- 9.1 The Council recognises that the continuing success of this policy and other supporting policies and its general credibility will depend in part on the effectiveness of training and awareness for employees, members and affected external parties. The Council undertakes the following actions to fulfil the principles of this policy:
- New starters receive an induction programme which includes training on relevant policies covering declarations of interest, and a mandatory training module on counter fraud, bribery and corruption.
 - Training courses are available for all staff on fraud, theft, bribery, and corruption along money laundering developed and maintained by the Counter Fraud Service (CFS). Further cyber security training is provided by the Information Security team.
 - The CFS also provides specific training to services areas when the need arises.
 - Fraud awareness is raised through corporate communication channels.
 - Regular fraud alerts are sent to affected service areas to increase staff awareness.
 - Copies of the Anti-Fraud, Bribery and Corruption Policy, the Fraud Response Plan, the Whistleblowing Policy and any other relevant policy are made easily available.

10 FRAUD RISK MANAGEMENT

- 10.1 Herefordshire Council's approach to managing fraud risks are consistent with the principles and expectations set out in the council's Risk Management Strategy and Framework. Identified risks are to be reviewed regularly and monitored through established risk governance processes, ensuring that appropriate mitigation and escalation procedures are in place.
- 10.2 It is the responsibility of managers to ensure that any fraud risk is adequately considered when preparing risk assessments in support of achieving strategic priorities, business plans, project and programme objectives and outcomes. The service lead is recognised as the responsible risk owner for fraud within their respective service area.
- 10.3 Any changes in operations or the business environment must also be assessed by the service to ensure any impacts, which might increase or otherwise change the risk of fraud, bribery and corruption, are considered. In making this assessment it is important for the risk owner to consider the risk of fraud occurring, rather than any actual incidences of fraud having occurred in the past. Once the fraud risk has been evaluated, appropriate action should be taken to mitigate those risks on an ongoing basis and to proactively review the risks identified.

11. CORPORATE OFFENCES

11.1 FAILURE TO PREVENT THE FACILITATION OF TAX EVASION

- 11.2 In 2017, the UK Government made it a corporate criminal offence for businesses and commercial organisations (corporate liability), to fail to put in place reasonable preventative procedures 'RPP's' to stop employees and other associated persons from facilitating tax evasion. The new offences were set out in Part 3 of the Criminal Finances Act (CFA) 2017.
- 11.3 Under the CFA 2017, it is an offence to fail to prevent the facilitation of the evasion of UK or foreign taxes. The intention of the CFA 2017 was to impose criminal liability on organisations whose employees, for example, helped clients evade taxes.
- 11.4 The Government guidance refers to both the 'Relevant body', namely the council, and 'persons acting as associates' (any employee, agent or other person who performs services for, or, on behalf of the council). The associate person can be individual or an incorporated body.
- 11.5 Only a relevant body can commit the new offences. If an associate deliberately and dishonestly facilitates a tax evasion offence whilst performing services for or on behalf of Herefordshire Council, the authority could also be held accountable, unless they could evidence that RPP's have been put in place to prevent its associated persons from committing tax evasion.

12 FAILURE TO PREVENT FRAUD

- 12.1 In September 2025, the Economic Crime and Corporate Transparency Act 2023 introduces a new corporate offence of '*failure to prevent fraud*', aimed at strengthening accountability for fraudulent conduct within large organisations.
- 12.2 Under this legislation, a local authority or any large organisation, can be held criminally liable if a fraud offence is committed by an employee, agent, or associated person for the benefit of the organisation, and the authority did not have reasonable fraud prevention procedures in place. Crucially, it is not necessary to prove that senior leadership was aware of or directed the fraudulent activity.
- 12.3 While the offence formally applies only to large organisations, the principles of robust fraud prevention are considered best practice across the public sector. For local authorities, this means ensuring that proportionate and effective anti-fraud controls, training, and reporting mechanisms are embedded throughout the organisation. Doing so not only mitigates legal risk but also reinforces public trust and the responsible stewardship of public funds.

13 REASONABLE PREVENTATIVE PROCEDURES

- 13.1 Government guidance suggests the RPP's measures should be taken based on an assessment that identifies the specific risks of the organisation. The Government has set the same threshold for Tax Evasion and Failure to Prevent Fraud prevention measures, as those set for Bribery (under S7 of the Bribery Act 2010). i.e. When an offence has been committed, an organisation must be able to evidence that they have adequate procedures in place designed to prevent persons associated with the council from undertaking such conduct.
- Risk Assessment
 - Proportionality of risk-based prevention procedures
 - Top Level Commitment
 - Due Diligence
 - Communication (including training)
 - Monitoring and Review
- 13.2 The council must ensure that their policies and procedures are up-to-date, and that staff are made aware of their responsibility around the prevention of tax evasion and failure to prevent fraud legislation. This will not only provide a safeguard against these corporate offences but also enable the council to evidence that it is compliant with the expected procedures.
- 13.3 The council has supporting policies in place that all contribute to staff awareness and Governance. These are detailed under section 19 of this document.

14. GOVERNANCE

- 14.1 Good corporate governance procedures are a strong safeguard against fraud and corruption. The Audit and Governance Committee is a key member forum for ensuring sufficient weight and support is given to counter fraud, theft, bribery and anti-corruption activity.
- 14.2 Whilst all stakeholders in scope have a part to play in reducing the risk of fraud, the council's members, directors and management are ideally positioned to influence the tone of the organisation and play a crucial role in fostering a culture of high ethical standards and integrity.

15. INVESTIGATION

- 15.1 The Fraud Response Plan outlines how the authority will seek to take further action against perpetrators of fraud, theft, bribery and corruption. This can include the Council deciding to use its power to prosecute in appropriate cases under Section 222 of the Local Government Act 1972, and /or the use of other available sanctions.
- 15.2 In cases where there is sufficient evidence of theft, fraud, bribery, tax evasion or corruption against the authority, all individuals or entities will face appropriate action under this policy and in alignment with the Fraud Response Plan procedures.

16. REPORTING

- 16.1 The council recognises that responsibility for the prevention and detection of fraud rests with everyone. We also recognise the difficulties that can be associated with reporting concerns, which is why all referrals are treated with complete confidentiality.
- 16.2 Reporting is essential and:
- Ensures the consistent treatment of information regarding fraud, bribery and corruption.
 - Facilitates proper investigation.
 - Ensures the proper implementation of a fraud response investigation plan.
 - Ensures appropriate employment procedures are followed.
 - Ensures the interest of the people of Herefordshire are protected.
- 16.3 The Fraud Response Plan details how any suspected matter of fraud, theft, irregularity, bribery and corruption can be reported, who it is reported to and how the authority responds to these referrals.
- 16.4 If you believe someone is committing a fraud or suspect corrupt practices, these concerns should be raised immediately. Details are outlined in the Fraud Response Plan and on the council's website on how you can report any allegations of fraud.

17. DATA MATCHING

- 17.1 The council participates in all mandatory data matching exercises most notably the National Fraud Initiative (NFI). In addition, further internal data matching exercises are undertaken at various times, for example matching council tax single person discount records with Electoral Role data. All exercises adhere to data protection requirements under the Data Protection Act 2018.

18. INTELLIGENCE & COLLABORATION

- 18.1 The Council continues to work alongside and with other agencies where possible, in the prevention, detection and investigation of fraud. Effective communication and joint working between local authorities and with other agencies, is prioritised as essential in the ongoing development of the Council's strategic counter fraud response.
- 18.2 Only through clear and efficient collaboration between relevant channels, can the risk of fraud be managed. The CFS encourages and understands the benefits of networking between other local authorities and law enforcement agencies. By regularly sharing intelligence internally and externally, the organisation is enhancing its ability to prevent and detect instances of fraud.

19. SUPPORTING POLICIES AND PROCEDURES

- 19.1 The following policies, procedures and guidance documents support or are linked to the council's Anti-Fraud, Bribery and Corruption Policy. Please note that some of these documents may only be accessible to internally employed staff, and they can be located by searching [here](#).

- Fraud Response Plan
- Fraud Risk Assessment
- Mandatory Fraud Awareness Training
- Whistleblowing Policy
- Anti-Money Laundering Policy
- Codes of Conduct (employees and councillors)
- Financial Procedure Rules
- Procurement Card Policy
- Compromised Card Procedure
- Contract Procedure Rules
- Debt Recovery Policy
- Direct Payments Policy
- Adult Safeguarding Procedure
- Recruitment Procedure
- Employee interests, gifts and hospitality Policy
- Resourcing and Managing Performance Policy
- Conducting an Investigation Guidance
- Investigations involving use of social media guidance and procedure
- Equality Policy
- Disciplinary Procedures
- Enforcement & Prosecutions Policy
- Information Security Policy

20. DATA PROTECTION

- 20.1 The personal information we collect across the council services will be shared with fraud prevention agencies who will use it to prevent fraud, money-laundering and to verify identities. If fraud is detected, the council retains the right to refuse certain services, finance, or employment. Further details of how your information will be used by the council and these fraud prevention agencies, are publicly available on the council's website using the link below.
<https://www.herefordshire.gov.uk/directory-record/6201/fraud-prevention-privacy-notice>
- 20.2 Further information about the processing of your data you can contact the council's Data Protection Officer through informationgovernance@herefordshire.gov.uk

Counter Fraud Service Fraud Response Plan

Approved by	Audit and Governance Committee
Date approved	
Version	1.0
Category	Corporate Governance
Policy Owner	Chief Finance Officer [Section 151 Officer]
Policy Author	Counter Fraud Manager
Applies to	All council staff, councillors, contractors, the council's partners and the public
Last reviewed	N/A
Review date	15 th July 2025
Next Review date	15 th July 2025

CONTENTS

Title (click the title link to navigate to section)	Section(s)	Page(s)
Introduction	1	3
How to report a matter	2	3
How will the Council respond	3	4
The investigation process	4	4
Criminal cases	5	5
Non-criminal cases	6	5
Council Tax fraud	7	6
Housing Benefits fraud	8	6
Blue Badge fraud	9	6
Cyber fraud	10	6
Fraud investigations involving employees of the Council	11	7, 8
Suspension of an employee	12	8
Disciplinary action	13	8
Referring matters to the Police	14	9
Recovery of losses	15	9, 10
Joint working	16	10
Communications	17	10
Reporting and Review	18	11

1. INTRODUCTION

1.1 This plan details the processes to be followed by Herefordshire Council when investigating referrals or allegations of suspected:

- Fraud
- Theft
- Irregularity
- Bribery
- Corruption

These allegations and/or referrals can be against any service within the authority (including maintained schools).

All allegations received will be taken seriously and if appropriate, investigated in an appropriate manner, subject to requirements of the law.

2. HOW TO REPORT A MATTER

2.1 Referrals can be made by:

- Any member of the public
- Any council employee (including agency staff and temporary employees)
- Elected members
- Any outside organisation (such as the Police)
- Any person that has a concern Herefordshire Council may be the victim of an offence mentioned in point 1.

Referrals can be raised as a direct report of fraud or through the Whistleblowing process, if appropriate. Any direct report of fraud, theft, bribery, corruption and irregularity should be made to the Herefordshire Counter Fraud Service (CFS).

2.2 Reports can be made through any of the following channels:

- Call the CFS fraud hotline on **01432 260698**
- Complete an online form at **www.herefordshire.gov.uk/counter-fraud**
- Writing to us at: **Counter Fraud Department, Corporate Services, Plough Lane Offices, Hereford, HR4 0L**
- Arranging a visit directly in person with the CFS
- Raising a concern through the Whistleblowing process

Internally, employees can also raise any concerns they have directly with their manager, if appropriate. However, the manager must then refer the matter to the CFS as detailed above.

2.3 The Council will not reveal the identity of any person that reports a suspected matter of fraud, unless the person is a witness and provides a witness statement. However, the Council cannot prevent suspects drawing their own conclusions rightly or wrongly as to the source of the allegation – although this information will never be confirmed by the CFS Investigation Officer.

2.4 In addition to allegations or referrals being reported by employees, elected members and members of the public, matters may arise through other channels such as data matching exercises (for example the National Fraud Initiative - NFI), during internal and external audit work, or through the day-to-day course of Council business.

3. HOW WILL THE COUNCIL RESPOND

3.1 The CFS's response will depend on the seriousness of the suspected fraud or irregularity and the level of information that is provided. The CFS will initially decide whether an investigation is required into the matter and whether Herefordshire Council has the jurisdiction to investigate.

3.2 If allegations are received which are outside the remit of the Council's CFS, then these will be passed to the appropriate service area (for example Trading Standards) or an external organisation. If a case is however within the Council's remit to investigate, then the CFS uses a traffic light system to undertake preliminary checks and to assess the overall risk of the allegation. Cases are then prioritised accordingly based upon this risk analysis.

4. THE INVESTIGATION PROCESS

4.1 The purpose of an investigation is to gather information and evidence upon which a course of action can be based. The decision to pursue the matter as a criminal case or a non-criminal case will depend on the potential loss to the Council, the circumstances of the alleged deception and depth of the information provided in the referral. It is possible that a non-criminal investigation may be commenced but during the process of the investigation the information that is uncovered means that the investigation becomes a criminal case.

4.2 Please refer to the Fraud Response Flowchart in Appendix A for further details of the investigation flow process.

5. CRIMINAL CASES

5.1 If the CFS decides to pursue the investigation as a criminal matter, then the Investigation Officer will conduct a thorough professional investigation adhering to all relevant legislation such as, but not limited to, the Criminal Procedure and Investigations Act 1996, the Police and Criminal Evidence Act 1984 and the Regulation of Investigatory Powers Act 2000. The investigation may require a formal interview under caution (PACE interview) to be conducted.

5.2 At the conclusion of an investigation, if sufficient evidence is obtained that suggests a criminal offence has been committed, a decision will be made on whether a prosecution or other appropriate sanction, such as a simple caution is sought. The decision to pursue prosecution in a case will be made by the Council's Section 151 Officer or Deputy Section 151 Officer who are the authorised decision makers. The Council's [Enforcement and Prosecution Policy](#) will be followed in this event. The investigating officer will liaise with a solicitor from Legal Services to help prepare the matter for court when required.

5.3 In some criminal cases, the CFS may choose to refer the investigation onto a relevant investigating body such as the Police to investigate allegations of offences on their behalf. In these instances the decision is made based upon a number of factors which are referred to within section 8 of the fraud response plan.

5.4 The Council may also pursue prosecution under Section 222 of the Local Government Act 1972, or work alongside the Crown Prosecution Service (CPS). Repayment of any fraudulently obtained funds will be sought. If appropriate, the authority will seek compensation for its loss at court. This could be through the Proceeds of Crime Act 2002.

6. NON-CRIMINAL CASES

6.1 If the case is not pursued as a criminal matter, then the investigation will still be conducted in a thorough professional manner by the CFS. This could involve interviewing witnesses and suspects. However, no criminal prosecution will be sought at the conclusion of the investigation. Repayment of any wrongly obtained funds from the authority will still be pursued.

6.2 All managers and officers from all teams are expected to assist the investigating officer in any investigation of fraud and irregularity, whether prosecution is sought at the end of the investigation or not. Evidence will often be sought from teams and individual Council officers can be required to attend court. Managers must assist in this process.

6.3 Dependent on what is uncovered during the investigation (whether criminal or non-criminal), a report may be provided, if it is deemed necessary, to the Service Manager or Director of the relevant service area, detailing the findings of the investigation and any recommendations in order to reduce the risk of fraud and error in the future.

7. COUNCIL TAX FRAUD

7.1 Within the Revenues Service, the Council Tax Reduction Schemes (Detection of Fraud & Enforcement) (England) Regulations 2013 and Schedule 3 of the Local Government Finance Act 1992 outlines civil penalties that the Council can apply in cases where false or incorrect information is provided or there is a failure to provide information which leads to incorrect claims to Council Tax Support or an incorrect liability for council tax.

7.2 Council tax investigations (such as that into Council Tax Reduction 'CTR', discounts and exemptions fraud, will follow the investigations process outlined.

8. HOUSING BENEFITS FRAUD

8.1 Any referral for suspected Housing Benefit fraud can be made directly to the Department for Work and Pensions (DWP) by using the national fraud hotline 0800 854440, or online reporting mechanism. Any internal referral for Housing Benefit fraud that has occurred from processing an application by Benefit staff can be made using the recognised reporting form which can be passed to the CFS to refer to the DWP through established channels. Housing Benefit fraud is investigated by DWP and the Council have no jurisdiction to investigate Housing Benefit fraud, unless this forms part of a wider joint working investigation with DWP benefits and Council tax discounts, reductions and exemptions.

9. BLUE BADGE FRAUD

9.1 In relation to any misuse or fraud identified with disability parking permits (blue badges), the council's Parking Enforcement team will actively investigate these cases. Where appropriate and within the public interest, penalty fines can be issued and prosecution may be pursued. A referral for alleged blue badge misuse and fraud can be made through the council website directly to the Parking Enforcement team.

10. CYBER FRAUD

9.1 The Information Security department is responsible for the council's process in relation to dealing with cyber fraud, which includes monitoring the effectiveness of controls in the prevention and detection of cyber fraud. An example of cyber fraud could be a ransomware attack or a phishing email. The Information Security team promotes safe online behaviour and provides training to staff to recognise and respond appropriately to cyber threats.

11. FRAUD INVESTIGATIONS INVOLVING EMPLOYEES OF THE COUNCIL

11.1 Unfortunately some investigations may involve employees (as the suspect) of the Council. This can either be as a direct result of their employment with the Council or they could be involved in the defrauding of one of the Council services that they access as a member of the public.

11.2 The investigation to establish whether fraud or theft has been established is different to a disciplinary investigation. However, the findings of the investigation may feed into any potential disciplinary investigation, which will be conducted independently of this process..

11.3 If the investigation involves an employee, then the employee concerned will be informed that an investigation is underway, except where to do so would compromise the effectiveness of the investigation. This is usually the case with a criminal investigation. An investigation without the employee's knowledge must not be used deliberately to allow or encourage an employee to commit a more serious disciplinary offence.

11.4 The relevant Service Manager and Human Resources Officer must be made aware of an investigation into an employee. They must be kept informed of the investigation. If a criminal investigation is conducted involving an employee, the Investigation Officer will conduct the investigation in the same manner as any other criminal investigation, adhering to all relevant legislation. If the investigation is conducted as a non-criminal matter then the Investigation Officer will follow the same process as any other non-criminal investigation.

11.5 An investigatory meeting is not a disciplinary hearing and there is no formal right of representation. However, should an employee wish for a trade union representative or work colleague to attend, an employee may request that the Investigation Officer grants permission for you to be accompanied by a Trade Union representative.

11.6 In cases where deliberate fraud, theft or irregularity is proven against an employee a report will be prepared by the Investigating Officer, detailing the outcome of the investigation. This will allow any relevant internal disciplinary action to be taken. The report may also make recommendations for the Service Manager to implement, in order to reduce the risk of fraud or irregularity in the future.

11.7 The decision to instigate criminal proceedings or other appropriate sanction against an employee of the authority, will be determined by whether the deception was committed internally as an employee or against a service they have accessed as a member of the public.

11.8 If they have committed an offence in their role as an employee, then the decision to instigate criminal proceedings or other appropriate sanction will be made by the Director of the area that the employee works in based on the recommendation of the Investigation Officer. If an employee has committed an offence against a service that they have accessed as a member of the public, then the decision to instigate criminal proceedings will be made by the Council's Section 151 Officer or Deputy Section 151 Officer, following receipt of a report from the investigating officer. However, the employee's Director will be made aware of this decision.

12. SUSPENSION OF AN EMPLOYEE

12.1 During the course of a fraud investigation involving an employee, it may become necessary to suspend the employee. Staff will only be suspended from duty in line with the council's [suspension guidance](#). Suspension does not constitute disciplinary action, nor does it suggest that the employee is guilty of any wrongdoing. Suspensions are likely to be appropriate in a fraud investigation when:

- The investigation would not be able to continue unimpeded. For example, necessary evidence may potentially be destroyed or altered. This may be the case in some investigations involving a potential data breach.
- The employee has been charged with a serious criminal offence. At some stage during the investigation it may become clear that there are serious causes for concern which may give reason for dismissal on the grounds of gross misconduct. At this point the Investigating Officer should consider whether it is necessary to suspend the employee from duties.
- If an Investigation Officer believes that there is evidence that the employee has committed an act of gross misconduct which has fundamentally breached the trust and confidence of the employment relationship, it is unlikely that it would be appropriate for the employee to remain in work before the outcome of the investigation is reached.

This list is not exhaustive and there may be other occasions where suspension during an investigation is considered appropriate.

13. DISCIPLINARY ACTION

13.1 Any disciplinary action will be in line with the Council's Disciplinary Policy. This will usually follow a separate disciplinary investigation.

14. REFERRING MATTERS TO THE POLICE

14.1 Most cases of alleged fraud against the Council will be investigated by an officer from the Investigation Team. However, on occasions it may be necessary to refer some matters to the Police. Below is a list of circumstances when Police assistance may be sought:

- The alleged offence falls outside the authority's jurisdiction but falls under Police jurisdiction
- The offence is of such a serious nature that the authority may not have the resources to fully establish the facts.
- The offence not only involves offences against the authority but also includes offences that fall under Police jurisdiction (a joint investigation may be conducted in such instances).
- It is believed that organised crime may be involved in the commission of the offence
- There is a serious risk to the safety of Council officers if the matter is investigated by them

14.2 The decision to refer the matter to the police will usually be made by the CFS, however in more serious cases, the decision may be escalated to the Section 151 officer or Deputy 151 Officer. The CFS will obtain a crime reference number from the police and act as the point of contact between the police and the authority.

14.3 If the matter requires a joint working approach between the Police and the authority then the CFS will undertake the investigation jointly with the Police.

14.4 The Section 151 Officer will be responsible for keeping the Chief Executive and appropriate member(s) informed of the progress of any Police investigation, where applicable.

15. RECOVERY OF LOSSES

15.1 The council will always attempt to recover losses incurred as a result of fraud, theft, bribery and corruption.

15.2 If anyone under investigation offers money in settlement of any losses to the council, it should be made clear that any monies offered will only be accepted, through the appropriate process:

- Without prejudice to any other actions the council may wish to take;
- That acceptance is only in respect of losses identified to date; and
- That the council reserves the right to seek recovery in any further losses that may come to light in the future.

15.3 In some civil cases, losses may be sought through a repayment plan, in these instances the investigation officer will refer the debt onto the debt recovery department and the losses will be pursued following the council's Debt Recovery Policy and procedures.

15.4 In a criminal investigation, if appropriate, the authority may seek compensation for its losses at court. This could be through the Proceeds of Crime Act 2002.

16. JOINT WORKING

16.1 In certain cases, it may be appropriate to work jointly with outside partner agencies where linked offences affect partner organisations. These agencies could include:

- The Police (as detailed above)
- The Department for Work and Pensions (DWP)
- His Majesty's Revenues and Customs (HMRC)
- National Investigation Service (NATIS)
- Integrated Care Board (ICB) or NHS Counter Fraud Authority (NHSCFA)
- Other Local Authorities

16.2 The above list is not exhaustive. Any decision to jointly work with the outside organisation will have a formal agreement approved at the start of the investigation (apart from working with the Police).

16.3 At the conclusion of such joint investigations criminal action may be taken. The joint partner will often (but not exclusively) lead the prosecution and in such circumstances, their prosecuting agents will proceed to take the matter to court. In some cases, the Council may be the designated lead.

16.4 The Council's Section 151 Officer or Deputy 151 Officer will make the decision to authorise prosecution or other appropriate sanction, which will be taken by the outside agent based upon the recommendation of the investigating officer (unless the suspect is an employee where the process for recommending further action against employees will be followed) However, advice from legal services may be sought during this process.

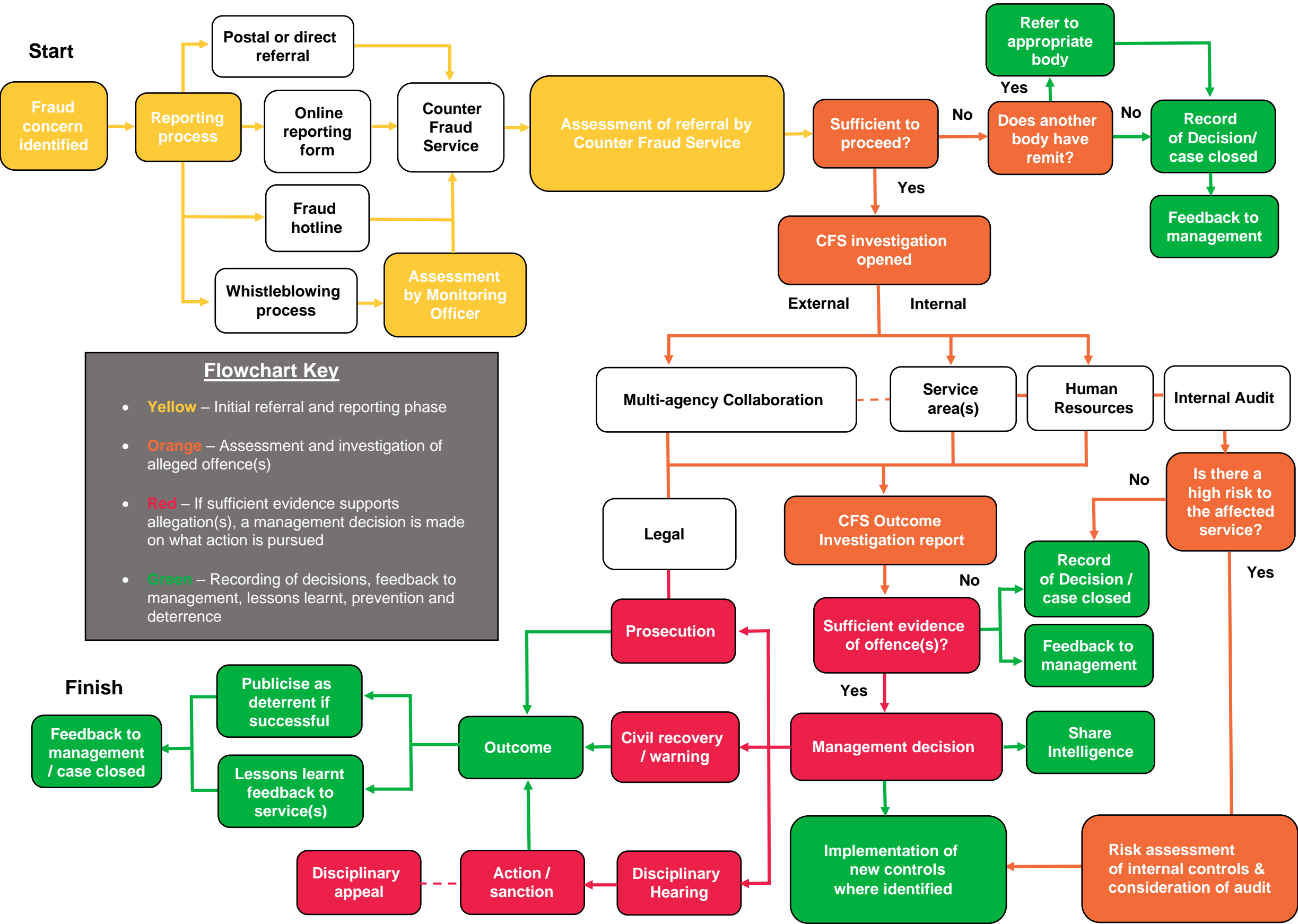
17. COMMUNICATIONS

17.1 The Corporate Communications Team will be informed about the progress of any matters that are to be heard at court so that appropriate communication can be provided. Publicity of court cases is an effective fraud prevention measure.

18. REPORTING AND REVIEW

- 16.1 Audit reports relating to fraud investigations will be included in audit updates presented to the Audit Committee as part of the standard procedure for audit reporting to the committee.
- 16.2 The Fraud Response Plan will be reviewed as and when is necessary but as a minimum will be formally reviewed once every 3 years.

Fraud Response Flowchart



Appendix D

Equality impact screening checklist

Remember that your completed checklist will be available to decision-makers and the public, and is therefore open to challenge. Consider what evidence is in place to support your answers.

	Yes	No
1. Does/will the policy or activity affect the public directly or indirectly?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Have there been or likely to be any public concerns about the policy or proposal?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Does the evidence/data show an existing or likely differential impact for any of the protected characteristics (eg. age, sex, disability, race, religion, pregnancy, etc)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Do/will people who have different protected characteristics have different needs, experiences, issues or priorities in relation to this policy or activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Could the policy or activity affect how services, commissioning or procurement activities are organised, provided, where and by whom?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Could the policy or activity affect our workforce or our employment practices (eg. software purchase, team restructure or relocation, HR policy)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Have complaints been received from different equality groups about the effect of this policy, proposal or our activities in general (having no complaints does not always mean there is no issue?)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. Does the policy involve, or will it have an impact upon, eliminating unlawful discrimination, promoting equality of opportunity, or promoting good relations between different groups?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Is there likely to be an adverse/negative impact or risks to the organisation, for users, equality groups or staff if the policy or activity is implemented in its current format?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Add up the "yes" column:

1

How many answers are "yes"?:

0: **No impact** – the process is complete.

1-3: **Low impact** – an EIA is not required at this point (you can complete a light-touch EIA now or later if you want to – that is never wrong). But you must still indicate within your documentation and decision papers what [equality factors](#) you have considered. This is a statutory requirement, and is open to challenge and scrutiny.

4-9: **High impact** - a full [EIA](#) is required immediately. The EIA can be reviewed, re-done, or updated at any time as necessary.



Title of report: Internal Audit Update Report Quarter 1 2025/26

Meeting: Audit and Governance Committee

Meeting date: Tuesday 15 July 2025

Report by: Director of Finance/Head of Internal Audit

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To update members on the progress of internal audit work and to bring to their attention any key internal control issues arising from work recently completed.

To assure the committee that action is being taken on risk related issues identified by internal audit. This is monitored through acceptance of agreed management actions and progress updates in implementing the action plans. In addition, occasions where audit actions not accepted by management are documented if it is considered that the course of action proposed by management presents a risk in terms of the effectiveness of or compliance with the council's control environment.

Recommendation(s)

That the Committee:

- a) **reviews the areas of activity and concern to be satisfied that necessary improvements are outlined and delivered; and**
- b) **notes the report and consider the assurances provided and the recommendations which the report makes, commenting on its content as necessary.**

Alternative options

1. There are no alternative recommendations; it is a function of the committee to consider these matters in fulfilling its assurance role.

Key considerations

2. The Committee should consider the report to gain assurance that, from the work undertaken by internal audit, the Council have a robust internal control environment that effectively manages risk.
3. The internal audit progress report is attached at Appendix A.

Community impact

4. The council's code of corporate governance commits the council to managing risks and performance through robust internal control and strong public financial management and to implementing good practices in transparency, reporting, and audit to deliver effective accountability. By ensuring robust management responses to identified risks, the council will be better able to meet priorities outlined in The Herefordshire Council Plan 2024-2028.

Environmental Impact

5. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
6. Whilst this is a report for information and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

7. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations, and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
8. The mandatory equality impact screening checklist has been completed for this activity and it has been found to have no impact for equality.

Resource implications

9. There are no specific resource implications from the report itself.

Legal implications

10. There are no specific legal implications arising from this report itself.

Risk management

11. There is a risk that the level of work required to give an opinion on the council's systems of internal control is not achieved. This is mitigated by the regular active management and monitoring of the programme of internal audit work, and subsequent coverage assessments.
12. Risks identified by internal audit are mitigated by actions proposed by management in response. Progress on implementation of agreed actions is now reported to this committee as part of the internal audit progress reports.

Consultees

13. None.

Appendices

Appendix A SWAP Internal Audit Progress Report Quarter 1 2025-26

Appendix B Equality impact screening checklist

Background papers

None identified.

Herefordshire Council

Report of Internal Audit Activity – Quarter 1

July 2025

Contents

The contacts at SWAP in connection with this report are:

Lucy Cater

Assistant Director

Tel: 01285 623340

lucy.cater@swapaudit.co.uk

Jaina Mistry

Principal Auditor

Tel: 01285 623337

jaina.mistry@swapaudit.co.uk

- Contents:

Internal Audit Definitions

Audit Plan Progress

Finalised Audit Assignments

At the conclusion of audit assignment work each review is awarded a “Control Assurance Definition”;

- **No**
- **Limited**
- **Reasonable**
- **Substantial**

•

Audit Framework Definitions

Control Assurance Definitions

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.
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.
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.
Substantial	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Non-Opinion – In addition to our opinion based work we will provide consultancy services. The “advice” offered by Internal Audit in its consultancy role may include risk analysis and evaluation, developing potential solutions to problems and providing controls assurance. Consultancy services from Internal Audit offer management the added benefit of being delivered by people with a good understanding of the overall risk, control and governance concerns and priorities of the organisation.

Recommendations are prioritised from 1 to 3 on how important they are to the service/area audited. These are not necessarily how important they are to the organisation at a corporate level.



Audit Framework Definitions

Categorisation of Recommendations

When making recommendations to Management it is important that they know how important the recommendation is to their service. There should be a clear distinction between how we evaluate the risks identified for the service but scored at a corporate level and the priority assigned to the recommendation. No timeframes have been applied to each Priority as implementation will depend on several factors; however, the definitions imply the importance.

	Categorisation of Recommendations
Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management
Priority 3	Finding that requires attention.

Each audit covers key risks. For each audit a risk assessment is undertaken whereby with management risks for the review are assessed at the Corporate inherent level (the risk of exposure with no controls in place) and then once the audit is complete the Auditors assessment of the risk exposure at Corporate level after the control environment has been tested. All assessments are made against the risk appetite agreed by the SWAP Management Board.

Definitions of Risk

Risk	Reporting Implications
High	Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.
Medium	Issues which should be addressed by management in their areas of responsibility.
Low	Issues of a minor nature or best practice where some improvement can be made.

Audit Plan Progress 2025/26

OFFICIAL

Audit Type	Directorate	Audit Area	Status	Opinion	No of Agreed Actions	Priority			Comment
						1	2	3	
Governance	Community Wellbeing	CQC Inspection Readiness 2024/25	Final Report	Advisory	0	-	-	-	Report Included
Operational	Economy and Environment	VFM Assessment – Public Realm Contract and Minor Works Framework 2024/25	Final Report	Low Reasonable	3	-	2	1	Report Included
Operational	Corporate Services	Mutual Employment Resignation Scheme (MERS) 2024/25	Draft Report						Draft Report Issued 13/05/2025 Waiting for Management Response
Operational	Children and Young People	Dedicated Schools Grant (DSG) – High Needs Block 2024/25	Draft Report						Under SWAP Review
Key Financial	Corporate Services	Housing Benefit and Council Tax Reductions 2024/25	Draft Report						Under SWAP Review
Follow-Up	Corporate Services	Polygamous / Dual Employment 2024/25	Draft Report						Under SWAP Review
Operational	Economy and Environment	Public Rights of Way 2024/25	Draft Report						Under SWAP Review
Key Financial	Corporate Services	Council Tax and NNDR 2024/25	In Progress						
Operational	Community Wellbeing	Temporary Accommodation 2025/26	In Progress						
Key Financial	Corporate Services	Payroll 2025/26	Audit Brief Issued						
Grant Certification	Economy and Environment	LA Bus Subsidy Grant 2025/26	Waiting to Go Live						

Audit Plan Progress 2025/26

OFFICIAL

Audit Type	Directorate	Audit Area	Status	Opinion	No of Agreed Actions	Priority			Comment
						1	2	3	
Operational	Economy and Environment	Transport Hub 2025/26	Waiting to Go Live						
Follow-Up		Follow-Up of Agreed Actions (not included in an audit above)	On Going						
Other Audit Involvement		Management of the IA Function and Client Support	On Going						
Other Audit Involvement		Contingency – Provision for New Work based on emerging risks							

Action Tracking

Action Tracking

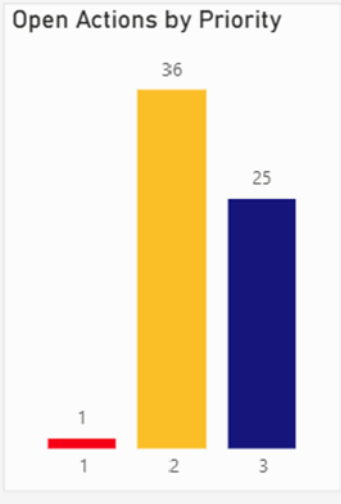
In Quarter 4, 41 Open Agreed Actions were reported for Herefordshire Council.

Since the Q4 report, 1 action has been closed off, and 22 actions have been agreed with Officers.

Therefore, there are currently 62 Open Agreed Actions. A breakdown of the current actions pending remediation, along with number per priority can be seen in the table to the right.

Work will continue to gain an update from responsible officers, and report updates to this Committee.

Any actions not remediated, will be discussed with officers and where appropriate, a revised timescale agreed.



Open Agreed Actions, by due date, are shown below.

Not yet due	Due within 30 days	1-30 days overdue	31-60 days overdue	61-90 days overdue	91+ days overdue	Total Actions
13	14	2	4	1	28	62

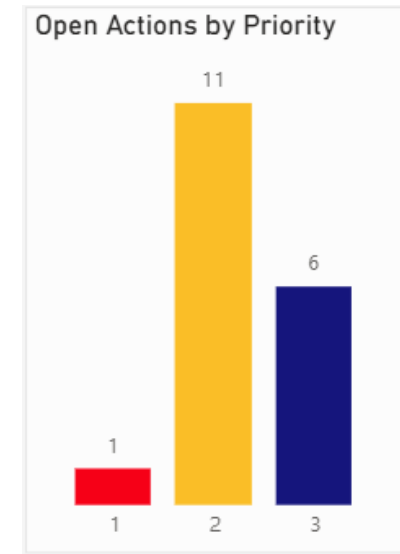
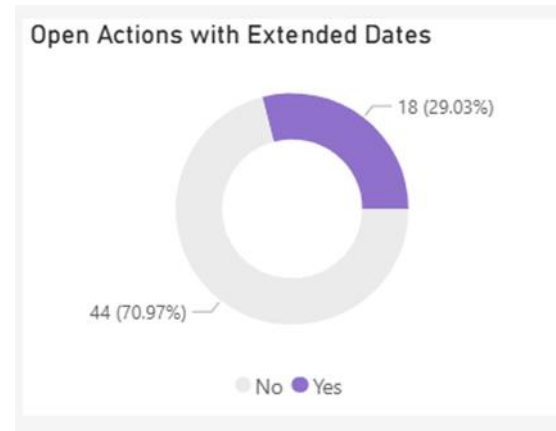
Committee and senior management have access to the AuditBoard Action Tracker to allow a full overview of progress against actions. This dashboard allows the user to drill down further to specific actions and display actions in different formats e.g., per directorate.

As the number of Agreed Actions has increased, Internal Audit will ensure follow-up of all agreed actions.

Action Tracking

- Action Tracking – Revised Timescales

Open Agreed Actions, with a revised timescale, remains at 18 (same as quarter 4).



The following are the Internal Audit reports, of each audit review finalised,
since the last Committee update

CQC Inspection Readiness – Final Report – July 2025

Audit Objective

To review the Council's readiness ahead of a Care Quality Commission (CQC) inspection by reviewing the Adult Social Care self-assessment against the requirements of the assessment framework.

Executive Summary

Advisory

The self-assessment has been well structured and aligns to the CQC assessment framework for local authority assurance. The assessment clearly highlights key strengths and weaknesses as set out by the service, although testing has identified gaps in the direct commentary coverage of two key theme sub-sections. Audit has only been able to review and subsequently comment on the self-assessment at this stage due to the supporting evidence not being collated and provided as part of the review. It was advised that the supporting evidence is prioritised for the next stage of the CQC inspection (post self-assessment). As a result, this is an advisory piece of work and does not include any opinion on whether the CQC criteria has been met.

Key Conclusions



Although the self-assessment has been well structured, testing has identified gaps in the direct commentary coverage of two key theme sub-sections. These include:

- Key Theme 3 – Ensuring Safety. No reference to the sub theme “Section 42”
- Key Theme 4 – Leadership. No reference to the sub theme “Innovation”

Enquiries into reasoning of these gaps have not been responded to during the audit as the team were in the middle of inspection preparations.



The Local Government Association (LGA) CQC Assessment Reflection Guidance recommends the use of purpose-built checklists for stage 1 of a self-assessment. These checklists aim to assist with the assessment of strengths and areas for development against the CQC Statements. Use of such guidance would add value and provide structure to self-assessments going forward. Evidence that these checklists have been utilised by the council during their preparations was provided after the audit review.



The Adult Social Care Self-Assessment - Spring 2025 is well structured and aligned to the CQC assessment framework for local authority assurance. Detailed commentary has been captured for most key themes and sub-themes with good examples and cases to support the self-assessment assertions. Further to this the assessment highlighted in detail the key strengths and weaknesses which were well articulated and comprehensive.

Audit Scope

This audit reviewed the self-assessment report prepared for the CQC assessment. The CQC framework is split into four themes, all of which were reviewed against the council's self-assessment. These are:

- Working with people
- Providing support
- How the local authority ensures safety within the system
- Leadership

Scope Limitations

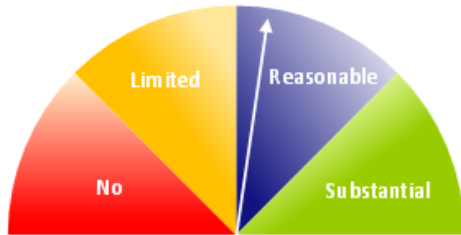
A review of evidence to support the council's self-assessment has not been completed as part of this audit due to the council's decision to include an evidence pack upon submission to CQC rather than evidence collating during the self-assessment process. The evidence pack was not available during review.

Other Relevant Information

The Council were informed during the 7th April 2025 CQC notification window of an imminent assessment. The deadline for the council's assessment and evidence to be uploaded was 2nd May 2025. Delays in obtaining information and clarification were experienced during the course of the audit due to the timeliness of receipt of the Council's self-assessment. Therefore, this review has been completed based on the details provided within the draft self-assessment received 1st April 2025 and officer responses to the CQC upload deadline.

Audit Objective

To provide assurance that the Councils new framework for commissioning public realm and highways work provides VfM in comparison to historic processes (Public Realm Contract).

Executive Summary**Assurance Opinion**

The review highlighted a generally sound system of governance, risk management and control in place. We identified some issues, non-compliance or scope for improvement which may put at risk the achievement of objectives in the area audited.

Management Actions

Priority 1	0
Priority 2	1
Priority 3	2
Total	3

Organisational Risk Assessment**Medium**

Our audit work includes areas that we consider have a medium organisational risk and potential impact.

The key audit conclusions and resulting outcomes warrant further discussion and attention at senior management level.

Key Conclusions

Further guidance is needed outlining how VfM will be assessed, measured and quantified across the Council's Target Operating Model (procurement, commissioning & contract management). The Council's corporate VfM strategy will be considered when producing this guidance. Wider training and awareness will be required to embed VfM processes into the service area.



There is an over reliance on Procurement with single officers completing duties that sit across procurement, commissioning and contract management. Guidance will be implemented to outline which procurement route to take under the Councils current Target Operating Model and roles and responsibilities of commissioning, procurement and contract management will be more clearly defined.



Lessons learnt will be considered moving forward, the Council will be ensuring best practice is implemented for the Target operating Model including consideration 'of what good looks like'.



The audit has demonstrated that the Councils new framework for commissioning public realm and highways work provides VfM in comparison to historic processes (Public Realm Contract), however recognising new senior officers in role and plans for this area the audit has suggested improvements to further enhance VfM processes as part of the Target Operating Model.

Audit Scope

The audit reviewed:

- The changes in process since 2022/23 to date in relation to the award of public realm and highway surfacing works (including procurement and governance processes and an analysis of spend).
- The Council's new framework to provide assurance the Council is achieving VfM.
- Whether newly implemented processes addressed the issues raised in the Grant Thornton 2020 report.

Additional Information

Contract Management was raised as an issue by Grant Thornton in 2020. Evidence reviewed suggested this has been resolved as part of measures such as service order reviews, performance liaison meetings and the introduction of the new minor works framework.

The audit has evidenced: a move away from direct awards to one supplier, effective monitoring of service orders with suppliers, challenge on overspends and improvement meetings take place to ensure that costs are challenged.

Equality impact screening checklist

Remember that your completed checklist will be available to decision-makers and the public, and is therefore open to challenge. Consider what evidence is in place to support your answers.

	Yes	No
1. Does/will the policy or activity affect the public directly or indirectly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
2. Have there been or likely to be any public concerns about the policy or proposal?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3. Does the evidence/data show an existing or likely differential impact for any of the protected characteristics (eg. age, sex, disability, race, religion, pregnancy, etc)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Do/will people who have different protected characteristics have different needs, experiences, issues or priorities in relation to this policy or activity?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. Could the policy or activity affect how services, commissioning or procurement activities are organised, provided, where and by whom?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
6. Could the policy or activity affect our workforce or our employment practices (eg. software purchase, team restructure or relocation, HR policy)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
7. Have complaints been received from different equality groups about the effect of this policy, proposal or our activities in general (having no complaints does not always mean there is no issue?)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
8. Does the policy involve, or will it have an impact upon, eliminating unlawful discrimination, promoting equality of opportunity, or promoting good relations between different groups?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Is there likely to be an adverse/negative impact or risks to the organisation, for users, equality groups or staff if the policy or activity is implemented in its current format?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Add up the "yes" column:

0

How many answers are "yes"?:

0: **No impact** – the process is complete.

1-3: **Low impact** – an EIA is not required at this point (you can complete a light-touch EIA now or later if you want to – that is never wrong). But you must still indicate within your documentation and decision papers what [equality factors](#) you have considered. This is a statutory requirement, and is open to challenge and scrutiny.

4-9: **High impact** - a full [EIA](#) is required immediately. The EIA can be reviewed, re-done, or updated at any time as necessary.



Title of report: 2024/25 Financial Statement Audit Progress

Meeting: Audit and Governance Committee

Meeting date: Tuesday 15 July 2025

Report by: Director of Finance, Chief Accountant

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To report progress on the external audit of the council's 2024/25 draft financial statements.

Recommendation(s)

That:

- a) **Progress of the external audit of the draft financial statements for the year ended 31 March 2025 be noted.**

Alternative options

1. There are no alternative options. The Local Audit and Accountability Act 2014 requires the council to produce a Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 (as amended), which are subject to audit by the council's external auditors.

Key considerations

2. The council is required to prepare an annual Statement of Accounts and to arrange for them to be audited and reported in accordance with the Accounts and Audit Regulation 2015 (as amended) and the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Statement of Accounts presents the overall financial position of the council and comprises: a narrative report and annual governance statement, comprehensive income and expenditure

Further information on the subject of this report is available from
Rachael Sanders, Judith Tranmer Tel: 01432 383775, Tel: 01432 261867 email:
Rachael.sanders@herefordshire.gov.uk, judith.tranmer@herefordshire.gov.uk

statement, balance sheet, movement in reserves statement, cash flow statement, collection fund statement, group accounts and supporting notes.

3. The council prepared the draft Statement of Accounts for 2024/25 and published them on 30 May 2025, one month ahead of the statutory deadline and provided accounts to the external auditors on this date.
4. The external audit of the financial statements started in the first week of June. Grant Thornton have committed to completing the audit to present the Audit Findings Report and opinion for 2024/25 to this Committee on 25 September 2025, in advance of the statutory deadline of 27 February 2026.
5. The council's Finance Team has worked with the external auditors to provide detailed working papers, evidence for sample testing and explanations to support management judgements and accounting estimates for transactions and balances reported in the financial statements for the year ended 31 March 2025. The council's Finance Team has responded to requests promptly and with high quality working papers.
6. Grant Thornton's sector update refers to a new accounting standard that was implemented from 1 April 2024; IFRS 16 Leases and indicates potential audit challenges. The impact of IFRS 16 is to create a right of use asset and a lease liability on the balance sheet, instead of charging the lease payments to the comprehensive income and expenditure statement. The impact on the 2024/25 draft Statement of Accounts of the new accounting standard is not material in respect of right of use assets, and the note in the Statement of Accounts reflects this assessment.
7. Progress has been made in line with the external audit plan with no material errors in the accounts noted to date.

Community impact

8. The audit of the Statement of Accounts in accordance with statutory requirements helps the council to achieve its code of corporate governance commitment to behave with integrity, demonstrate strong commitment to ethical values, and respect the rule of law. The council is accountable for how it uses the resources under its stewardship, including accountability for outputs and outcomes achieved. In addition, the council has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

Environmental Impact

9. Herefordshire Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
10. Whilst this is a progress report on back-office functions and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the Council's Environmental Policy. For example, the external audit will be mostly completed remotely, reducing travel impact and paper usage.

Equality duty

11. The Public Sector Equality Duty requires the Council to consider how it can positively contribute to the advancement of equality and good relations and demonstrate that it is paying 'due regard' in our decision making in the design of policies and in the delivery of services.
12. The mandatory equality impact screening checklist has been completed for this activity and it has been found to have no impact for equality.

Resource implications

13. There are no new resource implications from this report.

Legal implications

14. The Accounts and Audit Regulations 2015 (as amended) (the Regulations) requires the council to produce and publish an annual statement of accounts in accordance with the Regulations.
15. The Local Audit and Accountability Act 2014 outlines the general powers and duties of the auditor. Part 5, s20 of The Local Audit and Accountability Act 2014 details the duties of the auditor as follows:

(1) In auditing the accounts of a relevant authority other than a health service body, a local auditor must, by examination of the accounts and otherwise, be satisfied—

(a) that the accounts comply with the requirements of the enactments that apply to them,

(b) that proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and

(c) that the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Risk management

16. The council is required to make arrangements for the proper administration of its financial affairs and to secure that the Chief Financial Officer has the responsibility for the administration of those affairs. The council is also required to secure economic, efficient and effective use of resources on which Grant Thornton provide a value for money opinion.

Consultees

17. None

Appendices

Appendix A: Grant Thornton – Audit progress report and sector updates

Background papers

None identified

Herefordshire Council

Audit progress report and sector updates

June 2025

Agenda

1	Audit progress report	03
2	Introduction	04
3	Progress in June 2025	05
4	Audit deliverables	07
5	Sector updates	08
6	Audit and Governance Committee resources	21

Audit Progress Report

Introduction

Grace Hawkins

Key Audit Partner

T +44 292 034 7542

E grace.e.hawkins@uk.gt.com

Cathy Smith

Audit Manager

T +44 141 223 0657

E cathy.smith@uk.gt.com

Priya Sharma

Audit in-charge

E priya.sharma@uk.gt.com

This paper provides the Audit and Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a series of sector updates in respect of emerging issues which the Committee may wish to consider.

Members of the Audit and Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

If you would like further information on any items in this briefing or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Key Audit Partner or Audit Manager.

Progress in June 2025

Financial Statements Audit

Our final accounts audit began in early June and is currently expected to continue until late September.

To date we have made a good start and have issued a significant portion of our samples.

With regards to our testing of the significant risk areas;

- We are in the process of selecting our journals sample. The Council's general ledger data has been imported into our data analytics tool for evaluation and identification of higher-risk journals for testing;
- We have shared the valuation instructions and valuation report with our valuation expert for their review, and have started the process of selecting our sample for testing property, plant & equipment and investment property valuations;
- We have received the actuary's report for the IAS 19 pension valuations and have begun our audit work.

The audit has progressed well so far, and we were pleased to visit the finance team out at the office in Hereford at the end of June. This was a welcome opportunity for our team to meet the finance staff and drive the audit forward. The finance team have been responding well to our queries, with good quality working papers, and we extend our thanks to them.

Value for Money

Our Value for Money work is progressing well. The Governance and 3Es work is largely complete with only a handful of queries left to be resolved. Our work on the finance section of the VFM is in the process of being completed.

Events

We provide a range of workshops and network events. On 4 June 2025 we held a webinar providing updates on local government re-organisation and devolution; and lessons from our 2023/24 value for money audits. A recording of the event is available [here](#).

Audit Fees

PSAA have published their scale fees for 2024/25: [2024/25 audit fee scale – PSAA](#)

For Herefordshire Council these fees are £391,322 for the Council. These fees are derived from the procurement exercise carried out by PSAA in 2022. They reflect both the increased work auditors must now undertake as well as the scarcity of audit firms willing to do this work.

Local Audit Reform

On 9 April 2025, the government published [Local audit reform: Government response to the consultation to overhaul local audit in England - GOV.UK](#)

Recognising that a backlog in local audit sign off of nearly 1,000 audits had impacted on local accountability and transparency, the purpose of the consultation was to rebuild a system of local audit, ensuring that audited accounts are published on time and that trust and confidence in how councils are spending their money is restored. Grant Thornton welcomes the reforms which we believe are much needed.

The key outcome of the consultation is the decision to proceed with the establishment of a new Local Audit Office (LAO) with effect from 1 April 2026. Further details are set out below.

Local Audit Office – Core Principles

Value for Money: providing confidence for stakeholders that proper arrangements are in place

Transparency of the sector’s financial health and VfM arrangements

Capacity and capability: A sustainable and resilient audit market with access to the right expertise

External scrutiny which challenges and drives improvement

Professionalism: building a sector attractive to auditors

Proportionality: local audit that is proportionate and relevant, from regulations to governance

Stronger accountability: high standards of financial reporting to promote public accountability

Timely: High quality accounts which are produced on a timely basis.

Impacts for local authorities

- A mandatory requirement for at least one independent Audit and Governance Committee member at each authority
- Mandatory reporting of the Auditor’s Annual Report to full Council
- The introduction of a Local Public Accounts Committee, following the central government model
- The strengthening of Internal Audit capacity.

Audit Deliverables

Below are some of the audit deliverables planned for 2024/25

2024/25 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council’s 2024/25 financial statements.	25 March 2025	Completed
Audit Findings Report The Audit Findings Report will be reported to the Audit and Governance Committee.	25 September 2025	In progress
Auditors Report This includes the opinion on your financial statements.	Before 30 September 2025	In progress
Auditor’s Annual Report This report communicates the key outputs of the audit, including our commentary on the Council's value for money arrangements.	25 September 2025	In progress

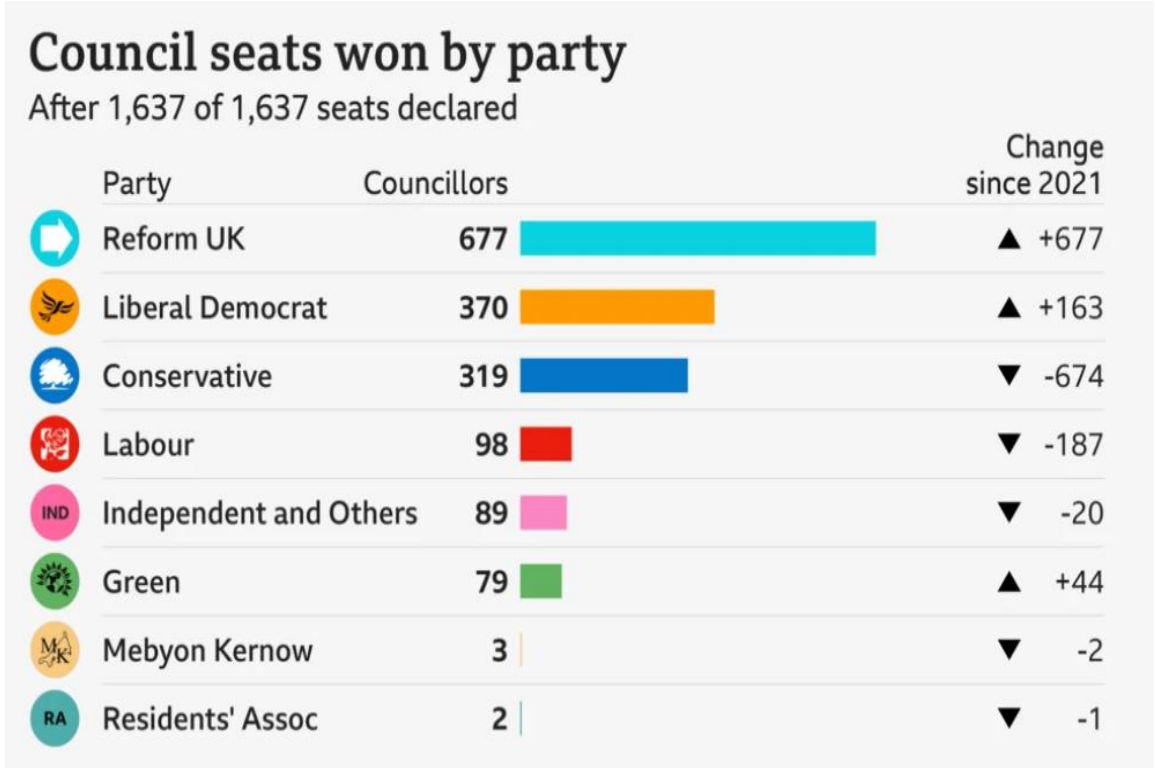
Sector Updates

New members and the 30th anniversary of Nolan

The May 2025 local elections saw significant turnover in membership at some Councils. The elections saw 677 new Reform councillors become members of local government for the first time, and 674 former Conservative councillors leave local government, often after many years of service. The extent of the changes meant that when the Local Government Association’s (LGA) political proportionality was recalculated on 8th May 2025, Reform was awarded its own LGA Group for the first time.

Reform, the Liberal Democrats and the Green party all gained new councillors, many new to local government roles.

Coincidentally, May 2025 marks the 30th anniversary of the Nolan Principles. As the large number of new councillors get to grips with the challenges the local government sector faces, and the unique opportunities presently before it, there is probably no better star they can be guided by. By practicing selflessness, integrity, objectivity, accountability, openness, honesty and leadership, councillors of all political persuasions (and none) should be able to work together in the best interest of the areas they have been elected to represent.



Source: BBC News [Local elections 2025: results in maps and charts](#)

Challenges faced by local authorities in implementing IFRS 16 (1)

IFRS 16 is an international accounting standard that changes how leases are reported in financial statements. It requires organisations to bring most leases onto the balance sheet, recognising both a right-of-use asset (the value of the leased item) and a lease liability (the obligation to make future lease payments). This change improves transparency by more comprehensively reporting the extent of an organisation’s leasing commitments on the balance sheet. It replaces the previous distinction between operating and finance leases for lessees under IAS 17.

In the UK public sector, IFRS 16 is adopted through the CIPFA Code of Practice on Local Authority Accounting. After several deferrals, it is now mandatory for local authorities from 1 April 2024, impacting the 2024/25 financial year.

As local authorities prepare their 2024/25 financial statements and apply IFRS16 for the first time, several areas are proving particularly challenging. These challenges are not just technical — they have implications for governance, transparency, and the accuracy of financial reporting. The Audit and Governance Committee plays a key role in providing oversight and assurance. The table below sets out some areas which can present difficulties, along with suggested questions for finance teams and Audit and Governance Committees to consider.

Area of difficulty	Description	Challenge questions to ask the Finance team
Completeness of lease records	<p>One of the most fundamental requirements of IFRS 16 is that all lease arrangements must be identified and recorded. This includes not only formal lease contracts but also informal or embedded leases that may be part of broader service agreements.</p> <p>Many authorities conducted a one-off review of leases as they prepared for the transition but without ongoing processes, there is a risk that new leases entered into during the year may not be captured.</p> <p>This could result in incomplete or inaccurate entries in the financial statements.</p>	<p>(a) How does the finance team ensure that all lease agreements, including those entered after the initial review, are identified and properly recorded?</p> <p>(b) What approach does the finance team take to work with other departments in identifying and reporting lease arrangements, especially those that might be informal or embedded in other contracts?</p> <p>(c) What processes or controls are in place to keep the lease register accurate and up to date throughout the year?</p>

Challenges faced by local authorities in implementing IFRS 16 (2)

Area of difficulty	Description	Challenge question to ask the Finance team
Holdover leases (expired leases still in use)	<p>In some cases, a property lease agreement may have ended but the authority continues to occupy and use the premises. These are known as holdover leases.</p> <p>The challenge here is determining whether the continued use of the asset creates a new lease under IFRS 16. This depends on whether there are still enforceable rights and obligations between the authority and the landlord. Making this assessment often requires legal judgment and careful documentation.</p> <p>The most challenging aspect of holdover leases is determining the lease term. Management must consider whether there is an implied contract, the term of the arrangement, and whether there are any continuing enforceable rights or obligations, as well as any significant costs or penalties from terminating the arrangement.</p>	<p>(a) Have any holdover leases been identified, and how has the finance team assessed whether these should be treated as leases under IFRS 16?</p> <p>(b) Where there was uncertainty, has legal advice been sought, and are the assumptions and judgments clearly documented?</p> <p>(c) What approach has been taken to determine the lease term for agreements that are open-ended or automatically renew?</p>
Peppercorn or nominal rent leases	<p>Some leases involve little or no payment — for example, a community building leased for £1 per year. These are known as peppercorn leases.</p> <p>Even though the payments are minimal, IFRS 16 requires the authority to recognise a right-of-use asset on its balance sheet at fair value. This can be difficult, especially if there is no recent valuation or if the asset is unique.</p>	<p>(a) Have any lease arrangements been identified where the payments are nominal or zero? If so, how have these been assessed under IFRS 16?</p> <p>(b) What process has been followed to determine the fair value of the right-of-use assets in these cases?</p> <p>(c) Is there sufficient documentation and evidence to support the valuation approach taken?</p>

Challenges faced by local authorities in implementing IFRS 16 (3)

Area of difficulty	Description	Challenge question to ask the Finance team
Lease modelling and use of external advisors	<p>Some authorities have relied on external advisors to calculate the lease liabilities and right-of-use assets required under IFRS 16.</p> <p>While this can be helpful, it has created challenges where the advisors have not provided the underlying data or assumptions used in the calculations. Without this information, it becomes difficult for the finance team to explain or support the figures in the accounts.</p>	<p>(a) Have external advisors been involved in the lease accounting process, and if so, do they have access to the detailed inputs and assumptions used in the calculations?</p> <p>(b) Can the finance team fully explain and support the lease figures presented in the financial statements?</p> <p>(c) What documentation and internal checks are in place to ensure the accuracy and completeness of lease calculations and disclosures?</p>
Variable lease payments linked to indices or rates	<p>Some lease payments vary based on inflation or other financial indices. For example, a lease might include annual increases linked to the Consumer Prices Index (CPI).</p> <p>Under IFRS 16, the authority must estimate future payments based on known changes to these indices. This requires careful judgment and can affect the accuracy of the lease liability recorded.</p>	<p>(a) How has the finance team addressed lease arrangements that include variable payments?</p> <p>(b) Have known changes to inflation rates or other relevant indices been factored into the lease calculations, and how has this been documented?</p>
Group leases and consolidation	<p>In some cases, leases exist between a council and its wholly owned subsidiary, or arrangements between a police and crime commissioner and the chief constable may in some circumstances meet the definition of a lease.</p> <p>These leases must be included in the individual accounts and then adjusted on consolidation. This can be complicated, especially if different entities within the group use different accounting standards.</p>	<p>(a) How has the finance team identified and accounted for lease arrangements between group entities?</p> <p>(b) What steps have been taken to align accounting policies in preparing group accounts?</p> <p>(c) How are intra-group leases treated in the consolidated financial statements, and what documentation supports this treatment?</p>

Reorganisation update

March 2025:

Twenty-one two tier areas were invited by the Minister of State for Local Government and English Devolution to submit interim plans for reorganisation by 21 March 2025. Councils were asked to **“make every effort to work together to develop and jointly submit one proposal”** for each area. Finding the consensus necessary to achieve this has been a challenge though.

The Local Government Chronicle reports that the Minister received in reply at least 40 separate local government reorganisation (LGR) interim plan submissions; outlining across the replies at least 53 separate LGR options. From the replies, none of the 21 areas had agreed a final geography for new unitary councils.

May 2025:

Surrey was asked to submit its final proposal for reorganisation by 9 May 2025. Again though, consensus has not been achieved. The County Council put forward a final proposal for two unitaries on 30 April 2025; and one of the prominent Borough Councils put forward a final proposal for three unitaries a week or so later.

With so little consensus at this stage, moving to next steps may be difficult.



Expected next steps:

26 September 2025 - Deadline for areas in the Devolution Priority Programme to submit final proposals for reorganisation.

28 November 2025 - Deadline for all other areas to submit final proposals for reorganisation.



Recommended reading:

For these challenging times, three sets of material and our webinar from Grant Thornton may be useful:

September 2024 - [Learning from the new unitary councils](#)

March 2025 - [Navigating the future: The dual challenge of local Government reorganisation and devolution | Grant Thornton](#)

March 2025 - [Dual delivery - How can areas successfully reorganise local government and implement devolution at the same time?](#)

4 June 2025 - [Webinar: local government devolution and reorganisation | Grant Thornton UK LLP](#)

Making decisions

With so much changing in local government, and across the UK economy, making good decisions has perhaps never been more important. Two recent major publications on decision-making for mayoral combined authorities and public sector mega-projects both include content that may be useful for strategic and complex decision-making at other levels of government.

Strategic decision-making:

The Institute for Government published advice in March 2025 on [“How the government can support better decision making in mayoral combined authorities”](#).

To enhance capacity and accountability for strategic decisions, councils need to:

- Provide good technical and administrative resource to ensure that the plans members are voting on are well designed.
- Consider utilising digital tools for community engagement.
- Embed participatory processes, including peer research projects, to inform and support policy making.



Complex decision-making:

The National Audit Office published a report in March 2025 on: [Lessons learned: Governance and decision-making on mega-projects](#)

To improve decision-making for the most complex projects, Councils need to:

- Adopt governance arrangements that reflect the main risks to delivery and to achieving value for money.
- Map out the decision pathway, setting out which decisions will need to be made when, and by whom.
- Ensure those charged with governance over complex projects have the skills, qualification and experience needed to make decisions on the projects.



Homelessness

In May 2025, a new report by the Institute for Government highlighted how local authority spending on homelessness has nearly trebled in real terms over the last 14 years, and yet the number of homeless people has continued to rise, now reaching record proportions:

Local authority spending on homelessness in real terms (2024/25 prices):

- 2010/11: £1.3 billion.
- 2024/25: £3.1 billion.

Local authority median spend on homelessness as a % of all median spend:

- 2010/11: 18%.
- 2023/24: 54%.

Changes in the level of homelessness:

- 2010/11 to 2024/25: More than doubled.
- September 2024: 126,040 households living in temporary accommodation.



The Institute for Government (IFG) highlights that we need to focus not just on how much is spent, but also on what we spend it on. Local authorities often end up spending most of their budget, plus homelessness prevention grants and rough sleeper grants, on acute responses to homelessness. These are often exorbitantly expensive and come at the cost of underlying prevention work. IFG suggests also that individual local authorities work at too small a scale to tackle the extent of the homelessness problem – and that stronger place-based approaches are needed.

A recent report by the [Local Government Chronicle](#) looks at a similar issue through a different lens, suggesting that stronger investment in counter fraud would help slash some of the escalating spend on temporary accommodation.

Although they come at the issue of spend on homelessness from different angles, both reports indicate that challenging **how** the budget is spent, **and on what**, is more important than simply asking what the budget is.



Housing targets and housing enquiry

Figures from the [Office for Budget Responsibility](#) on 26th March 2025 indicate that changes to the planning system mean that housebuilding is at a 40-year high and that 1.3 million new homes will be built across the UK by the end of this decade.

Provisional figures from [Homes England](#) on 20th May 2025 suggest that the agency exceeded its overall targets for new housing starts and completions in 2024/25, for the second year running.

Nevertheless, the government continues to look at even more new ways of opening-up housebuilding and development activity. The UK parliament is now calling for evidence from anyone who can contribute to an enquiry around the effectiveness of the current system for developer contributions.

In 2022/23, some 44% of affordable housing was provided through Section 106 agreements. Parliament wants to consider whether:

- The current system is understandable and accessible to stakeholders;
- Local Planning Authorities are receiving the correct support from MHCLG to ensure they can efficiently and effectively collect and spend developer contributions;
- The Ministry of Housing, Communities and Local Government's (MHCLG's) oversight of the system is effective; and
- MHCLG can learn and apply lessons to the process.

A [National Audit Office](#) report on the Section 106 system is due out in the summer. In the meantime, the deadline for providing evidence to the enquiry is 16th June 2025.

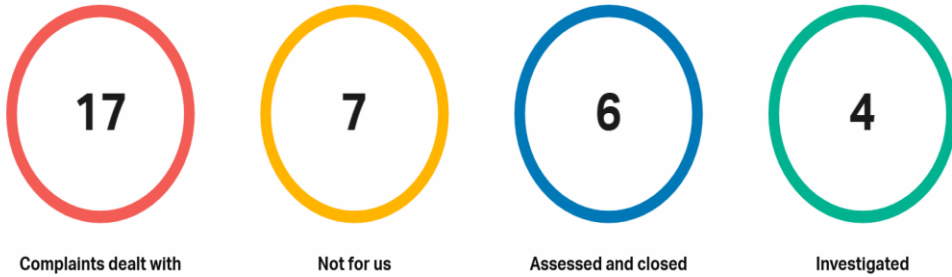
If you want to contribute to the enquiry, please give your evidence here:

[Call for Evidence - Committees - UK Parliament](#)



National Audit Office

Complaints data from the Local Government and Social Care Ombudsman



Annual 2024/25 complaints statistics have just been published for each Council by LGSCO: [Your council's performance](#).

This is an earlier publication date for the statistics than in other years – because the Ombudsman is responding to requests that the timetable be made to fit better with Council complaint reporting cycles. LGSCO has also responded to Council requests by including absolute numbers in the data, so that the emphasis is shifted away from percentages (in upheld, satisfactory remedies and compliance) and better context is given.

A very clear traffic light rating system has been adopted – and both Councils and residents will be able to see immediately how well their area fares.

Complaints data is an important tool for judging where energy needs to be directed for risk and performance management. Context and proportion are important as well though for judging overall performance; and earlier data is generally more useful than later data. The improvements made this year to timing and presentation will help Councils and their members make the most of the valuable resource that LGSCO provides.

Local Government &
Social Care
OMBUDSMAN

Climate change - new role for the Energy Ombudsman

The Energy Ombudsman took on a new role on 1 April 2025, as the official dispute resolution body for Great Britain's heat network customers.

The [Association for Decentralised Energy \(ADE\)](#) estimates that heat networks, are projected to unlock £100 billion in UK infrastructure investment by 2050, while at the same time cutting carbon emissions. The sector is poised to play a central role in the UK's net-zero transition.

ADE estimates that most consumers are happy with the experience they have of using heat networks. Nevertheless, having an official ombudsman role boosts the credibility of the industry.

As major providers in the field, Councils do need to be aware of the new dispute resolution arrangements. The Ombudsman invited providers to register with them in the run up to 1 April. Anyone who has not done so yet, should register now so that they can keep abreast with the changes ongoing.

Register here: [Join our Heat Network Supplier scheme | Energy Supplier Portal](#)



Climate change – new report on generating hope

Great British Energy recently announced £10 million of funding for a local government partnership to build clean energy power.

We know that each mayoral strategic authority in England will be invited to apply for a share of the funding, but there is little other detail available yet.

Localis have shared thoughts on how Great British Energy and the metro mayors can build clean power in every part of the country, starting with four simple steps:

127 Provide robust data and measurement mechanisms for monitoring and evaluation.

Target quantifiable benefits to local communities.

Develop financial instruments such as Community Municipal Investments and Green Bonds to help support local communities.

Embed Green Public Procurement in their procurement of energy services and utilities.

For a full copy of the Localis Report, see:

“Generating Hope: Local Power in Partnership”



Webinar for Audit and Governance Committee members



We held a webinar for members of Audit and Governance Committees on 4th June 2025.

Delivered by Grant Thornton specialists and drawing on experience from across the sector, the webinar covered: How to prepare for devolution and reorganisation; and shared experiences from other reorganisations - with a focus on:

- Learning from the recent formation of eight new unitary councils between 2019 and 2023
- Progress by the eight new unitary councils in 2023/24
- How to successfully reorganise local government at the same time as implementing devolution
- Project management lessons learned for reorganisation
- Performance measurement lessons learned for reorganisation
- Governance lessons learned for reorganisation
- Other relevant findings from Auditors Annual Reports for 2023/24.

The recording of our webinar can be accessed here: [Audit committee webinar](#).

Audit and Governance Committee resources

The Audit and Governance Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit and Governance Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Global Internal Audit Standards

[Global Internal Audit Standards](#)

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit and Governance Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Implementing Global Internal Audit Standards

[Global Internal Audit Standards in the UK Public Sector](#)

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



© 2025 Grant Thornton UK LLP. All rights reserved.

‘Grant Thornton’ refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another’s acts or omissions. This publication has been prepared only as a guide. No responsibility can be accepted by us for loss occasioned to any person acting or refraining from acting as a result of any material in this publication.



Title of report: Work programme

Meeting: Audit and Governance Committee

Meeting date: 15 July 2025

Report by: Democratic Services Officer

Classification

Open

Decision type

This is not an executive decision.

Wards affected

(All Wards)

Purpose

To consider the committee's work programme (Appendix A).

Recommendation(s)

- (a) **That, subject to any further updates made by the committee, the work programme for the Audit and Governance Committee be noted.**

Alternative options

1. There are no alternative options, as the committee requires such a programme in order to set out its work for the coming year.
2. Updating the work programme is recommended, as the committee is required to define and make known its work. This will ensure that matters pertaining to audit and governance are tracked and progressed in order to provide sound governance for the council.

Key considerations

3. The routine business of the committee has been reflected as far as is known, including the regular reporting from both internal and external auditors.
4. The committee is asked to consider any adjustments.

Community impact

5. A clear and transparent work programme provides a visible demonstration of how the

Further information on the subject of this report is available from
Jen Preece, email: jennypreece@herefordshire.gov.uk

committee is fulfilling its role as set out in the council's constitution.

Environmental impact

6. Whilst this is an update on the work programme and will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy.

Equality duty

7. This report does not impact on this area.

Resource implications

8. There are no financial implications.

Legal implications

9. The work programme reflects any statutory or constitutional requirements.

Risk management

10. The programme can be adjusted in year to respond as necessary to risks as they are identified; the committee also provides assurances that risk management processes are robust and effective.

Consultees

11. The Director of Finance and Assurance / S151 Officer, Director of Governance and Legal Services / Monitoring Officer, and committee members contribute to the work programme; the work programme is reviewed at each meeting of the committee.

Appendices

Appendix A Work programme for the Audit and Governance Committee

Background papers

None identified.

Audit and Governance Committee Constitution		Report	July 2025	September 2025	October 2025	January 2026	March 2026	June 2026
3.5.10	Internal Audit	Internal Audit						
a	To consider the Head of Internal Audit’s annual report and opinion, and a summary of internal Audit activity (actual and proposed) and the level of assurance it can give over the Council’s corporate governance arrangements.	Planning Paper Audit Charter Rolling Plan (also inclu. in Progress Report)					Planning Paper Audit Charter Rolling Plan (inclu. in Progress Report)	
b	To consider summaries of specific Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.	Progress Report	Progress Report		Internal Audit – Progress Report	Progress Report	Annual opinion to inc Q4 update	
c	To consider reports dealing with the management and performance of the providers of Internal Audit Services.							
d	To consider a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale.	Progress Report	Progress Report			Progress Report		
e	To be able to call senior officers and appropriate members to account for relevant issues within the remit of the Committee.	<i>This would support progress report when necessary</i>						
f	The Committee will not receive detailed information on investigations relating to individuals. The general governance principles and control issues may be discussed, in confidential session if applicable, at an appropriate time, to protect the identity of individuals and so as not to prejudice any action being taken by the Council.	As and when investigations take part as part of progress reports (see part b for timings)						
3.5.11	External Audit	External Audit						
a & b	Review and agree the External Auditors annual plan, including the annual audit Fee and annual letter and receive regular update reports on progress. To consider specific reports from the External Auditor.	External Audit Annual Plan Annual Audit Fee Letter External Audit Progress Update External Audit Findings Report External Auditor's Annual Report Update on Audit Recommendations Report	External Audit Progress Report	1) External Audit Findings Report 2) External Audit – Auditor’s Annual Report 2024/25			External Audit - Audit Plan 2025/26	External Auditor's Draft Plan (including indicative fee)
c	To meet privately with the External Auditor once a year if required.	Not required to be scheduled on work programme						
d	To comment on the scope and depth of external audit work and to ensure it gives value for money.	No specific activity required as part of normal questioning activity						
e	To recommend appointment of the council’s local (external) auditor.	As and when required.						
f	Ensure that there are effective relationships between external and internal audit that the value of the combined internal and external audit process is maximised.	No specific activity required as part of normal questioning activity. External Audit can place limited reliance on Internal Audit Work.						
3.5.12	Governance							
a	To maintain an overview of the council’s Constitution, conduct a biennial review and recommend any changes to council other than changes to the contract procedure rules, finance procedure rules which have been delegated to the committee for adoption.	Accounting Policy Update Contract and Finance Procedure Rules Proposed Changes to the Constitution		Constitution updates		Contract and Financial Procedure Rules Update	Accounting Policy Update (if required)	Annual review of exemptions to contract procedure rules
b	To monitor the effective development and operation of risk management and corporate governance in the council.	Work Programme Corporate Risk Register	Work Programme	Work Programme Review of Risk Management arrangements	Work Programme 1) Annual review of the Council's use of the Regulation of. Investigatory Powers Act 2000 (RIPA).	Work Programme Review of Risk Management arrangements	Work Programme	Work Programme 1) Review of Risk Management arrangements 2) Dates of future meetings / work programme Draft Annual Report of the Audit & Governance Committee
c	To maintain an overview and agree changes to the council policies on whistleblowing and the ‘Anti-fraud and corruption strategy’.	Whistleblowing Policy Anti-Fraud, Bribery and Corruption Strategy	Anti-fraud, Bribery and Corruption Policy		Whistleblowing Policy	Annual Fraud Report		
d	To oversee the production of the authority’s Statement on Internal Control and to recommend its adoption.	Statement of Accounts						2025/26 Draft Statement of accounts
e	To annually conduct a review of the effectiveness of the council’s governance process and system of internal control which will inform the Annual Governance statement.	Annual Governance Statement		Final Annual Governance Statement				Draft Annual Governance Statement
f	The council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance.	Annual Governance Statement Progress Report				Governance Statement Progress Report on Actions		

Audit and Governance Committee Constitution		Report	July 2025	September 2025	October 2025	January 2026	March 2026	June 2026
g	To annually review the council's information governance requirements.	Annual Review of Information Access / Governance		Annual Review of Information Access / Governance				
h	To agree the annual governance statement (which includes an annual review of the effectiveness of partnership arrangements together with monitoring officer, s151 officer, caldicott guardian and equality and compliance manager reviews).	Annual Governance Statement Annual Governance Statement Progress Report						
i	To adopt an audit and governance code.	On an ad hoc basis only						
j	To undertake community governance reviews and to make recommendations to Council.	On an ad hoc basis only						
3.5.13	Waste Contract							
a	To review, in conjunction with external advisers advising the council as lender, the risks being borne as a result of the funding provided by the council to Mercia Waste Management Ltd and consider whether the risks being borne by the council, as lender, are reasonable and appropriate having regard to the risks typically assumed by long term senior funders to waste projects in the United Kingdom and best banking practice.	Energy from Waste Loan Update			Energy from Waste Loan Update			
b	To monitor the administration of the loan to the waste project in line with best banking practice having regard to any such external advice, including the terms of any waivers or amendments which may be required or are desirable.	Energy from Waste Loan Update			Energy from Waste Loan Update			
c	Consider what steps should be taken to protect the interests of the council as lender in the event of a default or breach of covenant by Mercia Waste Management Ltd, and make recommendations as appropriate to Council, the council's statutory officers or cabinet as appropriate to ensure the appropriate enforcement of security and litigation in relation to the loan to Mercia Waste Management Ltd	Energy from Waste Loan Update			Energy from Waste Loan Update			
d	Consider and recommend appropriate courses of action to protect the position of the council as lender to the waste project: (i) make recommendation as appropriate to Council with regards to its budget and policy framework and the loan to the waste project (ii) generally to take such other steps in relation to the loan within the scope of these terms of reference as the committee considers to be appropriate.	Energy from Waste Loan Update			Energy from Waste Loan Update			
3.5.14	Code of Conduct: To promote and maintain high standards of conduct by members and co-opted members of the Council							
a	To support Town and Parish Councils within the county to promote and maintain high standards of conduct by members and co-opted members of the Council.	Annual Code of Conduct Report	Code of Conduct for Councillors - 6 monthly update			Code of Conduct for Councillors - 6 monthly update		
b	To recommend to Council the adoption of a code dealing with the conduct that is expected of members and co-opted members of the Council.							
c	To keep the code of conduct under review and recommend changes/replacement to Council as appropriate.							
d	To publicise the adoption, revision or replacement of the Council's Code of Conduct.							
e	To oversee the process for the recruitment of the Independent Persons and make recommendations to Council for their appointment.	Recruitment done on an as required basis						
f	To annually review overall figures and trends from code of conduct complaints which will include number of upheld complaints by reference to individual councillors within unitary, town and parish councils and when a code of conduct complaint has been upheld by the Monitoring Officer or by the Standards Panel, after the option of any appeal has been concluded, promptly to publish the name of the councillor, the council, the nature of the breach and any recommendation or sanction applied.	Annual Code of Conduct Report						
g	To grant dispensations under Section 33 (2)(b)(d) and (c) Localism Act 2011 or any subsequent amendment.	On an ad hoc basis only						
h	To hear appeals in relation to dispensations granted under section 33 (2)(a) and (c) Localism Act 2011 by the monitoring officer.	On an ad hoc basis only						
3.5.15	Accounts							
	To review and approve the Statement of Accounts, external auditor's opinion and reports on them and monitor management action in response to the issues raised by external audit.	Statement of Accounts External Auditor Report		Final Statement of Accounts				